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5-8-2009

Amended Motion to Approve Motion of Debtors and Debtors in Possession Pursuant to Sections 105, 363, 503 and 507 of the Bankruptcy Code and Bankruptcy Rule 9019 for an Order (A) Authorizing Them to Enter Into the RSA Term Sheet (Chrysler)

Chrysler Group, LLC.

Chrysler-Fiat Alliance

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Proposed Attorneys for Debtors
and Debtors in Possession

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

-----X		
	:	
In re	:	Chapter 11 Case No.
	:	
CHRYSLER LLC, et al.	:	09 – 50002 (AJG)
	:	
Debtors.	:	(Jointly Administered)
	:	
-----X		

**MOTION OF DEBTORS AND DEBTORS IN POSSESSION
PURSUANT TO SECTIONS 105, 363, 503 AND 507 OF THE BANKRUPTCY
CODE AND BANKRUPTCY RULE 9019 FOR AN ORDER (A) AUTHORIZING
THEM TO ENTER INTO THE RISK SHARING AGREEMENT TERM SHEET
AMONG CHRYSLER LLC, CHRYSLER FINANCIAL, AND NEW CHRYSLER;
(B) WAIVING THE STAY UNDER BANKRUPTCY RULE 6004(h); AND (C)
WAIVING THE NOTICE REQUIREMENTS UNDER BANKRUPTCY RULE
6004(a)**

TO THE HONORABLE ARTHUR J. GONZALEZ
UNITED STATES BANKRUPTCY JUDGE GONZALEZ:

Chrysler LLC ("Chrysler") and 24 of its domestic direct and indirect subsidiaries, as debtors and debtors in possession (collectively with Chrysler, the "Debtors"), respectfully represent as follows:

Background

1. On April 30, 2009 (the "Petition Date"), the Debtors commenced their reorganization cases by filing voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). The Debtors' cases have been consolidated for procedural purposes only and are being administered jointly.

2. The Debtors are authorized to continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. The Debtors and their nondebtor direct and indirect subsidiaries (collectively, the "Chrysler Companies") comprise one of the world's largest manufacturers and distributors of automobiles and other vehicles, together with related parts and accessories. On the Petition Date, the Chrysler Companies employed approximately 55,000 hourly and salaried employees worldwide, 70% of whom were based in the United States. In addition, as of the Petition Date, the Debtors made payments for health care and related benefits to more than 105,000 retirees.

4. Chrysler's ultimate parent company, Chrysler Holding LLC ("Chrysler Parent"), also owns a financing company, nondebtor Chrysler Financial Services Americas LLC, that operates under a governance structure separate from

Chrysler, with its own board and management. Chrysler Financial has provided financing to both Chrysler's dealers and consumers.

5. For the twelve months ended December 31, 2008, the Chrysler Companies recorded revenue of more than \$48.4 billion and had assets of approximately \$39.3 billion and liabilities totaling \$55.2 billion.

6. A more detailed explanation of Chrysler's businesses and operations, and the events leading to the commencement of these cases, can be found in the Affidavit of Ronald E. Kolka, which was filed on the Petition Date and is incorporated herein by reference.

Overview of These Cases

7. The significance of this chapter 11 filing to Chrysler and to the United States economy is difficult to overstate. In connection with the filing, Chrysler is seeking approval from this Court to consummate the only sale transaction that preserves some portion of its business as a going concern and averts a liquidation of historic proportions. If the proposed transaction, designed to effect an alliance with Italian automobile manufacturer Fiat S.p.A. ("Fiat"), is rejected and Chrysler liquidates, it will mean the end of an iconic, 83-year-old American car company whose name has been synonymous with innovative engineering, from the Slant-Six and HEMI engines, to power windows, power brakes and power steering, to the minivan. A liquidation would also have impacts on the nation's economy and Chrysler's stakeholders that are grim:

- 38,500 hourly and salaried Chrysler workers in the U.S. will lose their jobs;

- Chrysler's workers and retirees and their surviving spouses will lose over \$9.8 billion of health care and other benefits and \$2 billion in annual pension payments;
- All 23 of Chrysler's manufacturing plants and facilities and 15 parts depots in the United States will shut down (as well as 18 additional plants and parts depots worldwide);
- Approximately 3,200 Chrysler dealers will be put out of business and the over 140,000 employees of those dealerships will lose their jobs;
- Over \$5.7 billion in outstanding auto parts and service supplier invoices will not be paid to Chrysler's suppliers and new business will be cancelled, forcing hundreds of suppliers out of business and the loss of hundreds of thousands of additional jobs;
- Over 31 million Chrysler, Jeep and Dodge owners would lose significant value in their cars and trucks, particularly due to questions about the ongoing availability of warranties and replacement parts and services;
- Local, state and federal governments will lose tens of billions of dollars in tax revenues, according to a research memorandum published by the Center for Automotive Research in November 2008;¹
- Over \$100 billion in annual sales will disappear from local economies; and
- Chrysler's first lien secured creditors will receive net present value recoveries of less than 38 cents on the dollar and possibly as little as 9 cents; the U.S. government, another secured creditor, will receive less than that; and Chrysler's unsecured creditors will receive nothing.

8. The economic and market conditions that led to the

commencement of Chrysler's chapter 11 cases and the need for the proposed sale

transaction are well known, but sobering nonetheless. The automotive market meltdown,

¹ David Cole, Sean McAlinden, Kristin Diczek & 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.

the worst in at least 26 years,² disrupted Chrysler's substantial progress in implementing a long-term plan to reduce costs and transform its businesses for the next generation of cars. With sales plummeting and credit markets frozen, Chrysler undertook an intense effort to address the challenges it faced. After months of hard work and dedication by Chrysler's management, employees and advisors, working with all key stakeholders and with the support of the U.S. government, the Debtors have commenced these cases to implement a prompt sale to preserve the going concern value of their businesses and return these businesses to viability under new ownership.

9. The proposed sale transaction would create the sixth-largest global automaker by volume unit, increasing competitiveness with other Original Equipment Manufacturers ("OEMs") and creating billions of dollars in synergies. This transaction is the result of thousands of hours of negotiations among multiple parties. The transaction is being financially backed by the United States Department of the Treasury (the "U.S. Treasury"), which will provide the new alliance with approximately \$4.5 billion of taxpayer money to start up and maintain operations. In addition to this unprecedented government support, virtually all of the major constituencies that would be affected by a Chrysler liquidation have recognized how devastating it would be and have made important concessions in support of the proposed alliance:

- The International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (the "UAW") has agreed to wage and benefit reductions in the context of a sale to the new company, which would receive the benefit of a new collective bargaining agreement eliminating certain severance benefits, and

² Chris Isidore, Auto Sales Are Worst in 26 Years. January Sales Tumble More Than Expected at GM, Ford and Toyota as Rental Car Companies Slash Purchases, CNNMoney.com, Feb. 3, 2009 (4:22 p.m., ET).

would be a party to an agreement with the UAW containing restructured retiree health care benefits;

- Chrysler's dealers have agreed to reduce their dealer and service contract margins;
- Chrysler's already financially troubled suppliers have agreed to a further 3% price reduction and other measures that will save millions of dollars;
- Chrysler's largest secured creditors, JPMorgan Chase, Goldman Sachs, Morgan Stanley and Citigroup, have agreed to the transaction that would substantially compromise their first lien debt, comprising 70% of the \$6.9 billion total outstanding, for an estimated recovery of approximately 28 cents on the dollar; and
- Chrysler Parent's minority shareholder, Daimler AG ("Daimler"), has agreed as part of a settlement with Chrysler to (a) forgive \$1.5 billion of second lien debt, at the same time that \$500 million of second lien debt is forgiven by majority shareholder Cerberus Capital Management L.P. ("Cerberus"); and (b) assist in funding Chrysler's pension plans.

Representatives of these constituencies have devoted the past six months to reaching these agreements.

10. These efforts culminated on April 30, 2009, when Chrysler, Fiat and New Chrysler (as defined below) entered into a Master Transaction Agreement (collectively with other ancillary and supporting documents, the "Purchase Agreement"). Pursuant to the Purchase Agreement, among other things: (a) Chrysler will transfer the majority of its operating assets to New CarCo Acquisition LLC ("New Chrysler"), a newly established Delaware limited liability company that currently is an indirect wholly-owned subsidiary of Fiat; and (b) in exchange for those assets, New Chrysler will assume certain liabilities of Chrysler (including the liabilities of Chrysler under the GMAC MAFA as described below) and pay to Chrysler approximately \$2 billion in cash

(collectively with the other transactions contemplated by the Purchase Agreement, the "Fiat Transaction").

11. With the support of the U.S. 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 will idle 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.

12. Time is of the essence. Given the continuing stress on all aspects of the automotive industry and the 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 and consummated in the coming weeks, the value of the Debtors' assets will rapidly decline and the ability to achieve a going concern sale will be irretrievably lost. By contrast, the proposed sale transaction, if it can be promptly consummated, will maximize the value available for stakeholders, will save hundreds of thousands of jobs and will strengthen the U.S. automotive sector and the economy generally.

Jurisdiction

13. 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

14. By this motion (the "Motion"), the Debtors respectfully seek entry of an order, substantially in the form attached hereto as Exhibit A (the "Order"), authorizing the Debtors, pursuant to sections 105, 363(b), 503 and 507 of the Bankruptcy Code and Bankruptcy Rule 9019, to enter into the Risk Sharing Agreement Term Sheet (the "RSA Term Sheet") and the definitive Risk Sharing Agreement, among Chrysler, Chrysler Financial Services Americas, LLC ("Chrysler Financial"), and New Chrysler, dated as of May 6, 2009, annexed hereto as Exhibit B.

15. As explained further below, the Debtors, in accordance with their sound business judgment, seek to enter into the RSA Term Sheet, as such agreement will ensure that the Debtors' dealers, who are the lifeblood of the Debtors' revenue generating capacity, continue to have access to both wholesale and retail financing. On May 1, 2009, Chrysler Financial, which provides wholesale financing to approximately 62% of the Debtors' dealers (collectively, the "Dealers") announced that it would no longer provide additional advances under the wholesale lines of such Dealers because the filing of these chapter 11 cases caused its sources of financing to cease funding Chrysler Financial. Chrysler Financial has liens, however, on most of these Dealers' assets (including, among other things, new and used cars, parts, and other inventory). Additionally, certain contractual prohibitions in favor of Chrysler Financial in its financing agreements with the Dealers bar them from placing new liens on Chrysler Financial's collateral without a waiver from Chrysler Financial. Chrysler Financial has asserted that the imposition of third-party liens on Chrysler Financial's collateral would, absent Chrysler Financial's consent, result in an event of default under the financing

documents between Chrysler Financial and the Dealers that would permit Chrysler Financial to exercise its remedies against the Dealers and their assets.

16. The RSA is the culmination of a series of intense negotiations among Chrysler, Chrysler Financial and New Chrysler to set forth the terms and conditions upon which Chrysler Financial would be willing to consent to GMAC's imposition of liens on the new vehicles financed by GMAC.

Relationship Between Chrysler and Chrysler Financial

17. Chrysler and Chrysler Financial are affiliates although they are governed by separate boards of directors. Chrysler Financial is a wholly-owned subsidiary of FinCo Intermediate HoldCo LLC, which, in turn, is a wholly-owned subsidiary of Chrysler Holdings LLC, the ultimate parent of Chrysler. As of the Petition Date, Chrysler Financial was also the main source of financing for Chrysler's automotive operations, including each of its main business lines: (a) wholesale financing of transactions between Chrysler and the Dealers; (b) retail financing between the Dealers and consumers; and (c) fleet financing between the Dealers and consumers that want to purchase more than one vehicle. Chrysler Financial funded approximately 62% of Chrysler's dealers and approximately 50% of all consumers who bought Chrysler products. Additionally, Chrysler and Chrysler Financial are parties to a Master Autofinance Agreement (the "Chrysler Financial MAFA"), pursuant to which the parties have agreed to provide each other with a number of essential services.

18. Under the Chrysler Financial MAFA, among other things, Chrysler Financial had the exclusive right to finance incentives Chrysler offered to consumers ("Special Programs") and support financial subsidies, incentives, or special terms offered

by Chrysler to its dealers ("Subvention Programs"). If Chrysler Financial chose to finance these programs, Chrysler would compensate Chrysler Financial according to a pricing schedule set forth in the Chrysler Financial MAFA. As security for these and other obligations arising under the Chrysler Financial MAFA, Chrysler Financial is secured by collateral (the "Collateral") with a nominal value of \$1.5 billion. The Collateral is comprised of \$500 million in cash and a \$1 billion income note pledged to Chrysler Financial. The Chrysler Financial MAFA further provides that, upon the occurrence of certain events (including default in payment of any obligations under the Chrysler Financial MAFA, the occurrence of certain bankruptcy events and a PBGC demand), Chrysler Financial may draw down all or a portion of the cash collateral in such account up to the sum of any obligations then outstanding.

19. As of the Petition Date, the parties believe that the Debtors owe Chrysler Financial an amount in excess of the value of the Collateral for obligations arising under the Chrysler Financial MAFA.

Chrysler Financial and the Dealers

20. As noted, Chrysler Financial provides wholesale financing to approximately 62% of the Debtors' Dealers. To memorialize the terms of such wholesale financing, Chrysler Financial and each of the Dealers entered into a standard Master Loan and Security Agreement or similar agreement ("MLSA") that sets forth the terms and conditions upon which Chrysler Financial will lend to the Dealers. The MLSA provides that, in exchange for lending to the Dealers, Chrysler Financial receives a security interest in "Collateral," which security interest continues until it is released by Chrysler Financial after all obligations to Chrysler Financial have been paid in full. Collateral is

defined in the MLSA to include, among others, (a) all inventories, including all new and used vehicles and parts, (b) all equipment, including, without limitation, all furniture, fixtures, machinery, and tools, (c) all general intangibles, (d) all proceeds of the Collateral, including cash and other funds held in deposit accounts.

21. Notably, Chrysler Financial asserts that the MLSA prohibits the Dealers from granting any liens or encumbrances on the Collateral, or from taking other actions that may be adverse to the Collateral, which would be an event of default under the MLSA and trigger Chrysler Financial's right to exercise all available remedies against the Dealers. Chrysler Financial asserts that, because none of the Dealers are debtors in these chapter 11 cases, the automatic stay would not prohibit Chrysler Financial from immediately exercising any of the remedies set forth in the MLSA.

22. On the day after the Petition Date, Chrysler Financial ceased all additional advances of its wholesale lines to Dealers because the filing of these chapter 11 cases caused its sources of financing to cease funding Chrysler Financial. The Debtors have sought alternative financing from GMAC to replace the financing previously provided by Chrysler Financial. The Debtors, with the assistance of the US Treasury, determined that GMAC was the best option in a limited credit market to provide financing for Chrysler and the Dealers on a go-forward basis. To memorialize this arrangement, the Debtors and GMAC negotiated a term sheet for a new master autofinance agreement (and related agreements collectively "GMAC MAFA"), the approval of which is currently pending before this Court. Because the GMAC MAFA contemplates, *inter alia*, GMAC providing wholesale financing to the Dealers, secured by a lien on the new vehicles financed by GMAC and purchased from Chrysler by the

Dealers, the Debtors consider it crucial that Chrysler Financial give its consent and waiver to remove any potential impediment to the Dealers' ability to grant liens on the new vehicles to be financed by GMAC on the terms and conditions set forth in the GMAC MAFA.

The RSA

23. Chrysler believes that before it can begin facilitating funding to its Dealers under the terms of the GMAC MAFA, it must obtain the consent and waiver of Chrysler Financial. Accordingly, Chrysler and Chrysler Financial have negotiated an integrated arrangement under which Chrysler Financial would provide its consent and waiver to the creation of liens for the benefit of GMAC on the new vehicles financed by GMAC in exchange for various agreements, including, among others, the return of the Collateral to Chrysler Financial. The RSA also provides that Chrysler and, after the 363 Sale, New Chrysler shall be jointly and severally liable for all claims arising under the RSA and the definitive RSA and that such claims against Chrysler shall be entitled to priority over all other administrative expenses of the types specified in Sections 503(b) and 507(b) of the Bankruptcy Code. Similar to the concerns raised by Chrysler with respect to the GMAC MAFA, Chrysler and Chrysler Financial believe that the additional financial terms of this arrangement are proprietary in nature and extremely sensitive and thus should not be publicly disclosed. Accordingly, the Debtors have concurrently filed herewith a motion seeking authority to file the RSA Term Sheet under seal.

24. The Debtors believe that, in the exercise of their business judgment, the terms of the RSA Term Sheet are reasonable and represent a fair resolution to a dispute that could put the very survival of its businesses at risk.

Authority to Enter Into the RSA

25. Section 363(b) of the Bankruptcy Code provides, in relevant part, that a debtor in possession, "after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). Under applicable case law in this circuit, if a debtor's proposed use of property pursuant to section 363(b) of the Bankruptcy Code represents a reasonable business judgment on the part of the debtor, such use should be approved. See, e.g., Licensing By Paolo, Inc. v. Sinatra (In re Gucci), 126 F.3d 380, 387 (2d Cir. 1997); Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.), 722 F.2d 1063, 1070 (2d Cir. 1983); In re Global Crossing Ltd., 295 B.R. 726, 743 (Bankr. S.D.N.Y. 2003); In re Ionosphere Clubs, Inc., 100 B.R. 670, 675 (Bankr. S.D.N.Y. 1989). See Official Comm. of Unsecured Creditors of LTV Aerospace and Defense Co. v. The LTV Corp. (In re Chateaugay Corp.), 973 F.2d 141, 143 (2d Cir. 1992) (holding that a judge determining a section 363(b) application must find from the evidence presented a good business reason to grant such application); see also In re Ionosphere Clubs, Inc., 100 B.R. 670, 675 (Bankr. S.D.N.Y. 1989) (noting that standard for determining a section 363(b) motion is "good business reason"). When a valid business judgment exists, the law vests the debtor's decision with a strong presumption "that in making a business decision, the directors of a corporation acted on an informed basis, in good faith, and in honest belief that the action taken was in the best interests of the company." In re Integrated Res., Inc., 147 B.R. 650, 656 (S.D.N.Y. 1990).

26. The business judgment rule is satisfied where the debtor acts "on an informed basis, in good faith and in the honest belief that the action taken was in the

best interests of the company." Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.), 147 B.R. 650, 656 (S.D.N.Y. 1992), appeal dismissed, 3 F.3d 49 (2d Cir. 1993) (quoting Smith v. Van Gorkom, 488 A.2d 858, 872 (Del. 1985)). In fact, "[w]here the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts generally will not entertain objections to the debtor's conduct." Comm. of Asbestos-Related Litigants and/or Creditors v. Johns-Manville Corp. (In re Johns-Manville Corp.), 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986). Courts in this district consistently and appropriately have been reluctant to interfere with corporate decisions absent a showing of bad faith, self-interest or gross negligence, and have upheld such decisions as long as they are attributable to any "rational business purpose." Integrated Res., 147 B.R. at 656. By this Motion, the Debtor seeks to develop a mechanism to commence a new wholesale lending relationship with GMAC for the benefit of its Dealer network. As the record in this case and common sense amply demonstrates, such financing is critical if the Debtors are to preserve the value of their Dealership network.

27. Put simply, the Debtors' businesses cannot survive without financing for their Dealers and the Debtors cannot procure this substitute financing without the consent of Chrysler Financial. The largest source of revenue for the Debtors comes from direct purchases of automobiles by the Dealers. Dealer financing provides the Dealers with the necessary financing to purchase automobiles from the Debtors. Dealers provide the Debtors with the only channel to sell new automobiles to customers. Dealers rely almost exclusively on readily accessible and commercially affordable financing to stock their inventory floor plans, offer various customer incentive and sales

programs, provide incidental services to their customers, and otherwise operate their businesses in the ordinary course. Thus, Dealer financing provides the Dealers with the necessary capital to operate their businesses and sell cars.

28. Similarly, retail financing provides the Debtors' customers with the necessary financing to purchase automobiles directly from the Dealers. Ultimately, consumer purchases drive the business model of the Debtors, as sales of vehicles by dealers to customers results in the purchase of more vehicles by Dealers from the Debtors, which, as noted, is their principal source of revenue. Without adequate retail credit lines, this business model grinds to a halt essentially shutting down Dealers, manufacturers, and suppliers alike.

29. Under the GMAC MAFA, and subject to its terms and conditions, the Debtors would have the ability to arrange for standard rate and subvented retail and wholesale financing for qualified Dealers on a going-forward basis. The RSA facilitates GMAC's financing of new inventory by removing, in a consensual manner, any limitations to that financing that would be presented by contractual prohibitions in favor of Chrysler Financial, and otherwise should have limited impact on the Dealers, customers, suppliers, manufacturers, and other components of the Debtors' businesses that are so crucial to their survival. The net effect of the RSA is that it provides a mechanism to permit Chrysler to have GMAC serve as the principal source of funding for its Dealers.

30. Accordingly, the Debtors have determined, in the exercise of their sound business judgment, that entry into the RSA is necessary to ensure the requisite financing is available to their Dealers and customers, and respectfully request that this

Court authorize them to enter into the RSA and perform their obligations hereunder, pursuant to section 363(b) of the Bankruptcy Code.

31. Additionally, Bankruptcy Rule 9019(a) provides that "[o]n motion by the trustee and after notice and a hearing, the court may approve a compromise or settlement." Fed. R. Bankr. P. 9019(a). Before approving a settlement under Bankruptcy Rule 9019, a court must determine that the proposed settlement is (a) fair and equitable and (b) in the best interests of the debtor's estate. See Motorola, Inc. v. Official Comm. of Unsecured Creditors (In re Iridium Operating LLC), 478 F.3d 452, 462 (2d Cir. 2007) (applying "fair and equitable" standard to settlements pursuant to Bankruptcy Rule 9019); In re Enron Corp., No. 02 Civ. 8489, 2003 WL 230838, at *2 (S.D.N.Y. Jan. 31, 2003) ("A bankruptcy court may approve a settlement where the proposed settlement is both fair and equitable and in the best interests of the estate.") (quotation omitted).

32. In determining whether a proposed compromise and settlement is fair and equitable, a court should consider the following interrelated factors:

(1) the balance between the litigation's possibility of success and the settlement's future benefits; (2) the likelihood of complex and protracted litigation, with its attendant expense, inconvenience, and delay, including the difficulty in collecting on the judgment; (3) the paramount interests of the creditors, including each affected class's relative benefits and the degree to which creditors either do not object to or affirmatively support the proposed settlement; (4) whether other parties in interest support the settlement; (5) the competency and experience of counsel supporting, and the experience and knowledge of the bankruptcy court judge reviewing, the settlement; (6) the nature and breadth of releases to be obtained by officers and directors; and (7) the extent to which the settlement is the product of arm's length bargaining.

Iridium Operating LLC, 478 F.3d at 462 (citing In re WorldCom, Inc., 347 B.R. 123, 137 (Bankr. S.D.N.Y. 2006)).

33. Consequently, to the extent the RSA constitutes a resolution of the parties interests in the Collateral and, therefore, a compromise or settlement, Chrysler submits that this resolution is equitable and fair and clearly in the best interest of the estate for all the reasons discussed above.

Request for Waiver of Stay and Notice Requirements

34. By this Motion, the Debtors seek a waiver of any stay of the effectiveness of the order approving this Motion under Bankruptcy Rule 6004(h), as well as applicable notice requirements under Rule 6004(a).

35. Time is of the essence because GMAC needs to proceed immediately with the process of credit evaluations of Dealers. The Debtors will be unable to obtain funding for the benefit of the Dealer network until the consent and waiver is given by Chrysler Financial. The Debtors understand that such waiver and consent will not be given until the RSA is approved. As noted in the motion seeking approval of the GMAC MAFA, GMAC will finance the retail and wholesale business for the Dealers on a go-forward basis, subject to the terms and conditions of the GMAC MAFA. Approval of this Motion will pave the way for GMAC to conduct Dealer credit assessments over the next 180 days to determine which Dealers are eligible for a longer-term credit line with GMAC. As set forth herein, the Debtors have pressing needs to begin that process, so GMAC can provide the Debtors' dealers and customers with access to wholesale and retail financing on the terms and conditions of the GMAC MAFA. As such, the Debtors request that the 10 day stay imposed by Bankruptcy Rule 6004(h), as

well as the notice requirements under Bankruptcy Rule 6004(a), be waived so that the Debtors' entry into the RSA and, consequently, the GMAC MAFA can commence immediately.

Notice

36. No trustee or examiner has been appointed in these chapter 11 cases. Notice of this Motion has been given to: (a) the Office of the United States Trustee for the Southern District of New York; (b) the creditors holding the 50 largest unsecured claims against the Debtors' estates, as identified in the Debtors' chapter 11 petitions; (c) counsel to the administrative agent for the Debtors' prepetition senior secured lenders; (d) counsel to Cerberus; (e) counsel to Daimler, (f) counsel to the UAW; (g) counsel to the U.S. Treasury; (h) counsel to GMAC; (i) counsel to Chrysler Financial; (j) counsel to the official committee of unsecured creditors; and (k) counsel to Fiat. The Debtors submit that no other or further notice need be provided.

No Prior Request

37. No prior request for the relief sought in this Motion has been made to this or any other court in connection with these chapter 11 cases.

WHEREFORE the Debtors respectfully request that the Court (a) enter an order substantially in the form annexed hereto as Exhibit A granting the relief requested herein; and (b) grant such other and further relief to the Debtors as the Court may deem proper.

Dated: New York, New York
May 7, 2009

Respectfully submitted,

/s/ Corinne Ball

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**PROPOSED ATTORNEYS FOR
DEBTORS
AND DEBTORS IN POSSESSION**

WAI-2921279v7

EXHIBIT A

[Form of Order]

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

-----X
In re : Chapter 11
Chrysler, LLC, *et al.*, :
Debtors. : Case No. 09-50002 (AJG)
: (Jointly Administered)
:
-----X

**ORDER PURSUANT TO SECTIONS 105, 363, 503 AND 507 OF
THE BANKRUPTCY CODE AND BANKRUPTCY RULE 9019 , AUTHORIZING
DEBTORS AND DEBTORS IN POSSESSION TO ENTER INTO THE RISK SHARING
AGREEMENT AND RELATED AGREEMENTS AMONG CHRYSLER LLC,
CHRYSLER FINANCIAL AND NEW CHRYSLER AND RELATED AGREEMENTS**

This matter coming before the Court on the Motion of Debtors and Debtors in Possession, Pursuant to Sections 105, 363, 503 and 507 of the Bankruptcy Code and Bankruptcy Rule 9019 For An Order (A) Authorizing Them To Enter Into The Risk Sharing Agreement Term Sheet Among Chrysler LLC, Chrysler Financial, and New Chrysler; (B) Waiving the Stay Under Bankruptcy Rule 6004(h); and (C) Waiving the Notice Requirements Under Bankruptcy Rule 6004(a) (the "Motion"),¹ filed by the debtors and debtors in possession in the above-captioned cases (collectively, the "Debtors"); the Court having reviewed the Motion and having heard the statements of counsel regarding the relief requested in the Motion at a hearing before the Court (the "Hearing"); the Court finding that (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (b) this is core proceeding pursuant to 28 U.S.C. § 157(b)(2); (c) notice of the Motion and the Hearing was sufficient under the circumstances, and (d) a sound business purpose exists for the Debtors' entry into the Risk Sharing Agreement; and

¹ Capitalized terms not otherwise defined herein have the meanings given to them in the Motion.

the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein;

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED.
2. Pursuant to sections 105 and 363 of the Bankruptcy Code, to the extent deemed necessary or appropriate by the Debtors, the Debtors are authorized but not directed to enter into the Risk Sharing Agreement substantially in the form proposed in the term sheet attached as Exhibit B to the Motion (the "RSA Term Sheet"). In addition, the Debtors are authorized to execute and deliver such additional documents, instruments and agreements, as are required by the RSA Term Sheet.
3. Pursuant to section 364(b) of the Bankruptcy Code, to the extent deemed necessary or appropriate by the Debtors, the Debtors are authorized but not directed to obtain unsecured credit from Chrysler Financial substantially in the form proposed in the RSA Term Sheet attached as Exhibit B to the Motion
4. The Debtors have demonstrated their need to obtain interim post-petition financing pursuant to section 364 of the Bankruptcy Code and Bankruptcy Rule 4001(c). In the absence of immediate access to the financing described in the RSA Term Sheet, the Debtors will be unable to continue operating their business, which will cause immediate and irreparable harm to the Debtors' estates and which will be to the detriment of the Debtors, their estates, their creditors and other parties in interest in these cases. The Debtors do not have sufficient means to finance their obligations to Chrysler Financial under the RSA Term Sheet.
5. The Debtors chose Chrysler Financial as their source of funding repurchase obligations and other credit in the forms provided under the RSA Term Sheet

Documents in good faith and after obtaining the advice of experienced counsel and other professionals. The Debtors and GMAC proposed and negotiated the terms of the RSA Term Sheet Documents, in good faith, at arm's length and without collusion. Chrysler Financial is a "good faith" lender within the meaning of section 364(e) of the Bankruptcy Code, and its claims and other protections arising from or granted pursuant to this Order and the RSA Term Sheet Documents will not be affected by any subsequent reversal, modification, vacatur or amendment of this Order or any other order, as provided in section 364(e) of the Bankruptcy Code

6. Pursuant to Bankruptcy Rule 6004(h), this Order shall be immediately effective and enforceable upon its entry.

7. The requirements of Bankruptcy Rule 6004(a) are hereby waived.

8. The Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation of this Order.

Dated: New York, New York
_____, 2009

UNITED STATES BANKRUPTCY JUDGE

EXHIBIT B

[RSA Term Sheet]

(Filed under seal.)