

# JONES DAY

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July 13, 2009

PRIVILEGED & CONFIDENTIAL

Holly Leese, Esq.  
Senior Vice President, General Counsel  
and Secretary  
Chrysler Group LLC  
CIMS @ 485-14-96  
1000 Chrysler Drive  
Auburn Hills, Michigan 48326-2766

Re: Executive Compensation, Employee Benefits, Financing, Dealer and Board Advice

Dear Holly:

This letter confirms our discussions concerning the scope, terms and conditions of our engagement by Chrysler Group LLC ("Chrysler Group" or "you") with respect to certain of your executive compensation and employee benefits matters, financing matters, dealer and Board of Directors matters. Thank you for retaining Jones Day in this engagement and for your consideration and cooperation concerning the matters covered in this letter.

1. Limited Scope of Engagement and Client Relationship

Any new or expanded engagement beyond that described above will require our agreement. Similarly, except as expressly set forth in this letter, any representation in this engagement of any person or entity other than Chrysler Group, such as a parent, subsidiary or other direct or indirect affiliate of Chrysler Group, will require our agreement. That is, our client is, and we are entering into an attorney-client relationship only with, Chrysler Group. Please advise any of Chrysler Group's direct or indirect affiliates or any of your or their members, directors, officers or other investors or controlling persons who express any uncertainty or different understanding, that this engagement does not include any undertaking by Jones Day to represent any of them or create any attorney/client relationship between Jones Day and any of them.

In addition, as further described below, we want to advise you that, on behalf of Old Carco LLC f/k/a Chrysler LLC ("Old Carco"), we are currently adverse to Chrysler Group with respect to certain matters..

2. Staffing

You have designated yourself as the person from whom we will take direction and to whom we will report in connection with this engagement. John Cornell will have primary

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responsibility for the executive compensation/employee benefits portion of this engagement. Brett Barragate will have responsibility for the financing portion of this engagement. Jeff Jones will have responsibility for the dealer portion of this engagement. Lyle Ganske will have responsibility for the Board of Directors portion of this engagement, which is directed towards the "independent" members of the Board. They will be assisted by such other lawyers and service personnel as they deem appropriate from time to time in order to provide high quality services in a cost-efficient manner. I will be the Partner generally responsible for Jones Day's representation of Chrysler Group, including matters related to billing and staffing.

3. Potentially Adverse Representations or Conflicts of Interest; Advance Waiver

Jones Day represents and in the future will represent many other clients. Some of these clients may be direct competitors of Chrysler Group or otherwise may have business interests that are contrary to Chrysler Group's interests. It is even possible that, during the time we are working for you, an existing or future client may seek to engage us in connection with an actual or potential transaction or pending or potential litigation or other dispute resolution proceeding in which such client's interests are or potentially may become adverse to Chrysler Group's interests. For example, Jones Day presently has a number of client relationships in the automotive industry.

In particular, as you are aware, Jones Day serves as counsel to Old Carco and certain of its affiliates (collectively, the "Debtors") in their bankruptcy cases pending in the United States Bankruptcy Court for the Southern District of New York before the Honorable Judge Arthur J. Gonzalez under jointly administered Case No. 09-50002 (AJG) (the "Bankruptcy Cases"). Jones Day cannot enter into this engagement if it could interfere with our ability to represent the Debtors. We therefore ask Chrysler Group to confirm that Jones Day may continue to represent the Debtors in any matter (including but not limited to transactions, litigation or other dispute resolutions), even if the interests of the Debtors in that other matter are directly adverse to Jones Day's representation of Chrysler Group. In the event of our representation of the Debtors in a matter directly adverse to Chrysler Group, however, Jones Day lawyers or other service providers who have worked with Chrysler Group will not work for such the Debtors in such matter, and appropriate measures will be taken to assure that proprietary or other confidential information of a non-public nature concerning Chrysler Group acquired by Jones Day as a result of our representation of Chrysler Group will not be transmitted to our lawyers or others in the Firm involved in such matter. In addition, we ask that you agree and acknowledge that Jones Day will not represent Chrysler Group in any matter adverse to the Debtors or their bankruptcy estates, and, absent the consent of the Debtors, will not appear on behalf of the Chrysler Group in the Bankruptcy Cases.

In other words, we request that Chrysler Group confirm that: (1) Jones Day's engagement that we have undertaken or may undertake on behalf of Chrysler Group will not be asserted by Chrysler Group either as a conflict of interest with respect to, or as a basis to

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preclude, challenge or otherwise disqualify Jones Day from, its representation of the Debtors in any matter, including without limitation any representations in negotiations, transactions, counseling or litigation adverse to Chrysler Group; (2) Chrysler Group hereby waives any conflict of interest that exists or might be asserted to exist and any other basis that might be asserted to preclude, challenge or otherwise disqualify Jones Day in any representation of the Debtors with respect to any such matter; (3) Chrysler Group has been advised by Jones Day, and has had the opportunity to consult with other counsel, with respect to the terms and conditions of these provisions and its prospective waiver; (4) Chrysler Group's consent to these provisions is both voluntary and fully informed; and (5) Chrysler Group intends for its consent to be effective and fully enforceable, and to be relied upon by Jones Day.

Chrysler Group further agrees that Jones Day may make such disclosures in the Bankruptcy Cases relating to its engagement by Chrysler Group and the terms of this letter as Jones Day deems necessary or appropriate.

#### 4. Compensation and Disbursements

Our fees are generally determined by the time devoted by each lawyer or other service provider involved in the engagement and the hourly billing rates assigned to each such person. Our hourly rates are revised periodically, and we reserve the right to revise them from time to time during the course of our representation of Chrysler Group. We submit periodic billing statements (generally monthly), which are due and payable upon presentation. In situations involving extraordinary risks, efforts or results, we may request that Chrysler Group give consideration to a supplemental fee over and above our hourly rates.

Unless we specifically agree, any fee estimate that we may provide is not a commitment to perform the services within a fixed time or for a fixed fee.

In addition to our fees, we expect our clients to defray certain costs and expenses incurred during our representation of them. A description of our Disbursements and Charges Billing Policies is enclosed. Please note that although our charges for non-cash costs incurred by the Firm reflect our good faith estimate of our actual, fully absorbed, out-of-pocket costs, those estimates may differ from our actual costs. Normally, disbursements and charges will be subject to reimbursement from Chrysler Group in the regular billing cycle. In some circumstances, however, such as in the case of particularly large items, we may ask Chrysler Group to pay these items directly or in advance.

We also want to notify you of your right, under Part 137 of the Rules of the Chief Administrator of the Courts in New York, to arbitration of fee disputes as provided in that rule, a copy of which will be provided to you at your request.

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5. Audit Letter Issues

We further want to advise you that, in responses to any of your requests to provide information to your auditors, our policy is to comply with the American Bar Association Statement of Policy Regarding Lawyers' Responses to Auditors' Requests for Information regarding the scope and content of such responses, except when such Policy is clearly inapplicable.

6. Procedures upon Termination; Return of Documents; Intellectual Property

Unless previously terminated, our representation of Chrysler Group will terminate upon our sending you our final statement for services rendered in this matter. In that case, or otherwise at your request, any papers and property sent by you to us will be returned to you. Our own files pertaining to the matter, including lawyer work product and administrative records, as well as document copies, will be retained by the Firm in accordance with our document retention policy. All documents retained by the Firm will be transmitted in the ordinary course to the person responsible for administering our records retention program. Subject to our obligations under the bar requirements applicable to me, we reserve the right to destroy or otherwise dispose of any documents or other materials, including electronic versions, retained by us after the termination of the engagement.

All intellectual property and other know-how developed by us in connection with this engagement, including subject matter expertise, whether or not preserved in written or electronic form, may be retained by us and used in connection with engagements on behalf of other clients, so long as no confidential information relating to Chrysler Group is thereby disclosed.

Please sign and return to us the enclosed copy of this letter to confirm that it accurately reflects the scope, terms and conditions with respect to this engagement. If you would like to discuss any of these matters, please give me a call.

Very truly yours,



Jere R. Thomson

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On behalf of Chrysler Group, the undersigned confirms that this letter accurately reflects the scope, terms and conditions with respect to this engagement and that the undersigned's execution and delivery of this confirmation on behalf of Chrysler Group has been duly authorized by Chrysler Group.

Dated: \_\_\_\_\_

Signature: 

Name: HOLLY E. LEESE

Title: Sr. VP, General Counsel + Secretary