

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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 In re: :
 : Chapter 11
 CADENCE INNOVATION LLC, et al., : Case No. 08-11973 (KG)
 : Jointly Administered
 Debtors. :
 : Related to: Docket No. 438
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**STIPULATION AND CONSENT ORDER RESOLVING EMERGENCY MOTION
 TO ENFORCE COURT-APPROVED ACCOMMODATION AGREEMENT
 FILED BY CHRYSLER LLC, CHRYSLER MOTORS LLC,
AND CHRYSLER CANADA, INC.**

This Stipulation And Consent Order is entered into by and among the Debtors and Debtors in Possession, Cadence Innovation LLC (“Cadence”) and New Venture Real Estate Holdings, LLC. (jointly with Cadence, the “Debtors”), and Chrysler, LLC, Chrysler Motors, LLC, and Chrysler Canada, Inc. (jointly, “Chrysler”), pursuant to which the parties stipulate and agree as follows:

1. On December 15, 2008, Chrysler filed their Emergency Motion for an Order Requiring Debtors to Comply with the Express Terms of the Court-Approved Accommodation Agreement [Dkt. No. 438] (the “Motion”), and the Motion Pursuant to Del. Bankr. L.R. 9006(1)(e) to Shorten Notice with respect to the Motion [Dkt. No. 439]. The Motion asked for certain relief to compel Cadence to perform its alleged obligations under the Accommodation Agreement entered into in August 2008 (the “Accommodation Agreement”) by and among Chrysler, Cadence and Bank of America, N.A., Agent for the Debtors’ Debtor-in-Possession secured lender (the “Lender”).

2. The Debtors opposed the Motion, and were preparing to assert their own claims against Chrysler to compel Chrysler to perform their obligations under the Accommodation Agreement.



3. After extensive negotiations, Chrysler and the Debtors have reached an agreement to fully and finally resolve all of the issues between the parties related to the Motion.

4. After conferring with Lender and the Official Committee of Unsecured Creditors (the "Committee"), through counsel, the Lender and the Committee have advised the Debtors that each of them supports the resolution of the Motion on the terms set forth in this Stipulation and Order and consents to the entry of this Stipulation and Order.

5. Accordingly, by agreement of the parties, and the Court being satisfied that good cause has been shown for the entry of this Stipulation and Order and that the relief requested herein is in the best interest of creditors and the Debtors' estates, **IT IS HEREBY ORDERED:**

(a) Chrysler shall pay Cadence the sum of \$ 4,000,000.00 in cash or cash equivalents (the "Settlement Payment"). The Settlement Payment shall be delivered to Chrysler's financial advisor, BBK, Ltd., for placement in a trust account for the benefit of Cadence. The Debtors and Chrysler shall comply with Section 8 of the Accommodation Agreement. Upon the entry of this Stipulation and Order, \$3,000,000.00 of the Settlement Payment funds shall be promptly delivered by BBK, Ltd. to Cadence by wire transfer, subject to the right of the Lender to direct that such payment be made directly to the Lender, pursuant to the terms of the Final Order authorizing postpetition financing and other relief, dated October 3, 2008 [Docket No. 195](the "DIP Financing Order"). The remaining balance of the Settlement Payment Funds, in the amount of \$1,000,000.00 (the "Holdback"), shall remain in escrow and shall be disbursed to the Debtors upon the execution by the parties of the Masonic Lease (as defined in the Accommodation Agreement); provided, however, if the Masonic Lease is not executed by the parties on or before January 15, 2009, despite the good faith negotiations of Chrysler, the Holdback shall be disbursed to Chrysler.

(b) Upon the entry of this Stipulation and Order (the "Order Date"), Chrysler's Term A Loan, as defined in the Second Amended and Restated Credit Agreement (Debtor-In-Possession) dated as of August 27, 2008 among the Lenders and Bank of America, N.A., as the Agent, and Cadence and certain of its subsidiaries as the Borrowers (the "Credit Agreement"), shall be fully and finally released and waived, and all rights of Chrysler as a Term Lender (as defined in the Credit Agreement), shall be extinguished. In particular and without limitation, upon the Order Date, the Debtors shall not be required to obtain the consent of Chrysler to payments to employees as one of the conditions for such payments under the Order Authorizing and Approving (A) the Continuation of Retention Plan and Severance Plan for (Non-Insider) Salaried Employees and (B) the Implementation of Performance-Based Officer Incentive Plan [Docket No. 348]; provided further, Chrysler is under no obligation to fund such payments.

(c) The Debtors agree that Chrysler is authorized, as of the Order Date, to take possession of all Tooling (as that term is defined in the Accommodation Agreement) in the Debtors' possession, and that the Debtors shall cooperate in staging packaging and deliver on Debtors' docks of the Tooling and enabling Chrysler to take possession of such Tooling. The Debtors shall continue to comply with Section 4.9 of the Accommodation Agreement. The Debtors acknowledge, agree to, and will utilize their reasonable commercial efforts to conform to the resourcing schedule previously agreed to by the Debtors and shall assist Chrysler in being able to remove the Tooling from the Debtors' premises by close of business, December 23, 2008.

(d) The Debtors and Chrysler shall comply with Section 9 of the Accommodation Agreement. To the extent that the appraisal performed by Hilco Industrial did not appraise specific equipment optioned by Chrysler, Chrysler shall be allowed to take

possession of the equipment subject to the Debtor's ownership interest and the Lender's continuing security interests and liens upon placing the reasonable amount demanded by the Debtor into a third party escrow account. The money shall be disbursed from the escrow account upon further order of the Court.

(e) This Stipulation and Order shall effect a "global" settlement of all issues between Chrysler and the Debtors, and Chrysler is hereby released, discharged and waived from all claims, causes of action, and obligations, excluding the following:

(i) Payments owed by Chrysler for shipments of Component Parts (as defined in the Accommodation Agreement) after August 26, 2008, at prices in effect in Chrysler's invoicing and payables system without regard to any outstanding price differentials, retroactive adjustments or price disputes of any kind, all of which shall be paid to Cadence under the terms of the Accommodation Agreement;

(ii) Payments owed by Chrysler for inventory to be purchased under the terms of the Accommodation Agreement;

(iii) Payments owed by Chrysler for Designated Equipment under the terms of the Accommodation Agreement;

(iv) Engineering services or other services requested by Chrysler from Cadence under the terms of, or in connection with, the Accommodation Agreement (provided, however, that Chrysler has not agreed to pay the engineering costs for the airbag testing which has been a subject of dispute between the parties);

(v) Obligations under this Stipulation and Order and the agreements contemplated by this Stipulation and Order; and

(vi) In the event Debtors receive payment from Chrysler for amounts related to retroactive purchase order price adjustments referred to in Section 3.1(c) of the Accommodation Agreement, in excess of \$400,000, Chrysler shall be entitled to setoff and recoup such overpayment against amounts due and owing for Components Parts shipped after August 26, 2008.

(g) The Debtors and Chrysler will continue to negotiate in good faith to execute, as promptly as possible, the Masonic Lease and related documents, which shall contain terms consistent with the Accommodation Agreement and which will specifically include the following terms and provisions:

(i) Chrysler will provide the Debtors with a security deposit in the amount of \$320,000 constituting two (2) months' of "Base Rent" under the Masonic Lease, as security for Chrysler's payment obligations under the Masonic Lease, contemporaneously with the execution and delivery of the Masonic Lease by the Debtors. The Security Deposit shall be maintained in an escrow account pursuant to a mutually agreed escrow agreement.

(ii) Chrysler shall not have any guaranty, indemnity or other payment obligation related to premises liability in excess of the cost of insurance premiums funded by Chrysler, including environmental claims.

(iii) Chrysler and "Masonico" shall enter into a new access and security agreement ("New Access Agreement"), to which the Debtors and Lender shall be a party, that includes the same terms as the Access and Security Agreement currently in effect between Chrysler and the Debtors, provided, however, the "Events of Default" shall be amended to provide that an Event of Default shall only occur if (1) Masonico (including any of its employees), any third party, including any successor trustee appointed in the bankruptcy case, or

the Debtors interfere and threaten to jeopardize Chrysler's ability to rely on Masonico for the production of component parts, with the understanding that it is the intent of the parties that Chrysler not be given an "option" to call a default absent such interference or threat as a device to avoid its obligations under the Masonic Lease, and (2) that the Debtors or any successor, including any Chapter 7 trustee of any of the Debtors' estates, will not seek to make demands on Chrysler that are not contemplated by the terms of the Masonic Lease. Such Access Agreement shall further provide that in the event Chrysler elects to exercise its "Right of Access", if any, Chrysler shall continue to pay all of its accrued and unpaid obligations to Cadence as of the date of such exercise, without any right of offset or recoupment.

(iv) **REDACTED**

(v) In the event Chrysler purchases the leased equipment located at Masonic or otherwise assumes responsibility for the Debtors' obligations to such lessors for any unpaid obligations for such leased equipment, then the monthly rent due under the Masonic Lease shall be reduced by \$ 10,000.00 per month.

(vi) The parties shall conduct a physical inventory at Masonic, and Chrysler shall pay Cadence for all work-in-process ("WIP") at Masonic on the Effective Date under the Masonico Operating Agreement at the purchase price of 90 % of the book value of the WIP as determined by such physical inventory.

(h) The Access and Security Agreement between the Debtors and Chrysler remains in full force and effect and nothing in this Order shall be construed as a waiver or release by Chrysler or its right to invoke the "Right of Access" under the Access and Security Agreement in the event the parties, through disagreement or otherwise, are unable to effectuate the Option to lease the Masonic Facility under Section 8 of the Accommodation Agreement.

6. Except as expressly provided otherwise in this Stipulation and Order, and as Chrysler, the Debtors, and Lender may otherwise agree in writing, the terms of the Accommodation Agreement (including, without limitation Paragraphs 3.9, 3.10 and 4.5) shall remain in full force and effect. In the event of any conflict between the terms and provisions of the Accommodation Agreement and this Stipulation and Order, the terms of this Stipulation and Order shall govern.

7. Any dispute between the parties with respect to the enforcement of this Stipulation and Order shall be determined by this Court.

8. The 10-day stay pursuant to Bankruptcy Rule 6004(g) is waived and shall not apply to this Stipulation and Order.

Dated: December 19, 2008


THE HONORABLE KEVIN GROSS

**THE UNDERSIGNED CONSENT AND AGREE
TO THE ENTRY OF THIS ORDER :**

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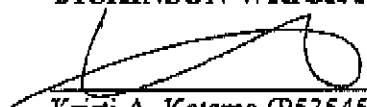
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