

JONES DAY  
222 East 41st Street  
New York, New York 10017  
Telephone: (212) 326-3939  
Facsimile: (212) 755-7306  
Corinne Ball  
Nathan Lebioda

JONES DAY  
North Point  
901 Lakeside Avenue  
Cleveland, Ohio 44114  
Telephone: (216) 586-3939  
Facsimile: (216) 579-0212  
Robert W. Hamilton  
David G. Heiman

JONES DAY  
1420 Peachtree Street, N.E.  
Suite 800  
Atlanta, Georgia 30309  
Telephone: (404) 521-3939  
Facsimile: (404) 581-8309  
Jeffrey B. Ellman

Proposed Attorneys for Debtors  
and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X  
In re : Chapter 11  
Chrysler LLC, *et al.*, : Case No. 09-50002 (AJG)  
Debtors. : (Jointly Administered)  
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**MOTION OF DEBTORS AND DEBTORS IN POSSESSION, PURSUANT TO  
SECTIONS 105, 363 AND 365 OF THE BANKRUPTCY CODE AND BANKRUPTCY  
RULES 2002, 6004 AND 6006, FOR (I) AN ORDER (A) APPROVING BIDDING  
PROCEDURES AND BIDDER PROTECTIONS FOR THE SALE OF SUBSTANTIALLY  
ALL OF THE DEBTORS' ASSETS AND (B) SCHEDULING A FINAL SALE HEARING  
AND APPROVING THE FORM AND MANNER OF NOTICE THEREOF; AND  
(II) AN ORDER (A) AUTHORIZING THE SALE OF SUBSTANTIALLY ALL  
OF THE DEBTORS' ASSETS, FREE AND CLEAR OF LIENS, CLAIMS,**

**INTERESTS AND ENCUMBRANCES, (B) AUTHORIZING THE ASSUMPTION  
AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS  
AND UNEXPIRED LEASES IN CONNECTION THEREWITH AND RELATED  
PROCEDURES, AND (C) GRANTING CERTAIN RELATED RELIEF**

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TO THE HONORABLE ARTHUR J GONZALEZ  
UNITED STATES BANKRUPTCY JUDGE:

Chrysler LLC ("Chrysler") and 24 of its domestic direct and indirect subsidiaries, as debtors and debtors in possession (collectively with Chrysler, the "Debtors"), hereby move this Court pursuant to sections 105, 363 and 365 of chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), Rules 2002, 6004 and 6006 of the Federal Rules of Bankruptcy Procedures (the "Bankruptcy Rules") and Rules 2002-1, 6004-1, 6006-1 and 9006-1(b) of the Local Rules for the United States Bankruptcy Court of the Southern District of New York (the "Local Bankruptcy Rules"), for (i) an order (a) approving bidding procedures and bidder protections for the sale of substantially all of the Debtors' assets and (b) scheduling a final sale hearing and approving the form and manner of notice thereof; and (ii) an order (a) authorizing the sale of substantially all of the Debtors' assets, free and clear of liens, claims, interests and encumbrances, (b) authorizing the assumption and assignment of certain executory contracts and unexpired leases in connection therewith and related procedures and (c) granting certain related relief, including, without limitation, approval of the UAW Retiree Settlement Agreement (as defined below). In support of this Motion, the Debtors respectfully represent as follows:

**PRELIMINARY STATEMENT**

1. Confronted with the reality that their assets will diminish significantly in value in just a few weeks, on April 30, 2009 (the "Petition Date") the Debtors commenced these chapter 11 cases to sell those assets, *without delay*, pursuant to section 363 of the Bankruptcy Code. Such a sale will preserve the going concern value of the Debtors' property, allow the

Debtors to realize that value, and avoid the economic devastation that an immediate liquidation of the Debtors' assets would bring to communities around the country.

2. Over the past several months, unprecedented market forces have disrupted the Debtors' substantial progress in implementing a long-term plan to reduce costs and transform their businesses for the next generation of cars. With sales plummeting and credit markets frozen, the Debtors undertook an intense effort to address the challenges facing them. After months of negotiations and with the support of the U.S. government, a transaction has been negotiated that will maximize the value available for stakeholders, save hundreds of thousands of jobs and strengthen the U.S. automotive sector and the economy generally.

3. The path to the proposed transaction has been a difficult one. Increasingly adverse market conditions in the second half of 2008, impacting the economy worldwide, caused a liquidity crisis that ultimately led the Debtors last fall to turn to the U.S. government for assistance. The U.S. government provided substantial support for Chrysler as it continued implementing a transformational plan for viability. As part of that process, the Debtors continued their ongoing negotiations with Fiat S.p.A. ("Fiat"), seeking to forge a strategic alliance that would enhance Chrysler's competitiveness (the "Fiat Alliance"). Plans for viability, both with and without the Fiat Alliance, were submitted to the United States Department of the Treasury (the "U.S. Treasury") on February 17, 2009. Both plans required substantial stakeholder sacrifices and additional financial assistance from the U.S. government.

4. On March 30, 2009, after weeks of work with all key stakeholders, the U.S. government's Auto Task Force advised Chrysler that, based on Chrysler's submission, it believed that Chrysler could be viable with an appropriate strategic partner that could help Chrysler achieve the scale and other important attributes it needs to succeed in the global

automotive industry and that Fiat was such a partner. Subject to completing other aspects of Chrysler's Viability Plan (as defined below) and obtaining concessions from key stakeholders, the U.S. Treasury indicated its willingness to provide substantial additional capital to fund the Fiat Alliance, if all key issues were resolved before April 30, 2009.

5. Mindful of the U.S. Treasury's deadline, Chrysler intensified its efforts to reach agreements with its stakeholders to support its restructuring plan. In the end, a complex series of agreements were struck — often under the guidance of the Auto Task Force — addressing all key aspects of the Debtors' businesses. These efforts culminated in the execution of a Master Transaction Agreement, dated as of April 30, 2009 (collectively with other ancillary and supporting documents, the "Purchase Agreement") between and among Chrysler, its Debtor subsidiaries, Fiat and New CarCo Acquisition LLC ("New Chrysler" or the "Purchaser"), a Delaware limited liability company formed by Fiat (as further described below, the "Fiat Transaction"). After consummating this transaction, New Chrysler will operate the Debtors' assets with the added benefit of access to Fiat's industry leading technology and distribution networks in key growth markets, new government funding, a new collective bargaining agreement and other stakeholder contributions.

6. The Fiat Transaction is fair and appropriate and will achieve the ultimate goals of the chapter 11 reorganization process — maximizing value available to stakeholders, including by preserving the going concern value of the Debtors' businesses. To that end, the Debtors seek this Court's approval of the proposed sale transaction and related bidding procedures to enable the Debtors to solicit competing offers for substantially all of their assets to ensure maximum recovery for their estates. To preserve going concern value and obtain the anticipated benefits of the proposed transaction, *it is imperative that this process be completed*

*expeditiously*. Given the continuing stress on all aspects of the automotive industry and the current idling of the Debtors' manufacturing facilities, key relationships with suppliers, dealers and other business partners simply cannot be preserved if the sale process is not concluded quickly. Absent a prompt sale, approved in the coming weeks, the value of the Debtors' assets will rapidly decline and the ability to achieve a going concern sale will be lost.

7. As such, the expeditious sale of the Debtors' assets pursuant to the procedures and on the timeline set forth herein represents the best (and likely only) opportunity to maximize the value of the Debtors' assets for the benefit of all stakeholders.

## **BACKGROUND**

### **A. General Background**

8. Chrysler, headquartered in Auburn Hills, Michigan, is one of the largest manufacturers and distributors of automobiles and other vehicles in the world. As of the Petition Date, Chrysler had 32 manufacturing and assembly facilities and 24 parts depots worldwide. Chrysler also has an extensive U.S. network of approximately 3,200 independent automobile dealerships. Some 72% of the Chrysler Companies' sales occur within the United States. [Kolka Dec. ¶¶ 17-19; Grady Dec. ¶ 6.]<sup>1</sup>

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<sup>1</sup> In support of the relief requested herein and filed on the Petition Date, the Debtors have submitted the following affidavits and declarations (collectively, the "Supporting Declarations"): Declaration of James J. Arrigo (Docket No. 53) (the "Arrigo Declaration"), the Declaration of Frank J. Ewasyshyn (Docket No. 48) (the "Ewasyshyn Declaration"), the Declaration of Scott R. Garberding (Docket No. 49) (the "Garberding Declaration"), the Declaration of Peter M. Grady (Docket No. 50) (the "Grady Declaration"), the Affidavit of Ronald E. Kolka in Support of First Day Papers (Docket No. 23) (the "Kolka Declaration"), the Declaration of Thomas W. LaSorda (Docket No. 51) (the "LaSorda Declaration"), the Declaration of Robert Manzo (Docket No. 52) (the "Manzo Declaration"), the Declaration of John J. Schendon (Docket No. 54) (the "Schendon Declaration") and the Declaration of Bradley A. Robins (Docket No. 173) (the "Robins Declaration"). In addition, the Debtors may submit additional declarations and other evidence in support of the relief requested in the Bidding Procedures Order (as defined below) and the Sale Order (as defined below) at any time prior to the Bidding Procedures Hearing (as defined below) or the Sale Hearing (as defined below), respectively.

9. In the years prior to the Petition Date, Chrysler produced worldwide approximately 2 million new vehicles annually under the Chrysler, Dodge and Jeep® brands. Chrysler's primary competitors include the other major domestic Original Equipment Manufacturers ("OEMs") — Ford Motor Company ("Ford") and General Motors Corporation ("GM") — as well as international competitors such as Toyota Motor Corporation ("Toyota"), Nissan Motor Company ("Nissan"), Honda Motor Company ("Honda") and Hyundai Motor Company ("Hyundai") that all have assembly and/or manufacturing plants in the United States (collectively, the "Transplant OEMs"). [Kolka Dec. ¶ 19.]

10. As of the Petition Date, the Chrysler Companies employed approximately 55,000 hourly and salaried workers worldwide, 70% of whom were based in the United States. The Debtors' workforce as of the Petition Date was comprised of approximately 38,500 hourly and salaried employees. Approximately 27,600 domestic employees (or approximately 72% of the U.S. workforce) were covered by collective bargaining agreements. In addition, as of the Petition Date, the Debtors made payments for health care and related benefits to more than 106,000 retirees. [Kolka Dec. ¶ 18, 39, 101.]

11. For the twelve months ended December 31, 2008, the Chrysler Companies recorded revenue of more than \$48.5 billion and had assets of approximately \$39.3 billion and liabilities totaling \$55.2 billion. During the same period, the Debtors had a net loss of approximately \$16.8 billion. [Kolka Dec. ¶ 20.]

12. Chrysler's ultimate parent company, Chrysler Holding LLC ("Chrysler Parent"), also owns a financing company, nondebtor Chrysler Financial Services Americas LLC ("Chrysler Financial"), which operates under a governance structure separate from Chrysler, with its own board and management. On August 3, 2007, Chrysler and Chrysler Financial entered

into a Master Autofinance Agreement (the "Prepetition MAFA") pursuant to which Chrysler is required to use Chrysler Financial to provide incentive financing to Chrysler's dealers and fleet and retail customers if certain financing thresholds and targets are met. As of the start of the fourth quarter of 2008, approximately 62% of Chrysler's dealers relied on Chrysler Financial to finance their businesses, and approximately 50% of all end consumers financed their vehicle purchases through Chrysler Financial. [Kolka Dec. ¶ 21.]

**B. Prepetition Indebtedness**

13. Under that certain Amended and Restated First Lien Credit Agreement dated as of November 29, 2007 (as amended, the "First Lien Credit Agreement"), as of the Petition Date Chrysler owed first lien prepetition lenders approximately \$6.9 billion pursuant to a \$7 billion term loan that matures on August 2, 2013. Chrysler's obligations under the First Lien Credit Agreement are (a) secured by a security interest in and first lien on substantially all of Chrysler's assets, and (b) guaranteed by certain other Debtors, which guarantees are secured by a first priority lien on substantially all of such Debtors' respective assets. [Kolka Dec. ¶¶ 26-28.]

14. In addition, under a Second Lien Credit Agreement (the "Owner's Loan Agreement") Chrysler received a \$2 billion term loan, comprised of \$1.5 billion from Daimler Financial, an affiliate of Daimler AG ("Daimler") and \$500 million from Madeleine LLC, an affiliate of Cerberus Capital Management L.P. ("Cerberus"). That loan is scheduled to mature on February 3, 2014. The Owner's Loan Agreement provides that these second lien prepetition lenders hold a second priority security interest in the same collateral that secures the First Lien Credit Agreement. [Kolka Dec. ¶¶ 29-31.]<sup>2</sup>

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2 On April 27, 2009, Chrysler, Daimler and certain of its affiliates, certain affiliates of Cerberus and the Pension Benefit Guaranty Corporation (the "PBGC") entered into a Binding Term Sheet for a settlement under which, among other things, (a) Daimler's equity interest in Chrysler Parent will be redeemed; (b) \$1.5 billion of Chrysler's second lien debt owed to DaimlerChrysler North America Finance

15. Pursuant to a Loan and Security Agreement (the "TARP Loan Agreement") dated as of December 31, 2008, Chrysler Parent has borrowed \$4 billion from the U.S. Treasury for general corporate and working capital, with a maturity of no later than January 2, 2012 (the "TARP Loan"). Chrysler Parent has also provided the U.S. Treasury with a separate promissory note in the amount of \$267 million that matures on January 2, 2012 (the "TARP Note" and, together with the TARP Loan, the "TARP Financing").<sup>3</sup> As security for the TARP Financing, the U.S. Treasury was granted a first-priority lien on all unencumbered assets and Chrysler's Mopar parts inventory, and a third-priority lien on other assets serving as collateral for obligations owed the first and second lien prepetition lenders. [Kolka Dec. ¶¶ 32-33.]

16. As of the Petition Date, the Debtors estimate that they had approximately \$5.34 billion in trade debt outstanding with their trade creditors, including domestic and foreign suppliers, shippers, warehousemen and customs brokers. [Kolka Dec. ¶ 35.]

**C. Chrysler's Prepetition Operational Restructuring**

17. In February 2007, Chrysler initiated its Recovery and Transformation Plan (the "Transformation Plan"), an aggressive, long-term restructuring effort designed to (a) address declining economic and market conditions and competitive industry dynamics and (b) fundamentally transform Chrysler's businesses to better align them with consumers' changing

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(continued...)

Corporation, plus accrued interest therein, will be forgiven if Cerberus likewise forgives \$500 million in second lien debt owed by Chrysler; (c) Daimler will make certain cash contributions to Chrysler's pension plans in the amounts of \$200 million when the definitive Settlement Agreement and Redemption Agreement (the "Settlement Agreement") is signed, \$200 million on the one-year anniversary of the execution of the Settlement Agreement and \$200 million on the second anniversary (collectively, the "Cash Contributions"); (d) Daimler will remain obligated for a \$200 million guaranty, in addition to the Cash Contributions, if Chrysler's pensions plans are terminated; and (e) Chrysler, Chrysler Parent, Cerberus and Daimler and certain affiliates will waive certain potential claims against each other. This settlement remains subject to execution of a mutually satisfactory Settlement Agreement. Upon consummation of this settlement, Daimler no longer will own any interest in Chrysler Parent, which will be 100% owned by Cerberus affiliates. [Kolka Dec. fn. 6.]

<sup>3</sup> The TARP Note was provided in lieu of warrants initially requested by the U.S. Treasury. No additional funds were provided by the U.S. Treasury on account of the TARP Note.

needs and desires, including for more fuel-efficient cars. Implementing the Transformation Plan, Chrysler reduced operating costs, discontinuing some models, sold unprofitable assets, downsized its workforce, increased productivity, reduced the size of its dealer network, improved its products, and addressed its labor and retirement costs. In 2007 and into 2008, the Transformation Plan began to have a positive impact on Chrysler's businesses, operations and finances. Through the first half of 2008, Chrysler was meeting and exceeding all of its performance targets, generating over \$1 billion in EBITDA and ending the first two quarters of 2008 with over \$9.4 billion in unrestricted cash. [Kolka Dec. ¶¶ 42-45.]

**D. Pursuit of Partnerships and Strategic Alliances Amid Worsening Market Conditions**

18. An important component of the Transformation Plan was Chrysler's aggressive pursuit of partnerships and strategic alliances to improve its cost structure and expand into new products, market segments and geographic locations. Chrysler had become increasingly reliant on the success of its larger vehicle lines, and thus had a need for a strategic partner with expertise in smaller, fuel efficient vehicles. Moreover, the automobile industry now serves a global market, but Chrysler has a very limited dealer and distribution network outside of North America. Lastly, Chrysler has struggled to compete with other OEMs because of its relatively small scale. Chrysler's comparatively low sales volume hampers it because: (a) its research and development costs must be spread over a much smaller base than most of its competitors; (b) its capital and fixed costs similarly must be recouped through a smaller volume of sales than its competitors; and (c) its smaller scale compromises its ability to exert leverage on its suppliers. [Kolka Dec. ¶ 52; LaSorda Dec. ¶¶ 10-13.]

19. In 2007, Chrysler began discussing with Nissan the formation of a global strategic alliance. While discussions were ongoing for several months and the companies

identified a number of areas where an alliance could generate substantial synergies, they were ultimately unable to reach an agreement on the consideration that would be exchanged in connection with the proposed transaction. [LaSorda Dec. ¶¶ 28-36; Gaberding Dec. ¶ 87-92.]

20. Chrysler's Transformation Plan was slowed dramatically by the global credit crisis that affected the liquidity markets in the fall of 2008. Securitizations of wholesale loans (i.e., loans to dealers) and retail loans (i.e., loans to consumers) came to an abrupt halt in the fall of 2008. Consumer confidence was eroded by the crisis. In the second half of 2008 and in the beginning of 2009, consumers and small businesses dramatically reduced their spending, leading to a collapse in demand for light-duty vehicles and the lowest U.S. auto sales in decades. The seasonally adjusted annual rate of sales ("SAAR") for auto sales in January 2009 was 9.8 million units, compared to a January 2008 SAAR of 15.6 million units – representing a more than 37% decrease and the lowest level in 26 years. The March 2009 SAAR level was 9.86 million units, down 35% from 15.1 million units in March 2008. [Kolka Dec. ¶¶ 53-55.]

21. As these market challenges developed over the summer of 2008, Chrysler continued to pursue aggressively its search for a strategic alliance with another OEM. Preliminary discussions with Fiat in March 2008 were followed by meetings and more substantive discussions throughout the summer. Other potential partners with whom Chrysler communicated in 2008 included Hyundai, Toyota, Volkswagen, Tata Motors, GAZ Group, Magna International, Hyundai-Kia and Kia, Mitsubishi Motors, Honda, Beijing Automotive, Tempo International Group, Hawtai Automobiles and Chery Automobile Co. [LaSorda Dec. ¶¶ 25, 41-52; Gaberding Dec. ¶¶ 97-101.]

22. In early August 2008, Chrysler entered into an intense, four-week joint project with GM to determine the operational structure and benefits of a merger. The companies

identified operational synergies that exceeded those projected in connection with the earlier Nissan alliance and discussions between Chrysler and GM about a merger continued through the fall of 2008. [LaSorda Dec. ¶¶ 37-40; Gaberding Dec. ¶¶ 93-96.]

**E. The Impact of the Financial Crisis on Chrysler**

23. The impact on Chrysler of the financial crisis that culminated in the fall of 2008 was direct and devastating: the substantial decline of available dealer and consumer financing, as well as plummeting consumer confidence, resulted in a precipitous drop in vehicle sales. As a result, the Chrysler's cash inflow was severely reduced, generating losses that had to be funded with cash reserves. This cash drain more than consumed the benefits realized from Chrysler's ongoing restructuring efforts, leaving Chrysler facing a severe and unanticipated liquidity crisis. [Kolka Dec. ¶¶ 57-58.]

24. At the same time, the global credit crisis drastically curtailed Chrysler's opportunities to pursue a strategic alliance with another OEM. For example, in early November 2008, GM suspended its ongoing merger negotiations with Chrysler to give immediate priority to cost-cutting efforts and other steps to enhance its own liquidity. [LaSorda Dec. ¶ 39.]<sup>7</sup>

**F. Government Assistance**

25. In light of deteriorating market conditions and a growing liquidity crisis, Chrysler (like many other large corporate pillars of the economy) turned to the government for assistance in late 2008, with the hope of obtaining new financing to get it through this difficult period. [Kolka Dec. ¶ 59.]

26. On November 18, 2008 the three U.S. OEMs made a collective request to the U.S. Congress for emergency bridge financing<sup>4</sup> in the aggregate amount of \$25 billion.

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<sup>4</sup> Ford requested a credit line as opposed to immediate financing.

Chrysler requested an aggregate of \$7 billion in funding. Chrysler also emphasized the need for Chrysler Financial to receive immediate funding from TARP to assist in financing the purchases of Chrysler vehicles by dealers and end consumers. [Kolka Dec. ¶ 62.]

27. On December 2, 2008, in response to a Congressional request, Chrysler submitted its Plan for Short-Term and Long-Term Viability (the "December 2008 Plan"). The December 2008 Plan reiterated Chrysler's commitment to the prepetition restructuring efforts that Chrysler had been implementing since 2006 and included a renewed request by Chrysler for a \$7 billion secured working capital bridge loan (for Chrysler only) by December 31, 2008 to meet a short-term deficiency in liquidity and working capital. [Kolka Dec. ¶ 64.]

28. On December 10, 2008, the U.S. House of Representatives approved a bill authorizing \$14 billion in financial assistance to eligible automobile manufacturers. However, the U.S. Senate failed to pass similar legislation, and the legislative effort to provide emergency bridge financing to the U.S. auto manufacturers lapsed. [Kolka Dec. ¶ 65.]

29. On December 19, 2008, President Bush announced that bridge loans would be made available to Chrysler and GM and, more specifically, that the Debtors would receive a bridge loan under TARP in the reduced amount of up to approximately \$4 billion (as compared to the \$7 billion requested by Chrysler) for general business purposes. The funds were provided on January 2, 2009. The terms of the loan required Chrysler to submit a plan demonstrating Chrysler's ability to achieve and sustain long-term viability, energy efficiency, rationalization of costs and competitiveness in the U.S. marketplace (the "Viability Plan"), as well as its resulting ability to repay the TARP Financing. [Kolka Dec. ¶¶ 67-69.]

30. The Debtors used the \$4 billion bridge TARP Loan to operate their businesses, pay vendors and other payables in the ordinary course and to fund their efforts to pursue the Viability Plan. As vehicle sales stabilized, Chrysler anticipated that its liquidity would stabilize. [Kolka Dec. ¶ 70.]

31. Another critical component of the assistance package requested by Chrysler was additional liquidity for Chrysler Financial, dedicated to funding vehicle purchases by Chrysler's dealers and end consumers. On January 16, 2009, Chrysler Financial received \$1.5 billion in funds under TARP. [Kolka Dec. ¶ 71.]

**G. The Fiat Alliance**

32. At the same time Chrysler was pursuing government assistance, it intensified its ongoing efforts to secure a global strategic alliance with Fiat. Fiat made a particularly attractive alliance candidate to Chrysler because of the complementary nature of their product offerings and distribution networks. [Kolka Dec. ¶ 72; LaSorda Dec. ¶¶ 16-23.]

33. After extensive discussions, on January 16, 2009, Chrysler entered into a term sheet with Fiat for a strategic alliance pursuant to which Fiat would acquire 35% of the equity of Chrysler and would provide access to competitive fuel-efficient vehicle platforms, distribution capabilities in key growth markets and substantial cost saving opportunities. The Fiat Alliance would: (a) create the sixth largest global automaker by volume with combined vehicle sales in excess of 4 million; (b) enhance Chrysler's geographic footprint, specifically in Europe and South America, providing access to Fiat's 3,800 dealers; (c) increase sales by leveraging geographic and product complementarity; (d) reduce costs through shared technologies relating to, among others, small engines and powertrain; (e) eliminate redundant capital and engineering spending; and (f) provide procurement and other scale-related savings. The Fiat Alliance was expected to bolster aspects of the Viability Plan, particularly by providing

Chrysler with access to Fiat's smaller car platforms, fuel-efficient engine technologies and enhanced distribution channels outside of the North American Free Trade Agreement ("NAFTA") region. [Kolka Dec. ¶ 73.]

34. The Fiat Alliance would strengthen Chrysler for the long-term, thereby maximizing the value of the Debtors' estates for the benefit of all constituents, including U.S. taxpayers, employees, creditors, dealers and suppliers. At the same time, the Fiat Alliance was conditioned on achieving other important aspects of the Debtors' Viability Plan. As such, while undertaking substantial efforts to document and implement the strategic transaction with Fiat, the Debtors continued their efforts to pursue the Viability Plan (either on a stand-alone basis or with the additional benefits and synergies offered by the Fiat Alliance) and obtain concessions from all key stakeholders including the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (the "UAW"), the secured lenders, dealers and suppliers. [Kolka Dec. ¶ 74.]

#### **H. The February 2009 Submission**

35. On February 17, 2009, in the midst of ongoing negotiations with all stakeholders and Fiat, Chrysler submitted its February 2009 Submission to the U.S. Treasury. The February 2009 Submission provided for three possible scenarios: (a) a stand-alone restructuring of Chrysler (the "Stand-Alone Viability Plan") with sacrifices from all key constituents, some of which had been agreed upon and some of which remained subject to ongoing negotiations; (b) a scenario showing the positive synergies from the Fiat Alliance (the "Alliance Viability Plan"), which was Chrysler's preferred alternative and a focus of much of the submission; and (c) an orderly wind-down plan for the Debtors' operations if neither the Stand-Alone Viability Plan nor the Alliance Viability Plan could be achieved. The February 2009 Submission incorporated the proposed sacrifices from all key stakeholder

groups: equityholders, union and non-union employees and retirees, first and second lien prepetition lenders, Chrysler Financial, suppliers and dealers. [Kolka Dec. ¶¶ 79-80.]

36. In addition to these sacrifices, Chrysler's February 2009 Submission requested additional TARP funding in the amount of \$5 billion for Chrysler by March 15, 2009 for working capital and other operating expenses. [Kolka Dec. ¶ 81.]

**I. Continued Negotiations With Stakeholders and the Auto Task Force**

37. Negotiations with stakeholders intensified as the President's Auto Task Force was put in place on February 20, 2009. The Auto Task Force immediately became engaged in discussions with Chrysler and its advisers, as they reviewed the proposed Viability Plan. At the same time, the Auto Task Force began a series of meetings with other key stakeholders to assist in its evaluation of the Viability Plan submitted by Chrysler. These information-gathering sessions quickly turned into negotiating sessions, with the Auto Task Force working to broker concessions and agreements with all key stakeholders. [Kolka Dec. ¶¶ 82-82.]

38. On March 30, 2009, the Auto Task Force advised Chrysler that, based on Chrysler's submissions, it believed that Chrysler could be viable with an appropriate strategic partner that would help Chrysler achieve the scale and other important attributes it needs to be successful in the global automotive industry and that Fiat was such a partner. Subject to completing other aspects of the Viability Plan and obtaining additional concessions from key stakeholders, the U.S. Treasury indicated its willingness to provide substantial additional capital to fund the Viability Plan with a modified Fiat Alliance that addressed certain concerns and goals of the U.S. government, provided that these issues were resolved within the next 30 days. [Kolka Dec. ¶ 84.] The President made an announcement of these conclusions on March 30, 2009.

39. A revised term sheet for the Fiat Alliance, consistent with the requirements of the U.S. government, was signed on March 29, 2009, just prior to the President's announcement. Although the revised term sheet did not expressly contemplate a bankruptcy filing, all parties understood that an expedited and surgical bankruptcy filing might be required to implement the terms of such a transaction. The government indicated that it would support Chrysler's working capital needs through April 30, 2009, as the parties worked toward an acceptable transaction. [Kolka Dec. ¶ 85.]

**J. The Final 30 Days — Negotiation of the Purchase Agreement**

40. With the 30-day deadline set, Chrysler focused ever greater resources on the pursuit of the Fiat Alliance and stakeholder concessions necessary to consummate such a transaction. As April drew to a close, urgent efforts were undertaken to complete the elements needed for the multifaceted Fiat Transaction, including the completion of an agreement for a new collective bargaining relationship between the UAW and New Chrysler. Fiat established New Chrysler to serve as the alliance entity and the parties successfully negotiated the Purchase Agreement and related agreements with Chrysler and other stakeholders. In addition, the parties negotiated with the U.S. Treasury and the Canadian government for several layers of new financing relating to the transaction: (a) a \$4.5 billion, 60-day debtor in possession financing facility from the U.S. Treasury and the Canadian government to fund the Debtors' bankruptcy process, including the expedited sale process; and (b) a \$6 billion senior secured financing facility from both governments to support the operations of New Chrysler after the sale. Stakeholder negotiations to finalize other key details continued, with the Auto Task Force providing supervision and leadership. [Kolka Dec. ¶ 87.]

**K. The Purchase Agreement**

41. After an intense period of effort to meet the government's 30-day timeline, Chrysler, Fiat and New Chrysler reached an agreement in principle by the deadline and then quickly entered into the Purchase Agreement. Pursuant to that agreement: (a) Chrysler will transfer substantially all of its operating assets to New Chrysler; and (b) in exchange for those assets, New Chrysler will assume certain liabilities of Chrysler and pay Chrysler \$2 billion in cash. In connection with the closing of the proposed Fiat Transaction, (a) Fiat will contribute to New Chrysler access to competitive fuel-efficient vehicle platforms, certain technology, distribution capabilities in key growth markets and substantial cost saving opportunities, and (b) New Chrysler will issue approximately 55%, 8% and 2% of the Membership Interests in New Chrysler to a new voluntary employee beneficiary association (a "VEBA"), the U.S. Treasury and the Canadian government, respectively. After the Fiat Transaction is consummated, a subsidiary of Fiat will own 20% of the equity of New Chrysler, with the right to acquire up to an additional 31% of New Chrysler's Membership Interests under certain circumstances.

**L. The UAW-Related Agreements**

42. As part of the Sale Transaction, the Debtors, the Purchaser and the UAW have reached a multilateral resolution addressing the ongoing provision of certain employee and retiree benefits. Specifically, the Sale Transaction encompasses agreements (a) for a new schedule of contributions to a VEBA that will provide retiree medical benefits and (b) modifications to the collective bargaining agreement for active employees.

43. Contingent upon the approval of the sale of the Purchased Assets (as defined below) to the Purchaser and concurrently with the sale of the Purchased Assets, the Debtors will assume and assign to the Purchaser any collective bargaining agreements entered into by and between the Debtors and the UAW (the "UAW CBA Assignment"), with the

exception of (a) the Debtors' agreement to provide certain retiree medical benefits specified in the Memorandum of Understanding Post-Retirement Medical Care, dated October 12, 2007, between Chrysler and the UAW; (b) the Memorandum of Understanding Post-Retirement Medical Care, dated April 29, 2009, between Chrysler and the UAW; and (c) the 2008 Settlement Agreement (as defined below).

44. Furthermore, contingent upon the approval of the sale of the Purchased Assets to the Purchaser the Purchaser has agreed, among other things, to enter into a settlement agreement with the UAW (the "UAW Retiree Settlement Agreement"), pursuant to which the Purchaser will make contributions to a VEBA in respect of non-pension retiree benefits for the Debtors' retirees and surviving spouses represented by the UAW, including the members of the "Class" as defined in the UAW Retiree Settlement Agreement (collectively, the "UAW-Represented Retirees") on terms and conditions that differ from those established by that certain Settlement Agreement, dated March 30, 2008 (the "2008 Settlement Agreement"), in the class action of Int'l Union, UAW, et al. v. Chrysler, LLC, No. 07-CV-14310 (RHC) (E.D. Mich. 2008) (the "English Case"), including, among other things, the funding of such benefits with a combination of an equity interest in the Purchaser and a new \$4.587 billion note. Under the UAW Retiree Settlement Agreement, certain benefit reductions will take effect July 1, 2009, assuming consummation of the Sale Transaction.

**M. The Fiat Transaction Is the Only Viable Alternative Presented to Chrysler in Connection With Its Highly-Publicized Quest for a Strategic Partner.**

45. Chrysler's need for a strategic alliance with a suitable partner has been well known throughout the United States and abroad. Media coverage of Chrysler, the possible Fiat Alliance and the prospect of U.S. and Canadian government financing in connection with such an alliance has been significant. Few stories have been more prominent than Chrysler's

ongoing negotiations with Fiat. Indeed, the threat of bankruptcy that has been facing Chrysler and GM – and Chrysler's need for a partner to survive – have received as much national media coverage as any prospective bankruptcy in the history of the country. [Kolka Dec. ¶ 76; LaSorda Dec. ¶ 26.]

46. Notwithstanding widespread public awareness of Chrysler's situation, the proposed combination with Fiat is the only transaction that has emerged that affords the Debtors any opportunity to preserve the going concern value of their assets. There are no other alternatives. Despite determined, good faith efforts on the part of Chrysler over an extended period of time, discussions with Nissan, GM, Volkswagen, Tata Motors, Magna, GAZ, Hyundai, Honda, and Toyota and others have failed to produce any viable alternatives. [Kolka Dec. ¶ 76; LaSorda Dec. ¶ 25.]

47. Furthermore, there is no other viable deal because no parties other than the U.S. government and the Canadian government are willing to provide the necessary financing for the transaction. Chrysler's cash situation is dire and it continues to function only because of the more than \$4 billion it has already received from the U.S. government. Without government funding over the past four months, Chrysler would not have had the cash flow to continue operations. And without the government's support going forward, including the debtor-in-possession financing it has agreed to provide, the Debtors will have no choice but to immediately liquidate their assets. Moreover, New Chrysler is relying on \$6 billion of government financing to support the transaction and future operations, as well as additional government support for new wholesale and retail financing. In short, no private party can come forward with a better deal for Chrysler and all of its constituencies because no bank or other private entity can provided the financing that is needed for Chrysler to survive. [LaSorda Dec. ¶ 27.]

**N. The Fiat Transaction Must Be Consummated Without Delay.**

48. If the Debtors' plan for preserving value is to succeed, the Fiat Transaction must occur within an extremely short timeframe for two fundamental reasons. First, the U.S. and Canadian governments have conditioned their financial commitment on the consummation of a deal with Fiat within 60 days, and are willing to provide debtor-in-possession financing for only that truncated period. Additionally, in consultation with the U.S. Treasury, the Debtors have proposed the entry into a Master Autofinance Agreement with GMAC LLC (the "GMAC MAFA") to fill the capital void created by the lack of available funding under the Prepetition MAFA. On May 16, 2009, GMAC LLC may terminate this crucial financing arrangement if certain events have not yet occurred, including, but not limited to, entry of the Bidding Procedures Order requiring a Successful Bidder to assume all of the obligations of the Debtors under the GMAC MAFA and its related agreements. A delay would thus deprive Chrysler of financial support that is a prerequisite to preserving its going concern value. [Manzo Dec. ¶ 41.]

49. Moreover, the governments' timing conditions are well-founded. Key to the success of the Fiat Transaction is the survival of Chrysler's supplier base and ongoing dealer network, as well as the preservation of ongoing consumer and employee goodwill and support. The Debtors' business of designing, assembling and selling cars cannot function without the unique, specially-designed parts produced by suppliers that are not readily replaceable, and the domestic distribution network (developed over many decades) that is required to sell and service Chrysler vehicles. The Debtors' key suppliers and dealers simply cannot survive a prolonged period of uncertainty. Consumers will look elsewhere for vehicles if delays persist, and dealers selling diminishing volumes may not survive beyond the short term. If a sale is not completed quickly, new product launches will be delayed to the further detriment to the business and key employees may leave for other opportunities. [Gaberding Dec. ¶¶ 9-38; Kolka Dec. ¶¶ 90-91.]

50. In the face of a challenging economic environment in the automotive industry, the supplier base and the dealer network must be supported by the Debtors pending the sale as core elements of the value to be transferred to the buyer. But even with the help of the U.S. and Canadian governments, the Debtors can sustain that support for only a short period of time. When that period expires, so does Chrysler.

51. As noted above, the Debtors have filed a series of affidavits and declarations supporting the Fiat Transaction and providing further details regarding the exigencies which mandate that the sale occur without delay. Otherwise, it simply will not be possible to preserve the going concern value of the Debtor' assets. Thus, the failure to consummate the Fiat Transaction expeditiously likely will result in the immediate liquidation of the Debtors' assets — contradicting Congress' intent in enacting chapter 11 of the Bankruptcy Code. See In re Armstrong World Indus., Inc., 432 F.3d 507, 518 (3d Cir. 2005) (recognizing that the longer the reorganization process takes, the less likely that purposes of chapter 11, such as preserving business as going concern, will be fulfilled).

52. The need to proceed with the Fiat Transaction without delay is further supported by a consideration of the devastating effects an immediate liquidation would have on the debtors' employees and retirees, on communities around the country and on the U.S. economy as a whole. A liquidation would mean the immediate loss of 38,500 Chrysler jobs in the United States. In addition, \$5.3 billion in outstanding auto parts and service supplier invoices will not be paid, bankrupting many of those companies. Also lost would be \$9.8 billion in healthcare and other benefits, and \$2 billion in annual pension payments. Finally, 3,200 dealers would be out of business, costing some 140,000 additional jobs. [Kolka Dec. ¶ 4.]

53. And not only Chrysler is at stake. The fate of GM and Ford is largely tied to Chrysler through their common supplier base, and many if not most of those suppliers are not financially stable enough to withstand the shutdown of any one of the Big Three. As a consequence, according to the Center for Automotive Research ("CAR"), if at least one of the three major American automakers fails in 2009, the United States economy could lose nearly 2.5 million jobs this year – 239,341 at the three OEMs, 795,371 supplier/indirect jobs and over 1.4 million spin-off (that is, expenditure-induced) jobs.<sup>5</sup> Although the effect in those cities where the automotive industry is centered (the Great Lakes region and the Southern U.S.) will be particularly devastating, the effect will not be localized. [LaSorda Dec. ¶¶ 8-9.]

**O. Commencement of the Chapter 11 Cases**

54. With the support of the U.S. government, the Canadian government, Fiat, the UAW, dealers, suppliers and other stakeholders, the Debtors commenced these cases to implement an expeditious sale process to implement the Fiat Transaction, or a similar transaction with a competing bidder, designed to maximize the value of the Debtors' operations and businesses for the benefit of their stakeholders. Pending the proposed sale, the Debtors have idled most operations as they conserve their resources, while at the same time ensuring that (a) the facilities are prepared to resume normal production schedules quickly upon the completion of a sale and (b) consumers are not impacted by the filing (e.g., by continuing operations at parts depots to provide an uninterrupted supply of parts to service the Debtors' vehicles). Upon consummation of the Fiat Transaction, the Debtors anticipate that the purchased

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<sup>5</sup> David Cole & Sean McAlinden & Kristin Dzikczek & Debra Maranger, CAR Research Memorandum: The Impact on the U.S. Economy of a Major Contraction of the Detroit Three Automakers, Center for Automotive Research, Nov. 4, 2008.

manufacturing and assembly facilities will quickly resume normal operations under the ownership of New Chrysler.

### **JURISDICTION**

55. This Court has subject matter jurisdiction to consider this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

### **RELIEF REQUESTED**

56. Chrysler has executed the Purchase Agreement<sup>6</sup> with New Chrysler, which, together with certain ancillary agreements, contemplates a set of related transactions for the sale of substantially all of the Debtors' tangible, intangible and operating assets, defined as the "Purchased Assets" in Section 2.06 of the Purchase Agreement, including the Designated Agreements (as defined below), the assets related to the research, design, manufacturing, production, assembly, and distribution of passenger cars, trucks, and other vehicles (including prototypes) under brand names that include Chrysler, Jeep® and Dodge (the "CarCo Business"), certain of the facilities related thereto and all rights, including intellectual property rights, trade secrets, customer lists, domain names, books and records, software and other assets used in or necessary to the operation of the CarCo Business or related thereto (collectively, as defined in the Purchase Agreement, the "Purchased Assets") to the Purchaser. By this Motion, pursuant to sections 105, 363 and 365 of the Bankruptcy Code, the Debtors hereby seek the entry of two

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<sup>6</sup> A copy of the Purchase Agreement (without its voluminous schedules and exhibits) is attached hereto as Exhibit A. The Purchase Agreement with its schedules and exhibits (excluding certain commercially sensitive information) will be filed with the Bankruptcy Court and available for review, free of charge, on the Debtors' dedicated chapter 11 website at <http://www.chryslerrestructuring.com>. Copies of the Purchase Agreement with its schedules and exhibits (excluding certain commercially sensitive information) also may be obtained, from the Debtors' claims and noticing agent, Epiq Bankruptcy Solutions, LLC, by contacting them via (a) regular mail at Chrysler Claims Agent, Epiq Bankruptcy Solutions, LLC, 757 Third Avenue, 3rd Floor, New York, New York, 10017; or (b) by toll-free telephone for U.S. and Canadian callers at +1-877-271-1568, and for international callers at +1-503-597-7708.

orders. First, at an emergency hearing (the "Bidding Procedures Hearing") to be held on May 4, 2009, the Debtors request entry of an order in substantially the form attached hereto as Exhibit B (the "Bidding Procedures Order"), among other things:

(a) scheduling a hearing (the "Sale Hearing") on an expedited basis on or about May 21, 2009 (or as soon as the Court is available) to consider (i) approval of the sale of the Purchased Assets to the Purchaser or to another Successful Bidder (as such term is defined in the Bidding Procedures) if any qualifying competing bids are timely received and (ii) approval of the UAW Retiree Settlement Agreement;

(b) authorizing and approving (i) the Debtors' proposed procedures for (A) the assumption and assignment of certain executory contracts and unexpired leases to the Purchaser or another Successful Bidder in connection with the proposed Fiat Transaction, including, but not limited to, the UAW CBA Assignment and (B) curing defaults under these executory contracts and unexpired leases; and (ii) notice of the assumption and assignment of these executory contracts and unexpired leases and the proposed cure amounts related thereto in the form attached as Exhibit D to the proposed Bidding Procedures Order (the "Assignment Notice"); and

(c) authorizing and approving (i) the Debtors' proposed procedures for the submission and consideration of competing bids for the Purchased Assets (the "Bidding Procedures"), as set forth in Exhibit A attached to the proposed Bidding Procedures Order and incorporated herein in its entirety by reference; and (ii) the form and manner of notice of these matters, including (A) notice of the Sale Hearing in the form attached as Exhibit B to the proposed Bidding Procedures Order (the "Sale Notice") to be served in parties in interest, and (B) the publication version of the Sale Notice in the form attached as Exhibit C to the proposed Bidding Procedures Order (the "Publication Notice");

(d) authorizing and approving the proposed special notice to UAW-Represented Retirees of the UAW Retiree Settlement Agreement and the UAW CBA Assignment along with that certain letter from the UAW and Class Counsel to the UAW-Represented Retirees describing the UAW Retiree Settlement Agreement and communicating the UAW's support of the Sale Transaction, including approval of the UAW Retiree Settlement Agreement, in the forms attached as Exhibit E to the proposed Bidding Procedures Order (collectively, the "UAW Retiree Notices") to be served on UAW-Represented Retirees.

57. Second, upon conclusion of the Sale Hearing, the Debtors request, if the Purchaser is the Successful Bidder (as defined in the Bidding Procedures), the entry of an order substantially in the form attached hereto as Exhibit C (the "Sale Order"), authorizing (a) the sale of the Purchased Assets free and clear all liens, claims (as such term is defined by section 101(5)

of the Bankruptcy Code), encumbrances, rights, remedies, restrictions, interests, liabilities and contractual commitments of any kind or nature whatsoever, whether arising before or after the Petition Date, whether at law or in equity, including all rights or claims based on any successor or transferee liability, all environmental claims, all change in control provisions, all rights to object or consent to the effectiveness of the transfer of the Purchased Assets to the Purchaser or to be excused from accepting performance by the Purchaser or performing for the benefit of the Purchaser under any Assumed Agreement and all rights at law or in equity, excluding any Designated Agreement (as defined below), all as more specifically set forth and defined in the Sale Motion and the proposed order approving the Sale Transaction (as so defined therein, "Claims") other than Assumed Liabilities (as defined in the Purchase Agreement); (b) the assumption and assignment of certain executory contracts and unexpired leases intended to be acquired by the Purchaser as part of the Fiat Transaction, including, without limitation, the UAW CBA Assignment; and (c) approval of the UAW Retiree Settlement Agreement;.

**THE PROPOSED FIAT TRANSACTION**

58. The following sets forth a summary of the material terms and conditions of the Purchase Agreement:<sup>7</sup>

<b><i>Purchase and Sale of Purchased Assets:</i></b>	<p>Purchaser will acquire substantially all of the Debtors' operating assets. <u>Excluded assets</u> will include the following:</p> <ul style="list-style-type: none"> <li>• The following manufacturing facilities (the "<u>Excluded Plants</u>"): Sterling Heights Assembly, St. Louis South Assembly, St. Louis North Assembly, Newark Assembly, Conner Ave (Detroit) Assembly, Twinsburg, Kenosha and Detroit Axle (some Excluded Plants, including Sterling Heights Assembly, Kenosha Engine and Detroit Axle, will continue to be operated for a substantial period after the Closing through transition services provided by the Purchaser to Chrysler pursuant to a transition</li> </ul>
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<sup>7</sup> Capitalized terms used in the summary of the Purchase Agreement that are not defined herein shall have the meaning given in the Purchase Agreement attached hereto as Exhibit A. To the extent of any inconsistency between the summary set forth herein and the Purchase Agreement, the terms and conditions of the Purchase Agreement shall govern.

	<p>services agreement to be entered into between the parties at the Closing);</p> <ul style="list-style-type: none"> <li>• Cash, cash equivalents and marketable securities except cash securing Assumed Liabilities;</li> <li>• Collateral, deposits and other prepaid assets and surety bonds not relating to Purchased Assets or the Assumed Liabilities;</li> <li>• Derivatives, hedges and other financial assets;</li> <li>• Miscellaneous real estate assets;</li> <li>• Equity interests of the Debtors and certain of their subsidiaries;</li> <li>• Property, plant and equipment at certain of the Excluded Plants;</li> <li>• Chrysler-owned cars leased to employees;</li> <li>• Legal claims and guarantees and warranties from third parties not related to the Purchased Assets or Assumed Liabilities;</li> <li>• Avoidance actions (other than against suppliers under assumed contracts);</li> <li>• Licenses and permits not related to the Purchaser's business;</li> <li>• Rights under insurance contracts that are not specifically assumed, including directors' and officers' liability insurance;</li> <li>• Rights under other specified contracts;</li> <li>• Certain benefit plans;</li> <li>• Certain corporate and other documents and records; and</li> <li>• Income tax refunds and prepaid property taxes.</li> </ul>
<p><b><i>Assumed Liabilities:</i></b></p>	<p>The Purchaser will assume certain specified liabilities of the Debtors, including the following Assumed Liabilities (as more specifically defined in the Purchase Agreement):</p> <ul style="list-style-type: none"> <li>• Liabilities and obligations arising post-closing under assumed contracts;</li> <li>• Trade and accounts payable, including intercompany accounts payable, except those relating to excluded contracts;</li> <li>• Environmental liabilities on owned and leased real property acquired by the Purchaser except those relating to the ownership or operation of the business or relating to any generation, transport, release or presence of any hazardous material on or from such property prior to Closing;</li> <li>• Liabilities and obligations under Chrysler's benefit plans that are assumed and any health benefit plans;</li> <li>• Liabilities relating to employment or termination (other than workers' compensation and excluded benefit plans) of current and former employees covered by a collective bargaining agreement and any other</li> </ul>

	<p>transferred employees;</p> <ul style="list-style-type: none"> <li>• Liabilities for product warranties, product returns and rebates on vehicles sold pre-closing;</li> <li>• Warranty obligations and product recall liabilities related to vehicles sold pre-closing;</li> <li>• Product liability claims arising out of vehicles manufactured pre-closing and sold post-closing;</li> <li>• Transfer taxes; and</li> <li>• Cure amounts for assumed executory contracts and unexpired leases.</li> </ul>
<b><i>Purchase Price:</i></b>	In consideration for the sale of the Purchased Assets to the Purchaser, Debtors will receive \$2 billion in cash. In addition, the Purchaser will provide other consideration, including payment of Cure Costs for Designated Agreements.
<b><i>Other Purchaser Transactions:</i></b>	<p>Fiat will enter into a Master Industrial Agreement to provide the Purchaser with access to competitive fuel-efficient vehicle platforms, distribution capabilities in key growth markets and substantial cost saving opportunities.</p> <p>In connection with the transactions contemplated by the Purchase Agreement, the Purchaser will issue (i) a note for \$4.571 billion and Membership Interests in the Purchaser equal to 55% of the total Membership Interests on a diluted basis to a new VEBA, (ii) Membership Interests in the Purchaser equal to 8% of the total Membership Interests on a diluted basis to the U.S. Treasury and (iii) Membership Interests in the Purchaser equal to 2% of the total Membership Interests on a diluted basis to the Canadian government. Fiat will hold 20% of the Membership Interests in the Purchaser, which will automatically increase to 35% upon the Purchaser achieving certain milestones that are specified in the Purchaser Amended and Restated Limited Liability Company Agreement. Additionally, pursuant to that agreement, Fiat will have the right to acquire an additional 16% of the total Membership Interests from the Purchaser, and pursuant to a separate call option agreement, an option to buy 40% of the Membership Interests in the Purchaser held by the VEBA.</p> <p>The U.S. Treasury and the Canadian government will provide debt financing to the Purchaser.</p>
<b><i>Closing Date and Closing Conditions:</i></b>	<p>The Purchaser's and the Debtors' obligations to consummate the Fiat Transaction are subject to certain closing conditions including, but not limited to:</p> <ul style="list-style-type: none"> <li>• Expiration of any applicable waiting period under United States, Canadian, European Union and Mexican antitrust laws and other jurisdictions where Fiat intends to file antitrust notifications;</li> <li>• Entry of the Sale Order by the Bankruptcy Court approving the Fiat</li> </ul>

	<p>Transaction and such order is in full force and effect and not modified, vacated or subject to any stay pending appeal or otherwise;</p> <ul style="list-style-type: none"> <li>• No law or order that makes the Fiat Transaction illegal or prohibits the Fiat Transaction;</li> <li>• Execution of the U.S. Treasury and Canadian government loan documents contemplated in connection with the Fiat Transaction and the funding of such loans on the Closing Date (as defined in the Purchase Agreement); and</li> <li>• New UAW Retiree Settlement Agreement is executed and delivered, in full force and effect and approved by the Bankruptcy Court as part of the Sale Order.</li> </ul> <p>Chrysler conditions:</p> <ul style="list-style-type: none"> <li>• Fiat and the Purchaser are not in breach of any representations or warranties made pursuant to the Purchase Agreement that would constitute a Fiat Material Adverse Effect or Purchaser Material Adverse Effect (as each term is defined in the Purchase Agreement);</li> <li>• Fiat and the Purchaser are not in material breach of any covenants given in accordance with the Purchase Agreement;</li> <li>• Fiat and the Purchaser have received specified consents and all other consents where failure to obtain would have a Fiat Material Adverse Effect or a Purchaser Material Adverse Effect, and have sent certain specified notices; and</li> <li>• Collective bargaining agreements (other than those noted below in the section entitled "UAW Matters") have been assumed by the Purchaser and the UAW and is in full force and effect.</li> </ul> <p>Fiat/Purchaser conditions:</p> <ul style="list-style-type: none"> <li>• Chrysler is not in breach of any representations or warranties made pursuant to the Purchase Agreement that would constitute a Company Material Adverse Effect (as defined in the Purchase Agreement);</li> <li>• Chrysler is not in material breach of any covenants given in accordance with the Purchase Agreement;</li> <li>• There has not been a Company Material Adverse Effect; and</li> <li>• Chrysler receives all consents necessary to transfer the Purchased Assets except as would not have Company Material Adverse Effect.</li> </ul>
<p><b><i>Termination:</i></b></p>	<p>The Purchase Agreement automatically terminates:</p> <ul style="list-style-type: none"> <li>• If the Closing does not occur by June 15, 2009, subject to a 30-day extension for the failure to obtain requisite anti-trust approvals;</li> <li>• Upon the consummation of a Competing Transaction (as defined in the</li> </ul>

	<p>Purchase Agreement);</p> <ul style="list-style-type: none"> <li>• If the Debtors enter into an agreement for the sale of the Purchased Assets with a Successful Bidder or the Bankruptcy Court approves a Competing Transaction;</li> <li>• If the Bidding Procedures Order is not approved and entered by the Bankruptcy Court on or prior to May 15, 2009 (unless Fiat extends such date);</li> <li>• If the Sale Order is not entered by June 15, 2009 (unless Fiat extends such date);</li> <li>• At 11:59 p.m. on the third business day (or such later time to which Fiat may consent to extend such date in writing) after the Debtors file any notice of designation of a Lead Bid and/or Secondary Bid with the Bankruptcy Court (as such terms as defined in the Bid Procedures Order), unless either of the following has occurred prior to the end of such period: (i) the Debtors shall have filed a notice with the Bankruptcy Court prior to such time stating that the Debtors have rejected any and all Lead Bids and/or Secondary Bids; or (ii) the condition in Section 8.02(q) of the Purchase Agreement has been fulfilled.</li> </ul> <p>Chrysler may terminate the Purchase Agreement in the event of a material breach of the Purchase Agreement by Fiat or the Purchaser, <u>provided</u>, <u>however</u>, that the Debtors are not in material breach of the Purchase Agreement. Likewise, Fiat may terminate the Purchase Agreement in the event of a material breach of the Purchase Agreement by the Debtors, <u>provided</u>, <u>however</u>, that the Fiat and/or the Purchaser are not in material breach of the Purchase Agreement.</p> <p>Fiat or Chrysler may terminate the Purchase Agreement upon a government entity issuing a final order or taking other final action prohibiting the Fiat Transaction.</p>
<p><b><i>Employee Matters:</i></b></p>	<p>On the Closing Date: (i) employees of the Debtors will be offered employment with the Purchaser at the same or nearby locations, with at least the same salary and with benefits no less favorable in the aggregate than current Chrysler benefits, including severance (with such salary and benefits required to last as long as required by the applicable collective bargaining agreement, and lasting at least one year for transferred employees not covered by a collective bargaining agreement) and transferred employees will be given prior service credit; and (ii) Purchaser will assume the Debtors' employee benefit plans, except for certain specified plans.</p> <p>Chrysler must consult with Fiat prior to making any employee communications.</p> <p>The Purchaser will indemnify Fiat if, as a result of the transactions, Fiat has controlling person liability for Purchaser's employee benefit plans.</p>

	<p>Until the U.S. Treasury loans are paid in full, the Debtors and the Purchaser must comply with the requirements of the Troubled Asset Relief Program and applicable law.</p>
<b><i>UAW Matters</i></b>	<p>Contingent upon the approval of the sale of the Purchased Assets to the Purchaser and concurrently with the sale of the Purchased Assets, the Debtors will assign to the Purchaser and the Purchaser will assume any collective bargaining agreements entered into by and between the Debtors and the UAW with the exception of (iii) the Debtors' agreement to provide certain retiree medical benefits specified in the Memorandum of Understanding Post-Retirement Medical Care, dated October 12, 2007, between Chrysler and the UAW; (ii) the Memorandum of Understanding Post-Retirement Medical Care, dated April 29, 2009, between Chrysler and the UAW; and (iii) the 2008 Settlement Agreement.</p> <p>The Purchaser has agreed to assume sponsorship of Chrysler's existing internal voluntary employees' beneficiary association trust.</p> <p>Contingent upon the approval of the sale of the Purchased Assets to the Purchaser, the Purchaser has agreed to enter into the UAW Retiree Settlement Agreement, pursuant to which the Purchaser will make contributions to a VEBA in respect of non-pension retiree benefits to eligible current and future UAW-Represented Retirees on terms and conditions that differ from those established by the 2008 Settlement Agreement, including, among other things, the funding of such benefits with a combination of an equity interest in the Purchaser and the new \$4.587 billion note. Under the UAW Retiree Settlement Agreement, certain benefit reductions will take effect July 1, 2009, assuming consummation of the Sale Transaction.</p> <p>Chrysler must regularly update Fiat on all labor negotiations.</p>
<b><i>Regulatory Matters:</i></b>	<p>The parties are to use their reasonable best efforts to obtain anti-trust clearance, although no party is required to divest its business or accept limitations on its business.</p> <p>If antitrust clearance is not obtained within 35 days with respect to jurisdictions other than the United States, Canada, the European Union or Mexico, the parties can close the overall transaction, but delay closing for problem jurisdictions until such approval is obtained.</p>
<b><i>Representations and Warranties:</i></b>	<p>The Purchase Agreement contains representations and warranties of Chrysler regarding the Purchased Assets and the Assumed Liabilities. In particular, Chrysler makes extensive representations with respect to: organization; subsidiaries; authority; no conflicts; consents; financial statements; absence of certain events; related party transactions; litigation; contracts; compliance with laws; permits; environmental, health and safety; labor; benefit plans; taxes; real property; intellectual property; company products; sufficiency of assets; business practices; and brokers.</p>

	<p>Fiat also makes customary representations regarding: organization; authority; no conflicts; consents; litigation; distribution; suppliers; business practices; brokers; intellectual property; and ability to perform. The Purchaser also makes customary representations regarding: organization; authority; no conflicts; consents; litigation; non-operation; capitalization; and brokers.</p>
<p><b><i>Survival and Indemnification:</i></b></p>	<p>Limited representations and warranties of Chrysler regarding organization, subsidiaries and authority survive the Closing Date, but terminate on the administrative bar date; the tax representations survive for the statute of limitations; and the tax covenants survive indefinitely.</p> <p>Limited representations and warranties regarding organization and authority for Fiat and the Purchaser, and Purchaser's representations regarding non-operation and capitalization, survive the Closing Date.</p> <p>Chrysler will indemnify the Purchaser for breaches of such limited Chrysler representations and tax representations and covenants. Fiat or the Purchaser, as applicable, will indemnify Chrysler for breaches of their limited representations.</p> <p>Indemnification claims are subject to the following limitations: (i) a per item deductible of \$5 million; (ii) an aggregate tipping basket deductible of \$25 million; and (iii) no liability for punitive, incidental or consequential damages.</p>
<p><b><i>Pre-Closing Covenants</i></b></p>	<p>Chrysler has agreed to customary interim covenants to operate in the ordinary course and preserve its business (with certain exceptions, notably including for the planned idling of facilities) and not take specified material actions without Fiat's consent.</p> <p>The parties have agreed to use reasonable best efforts to close.</p> <p>Chrysler has agreed to use reasonable efforts to perform certain tax restructuring requested by the Purchaser, <u>provided that</u>, without their consent, neither Fiat nor the equity holders of Chrysler are required to bear any material adverse tax consequences not compensated by the other party.</p> <p>Chrysler has agreed to use reasonable efforts to have the Auburn Hills headquarters transferred to the Purchaser.</p> <p>Chrysler is subject to limitations on tax elections, tax settlements, extensions of tax statute of limitations, and tax refund claims that relate to the Purchased Assets. The parties also agreed to other tax covenants, including preparation of tax returns and general tax cooperation.</p> <p>The parties also have agreed to customary other pre-closing covenants, including: access to information; confidentiality; notifications; compliance remediation; limitation of representations and warranties; name changes; and letters of credit.</p>

## **PROPOSED NOTICE, BIDDING AND OTHER PROCEDURES**

### **A. Notice and Other Procedures**

59. The Debtors request approval of the following notice and other procedures:

(a) Date, Time and Place of the Sale Hearing. The Debtors propose that the Sale Hearing be held in the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004, on May 21, 2009 at 10:00 a.m. (Eastern Time) or such other date and time that the Court may direct. The Sale Hearing may be adjourned, from time to time, without further notice to creditors or parties in interest other than by announcement of the adjournment in open Court or on the Court's docket.

(b) Sale Notice. Within two business days after entry of the Bidding Procedures Order (the "Mailing Deadline"), the Debtors will serve the Sale Notice by first-class mail, postage prepaid upon: (i) counsel to the U.S. Treasury; (ii) counsel to the UAW; (iii) counsel to the Purchaser; (iv) counsel to the administrative agent for the Senior Secured Lenders; (v) any party that, in the past year, expressed in writing to the Debtors an interest in acquiring the Purchased Assets, directly or through a merger or alliance; (vi) non-Debtor counterparties to all Designated Agreements; (vii) all parties who are known to assert Claims upon the Assets; (viii) the Securities and Exchange Commission; (ix) the Internal Revenue Service; (x) all applicable state attorneys general, local environmental enforcement agencies and local regulatory authorities; (xi) all applicable state and local taxing authorities; (xii) the U.S. Trustee; (xiii) Federal Trade Commission; (xiv) United States Attorney General/Antitrust Division of Department of Justice; (xv) the U.S. Environmental Protection Agency and similar state agencies; (xvi) United States Attorney's Office; (xvii) the entities set forth in the Special Service List and the General Service List established in these cases; (xviii) counsel to Cerberus; (xix) counsel to Daimler; (xx) counsel to Export Development Canada; (xxi) all entities that have requested notice in these chapter 11 cases under Bankruptcy Rule 2002; and (xxii) any other party identified on the creditor matrix in these cases. The Debtors also will serve the Sale Notice on counsel to the Official Committees of Unsecured Creditors (the "Creditors' Committee") and any other official committees appointed in these chapter 11 cases promptly upon their appointment.

(c) Publication Notice. On the Mailing Deadline, or as soon as practicable thereafter, the Debtors will (i) cause the Publication Notice to be published one time in the national edition of *USA Today*, *The Wall Street Journal* and *The New York Times*, as well as the U.S., European and Asian editions of *Automotive News* and *The Financial Times*. On the Mailing Deadline, or as soon as practicable thereafter, the Debtors shall cause the Publication Notice to be published on the website of the Debtors' claims and noticing agent, Epiq Bankruptcy Solutions, LLC, at <http://www.chryslerrestructuring.com>.

(d) UAW Retiree Notices. No later than the Mailing Deadline, the Debtors will serve the UAW Retiree Notices by first-class mail, postage prepaid upon: (i) the UAW, (ii) counsel to the UAW and (iii) all of the UAW-Represented Retirees. On the Mailing Deadline, or as soon as practicable thereafter, the Debtors shall cause the UAW Retiree Notices, the UAW Retiree Settlement Agreement, including all exhibits thereto, an Equity Recapture Agreement between the U.S. Treasury and the UAW Retiree Benefits Medical Trust executed in connection with the UAW Retiree Settlement Agreement, and the Sale Notice to be published on the website of the Debtors' claims and noticing agent, Epiq Bankruptcy Solutions, LLC, at <http://www.chryslerrestructuring.com>, in a area dedicated for the posting of retiree-related information.

(e) Deadline for Objection to Relief Sought in the Sale Motion. The Debtors propose that the deadline for objecting to approval of the Fiat Transaction —other than an objection to the proposed assumption and assignment of the Designated Agreements or to any proposed Cure Costs (as defined below) — including the sale of the Purchased Assets free and clear of Claims pursuant to section 363 of the Bankruptcy Code and approval of the UAW Retiree Settlement Agreement, shall be May 11, 2009 for the Senior Secured Lenders and the UAW, who have been involved in longstanding discussions relating to the proposed transaction; May 15, 2009 for all other parties in interest except the Creditors' Committee; and May 19, 2009 for the Creditors' Committee (each, as applicable, the "Objection Deadline"); provided, however, that if a determination is made at the Sale Hearing that the Successful Bidder is a bidder other than the Purchaser, parties in interest may object solely to such determination at the Sale Hearing.

(f) Information Provided to Interested Parties. The Sale Notice provides that any party that wishes to obtain a copy of this Sale Motion, including all exhibits and other materials relating to the proposed Fiat Transaction, may make such a request by (a) sending a written request to counsel to the Debtors, Jones Day, 222 East 41st Street, New York, New York 10017, Facsimile: (212) 755-7306 (Attn: Nathan Lebioda, Esq.) or (b) accessing the website of the Debtors' claims and noticing agent, Epiq Bankruptcy Solutions, LLC, at <http://www.chryslerrestructuring.com>. The Debtors will provide to all parties that have expressed, or may express, an interest in purchasing the Purchased Assets or who the Debtors believe may have an interest in purchasing the Purchased Assets (each an "Interested Party" and, collectively, the "Interested Parties"), certain information in connection with the proposed Fiat Transaction, including in particular the Sale Notice and the proposed Bidding Procedures. Should any Interested Party desire additional or further information to participate in the bidding process, such Interested Party will be required to enter into a confidentiality agreement satisfactory to the Debtors in their business judgment. Upon execution of the confidentiality agreement, the Interested Party will be given access (through a virtual data room or otherwise) to various financial data and other relevant and confidential information.

**B. The Proposed Bidding Procedures**

60. The Debtors crafted the Bidding Procedures to permit an expedited sale necessitated by the circumstances faced by the Debtors, while simultaneously fostering an orderly and fair sale process that will confirm that the Purchaser's bid is the best and highest bid for the Purchased Assets or promptly identify any other higher and better alternatives.

The Bidding Procedures are set forth in detail in Exhibit A to the Bidding Procedures Order and are not restated herein. The Bidding Procedures describe, among other things, the requirements for prospective purchasers to participate in the process, the availability and conduct of due diligence by prospective bidders, the deadline and requirements for submitting a competing bid, the method and criteria for bids to become "qualified," the manner in which qualified bids will be negotiated, clarified and improved and the criteria for selecting the Successful Bidder, including if necessary through the conduct of a Court-supervised auction. The Debtors will consider all proposals that are deemed qualified in accordance with the Bidding Procedures. The Bidding Procedures establish (a) the minimum consideration the Successful Bidder must provide in exchange for the Purchased Assets and (b) any terms and conditions the Successful Bidder must satisfy to acquire the Purchased Assets.

61. The Debtors reserve the right to modify the Bidding Procedures as necessary or as they deem appropriate, in consultation with the Creditors' Committee, the U.S. Treasury, the UAW, the Purchaser and Fiat and such other persons as the Debtors deem appropriate, to maximize value for the Debtors' estates and creditors. In addition, the Debtors reserve their right to withdraw any or all Purchased Assets or businesses from the sale at any time prior to the Court's approval of such sale.

**C. Proposed Stalking Horse Bidding Protections**

62. As part of the Bidding Procedures, the Debtors are also seeking approval of the provisions of the Purchase Agreement regarding the payment of a breakup fee in the amount of \$35 million (the "Breakup Fee"), which is paid to Fiat in accordance with the Purchase Agreement if the Court enters an order selecting a Successful Bidder other than the Purchaser. Fiat appropriately is the recipient of the proposed Breakup because it has pursued and funded all aspects of the Fiat Transaction on behalf of Purchaser and has itself agreed to substantial commitments for the use of its technology, platforms and distribution network in support of the Fiat Transaction and the Fiat Alliance.

**D. Proposed Procedures for the Assumption and Assignment of Executory Contracts and Unexpired Leases**

63. The following procedures (the "Contract Procedures") shall govern the assumption and assignment of the Designated Agreements in connection with the sale of the Purchased Assets to the Purchaser:<sup>8</sup>

(a) Not less than 13 days prior to the Sale Hearing, the Debtors shall file with this Court and shall serve an Assignment Notice by overnight delivery service on each non-debtor counterparty to an executory contract or unexpired lease with any of the Debtors (each a "Non-Debtor Counterparty") that the Debtors intend to assume and assign to the Purchaser (the "Initial Designated Agreements"). The Debtors shall attach to the Assignment Notice a list identifying the Non-Debtor Counterparties to the Initial Designated Agreements and the corresponding Cure Costs under the Initial Designated Agreements as of April 30, 2009.

(b) In accordance with Section 2.10 of the Purchase Agreement, the Debtors may, at the Purchaser's request or with the Purchaser's consent, designate additional executory contracts and unexpired leases as agreements to be assumed and assigned pursuant to the Purchase Agreement (the "Additional Designated Agreements" and, together with the Initial Designated Agreements, the "Designated Agreements"), up to the date that is 90 days following the Closing Date (the "Agreement Designation Deadline"). Upon determining that a specific executory contract or unexpired lease, or a group

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<sup>8</sup> If a party other than the Purchaser is the Successful Bidder, or if a transaction other than the Fiat Transaction is consummated for the sale of a substantial portion of the Debtors' operating assets, then these Contract Procedures may be modified if necessary by further order of this Court.

thereof, are Additional Designated Agreements, the Debtors shall serve an Assignment Notice on each of the Non-Debtor Counterparties to such Additional Designated Agreements, indicating (i) that the notice recipient is a Non-Debtor Counterparty to one or more executory contracts or unexpired leases with the Debtors that the Debtors intend to assume and assign to the Purchaser and (ii) the corresponding Cure Cost under the Additional Designated Agreements as of April 30, 2009.

(c) At any time prior to the Agreement Designation Deadline, the Purchaser may, in its sole discretion, exclude any of the Designated Agreements, by serving a notice on (i) the Non-Debtor Counterparty to such Designated Agreement and (ii) all Notice Parties (as defined below) other than the Debtors, indicating, by reasonably specific information, which Designated Agreements have been excluded, and stating that the Purchaser has excluded such Designated Agreements. Upon service of such notice, the executory contracts and/or unexpired leases referenced in such notice shall no longer be considered Designated Agreements; shall not be deemed to be, or to have been, assumed or assigned; and shall remain subject to assumption, rejection or assignment by the Debtors. As soon as reasonably practicable after the Agreement Designation Deadline, the Debtors shall file with the Court a final schedule indicating all Designated Agreements and the proposed Cure Costs relating to each Designated Agreement scheduled therein.

(d) Contingent upon the approval of the sale of the Purchased Assets to the Purchaser and concurrently with the sale of the Purchased Assets, the Debtors shall designate as Additional Designated Agreements (i) the UAW CBA Assignment and (ii) the GMAC MAFA Documents (as such term is defined in the Motion of Debtors and Debtors in Possession Pursuant to Sections 105, 363, 364 and 503 of the Bankruptcy Code for and Order Authorizing Them to (A) Enter into the GMAC Master Financial Services Agreement and Related Agreements and (B) Obtain Unsecured Credit by and between Chrysler and GMAC LLC, filed in these chapter 11 cases on May 1, 2009 [Docket No. 170]) and in no event may the Debtors or the Purchaser exclude such agreements, whether under the Purchase Agreement, in accordance with the procedures set forth in subparagraph (c) above, or otherwise.

(e) For each Designated Agreement, on the Assignment Notice, the Debtors shall either (i) indicate the proposed Cure Costs relating to such Designated Agreement or (ii) provide an amount representing the proposed Cure Costs for multiple Designated Agreements with the same Non-Debtor Counterparty. The Assignment Notice also may identify any additional terms or conditions of assumption and assignment.

(f) On an Assignment Notice, Designated Agreements may be listed individually or in groups of agreements with the Non-Debtor Counterparty.

(g) Certain executory dealer agreements will be identified as Designated Agreements to be assumed and assigned. Although most U.S. dealers have entered into standard uniform dealership agreements in the form of the Chrysler Corporation Sales and Service Agreement (the "Sales and Service Agreement"), some dealers are party to older agreements in the form of the Chrysler Direct Dealer Agreement (each, a "Direct

Dealer Agreement"). If a Direct Dealer Agreement is identified as a Designated Agreement pursuant to the procedures above, then such Direct Dealer Agreement will only be assumed and assigned to the Purchaser if the counterparty to the Direct Dealer Agreement first agrees to modify such Direct Dealer Agreement and restate it in the form of the Sales and Service Agreement. If the counterparty and the Debtors do not so modify and restate such Direct Dealer Agreement in the form of the Sales and Service Agreement, then notwithstanding any other provisions of these Contract Procedures, such Direct Dealer Agreement will not be assumed and assigned pursuant to these Contract Procedures.

(h) Objections, if any, to the proposed Cure Costs, or to the proposed assumption and assignment of the Designated Agreements, including, but not limited to, objections related to adequate assurance of future performance or objections relating to whether applicable law excuses the Non-Debtor Counterparty from accepting performance by, or rendering performance to, the Purchaser for purposes of section 365(c)(1) of the Bankruptcy Code, must be in writing and filed with this Court and served on the Notice Parties so as to be received no later than ten days after service of an Assignment Notice (the "Designation and Cure Objection Deadline"). Where a Non-Debtor Counterparty to a Designated Agreement files an objection meeting the requirements of this subparagraph (h), objecting to the assumption by the Debtors and assignment to the Purchaser of such Designated Agreement (the "Disputed Designation") and/or asserting a cure amount higher than the proposed Cure Costs listed on the Assignment Notice (the "Disputed Cure Costs"), the Debtors, the Purchaser and the Non-Debtor Counterparty shall meet and confer in good faith to attempt to resolve any such objection without Court intervention. If the Debtors, the Non-Debtor Counterparty and the Purchaser determine that the objection cannot be resolved without judicial intervention, then the determination of the assumption and assignment of the Disputed Designation and/or the amount to be paid under section 365 of the Bankruptcy Code with respect to the Disputed Cure Costs will be determined by the Court at the next scheduled omnibus hearing that is on a date not less than ten days after the service of such objection or such other date as determined by the Court, unless the Debtors, the Purchaser and the Non-Debtor Counterparty to the Designated Agreement in dispute agree otherwise. If the Court determines at this hearing that the Designated Agreement will not be assumed and assigned, then such executory contract or unexpired lease shall no longer be considered a Designated Agreement, provided, however, that after such determination is made by the Court, the Debtors may redesignate such Designated Agreement and propose a new Cure Cost in accordance with these Contract Procedures, including providing the applicable Non-Debtor Counterparty with the Assignment Notice setting forth the redesignation and proposed Cure Cost of the Designated Agreement.

(i) Any Non-Debtor Counterparty to a Designated Agreement who fails to timely file an objection to the proposed Cure Costs or the proposed assumption and assignment of a Designated Agreement by the Designation and Cure Objection Deadline is deemed to have consented to such Cure Costs and the assumption and assignment of such Designated Agreements, and such party shall be forever barred from objecting to the Cure Costs and from asserting any additional cure or other amounts against the Debtors, their estates or the Purchaser.

(j) If the Non-Debtor Counterparty to a Designated Agreement fails to timely object to the assumption and assignment of a Designated Agreement or the proposed Cure Cost relating thereto by the Designation and Cure Objection Deadline, or upon the resolution of any timely objection by agreement of the parties or order of the Court approving an assumption and assignment, such Designated Agreement shall be deemed to be assumed by the Debtors and assigned to the Purchaser and the proposed Cure Cost related to such Designated Agreement shall be established and approved in all respects, subject to the conditions set forth in subparagraph (k) below.

(k) The Debtors' decision to assume and assign the Designated Agreements is subject to Court approval and consummation of the Fiat Transaction. Accordingly, subject to the satisfaction of conditions in subparagraph (j) above, the Debtors shall be deemed to have assumed and assigned each of the Designated Agreements as of the date of and effective only upon the Closing Date, and absent such closing, each of the Designated Agreements shall neither be deemed assumed nor assigned and shall in all respects be subject to subsequent assumption or rejection by the Debtors under the Bankruptcy Code. Also, assumption and assignment of the Designated Agreements is subject to the Purchaser's rights set forth in subparagraphs (b) and (c) above (and inclusion of any document on the list of Designated Agreements shall not constitute or be deemed to be a determination or admission by the Debtors or the Purchaser that such document is, in fact, an executory contract or unexpired lease within the meaning of the Bankruptcy Code, all rights with respect thereto being expressly reserved). The Purchaser shall have no rights in and to a particular Designated Agreement until such time as the particular Designated Agreement is assumed and assigned in accordance with the procedures set forth herein.

(l) Except as may otherwise be agreed to by the parties to a Designated Agreement, the defaults under the Designated Agreements that must be cured in accordance with section 365(b) of the Bankruptcy Code shall be cured as follows: the Purchaser shall pay all Cure Costs relating to an assumed executory contract or unexpired lease within ten days after the later of (i) the Closing Date or (ii) the date on which such executory contract or unexpired lease is deemed assumed and assigned, in accordance with subparagraph (k) of these Contract Procedures.

### **EXTRAORDINARY PROVISIONS UNDER THE GUIDELINES**

64. The Purchase Agreement contains the following items which may be considered Extraordinary Provisions under the Guidelines for the Conduct of Asset Sales (General Order M-331) (the "Guidelines"): <sup>9</sup>

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<sup>9</sup> The following listing of possible "Extraordinary Provisions" as such term is defined in the Guidelines is not intended to be an admission that any of these items are unusual relief in a large, multinational asset sales pursuant to section 363 of the Bankruptcy Code.

(a) Agreements with Management. As described in the summary of the proposed Fiat Transaction above, all employees of the Debtors, including management, are being offered employment with the Purchaser. Additional detail concerning these employment arrangements can be found in the summary chart above, as well as in the Purchase Agreement and other documents governing the Fiat Transaction.

(b) Deadlines that Effectively Limit Notice. The timeline proposed for the Sale Hearing and the Bidding Procedures Hearing may limit the notice period that may otherwise be afforded parties in interest under the Bankruptcy Code, the Bankruptcy Rules and the Local Bankruptcy Rules. Nonetheless, given the exigent circumstances described herein and in the Supporting Declarations and the supporting Memorandum of Law filed contemporaneously with this Motion, and the public nature of the prepetition negotiations of the Fiat Transaction, due process is not hindered as a result of the proposed shortening of applicable notice periods.

(c) No Good Faith Deposit. Neither the Purchaser nor Fiat have furnished the Debtors with a good faith deposit in connection with the Purchase Agreement. The Debtors submit that in light of the extensive prepetition negotiations culminating in the various complex agreements with the Debtors, the U.S. Treasury, the Canadian government, the UAW and other stakeholders, as well as Fiat's substantial investment of time and resources, the Purchaser's and Fiat's commitment to consummate the Fiat Transaction is clear without the need to provide a good faith deposit.

(d) Record Retention. The Purchased Assets contemplated in the proposed Fiat Transaction constitute substantially all of the operating assets of the Debtors' estates. Nonetheless, through transition agreements with the Purchaser, the Debtors will retain, or have reasonable access to, its books and records thereby enabling them to administer these chapter 11 cases in an orderly and efficient manner.

(e) Sale of Avoidance Actions. The Purchase Agreement contemplates the sale to New Chrysler of certain potential avoidance actions against certain of the Debtors' suppliers whose contracts will be assumed and assigned to the Purchaser and who will be suppliers to the Purchaser after the consummation of the sale. The transfer of such avoidance actions pursuant to the Purchase Agreement, along with the related supplier relationships, is intended to permit New Chrysler to preserve the value associated with the existing goodwill with these suppliers. The sale of such avoidance actions, therefore, is necessary to maximize the value of the Purchased Assets.

(f) Requested Findings as to Successor Liability. The Sale Order contemplates entry of certain findings as to successor liability. As set forth in additional detail herein, the Fiat Transaction contemplates the transfer of the Purchased Assets free and clear of all Claims after a period where the Debtors' businesses have been idled and will restart under new ownership with new platforms, technologies and products. As such, the findings set forth in the Sale Order comply with applicable principles of sales free and clear of Claims pursuant to section 363(f) of the Bankruptcy Code.

(g) Relief under Bankruptcy Rule 6004(h). For the reasons set forth herein, the Debtors request relief from the ten-day stay imposed by Bankruptcy Rule 6004(h). Given the likelihood that the Debtors' assets would rapidly diminish in value if the proposed Fiat Transaction is not timely consummated, legitimate business reasons exist to justify this Court's approval of an order waiving the requirements of Bankruptcy Rule 6004(h).

### **BASIS FOR RELIEF**

#### **A. Approval of the Bidding Procedures Is Appropriate and in the Best Interests of the Debtors' Estates and Their Creditors**

##### *(1) The Bidding Procedures Are Appropriate under the Circumstances*

65. Maximization of proceeds received by the estate is one of the dominant goals of any proposed sale of estate property. See, e.g., Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.), 147 B.R. 650, 659 (S.D.N.Y. 1992), appeal dismissed, 3 F.d 49 (2d Cir. 1993) ("It is a well-established principle of bankruptcy law that the . . . [debtors'] duty with respect to such sales is to obtain the highest price or greatest overall benefit possible for the estate.") (quoting In re Atlanta Packaging Prods., Inc., 99 B.R. 124, 130 (Bankr. N.D. Ga. 1988)).

66. In furtherance of maximizing the value received by the estate, courts typically find the use of procedures that are intended to enhance competitive bidding are appropriate in the context of bankruptcy sales. See, e.g., In re Fin. News Network, Inc., 126 B.R. 152, 156 (Bankr. S.D.N.Y. 1991) ("court-imposed rules for the disposition of assets . . . [should] provide an adequate basis for comparison of offers, and [should] provide for a fair and efficient resolution of bankrupt estates"); In re Edwards, 228 B.R. 552, 561 (Bankr. E.D. Pa. 1998) (bid procedures should allow for "an open and fair public sale designed to maximize value for the estate.").

67. The Debtors believe that the expeditious nature of the proposed Bidding Procedures is justified and reasonable under the circumstances. As described above and in the

Kolka Declaration and LaSorda Declaration, the Purchased Assets have been fully marketed to all potential interested parties over an extended period of time. Moreover, for the past six months, the Debtors' desire for the entry into some form of a strategic alliance with a suitable partner has been a widely known as a result of the highly public and high profile ongoing participation of the U.S. government. Any party wishing to bid on all or part of the Debtors' estates has had ample opportunity to do so.

68. Additionally, the U.S. and Canadian governments have conditioned their financial commitments on the consummation of a transaction with Fiat within 60 days of the Petition Date, and are willing to provide debtor-in-possession financing for only that truncated period. The Fiat Transaction is entirely dependent on the survival of the Debtors' supplier base and ongoing dealer network, as well as the preservation of ongoing consumer and employee goodwill and support. If a sale is not completed quickly, new product launches will be delayed to the further detriment to the business and key employees may leave for other opportunities.

69. Although the sale of the Purchased Assets contemplated herein has been widely known in the marketplace for quite some time, the Debtors believe that the Bidding Procedures will provide an additional procedural safeguard that will test the value of the Purchased Assets in a competitive bidding process and provide potentially interested parties with one final opportunity to step forward and provide greater value to the Debtors. Given the lack of interested purchasers of the Purchased Assets during the well-publicized prepetition period, the Debtors have no reason to believe that a Qualified Bidder (as defined in the Bidding Procedures) other than the Purchaser will be deemed the Successful Bidder (as defined in the Bidding Procedures). Nonetheless, the Debtors believe that the Bidding Procedures will encourage active bidding from seriously interested parties who possess the financial and operational capacity to

purchase the Purchased Assets, if any such parties exist. Furthermore, the proposed Bidding Procedures will allow the Debtors to conduct an auction in a controlled, fair and open fashion that will serve to dispel any doubt as to the best and highest offer reasonably available for the Purchased Assets. Therefore, the Debtors believe the Bidding Procedures will confirm that they are receiving the greatest possible consideration for the Purchased Assets.

70. Procedures to dispose of assets, similar to the proposed Bidding Procedures, have been approved in other large, complex chapter 11 cases in this District. See, e.g., In re Silicon Graphics, Inc., No. 09-11701 (MG) (Bankr. S.D.N.Y. Apr. 3, 2009); In re Lehman Bros. Holdings Inc., No. 08-13555 (JMP) (Bankr. S.D.N.Y. Sept. 17, 2008); In re Steve & Barry's Manhattan LLC, No. 08-12579 (ALG) (Bankr. S.D.N.Y. Aug. 5, 2008); In re Calpine Corp., No. 05-60200 (BRL) (Bankr. S.D.N.Y. Dec. 6, 2006); In re Dana Corp., No. 06-10354 (BRL) (Bankr. S.D.N.Y. Oct. 19, 2006); In re Delphi Corp., No. 05-44481 (RDD) (Bankr. S.D.N.Y. June 22, 2006).

71. In sum, the Debtors believe that the proposed Bidding Procedures provide an appropriate framework for expeditiously establishing that the Debtors are receiving the best and highest offer for the Purchased Assets without unduly jeopardizing the Fiat Transaction proposed by the Purchaser which must be consummated in short order to succeed. Accordingly, the proposed Bidding Procedures are reasonable, appropriate and within the Debtors' sound business judgment under the circumstances.

(2) *The Overbid Protections Are Appropriate Under the Circumstances*

72. The Bidding Procedures contemplate an overbid protection in the form of a minimum bid increment beyond the consideration currently proposed in the Purchase Agreement. Namely, a Qualified Bid must provide for net consideration to the Debtors' estates

of at least \$100 million more than the sum of the than the \$2 billion cash consideration provided by the Purchaser, plus the amount of the Breakup Fee (the "Minimum Overbid Purchase Price").

73. The Minimum Overbid Purchase Price is appropriate under the circumstances and will enable the Debtors to simultaneously maximize the value for the Purchased Assets while limiting the chilling effect in the marketing process. This provision also is consistent with the overbid increments previously approved by courts in this District. See In re Lehman Bros. Holdings Inc., No. 08-13555 (JMP) (Bankr. S.D.N.Y. Sept. 17, 2008) (approving initial incremental bid of \$150 million, or 11% of cash consideration); see also In re Bearingpoint, Inc., No. 09-10691 (REG) (Bankr. S.D.N.Y. Apr. 7, 2009) (4% initial bid increment, including breakup fee and expense reimbursement based on cash consideration); In re Collins & Aikman Corp., No. 05-55927 (SWR) (Bankr. E.D. Mich. Apr. 19, 2007) (approving initial bid increment of approximately 4% of cash consideration including all bidder protections).

(3) *The Breakup Fee and Expense Reimbursement  
Are Reasonable and Appropriate Under the Circumstances*

74. Courts in this District routinely approve the use of break-up fees in the context of asset sales pursuant to section 363 of the Bankruptcy Code. See, e.g., In re APP Plus, 223 B.R. 870, 875 (Bankr. E.D.N.Y. 1998) (approving break-up fee in connection with sale of substantially all of the debtors' assets pursuant to 11 U.S.C. § 363(b)); Integrated Res., 147 B.R. at 663 (approving break-up fee and expense reimbursement in connection with chapter 11 plan). Specifically, the courts in this district have held break-up fees should be approved as long as (a) the relationship between the parties is not tainted by self-dealing, (b) the fee does not hamper bidding and (c) the amount of the fee is reasonable in relation to the size of the transaction. Integrated Res., 147 B.R. at 657.

75. The Breakup Fee is the result of arm's length negotiations conducted in good faith among the Debtors, the Purchaser and Fiat and is necessary to secure the Purchaser's and Fiat's participation in the Debtors' sale process. Moreover, the Breakup Fee recognizes the enormity of the effort made by Fiat in the complex, multiparty negotiations surrounding the Purchase Agreement, involving not just the Debtors, but the U.S. Treasury, the Canadian government, the UAW and numerous other stakeholders. As exemplified by the enormous publicity surrounding the Debtors' prepetition negotiations with all interested stakeholders, including Fiat, the proposed sale represents a unique and monumental undertaking necessitating the expenditure of significant amounts of resources for due diligence and analysis, as well as negotiation and drafting of the Purchase Agreement and numerous other transaction documents. Therefore, the Breakup Fees enables the Debtors to assure a sale to a contractually committed bidder at a price the Debtors believe is fair and reasonable in relation to the proposed size of the Fiat Transaction.

76. Moreover, bankruptcy courts have approved bidding incentives similar to the Breakup Fee under the "business judgment rule," which proscribes judicial second-guessing of the actions of a corporation's board of directors taken in good faith and in the exercise of honest judgment. See, e.g. In re Lehman Bros. Holdings Inc., No. 08-13555 (JMP) (Bankr. S.D.N.Y. Sept. 17, 2008) (approving breakup fee of \$100 million and expense reimbursement subject to cap of \$25 million); In re Fortunoff Fine Jewelry and Silverware, LLC, No. 08-10353 (JMP) (Bankr. S.D.N.Y. Feb. 22, 2008) (approving break-up fee of 2.8%); In re Bally Total Fitness of Greater N.Y., Inc., No. 07-12395 (BRL) (Bankr. S.D.N.Y. Aug. 21, 2007) (approving break-up fee of 4.3% and expense reimbursement); In re Adelpia Corp., No. 02-41729 (REG) (Bankr. S.D.N.Y. June 16, 2006) (authorizing a breakup fee in the amount of \$440,350,000);

Integrated Res., 147 B.R. at 662 (approving termination fee plus reimbursement of expenses); In re 995 Fifth Ave. Assocs., L.P., 96 B.R. 24, 28 (Bankr. S.D.N.Y. 1989) (bidding incentives may be "legitimately necessary to convince a white knight to enter the bidding by providing some form of compensation for the risks it is undertaking.") (citation omitted).

77. The agreement to the Breakup Fee is a valid exercise of the Debtors' business judgment to implement necessary and reasonable bidding incentives to ensure the Purchaser's participation in the sale process. In particular, the Breakup Fee meets the "business judgment rule" standard because (a) it is not excessive compared to fees approved in other cases and (b) it will not diminish the Debtors' estates. The Breakup Fee is well within the market for such fees, representing approximately 1.75% of the cash portion of the purchase price for the Purchased Assets and a small fraction of a percent of the overall consideration that Fiat has committed to the transaction. As such, the Breakup Fee will not act as a discouragement to the bidding process. Instead, the Breakup Fee will preserve the opportunity to sell the Purchased Assets on a going concern basis without delay to a contractually-committed bidder at a fair and reasonable price, while providing the Debtors with the opportunity of obtaining even greater benefits for their estates through a competitive bidding process.

78. The Debtors further submit that payment of the Breakup Fee, upon the conditions set forth in the Purchase Agreement, is an actual and necessary cost of preserving the Debtors' estates and as such, shall constitute an administrative expense within the meaning of section 503(b) and 507(a) of the Bankruptcy Code.

- (4) *The Proposed Sale Notice, Publication Notice, UAW Retiree Notices, and Assignment Notice and Proposed Dates for the Bidding and Objection Deadlines, the Designation and Cure Objection Deadline and the Sale Hearing Are Appropriate*

79. Under Bankruptcy Rules 2002(a) and (c), the Debtors are required to notify its creditors of any proposed sale of their assets, including a disclosure of the time and place of the Sale Hearing, the terms and conditions of the sale and the deadline for filing any objections related thereto. The Debtors submit that the Sale Notice and the Publication Notice fully comply with Bankruptcy Rule 2002(a) and (l) and include adequate information to (a) enable interested parties to bid on the Purchased Assets pursuant to the Bidding Procedures and by the Bidding Deadline (as defined in the Bidding Procedures), and (b) inform such parties of the Sale Hearing and the relevant Objection Deadline related thereto (collectively, the "Notice Objectives").

80. The Debtors submit that the proposed Objection Deadlines are reasonable and appropriate under the circumstances, particularly given the exigencies faced by the Debtors. The shortened notice period applicable to the UAW and the Senior Secured Lenders is reasonable and appropriate because such parties have been extensively involved with the Debtors' restructuring efforts for several months and, therefore, are well acquainted with the facts and issues addressed herein. Other parties in interest are provided adequate notice in accordance with the Guidelines. Furthermore, the interests of unsecured creditors are protected by the extra time provided to the Creditors' Committee for filing an objection. This allows the Creditors' Committee to become familiarized with the pertinent facts and issues addressed herein. As such, the proposed Objection Deadlines are appropriate under the circumstances.

81. The Debtors further submit that the notice to be provided via the Publication Notice is reasonably calculated to provide all parties in interest other than the Notice

Parties (including parties with contingent warranty claims) with the necessary information concerning the Notice Objectives. Providing notice to these parties by mail is not practicable. As such, the proposed Publication Notice is appropriate and sufficient under the circumstances and is consistent with Bankruptcy Rule 2002(l).

82. The Debtors submit that the notice to be provided via the Assignment Notice is reasonably calculated to provide all counterparties to the Designated Agreements with proper notice of the potential assumption and assignment of their executory contracts or unexpired leases, any Cure Costs relating thereto and the Contract Procedures, including, but not limited to, the Designation and Cure Objection Deadline. As such, the proposed Assignment Notice is appropriate and sufficient under the circumstances.

83. The UAW Retiree Notices are reasonably calculated to provide UAW-Represented Retirees of proper notice of the potential sale of the Purchased Assets, the related Bidding Procedures, the Sale Hearing and the structure of the Fiat Transaction, including, but not limited to, (a) the sale of the Purchased Assets free and clear of any interest the UAW or UAW-Represented Retirees may have in such Purchased Assets, (b) UAW CBA Assignment and (c) the UAW Retiree Settlement Agreement.

84. The Debtors submit that the notice to be provided through the Sale Notice and the Publication Notice and the method of service proposed herein fully complies with the requirements set forth in Bankruptcy Rule 2002 and constitutes good and adequate notice of the Bidding Procedures and the subsequent proceedings related thereto, including the proposed dates for (a) the Bidding Deadline; (b) the relevant Objection Deadlines and (c) the Sale Hearing. Therefore, the Debtor respectfully requests this Court approve the proposed notice procedures.

(5) *Personally Identifiable Information*

85. Under section 363(b)(1) of the Bankruptcy Code, a debtor may sell or lease "Personally Identifiable Information" (as defined in section 101(41A) of the Bankruptcy Code) provided that the sale complies with the debtor's privacy policy. 11 U.S.C.

§ 363(b)(1)(A). If a sale is inconsistent with the debtor's privacy policy, section 332 governs the appointment of a consumer privacy ombudsman. 11 U.S.C. § 332(b)(1).

86. The Debtors currently maintain certain privacy policies that govern the use of Personally Identifiable Information (as defined in the Bankruptcy Code) in the conduct of their businesses. The Debtors proposed sale of the Purchased Assets may contemplate the transfer of certain Personally Identifiable Information in a manner that may not comply with certain aspect of their existing privacy policies. In particular, the online privacy policy applicable to Chrysler states, in pertinent part: "we will not distribute information about you, such as your name, mailing address, phone number and other personal information to anyone other than an affiliated third party. Affiliated third parties are companies that are part of the Chrysler LLC group of companies, Chrysler LLC dealers, and companies who perform services for Chrysler LLC or its dealers." The Sale Transaction contemplates the transfer of Personally Identifiable Information to a third party who is not any affiliate of the Debtors and thereby may not comply with Chrysler's stated privacy policies. As such, to avoid delay in consummating the proposed sale, the Debtors respectfully request that the Court direct the U.S. Trustee to promptly appoint a consumer privacy ombudsman in accordance with section 332 of the Bankruptcy Code.

**B. Approval of the Proposed Sale Is Appropriate and in the Best Interests of the Debtors' Estates and Creditors**

87. The proposed Fiat Transaction represents the best and only transaction available to the Debtors that simultaneously preserves the going concern value of the Debtors'

estates and provides the maximum recovery to all stakeholders involved. As such, entry into the Purchase Agreement and consummation of the Fiat Transaction with the Purchaser (or the Successful Bidder if different from the Purchaser) represents a sound exercise of the Debtors' business judgment, is supported by good business reasons and should be authorized by this Court substantially in the form set forth in the Sale Order.

88. The applicable legal authority and additional argument in support of the Debtors' entry into the Fiat Transaction and the proposed sale of the Purchased Assets free and clear of Claims under section 363(f) of the Bankruptcy Code, is set forth in detail in a separate Memorandum of Law filed in support of this Motion.

**REQUEST FOR RELIEF UNDER BANKRUPTCY RULES 6004(h) AND 6006(d)**

89. Pursuant to Bankruptcy Rule 6004(h), unless the court orders otherwise, all orders authorizing the sale of property pursuant to section 363 of the Bankruptcy Code are automatically stayed for 10 days after entry of such order. See Fed. R. Bankr. P. 6004(h). The purpose of Bankruptcy Rule 6004(h) is to provide sufficient time for an objecting party to appeal before the order is implemented. See Advisory Committee Notes to Fed. R. Bankr. P. 6004(h). As described above, the Debtors believe that, absent a prompt sale, the value of their assets will rapidly decline in value and no going concern sale will be possible. Therefore, it is imperative that the Sale Order be effective immediately to permit the Fiat Transaction to close without any further delay by providing that the 10-day stay under Bankruptcy Rules 6004(h) is waived.

90. Bankruptcy Rule 6006(d) further provides that an "order authorizing the trustee to assign an executory contract or unexpired lease under § 365(f) is stayed until the expiration of 10 days after the entry of the order, unless the court orders otherwise." Fed. R. Bankr. P. 6006(d). In light of the exigent circumstances outlined above mandating the

expeditious consummation of the Fiat Transaction as the only means to preserve and maximize value, the Sale Order, if entered, and the assumption and assignment of the Designated Agreements to the Purchaser thereunder must be effective immediately upon entry of such order. Therefore, waiver of the ten-day stay under Bankruptcy Rule 6006(d) is requested.

### **NOTICE**

91. Courts in this District have granted requests for emergency orders to establish procedures to sell assets of a debtor's estate on shortened notice at the commencement of the case. See In re Silicon Graphics, Inc., No. 09-11701 (MG) (Bankr. S.D.N.Y. Apr. 3, 2009) (scheduling hearing to approve bidding procedures three business days after the petition date); In re Lehman Bros. Holdings Inc., No. 08-13555 (JMP) (Bankr. S.D.N.Y. Sept. 17, 2008) (scheduling hearing to approve bidding procedures two business days after the petition date). Consistent with this authority, the Debtors intend to seek entry of the Bid Procedures Order at an expedited emergency hearing scheduled to be conducted on May 4, 2009 at 10:00 a.m., Eastern Time.

92. The Debtors have served notice of this Motion and the hearing to consider entry of the Bidding Procedures Order on (a) those creditors holding the 50 largest unsecured claims against the Debtors' estates (on a consolidated basis) as set forth in their petitions; (b) Simpson Thacher & Bartlett LLP, counsel to the Senior Secured Lenders, 425 Lexington Avenue, New York, New York 10017 (Attn: Peter Pantaleo, Esq. and David Eisenberg, Esq.); (c) the U.S. Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004 (Attn: Brian S. Masumoto, Esq.); (d) the U.S. Treasury, 1500 Pennsylvania Avenue NW, Room 2312 Washington, D.C. 20220 (Attn: Matthew Feldman, Esq.); (e) Cadwalader, Wickersham & Taft LLP, counsel to the U.S. Treasury, One World Financial Center, New York, New York 10281, (Attn: John J. Rapisardi, Esq.); (f) Vedder Price, P.C., counsel to Export Development Canada,

1633 Broadway, 47th Floor New York, New York 10019 (Attn: Michael J. Edelman, Esq.); (g) the Purchaser and Fiat, c/o Fiat S.p.A, Via Nizza n. 250, 10125 Torino, Italy (Attn: Chief Executive Officer); (h) Sullivan & Cromwell LLP, counsel to the Purchaser and Fiat, 125 Broad Street, New York, New York 10004 (Attn: Scott D. Miller, Esq. and Andrew Dietderich, Esq.) and 1888 Century Park East, Los Angeles, CA 90067 (Attn: Hydee R. Feldstein, Esq.); (i) the UAW, 8000 East Jefferson Avenue, Detroit, Michigan 48214 (Attn: Daniel Sherrick, Esq.); (j) Cleary Gottlieb Steen & Hamilton LLP, counsel to the UAW, One Liberty Plaza, New York, New York 10006 (Attn: James L. Bromley, Esq.); (k) Cohen, Weiss and Simon LLP, counsel to the UAW, 330 W. 42nd St., New York, New York 10036 (Attn: Babette Ceccotti, Esq.); (l) all interested parties that have filed requests for notices in these cases pursuant to Bankruptcy Rule 2002, and (m) counsel to any statutory committees appointed in these cases (collectively, the "Notice Parties"). The Debtors submit that such notice be found to be sufficient and adequate notice of the relief sought under the circumstances and that no other or further notice need be provided.

**NO PRIOR REQUEST**

93. No prior request for the relief sought in this Motion has been made to this or any other Court.

WHEREFORE, the Debtors respectfully request that the Court (i) enter the Bidding Procedures Order in substantially the form attached hereto as Exhibit B, approving the Bidding Procedures, including the form and adequacy of the Sale Notice, the Publication Notice, the Assignment Notice and the UAW Retiree Notices; (ii) enter the Sale Order in substantially in the form attached hereto as Exhibit C, authorizing the sale of the Purchased Assets to the Purchaser or another Successful Bidder; and (iii) grant such other and further relief to the Debtors as the Court may deem proper.

Dated: May 3, 2009  
New York, New York

Respectfully submitted,

/s/Corinne Ball  
Corinne Ball  
Nathan Lebioda  
JONES DAY  
222 East 41st Street  
New York, New York 10017  
Telephone: (212) 326-3939  
Facsimile: (212) 755-7306

Robert W. Hamilton  
David G. Heiman  
JONES DAY  
North Point  
901 Lakeside Avenue  
Cleveland, Ohio 44114  
Telephone: (216) 586-3939  
Facsimile: (216) 579-0212

Jeffrey B. Ellman  
JONES DAY  
1420 Peachtree Street, N.E.  
Suite 800  
Atlanta, Georgia 30309  
Telephone: (404) 521-3939  
Facsimile: (404) 581-8309

PROPOSED ATTORNEYS FOR DEBTORS  
AND DEBTORS IN POSSESSION