Preliminary DIP Budget – 9 Weeks
Assuming a 363 Sale

May 3, 2009

Preliminary Draft
For Discussion Purposes Only
Private and Confidential

I. Basis of Presentation

1. $400 million of cash collateral is assumed available. Actual cash on the filing date was approximately $660 million, of which $400 million has been agreed to among the parties to be used as cash collateral.

2. The Debtor-in-Possession Budget (the "DIP Budget") assumes that the Company is able to reach agreement with all of the significant stakeholders in advance of a 363 sale within a Chapter 11 proceeding. The DIP Budget assumes a May 1, 2009 filing. It is assumed that the duration of the bankruptcy is up to 9 weeks.

3. The Dip Budget assumes that the Company will obtain court approval to use cash collateral.

4. The analysis assumes that the Company obtains court approval to continue to pay supplier claims to maintain the supply chain and to honor any customer service claims including warranty claims.

5. The DIP Budget assumes that as a result of the filing, there are no dealer orders received and no production during the pendency of the bankruptcy.

6. Since the DIP Budget assumes that the Company is able to honor many prepetition claims, the 13-Week Cash Forecast dated April 13, 2009 is the basis for the DIP Budget receipts and disbursements.

I. Basis of Presentation

7. The payments included in the 13-Week Cash Forecast that are assumed not made include the \$200 million in payments to NSC companies, and interest and principal payments on the Company's debt. Additionally, the beginning cash balance has been adjusted to reflect the receipt of \$300 million from Canada as the intercompany terms are adjusted to normalized terms.

8. Additionally, the DIP Budget assumes that hourly workers are placed on lay-off status through the 9 month period and that their pay is reduced to one-third of the amount included in the 13-Week Cash Forecast. The DIP Budget also assumes that payment for unpaid 2008 vacation under the UAW agreement approximating \$86 million is made the week of May 18th.

9. The Dip Budget also assumes that the salaried workforce is placed on unpaid vacation for 2 weeks resulting in a \$21 million savings of salaried labor costs.

10. The DIP Budget assumes that incentive payments to 25% of the Company's dealers are not made as the Company looks to reorganize its dealer network. The DIP Budget also assumes that incentives included in the 13-Week Cash Forecast are reduced a further 50% from June 1st – July 5th.

11. Marketing expenditures are assumed to be reduced by 50% of the 13-Week Cash Forecast amount. It is assumed that this level of marketing is needed to preserve the value of the brands, assuming a quick sale of the core brands to a going concern purchaser.

9 week DIP Budget beginning May 5, 2009

U.S. Dollars in millions

Week Beginning:	5/4	5/11	5/18	5/25	6/1	6/8	6/15	6/22	6/29	Total Bankruptcy	
U.S. Units Shipped (in thousands)	-	-	-	-	-	-	-	-	-	-	
Memo: Calendar Month Total				-				-			
Memo: Calendar Month Order Coverage				-							
Cash Receipts											
Wholesale Receipts	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-	(a)
Parts & Service Receipts	-	-	-	-	-	-	-	-	-	-	(b)
Intercompany Receipts	-	-	-	-	-	-	-	-	-	-	(c)
Other Receipts	-	-	-	-	-	-	-	-	-	-	
Non-Operating Receipts	-	-	-	-	-	-	-	-	-	-	
Total Receipts											
Cash Disbursements											
Wages and Salary											
Labor - Hourly	(6)	(6)	(92)	(7)	(20)	(6)	(6)	(6)	(6)	(155)	(d)
Labor - Salary	(2)	(8)	(2)	(21)	(2)	(8)	(2)	(44)	(1)	(89)	(e)
Severance				-						-	(f)
Taxes	(12)	(26)	(13)	(42)	(12)	(2)	(32)	(17)	(37)	(192)	(g)
Pension and OPEB	-	-	-	-	-	-	-	-	-	-	
Total Wages and Salary	(20)	(40)	(106)	(70)	(33)	(16)	(39)	(67)	(43)	(435)	
Manufacturing											
Critical Vendor Payments	(2)	(1)	(1)	(1)	(1)	(2)	(1)	(3)	(1)	(12)	(h)
Productive Material	(200)	(383)	(160)	(264)	(352)	(135)	-	-	-	(1,493)	(i)
Non-Productive Material	-	-	-	-	-	-	-	-	-	-	(j)
CapEx and tooling	(22)	(22)	(22)	(22)	(22)	(22)	(22)	(22)	(24)	(200)	(k)
Freight	-	-	-	-	-	-	-	-	-	-	(l)
G&A	(14)	(8)	(13)	(26)	(10)	(8)	(14)	(18)	(15)	(125)	(m)
Manufacturing Overhead	(7)	(8)	(4)	(9)	(10)	(15)	(19)	(12)	(13)	(97)	(n)
Utilities	(1)	(9)	(4)	(4)	(1)	(1)	(11)	(3)	(1)	(36)	(o)
Total Manufacturing	(246)	(430)	(205)	(325)	(396)	(183)	(67)	(58)	(53)	(1,963)	
Other											
Incentives	(107)	(96)	(127)	(147)	(45)	(46)	(59)	(70)	(55)	(753)	(p)
Payments to National Sales Companies	-	-	-	-	-	-	-	-	-	-	
Intercompany Disbursements	-	-	-	-	-	-	-	-	-	-	(c)
Benefits	(47)	(16)	(37)	(64)	(46)	(21)	(40)	(56)	(54)	(381)	(q)
VTEP	(71)	-	-	(50)	(504)	-	(29)	-	(14)	(668)	(r)
Warranty Disbursements	(29)	(29)	(29)	(29)	(30)	(30)	(30)	(30)	(30)	(266)	(s)
Other Op. Disb.	-	-	-	-	-	-	-	-	-	-	
Marketing	(10)	(2)	(8)	(4)	(6)	(8)	(15)	(7)	(7)	(67)	(t)
Engineering Research & Development	-	-	-	-	-	-	-	-	-	-	(k)
Miscellaneous	(9)	(8)	(8)	(9)	(7)	(7)	(8)	(8)	(7)	(71)	
Principal Payments	-	-	-	-	-	-	-	-	-	-	
Interest Payments	-	-	-	-	-	-	-	-	-	-	
Other Non-Operating Disb.	-	(1)	-	(1)	-	(1)	-	(1)	-	(4)	
Total Other	(273)	(153)	(209)	(305)	(639)	(112)	(180)	(172)	(167)	(2,209)	
Professional Fees	-	-	-	-	-	-	(30)	-	-	(30)	
Total Disbursements	**$ (539)**	**$ (623)**	**$ (520)**	**$ (700)**	**$ (1,068)**	**$ (311)**	**$ (317)**	**$ (297)**	**$ (263)**	**$ (4,637)**	(u)
Permitted DIP Funding											
Cumulative Disbursements	**$ (539)**	**$ (1,161)**	**$ (1,681)**	**$ (2,381)**	**$ (3,449)**	**$ (3,760)**	**$ (4,077)**	**$ (4,374)**	**$ (4,637)**	**$ (4,637)**	
Add: Agreed Upon Contingency	(108)	(232)	(252)	(238)	(345)	(376)	(407)	(126)	137	137	
Less: Use of Domestic Cash On-hand at Filing Date	400	400	400	400	400	400	400	400	400	400	
Total Maximum DIP Borrowing	$ (246)	$ (993)	$ (1,533)	$ (2,219)	$ (3,394)	$ (3,736)	$ (4,084)	$ (4,100)	$ (4,100)	$ (4,100)	

(1) Maximum DIP borrowing may not exceed $4.1 billion. Actual disbursements may not exceed the amount of the maximum DIP borrowing plus actual MOPAR receipts, if any

(2) Total domestic cash was approximately $660 million of which $260 million is the minimum cash balance that must be kept on hand at all times for DIP covenant purposes

(3) Reductions in disbursement levels may be necessary throughout the forecast period to alleviate an additional cash need the week of June 29

III. Explanation of Notes

a) **Wholesale Receipts –** the DIP Budget assumes that the are no orders from dealers in the first 4 weeks following the filing as they await the outcome of the sale process. As a result of the lack of dealer orders, there is no production assumed during the pendency of the bankruptcy.

b) **Parts &Services Receipts –** assumes no Mopar sales during the pendency of the bankruptcy, however some insignificant amount is expected to be received.

c) **Intercompany Receipts/Disbursements –** the DIP Budget assumes there are no transactions with the foreign subsidiaries during the bankruptcy.

d) **Labor – Hourly –** the DIP Budget assumes that the hourly employees receive payments under the collective bargaining agreement in the form of supplemental pay. It is assumed that such payments are one-third of the 13-Week Cash Flow forecast weekly amounts.

e) **Labor – Salaried –** assumes that the salaried workforce is required to take a 2 week unpaid vacation resulting in a $21 million savings during the DIP period.

III. Explanation of Notes

f) Severance – the DIP Budget assumes no termination in the DIP period and therefore no severance is assumed paid.

g) Taxes – assumes that taxes, including property taxes are paid based on the 13-Week Cash Forecast.

h) Critical Vendor Payments – assumes that payments to trouble vendors are made in accordance with the 13-Week Cash Forecast. These payments are made to ensure that troubled vendors that are critical to the production plan are operating to supply parts following the sale of the Company.

i) Productive Materials – assumes that payments to inventory suppliers are made based on the 13-Week Forecast through June 14th. It is assumed that if these payments are not made, many of the Company's suppliers could be forced into bankruptcy which could disrupt inventory supply following the sale. Additionally, many of these payments would need to be made prior to the assumption of the contracts by the purchaser. It is assumed that there should be minimal open trade payables as of June 15th. The DIP Budget assumes no vendor payments made after June 15th.

III. Explanation of Notes

j) **Non-productive Material –** since there is limited production assumed, payments related to non-productive materials are assumed to be deferred.

k) **CapEx/Tooling and ER&D –** since there is limited production, the DIP Budget assumes that these disbursements are reduced to $200 million in total during the DIP period. The 13-Week Cash Forecast assumed that the disbursements related to CapEx, Tooling and ER&D were $161 million, $223 million and $89 million, respectively, during the 9 week period.

l) **Freight –** since there is limited production, assumes no freight payments during the DIP period.

m) **G&A –** are primarily related to IT systems for all functions including manufacturing, research and development and finance. It is assumed that these programs will be continued at current levels in the near-term while the sale process is on-going.

n) **Manufacturing Overhead –** includes outside maintenance contracts and maintenance materials to maintain the production equipment. The DIP Budget assumes that such disbursements are reduce to 50% of the 13-Week Cash Forecast amount for the shutdown period (May 4th – May 31st). Assumes that disbursements from June 1st – July 5 are at the 13-Week Cash Forecast amount to prepare the facilities for the ultimate startup. Assumes that the upkeep of the plant and equipment will continue in order to keep the facilities in working order.

III. Explanation of Notes

o) Utilities – the DIP budget assumes that utility cost remain at the pre-filing levels as the Company must maintain the plants in working order to effectuate a quick sale process.

p) Incentives – assumes that the Company will only pay incentives to those dealers that they believe will have value to the acquiring company. Assumes that such payments represent 75% of the 13-Week Cash Forecast amounts. Assumes that incentives are further reduced 50% from June 1st – July 5th.

q) Benefits – are assumed to continue at the UAW contractual levels during the DIP period.

r) VTEP – represent the contractual incentive payments to UAW workers that voluntarily resign. This allows the Company to replace these workers with Tier II employees that have lower benefits cost thereby reducing overall payroll.

s) Warranty Disbursements – the DIP Budget assumes that in order to preserve brand value in a sale current warranty obligations will need to be honored during the bankruptcy.

t) Marketing – the DIP Budget assumes that in order to preserve brand value and maximize the potential value of the asset sales, the Company maintains its marketing spending at 50% of the pre-filing assumed amounts.

III. Explanation of Notes

u) **Professional Fees –** the DIP Budget assumes that the first months actual fees total $30 million and are paid in the 9 weeks following the filing. Paid on the week of June 15. Total professional fees are likely to be higher.

v) **Return of collateral held by FINCO –** it is assumed that the $500 million collateral being held by FINCO is not returned during the pendency of the bankruptcy.

w) **Fee to DIP Lender –**no fees to the DIP lender are assumed.

x) **Contingency –** for purposes of sizing the DIP financing requirement, we have included a contingency on the projected cash disbursements based on negotiations with the U.S. Treasury.

y) **Beginning Cash – U.S. –** represents the U.S. cash reflected in the 13-Week Cash Forecast adjusted for the $200 million NSC payments and the $300 million in Canadian receipts previously noted.

z) **Minimum Required Cash – U.S. –** it is assumed that the Company must maintain a minimum $260 million cash balance in the U.S.