

THE PROPOSED FIAT TRANSACTION

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

<i>Purchase and Sale of Purchased Assets:</i>	Purchaser will acquire substantially all of the Debtors' operating assets. <u>Excluded assets</u> will include the following: <ul style="list-style-type: none">• 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
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⁷ 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"> • Cash, cash equivalents and marketable securities except cash securing Assumed Liabilities; • Collateral, deposits and other prepaid assets and surety bonds not relating to Purchased Assets or the Assumed Liabilities; • Derivatives, hedges and other financial assets; • Miscellaneous real estate assets; • Equity interests of the Debtors and certain of their subsidiaries; • Property, plant and equipment at certain of the Excluded Plants; • Chrysler-owned cars leased to employees; • Legal claims and guarantees and warranties from third parties not related to the Purchased Assets or Assumed Liabilities; • Avoidance actions (other than against suppliers under assumed contracts); • Licenses and permits not related to the Purchaser's business; • Rights under insurance contracts that are not specifically assumed, including directors' and officers' liability insurance; • Rights under other specified contracts; • Certain benefit plans; • Certain corporate and other documents and records; and • Income tax refunds and prepaid property taxes.
<p><i>Assumed Liabilities:</i></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"> • Liabilities and obligations arising post-closing under assumed contracts; • Trade and accounts payable, including intercompany accounts payable, except those relating to excluded contracts; • 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; • Liabilities and obligations under Chrysler's benefit plans that are assumed and any health benefit plans; • 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

	<p>transferred employees;</p> <ul style="list-style-type: none"> • Liabilities for product warranties, product returns and rebates on vehicles sold pre-closing; • Warranty obligations and product recall liabilities related to vehicles sold pre-closing; • Product liability claims arising out of vehicles manufactured pre-closing and sold post-closing; • Transfer taxes; and • Cure amounts for assumed executory contracts and unexpired leases.
Purchase Price:	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.
Other Purchaser Transactions:	<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>
Closing Date and Closing Conditions:	<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"> • 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; • Entry of the Sale Order by the Bankruptcy Court approving the Fiat

	<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"> • No law or order that makes the Fiat Transaction illegal or prohibits the Fiat Transaction; • 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 • 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. <p>Chrysler conditions:</p> <ul style="list-style-type: none"> • 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); • Fiat and the Purchaser are not in material breach of any covenants given in accordance with the Purchase Agreement; • 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 • 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. <p>Fiat/Purchaser conditions:</p> <ul style="list-style-type: none"> • 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); • Chrysler is not in material breach of any covenants given in accordance with the Purchase Agreement; • There has not been a Company Material Adverse Effect; and • Chrysler receives all consents necessary to transfer the Purchased Assets except as would not have Company Material Adverse Effect.
<p>Termination:</p>	<p>The Purchase Agreement automatically terminates:</p> <ul style="list-style-type: none"> • 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; • Upon the consummation of a Competing Transaction (as defined in the

	<p>Purchase Agreement);</p> <ul style="list-style-type: none"> • 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; • 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); • If the Sale Order is not entered by June 15, 2009 (unless Fiat extends such date); • 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. <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, 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, 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>Employee Matters:</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>
<i>UAW Matters</i>	<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>
<i>Regulatory Matters:</i>	<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>
<i>Representations and Warranties:</i>	<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><i>Survival and Indemnification:</i></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><i>Pre-Closing Covenants</i></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>.