THIS IS NOT A SOLICITATION OF ACCEPTANCES OR REJECTIONS OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT. CERTAIN EVENTS, TRANSACTIONS AND OTHER MATTERS DISCUSSED IN THIS DISCLOSURE STATEMENT HAVE NOT YET OCCURRED OR REMAIN SUBJECT TO BANKRUPTCY COURT APPROVAL.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re

Old Carco LLC
(f/k/a Chrysler LLC), *et al.*,

Debtors.

Chapter 11

Case No. 09-50002 (AJG)

(Jointly Administered)

Alpha Holding LP	09-50025 (AJG)
DCC 929, Inc.	09-50017 (AJG)
Dealer Capital, Inc.	09-50018 (AJG)
Global Electric Motorcars, LLC	09-50019 (AJG)
NEV Mobile Service, LLC	09-50020 (AJG)
NEV Service, LLC	09-50021 (AJG)
Old Carco Aviation Inc. **(f/k/a Chrysler Aviation Inc.)**	09-50003 (AJG)
Old Carco Dutch Holding LLC **(f/k/a Chrysler Dutch Holding LLC)**	09-50004 (AJG)
Old Carco Dutch Investment LLC **(f/k/a Chrysler Dutch Investment LLC)**	09-50005 (AJG)
Old Carco Dutch Operating Group LLC **(f/k/a Chrysler Dutch Operating Group LLC)**	09-50006 (AJG)
Old Carco Institute of Engineering **(f/k/a Chrysler Institute of Engineering)**	09-50007 (AJG)
Old Carco International Corporation **(f/k/a Chrysler International Corporation)**	09-50008 (AJG)
Old Carco International Limited, L.L.C. **(f/k/a Chrysler International Limited, L.L.C.)**	09-50009 (AJG)
Old Carco International Services, S.A. **(f/k/a Chrysler International Services, S.A.)**	09-50010 (AJG)
Old Carco Motors LLC **(f/k/a Chrysler Motors LLC)**	09-50011 (AJG)
Old Carco Realty Company LLC **(f/k/a Chrysler Realty Company LLC)**	09-50000 (AJG)
Old Carco Service Contracts Florida, Inc. **(f/k/a Chrysler Service Contracts Florida, Inc.)**	09-50012 (AJG)
Old Carco Service Contracts Inc. **(f/k/a Chrysler Service Contracts Inc.)**	09-50013 (AJG)
Old Carco Technologies Middle East Ltd. **(f/k/a Chrysler Technologies Middle East Ltd.)**	09-50014 (AJG)
Old Carco Transport Inc. **(f/k/a Chrysler Transport Inc.)**	09-50015 (AJG)
Old Carco Vans LLC **(f/k/a Chrysler Vans LLC)**	09-50016 (AJG)
Peapod Mobility LLC	09-50001 (AJG)
TPF Asset, LLC	09-50022 (AJG)
TPF Note, LLC	09-50023 (AJG)
Utility Assets LLC	09-50024 (AJG)

DISCLOSURE STATEMENT WITH RESPECT TO THE AMENDED JOINT PLAN OF LIQUIDATION OF DEBTORS AND DEBTORS IN POSSESSION

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ATTORNEYS FOR DEBTORS AND DEBTORS IN POSSESSION

Dated: ~~December 14~~January 19, ~~2009~~2010

SUMMARY

The following summary should be read in conjunction with the attached disclosure statement (the "Disclosure Statement"), pursuant to section 1125 of title 11 of the United States Code (the "Bankruptcy Code"). This summary is provided as a brief overview and is not a replacement for the Disclosure Statement. You should carefully read the entire Disclosure Statement, including the exhibits and other documents.[1] Capitalized terms not otherwise defined in this summary have the meaning given to them in the Disclosure Statement.

Old Carco LLC (f/k/a Chrysler LLC), a Delaware limited liability company ("Old Carco"), and its debtor subsidiaries (collectively with Old Carco, the "Debtors"), as debtors and debtors in possession in these chapter 11 cases pending before the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), jointly administered under Case No. 09-50002 (AJG) (collectively, the "Chapter 11 Cases"), submit the attached Disclosure Statement in connection with the solicitation of votes on their Amended Joint Plan of Liquidation, dated ~~December 14~~January 19, ~~2009~~2010 (the "Plan"). A copy of the Plan is attached to the Disclosure Statement as Exhibit A ~~to the Disclosure Statement~~.

If you are the holder of a General Unsecured Claim, your potential recovery under the Plan is contingent on, among other things, a successful outcome in a lawsuit initiated by the Creditors' Committee against Daimler AG ~~("Daimler")~~ and certain related parties, which is referred to in the Disclosure Statement as the Daimler Litigation. Under the Plan, the Daimler Litigation will be pursued by the Liquidation Trust established by the Plan. If a sufficient recovery is not achieved in the Daimler Litigation, holders of General Unsecured Claims will receive no distributions under the Plan. Until it is clear that such a recovery will be available, the Debtors anticipate that the review and allowance of General Unsecured Claims will be delayed. Such delay could be substantial.

In addition, potential recoveries to holders of General Unsecured Claims are contingent on the Class of General Unsecured Creditors (Class 3A) and the Class of First Lien Secured Claims (Class 2A) voting in favor of the Plan.

Absent Confirmation and implementation of the Plan, the Debtors anticipate that holders of General Unsecured Claims, as well as most holders of unsecured Priority Claims, would receive no distributions in a liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

The Debtors, Their Chapter 11 Cases and the Plan

The Debtors are comprised of Old Carco, a Delaware limited liability company, and 25 of its direct and indirect debtor subsidiaries identified on the cover page of the Disclosure Statement. Since the commencement of these Chapter 11 Cases, the Debtors have managed their assets as debtors in possession under the supervision of the Bankruptcy Court, but have not operated their businesses. These Chapter 11 Cases were commenced to pursue an expedited sale of substantially all of the Debtors' assets to a new entity ("New Chrysler") formed by Fiat S.p.A. ("Fiat"), pursuant to section 363 of the Bankruptcy Code, thereby avoiding piecemeal liquidation of the Debtors, the loss of thousands of jobs and other adverse economic consequences. The sale of substantially all of the Debtors' assets to New Chrysler (the "Fiat Transaction") closed on June 10, 2009. Subsequent to the closing of the Fiat Transaction, the Debtors have been winding down their Estates, liquidating their remaining assets and formulating the Plan. The Debtors are not operating any businesses. New Chrysler is operating the Debtors' former businesses under new ownership.

The Debtors have proposed, and are soliciting acceptances of, the Plan. The Plan is premised upon the liquidation of the remaining assets, generally comprised of collateral of the First Lien Lenders and the Government DIP Lenders; the prosecution of an action against Daimler AG, the former owner of Debtors, and certain related parties; and the distribution of such proceeds and various escrows created at the time of the Fiat Transaction or thereafter and funded by the U.S. and Canadian governments, serving as the debtor in possession lenders in the Chapter 11 Cases. Details of the foregoing are more particularly set forth in the Plan and the Winddown Orders, which are incorporated into the Plan and provide for, among other things, funding to complete the winddown of the

[1] In addition, the exhibits and schedules to the Plan and to the Disclosure Statement are available, free of charge, at www.chryslerrestructuring.com.

Debtors' Estates. The Plan implements the Winddown Orders and provides, through the creation of a liquidating trust, a mechanism for the collection and liquidation of the Debtors' remaining assets (including pursuit of the Daimler Litigation) and the distribution of the proceeds of such assets in accordance with the Bankruptcy Code, as set forth in the Plan provisions addressing the treatment of Claims.

The classification and treatment of Claims and Interests under the Plan generally is as follows:

- Class 1 (Priority Claims - Unimpaired) — Unless otherwise agreed by the Debtors or the Liquidation Trustee and the claimant, holders of Allowed Claims in Class 1 will receive distributions of cash in the full amount of their Allowed Claims;

- Class 2A (First Lien Secured Claims - Impaired) — Holders of Allowed Claims in Class 2A, relating to certain secured loans under the First Lien Credit Agreement, among other things, will receive distributions of cash from the net proceeds of sales of the First Lien Collateral or, if elected by the First Lien Agent, certain of the First Lien Collateral will be transferred to the Collateral Trustee on behalf of the holders of these Claims. These distributions are subject to certain terms and conditions set forth in the Plan and the First Lien Winddown Order, including the First Lien Lenders' funding of certain activities of the Liquidation Trust;

- Class 2B (TARP Financing Secured Claims - Impaired) — No property will be distributed to holders of Allowed TARP Financing Secured Claims;

- Class 2C (Owners' Secured Claims - Impaired) — No property will be distributed to holders of Allowed Owners' Secured Claims;

- Class 2D (Other Secured Claims - Unimpaired) — Holders of Allowed Claims in Class 2D, relating to Secured Tax Claims and other miscellaneous secured debt, will either (a) receive distributions of cash in the full amount of such Allowed Claims; (b) retain their liens and obtain distributions of cash from net proceeds of any sale of the collateral securing such Allowed Claims; (c) receive the collateral securing such Allowed Claims; or (d) obtain such other treatment as may be agreed upon by the Debtors or the Liquidation Trust and the claimant.

  Unless otherwise ordered by the Bankruptcy Court, each Allowed Claim in Class 2D will be considered to be in a separate subclass within Class 2D, and each such subclass will be deemed to be a separate Class for purposes of the Plan. To the extent that any holder of an Allowed Claim in Class 2D asserts in a timely objection to Confirmation of the Plan that its Claim is impaired by the Plan, such subclass will be deemed to have rejected the Plan and the Debtors will seek to confirm the Plan over such rejection pursuant to section 1129(b) of the Bankruptcy Code;

- Class 3A (General Unsecured Claims - Impaired) — The sole source of recovery for holders of Allowed Claims in Class 3A, comprised of Allowed General Unsecured Claims against the Debtors, is the Daimler Litigation. The proceeds of the Daimler Litigation, if any, will be available for distribution to holders of Allowed General Unsecured Claims only if Classes 3A and 2A vote in favor of the Plan and only if the Available Net Daimler Proceeds exceed the Minimum Distribution Threshold of $25 million. If Class 3A and/or 2A does not vote in favor of the Plan or if sufficient recoveries are not achieved in the Daimler Litigation, no property will be distributed to holders of Allowed General Unsecured Claims. Even if Classes 3A and 2A vote in favor of the Plan, there can be no guarantee that the Daimler Litigation will be successful or otherwise result in a recovery for holders of Allowed General Unsecured Claims;

- Class 3B (Prepetition Intercompany Claims - Impaired) — No property will be distributed to or retained by holders of Allowed Claims in Class 3B, and such Claims will be extinguished on the Effective Date;

- Class 4A (Equity Interests of Old Carco - Impaired) — No property will be distributed to or retained by holders of Old Carco Equity Interests in Class 4A, and such Equity Interests will be cancelled on the Effective Date; and

- Class 4B (Subsidiary Debtor Equity Interests - Unimpaired) — Subsidiary Debtor Equity Interests will be reinstated on the Effective Date, subject to the Restructuring Transactions.

For a further description of the classification of Claims and Interests under the Plan, see "Classification and Treatment of Claims and Interests Under the Plan" (at page 6) of the Disclosure Statement.

The Daimler Litigation

On August 17, 2009, the Creditors' Committee commenced the Daimler Litigation on behalf of the Estate of Old Carco. The Daimler Litigation asserts claims against Daimler AG, two of its affiliates and four former directors of Old Carco affiliated with Daimler AG. The Creditors' Committee subsequently filed an amended complaint on December 31, 2009. The Daimler Litigation asserts claims for intentional and constructive fraudulent transfer, unjust enrichment, corporate alter ego, breach of fiduciary duty and aiding and abetting a breach of fiduciary duty. It is anticipated that Daimler AG will vigorously contest such claims, and that the completion of the Daimler Litigation could take months or years to complete. To provide a possibility for the holders of General Unsecured Claims to achieve a recovery in these cases, the Government DIP Lenders agreed in the DIP Lender Winddown Order to release to the Debtors' Estates their Liens on any Daimler Proceeds, subject to certain conditions. However, before they are available to the holders of General Unsecured Claims, the Daimler Proceeds will be utilized to pay certain fees and costs related to the Daimler Litigation, as well as other administrative and priority claims, including the costs associated with the reconciliation of General Unsecured Claims. There is no assurance that the Net Available Daimler Proceeds, if any, will be sufficient to make a distribution to holders of Allowed General Unsecured Claims. For a further description of the Daimler Litigation, see "The Daimler Litigation" (at page 41)43 of the Disclosure Statement.

Timing of Claims Reconciliation Process for Allowed General Unsecured Claims

Unless and until the Daimler Litigation results in sufficient proceeds available for distribution to holders of Allowed General Unsecured Claims, there will be no distributions to the holders of Allowed General Unsecured Claims under the Plan. In particular, the Net Available Daimler Proceeds must exceed the Minimum Distribution Threshold of $25 million before any distributions are made to holders of Allowed General Unsecured Claims. Accordingly, the Debtors anticipate that the claims reconciliation process for most General Unsecured Claims will be deferred until such time as the Daimler Litigation is resolved and it is clear that the Minimum Distribution Threshold will be achieved. However, the Debtors and the Liquidation Trust reserve the right to object to any General Unsecured Claims prior to resolution of the Daimler Litigation at their discretion. The Debtors also anticipate that certain settlement and dispute resolution procedures may be implemented to resolve General Unsecured Claims in an efficient manner. For a further description of the reconciliation process under the Plan, see "Classification and Treatment of Claims and Interests Under the Plan" (at page 6) of the Disclosure Statement.

Voting and Confirmation of the Plan

Holders of Claims in Classes 2A and 3A are entitled to vote to accept or reject the Plan. If you hold Claims in either voting Class, or hold multiple Claims in one voting Class, you may receive more than one ballot. You should complete, sign and return each ballot that you receive. Please carefully follow all of the instructions contained on the ballot provided to you. To be counted, your ballot must actually be received by 5:00 p.m., Eastern Time, on March 2, 2010, (or, if you are a holder of Bonds, such other date and time identified onprovided by your ballotbroker or nominee) at the address set forth on the pre-addressed envelope provided to you. If you are entitled to vote and you did not receive a ballot, received a damaged ballot or lost your ballot, please call the Voting Agent, Epiq Bankruptcy Solutions, LLC, at (877) 271-1568 (U.S. and Canadian Callers) or + 1 (503) 597-7708 (Outside the U.S. and Canada).

As noted above, a potential recovery is available to holders of Allowed General Unsecured Claims only if Classes 3A and 2A vote to accept the Plan. For a further description of voting and confirmation under the Plan, see "Voting Requirements" (at page 63)65 of the Disclosure Statement, and "Confirmation of the Plan" (at page 66)69 of the Disclosure Statement.

Recommendation

The Debtors and the Creditors' Committee recommend that the Holders of Claims in Classes 2A and 3A vote to ACCEPT the Plan. For a further description of the recommendation, see "Recommendation and Conclusion" ~~(~~at page ~~90)~~95 of the Disclosure Statement, and the recommendation letters provided with these materials.

Confirmation and Effective Date

The Confirmation Hearing, at which the Bankruptcy Court will consider approval of the Plan, currently is scheduled for March 16, 2010 beginning at 10:00 a.m., Eastern Time. Assuming that the requisite votes to accept the Plan are received, that the applicable requirements under the Bankruptcy Code are met and that the other conditions to the Confirmation of the Plan are satisfied, the Effective Date of the Plan currently is expected to occur on or before March 31, 2010, or as soon thereafter as practicable. For a further description of the Confirmation and Effective Date, see "Confirmation of the Plan" ~~(~~at page ~~66)~~69 of the Disclosure Statement.

Conditions to Confirmation and the Effective Date

There are several conditions precedent to Confirmation of the Plan and the Effective Date. If these conditions are not satisfied or waived, the Plan will not become effective. For a further description of conditions to Confirmation and the Effective Date under the Plan, see "The Plan" ~~(~~at page ~~46)~~48 of the Disclosure Statement.

Certain Releases, Indemnities and Related Injunction

As of the Effective Date, the Debtors, the Liquidation Trustee on behalf of the Liquidation Trust, the Litigation Manager, the Estates and their respective Debtor and non-Debtor successors, assigns and any and all ~~entities~~Entities who may purport to claim by, through, for or because of them, shall forever release, waive and discharge all Liabilities and Claims that they have, had or may have against any Released Party, subject to the terms, conditions and limitations contained in the Plan. Released Parties will include the Debtors, the Liquidation Trust, the Liquidation Trustee, the Litigation Manager, the Creditors' Committee and its members (solely in their capacity as such), the Government DIP Lenders, the First Lien Agent, the First Lien Lenders, the Collateral Trustee and the Representatives of each of the foregoing, as such terms are defined in the Plan or the Disclosure Statement. Pursuant to the Plan and subject to the terms, definitions and instructions therein, as of the Effective Date and in consideration for the obligations of the Debtors under the Plan, and the distributions and agreements entered into pursuant to the Plan, each holder of a Claim that votes in favor of the Plan will be deemed to forever release, waive and discharge all claims, rights or other causes of actions or liabilities against the Debtors and other Released Parties that are based upon any act, omission, transaction or other occurrence taking place on or prior to the Effective Date relating to a Debtor, the Chapter 11 Cases or the Plan.

Pursuant to the Plan, the Confirmation Order approving the Plan will permanently enjoin the commencement or prosecution by any entity of any claims, rights or other causes of actions or liabilities that are released under the Plan. For a further description of certain releases, exculpations, indemnities and related injunctions under the Plan, see "~~the~~The Plan" ~~(~~at page ~~46)~~48 of the Disclosure Statement.

Acceptance or Cramdown

The Plan will be treated as accepted by Class 2A or Class 3A if holders of at least two-thirds in dollar amount and a majority in number of Claims of that Class who submit ballots vote to accept the Plan. In addition, pursuant to the Bankruptcy Code, a plan of reorganization or liquidation may be confirmed even if it is not accepted by all impaired classes — a process referred to as "cramdown" — as long as the plan is accepted by at least one impaired class of claims (excluding the accepting votes of insiders) and the Bankruptcy Court finds that such a plan is fair and equitable and does not discriminate unfairly with respect to dissenting impaired classes and that each creditor receives at least what it would receive in a liquidation under chapter 7 of the Bankruptcy Code. The Debtors' liquidation analysis, ~~annexed hereto~~attached as Exhibit D to the Disclosure Statement concludes that the Plan satisfies the foregoing "best interest" test, and the Debtors believe that, if necessary, the Plan may be crammed

down over the dissent of certain Classes of Claims. For a further description of acceptance or cramdown under the Plan, see "Confirmation of the Plan" ~~(~~at page ~~66)~~69 of the Disclosure Statement.

Tax Consequences of the Plan

For a summary description of certain federal tax consequences of the Plan, see "Certain U.S. Federal Income Tax Consequences of Consummation of the Plan" ~~(~~at page ~~86)~~91 of the Disclosure Statement.

Risk Factors

The success of the transactions contemplated by the Plan are subject to numerous risks and uncertainties. See "Risk Factors" ~~(~~at page ~~84)~~89 of the Disclosure Statement.

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I.

INTRODUCTION

This disclosure statement (the "Disclosure Statement"), submitted pursuant to section 1125 of title 11 of the United States Code (the "Bankruptcy Code"), in connection with the solicitation of votes on the Amended Joint Plan of Liquidation, dated ~~December 14~~January 19, ~~2009~~2010 (the "Plan") sets forth certain information regarding the prepetition operating and financial history of Old Carco LLC (f/k/a Chrysler LLC), a Delaware limited liability company ("Old Carco"), and its debtor subsidiaries (collectively with Old Carco, the "Debtors"); the events leading up to the commencement of the Debtors' chapter 11 cases pending before the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), jointly administered under Case No. 09-50002 (AJG) (collectively, the "Chapter 11 Cases"); significant events that have occurred during the Chapter 11 Cases; and the anticipated results if the Plan is confirmed and becomes effective. This Disclosure Statement also describes terms and provisions of the Plan, including certain effects of Confirmation of the Plan, certain alternatives to the Plan and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the Confirmation process and the voting procedures that holders of Claims entitled to vote under the Plan must follow for their votes to be counted.

Except as otherwise provided herein, capitalized terms not otherwise defined in this Disclosure Statement have the meanings given to them in the Plan. Unless otherwise noted herein, all dollar amounts provided in this Disclosure Statement and in the Plan are given in U.S. dollars. Unless otherwise noted herein, reference to Sections or Exhibits are references to Sections of or Exhibits to this Disclosure Statement

[On [___ __], ~~2009~~2010, the Bankruptcy Court entered an order approving this Disclosure Statement as containing "adequate information" — *i.e.*, information of a kind and in sufficient detail to enable a hypothetical reasonable investor typical of the holders of Claims or Interests to make an informed judgment about the Plan. THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT CONSTITUTES NEITHER A GUARANTY OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN NOR AN ENDORSEMENT OF THE MERITS OF THE PLAN BY THE BANKRUPTCY COURT.]

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF, AND OBTAINING CONFIRMATION OF, THE PLAN AND MAY NOT BE RELIED UPON FOR ANY OTHER PURPOSE. SUBJECT TO THE OBLIGATIONS OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS (THE "CREDITORS' COMMITTEE"), AND OF ITS PROFESSIONALS UNDER SECTION 1102(b) OF THE BANKRUPTCY CODE, NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT AND ~~ANY~~THE ACCOMPANYING LETTERS.

ALL CREDITORS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS AND SCHEDULES ATTACHED TO THE PLAN AND THIS DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE OF THIS DISCLOSURE STATEMENT, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THIS DATE.

ANY STATEMENTS IN THIS DISCLOSURE STATEMENT CONCERNING THE PROVISIONS OF ANY DOCUMENT ARE NOT NECESSARILY COMPLETE, AND, IN EACH INSTANCE, REFERENCE IS MADE TO SUCH DOCUMENT FOR THE FULL TEXT THEREOF. CERTAIN DOCUMENTS DESCRIBED OR REFERRED TO IN THIS DISCLOSURE STATEMENT MAY NOT HAVE BEEN ATTACHED AS EXHIBITS BECAUSE OF THE IMPRACTICABILITY OF FURNISHING COPIES OF SUCH DOCUMENTS TO ALL RECIPIENTS OF THIS DISCLOSURE STATEMENT. THE DEBTORS WILL PROVIDE A HARD

COPY OF THE PLAN AND THE DISCLOSURE STATEMENT, INCLUDING ALL EXHIBITS FILED TO DATE, TO PARTIES IN INTEREST, AT NO CHARGE, UPON WRITTEN REQUEST. IN ADDITION, THE PLAN AND THE DISCLOSURE STATEMENT (INCLUDING EXHIBITS) ARE AVAILABLE AT NO CHARGE VIA THE INTERNET AT HTTP://WWW.CHRYSLERRESTRUCTURING.COM. THE CREDITORS' COMMITTEE ALSO HAS POSTED CERTAIN INFORMATION ON ITS WEBSITE AT HTTP://WWW.CHRYSLERCOMMITTEE.COM.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE UNITED STATES BANKRUPTCY CODE AND BANKRUPTCY RULE 3016 AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAWS.

THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY STATE SECURITIES REGULATOR, AND NEITHER THE SEC NOR ANY STATE SECURITIES REGULATOR HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING ANY SECURITIES OF OR CLAIMS AGAINST THE DEBTORS SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

THIS DISCLOSURE STATEMENT AND ~~ANY~~THE ACCOMPANYING LETTERS ARE THE ONLY DOCUMENTS TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN. NO SOLICITATION OF VOTES MAY BE MADE EXCEPT AFTER DISTRIBUTION OF THIS DISCLOSURE STATEMENT. NO PERSON HAS BEEN AUTHORIZED TO DISTRIBUTE ANY INFORMATION CONCERNING THE PLAN ATTACHED HERETO AS EXHIBIT A OTHER THAN THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AND ~~ANY~~THE ACCOMPANYING LETTERS.

EXCEPT WHERE SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AND IN ITS EXHIBITS HAS NOT BEEN AUDITED BY A CERTIFIED PUBLIC ACCOUNTANT AND HAS NOT BEEN PREPARED IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING, NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTORS.

A. Parties Entitled to Vote on the Plan

Under the provisions of the Bankruptcy Code, not all parties in interest are entitled to vote on a chapter 11 plan. Creditors or equity interest holders whose claims or interests are not impaired by the Plan are deemed to accept the Plan under section 1126(f) of the Bankruptcy Code and are not entitled to vote. Creditors or equity interest holders whose claims or interests are impaired by the Plan, and will receive no distribution under the Plan, also are not entitled to vote because they are deemed to have rejected the Plan under section 1126(g) of the Bankruptcy Code. Only the holders of Claims in Classes 2A and 3A are entitled to vote on the Plan. For a discussion of these matters, see Section VII (Voting Requirements) and Section VIII (Confirmation of the Plan).

The following further describes which Classes are entitled to vote on the Plan and which are not:

- The Debtors are not seeking votes from the holders of Claims and Interests in Class 1 (Priority Claims), Class 2D (Other Secured Claims) and Class 4B (Subsidiary Debtor Equity Interests), because

the Debtors believe that those Claims and Interests are not impaired by the Plan. These holders will be deemed to have voted to accept the Plan on account of the Claims and Interests in these Classes.

- Although holders of Claims in Class 3B (Intercompany Claims) will be impaired under the Plan and will not receive any distribution on account of such Claims, the Debtors are deemed to have voted each such Claim in favor of the Plan.

- Holders of Claims and Interests in Class 2B (TARP Financing Secured Claims), Class 2C (Owners' Secured Claims) and Class 4A (Equity Interests in Old Carco) will be impaired under the Plan. Because the holders of Claims and Interests in these Classes will not receive any distributions pursuant to the Plan on account of such Claims and Interests, each holder of a Claim or Interest in Classes 2B, 2C and 4A will be deemed to have rejected the Plan, pursuant to section 1126(g) of the Bankruptcy Code. Accordingly, holders of Claims and Interests in Classes 2B, 2C and 4A will not have the right to vote with respect to the Plan on account of those Claims and Interests.

- The Debtors are seeking votes from the holders of Allowed Claims in Class 2A (First Lien Secured Claims) and Class 3A (General Unsecured Claims) because those Claims are impaired under the Plan, and the holders of Allowed Claims in such Classes are receiving a distribution (or the possibility of a distribution) under the Plan on account of such Allowed Claims. The holders of such Claims will have the right to vote to accept or reject the Plan.

For a detailed description of the Classes of Claims and Interests and their treatment under the Plan, see Section VI.B (Classification and Treatment of Claims and Interests).

B. Solicitation Package

The Solicitation Package will contain:

1. A cover letter describing (a) the materials provided as part of the Solicitation Package; (b) the contents of any enclosed CD-ROM and instructions for use of the CD-ROM; and (c) information about how to obtain, at no charge, hard copies of any materials provided on CD-ROM;

2. A paper copy of the notice of the Confirmation Hearing (the "Confirmation Hearing Notice");

3. The Disclosure Statement, together with the exhibits thereto, including the Plan, that have been filed with the Bankruptcy Court before the date of the mailing. The Disclosure Statement and the Plan, including exhibits, total nearly 200 pages in length. Accordingly, to reduce substantially the administrative costs associated with printing and mailing such a voluminous document, the Debtors may elect to serve the Disclosure Statement and the Plan (including exhibits) via CD-ROM instead of in printed format to holders of Claims in Classes 2A and 3A (while reserving the right to serve printed copies of the Solicitation Packages). In addition to the service procedures outlined above (and to accommodate creditors who wish to review exhibits not included in the Solicitation Packages in the event of paper service): (a) the Disclosure Statement, together with the exhibits thereto, including the Plan, once they are filed, will be made available at no charge via the internet at http://www.chryslerrestructuring.com; (b) the Debtors will provide parties in interest (at no charge) with hard copies of the Disclosure Statement, together with the exhibits thereto, including the Plan (excluding any publicly-filed exhibits) upon written request; and (c) the Debtors will separately file copies of all exhibits to the Plan with the Bankruptcy Court no later than five ~~days~~Business Days before the Confirmation Hearing (as defined below);

4. Paper copies of ~~any~~ letters from the Debtors and the Creditors' Committee recommending acceptance of the Plan; and

5. For holders of Claims in voting Classes, an appropriate form of Ballot, a Ballot return envelope and such other materials as the Bankruptcy Court may direct (Ballots are provided only to holders

of Claims in Classes 2A and 3A, the Classes of Claims that are entitled to vote on the Plan). Holders of Claims in Classes 1 and 2D, which are unimpaired and not entitled to vote on the Plan, will receive a Notice of Non-Voting Status.

Under the solicitation procedures approved by the Bankruptcy Court, not all parties will be served with the entire Solicitation Package.

C. Voting Procedures, Ballots and Voting Deadline

If you are entitled to vote to accept or reject the Plan, a Ballot is enclosed for the purpose of voting on the Plan.

After carefully reviewing the Plan, this Disclosure Statement, the Approval and Procedures Order (as defined below) and the detailed instructions accompanying your Ballot, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan. For your vote to be counted, you must complete and sign your original Ballot (copies will not be accepted) and return it by the Voting Deadline (as defined below) in the envelope provided. Except with respect to Ballots used by master ballot agents (each, a "Master Ballot Agent") for summarizing votes cast by beneficial owners holding Bonds (each, a "Master Bond Ballot"), which Master Bond Ballots may be submitted by electronic mail, no Ballots may be submitted by facsimile or electronic mail, and any Ballots submitted by facsimile or electronic mail will not be accepted by the Voting Agent.

Each Ballot has been coded to reflect the Class of Claims it represents. Accordingly, in voting to accept or reject the Plan, you must use only the coded Ballot or Ballots sent to you with this Disclosure Statement.

If you (1) hold Claims in more than one voting Class, or (2) hold multiple Claims within one Class, you may receive more than one Ballot. If you are the beneficial owner of Bonds held in street name through ~~the~~a Master Ballot Agent, your Ballot(s) must be mailed to ~~the~~your Master Ballot Agent at the address on the envelope(s) enclosed with your Ballot(s) so that it (they) is (are) received by the time and date ~~set forth on the applicable~~specified by your Master Ballot Agent (the "Mailing Deadline") for your vote(s) with respect to such Bonds to be counted. All other Ballots to be counted, must be properly completed in accordance with the voting instructions on the Ballot and received no later than March 2, ~~2009~~2010, at 5:00 p.m. (Eastern Time) (the "Voting Deadline") by Epiq Bankruptcy Solutions, LLC ("Epiq" or, in such capacity, the "Voting Agent"), via (a) regular mail at Old Carco LLC (f/k/a Chrysler LLC), Ballot Processing Center, c/o Epiq Bankruptcy Solutions, LLC, FDR Station, P.O. Box 5014, New York, New York 10150-5014; or (b) hand delivery or courier at Old Carco LLC (f/k/a Chrysler LLC), Ballot Processing Center, c/o Epiq Bankruptcy Solutions, LLC, 757 Third Avenue, Third Floor, New York, New York 10017. Do not return any debt instruments or equity securities with your Ballot.

If you are a holder of a Claim who is entitled to vote on the Plan and did not receive a Ballot, received a damaged Ballot or lost your Ballot, or if you have any questions concerning the Disclosure Statement, the Plan or the procedures for voting on the Plan, please contact Epiq by (a) regular mail at Old Carco LLC (f/k/a Chrysler LLC), Ballot Processing Center, c/o Epiq Bankruptcy Solutions, LLC, FDR Station, P.O. Box 5014, New York, New York 10150-5014; (b) hand delivery or courier at Old Carco LLC (f/k/a Chrysler LLC), Ballot Processing Center, c/o Epiq Bankruptcy Solutions, LLC, 757 Third Avenue, Third Floor, New York, New York 10017; or (c) toll-free telephone at (877) 271-1568 (U.S. and Canadian Callers) or + 1 (503) 597-7708 (Outside the U.S. and Canada).

If you have any questions about the procedure for voting your Claim, the packet of materials that you have received or the amount of your Claim, or if you wish to obtain a paper copy of this Disclosure Statement and its appendices and exhibits, please contact the Voting Agent at the addresses or phone numbers set forth above.

FOR FURTHER INFORMATION AND INSTRUCTIONS ON VOTING TO ACCEPT OR REJECT THE PLAN, SEE SECTION VII (VOTING REQUIREMENTS).

Before voting on the Plan, each holder of a Claim in Classes 2A and 3A should read, in its entirety, this Disclosure Statement, the Plan, the Approval and Procedures Order, the Notice of Confirmation Hearing and the

instructions accompanying the Ballots. These documents contain important information concerning how Claims are classified for voting purposes and how votes will be tabulated.

D. Confirmation Hearing and Deadline for Objections to Confirmation

The Bankruptcy Code requires the Bankruptcy Court, after notice, to conduct a hearing on whether the Debtors have fulfilled the Confirmation requirements of section 1129 of the Bankruptcy Code. The **[Order (I) Approving Disclosure Statement, (II) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject the Amended Joint Plan of Liquidation, (III) Scheduling Hearing on Confirmation of the Amended Joint Plan of Liquidation and (IV) Approving Related Notice Procedures][(Docket No.___)]** (the "Approval and Procedures Order"), among other things, approves this Disclosure Statement as containing adequate information, establishes the voting procedures, schedules a hearing to consider Confirmation of the Plan (the "Confirmation Hearing") and sets the Voting Deadline and the deadline for objection to Confirmation of the Plan. The Confirmation Hearing has been scheduled for March 16, 2010 at 10:00 a.m., Eastern Time, before the Honorable Arthur J. Gonzalez, United States Bankruptcy Judge for the Southern District of New York, in courtroom 523 at the United States Bankruptcy Court for the Southern District of New York, located at One Bowling Green, New York, New York 10004. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement of the adjourned date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

Any objection to Confirmation must (1) be made in writing; (2) state the name and address of the objecting party and the nature of the Claim or Interest of such party; (3) state with particularity the basis and nature of any objection to the Confirmation of the Plan; and (4) in accordance with Bankruptcy Rule 3020(b)(1), be filed, together with proof of service, with the Bankruptcy Court and served on the ~~following~~ parties identified in the Confirmation Hearing Notice so that ~~they~~ it is received by such parties no later than 5:00 p.m., Eastern Time, on March 2, 2010, or such other date established by the Debtors~~. Any such objections must be Filed and served upon the persons designated in the notice of~~ and identified in the Confirmation Hearing ~~in the manner and by the deadline described therein~~Notice. Please review the Confirmation Hearing Notice for additional information about Filing objections to Confirmation of the Plan and related matters.

II.

SUMMARY OF THE PLAN

The following Plan summary is a general overview only, which is qualified in its entirety by, and should be read in conjunction with, the more detailed discussions, information and financial statements and notes thereto appearing elsewhere in this Disclosure Statement and the Plan.

This Disclosure Statement contains, among other things, descriptions and summaries of provisions of the Plan being proposed by the Debtors. The Debtors reserve the right to modify the Plan consistent with section 1127 of the Bankruptcy Code and Rule 3019 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").[1]

A. Overview

The confirmation of a plan of reorganization or liquidation, which is the vehicle for satisfying the rights of holders of claims against and equity interests in a debtor, is the overriding purpose of a chapter 11 case. A plan may provide anything from a complex restructuring of a debtor's business and its related obligations to a simple liquidation of assets. In either event, upon confirmation of the plan, it becomes binding on the debtor and all of its creditors and stakeholders, and the obligations owed by the debtor to those parties are compromised and exchanged for the obligations specified in the plan.

In these Chapter 11 Cases, the Plan contemplates the liquidation of each of the Debtors and therefore is referred to as a "plan of liquidation." The primary objectives of the Plan are to: (1) maximize the value of the

[1] The overview of the Plan set forth herein is designed to provide a summary of some of the Plan's primary terms. To the extent that anything set forth in this Disclosure Statement is inconsistent with the terms of the Plan, the Plan will govern.

ultimate recoveries to all creditor groups on a fair and equitable basis; (2) settle, compromise or otherwise dispose of certain Claims and Interests on terms that the Debtors believe to be fair and reasonable and in the best interests of the Debtors' respective Estates and creditors; (3) implement agreements with the Government DIP Lenders and the First Lien Lenders (as such terms are defined below) that provide for, among other things, (a) the funding of the winddown of the Debtors' Estates, (b) the transfer of collateral or the proceeds of collateral to, as applicable, the Government DIP Lenders or the First Lien Lenders that hold security interests in such collateral and (c) the funding of the Daimler Litigation (as defined below); (4) provide an opportunity for holders of Allowed General Unsecured Claims to achieve a recovery on account of such Claims, by virtue of the Government DIP Lenders' release of their Liens on any proceeds of the Daimler Litigation, on the terms and conditions described in the Plan; and (5) create a Liquidation Trust to liquidate and distribute the Debtors' remaining assets in accordance with the Plan. The Plan also provides for, among other things: (1) the resolution of all Claims against each of the Debtors in the manner set forth below, and in the Plan; (2) the rejection of all unexpired Executory Contracts and Unexpired Leases to which any Debtor is a party that are not included on Exhibit II.E.~~1~~2 to the Plan or that have not been previously assumed, assumed and assigned or rejected by the Debtors; (3) certain other transactions necessary to effectuate the terms of the Plan; and (4) the ultimate dissolution of the Debtors and the Liquidation Trust.

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the applicable requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation of a plan of liquidation are that the plan: (1) is accepted by the requisite holders of claims and interests in impaired classes of the debtor; (2) is in the "best interests" of each holder of a claim or interest in each impaired class under the plan for the debtor; and (3) complies with the applicable provisions of the Bankruptcy Code. In this instance, only holders of Allowed Claims in Classes 2A and 3A are entitled to vote on the Plan. See Section VIII.C (Requirements for Confirmation of the Plan) for a discussion of Bankruptcy Code requirements for Plan Confirmation.

B. Classification and Treatment of Claims and Interests Under the Plan

Except for Administrative Priority Claims (including DIP Financing Claims) and Priority Tax Claims, which are not required to be classified, all Claims and Interests that existed on April 30, 2009 (the "Petition Date") for all Debtors other than Alpha Holding LP ("Alpha Holding"), and May 19, 2009 (the "Alpha Petition Date") for Alpha Holding, are divided into Classes under the Plan. The following summarizes the treatment of the classified Claims and Interests under the Plan.

CLASS	TREATMENT	STATUS/ RIGHT TO VOTE	ESTIMATED AGGREGATE AMOUNT OF ALLOWED CLAIMS OR INTERESTS	ESTIMATED PERCENTAGE RECOVERY
Class 1 Priority Claims	Each holder of an Allowed Claim in Class 1 will receive Cash equal to the amount of such Allowed Claim.	**Unimpaired** **Not Entitled to Vote; Deemed to Have Accepted the Plan**	$750,000	100%

CLASS	TREATMENT	STATUS/ RIGHT TO VOTE	ESTIMATED AGGREGATE AMOUNT OF ALLOWED CLAIMS OR INTERESTS	ESTIMATED PERCENTAGE RECOVERY
Class 2A First Lien Secured Claims	Among other things, the holders of Allowed First Lien Secured Claims in Class 2A, will receive either the First Lien Collateral or the proceeds of the First Lien Collateral on account of such Allowed Claims, subject to various terms and conditions, as described in greater detail in Section VI.B.2 and Plan Section II.B.2. The First Lien Lenders also will provide certain funding to assist in the liquidation of the First Lien Collateral and to fund the pursuit of the Daimler Litigation.	**Impaired** **Entitled to Vote**	The Value of the First Lien Collateral	Less than 100%
Class 2B TARP Financing Secured Claims	No property will be distributed to or retained by the holders of Allowed Claims in Class 2B.	**Impaired** **Not Entitled to Vote; Deemed to Have Rejected the Plan**	$0.00	0%
Class 2C Owners' Secured Claims	No property will be distributed to or retained by the holders of Allowed Owners' Secured Claims in Class 2C.	**Impaired** **Not Entitled to Vote; Deemed to Have Rejected the Plan**	$0.00	0%

CLASS	TREATMENT	STATUS/ RIGHT TO VOTE	ESTIMATED AGGREGATE AMOUNT OF ALLOWED CLAIMS OR INTERESTS	ESTIMATED PERCENTAGE RECOVERY
Class 2D Other Secured Claims	Each holder of an Allowed Claim in Class 2D will receive the recoveries set forth in Option A, B or C below, at the election of the applicable Debtor. The applicable Debtor will be deemed to have elected Option B except with respect to (a) any Allowed Other Secured Claim as to which the applicable Debtor elects either Option A or Option C in one or more certifications Filed prior to the conclusion of the Confirmation Hearing and (b) any Allowed Other Secured Claim, relating to real or personal property not transferred to the Liquidation Trust, with respect to which the applicable Debtor will be deemed to have elected Option A. *Option A:* Each holder of an allowed Claim in Class 2D will receive Cash from the applicable Liquidation Account equal to the amount of such Allowed Claim (subject to the Liquidation Trustee's right under Section V.E.2 of the Plan to elect installment payments under section 1129(a)(9)(D) of the Bankruptcy Code). *Option B:* Each holder of an Allowed Claim in Class 2D will retain their Liens on the underlying collateral until such collateral is sold and will be paid within 20 Business Days of the sale of the collateral from the net proceeds thereof. *Option C:* Each holder of an Allowed Claim in Class 2D will be entitled to receive the collateral securing such Allowed Claim. Unless otherwise ordered by the Bankruptcy Court, each Allowed Claim in Class 2D will be considered to be in a separate subclass within Class 2D, and each such subclass will be deemed to be a separate Class for purposes of the Plan. To the extent that any holder of an Allowed Claim in Class 2D asserts in a timely objection to Confirmation of the Plan that its Claim is impaired by the Plan, such subclass will be deemed to have rejected the Plan and the Debtors will seek to confirm the Plan over such rejection pursuant to section 1129(b) of the Bankruptcy Code.	**Unimpaired** **Not Entitled to Vote**	$20,600,000	100%

CLASS	TREATMENT	STATUS/ RIGHT TO VOTE	ESTIMATED AGGREGATE AMOUNT OF ALLOWED CLAIMS OR INTERESTS	ESTIMATED PERCENTAGE RECOVERY
Class 3A General Unsecured Claims	If Class 3A votes in a sufficient number to cause the Claims in Class 3A to accept the Plan and Class 2A has voted to accept the Plan, each holder of an Allowed Claim in Class 3A will receive a Pro Rata share of the Available Net Daimler Proceeds on deposit in the Additional Proceeds Account, *provided that* the Available Net Daimler Proceeds exceed the Minimum Distribution Threshold. If Class 3A and/or Class 2A rejects the Plan, no property will be distributed to or retained by the holders of Allowed Claims in Class 3A.	**Impaired** **Entitled to Vote**	Undetermined	Undetermined
Class 3B Intercompany Claims	No property will be distributed to or retained by the holders of Allowed Claims in Class 3B.	**Impaired** **Not Entitled to Vote; Deemed to Have Accepted the Plan**	N/A	0%
Class 4A Equity Interests of Old Carco	No property will be distributed to or retained by the holders of Equity Interests of Old Carco in Class 4A.	**Impaired** **Not Entitled to Vote; Deemed to Have Rejected the Plan**	N/A	0%
Class 4B Subsidiary Debtor Equity Interests	Class 4B Interests will be Reinstated, subject to the Restructuring Transactions.	**Unimpaired** **Not Entitled to Vote; Deemed to Have Accepted the Plan**	N/A	N/A

Because the holders of Allowed General Unsecured Claims in Class 3A will receive a recovery only if the holders of Claims in Classes 2A and 3A vote in sufficient numbers to approve the Plan and the Daimler Litigation is successful and generates available net proceeds in excess of the Minimum Distribution Threshold, the outcome of such litigation will directly impact and determine such recoveries. Moreover, even if the Daimler Litigation is successful, any recovery from such litigation will be subject to reduction due to, among other things, (a) contingency fees and other costs associated with such litigation and (b) the funding of the General Unsecured Claims Reserve to pay for administrative costs, including costs associated with the review, adjudication and

resolution of General Unsecured Claims and the distribution of any net proceeds from the Daimler Litigation to the holders of General Unsecured Claims in Class 3A. See Plan Section IV.~~B~~G.~~3~~2. For more information about the Daimler Litigation, see Section V.N (The Daimler Litigation).

The amount of Allowed General Unsecured Claims is undetermined at this time, and much of the work to reconcile and adjudicate such Claims is expected to be deferred until after it is determined that a recovery will be available to the holders of such Claims. By way of example, the following asserted Claims would be General Unsecured Claims subject to treatment in Class 3A to the extent Allowed: the First Lien Deficiency Claim estimated at not less than $4.5 billion, ~~Daimler's deficiency claim~~the Daimler Deficiency Claim under the Owners' Credit Agreement in the amount of approximately $1.5 billion, more than 450 Filed proofs of Claim asserting rejection damages and other contract claims, over 1,500 Filed proofs of Claim asserting trade payable obligations, nearly 18,600 Filed proofs of Claim asserting personal injury and wrongful death claims, nearly 650 Filed proofs of Claim relating to other litigation matters and numerous asserted employee, tax and other Claims. In addition, the TARP Financing Deficiency Claims of approximately $3.7 billion is a General Unsecured Claim; however, the U.S. Treasury will receive no recovery on account of such Claim pursuant to the terms of the Plan. In total, prior to reconciliation and resolution, the Debtors have identified approximately 25,000 Filed Claims asserting General Unsecured Claims in the liquidated amount of $25 billion, plus unliquidated amounts. This paragraph is provided only for informational purposes and is not intended to constitute an estimate of the ultimate Allowed amount of these Claims.

III.

GENERAL INFORMATION ABOUT THE DEBTORS

A. Introduction

Prior to the Petition Date, the Debtors operated one of the largest automotive manufacturing and distribution businesses in the world, with a history dating back nearly 85 years and operations from coast-to-coast and overseas. The Debtors constituted a truly American company, with a legacy of supporting the U.S. military with Jeep products and a history of innovation, including pioneering the minivan, creating the legendary HEMI engine and producing the most all-electric vehicles in the United States.

These cases were commenced under exceptionally difficult and challenging economic conditions. At the outset of these cases, and in the months leading up to the chapter 11 filing, the Debtors faced the worst automotive market in at least 26 years amidst massive disruption in worldwide credit markets. The challenges facing the U.S. automotive manufacturers during the second half of 2008 and the ensuing "bail-out" by the U.S. and Canadian governments were highly publicized historic events.

Even before the credit crisis became apparent, the Debtors' executives had been exploring strategic options around the world, evaluating potential transactions with strategic partners dating back to 2007. The need for action increased dramatically as global auto sales plunged, starting in the summer of 2008. The Debtors' cash liquidity needs became critical as the end of 2008 approached. The other members of Detroit's Big Three — General Motors Corporation ("GM") and Ford Motor Company ("Ford" and, together with the Debtors and GM, the "Domestic Auto Manufacturers") — also faced the growing financial pressures of the marketplace. None was able to access additional financing from any source. Initially, the Domestic Auto Manufacturers asked the U.S. government for as much as $38 billion in federal loans as a bridge to survival and then profitability. In pursuit of this aid, the Chief Executives of the Domestic Auto Manufacturers, as well as the president of the United Auto Workers (the "UAW"), testified before a House of Representatives committee on November 17, 2008 and a Senate committee on December 4, 2008. In response to a Congressional request for the formal submission of loan requests and business plans demonstrating viability, only GM and the Debtors submitted loan requests, which aggregated $25 billion in requested funds. Of this total, the Debtors sought $9 billion.

At the Congressional hearings in November and December of 2008, the executives testified that chapter 11 was not an option for many reasons, including: (1) consumers would not buy cars from a bankrupt company due to concerns over the availability of warranties; (2) without consumer demand, the already stressed dealer network

would fail; and (3) the exceedingly fragile supply chain could not withstand an interruption or failure to be paid by an automobile manufacturer. Interestingly, given the "just in time" nature of the supply network, with many suppliers being the single source of parts for more than one manufacturer, there was a high level of concern regarding the linkage between and among each manufacturer and its suppliers, who also served as suppliers to most of the competing domestic and foreign auto manufacturers. For example, if a supplier experienced financial distress and failed to deliver to a manufacturer, that manufacturer's production would cease, causing further supplier casualties and spreading the disruption to multiple other manufacturers and suppliers.

Later in December 2008, after extensive Congressional hearings and several unsuccessful legislative initiatives, President George W. Bush and Treasury Secretary Henry Paulson determined that a failure of the Domestic Auto Manufacturers posed a systemic risk to financial markets and the economy as a whole and therefore established the Guidelines for Automotive Industry Financing Program (the "AIFP Guidelines") from the Troubled Asset Relief Program ("TARP") and announced their decision to provide $17 billion in interim loans thereunder to the Debtors and GM. On January 2, 2009, the United States Department of the Treasury (the "U.S. Treasury") provided bridge loans of $4 billion to the Debtors through the Loan and Security Agreement, dated as of December 31, 2008 (the "TARP Loan").

The infusion of the $4 billion TARP Loan was an interim measure designed to permit the Debtors to operate through the first quarter of 2009, the installation of President Obama's administration and a period of review prior to the established deadline of March 30, 2009 for certification and extension of the loan. If the Debtors did not obtain such certification, the TARP Loan would automatically accelerate on March 31, 2009. The infusion also anticipated that the Debtors would meet the TARP Loan's requirement to submit a plan on or before February 17, 2009 (the "February 2009 Viability Plan") that included: (1) a renewed request for additional loans; (2) a plan demonstrating that the Debtors would achieve viability with the benefit of additional loans; and (3) a showing that the Debtors could repay all government loans. The TARP Loan required that the February 2009 Viability Plan include labor modifications ~~that reflected~~to make the Debtors' labor cost structure competitive to that of non-union manufacturers~~' costs~~, dealer rationalization, legacy relief and debt reduction. Consistent with the Congressional testimony of Old Carco's Chief Executive Officer, Robert Nardelli, and in furtherance of a viable business plan, the Debtors continued their efforts to find a strategic partner, pursuing both GM and Fiat S.p.A. ("Fiat"). In the February 2009 Viability Plan, the Debtors set forth three options: (1) maintenance of a stand-alone company, which would require additional funding of $5 billion pending a later strategic alliance; (2) pursuit of an alliance with Fiat, which would require at least $6 billion in additional funding; or (3) an orderly liquidation in bankruptcy. Each such option was analyzed in the February 2009 Viability Plan, including a detailed liquidation analysis, which reflected the following if the Debtors' assets were liquidated on a piecemeal basis in bankruptcy:

- the loss of 38,500 hourly and salaried jobs at the Debtors' U.S. operations;
- the loss of over $9.8 billion of health care and other benefits for the Debtors' employees and retirees and their surviving spouses, as well as the potential collapse of $2 billion in annual pension payments;
- the closure of all 23 of the Debtors' manufacturing plants and facilities and 20 parts depots in the United States (as well as 18 additional plants and parts depots worldwide);
- the closure of approximately 3,200 of the Dealers (as defined below), including loss of employment by over 140,000 of the Dealers' workers;
- the loss of over $5.3 billion in outstanding auto parts and service supplier invoices to the Debtors' suppliers, potentially forcing hundreds of suppliers out of business and the ensuing loss of hundreds of thousands of additional jobs;
- the loss in value to over 31 million Chrysler, Jeep and Dodge owners' cars and trucks due to doubts regarding warranties, replacement parts and services;
- the loss of billions of dollars of local, state and federal governments tax revenues in the United States;

- the loss of billions in annual sales in local economies; and

- significantly lower recoveries by the Debtors' stakeholders and creditors, due to estimated liquidation value that could be substantially less than $2 billion.

Concurrently with submission of the February 2009 Viability Plan, President Obama formed the Presidential Task Force on the Auto Industry (the "Auto Task Force"), chaired by Secretary of the Treasury Tim Geithner and Chairman of the Council of Economic Advisors Laurence Summers. The services of Stephen Rattner and Harry Wilson, both well recognized investment and private equity bankers, as well as Ron Bloom, formerly the special assistant to the President of the United Steel Workers, also were retained. The Auto Task Force spent weeks studying the February 2009 Viability Plan, and meeting with the Debtors, their owners, the UAW and key suppliers and performing extensive diligence on-~~sight~~site with the Debtors and their major constituents. On March 30, 2009, the scheduled certification date of the TARP Loan, President Obama announced his determination, based upon the recommendations of the Auto Task Force, that the Debtors were not viable on a stand-alone basis. However, President Obama proposed that the U.S. government would provide at least $6 billion in funding for a strategic alliance between the Debtors and Fiat, or another appropriate partner, *provided that* such an alliance was concluded to the satisfaction of the Auto Task Force within 30 days. The President demanded that any such alliance would have to achieve even greater savings from the Debtors' lenders, owners and workforce than anticipated by the February 2009 Viability Plan. Concurrently, the President also announced: (1) the initiation of the Auto Supplier Support Program, which would enable suppliers selected by the Domestic Auto Manufacturers to participate in a government program to guarantee to suppliers the payment of amounts due from GM and the Debtors; and (2) the implementation of the New Warrantee Commitment Program, which would provide a government guaranty to consumers that purchased a new car from GM or the Debtors after February 17, 2009 for their warranty claims. In closing, the President suggested that the restoration of the Debtors' viability might require a "surgical" bankruptcy.

For the next 30 days the Debtors, Fiat and the UAW worked to refine and finalize an alliance with Fiat that would meet the Auto Task Force's requirements. That alliance ultimately evolved into the sale of all or substantially all of the Debtors' assets (the "Fiat Transaction") to Chrysler Group LLC, f/k/a New CarCo Acquisition LLC ("New Chrysler"), a company formed by Fiat and funded by the U.S. and Canadian governments. Although the Debtors ultimately obtained the consent and support of more than 90% of the holders of First Lien Secured Claims (the "First Lien Lenders") for a $2 billion cash payment for their collateral, the U.S. and Canadian governments refused to extend the TARP Loan or provide any additional financing outside of chapter 11 without unanimity of the First Lien Lenders. The commencement of these Chapter 11 Cases and the extension of debtor in possession financing by the U.S. and Canadian governments allowed the Debtors to implement the Fiat Transaction and thereby preserve and protect the Debtors' business assets and going concern value for the benefit of the Debtors' stakeholders, yielding more than liquidation value for its creditors, and far more than liquidation value in the case of the First Lien Lenders.

On June 10, 2009 (the "Closing Date"), the Debtors consummated the Fiat Transaction with New Chrysler. Since that time, the Debtors have engaged in the process of winding-down their affairs. The actions described in the Plan constitute the final and necessary steps to complete the orderly liquidation of the Debtors' remaining assets and are intended to achieve the best possible recovery for those assets, while providing a fair process for the distribution of the proceeds of those assets in accordance with the Bankruptcy Code and the settlements achieved among certain of the key stakeholders.

B. The Debtors' Prepetition Businesses

Prior to the Petition Date, the Debtors and their non-~~debtor~~Debtor affiliates (collectively, the "Company"): (1) comprised one of the world's largest manufacturers and distributors of automobiles and other vehicles, together with related parts and accessories; and (2) employed approximately 55,000 people as of the Petition Date with operations in all 50 states, as well as Canada, Europe, Mexico and Asia.

Originally founded in 1925, the Company was formed when Walter P. Chrysler reincorporated predecessor Maxwell Motor Company in his own name. Through the years, the Company has manufactured millions of vehicles

under distinctive American brands, including AMC, Chrysler, DeSoto, Dodge, Eagle, Imperial, Jeep, Plymouth and Valiant. The Company also operated a vehicle parts division under the Mopar brand since 1930.

As recently as 1998, the Company was recognized as one of America's premier corporate enterprises. In the same year, Daimler-Benz AG, the predecessor in interest to Daimler AG ("Daimler"), acquired the Company (the "Daimler Acquisition"). Integration with Daimler AG resulted in the Company's key functions, operating strategy and long-term product plans being subordinated to Daimler's Daimler AG's German headquarters. Chrysler Financial Services Americas LLC ("Chrysler Financial"), the Company's financial arm, also was integrated with Daimler's Daimler AG's financial arm at this time.

Within nine years of the Daimler Acquisition, the Company's performance had drastically deteriorated. In February 2007, Daimler AG announced it would explore all options for the Company, including a sale, and in August of the same year, the Company was sold to Cerberus Capital Management, L.P. ("Cerberus") acquired a controlling interest in Chrysler Holding LLC ("Chrysler Parent"), Old Carco's ultimate parent, creating the first privately-held American auto company in 50 years (the "Daimler Divestiture"). Daimler AG and DaimlerChrysler Holding LLC also entered into an agreement with the Pension Benefit Guaranty Corporation (the "PBGC") and the predecessors to the Debtors CG Investor LLC (a Cerberus affiliate), requiring Daimler AG to issue a guaranty of up to $1 billion for any shortfalls to the Debtors' pension plans.

Although historically Chrysler Financial had been a subsidiary of the Debtors, concurrently with the Daimler Divestiture, Daimler AG isolated the Company's financial subsidiaries and related financial assets leaving Chrysler Financial as a separate sister company outside of the Debtors under common ownership of Chrysler Holding LLC ("Chrysler Parent"), Old Carco's ultimate parent. After the Daimler Divestiture, Chrysler Financial operated separately from the Company, with distinct governance structure, management and business goals. Neither Chrysler Parent nor Chrysler Financial are Debtors in these Chapter 11 Cases.

As of the Petition Date, the Company operated 32 manufacturing and assembly facilities, including 23 U.S. locations (accounting for 69% of the vehicle production), 24 parts depots, including 20 domestic facilities, and an expansive dealer network, comprised of over 3,200 U.S. dealerships. Seventy-two percent of the Company's sales originated in the U.S., and it purchased 78% of its parts and materials from U.S.-based suppliers.

In the years immediately preceding the Petition Date, the Company annually produced approximately 2 million new vehicles worldwide under the Chrysler, Dodge and Jeep brands. The Company's primary competitors included the other Domestic Auto Manufacturers — Ford and GM — as well as international competitors such as Toyota Motor Corporation ("Toyota"), Nissan Motor Company ("Nissan"), Honda Motor Company ("Honda") and Hyundai Motor Company ("Hyundai"), all of which maintain assembly and/or manufacturing plants in the United States.

For the 12 months ending December 31, 2008, the Company recorded revenue of more than $48.5 billion and had assets of approximately $39.3 billion and liabilities totaling $55.2 billion. During the same period, the Company had a net loss of approximately $16.8 billion.

C. The Debtors' Prepetition Capital Structure

The facilities and instruments evidencing the Debtors' primary prepetition debt and certain other elements of their prepetition capital structure are described below.

1. First Lien Credit Agreement

Prior to the Petition Date, the Debtors entered into the Amended and Restated Credit Agreement, dated August 3, 2007 (the "Initial Credit Agreement") that provided a $10 billion term loan maturing August 3, 2013. The Initial Credit Agreement was entered into by and among: (a) Old Carco, as borrower; (b) CarCo Intermediate HoldCo II LLC ("CarCo Holding II"), Old Carco's immediate parent company and a nondebtor, as guarantor; (c) the First Lien Lenders; and (d) JPMorgan Chase Bank, N.A., as administrative agent (the "First Lien Agent"). The Initial Credit Agreement was amended and restated on November 29, 2007 (the "First Lien Credit Agreement") to

reduce the term loan amount under the Initial Credit Agreement by $3 billion. In June 2008, ~~and~~ the Company's capital was ~~then~~ augmented with $2 billion from the Owners' Credit Agreement (as defined below) provided by the Debtors' owners and their affiliates. As of the Petition Date, the principal amount outstanding under the First Lien Credit Agreement was approximately $6.9 billion. Old Carco's obligations under the First Lien Credit Agreement are: (a) secured by a security interest in and first lien on substantially all of Old Carco's assets, including accounts receivable, inventory, equipment, books and records, cash, general intangibles, real property and a pledge of all of the capital stock of each of Old Carco's domestic subsidiaries (other than its charitable subsidiaries) and 65% of all of the capital stock of each of Old Carco's first-tier foreign subsidiaries; and (b) guaranteed by certain other Debtors, which guaranties are secured by a first priority lien on substantially all of such entities' respective assets, including a pledge of all of the capital stock of each of their domestic subsidiaries and 65% of all the capital stock of each of their first-tier foreign subsidiaries.

2. **The Owners' Credit Agreement**

As part of the Daimler Divestiture following the failed syndication of the First Lien Credit Agreement, Old Carco entered into a credit facility with its owners and affiliates as the Second Lien Credit Agreement, dated as of August 3, 2007 (as amended, the "Owners' Credit Agreement"), among (a) Old Carco, as borrower; (b) CarCo Holding II, as guarantor; (c) Cerberus affiliate Madeleine L.L.C. ("Madeleine") and Daimler AG affiliate DaimlerChrysler North America Finance Corporation ("Daimler Financial" and, together with Madeleine, the "Owners and Affiliates") as lenders.

In June 2008, Old Carco received $2 billion in loans from the Owners and Affiliates ($1.5 billion from Daimler Financial and $500 million from Cerberus affiliates). The obligations under the Owners' Credit Agreement were scheduled to mature on February 3, 2014 and were secured by a second priority security interest in the same collateral that secures the First Lien Credit Agreement. As of the Petition Date, $2 billion remained outstanding under the Owners' Credit Agreement (the "Owners' Loan Claims").

3. **TARP Loan**

Nondebtor Chrysler Parent, as borrower, and the U.S. Treasury, as lender, entered into the TARP Loan on December 31, 2008. The TARP Loan sets forth the terms and conditions of a $4 billion interim loan that would effectively mature on March 30, 2009, unless extended upon the certification (and extension of additional credit) by an official, designated as the "President's Designee," on such date or if such President's Designee agreed, within 30 days thereafter. Old Carco and certain of its domestic subsidiaries, along with nondebtors CarCo Intermediate HoldCo I LLC ("CarCo Holding I") and CarCo Holding II, are guarantors of the TARP Loan.

As security for the TARP Loan, the U.S. Treasury was granted a first priority lien on all of the Debtors' unencumbered assets (primarily comprised of certain parcels of real property) and Old Carco's Mopar parts inventory, and a third priority lien on other assets serving as collateral for obligations under the First Lien Credit Agreement and the Owners' Credit Agreement. In addition, the U.S. Treasury's recourse to the direct or indirect equity interest of Chrysler Parent in FinCo Intermediate HoldCo LLC or any of its subsidiaries (including Chrysler Financial) was limited to $2 billion. The TARP Loan was amended on April 29, 2009 to provide for an advance related to the warranty program of $280 million and to provide a working capital line of up to $500 million, the latter ~~off~~of which was never drawn. As of the Petition Date, the full amount of the TARP Loan remained outstanding. The U.S. Treasury has filed proofs of claim on account of the TARP Loan for approximately $3.7 billion in unpaid principal, plus any accrued but unpaid interest, plus contingent unliquidated interest, fees, expenses and other amounts.

4. **Equity Interests**

Old Carco has issued 100,000 Class A membership interests and 1,156.19 Class E membership interests. All of Old Carco's Class A membership interests are held by CarCo Holding II and all of Old Carco's Class E membership interests are held by Chrysler Parent. ~~The owners of Chrysler Parent are Cerberus and Daimler.~~ As of the Petition Date, 80.1% of the membership interests in Chrysler Parent were held by Cerberus or its affiliates and 19.9% of the membership interests were held by certain affiliates of Daimler AG (the "Daimler Owners"). Pursuant

to a June 2009 agreement among Chrysler Parent, Cerberus and Daimler AG, Chrysler Parent redeemed the Daimler Owners' 19.9% membership interest. Cerberus or its affiliates hold 100% of the outstanding membership interests in Chrysler Parent as of the date hereof.

IV.

EVENTS LEADING UP TO THE COMMENCEMENT OF THE CHAPTER 11 CASES

A. Factors Precipitating the Filing of the Chapter 11 Cases

Several external factors severely impacted the Debtors' operations and financial performance and ultimately prompted the liquidity pressures that precipitated the need to file these Chapter 11 Cases. Among other things, the Debtors faced an unprecedented decline in automobile sales combined with a liquidity-choking global credit crisis. These factors not only affected the Debtors, but dramatically impacted the U.S. auto industry as a whole, as evidenced by the chapter 11 cases of major suppliers such as Collins & Aikman Corporation; Dana Corporation; Delphi Corporation; DURA Automotive Systems Inc.; Lear Corp.; Meridian Automotive Systems, Inc.; Metaldyne Corporation; Tower Automotive, Inc.; and Visteon Corp, and culminating in the chapter 11 filings of the Debtors and GM. Most significantly, the Debtors faced a liquidity crisis at precisely the same instant that all commercial lenders refused to lend on any basis. The only available lenders were the U.S. and Canadian governments, both of whom ultimately refused to extend further financing outside of chapter 11. The sole remaining financing option open to the Debtors was the U.S. and Canadian governments' offer to extend funds to bridge to the consummation of the Fiat Transaction, or any higher or better offer, in a sale under section 363 of the Bankruptcy Code. Even in chapter 11, both the U.S. and Canadian governments declined to fund the Debtors' ongoing operations. To conserve cash and manage losses of almost $100 million per day, the U.S. and Canadian governments insisted that the Debtors' operations remained idle to conserve cash pending a timely closing of the Fiat Transaction (or other court approved transaction), failing which their financing would reduce to the minimal amount necessary to fund the orderly winddown and liquidation of the Debtors, an amount estimated to be up to $260 million.

1. Credit Crisis

The global credit crisis that affected the markets in the fall of 2008 effectively halted the Debtors' standard business operations. Originating in the U.S. subprime mortgage markets, the crisis quickly spread to global primary and secondary credit markets as well as the banking system as a whole. By October 2008, the credit crisis had effectively "frozen" the asset-backed securities ("ABS") market and caused several failures among financial institutions. In the wake of these events, other major financial institutions either accepted substantial emergency government financing, were liquidated or sold to other entities. The result was a collapse in investor confidence and rigidity in credit markets not seen in generations.

In the auto industry, securitization of wholesale loans (*i.e.*, loans to dealers) and retail loans (*i.e.*, loans to consumers) abruptly halted in the fall of 2008 as ABS conduits that provided financing to the automotive finance companies — including GMAC LLC ("GMAC") and Chrysler Financial — were unable to "roll over" commercial paper due to tightening credit markets. Sales to dealers by the Debtors and the other Domestic Auto Manufacturers generally were financed almost entirely through the ABS market. Access to the ABS market had enabled the automotive finance companies, including Chrysler Financial, to finance the sale of automobiles to the Debtors' domestic dealerships (collectively, the "Dealers") and, in turn, offer the Dealers' retail customers reasonable interest rates. Credit was accessible for consumers until the summer of 2008. On the heels of the credit crisis, ABS investors that historically provided funding for the automotive finance companies demanded interest rates that proved prohibitively expensive for a sustainable ABS market. With the ABS market effectively ceasing to function, the market for auto loans evaporated almost overnight, causing immediate working capital shortfalls in the automotive credit companies and, in turn, severely impairing the Debtors' ability to sell cars to Dealers and realize revenues. The Debtors also proved unable to establish alternative financing because credit markets remained frozen as a whole; credit also was not available to Dealers and unavailable to all but the most creditworthy of consumers.

2. Chrysler Financial

Chrysler Parent, Old Carco's ultimate parent, also is the owner of a financing company, nondebtor Chrysler Financial. Chrysler Financial operates separately from the Debtors, with its own board and management. On August 3, 2007, Old Carco and Chrysler Financial entered into a Master Autofinance Agreement (the "Prepetition MAFA"). The Prepetition MAFA required the Debtors to use Chrysler Financial for wholesale financing of the Dealers and retail financing of end customers. Approximately 75% of the Dealers and 50% of the Debtors' end consumers financed their vehicle purchases through Chrysler Financial. Beginning in December 2008, the level of financing provided by Chrysler Financial to the Dealers and consumers became severely restricted due to the continued global credit crisis. With credit markets frozen, the Debtors were unable to establish alternative financing, severely impacting the Debtors' ability to make sales and realize revenues.

3. Decline in Automobile Sales

During the final two quarters of 2008 through the first part of 2009, the demand for U.S. auto sales dropped to its lowest level in decades. In November 2008, the Seasonally Adjusted Annual Rate ("SAAR"), a statistic reflecting market share and car and truck demand in the United States, declined to 10.5 million from 16.5 million in November of 2007. Overseas markets also were impacted, with a 25% decrease in European car sales during November 2008. These costs continued to deplete the Debtors' cash, especially at the end of 2008. The Domestic Automobile Manufacturers use "just in time" inventory, which outsources virtually all parts of the supply chain to achieve efficiencies. Through the "just in time" system, manufacturers receive inventory at the exact moment needed to complete vehicles and almost immediately thereafter deliver such vehicles to their dealers in exchange for a cash purchase price. In this fashion, Domestic Automobile Manufacturers operated on a negative working capital model — meaning that they had little or no inventory and no accounts receivable — and instead relied upon captive (or affiliated) automotive finance companies to finance immediate cash sales to dealers and thereafter pay suppliers on 45- to 60-day terms. This cash flow pattern normally allowed the Debtors to build or maintain cash. However, with sales declining, the Debtors' revenues and cash inflows proved insufficient to pay supplier costs based on the higher sales volumes just 45 to 60 days earlier. This cash flow model exacerbated the Debtors' lack of liquidity amidst the credit crisis as sales volumes continued to drop through the close of 2008. Despite the decline in the Debtors' automobile sales, the Debtors maintained substantial fixed costs including suppliers, wages and benefits. These costs continued to deplete the Debtors' cash, especially at the end of 2008.

SAAR levels continued to fall through the first quarter of 2009. In January, SAAR levels reached a 26-year industry low of 9.8 million units — a 37% decrease from January 2008. March 2009 SAAR numbers indicated a 35% decrease from March 2008. While the Domestic Auto Manufacturers had worked to reduce costs and breakeven levels to new lows of 14 to 16.5 million SAAR — the Debtors reduced their breakeven to close to 13 million SAAR — none was prepared for the continuing losses at these record low sales levels. Due to this abrupt and historic decline in automobile sales, the Debtors' lack of cash inflow and revenues effectively forced the Debtors to fund ongoing losses with cash reserves, leading to a severe and unanticipated liquidity crisis.

B. Prepetition Restructuring Efforts

1. Recovery and Transformation Plan

In February 2007, the Debtors initiated the "Recovery and Transformation Plan" (the "Transformation Plan"), an aggressive, long-term restructuring effort, designed to address declining economic and market conditions and competitive industry dynamics while fundamentally transforming the Debtors' businesses to better align them with consumers' changing needs and desires, including for more fuel-efficient cars. In conjunction with the Transformation Plan, the Debtors also engaged new corporate leadership. Key features included workforce reductions of over 33,000, discontinuing models, reducing production by one-third, selling non-core assets and implementing a program to rationalize dealerships and improve their quality. The Transformation Plan soon began to have a positive impact on the Debtors' businesses, operations and finances, greatly reducing the Debtors' breakeven point and lowering its cost, but the savings would be woefully short of the extraordinary levels needed to account for the record low SAAR level.

2. **2008 Settlement Agreement**

Prior to the Petition Date, the Debtors made significant progress addressing labor and retiree costs. On October 12, 2007, the Debtors reached an historic labor agreement with the UAW to address ongoing labor costs of the active workforce. On March 31, 2008, the Debtors entered into a settlement agreement with the UAW and the Debtors' UAW retirees (the "2008 Settlement Agreement") to address the Debtors' legacy costs of approximately $16 billion for retiree health and related benefits. The 2008 Settlement Agreement was approved by the United States District Court for the Eastern District of Michigan on July 31, 2008. The 2008 Settlement Agreement represented a landmark achievement in the Debtors' Transformation Plan. In essence, the 2008 Settlement Agreement exchanged the Debtors' liability for retired UAW workers' health care benefits for a series of contributions by the Debtors to an independent Voluntary Employee Beneficiary Association (the "VEBA") ~~operated by the UAW~~.

The terms of the 2008 Settlement Agreement provided for the Debtors to spend approximately $6.7 billion by the end of January 2010 for retiree health care, including a contribution of $3.6 billion in cash and almost $2 billion in securities to the independent VEBA, and $0.9 billion to continue retiree medical benefits until January 1, 2010. In addition to this $6.7 billion, the Debtors were to transfer approximately $1.7 billion from an existing internal VEBA maintained by Old Carco to the independent VEBA by January 1, 2010. Upon funding of the independent VEBA in 2010, the independent VEBA would then become responsible for health care and related benefits of the UAW retirees.

Through the Transformation Plan and labor agreements, the Debtors made substantial progress towards creating a competitive cost structure. Prior to the credit crisis, the Debtors were meeting and exceeding all performance targets, generating over $1 billion in EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) and ending the first two quarters of 2008 with over $9.4 billion in unrestricted cash.

3. **Pursuit of Strategic Alliances**

An important component of the Transformation Plan was for the Debtors to leverage the resources of other auto manufacturers, through the aggressive pursuit of partnerships and strategic alliances, to support growth, improve their cost structure and expand their businesses into new products, market segments and geographic locations. For over two and a half years prior to the Petition Date, the Debtors sought to make a strategic alliance to expand their worldwide distribution network and to add a complimentary line of products. The Debtors entered into good faith negotiations to create a strategic partnership with Nissan,[2] GM, Volkswagen AG, Tata Motors, Magna International Inc., GAZ Group, Hyundai, Honda and Toyota. In each instance, the result ultimately was unsuccessful. Additionally, the Debtors approached various Chinese companies, including Beijing Automotive Industry Holding Co., Tempo International Group, Hawtai Automobiles and Chery Automobile Co., regarding the potential sale of various assets. Once again, the Debtors were unable to reach any agreements with these parties. It is noteworthy that in his Congressional testimony, Robert Nardelli, Old Carco's Chief Executive Officer at that time, described this strategic initiative as a necessary part of the Debtors' long-term viability, particularly in his exchange with Senator Corker.

4. **Governmental Assistance**

Unable to obtain alternative financing to continue operations as sales continued to deteriorate, the Debtors sought government assistance in late 2008 with the hope of obtaining new funding to survive this difficult period.[3]

[2] In 2007, the Debtors and Nissan reached an agreement whereby: (a) Nissan would produce the fuel efficient Dodge Hornet to be sold by the Debtors in North America and Europe; and (b) the Debtors would build a full-size truck, the Titan, to be sold by Nissan in North and South America. Due to economic conditions, these projects did not reach fruition.

[3] The Debtors initially submitted an application under section 136 of the Energy Independence and Security Act of 2007, known as the Advanced Technology Vehicles Manufacturing Loan Program, on November 10, 2008 (the "Section 136 Application"). The Section 136 Application included a request for $8.4 billion to fund project costs for Advanced Technology Vehicles and Qualifying Components in the 2008-2011 period, but such funding would not be available in 2008 and early 2009.

On or about November 18, 2008, the Domestic Auto Manufacturers, including the Debtors, made a collective request to the U.S. Congress for emergency bridge financing in the aggregate amount of $25 billion to sustain operations through the credit crisis; however, in light of subsequent events, including the joint request of the Speaker of the House and the Chairman of the Senate Banking Committee for a detailed loan request and accompanying business plan, only GM and the Debtors pursued government funding. As requested, in December 2008, the Debtors submitted the Plan for Short-Term and Long-Term Viability (the "December 2008 Plan") to the U.S. Congress. The December 2008 Plan described the Debtors' commitment to the prepetition restructuring efforts that the Debtors had been implementing since 2006 and a renewed request for a $9 billion bridge loan to meet a short-term deficiency in liquidity and working capital. Ultimately, these Congressional efforts were unsuccessful. Without emergency funding and with losses mounting, the Debtors were forced to announce that operations would be placed on an extended holiday idling and Dealer incentives were simultaneously reduced. Thereafter on December 19, 2008, President Bush and Treasury Secretary Paulson announced the AIFP Guidelines and their determination to provide interim financing to enable GM and the Debtors to operate through the early months of the incoming Obama administration and hold open the possibility for the new administration to extend further financing or, alternatively, call the interim loans on March 30, 2009.[4]

Specifically, the Debtors would receive up to $4 billion under the bridge TARP Loan for general business purposes. After loans were made to GM and GMAC, the U.S. Treasury turned to the Debtors. The U.S. government extended loans to the Debtors on the same terms as GM, but in a reduced amount and with other modifications designed to reflect the Debtors' ownership structure and relationship to Chrysler Financial. On December 31, 2008, Chrysler Parent, as borrower, and the U.S. Treasury, as lender, entered into the TARP Loan for $4 billion that was fully funded on January 2, 2009. The terms of the TARP Loan mandated an acceleration on March 30, 2009 absent a certification from the "President's Designee." Any additional loans were premised upon the Debtors' submission of the February 2009 Viability Plan and a determination that the Debtors demonstrated their ability to achieve and sustain long-term viability, energy efficiency, rationalization of Dealers, labor modifications and other cost savings aimed at achieving cost competitiveness in the U.S. marketplace, as well the Debtors' ability to repay the TARP Loan. The Debtors timely submitted the February 2009 Viability Plan on February 17, 2009, together with their request for $5 billion to $6 billion in additional funding.

In addition to the interim TARP Loan, the Debtors' finance company, Chrysler Financial, requested additional liquidity to fund vehicle purchases by the Dealers and end consumers. Chrysler Financial initially sought $2.5 billion in TARP funds for both wholesale (Dealer) and retail (consumer) financing and ultimately received $1.5 billion in funds under TARP on January 16, 2009, which it subsequently repaid in full.

Thereafter, in late February 2009, President Obama appointed and empowered the Auto Task Force, which turned to the review of the Debtors' February 2009 Viability Plan to make a recommendation before the March 30, 2009 certification date. In the Debtors' case, that analysis progressed under the leadership of Ron Bloom.

5. **Pursuit of the Fiat Alliance**

While pursuing government assistance, the Debtors continued efforts to secure a strategic partner to achieve their long-term viability goals. After the termination of negotiations for a potential merger with GM, efforts to secure a global strategic alliance with Fiat were intensified. Fiat made a particularly attractive alliance candidate because the two companies' product offerings and international distribution networks overlapped little and complemented each other. As early as November 2008, the two parties had developed plans to generate operational synergies of over $3.7 billion in cash flow (on a net present value basis) over an eight-year period. The plan primarily focused on product and platform sharing, international distribution of each other's products, enhanced purchasing power, plant rationalizations and powertrain improvements. On January 16, 2009, the Debtors entered into a non-binding term sheet with Fiat whereby Fiat would acquire 35% of the equity of the Debtors in exchange for access to competitive fuel-efficient vehicle platforms, distribution capabilities in key growth markets and substantial cost saving opportunities (the "Fiat Alliance"), which would form a basis for adding the Fiat Alliance as one of the scenarios in the February 2009 Viability Plan. The Fiat Alliance mirrored the TARP Loan in requiring the same cost savings and debt reductions. Additionally, as reflected in the February 2009 Viability Plan, the Fiat

[4] President George W. Bush, Announcement of Administration's Plan to Assist Automakers (Dec. 19, 2008), available at http://georgewbush-whitehouse.archives.gov/news/releases/2008/12/20081219.html.

Alliance scenario also required at least $6 billion in additional funding, even more aggressive debt reduction from the First Lien Lenders and an acceptable modification of the Prepetition MAFA. The Auto Task Force then began its review of the Fiat Alliance scenario.

To meet the terms of the February 2009 Viability Plan, the Debtors met regularly with representatives of the UAW to discuss wage, benefit and work rule changes and modifications to the funding of the VEBA, ultimately resulting in tentative agreements on ~~these~~the collective bargaining issues; however, no agreement was reached regarding the VEBA. Additionally, the Debtors continued discussions with Daimler AG and Cerberus and reached tentative agreements with both entities to address the treatment of their respective portions of the Owners' Loan Claims and equity interests in Chrysler Parent. The Debtors also conducted a nationwide Dealer road show to discuss the implementation of necessary cost increases for Dealers and implemented a supplier cost-saving program to freeze material costs and establish other reductions in the costs paid for parts ("cost-downs").

Following the submission of the February 2009 Viability Plan, the Debtors, with the assistance of the Auto Task Force, made substantial progress with many of the key stakeholder groups. Nevertheless, on March 30, 2009 President Obama announced his determination, based upon the recommendation of the Auto Task Force, that the Debtors were not viable without a strategic partner and that the Debtors would have 30 days to achieve a viable alliance with Fiat or another appropriate partner, premised upon additional government funding of at least $6 billion.[5]

At that time, President Obama also announced the Auto Supplier Support Program, whereby suppliers to GM and the Debtors ~~suppliers~~ could sell their receivables to special purpose vehicles financed by the government to obtain payment of the amounts owed to them by GM and the Debtors, and the New Warrantee Commitment Program, whereby new purchasers of vehicles were assured by the U.S. government that warranties on Chrysler and GM vehicles would be funded. Finally, the President also mentioned that the revitalization of the Debtors might require a "surgical" bankruptcy.

Given management's substantial reservations regarding the ability of a car manufacturer to survive chapter 11, even to pursue a sale under section 363 of the Bankruptcy Code, the Debtors worked relentlessly to reach agreements that could result in the Fiat Alliance ~~out~~outside of bankruptcy as the President's April 30 deadline approached. The Debtors' only alternative to the alliance was liquidation as described in the February 2009 Viability Plan, which would produce far less value for the First Lien Lenders and other stakeholders. With the threat of a liquidation in bankruptcy looming, the Debtors and Fiat began ~~round~~around-the-clock negotiations to reach a deal. Fiat first reached an agreement with the UAW on New Chrysler's capital structure and VEBA obligations. Thereafter, the U.S. Treasury modified its earlier proposals and extended a cash payout offer of $2 billion to the First Lien Lenders. That proposal was accepted within hours before the commencement of these Chapter 11 Cases on April 30, 2009.[6]

Recognizing that the negotiations for an out-of-court restructuring might not succeed, the Debtors had prepared for the possibility that a bankruptcy filing might be required to implement the Fiat Alliance. Fiat established New Chrysler to serve as the alliance entity to purchase the Debtors' assets in chapter 11, and the Debtors, New Chrysler and Fiat successfully negotiated and entered into the Master Transaction Agreement dated as of April 30, 2009 (as amended from time to time, the "MTA") and related ancillary and supporting agreements. By the terms of the MTA, the Debtors would complete the Fiat Transaction through transfer of substantially all assets to New Chrysler in exchange for $2 billion in cash and the assumption and assignment of certain contracts and the assumption of certain liabilities to the U.S. government.

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[5] President Barack Obama, Remarks by the President on the American Automotive Industry (Mar. 30, 2009), available at http://www.whitehouse.gov/the_press_office/Remarks-by-the-President-on-the-American-Automotive-Industry-3/30/09.

[6] In a final effort to avoid chapter 11, the Debtors' management urged the U.S. government to increase its offer to the lenders to determine if 100% acceptance by the First Lien Lenders could be achieved. In response, the U.S. government offered an increased amount of $2.250 billion on the evening of April 29, 2009, which offer was conditioned on being accepted by 100% of the lenders that evening. Certain dissidents responded that their small group of debt holders would accept an increase of $500 million (rather than the offered $250 million) to be shared only among their group, in addition to receiving their pro rata share of the originally offered $2 billion. Following these demands, negotiations were concluded and the Chapter 11 Cases were commenced.

In connection with the Fiat Transaction: (a) Fiat agreed to contribute to New Chrysler access to competitive fuel-efficient vehicle platforms, certain technology, distribution capabilities in key growth markets and substantial cost saving opportunities; (b) a subsidiary of Fiat would receive 20% of New Chrysler's equity with the right, upon the achievement of the performance agreed milestones (the "Fiat Performance Milestones") to acquire an additional 15% at no additional cost and thereafter purchase up to an additional 16%, subject to certain restrictions, including payment of the acquisition finance loans owed to the U.S. and Canadian governments; (c) the U.S. and Canadian governments would provide acquisition and working capital financing of approximately $9 billion to New Chrysler, receiving 8% and 2% respectively of the equity of New Chrysler (assuming that the Fiat Performance Milestones are met); (d) the Debtors negotiated a modification of their collective bargaining agreement with the UAW, which was ratified ~~on April 29, 2009~~, and anticipated assignment of such agreement, as modified, together with the assignment of most of the Debtors' pension and employee benefit plans (salaried and union, but not including the UAW health benefit plan), as modified, to New Chrysler; (e) Fiat, on behalf of New Chrysler, also negotiated with the UAW and the VEBA created under the 2008 Settlement Agreement to ~~provide the~~fund a VEBA with 55% of the equity interests in New Chrysler (assuming that the Fiat Performance Milestones are met) and a note for $4.587 billion made payable over 14 years in ~~lieu of imposing~~settlement of any claim by Old Carco, the UAW, the retirees or the VEBA that New Chrysler has any retiree medical or other substitute or similar ~~obligations~~obligation with respect to ~~the~~Old Carco UAW~~, its~~ retirees ~~or the VEBA~~; (f) with respect to governance, the shares are restricted and Fiat is entitled to select three directors, one of which is independent; the VEBA, subject to the written consent of the UAW, is entitled to select one independent director; the U.S. government is entitled to select four directors; and the Canadian government is entitled to select one director, with the UAW shares being voted in accordance with the direction of the independent directors and the successor directors being selected by their predecessors.

The Debtors and New Chrysler also obtained a commitment from GMAC to a four-year agreement to provide wholesale and retail financing to the Debtors and New Chrysler that was facilitated and supported by the U.S. and Canadian governments. In addition, the U.S. and Canadian governments, through the U.S. Treasury and Export Development Canada ("EDC" and, together with the U.S. Treasury, the "Government DIP Lenders") agreed to provide up to $4.5 billion (the "DIP Funds") as a 60-day debtor in possession financing (the "DIP Credit Agreement") to bridge to the Fiat Transaction (or similar transaction) or, failing that, to fund the winddown of the Debtors.

By the end of April 2009, having exhausted all resources and without alternative financing or investors, the Debtors were faced with two choices: completion of the Fiat Transaction through chapter 11 (or a higher and better offer that might emerge in the bidding process) or immediate and piecemeal liquidation of the entire enterprise. As required by the terms of the DIP Credit Agreement, the Debtors ceased all business operations to conserve and reduce their cash losses. Then, with the support of the U.S. government, the Canadian government, Fiat, the UAW, employees and many suppliers and Dealers, the Debtors commenced these Chapter 11 Cases to implement an expeditious sale process to consummate the Fiat Transaction, or a transaction constituting a higher and better offer with a competing bidder, designed to maximize the value of operations and businesses for the benefit of their stakeholders.

V.

THE CHAPTER 11 CASES

A. Filing in Order to Effect a Sale of Substantially All of the Debtors' Assets within 45 Days or Liquidate

On the Petition Date, Old Carco and 24 of its affiliates filed voluntary petitions under chapter 11 of the Bankruptcy Code in the Bankruptcy Court. On the Alpha Petition Date, Debtor Alpha Holding commenced its reorganization case by filing a voluntary petition under chapter 11 of the Bankruptcy Code. By orders of the Bankruptcy Court (Docket Nos. 97 and 2188), the Debtors' Chapter 11 Cases have been consolidated for procedural purposes only and are being jointly administered.

The Debtors commenced these cases for the purpose of effecting a sale, free and clear or all liens, claims, encumbrances and interests, of substantially all of their assets to New Chrysler (or a bidder with a higher and better

offer) under section 363 of the Bankruptcy Code on or before June 15, 2009 and thereafter completing the winddown of their estates or, failing the approval and consummation of the proposed sale, completing the liquidation of their estates on a piecemeal basis. This purpose resonated throughout all of the papers filed with the petitions, including the various motions and applications, and most importantly the ten fact-intensive declarations from six of the Debtors' executives, the Debtors' investment banker, the Debtors' lead financial advisor and two of their leading Dealers. Although the motion to approve the Fiat Transaction and related bidding procedures was filed 72 hours later, appending the MTA, which had a drop-dead date of June 15, 2009 (the "Sale Motion"), the motions filed on the Petition Date anticipated the Sale Motion and sought relief directed to maintaining the Debtors' workforce, their infrastructure and other attributes of their going concern value pending such sale. These various motions sought Bankruptcy Court approval of a variety of matters, including the proposed financing from the Government DIP Lenders, and other relief critical to the Fiat Transaction, such as (1) obtaining the consent of the First Lien Lenders to the Fiat Transaction and the use of their cash collateral; (2) establishing a process for identifying those executory contracts that New Chrysler desired to be assumed and assigned to it, notifying the non-~~debtor~~Debtor counterparties to such contracts of such proposed assignment and implementing the assumption and assignment with provisions for any cure disputes and related matters; and (3) effecting the transition in Dealer and retail financing from Chrysler Financial to GMAC, together with obtaining whatever consents were required for that new financial services agreement.

The Debtors and Fiat had concluded that a speedy sale was necessary to preserve the Debtors' going concern value, particularly given the Debtors' already stressed and fragile supply chain and the Debtors' overextended and inventory-laden Dealer network, as each would be further damaged by the impact of the shutdown required by the terms of the financing provided by the Government DIP Lenders. There was no financing available other than the bridge financing provided by the Government DIP Lenders. There were no bidders for the Debtors' assets other than Fiat, despite a global search and President Obama's public announcement making available substantial government funding for a strategic alliance with Chrysler. The Debtors believed that an expeditious sale was necessary to address the risks of a prolonged shutdown, especially in maintaining the product mix and launch schedule critical to New Chrysler's success, and to avoid the environmental and other risks if Chrysler failed to restart production within a limited period of time. The Debtors believed that the $2 billion purchase price under the Fiat Transaction exceeded market value and substantially exceeded the value available in liquidation, which was the Debtors' only available alternative.

The ten declarations filed by the Debtors on the Petition Date or shortly thereafter described the Fiat Transaction; the Debtors' diligence in pursuing actions to find the best alternative; the Debtors' determination, after a detailed search for an alternative, including an orderly liquidation of the Debtors, that the Fiat Transaction represented the highest available value for their Estates; and the Debtors' determination that going concern value was eroding every day and would be irretrievably lost if a sale was not consummated within 6 to 8 weeks.

In particular, the Debtors filed declarations from each of (1) Tom W. LaSorda, the former Vice Chairman and President of the Old Carco's Board of Managers, responsible for any combination, sale or alliance; (2) Scott R. Garberding, the Senior Vice President and Chief Procurement Officer, charged with procurement and management of the supplier relationships; (3) Peter M. Grady, the Director of Dealer Operations, charged with sales, including managing the Dealers; (4) Frank J. Ewasyshyn, the Executive Vice President in charge of all production, engineers, manufacturing facilities and logistics; (5) Michael J. Keegan, the Senior Vice President in charge of volume planning and sales operations; (6) Ronald E. Kolka, the Executive Vice President and Chief Financial Officer responsible for lending and treasury functions; (7) Bradley A. Robins, a Managing Director of Greenhill & Co., LLC, the Debtors' investment banker; and (8) Robert J. Manzo, the lead Executive Director of Capstone Advisory Group, LLC ("Capstone"), the Debtors' financial advisor (collectively, the "Chrysler Declarations"). The Debtors also filed declarations from James J. Arrigo, a leading Dealer who also served as Co-Chairman of the Chrysler National Dealer Council and John J. Schenden, another prominent dealer and member of the Chrysler National Dealer Council (collectively, the "Dealer Declarations" and, together with the Chrysler Declarations, the "Declarations").

Each executive offering a Chrysler Declaration had been involved in some aspect of the Fiat Transaction and served as a key resource for Capstone in the preparation and completion of its liquidation analysis under the direction of Robert J. Manzo, who appended that analysis to his declaration, and further provided testimony regarding the substantial risks of delay. The Declarations led to the conclusion that the Debtors were the epitome of

the "melting ice cube." The Declarations established: (1) the risks associated with delay of the Fiat Transaction to product development and revenue; (2) the risks that delay of the Fiat Transaction posed to the existing customer base, brand value and the effectiveness of the Debtors' warranty program; (3) the risks that delay posed to the retention of key employees; (4) the risks posed to suppliers and Dealers; (5) the risks of a sustained shutdown of plants and facilities; (6) the necessity for the payment of prepetition obligations to certain essential parties and support of the Supplier Program; (7) the extensive search for strategic partners or buyers and the lack thereof; (8) the necessity to provide funding to the Dealers; (9) the necessity of the continued payment of customer incentive and warranty claims; (10) the total unavailability of commercial funding; and (11) the projected liquidation value of the Debtors. Additionally, both the Sale Motion and the motion to approve the DIP Credit Agreement made clear that the Government DIP Lenders and Fiat had imposed time constraints in reaction to the erosion of value and their effort to avoid continuing losses.

In addition to the Declarations, the Debtors filed a number of motions and other pleadings (collectively, the "First Day Motions") on the Petition Date seeking authority to take a broad range of actions to complete a smooth transition into chapter 11 and to preserve the value of their assets pending the anticipated consummation of the Fiat Transaction. Most important among the First Day Motions were those that aided the preservation of the going concern value of the Debtors' businesses and completion of the Fiat Transaction by authorizing: (1) payment of employees in the normal course and the continuation of all employee health and welfare benefit plans; (2) payment of certain prepetition Claims of critical vendors and service providers essential to the preservation of the value of the Debtors' businesses, including the anticipated restart of operations under new ownership; (3) continuation or payment of customer Claims for refunds, rebates, adjustments (including adjustments to billing), product returns or exchanges, promotional discounts, warranty claims and other credits, and allowances or outlays relating to sales to assist in preserving the Dealer network and consumer good will; and (4) payment of certain prepetition obligations to certain possessory lienholders. All of the Debtors' First Day Motions ultimately were granted.

To ensure sufficient liquidity to preserve their assets and going concern value pending the completion of the Fiat Transaction or similar sale, and thereafter to complete the winddown of their businesses and assets in chapter 11, the Debtors sought access to debtor in possession financing. However, commercial lenders remained unwilling to provide financing, and it soon became apparent that the Government DIP Lenders would be the sole source of funding. As such, the Debtors entered into the DIP Credit Agreement, between Old Carco, as borrower, and the other Debtors, as guarantors, and the Government DIP Lenders, as lenders, shortly after the Petition Date. The Debtors obtained interim approval of the DIP Credit Agreement by an order of the Bankruptcy Court entered on May 4, 2009 (Docket No. 290), providing authority for the Debtors to borrow up to $1.4 billion under a preliminary budget. On May 20, 2009, the Bankruptcy Court entered an order (Docket No. 1309) (the "DIP Financing Order") granting final approval of the DIP Credit Agreement, as amended, thereby authorizing total borrowings of up to $4.96 billion. Pursuant to the DIP Financing Order, the Government DIP Lenders were granted: (1) first priority security interests in and ~~liens~~Liens on all unencumbered property of the Debtors; (2) junior security interests in and Liens on property of the Debtors already subject to a security interest and/or Lien other than ~~liens~~Liens granted to secure obligations under the Owners' Credit Agreement and the TARP Loan, which were primed; and (3) security interests in and Liens on certain other property (collectively, the "DIP Liens"). The proceeds of the DIP Credit Agreement were used to finance: (1) working capital needs; (2) capital expenditures; (3) the payment of warranty claims; and (4) other general corporate purposes, including the payment of expenses associated with the administration of the Chapter 11 Cases. Despite this temporary infusion of liquidity, the terms of the DIP Credit Agreement provided financing for only 60-days with a maturity date of June 30, 2009 to bridge the sale, or failing that objective, liquidate the Estates on a piecemeal basis, with all availability ending after 60-days except for limited financing solely for an orderly liquidation.

In conjunction with obtaining interim and final orders approving the DIP Credit Agreement, the Debtors entered into interim and final stipulations with the First Lien Agent providing for the consensual use of the First Lien Lenders' cash collateral, granting adequate protection and establishing the First Lien Lenders' consent to the Fiat Transaction. The Debtors coordinated their use of cash collateral with the terms and requirements of the DIP Credit Agreement and the MTA. The DIP Credit Agreement required the Debtors to use cash collateral prior to drawing on the loans under the DIP Credit Agreement. Although the cash collateral stipulations provided for adequate protection to the extent that the First Lien Lenders suffered a diminution in value, at all times the MTA treated cash, including any cash collateral for the First Lien Lenders, as a "purchased asset" to be transferred to New Chrysler together with the Debtors' other assets for the $2 billion purchase price. The Debtors sought, and received,

authorization pursuant to sections 105, 361, 362 and 363 of the Bankruptcy Code and Bankruptcy Rules 2002, 4001 and 9014 to use the cash collateral of, and provide adequate protection to, the First Lien Lenders through an interim cash collateral order (Docket No. 280) and a final cash collateral order (Docket No. 3127) (the "Cash Collateral Order").

At hearings on May 5, 6 and 7, 2009 (the "Bidding Procedures Hearing"), the Debtors presented their request for approval of the bidding and sale procedures to achieve an expeditious completion of the sale, including the presentation of testimony from seven of the witnesses that submitted Declarations. The testimony established, among other things, the good business reasons for expediting the Fiat Transaction, including the erosion of value over time, the absence of any other lender, the absence of any other bidder to date despite substantial effort and the substantial benefits of the proposed sale price as compared to the substantially diminished value available in an orderly piecemeal liquidation.

In connection with the bidding procedures, the Debtors also sought approval of certain procedures (the "Contract Procedures"), consistent with the MTA's provisions entitling Fiat to designate contracts for assumption and assignment to New Chrysler, for (1) the assumption of executory contracts and unexpired leases by the Debtors and the assignment of theses agreements to New Chrysler; (2) the determination of the amounts necessary to cure defaults under such agreements; and (3) the resolution of related disputes. The assumption and assignment of these agreements was necessary upon the closing of the Fiat Transaction to provide New Chrysler with the necessary Dealers, suppliers, workforce, pensions, employee benefit plans, intellectual and other property and systems to resume operations. To that end, beginning prior to the sale, the Debtors worked in concert with New Chrysler and Fiat to conduct a thorough review of all executory contracts and unexpired leases potentially to be designated for assumption by the Debtors and subsequent assignment to New Chrysler.

Pursuant to the Contract Procedures, the Debtors filed and served notices (each, a "Designation Notice") that included lists of executory contracts and unexpired leases (each, a "Designated Agreement") that the Debtors intended to assume and assign to New Chrysler. After the Debtors filed a Designation Notice, the assumption and assignment of a Designated Agreement did not become effective unless and until the Closing Date of the Fiat Transaction occurred and New Chrysler filed a notice confirming New Chrysler's acceptance of such Designated Agreement (a "Confirmation Notice").

Critical to the expeditious completion of the sale, a controlling majority of First Lien Lenders (holding approximately 92% of the debt under the First Lien Credit Agreement) consented to the Fiat Transaction with the clarification that the entire $2 billion in proceeds of such sale would be indefeasibly paid to the First Lien Agent on account of the loans under the First Lien Credit Agreement upon closing. An ad hoc group of funds allegedly holding approximately $1 billion in loans under the First Lien Credit Agreement (the "Initial Objectors") filed objections and vigorously opposed the sale and the requested bidding procedures.[7] The Initial Objectors contested the authority of the U.S. government to enter into the DIP Credit Agreement or fund New Chrysler under TARP, further alleging that such actions impinged upon their Constitutional rights. After extensive cross-examination and argument by the Initial Objectors, and after modifying the proposed bidding procedures at the direction of the Bankruptcy Court to confirm that the Debtors, consistent with their fiduciary duties, must consider any offer that had the potential to be a higher or better bid, the requested bidding and sale procedures were approved by an order entered on May 7, 2009 (Docket No. 492) (the "Bidding Procedures Order"). Under the Bidding Procedures Order objections to the proposed sale were required to be filed by May 19, 2009 and competing bids submitted by May 20, 2009. The Debtors, with the support of the Creditors' Committee, the First Lien Agent for the First Lien Lenders, the UAW, the U.S. and Canadian governments, Chrysler Financial and the Owners and Affiliates, among others, commenced preparations for the hearing to approve the sale to begin on May 27, 2009 (Docket. No. 492) (the "Sale Hearing"). The Bankruptcy Court directed that the Debtors promptly provide discovery to the Initial Objectors. The Debtors complied and forwarded over 300,000 pages of documents to the Initial Objectors the next day.

[7] This group sought an exemption from the disclosure requirements of Bankruptcy Rule 2019, ultimately seeking permission to file their disclosure under seal, available only to the Bankruptcy Court. This request was denied on May 5, 2009 and this group was directed to come into compliance with Bankruptcy Rule 2019 on or about May 8, 2009. Shortly after May 8, 2009, this group disbanded and discovery materials provided to the group were returned.

B. GMAC Master Financial Services Agreement and Risk Sharing Agreement

Chrysler Financial announced that after May 1, 2009, for a number of reasons, it would no longer provide financing pursuant to the Prepetition MAFA to the Debtors' Dealers and end consumers. Establishing alternative financing for the Dealers was vital to the preservation of their domestic dealership network (the "Dealership Network") pending the Fiat Transaction. Except for GMAC, there were no available sources of Dealer and retail financing.

As a result, the Debtors, with the assistance of the U.S. Treasury, reached an agreement with GMAC on the terms of a new Master Financial Services Agreement dated April 30, 2009 (the "GMAC MAFA") and moved for expedited Bankruptcy Court approval of the GMAC MAFA, which ultimately was approved on May 13, 2009 (Docket No. 789). Pursuant to the GMAC MAFA, the financing of wholesale, retail and other related products by the Dealers were to be provided in large part by GMAC for an initial term of up to four years. Initially, GMAC provided interim preliminary financing to all Dealers covered by Chrysler Financial for a short-term period. However, under the terms of the GMAC MAFA, GMAC was entitled to conduct a credit assessment of each Dealer after the Bankruptcy Court's approval of the GMAC MAFA. The credit assessment was necessary for GMAC to determine which Dealers ultimately were eligible for long-term GMAC financing using traditional underwriting criteria.

A transition to GMAC had to account for rights asserted by Chrysler Financial under the Prepetition MAFA, including the retention of liens on the majority of Dealers' assets and the requirement to obtain consent for financing from another source and the imposition of new liens on Dealers' assets. Absent such consent, Chrysler Financial asserted that implementation of the GMAC MAFA would default the Dealers' financing with Chrysler Financial, entitling it to accelerate and enforce remedies against the Dealers. Accordingly, GMAC, with the Debtors' assistance, sought and obtained such consent through a Risk Sharing Agreement between the Debtors, Chrysler Financial and New Chrysler (the "RSA"). In exchange for its consent, Chrysler Financial obtained (1) various indemnities from the Debtors with priority over all administrative expenses under sections 503(b) and 507(b) of the Bankruptcy Code and, following consummation of the Fiat Transaction, indemnity from New Chrysler; and (2) the surrender of all of the Debtors' interest in their cash and other collateral posted with Chrysler Financial under the Prepetition MAFA. An order authorizing the Debtors to enter into the RSA was entered on May 13, 2009 (Docket No. 786), as amended on May 15, 2009 (Docket No. 890), and an order authorizing the Debtors to enter into the GMAC MAFA with GMAC was entered on May 21, 2009 (Docket No. 1449). Approval of the GMAC MAFA enabled the Debtors to preserve the value of the Dealership Network pending sale, position the Dealer Network for long-term survival consistent with the Fiat Transaction and promote good relations with retail customers to preserve the value of the Debtors' brands pending sale and thereafter.

C. Sale to New Chrysler

1. Bankruptcy Court Approval of Sale

With the Bidding Procedures Order and the GMAC Order in hand, the Debtors focused on preparing for the Sale Hearing. No viable competing bid was received in response to the proposed Fiat Transaction. Hundreds of objections to the sale were filed, including an objection by a group of Indiana pension funds holding less than one percent of the loans under the Debtors' First Lien Credit Agreement (collectively, the "Indiana Funds"). The Indiana Funds also filed motions to (a) withdraw the reference of the sale proceedings to the United States District Court for the Southern District of New York (the "District Court") pursuant to 28 U.S.C. § 158(d) (the "Withdrawal Motion"); (b) stay pursuit of the Fiat Transaction pending determination of the Withdrawal Motion pursuant to Bankruptcy Rule 5011 (the "Stay Motion"); and (c) appoint a trustee pursuant to section 1104 of the Bankruptcy Code. The Stay Motion originally was heard and decided by the Bankruptcy Court in accordance with Bankruptcy Rule 5011, and a written opinion denying the stay pending determination of the Withdrawal Motion was issued (Docket No. 1343). The District Court, after briefing, argument and consideration of the Bidding Procedures Order and the record established before Judge Gonzalez in the Bankruptcy Court, denied the Withdrawal Motion and the Stay Motion on May 26, 2009, the day before the Sale Hearing was scheduled to commence in the Bankruptcy Court. The District Court, however, directed the Bankruptcy Court to determine whether the Indiana Funds had standing to challenge the use of TARP funding or the consent by the First Lien Agent for the First Lien Lenders to

the Fiat Transaction, and further admonished to Debtors to provide the Indiana Funds with a meaningful opportunity to appeal that would not be subject to obstacles.

In the interim, the Debtors worked diligently to resolve as many objections as possible and to prepare for a contested Sale Hearing. The Debtors engaged in expedited discovery, producing approximately 300,000 pages of discovery and participating in 24 depositions in five cities. Given the direction of the District Court, the Bankruptcy Court requested that the Debtors and the Indiana Funds submit briefs on the standing issue and be prepared to argue that issue prior to commencing the Sale Hearing. That issue was briefed and argued on May 27, 2009. Immediately thereafter, the Sale Hearing commenced.

The Sale Hearing itself included approximately 40 hours of testimony, spanning three days of hearings from May 27, 2009 through May 29, 2009. There were 16 witnesses and 48 exhibits introduced, culminating with closing arguments made late in the evening of May 29, 2009. Proposed findings of fact and conclusions of law were submitted to the Bankruptcy Court shortly thereafter. On May 31, 2009, the Bankruptcy Court issued its opinion on standing (Docket No. 3074) (the "Standing Opinion") and an opinion approving the sale (Docket No. 3073) (the "Sale Opinion"),[8] and the next day entered the sale order, setting forth its findings of fact and conclusions of law, approving the sale (Docket No. 3232) (the "Sale Order" and, together with the Sale Opinion, the "Sale Opinion and Order").

In the Standing Opinion, the Bankruptcy Court determined that the Indiana Funds lacked injury in fact to challenge the use of TARP funds, and given the provisions of the First Lien Credit Agreement, lacked standing in view of the First Lien Agent's consent upon the direction of the controlling majority of lenders. In the Sale Opinion and Order, the Bankruptcy Court found, among other things, that: (a) the Fiat Transaction was not a *sub rosa* plan of reorganization because the First Lien Lenders received all of the sale proceeds; (b) a good business reason existed, namely avoiding any further erosion of value, and that liquidation, which would yield less value, was the only alternative; (c) an expedited sale best preserved the value of the Estates; (d) the sale price of $2 billion far exceeded that achievable in liquidation; (e) the UAW, Fiat and U.S. Treasury received equity in New Chrysler (and not from any assets of the Debtors' Estates) in exchange for new value; (f) the Fiat Transaction could occur free and clear of all liens, claims and encumbrances; (g) the Indiana Funds and the other First Lien Lenders had consented to the Fiat Transaction under the express contractual terms of the First Lien Credit Agreement under which the majority of the First Lien Lenders authorized the First Lien Agent to consent to the sale transaction as a means to dispose of the collateral subject to the transaction; (h) the Fiat Transaction was negotiated in good faith and with due process; and (i) no other lender existed.

2. Appeal of the Sale Order

Even before the Sale Order was entered, the Indiana Funds filed a notice of appeal to the District Court and obtained an emergency hearing; however, in anticipation of the Indiana Funds' appeal, and consistent with the District Court's admonishment regarding a meaningful appeal, the Debtors immediately sought certification from the Bankruptcy Court, pursuant to 28 U.S.C. § 158(d)(2), for a direct appeal to the United States Court of Appeals for the Second Circuit (the "Second Circuit"). Within an hour of the Bankruptcy Court's certification, the Debtors petitioned the Second Circuit to accept a direct appeal. The Second Circuit, acting through a panel consisting of Chief Judge Dennis Jacobs and Judges Amalya Lyle Kearse and Robert D. Sack, granted the Debtors' petition for a direct appeal, issued a stay pending appeal, and set an expedited schedule. Both appellants and appellees were directed to submit their respective briefs by no later than noon on Thursday, June 4, 2009 and present oral argument on Friday afternoon, June 5, 2009.

At oral argument, the Debtors defended the Standing Opinion and the Sale Opinion and Order. After nearly two hours of argument, the panel adjourned to confer, and upon returning to the bench, Chief Judge Jacobs announced that the Second Circuit panel had determined to affirm the Bankruptcy Court's Sale Opinion and Order, for substantially the reasons set forth in the Sale Opinion, and that an opinion (or opinions) would issue in due course. Chief Judge Jacobs also continued the stay of the Sale Order until the earlier of 4:00 p.m. on the following

[8] The Sale Opinion is reported as In re Chrysler LLC, 405 B.R. 84 (Bankr S.D.N.Y. 2009).

Monday, June 8, 2009, or the denial of a stay by the United States Supreme Court (the "Supreme Court"), thereby preventing the closing of the Fiat Transaction until such time.

On June 6, 2009, the Indiana Funds submitted an application for a stay pending a *writ of certiorari* to Justice Ruth Bader Ginsburg, the Circuit Justice appointed to the Second Circuit. On June 7, 2009, the Debtors responded with an opposition to the Indiana Funds' application and also organized the response of others entities supporting the Fiat Transaction, including the United States, the UAW and Fiat. On June 8, 2009, Justice Ginsburg granted an administrative stay pending further order of the Supreme Court. Justice Ginsberg had referred the Indiana Funds' application to the full Supreme Court, and the next day the Supreme Court unanimously denied the applications for stay with a *per curiam* decision, thereby permitting the sale to go forward. The Debtors' sale to New Chrysler was completed the following morning on June 10, 2009 (the "Closing").

On August 5, 2009, the Second Circuit issued its written opinion affirming the Sale Order. See Ind. State Police Pension Trust v. Chrysler LLC (In re Chrysler LLC), 576 F.3d 108 (2d Cir. 2009). The opinion affirmed the Bankruptcy Court's findings of facts and conclusions of law in the Sale Opinion and Order. In particular, the Second Circuit affirmed the Bankruptcy Court's determination that, consistent with long-standing precedent, the emergency sale to New Chrysler was warranted and appropriate due to the continuing diminution in value of the estate and the absence of viable alternatives other than a piecemeal liquidation that would garner far less value for the Debtors' Estates than the sale to Fiat-led New Chrysler.

The Second Circuit also affirmed the Bankruptcy Court's determination that the Indiana Funds lacked standing to challenge the use of TARP funds because they lacked injury in fact, having received their pro rata share of all proceeds, and because they were bound by their contracts, which, following default, empowered the First Lien Agent, acting upon the instruction of the controlling majority, to exercise remedies in respect of the collateral, including consent to the sale free and clear of liens, claims, encumbrances and interests.

On September 3, 2009, almost three months after the Fiat Transaction had closed, the Indiana Funds petitioned the Supreme Court for a *writ of certiorari* (Case No. 09-285) (the "Cert Petition") seeking a reallocation of the equity of New Chrysler. On September 23, 2009, the Supreme Court issued an order extending the time to file responses to the ~~petition for certiorari~~Cert Petition until November 4, 2009. On November 2, 2009, Fiat and New Chrysler filed a waiver of their right to respond. On November 4, 2009, the Debtors and the U.S. Solicitor General filed briefs in opposition to the Cert Petition. In their opposition, the Debtors and the U.S. Solicitor General argued, among other things, that any further review of the Sale Order by the Supreme Court would be moot, and the Cert Petition should thus be denied. For example, the Debtors argued that, under section 363(m) of the Bankruptcy Code,[~~8~~9] any further review of the Sale Order cannot affect the validity of the sale because the Fiat Transaction has closed and the purchaser has been found to have proceeded in good faith in an order affirmed by the Second Circuit. In addition, the Debtors argued that the remedy sought was beyond the jurisdiction of the Bankruptcy Court. On December 14, 2009, the Supreme Court issued a summary disposition in which, in accordance with the rule from *United States v. Munsingwear, Inc.*, 340 U.S. 36, 39 (1950), applicable to cases that become moot pending consideration by the Supreme Court, the Supreme Court granted the Cert Petition, vacated the Second Circuit's opinion affirming the Sale Order and instructed to the Second Circuit to dismiss the Indiana Funds' appeal of the Sale Order as moot.

D. Other Actions Related to the Sale to New Chrysler

1. Assumption and Assignment of Executory Contracts and Unexpired Leases

The Bidding Procedures Order established the deadlines for the designation and confirmation of executory contracts and unexpired leases pursuant to the Contract Procedures: (a) 30 days after the Closing Date (or by July 10, 2009) with respect to the standard uniform dealership agreements in the form of the Chrysler Corporation Sales and Service Agreement or Chrysler Direct Dealer Agreement (as defined in the Bidding Procedures Order); (b) 60

[~~8~~9] Section 363(m) of the Bankruptcy Code provides that: "The reversal or modification on appeal of an authorization under subsection (b) or (c) of this section of a sale or lease of property does not affect the validity of a sale or lease under such authorization to an entity that purchased or leased such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale or lease were stayed pending appeal."

days after the Closing Date (or by August 9, 2009) for executory contracts and unexpired leases with the Debtors' production suppliers; and (c) 90 days after the Closing Date (or by September 8, 2009) for all other agreements.[9][10]

Following the expiration of the Confirmation Deadlines, the Debtors continue the review of their remaining executory contracts and unexpired leases. As a result of this review, the Debtors have rejected numerous executory contracts and unexpired leases that were of no value to the Debtors or their Estates. In addition, New Chrysler has requested that the Debtors assume certain additional executory contracts and assign these contracts to New Chrysler. The Debtors have analyzed these requests on an individual basis and, utilizing their business judgment, have assumed certain additional executory contracts and assigned them to New Chrysler pursuant to orders of the Bankruptcy Court.

2. **The Transition Services Agreement**

In conjunction with the sale of substantially all of the Debtors' assets in the Fiat Transaction and consistent with the Sale Order, Old Carco and New Chrysler entered into the Transition Services Agreement dated as of June 10, 2009 (as amended from time to time, the "TSA"). The terms of the TSA provide for a smooth transition of operations to New Chrysler from the Debtors, while simultaneously providing the Debtors with a variety of services necessary to assist in the winddown of the Debtors' remaining assets and affairs. Pursuant to the TSA, New Chrysler is obligated to provide services to the Debtors related to: (a) general administration; (b) audit and corporate control; (c) benefits administration; (d) the administration and sale of the Company Cars (as defined below) that were retained by the Debtors; (e) environmental affairs; (f) information technology; (g) certain legal services; (h) insurance and risk management; (i) facilities management and maintenance; (j) real estate; (k) security; (l) taxes; (m) cash and investment management; and (n) workers' compensation. Old Carco is obligated to provide certain services to New Chrysler related to (i) the administration and sponsorship of the Company's health plan for eligible participants~~,~~: (ii) Dealers, to the extent New Chrysler had not obtained required dealer licenses at Closing; and (iii) the Company Cars, including continued use of certain Company Cars by New Chrysler and New Chrysler employees.

Additionally, the TSA provides for New Chrysler's use of certain owned and leased properties of the Debtors not purchased in the Fiat Transaction (collectively, the "Licensed Properties"). New Chrysler's ongoing use of the Licensed Properties is designated for different periods, running from the Closing of the Fiat Transaction through April 30, 2011 (the "License Period"). Pursuant to the TSA, New Chrysler does not pay rent for use of the Licensed Properties, but is responsible for (a) all carrying costs during the applicable License Period and (b) the phase out and deactivation of premises at the conclusion of the applicable License Period. The Licensed Properties and the relevant License Periods are described in Exhibit B hereto.

3. **Chrysler Group LLC**

The Closing and completion of the Fiat Transaction marked a new opportunity for the Chrysler brands and businesses, and the beginning of the Fiat Alliance, under ownership of New Chrysler. With the assumption and assignment process complete, New Chrysler was able to restart production and resume normal business operations of the Debtors' former businesses. Now fully operational, New Chrysler is in the process of implementing a five-year business plan announced November 4, 2009, whereby New Chrysler will introduce Fiat's fuel-efficient small to mid-sized vehicle platforms in its product offerings. The creation of New Chrysler through these Chapter 11 Cases not only involved the preservation of the Debtors' businesses in a value maximizing transaction for the benefit of stakeholders in the Chapter 11 Cases, but also saved thousands of jobs and saved numerous communities from financial calamity. New Chrysler, to provide for its continued operations, assumed the Debtors' employee tax-qualified pension ~~(but not union retiree medical)~~plans and other tax-qualified employee benefit plans, ~~the cost of which otherwise would have been absorbed, in large part, by the American taxpayer.~~and assumed the Debtors' retiree medical plans with respect to all populations other than the UAW-represented employees. With respect to

[9][10] The Debtors and DTE Energy Center, LLC ("DTE") agreed to extend such deadline with respect to two contracts: (a) a Utility Services Agreement, dated as of May 24, 2004; and (b) an Easement Agreement, dated as of May 17, 2004. The deadline to confirm these agreements is the earlier of (a) February 28, 2010 and (b) 20 calendar days prior to the commencement of a hearing to consider confirmation of a chapter 11 plan (*i.e.*, February 24, 2010). With the exception of these two identified contracts with DTE, no other executory contracts or unexpired leases remain subject to the Contract Procedures.

the UAW, New Chrysler created a mirror health care plan to provide post-Closing health benefits to UAW actives and retirees (but with respect to retirees only until January 1, 2010), and assumed payment of all liabilities under the Debtors' UAW health care plan through the pre-Closing period (but did not assume such plan). New Chrysler also entered into a new retiree medical funding arrangement with the UAW, which went into operation on January 1, 2010, and did not assume a prior arrangement between the UAW and the Debtors that was slated to go into effect on the same date.

E. The Creditors' Committee

On May 5, 2009, the United States Trustee for the Southern District of New York (the "U.S. Trustee") appointed the Creditors' Committee. The current members of the Creditors' Committee are:

DARCARS Imports, Inc. 2509 Prosperity Terrace Silver Spring, MD 20904 Attn: Tamara Darvish, President	Desiree Sanchez c/o Schader Harrison Segal & Lewis, LLP 1600 Market Street, Suite 3600 Philadelphia, PA 19103 Attn: Barry E. Bressler, Esq.
International Union, United Automobile, Aerospace & Agricultural Implement Workers of America 800 East Jefferson Avenue Detroit, MI 48214 Attn: Niraj R. Ganatra, Esq.	Patricia Pascale c/o Brayton Purcell LLP 222 Rush Landing Rd. Novato, CA 94948 Attn: Alan R. Brayton, Esq.

Counsel to the Creditors' Committee is:

Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036
Tel. (212) 715-9229

Conflicts Counsel
to the Creditors' Committee is:

Pachulski Stang Ziehl & Jones LLP
780 Third Avenue, 36th Floor
New York, New York 10017
Tel. (212) 561-7700

Financial Advisor
to the Creditors' Committee is:

Mesirow Financial Consulting, LLC ("Mesirow")
666 Third Avenue, 21st Floor
New York, New York 10017
Tel. (212) 808-8366

Special Counsel
to the Creditors' Committee is

Susman Godfrey L.L.P. ("Susman Godfrey")
654 Madison Ave., 5th Floor
New York, NY 10065-8404
Tel. (212) 336-8330

- and -

Stutzman, Bromberg, Esserman & Plifka, PC ("Stutzman Bromberg" and, together with Susman Godfrey, the "Contingency Fee Counsel")
2323 Bryan Street, Suite 2200

Dallas, Texas 75201-2689
Tel. (214) 969-4900

For a further description of the Creditors' Committee's role in the Chapter 11 Cases, see Sections V.N (The Daimler Litigation) and V.O (The Creditors' Committee's Role in the Chapter 11 Cases).

F. Rejection of Dealership Agreements

1. **Prepetition Dealership Network and Dealership Strategy**

As of the Petition Date, the Debtors maintained the Dealership Network of approximately 3,200 Dealers for Chrysler, Dodge and Jeep vehicles in all 50 states. Other than governmental sales, virtually all vehicles sold in the United States originated from the Dealership Network.

Although the prepetition Dealership Network provided a great number of outlets for sales, its size and scope, as well as the limitations of state dealership laws, created significant challenges for the Debtors as market conditions and demographics changed with time. As foreign auto manufacturers' market share increased, the Dealership Network faced increasing financial pressures and the Debtors' market share decreased.

As part of their prepetition restructuring initiatives, the Debtors had attempted to strengthen the Dealership Network over a period of many years. These efforts included consolidating the Debtors' three brands at each dealership, while attempting to realign retail outlets with the best Dealers and locations to create a smaller, but stronger and more profitable, Dealership Network. The plan to consolidate dealerships and thus reduce the size of the Dealership Network was referred to as "Project Genesis" and was an integral part of the February 2009 Viability Plan. However, the Project Genesis strategy proved expensive and often was affected by rigid state dealership laws that prevented the Debtors from closing, opening or moving certain dealerships. Nevertheless, over an extended period of time from 2001 to the Petition Date, and at an aggregate cost of hundreds of millions of dollars, the Debtors had reduced their Dealership Network from approximately 4,320 dealers to 3,181 dealers.

2. **Rejection Motion, Order and Opinion**

Consistent with Project Genesis and the February 2009 Viability Plan, the Debtors performed a thorough review and assessment of Dealers using the following criteria, among other factors: (a) brand affiliations; (b) raw sales volume; (c) sales performance; (d) location; (e) type of market; (f) facilities; (g) customer service; (h) history of experience; (i) market share; and (j) planning potential for the dealership. The resulting analysis was shared with New Chrysler and Fiat, who agreed with the ~~approach and criteria in~~methodology for selecting Dealers to continue — ~~–~~ *i.e.*~~,~~ Dealers where agreements would be assumed and assigned to New Chrysler as part of the Fiat Transaction. As a result, on May 14, 2009, the Debtors filed (a) a Designation Notice for dealership agreements with 2,392 Dealers to be assumed and assigned to New Chrysler as part of the Fiat Transaction (Docket No. 797) (collectively, the "Assumed Dealers") and (b) a motion (Docket No. 780) (the "Dealer Rejection Motion") seeking to reject dealership agreements with the remaining 789 Dealers (collectively, the "Rejected Dealers"). On June 9, 2009, New Chrysler filed a Confirmation Notice confirming assumption and assignment of the dealership agreements with the Assumed Dealers to New Chrysler pursuant to the Sale Order and as part of the Fiat Transaction (Docket No. 3699).

The Dealer Rejection Motion sought to reject the dealership agreements with the Rejected Dealers, pursuant to section 365 of the Bankruptcy Code, consistent with the Debtors' analysis described above and the determination by New Chrysler not to accept assignment of these dealership agreements as part of the Fiat Transaction. New Chrysler's determination not to accept the dealership agreements with the Rejected Dealers, and to treat them as Excluded Contracts under the MTA, was confirmed in a letter dated June 2, 2009, which was filed with the Bankruptcy Court on June 3, 2009 (Docket No. 3478). The Rejected Dealers filed approximately 430 objections to the Dealer Rejection Motion and participated in two days of fiercely contested evidentiary hearings. Among the issues presented was whether section 365 of the Bankruptcy Code, a federal statute, preempted state dealership laws that otherwise would govern the termination of franchises. On June 9, 2009, the Bankruptcy Court entered an order granting the Dealer Rejection Motion (Docket No. 3802) (the "Dealer Rejection Order"). In addition to the Dealer Rejection Order, the Bankruptcy Court also issued a written opinion in

support of the Dealer Rejection Order (Docket No. 4145). See In re Old Carco LLC (f/k/a Chrysler LLC), 406 B.R. 180 (Bankr. S.D.N.Y. 2009) (collectively with the Dealer Rejection Order, the "Dealer Rejection Order and Opinion"). Pursuant to the Dealer Rejection Order and Opinion, the Bankruptcy Court found that the Bankruptcy Code preempted state dealership laws to the extent they would preclude or impair the Debtors' right to reject the dealership agreements with the Rejected Dealers, or the impact of such rejections. In addition, the Dealer Rejection Order and Opinion determined that the Rejected Dealers' dealership agreements were rejected as of June 9, 2009 and that, as of that date, the Rejected Dealers could no longer act as authorized dealers of the Debtors' products.

Despite the voluminous number of objections to the Dealer Rejection Motion, only one party commenced an appeal of the Dealer Rejection Order to the District Court (Docket No. 4150). However, this appeal ultimately was dismissed prior to briefing (Docket No. 5531), and the Dealer Rejection Order became a final order.

In conjunction with the rejection of the Rejected Dealers, and as recognized in the Dealer Rejection Order, the Debtors instituted a reallocation program to ease the transition and winddown of the Rejected Dealers (the "Dealer Reallocation Program"). By the terms of the Reallocation Program, the Debtors aided eligible Rejected Dealers with the transfer of inventory from Rejected Dealers to the Assumed Dealers. Through this process, the inventory of all Rejected Dealers who chose to participate in the Dealer Reallocation Program was eventually purchased by, and transferred to, Assumed Dealers.

In addition to the Dealer Rejection Motion, the Debtors filed a motion (Docket No. 4450) (the "GEM Rejection Motion") to reject the dealership agreements of certain dealers (collectively, the "Rejected GEM Dealers") for Debtor Global Electric Motorcars, LLC ("GEM"). GEM manufactures all electric low speed vehicles for use on many public roads and private property. In recent years, many Rejected GEM Dealers' sales stagnated, and New Chrysler, after evaluation, made the business decision not to accept assignment of the agreements with the Rejected GEM Dealers, and the Debtors therefore determined to reject these agreements. On July 16, 2009, the Bankruptcy Court entered an order approving the GEM Rejection Motion (Docket No. 4710).

On December 25, 2009, a group of Rejected Dealers filed a motion for reconsideration of the Dealer Rejection Order and Opinion pursuant to Rule 60 of the Federal Rules of Civil Procedure, along with an accompanying memorandum of law (Docket No. 6132) (as amended by Docket No. 6212, the "Dealer Reconsideration Motion"). Among other things, the Dealer Reconsideration Motion seeks to (a) vacate the Dealer Rejection Order and Opinion; (b) order the Debtors to retroactively assume the Rejected Dealers' contracts; (c) approve a statutory assumption of such contracts; (d) determine the Rejected Dealers' claims to be Administrative Claims; (e) reverse the payment of proceeds from the Fiat Transaction to the First Lien Lenders; (f) order payment of damages to the Rejected Dealers as priority lienholders; and (g) set an evidentiary hearing to establish damages. The Debtors believe that the Dealer Reconsideration Motion is procedurally and substantively improper, amounting to an untimely and unsupported appeal of the Dealer Rejection Order and Opinion. On January 15, 2010, the Debtors filed an objection to the Dealer Reconsideration Motion (Docket No. 6216). No hearing has been set to consider this matter.

3. **Enforcement ~~Motion~~Proceedings**

Despite the clear language and terms of the Sale Order transferring assets to New Chrysler free and clear of liens and the rejection of dealership agreements with the Rejected Dealers under the Dealer Rejection Order, certain Rejected Dealers (collectively, the "Non-Complying Dealers") either initiated proceedings under state law or otherwise participated in state administrative proceedings after the entry of the Sale Order and the Dealer Rejection Order seeking to enforce alleged rights under state law as Dealers against New Chrysler and/or the Debtors. As a result, on August 13, 2009, in response to the actions of the Non-Complying Dealers, the Debtors and New Chrysler filed a joint motion (Docket No. 5162) to enforce: (a) the protections of the automatic stay imposed by section 362 of the Bankruptcy Code; (b) the free and clear and other provisions of the Sale Order; and (c) the provisions of the Dealer Rejection Order. After a contested hearing, the Bankruptcy Court entered an opinion and order granting the Dealer Enforcement Motion, in part, on August 31, 2009 (Docket No. 5372) (the "Enforcement Order"). The Enforcement Order determined that the Non-Complying Dealers were in violation of the Sale Order and the Dealer Rejection Order. The Non-Complying Dealers additionally were required to cease all actions in violation of the Sale Order and the Dealer Rejection Order and withdraw their state court and administrative proceedings by September 10, 2009 or face sanctions of $10,000 per day. All of the Non-Complying Dealers dismissed their

actions by September 10, 2009. The Bankruptcy Court has not yet ruled on the issue of whether the automatic stay had been violated by the Non-Complying Dealers or the Debtors' request for sanctions ~~for~~or contempt for violations of the Sale Order and the Dealer Rejection Order.

On September 8, 2009, certain Non-Complying Dealers — Boucher Imports, Inc.; Braeger Chrysler Jeep; Quaden Motors, Inc. (a/k/a John Quaden Dodge, Inc.); Johnson Motors of St. Croix Falls, Inc.; Lakeland Pontiac-GMC-Jeep, Inc. (a/k/a Lakeland Oldsmobile-Pontiac-GMC); Mueller Chrysler, Inc.; Wolf's Motor Car Company, Inc.; and Crain CDJ, LLC (collectively, the "Objecting Dealers") — filed appeals of the Enforcement Order to the District Court (Docket Nos. 5441 and 5463). On September 23 and 29, 2009, certain of the Objecting Dealers filed motions to certify the appeal of the Enforcement Order directly to the Second Circuit (Docket Nos. 5607 and 5681), which were denied by the Bankruptcy Court (Docket No. 5766). The appeal of the Enforcement Order has been fully briefed and remains pending before the District Court.

In December 2009, well after the issuance and service of the Enforcement Order, two Rejected Dealers — Painter's Sun Chrysler, Inc. ("Painter's Sun") and Cutrubus Motors, Inc. d/b/a Rocky Mountain Chrysler-Jeep and Layton Dodge, Inc. d/b/a Cutrubus Chrysler Jeep Dodge (together, "Cutrubus") — initiated proceedings before the Utah Motor Vehicle Advisory Board (the "Utah Board") seeking to enforce alleged rights under state law as Dealers against New Chrysler and/or the Debtors. On December 30, 2009, in response to the actions of Painter's Sun and Cutrubus, the Debtors and New Chrysler filed a second motion to enforce (a) the protections of the automatic stay; (b) the free and clear provisions of the Sale Order; (c) the enforcement provisions of the Sale Order; and (d) the provisions of the Dealer Rejection Order (Docket No. 6144) (the "Second Enforcement Motion"). Before the hearing on the Second Enforcement Motion, both Painter's Sun and Cutrubus withdrew their actions before the Utah Board and obtained orders of the Utah Board dismissing these actions without prejudice. Following dismissal of the Painter's Sun and Cutrubus protests, the Debtors and New Chrysler withdrew the Second Enforcement Motion, without prejudice, on January 13, 2010 (Docket No. 6200).

In the weeks and months following the entry of the Sale Order and the Dealer Rejection Order, numerous states considered legislation that would modify their states' dealer laws in an attempt to restore state law based rights to certain Rejected Dealers. In some states, this type of legislation has been enacted into law. In response, on December 31, 2009, Old Carco, Old Carco Motors LLC and New Chrysler (collectively, the "Adversary Plaintiffs") initiated an adversary proceeding by filing a complaint against John Kroger, Oregon Attorney General; Matthew Garrett, Director of Oregon Department of Transportation; Matthew Dunlap, Maine Secretary of State; John McCurry, Chairman of the Maine Motor Vehicles Franchise Board; Gene Conti, Transportation Secretary for the North Carolina Department of Transportation; Mike Robertson, North Carolina Commissioner of Motor Vehicles; Jesse White, Illinois Secretary of State; and Terrence M. O'Brien, Chairperson of Illinois Motor Vehicle Review Board, which action is captioned Old Carco LLC, *et al.* v. Koger, *et al.* (In re Old Carco LLC), Adv. Pro. No. 09-00511 (AJG) (Bankr. S.D.N.Y. 2009) (the "State Enforcement Proceeding"). By the State Enforcement Proceeding, the Adversary Plaintiffs seek: (a) a declaratory judgment, pursuant to 28 U.S.C. § 2201, finding that the recently enacted amendments to the dealer laws in Oregon, Maine, North Carolina and Illinois impose obligations on New Chrysler and grant rights that (i) are preempted in accordance with the Bankruptcy Court's prior rulings and (ii) violate the Supremacy Clause of the United States Constitution; (b) a declaratory judgment, pursuant to 28 U.S.C. § 2201, finding that the such amendments, as applied to New Chrysler, violate the Contracts Clause of the United States Constitution and the Contracts Clauses of the Oregon, Maine, North Carolina and Illinois Constitutions, and are therefore void and unenforceable against New Chrysler; (c) a permanent injunction, enjoining enforcement or application of such amendments to New Chrysler; (d) such further necessary and proper relief, pursuant to 28 U.S.C. § 2202; and (e) an award of the costs of suit, including reasonable attorneys' fees. The Adversary Plaintiffs have indicated their intention to file a motion for summary judgment without delay. To that end, a pre-motion conference under Local Bankruptcy Rule 7056-1(a) is scheduled for January 21, 2010.

G. The Daimler/Cerberus Settlement

On June 5, 2009, the Debtors entered into a settlement agreement ("Settlement Agreement III") with (1) Cerberus subsidiaries CG Investment Group, LLC and CG Investor, LLC, Chrysler ~~Holding LLC~~Parent and CarCo Holding I; (2) Old Carco; (3) Daimler AG; (4) ~~Chrysler Financial~~Daimler North America Finance Corporation ("DNAF"); (5) Daimler Investments US Corporation (f/k/a DaimlerChrysler Holding Corporation)

("DIUS" and, collectively with DNAF and Daimler AG, the "Daimler Parties"); and (6) the PBGC. Settlement Agreement III sought to resolve various open issues related to the Daimler Divestiture, among other things.

Pursuant to Settlement Agreement III, Cerberus agreed to forgive its $500 million portion of the Owners' Loan Claims in its entirety. In connection with the release of this debt, ~~both~~ the Debtors ~~and~~, certain entities affiliated with Cerberus and the Daimler Parties, among other parties, agreed to ~~waive all~~release certain current and future claims that they may have against ~~Cerberus, and *vice-versa*,~~each other under the Contribution Agreement, dated May 14, 2007 (the "Contribution Agreement"), and ~~related~~other agreements executed in connection with the Contribution Agreement. As additional consideration, ~~the Debtors~~Old Carco, on behalf of itself and all of its subsidiaries, agreed to ~~waive~~release all claims against ~~Cerberus~~CG Investment Group, LLC and CG Investor, LLC.

Pursuant to Settlement Agreement III, ~~Daimler agreed to:~~ (1) DNAF agreed to forgive all $1.5 billion of its portion of the Owners' Loan Claims ~~in exchange for certain mutual releases (the "Daimler Releases").~~ *provided that* neither the Debtors nor the Creditors' Committee commenced an action against any of the Daimler Parties or their affiliates during an established challenge period; ~~and~~ (2) the Daimler Parties agreed to grant certain releases; and (3) Daimler AG agreed to make scheduled cash contributions of $600 million over a two-year period for the benefit of the Chrysler Pension Plans (as defined in the motion to approve Settlement Agreement III) to reduce shortfalls in the funding of the plans (the "Pension Payments"). In exchange for the Pension Payments, Daimler AG was permitted to reduce its ongoing guaranty to the PBGC with respect to the Chrysler Pension Plans of up to $1 billion to $200 million and, in consideration for these contributions, was absolved of any further obligations to contribute to the Debtors' pension plan. The Debtors, certain entities affiliated with Cerberus and the Daimler Parties, among other parties, agreed to release certain current and future claims that they may have against each other under the Contribution Agreement and other agreements executed in connection with the Contribution Agreement. In addition, subject to the terms, conditions and limitations in Settlement Agreement III, Old Carco, on behalf of itself and all of its subsidiaries, agreed to release claims against the Daimler Parties and their affiliates that were not set forth in a complaint to be filed within an agreed challenge period, with such release becoming effective and binding upon the filing of such complaint with the Bankruptcy Court.

An order approving Settlement Agreement III was entered by the Bankruptcy Court on June 5, 2009 (Docket No. 3604) (the "Daimler/Cerberus Settlement Order"). Subsequent to the entry of the Daimler/Cerberus Settlement Order, and during the applicable challenge period, the Creditors' Committee ~~commenced~~filed an action against Daimler AG and other parties as described in Section V.N (The Daimler Litigation) below. As a result, the ~~Daimler Releases~~release by the Debtors did not occur ~~and Daimler~~with respect to the claims set forth in the Creditors' Committee's complaint, and DNAF did not forgive its $1.5 billion portion of the Owners' Loan Claims. As such, ~~Daimler's~~DNAF's $1.5 billion debt under the Owners' Credit Agreement remains outstanding, supported by Liens on the Debtors' assets subordinate to the Liens supporting the First Lien Prepetition Debt and the DIP Credit Agreement. ~~Cerberus'~~The forgiveness by certain Cerberus entities of their $500 million portion of the Owners' Loan Claims remains valid.

Please note that the foregoing summary of certain of the terms and effects of Settlement Agreement III is provided for informational purposes only and is not intended to, and shall not, modify Settlement Agreement III. Any statements herein regarding Settlement Agreement III are qualified in their entirety by the actual terms of Settlement Agreement III, which in all instances shall govern.

H. Old Carco LLC After the Fiat Transaction

Subsequent to completion of the Fiat Transaction, the Debtors began to pursue an orderly winddown of their remaining businesses. Such actions have included the following:

1. Name Changes and Corporate Governance

As part of the Fiat Transaction, the Debtors sold, among other intellectual property, the Chrysler, Dodge and Jeep brands and the rights to use these names. As such, in connection with the Fiat Transaction, the Debtors specifically sought permission to formally change their corporate names to eliminate the word "Chrysler." For example, the name of the lead Debtor, Chrysler LLC, would be changed to Old Carco LLC, and similar changes

would be made to the names of the other Debtors. Pursuant to the Sale Order, the Bankruptcy Court authorized the Debtors, upon and in connection with the closing of the Fiat Transaction, to change their corporate names and the caption of these Chapter 11 Cases, consistent with applicable law. On June 11, 2009, the Debtors filed (a) an Amended List of Debtors (Docket No. 3895) identifying those Debtors whose names had been changed and (b) a Notice of Change of Case Caption, changing the caption of these Chapter 11 Cases to In re Old Carco LLC (f/k/a Chrysler LLC), *et al.* (Docket No. 3897).

On May 19, 2009, the Debtors filed a motion: (a) authorizing the Debtors to implement modifications to their governance structure; (b) approving the release of officers and directors; and (c) authorizing the Debtors to obtain replacement directors and officers liability insurance (Docket No. 1116) (the "Governance Motion"). Subsequent to the filing of the Governance Motion, the Debtors obtained replacement directors and officers liability insurance and that portion of the Governance Motion was withdrawn. The releases sought pursuant to the Governance Motion are now being sought through the Plan. The remainder of the relief sought in the Governance Motion is no longer being pursued by the Debtors.

2. Post-Sale Management of the Debtors

Following the Closing, the Debtors lost all but one of their officers and employees (most of whom became employees of New Chrysler), and all but one member of Old Carco's board of managers resigned. As such, the Debtors' winddown efforts have been managed by: (a) Ronald E. Kolka, Old Carco's Chief Executive Officer; and (b) James N. Chapman, the sole member of Old Carco's board of managers. As of November 30, 2009, Mr. Kolka resigned as an employee of Old Carco, but ~~retains~~retained the position of Chief Executive Officer. Mr. Kolka ~~will continue~~has continued to serve in this role from and after December 1, 2009 as a consultant on an hourly basis. It initially was contemplated that Mr. Kolka would provide these services through Capstone. A motion to modify Capstone's engagement to reflect this arrangement was filed on December 3, 2009 (Docket No. 6049). This motion subsequently was supplemented and modified to provide for Mr. Kolka to be retained directly as an independent contractor (Docket No. 6076). ~~This~~An order approving this motion, as supplemented, ~~remains pending~~was entered on December 17, 2009 (Docket No. 6101). As of December 1, 2009, Mr. Kolka also serves as Chief Financial Officer at Cerberus Operations and Consulting. Other than Mr. Kolka and Mr. Chapman, Old Carco currently has no employees, officers or ~~directors~~managers. The Debtors rely on New Chrysler for many corporate functions, which are provided pursuant to the TSA.

3. Description of Remaining Property and Assets

Pursuant to the terms of the MTA, the Debtors retained all rights, title and interests in certain property and assets excluded from the Fiat Transaction (collectively, the "Excluded Assets"). Among other things, the Excluded Assets included, as of the Closing Date: (a) certain contracts, including real property leases, real property subleases, equipment leases, intellectual technology agreements, derivative, commodity, fuel and foreign exchange positions and all directors and officers' liability policies; (b) certain cash, cash equivalents and marketable securities; (c) certain prepaid assets, financial assets and surety bonds; (d) 21 parcels of real property, including former facility sites; (e) certain leased real property; (f) approximately 7,600 Company Cars; (g) the equity of certain direct and indirect subsidiaries not purchased in the Fiat Transaction; (h) certain defenses, counterclaims, rights of recovery, rights of setoff and rights of recoupment; (i) certain documents containing confidential medical records, books and records required by law to be retained by the Debtors and information management systems subject to third party licensing; (j) certain permits; (k) certain claims, rights or interests to any refund, rebate, abatement or other recovery for taxes; (l) rights under certain insurance policies; (m) certain rights under or pursuant to any warranties (express or implied), representations and guarantees made by third parties; (n) ~~any~~certain rights, claims or causes of action against third parties arising out of events or occurring on or prior to the Closing of the Fiat Transaction; (o) any and all rights related to or arising under certain benefit plans and any assets held in trust to fund, and all insurance policies funding, any of the liabilities under such benefit plans; (p) any rights of the Debtors under the Fiat Transaction and related documents, including the TSA; and (q) certain assets that New Chrysler elected to exclude.

Among the potentially most valuable of the Excluded Assets are the Company Cars, certain derivatives and certain real property assets (including the Licensed Properties being used by New Chrysler), as well as the Daimler Litigation described below. See Section V.H.3 (Description of Remaining Property and Assets) and V.N (The Daimler Litigation). However, the First Lien Lenders or the Government DIP Lenders maintain first priority liens

on virtually all of these assets, subject to certain permitted ~~liens~~Liens, such as ~~liens~~Liens for ~~taxes~~Taxes. For a further description of the Excluded Assets, refer to Exhibit C. As described in Section V.I (Winddown Agreements with the Government DIP Lenders, the First Lien Lenders and the Creditors' Committee), the Debtors reached agreements with the First Lien Lenders and the Government DIP Lenders regarding the preservation, administration and disposition of their collateral, and the financing of these efforts. See also Section V.D.2 (~~the~~The Transition Services Agreement).

4. **Disposition of Remaining Property and Assets**

a. Asset Sales

i. De Minimis Sales Procedures

Subsequent to the closing of the Fiat Transaction, the Debtors commenced efforts to sell or otherwise dispose of their remaining assets. On June 18, 2009, the Bankruptcy Court approved procedures for the sale of certain *de minimis* assets (Docket No. 4122) (the "De Minimis Sale Procedures Order"). The De Minimis Sale Procedures Order authorized the Debtors to sell assets of the Estates outside of the ordinary course of business and without further order of the Bankruptcy Court approval if such asset's purchase price was $10 million or less, or the book value of the assets to be sold at auction was equal to or less than $10 million. The Debtors have made, from time to time, or are currently pursuing, various sales pursuant to the De Minimis Sale Procedures Order. Assets sold under the De Minimis Sale Procedures Order as of the date of this Disclosure Statement include: (a) 71 robots from the Newark assembly plant, which were sold on September 30, 2009 for $284,000.00; (b) the foundry located in Indianapolis, Indiana for $~~177,500.00~~350,000.00; (c) the property located at 20250 Mt. Elliot, City of Detroit, County of Wayne, Michigan for $2,000.00; (d) ~~property located in County of Marion, State of Indiana for $295,000.00; (c)~~ equipment located at the Kokomo, Indiana Plant for $22,000.00; and (~~f~~e) Weld Head equipment for $25,000.00. In addition to these sales, the Debtors also have ~~pursued~~completed the sale of larger assets as described below.

ii. Newark, Delaware Plant

Following the Fiat Transaction, the Debtors retained the Newark, Delaware assembly plant (the "Newark Plant") as an Excluded Asset and one of the Licensed Properties. The Newark Plant consisted of two parcels on 271 acres located in New Castle County in the State of Delaware, including a manufacturing facility and parts distribution facility. At the end of 2008, the Debtors closed production at the Newark Plant in accordance with their restructuring activities under the Transformation Plan. The Debtors have been engaged in an effort to sell the Newark Plant since March 2008. The First Lien Lenders held a first ~~lien~~priority Lien on the Newark Plant, subject only to certain permitted tax ~~liens~~Liens.

After months of marketing, the Debtors entered into an Agreement of Purchase and Sale with the University of Delaware dated October 23, 2009, for the sale of the Newark Plant in a private sale transaction. Also on October 23, 2009, the Debtors filed a motion to approve the sale of the Newark Plant (Docket No. 5827). On November 12, 2009, the Bankruptcy Court entered an order authorizing the sale of the Newark Plant free and clear of all liens, claims, encumbrances and other interests to the University of Delaware for a purchase price $24,225,000.00 (Docket No. 5937). The sale was consummated on November 23, 2009. Consistent with the First Lien Winddown Order (defined below), the net proceeds of the sale (after payment of closing costs) were paid to the First Lien Agent on behalf of the First Lien Lenders.

iii. Vehicle Sales

As of the Closing Date, the Debtors owned and maintained approximately 7,600 Chrysler, Dodge and Jeep-branded vehicles to be used for various company purposes (collectively, but excluding any associated lease revenue, the "Company Cars"). Certain of the Company Cars (collectively, the "Revenue Cars") were provided to employees of Old Carco (now employees of New Chrysler), pursuant to a special employee car program (the "Employee Car Program"). Pursuant to the Employee Car Program, the Revenue Cars were to be returned to the Debtors on a rolling basis, with the last Revenue Car scheduled to be returned on November 1, 2011. Certain other Company Cars (collectively, the "Non-Revenue Cars") were provided to various parties without any expectation of payment and generated no revenue for Old Carco.

Despite the sale of substantially all of the Debtors' assets to New Chrysler, the Company Cars were specifically designated as Excluded Assets and remained assets of the Debtors. The Debtors and New Chrysler reached an agreement with respect to the Company Cars to ensure the smooth and orderly return of the Company Cars. Specifically, under the TSA, New Chrysler was provided with continued possession and use of all Non-Revenue Cars for a period of 60 days following the Fiat Transaction, and employees of New Chrysler were allowed to retain possession and use of the Revenue Cars until the agreed-upon date of return, pursuant to the Employee Car Program. In addition, under the TSA, New Chrysler agreed to assist in the orderly winddown of all Company Car programs, at the conclusion of which New Chrysler would auction all Company Cars for the benefit of the Debtors.

New Chrysler has assisted and continues to assist in the liquidation of the Company Cars. In addition, New Chrysler agreed to purchase 2,951 of the Company Cars (collectively, the "Purchased Vehicles") for its continued use in connection with its ongoing business operations and for the continued use of its employees. Pursuant to a letter agreement dated August 7, 2009 (the "Car Sale Letter Agreement"), the Debtors agreed to sell the Purchased Vehicles to New Chrysler for $17,500 per Company Car, or a total cash consideration of $51,642,500. All of the Purchased Vehicles were Non-Revenue Cars. On September 10, 2009, the Bankruptcy Court entered an order authorizing the sale of Company Cars pursuant to the Car Sale Letter Agreement (Docket No. 5474).

As of ~~November 30~~December 31, 2009, approximately ~~5,000~~5,400 Company Cars had been sold for a total cash consideration of $~~91,216,972~~97,164,790 million. Approximately ~~2,596~~2,193 additional Company Cars remain to be sold.

In the course of negotiations of the Winddown Orders (as defined below), it became clear that the beneficiary of the sale of Company Cars was disputed. The First Lien Agent asserted that the First Lien Lenders held a first ~~lien~~priority Lien in the Company Cars (and therefore the proceeds of any car sales), but the Creditors' Committee expressed an intention to challenge the ~~liens~~Liens of the First Lien Lenders on the Company Cars. If such a challenge were successfully pursued, the Government DIP Lenders would have the first priority ~~lien~~Lien on the Company Cars. This issue was resolved in connection with the negotiation of the Winddown Orders. Under this resolution, 80% of the net proceeds of the Company Cars have been or will be indefeasibly paid to the First Lien Agent and the remaining 20% of the net proceeds will be allocated among the Government DIP Lenders and the Daimler Fund as described below. See Section V.I (Winddown Agreements with the Government DIP Lenders, the First Lien Lenders and the Creditors' Committee); see also the First Lien Winddown Order at ¶ 9 and the DIP Lender Winddown Order (as defined below) at ¶ 15.

iv. Ongoing Marketing Efforts for Real Property and Other Assets

In their efforts to maximize value and winddown the Estates, the Debtors currently are engaged in extensive efforts to market and sell the remaining assets of the Estates, including their 17 remaining manufacturing facilities and other real property holdings. The Debtors expect that these properties will be sold or otherwise disposed of either prior to the Plan in accordance with the Winddown Orders or, from and after the Effective Date of the Plan, by the Liquidating Trust pursuant to the terms of the Plan as described in Section V.I (Winddown Agreements with the Government DIP Lenders, the First Lien Lenders and the Creditors' Committee) and

Section VI.J.1 (Preservation of Rights of Action by the Debtors and the Liquidation Trust; Recovery Actions other than the Daimler Litigation). See also Section IV.B of the Plan.

b. Liquidation of Derivatives

Except as described below, the Debtors have liquidated all of the derivative transactions included among the Excluded Assets in accordance with the terms of the related derivative contracts, resulting in net cash proceeds of $21,141,680 to the Debtors' Estates. The Debtors still are in the process of negotiating with one counterparty, Standard Bank Plc, regarding the final termination amount for a single commodity transaction that was included in a derivative contract. The amount in dispute for such commodity transaction is approximately $500,000. Because the derivatives comprised part of the First Lien Collateral (as defined below), the proceeds from the liquidation of the derivatives have been transferred to the First Lien Agent in accordance with the First Lien Winddown Order.

c. Collection of Other Assets

In addition to the assets described above, the Debtors have been working to monetize and collect additional assets of the Estates, including, without limitation, tax refunds, security deposits and other prepaid amounts and overpayments, rabbi trust funds, excess bond collateral and monies owed in connection with certain litigation matters (collectively, the "Additional Assets"). For a further description of the Additional Assets, refer to Exhibit C ~~attached~~ hereto. The Debtors expect that these properties will be sold or otherwise disposed of either prior to the Plan in accordance with the Winddown Orders or, from and after the Effective Date of the Plan, by the Liquidation Trust pursuant to the terms of the Plan as described in Section V.I. (Winddown Agreements with the Government DIP Lenders, the First Lien Lenders and the Creditors' Committee) and Section VI.J.1 (Preservation of Rights of Action by the Debtors and the Liquidation Trust; Recovery Actions other than the Daimler Litigation). See also Section IV.B of the Plan.

d. Abandonment of Certain Property

On December 3, 2009 the Debtors filed a motion to abandon their interests in certain non-~~debtor~~Debtor foreign subsidiaries and Debtor-owned Dealerships referred to as Market Investment Dealerships or "MIDs" (Docket No. 6048) (the "Abandonment Motion"). The eight non-~~debtor~~Debtor foreign subsidiaries and MIDs subject to the Abandonment Motion ~~are~~were: (a) Action Chrysler Jeep Dodge, Inc.; (b) Chrysler de Venezuela S.A.; (c) Chrysler Motors de Venezuela S.A.; (d) Des Plaines Chrysler Jeep Dodge, Inc.; (e) Grapevine Chrysler Jeep Dodge, Inc.; (f) Lone Star Chrysler Jeep Dodge, Inc.; (g) Long Beach Chrysler-Jeep, Inc.; and (h) South Charlotte Chrysler Jeep Dodge, Inc. (collectively, the "Abandoned Subsidiaries"). The ownership interests in the Abandoned Subsidiaries were determined to have no value because they are (a) inactive and/or subject to liquidation proceedings in their jurisdiction of domicile and/or (b) have assets that are fully encumbered. As such, the First Lien Agent designated the ownership interests in the Abandoned Subsidiaries to be Excluded Assets under the First Lien Winddown Order. ~~The~~An order approving the Abandonment Motion ~~remains pending before the Bankruptcy Court~~was entered on December 17, 2009 (Docket No. 6100). The Debtors' ownership interests in nine non-~~debtor~~Debtor subsidiaries other than the Abandoned Subsidiaries are unaffected by the Abandonment Motion.

I. Winddown Agreements with the Government DIP Lenders, the First Lien Lenders and the Creditors' Committee

Following the Closing Date, and in light of the maturity of the DIP Credit Agreement and the termination of the Debtors' use of cash collateral under the Cash Collateral Order on or about July 3, 2009, the Debtors engaged in negotiations with the Government DIP Lenders, the First Lien Agent and other key stakeholders to reach agreements that would facilitate the financing of an orderly winddown of the Debtors' remaining assets and the completion of the chapter 11 process.

In furtherance of the Debtors' winddown efforts, the Debtors and the Government DIP Lenders previously had agreed pursuant to the DIP Credit Agreement that an amount of not less than $260 million of the DIP Funds (the "Winddown Funds") would be maintained to fund the winddown of the Debtors' Estates (in an amount to be agreed upon by the U.S. Treasury), including the consummation of a plan of liquidation under chapter 11 of the

Bankruptcy Code. See DIP Credit Agreement, § 5.20; see also Sale Opinion, 405 B.R. ~~84,~~at 93, fn. 12 ~~(Bankr. S.D.N.Y. May 31, 2009)~~. Winddown Funds in the amount of $260 million in fact were segregated in accounts with KeyBank National Association for this purpose. Discussions with the U.S. Treasury focused on the use of these Winddown Funds and certain other funds provided by the Government DIP Lenders to complete the Debtors' winddown activities. In connection with these negotiations, the U.S. Treasury indicated that the Government DIP Lenders did not intend to fund the Debtors' activities from and after the Closing Date to preserve and liquidate the First Lien Collateral. As such, the Debtors devoted time to separate negotiations with the First Lien Agent regarding the use of the First Lien Lenders' cash collateral to fund activities relating to the First Lien Collateral.

In addition, as part of the discussions of these winddown matters, the Debtors sought to address certain disputes among the First Lien Lenders, the Government DIP Lenders and the Creditors' Committee. These issues included the resolution of (1) the parties' rights and entitlements to the proceeds of the Company Cars; (2) the rights of the Creditors' Committee to initiate a proceeding for a determination that the First Lien Lenders did not have a valid, perfected and unavoidable security interest in all or any portion of the collateral to which the $2 billion cash portion of the consideration for the Fiat Transaction was allocated, or a finding that ~~liens~~Liens of the First Lien Lenders should not have attached to any portion of the $2 billion proceeds by reason of section 552(b) or section 506(c) of the Bankruptcy Code (collectively, the "Challenge Rights"); (3) the First Lien Lenders' potential superpriority claims (in accordance with the Cash Collateral Order or otherwise) for Adequate Protection Obligations (as defined in the Cash Collateral Order) or any other superpriority claim (the "First Lien Superpriority Claims"); and (4) other matters. The Creditors' Committee also sought access to the proceeds of the Daimler Litigation as a means to potentially fund a distribution to general unsecured creditors in these cases, as well as funding for the expenses of this litigation. Absent any further agreements, these litigation proceeds would be subject to the first priority ~~lien~~Lien of the Government DIP Lenders and would not be available for payment to any other creditors.

After several months of discussions, these various matters were resolved pursuant to the terms of two agreed orders described below: the First Lien Winddown Order and the DIP Lender Winddown Order (collectively, the "Winddown Orders"). The Winddown Orders were critical agreements that paved the way for a global resolution of the key disputed issues among certain of the Debtors' constituents and established a comprehensive funding arrangement with respect to the orderly liquidation of the Debtors' Estates. Specifically, the Winddown Orders established the terms under which (1) the Government DIP Lenders will permit the ongoing use of the Winddown Funds and certain other amounts to fund a plan of liquidation and related activities; (2) the First Lien Lenders will permit the use of their cash collateral to fund the administration and liquidation of the First Lien Collateral; and (3) the various other disputes among the parties were resolved in a manner that minimized the need for additional litigation and provided the potential for a recovery to general unsecured creditors. The Winddown Orders, accordingly, resolved the primary obstacles remaining to the completion of the Debtors' winddown and the eventual Confirmation and implementation of the Plan.

1. **First Lien Winddown Order**

On November 4, 2009, the Debtors filed a motion (Docket No. 5903) for entry of an agreed order for use of the First Lien Lenders' cash collateral (the "Cash Collateral") in support of the administration and disposition of the other collateral (a) that was in the Debtors' Estates as of September 1, 2009 and (b) for which the First Lien Lenders have a first priority ~~lien~~Lien under the First Lien Credit Agreement subject only to certain permitted liens (the "First Lien Collateral"). This agreed order was signed by the Debtors and the First Lien Agent and was entered by the Bankruptcy Court on November 19, 2009 (Docket No. 5981) (the "First Lien Winddown Order").

The First Lien Winddown Order is premised on an acknowledgement that (a) the Debtors maintain no equity in the First Lien Collateral and (b) First Lien Lenders are the primary economic stakeholders with respect to the First Lien Collateral. Consequently, the First Lien Winddown Order generally provides that the net proceeds of the First Lien Collateral generated from a sale or other disposition of such assets are to be transferred to the First Lien Agent. It also provides the First Lien Lenders with an appropriate amount of discretion regarding the disposition of their collateral and the funding of those activities, subject to certain requirements, conditions and restrictions imposed by bankruptcy or other law.

The First Lien Winddown Order recognizes that, as long as the First Lien Collateral remains in the Debtors' Estates, (a) the Debtors will seek to maintain and preserve the First Lien Collateral and to dispose of, liquidate or otherwise administer such property; and (b) as the primary stakeholder, the First Lien Lenders will cover the costs of such activities, including the fees and expenses of the Debtors' professionals as set forth in the First Lien Winddown Order ("Covered Costs"). It establishes a framework for the orderly liquidation and administration of the First Lien Collateral by providing a set of procedures, whereby assets are identified and designated to be sold, foreclosed upon, abandoned or otherwise disposed of in accordance with the First Lien Winddown Order. Specifically, these procedures establish three asset groups to be designated by the First Lien Agent: Estate Assets, Foreclosed Assets and Excluded Assets (as such terms are defined in the First Lien Winddown Order):

- Estate Assets consist of assets that are to be administered by the Debtors, in accordance with the Bankruptcy Code and other applicable law. That is, these assets will be collected and sold or otherwise liquidated by the Debtors, including by sales to third parties for value pursuant to section 363 of the Bankruptcy Code. As part of the First Lien Lenders' adequate protection, the Debtors will pay the net proceeds of any sales of First Lien Collateral to the First Lien Agent. Further, with respect to such assets, the First Lien Winddown Order recognizes the First Lien Agent's right to credit bid pursuant to section 363(k) of the Bankruptcy Code.

- Foreclosed Assets are assets that will be transferred directly from the Debtors to the Collateral Trustee or its designee by means of consensual foreclosure, deed in lieu or similar mechanism, or other reasonable means, including free and clear transfers by credit bid under the De Minimis Sale Procedures Order.

- Excluded Assets generally consist of property that is not valuable enough, in the view of the First Lien Lenders, to justify their ongoing funding of the asset. The First Lien Winddown Order provides that the First Lien Lenders, nevertheless, will provide use of Cash Collateral for a limited 15-day period to permit the Debtors to seek the abandonment of the property pursuant to section 554 of the Bankruptcy Code or seek other appropriate alternatives.

The rights to use Cash Collateral under the First Lien Winddown Order run for the period commencing on September 1, 2009 and ending on the earlier of (a) March 31, 2010 (or such later date to which the Debtors and the First Lien Agent may agree) and (b) the first date that none of the First Lien Collateral remains in the Debtors' Estates. By the First Lien Winddown Order, the First Lien Lenders also agreed to fund certain Covered Costs relating to the preservation and disposition of the First Lien Collateral for the period from the Closing Date through August 31, 2009. The First Lien Winddown Order provides for (a) the establishment of a $15 million reserve from existing First Lien Collateral to pay for certain of the Covered Costs (which reserve is subject to a $3 million minimum funding at all times), as well as (b) the payment of closing costs directly from the proceeds of the sale of First Lien Collateral.

The First Lien Winddown Order, in conjunction with the DIP Lender Winddown Order, resolves any potential disputes with respect to the validity of the security interests in and liens on the Company Cars by distributing 80% of the net proceeds from the sale or other disposition of such collateral (the "Car Proceeds") to the First Lien Lenders, and providing that the remaining 20% of the Car Proceeds (the "Remaining Share") will be treated under the terms of the DIP Lender Winddown Order. Costs associated with the Company Cars will be paid from Car Proceeds or otherwise in proportion to the rights to these proceeds, such that the First Lien Lenders bear 80% of such costs, the Government DIP Lenders bear 16% of such costs and the Daimler Fund bears 4% of such costs.

The First Lien Winddown Order also (a) provides for the extinguishment of the Creditors' Committee's Challenge Rights consistent with the agreements of the parties as further set forth in the DIP Lender Winddown Order; (b) extinguishes any First Lien Superpriority Claims; and (c) establishes certain funding arrangement with respect to the Creditors' Committee's litigation expenses in the Daimler Litigation. As to the Daimler Litigation, the First Lien Lenders agreed to fund $5 million of a reserve (the "Daimler Fund") for the expenses of the Daimler Litigation incurred during the period from and after September 1, 2009.

The First Lien Winddown Order also established the assets comprising the First Lien Collateral, subject to (a) procedures to identify additional assets as First Lien Collateral and (b) the Government DIP Lenders' rights to confirm that none of the First Lien Lenders' ~~liens~~Liens in any of the First Lien Collateral listed on the Exhibit B to the First Lien Winddown Order were released, in whole or in part, as of the Petition Date (the "Collateral Under Review"). The Government DIP Lenders were granted until December 10, 2009 (the "Collateral Challenge Deadline") to file a pleading seeking a finding that the First Lien Lenders' Liens were released, in whole or in part, as to some or all of the Collateral Under Review (a "Challenge Pleading"). By agreement of the parties, the Collateral Challenge Deadline ~~has been~~was extended to December 20, 2009 for certain of the Collateral Under Review. ~~To date, no~~No Challenge Pleading ~~has been~~was filed by the established deadlines.

In addition, by the First Lien Winddown Order, the First Lien Lenders agreed not to oppose a release by the Debtors, their Estates, their respective successors, assigns and any and all entities who may purport to claim by, through, for or because of them of the Debtors' current and former directors and officers from all liabilities and obligations related to or arising in connection with the Debtors' Chapter 11 Cases, including the releases originally sought in the Governance Motion, whether approval of such releases is sought pursuant to the Plan or otherwise.

Consistent with the First Lien Winddown Order, on or about November 30, 2009, the Debtors funded the Reserve and the First Lien Lenders' portion of the Daimler Fund from the Cash Collateral and indefeasibly paid $111,596,000 million in Cash Collateral (representing the net proceeds of First Lien Collateral) to the First Lien Agent.

The agreements and compromises contained in the First Lien Winddown Order are incorporated into, or modified by the terms of, the Plan. See, e.g., Section II.B.2 of the Plan.

2. **DIP Lender Winddown Order**

On November 4, 2009, the Debtors filed a motion (Docket No. 5902) for entry of an agreed order approving winddown funding of the Debtors' Estates by the Government DIP Lenders and addressing the treatment of assets for which the Government DIP Lenders have a first priority ~~lien~~Lien under the DIP Credit Agreement (subject to any tax ~~liens~~Liens and other permitted ~~liens~~Liens thereunder) (the "DIP Collateral"). This agreed order was signed by the Debtors, the U.S. Treasury, EDC and the Creditors' Committee and was entered by the Bankruptcy Court on November 19, 2009 (Docket No. 5982) (the "DIP Lender Winddown Order").

In conjunction with the First Lien Winddown Order, the DIP Lender Winddown Order provides a funding mechanism for the winddown of the Debtors' assets and affairs and the conclusion of these cases. In particular, the Government DIP Lenders Winddown Order provides for the agreed use of $302 million provided by the Government DIP Lenders, consisting of the $260 million in Winddown Funds and an additional $42 million provided for certain designated purposes (collectively, the "Liquidation Funds"). The DIP Lender Winddown Order authorized these Liquidation Funds to be used to fund certain trust accounts to pay the Debtors' winddown costs (collectively, the "Trust Accounts"). These Trust Accounts include: (a) four tax trust accounts, totaling $148 million for certain tax liabilities, including $63 million funded pursuant to the requirements of paragraph 21 of the Sale Order (the "Sales and Use Tax Escrow") and $14 million to fund secured taxes owed under paragraph 20 of the Sale Order or relating to DIP Collateral; (b) an escrow totaling $40 million for certain professional fees incurred prior to the Closing Date; (c) an escrow of $16 million for certain dealer incentive payments; (d) a trust account of $27.5 million for the post-September 1, 2009 fees and expenses of the Debtors' professionals at Capstone, Jones Day, Togut, Segal and Segal and Cahill Gordon & Reindel LLP; and (e) a trust account in the amount of $54.7 million to cover other administrative costs (the "Additional Winddown Cost Escrow"). On the Effective Date of the Plan, consistent with the terms of the DIP Lender Winddown Order, these Trust Accounts will be transferred to the Liquidation Trust. In accordance with the DIP Lender Winddown Order, on December 9, 2009, the Debtors filed with the Bankruptcy Court a notice (Docket No. 6066) identifying certain of the amounts set forth above.

The Debtors are authorized to use the Liquidation Funds, consistent with purposes of the Trust Accounts and the DIP Lender Winddown Order, to administer and liquidate the DIP Collateral in accordance with the requirements, conditions and restrictions of bankruptcy law and other applicable law.

Under the DIP Lender Winddown Order, none of the Liquidation Funds will be used to fund: (a) activities related to the liquidation of any of the First Lien Collateral, which instead are funded under the terms of the First Lien Winddown Order; or (b) any fees and expenses of the Creditors' Committee or its professionals in connection with the Daimler Litigation, *provided that* the costs of the Daimler Litigation for the period prior to September 1, 2009, previously funded from the Liquidation Funds, are reimbursed from the Remaining Share of the Car Proceeds as detailed in the Winddown Orders and herein. In addition, the Debtors' rights to use the Liquidation Funds terminates as of March 31, 2010 if the Plan has not been confirmed by that date.

Unless the Debtors and the Government DIP Lenders agree otherwise, the Government DIP Lenders are entitled to the following payments under the DIP Lender Winddown Order: (a) any Liquidation Funds remaining after the Debtors fund the Trust Accounts, payable as of the Effective Date of the Plan; (b) any net proceeds (after paying closing costs) derived from the sale of any of the DIP Collateral; (c) any funds remaining in any of the Trust Accounts after they are used for their designated purposes; (d) any Liquidation Funds remaining after (i) entry of an order closing the Debtors' Chapter 11 Cases and (ii) the Liquidation Trust has been fully administered; and (e) upon the conversion or dismissal of the Debtors' chapter 11 cases, any Liquidation Funds after payment of incurred professional fees and other chapter 11 administrative costs.

As to the Car Proceeds, the DIP Lender Winddown Order acknowledges that 80% of the Car Proceeds will promptly be indefeasibly paid by the Debtors to the First Lien Agent pursuant to the First Lien Winddown Order and provides that the Remaining Share will be treated as described below. The first $3.6 million of the Remaining Share will be indefeasibly paid to the Government DIP Lenders to reimburse them for the funding of certain of the Creditors' Committee's costs of the Daimler Litigation for the period prior to September 1, 2009. The remainder of the Remaining Share will be distributed by the Debtors as follows: (a) 80% will be indefeasibly paid to the Government DIP Lenders and (b) 20% will be added to the Daimler Fund free of the Government DIP Lenders' ~~liens~~Liens and ~~claims~~Claims (the "Committee Car Proceeds"). As described above, the Debtors' costs of preserving and liquidating the Company Cars will be split between the First Lien Lenders, the Government DIP Lenders and the Daimler Fund in proportion to their interests in these proceeds, as set forth in the Winddown Orders.

The DIP Lender Winddown Order also addresses the treatment of the Daimler Litigation, the proceeds of which constitute part of the DIP Collateral and would not be available to the Debtors' Estates unless and until the obligations under the DIP Credit Agreement are paid and satisfied in full. Under the circumstances, the Debtors do not expect that the debt owed under DIP Credit Agreement will be paid in full. Thus, to provide an opportunity for general unsecured creditors to achieve a recovery in these cases, the Government DIP Lenders agreed in the DIP Lender Winddown Order to release to the Debtors' Estates (or to a successor) their ~~lien~~Lien on any proceeds actually received by the Debtors' Estates (or a successor) on account of the Daimler Litigation (the "Daimler Proceeds"), subject to certain conditions. Upon the release of the Government DIP Lenders' ~~liens~~Liens, the Daimler Proceeds will be available only to (a) pay any fees of Contingency Fee Counsel (as defined below) with respect to the Daimler Litigation; (b) pay other administrative and priority expenses of the Debtors' Estates; and (c) make pro rata distributions under the Plan to creditors holding general unsecured nonpriority claims against the Debtors.

The release of the Government DIP Lenders' ~~liens~~Liens on any Daimler Proceeds and the Committee Car Proceeds are conditioned on, and will only occur if, (a) the Creditors' Committee supports a chapter 11 plan proposed by the Debtors (such as the Plan), which is consistent with the terms set forth in the DIP Lender Winddown Order and supported by the Government DIP Lenders and the First Lien Lenders; (b) general unsecured creditors vote in favor of such plan (*i.e.*, holders of Allowed General Unsecured Claims in Class 3A under the Plan); and (c) the Creditors' Committee agrees not to, and does not, (i) move to dismiss the Debtors' chapter 11 cases, (ii) move to convert these cases to cases under chapter 7 of the Bankruptcy Code or (iii) support any such request of any other party in interest in these chapter 11 cases. The release of the Government DIP Lenders' liens on the Daimler Proceeds is addressed in the Plan. See, e.g., Section II.A.1.c.iv of the Plan.

Under the DIP Lender Winddown Order, the Creditors' Committee also confirms the waiver of its Challenge Rights as required by the First Lien Winddown Order.

Finally, pursuant to the DIP Lender Winddown Order, the U.S. Treasury, EDC and the Creditors' Committee agreed not to oppose a release by the Debtors, their estates, their respective successors, assigns and any and all entities who may purport to claim by, through, for or because of them of the Debtors' current and former

directors and officers from all liabilities and obligations related to or arising in connection with the Debtors' chapter 11 cases, including the releases originally sought in the Governance Motion, whether approval of such releases is sought pursuant to the Plan or otherwise.

The Winddown Orders (including the settlements contained therein) provided the foundation for the funding of the winddown of the Debtors' Estates and the development and consummation of the Plan that the Debtors believe will maximize recoveries to all parties in interest. In particular, pursuant to the Winddown Orders, the Debtors gained the support of the Government DIP Lenders, the First Lien Lenders and the Creditors' Committee for the Confirmation of the Plan described herein, which is consistent with and incorporates (or modifies) certain of the terms of the Winddown Orders.

J. Schedules, Claim Bar Dates and Claims Procedures

On the Petition Date, the Debtors filed a motion to extend the time within which to file their schedules of assets and liabilities (the "Schedules") pursuant to Bankruptcy Rule 1007 (Docket No. 31) (the "Extension Motion"). On May 3, 2009, the Bankruptcy Court entered an order approving the Extension Motion and setting June 29, 2009 (the "Extension Date") as the extended deadline to file the Schedules. By an order of the Bankruptcy Court entered on June 18, 2009 (Docket No. 4127), the Extension Date was further extended until August 13, 2009 (the "Amended Extension Date"). After review of the Debtors' books and records and the assistance of New Chrysler under the TSA, the Schedules were filed by the Debtors on August 12, 2009, before the Amended Extension Date.

On July 23, 2009, the Debtors filed a motion seeking to establish certain bar dates for filing proofs of claim against the Debtors (Docket No. 4861) (the "Bar Date Motion"). The Bankruptcy Court entered an order granting the Bar Date Motion on August 6, 2009 (Docket No. 5018) (the "Bar Date Order"). In particular, the Bar Date Order established the following bar dates for the filing of proofs of claim in the Chapter 11 Cases (collectively, the "Bar Dates"): (a) September 28, 2009 at 5:00 p.m., Eastern Time, as the general bar date for filing proofs of claim against the Debtors (the "General Claims Bar Date") that arose before the commencement of the Chapter 11 Cases; (b) October 27, 2009 at 5:00 p.m., Eastern Time, as the bar date for governmental units holding claims against any Debtors other than Alpha Holding; (c) November 15, 2009 at 5:00 p.m., Eastern Time, as the bar date for governmental units holding claims against Alpha Holding; (d) a bar date for filing claims in response to amendments to the Schedules on the later of the General Claims Bar Date and 5:00 p.m., Eastern Time, on the date that is 30 days from the date that notice of an amendment or supplement to the Schedules is served on an affected claimant; and (e) a bar date for claims relating to the rejection of any executory contracts or unexpired leases pursuant to section 365 of the Bankruptcy Code (the "Rejection Bar Date") on the later of the General Claims Bar Date and 5:00 p.m., Eastern Time, on the date that is 30 days from the entry of an order approving the rejection. The Bar Date Order (1) required the filing of all prepetition claims, including claims with administrative priority under section 503(b)(9) of the Bankruptcy Code, by the General Claims Bar Date and (2) the filing of any claims relating to the rejection of an executory contract or unexpired lease, including administrative claims, by the Rejection Bar Date.

On August 20, 2009, the Debtors served, among other things, notice of the Bar Dates in accordance with the Bar Date Order (the "Bar Date Notice"). In addition, on August 27, 2009, notice of the Bar Dates was published in The Wall Street Journal, The New York Times, The Financial Times and USA Today (the "Publication Notice"). In response to the Bar Date Notice and the Publication Notice, the Debtors have received more than 28,600 proofs of claim, asserting liquidated claims exceeding $110 billion, plus unliquidated amounts. In addition, another approximately $15 billion in liabilities (including intercompany liabilities) were listed in the Schedules as undisputed, noncontingent and liquidated, and for which no proof of claim was filed.

On November 5, 2009, the Debtors filed a motion (Docket No. 5911) (the "Claims Procedures Motion") seeking authority to establish claims objections procedures and claims settlement procedures, including relief from certain of the procedural requirements and limitations in Bankruptcy Rule 3007. On November 19, 2009, the Bankruptcy Court entered an order approving the Claims Procedures Motion (Docket No. 5980). Consistent with these court-approved procedures, the Debtors have filed seven omnibus objections seeking to disallow over 1,300

proofs of claim asserting a total of approximately $2 billion in liabilities (Docket Nos. 6109, 6110, 6204, 6205, 6206, 6209 and 6210).

K. Exclusivity

Pursuant to section 1121 of the Bankruptcy Code, a debtor has the exclusive right to (1) file a plan of reorganization during the first 120 days of its chapter 11 case and (2) solicit acceptances of the plan during the first 180 days of the case. These may be extended for "cause" up to a date that is 18 months after the Petition Date. On August 13, 2009, the Debtors filed a motion (Docket No. 5160) (the "Exclusivity Motion") seeking to extend the period during which the Debtors have the exclusive right to file a chapter 11 plan or plans (the "Exclusive Filing Period") by approximately 94 days, through and including November 30, 2009, and to extend the period during which the Debtors have the exclusive right to solicit acceptances thereof (the "Exclusive Solicitation Period") through and including January 29, 2010, or approximately 60 days after the expiration of the Exclusive Filing Period, as extended. An order approving the Exclusivity Motion was entered on September 10, 2009 (Docket No. 5471). On November 23, 2009, the Debtors filed a motion to further extend the Exclusive Filing Period through and including December 30, 2009 and the Exclusive Solicitation Period through and including March 31, 2010 (Docket No. 6003) (the "Second Exclusivity Motion"). On November 24, 2009, the Bankruptcy Court entered a bridge order extending the Exclusive Filing Period through and including the date that the court ~~enters~~entered an order with respect to the Second Exclusivity Motion (Docket No. 6011) (the "Bridge Order"). The Debtors' Plan was filed within the Exclusive Filing Period, as extended by the Bridge Order, on December 14, 2009. ~~The~~An order approving the Second Exclusivity Motion ~~currently remains pending~~was entered on December 17, 2009 (Docket No. 6099).

L. Settlement and Payment of Prepetition Tax Claims

Pursuant to the MTA, the Debtors transferred certain owned real and personal property (the "Transferred Property") to New Chrysler that was subject to certain statutory tax ~~liens~~Liens at the time of the Closing or ~~liens~~Liens that could be created or perfected in accordance with section 362(b)(18) of the Bankruptcy Code. The Transferred Property was transferred to New Chrysler subject to (1) any applicable secured or similar property taxes described in section 362(b)(18) of the Bankruptcy Code (the "Lien Taxes") for the tax year 2009 (collectively, the "2009 Property Taxes") owed to state and local taxing authorities in the United States (collectively, the "Relevant Taxing Authorities") and (2) any ~~liens~~Liens related to such 2009 Property Taxes. The 2009 Property Taxes on the Transferred Property were prorated as of the Closing Date and were to be settled upon receipt of the relevant property tax bills. The Debtors also deposited designated funds in the amount of $63 million in the Sales and Use Tax Escrow to satisfy certain sales and use taxes, Michigan business taxes, pre-2009 property taxes and other taxes owed to the Relevant Taxing Authorities in respect of any of the Debtors (including predecessors of the Debtors), to the extent such taxes were (1) Lien Taxes related to assets sold to New Chrysler or (2) authorized to be paid under the Order, Pursuant to Sections 105(a), 363(b), 507(a) and 541 of the Bankruptcy Code, Authorizing the Debtors and Debtors in Possession to Pay Certain Prepetition Taxes (Docket No. 355), entered on May 6, 2009, to the extent such taxes were or may be asserted or assessed against individuals (collectively, the "Additional Taxes"). Any Claims for Additional Taxes attach to, and will be satisfied from, the Sales and Use Tax Escrow. On June 26, 2009, the Debtors filed a motion to approve procedures to settle and pay claims subject to the Sales and Use Tax Escrow (Docket No. 4364) (the "Tax Escrow Motion"). An order approving the Tax Escrow Motion was entered by the Bankruptcy Court on July 16, 2009 (Docket No. 4709) (the "Tax Escrow Order").

Following the Closing, the Debtors continued to own and maintain, in various jurisdictions, certain equipment, personal property and real property (the "Retained Properties") upon which prepetition secured taxes accrued in addition to the Lien Taxes described above. The Debtors also incurred certain prepetition taxes entitled to priority status (collectively, the "Priority Taxes"). On October 8, 2009, the Debtors filed a motion to approve certain procedures for: (1) payment of undisputed prepetition secured tax claims; (2) the settlement and payment of disputed prepetition secured tax claims; and (3) the settlement and payment of disputed Priority Taxes (Docket No. 5728) (the "Tax Procedures Motion"). An order approving the Tax Procedures Motion was entered on October 22, 2009 (Docket No. 5820) (the "Tax Procedures Order"). The Tax Procedures Order did not provide the Debtors with authority to pay undisputed Priority Taxes.

Consistent with the authority granted in the Tax Escrow Order and the Tax Procedures Order, the Debtors have been working to settle claims for Secured Taxes and Priority Taxes. Pursuant to the Tax Escrow Order, the Debtors have made payments to, and entered into settlements with, Relevant Taxing Authorities for (i) Adams, Arapahoe and Larimore Counties in Colorado ~~and~~, (ii) Lucas and Wood Counties in Ohio and (iii) the City of Milwaukee, Wisconsin, resolving approximately $~~4.0~~4.1 million in asserted tax liabilities. Pursuant to the Tax Procedures Order, the Debtors have entered into settlements with Relevant Taxing Authorities for Boone County, Illinois, the City of Seattle, Washington and the State of Washington, resolving approximately $37 million in asserted tax liabilities.

M. Dealer Administrative Claim Requests

On September 28, 2009, a group of 23 Rejected Dealers (the "Requesting Dealers") jointly filed the Motion of the 23 Affected Dealers for the Allowance of Administrative Expenses Pursuant to 11 U.S.C. §§ 503(b)(1) and 507(a)(2) (Docket No. 5651) (the "Dealer Administrative Motion"), seeking the allowance of their claims for franchise "termination assistance" under state motor vehicle dealer laws as administrative expenses of the Estates under section 503(b)(1) of the Bankruptcy Code.[~~10~~11] The Requesting Dealers argued in the Dealer Administrative Motion that the Debtors' rejection of their dealership agreements entitles them to such alleged "termination assistance" on an administrative priority basis under 28 U.S.C. § 959 and the principles of certain case law under which courts have granted, under limited circumstances, administrative priority to claims arising from debtors' postpetition torts or willful misconduct. The Debtors ~~dispute~~disputed any entitlement to administrative expense status for the Requesting Dealers' rejection damage claims. On October 30, 2009, the Debtors filed an objection to the Dealers Administrative Motion (Docket No. 5869). On November 13, 2009, the Requesting Dealers filed their reply (Docket No. 5947). Following a hearing on November 19, 2009 solely regarding the priority status of any rejection damage claims asserted by the Requesting Dealers, the Bankruptcy Court took this matter under advisement with the expressed intention of writing an order and opinion. ~~Regardless of the outcome of the priority issues, the Debtors have reserved their rights to further object to~~On January 5, 2010, the Bankruptcy Court issued an opinion denying those provisions of the Dealer Administrative Motion seeking priority status for rejection damage claims asserted by the Requesting Dealers~~' claims on any and all available grounds , including, without limitation, their amount, scope, merits and timing of payment.~~(Docket No. 6160), determining instead that the Rejected Dealers' rejection damage claims, to the extent allowed, will constitute General Unsecured Claims. See In re Old Carco LLC, Case No. 09-50002 (AJG) 2010 Bankr. LEXIS 6 (Bankr. S.D.N.Y. 2010) (the "Dealer Administrative Claim Opinion"). The Bankruptcy Court has indicated that it will enter an order consistent with the Dealer Administrative Claim Opinion upon submission by the Debtors.

N. The Daimler Litigation

On August 17, 2009, the Creditors' Committee filed a complaint on behalf of the Estate of Old Carco in the Bankruptcy Court against, among other parties, certain Daimler entities. On December 31, 2009, the Creditor's Committee filed an amended complaint in the Bankruptcy Court (the "Complaint") on behalf of the Estate of Old Carco against: (1) Daimler~~,~~ AG; (2) Daimler North America Corporation (f/k/a DaimlerChrysler North America Holding Corporation)~~, Daimler Investments US Corporation (f/k/a DaimlerChrysler Holding Corporation),~~("DCNAH"); (3) DIUS; (4) John Does 1-50~~,~~; (5) Ruediger Grube~~,~~; (6) Bodo Uebber, (7) Thomas W. Sidlick; and (8) Eric Ridenour (together with Messrs. Grube, Uebber and Sidlick, the "Individual Defendants"). The Complaint asserts claims against: (1) Daimler~~, two of its affiliates and four former directors of Old Carco for intentional and~~ AG, DCNAH, DIUS and John Does 1-50 for constructive and intentional fraudulent transfer~~,~~ and unjust enrichment~~,~~; (2) Daimler AG for corporate alter ego ~~and~~; (3) the Individual Defendants for breach of fiduciary duty; and (4) Daimler AG, DCNAH and DIUS for aiding and abetting a breach of fiduciary duty. The Complaint is captioned The Official Committee of Unsecured Creditors of Old Carco LLC (f/k/a Chrysler LLC) v. Daimler AG (f/k/a DaimlerChrysler AG), *et al.*, Adv Pro No. 09-00505-AJG (Bankr. S.D.N.Y) (the "Daimler Litigation").

The commencement of the Daimler Litigation followed an investigation conducted by the Creditors' Committee pursuant to the terms of Settlement Agreement III. As described above, Settlement Agreement III

[~~10~~11] In addition, these Dealers and numerous other Dealers have filed proofs of claim asserting administrative priority for their alleged entitlement to state law "termination assistance."

provided for, among other things, a ~~broad~~ release of the Debtors' claims against the Daimler~~, and Daimler's~~ Parties and certain of their affiliates (as set forth in Settlement Agreement III), and DNAF's forgiveness of its $1.5 billion in Owners' Loan Claims, *provided that* no action against the Daimler Parties and their affiliates was commenced by the Debtors or the Creditors' Committee after an established investigation period. Specifically**,** Settlement Agreement III provided the Creditors' Committee until July 20, 2009 (the "Daimler Review Period"). By agreement of Daimler AG and the Creditors' Committee, the conclusion of the Daimler Review Period (and thus the deadline for the Creditors' Committee to file a lawsuit against Daimler AG) was extended from July 20, 2009 to August 18, 2009.

Following the approval of Settlement Agreement III on June 5, 2009, the Creditors' Committee began an investigation into the existence and viability of potential claims arising out of ~~Daimler's~~Daimler AG's restructuring of Old Carco and ~~subsequent~~the Daimler Divestiture in 2007, including whether certain transfers that occurred in connection with this restructuring were fraudulent and violated ~~Daimler's~~Daimler AG's fiduciary duties to Old Carco and its creditors. In furtherance of its investigation, the Creditors' Committee filed a motion for an order authorizing Bankruptcy Rule 2004 discovery, which order was entered by the Bankruptcy Court on June 17, 2009 (Docket No. 4062).

During the course of its investigation, the Creditors' Committee served Bankruptcy Rule 2004 discovery requests on six parties, reviewed many thousands of pages of documents and conducted depositions and interviews of witnesses produced by, among others, the Debtors, Daimler AG and ~~Daimler's~~Daimler AG's advisors Ernst & Young LLP, Houlihan Lokey Howard & Zukin, Inc. and JPMorgan Chase & Co. The Creditors' Committee was assisted in its efforts by its financial advisor, Mesirow, which analyzed and interpreted financial and industry data, including business projections, financial statements, valuations, analysts reports and myriad other relevant materials.

According to counsel to the Creditors' Committee, the Complaint rests upon the following allegations, among others:

- The Complaint seeks to hold Daimler AG, and other defendants, accountable for billions of dollars in assets that the Creditors' Committee believes were unlawfully extracted from Old Carco. In 2007, immediately before the sale of a controlling interest in Old Carco to Cerberus through the Daimler Divestiture, Daimler AG engineered a restructuring of Old Carco's businesses. As part of this restructuring, Daimler AG stripped away Old Carco's most valuable assets in exchange for assets that were worth considerably less and, in some cases, for no consideration at all. These exchanges enriched Daimler AG at the expense of Old Carco's creditors who no longer had access to the value of these assets to satisfy their claims. The Daimler Litigation was initiated to recover the value of these assets for the benefit of Old Carco's Estate and creditors.

- The events underlying the Daimler Litigation began in 2006 when, according to the Complaint, Daimler AG came to the conclusion that its acquisition of Old Carco was a failure. Old Carco's business performance was deteriorating markedly, and income was falling far short of projections. Before the Debtors initiated their Transformation Plan, Old Carco's automotive sales under ~~Daimler's~~Daimler AG's ownership dropped from 2.6 million vehicles in 1999, the first year after the Daimler AG merger, to 2.3 million in 2005 and to 2.1 million in 2006.

- By early 2007, Old Carco was burdened with debt, including massive employment-related obligations and other creditors' claims that the Creditors' Committee believes were in excess of the amounts Old Carco was likely to be able to pay on its own given its financial performance at the time. According to the Complaint, Daimler AG recognized that its role as corporate parent and guarantor of many of Old Carco's debts placed it at risk that it would be forced to pay potentially billions of dollars of Old Carco's obligations. The Complaint concludes that Daimler AG decided to avoid that risk by severing itself from Old Carco.

- According to the Complaint, before ridding itself of its potential obligations to Old Carco's creditors, Daimler AG determined to wrest as much value as possible from Old Carco. Daimler AG recognized that portions of the Old Carco business, particularly its captive financing arm, had tremendous value. Daimler AG could extract that value, at the expense of Old Carco and its creditors, in at least two

different ways. It could assume control over the valuable assets by directly transferring ownership to other entities that Daimler AG owned or controlled, or it could leave the assets in the group of Old Carco companies that was being sold, but separate them from Old Carco itself. A buyer of the Old Carco group of companies, therefore, would be expected to pay more to Daimler AG because it would take the valuable assets free of potential claims by Old Carco's creditors.

- The Creditors' Committee concluded that Daimler AG used both methods to extract value. Daimler AG orchestrated an extremely complex corporate restructuring primarily during the spring of 2007, shortly before Daimler AG sold a controlling interest in Old Carco to Cerberus. During this restructuring, certain valuable assets that had been held by Old Carco were passed up the corporate chain to other Daimler AG-owned entities. Other valuable Old Carco assets were transferred to a newly-created Old Carco holding company (Chrysler Parent), which was wholly owned by Daimler AG and was used as the vehicle for the sale to Cerberus. The Complaint alleges, that through these transfers, Old Carco received inadequate value in exchange for its assets.

- Particularly notable was the transfer described in "Step 15" of the 48-step restructuring plan implemented in connection with the Daimler Divestiture. In this step, Old Carco transferred its U.S. and Canadian financing subsidiaries (including Chrysler Financial) — collectively referred to as "FinCo" and by far Old Carco's most valuable business — to the new Old Carco holding company. Although Chrysler Financial and the other FinCo entities had been subsidiaries of the Debtors, as a result of Step 15 of the restructuring, these financial subsidiaries and related financial assets were isolated and became separate sister companies under common ownership of Chrysler Parent. In exchange, Old Carco received a note from FinCo and ownership of a different, and much less valuable, Old Carco automotive entity. FinCo then transferred assets up the corporate chain to Daimler AG that Daimler AG valued at approximately $2.5 billion. In addition, the Complaint concludes that by transferring FinCo to the new holding company, Daimler AG was able to obtain a substantially better price from Cerberus for the various Old Carco entities than Daimler AG would have been able to obtain had FinCo remained subject to claims by Old Carco's creditors.

- This restructuring and sale served ~~Daimler's~~Daimler AG's interests well, enabling it to extract the best possible terms in its sale of the Debtors, while eliminating billions of dollars of actual and contingent pension and other liabilities. But the transaction caused the Debtors (and its their creditors) to suffer grievous harm. In the end, the Complaint concludes that Daimler AG engineered these unlawful fraudulent transfers for its own benefit and to the detriment of Old Carco's creditors.

On the basis of these and other allegations, the Complaint seeks to hold Daimler AG and the other defendants responsible in damages for the injuries caused by these fraudulent transfers~~. The Complaint asserts claims against Daimler and others, including intentional and constructive fraudulent transfer, unjust enrichment and corporate alter ego, as well as claims against Daimler and former Old Carco directors for breaches of fiduciary duty~~. *Please note that the foregoing summary of the allegations in the Complaint was provided by the Creditors' Committee for informational purposes only is not intended to, and shall not, modify the Complaint. Any statements herein regarding the Complaint are qualified in their entirety by the actual terms of the Complaint, which in all instances shall govern.*

The allegations in the Daimler Litigation are based upon the views of the Creditors' Committee from the facts uncovered during its investigation. To date, although no answer has yet been filed, Daimler AG and the other defendants have disputed the Creditors' Committee's characterizations and claims. Given the substantial amount at stake, and based on filings and statements made by Daimler AG to date, it is anticipated that Daimler AG and the other defendants will deny the allegations set forth in the Complaint and will defend vigorously against the validity of the claims being litigated. While the Creditors' Committee believes that the claims set forth in the Complaint have merit, neither the Debtors nor the Creditors' Committee can predict the outcome of the Daimler Litigation at this time and the ultimate recovery for creditors, if any, from such litigation.

On August 3, 2009, ~~in accordance with~~pursuant to Section 6(b) of Settlement Agreement III and the Daimler/Cerberus Settlement Order, the Creditors' Committee served a copy of the Complaint on the Debtors and Daimler AG. On the same day, the Creditors' Committee filed a motion requesting an order authorizing the

Creditors' Committee to pursue certain claims on behalf of Old Carco's Estate against Daimler AG and related parties (Docket No. 4959) (the "Standing Motion"). Although Daimler AG opposed the Standing Motion, the Bankruptcy Court overruled ~~Daimler's~~Daimler AG's objections and granted the Standing Motion by an order entered on August 13, 2009 (Docket No. 5151). As such, the Bankruptcy Court authorized the Creditors' Committee to file the Complaint on behalf of the Estate of Old Carco. Additionally, the Bankruptcy Court granted the Creditors' Committee the exclusive right to prosecute and settle the claims in the Complaint. The Complaint as filed of public record is available at the Creditors' Committee's website at www.chryslercommittee.com.

In connection with the Daimler Litigation, the Creditors' Committee filed an application (Docket No. 5161) (the "Special Counsel Retention Application") to retain the law firms of Susman Godfrey and Stutzman Bromberg as special counsel to the Creditors' Committee, *nunc pro tunc* to August 13, 2009, pursuant to the terms of that certain contingent fee agreement, dated as of August 13, 2009, among the Creditors' Committee, Susman Godfrey and Stutzman Bromberg. That contingent fee agreement subsequently was amended on November 17, 2009 (as amended, the "Contingency Fee Counsel Agreement").

The Contingency Fee Counsel Agreement provides that, subject to certain conditions set forth therein, Contingency Fee Counsel will be awarded a contingency fee depending on when the Daimler Litigation is successfully resolved. Specifically:

- as to any claims that are settled within 90 days of the filing of the Complaint, Contingency Fee Counsel will receive 18.75% of the gross recovery under $125 million, 15% of the gross recovery between $125 million and $200 million and 11.75% of any gross recovery above that;

- as to any claims that are settled after 90 days, but before 180 days, after filing the Complaint, Contingency Fee Counsel will receive 21.875% of the gross recovery under $125 million, 17.5% of the gross recovery between $125 million and $200 million and 13.125% of any gross recovery above that; and

- as to any claims that are settled more than 180 days after filing the Complaint, Contingency Fee Counsel will receive 25% of the gross recovery under $125 million, 20% of the gross recovery between $125 million and $200 million and 15% of any gross recovery above that.

Further, the Contingency Fee Counsel Agreement provides that the expenses of Contingency Fee Counsel are to be borne and reimbursed by the Debtors' Estates. Consistent with the Winddown Orders, these expenses will be paid from the Daimler Fund. If the Daimler Fund is insufficient to pay all such expenses, and the Creditors' Committee or the Liquidation Trust (under the direction of the Litigation Manager) may, at its election, ~~require~~authorizes Contingency Fee Counsel to fund these expenses in exchange for an increase in the applicable contingency fee equal to 0.15% (*i.e.*, one-fifteenth of one percent) for each $100,000 advanced by Contingency Fee Counsel, provided that the contingency fee shall never exceed 35%. After the Effective Date, Contingency Fee Counsel will invoice the Liquidation Trust on a monthly basis and will inform the Liquidation Trustee and the ~~Liquidation~~Litigation Manager in advance of incurring any significant expenses.

Daimler AG opposed the Special Counsel Retention Application. ~~The~~After agreement was reached on the terms of the Winddown Orders, the Creditors' Committee modified the Special Counsel Retention Application. Thereafter, the Bankruptcy Court overruled ~~this~~Daimler AG's objection and approved the Special Counsel Retention Application, as modified, by an order entered on November 19, 2009 (Docket No. 5977).

~~As noted above, the allegations in the Daimler Litigation are based upon the views of the Creditors' Committee from the facts uncovered during its investigation. To date, although no answer has yet been filed, Daimler and the other defendants have disputed the Creditors' Committee's characterizations and claims. Given the substantial amount at stake, and based on filings and statements made by Daimler to date, it is anticipated that Daimler and the other defendants will deny the allegations set forth in the Complaint and will defend vigorously against the validity of the claims being litigated. While the Creditors' Committee believes that the claims set forth in~~

~~the Complaint have merit, neither the Debtors nor the Creditors' Committee can predict the outcome of the Daimler Litigation at this time and the ultimate recovery for creditors from such litigation.~~

Under the Plan, the Daimler Litigation will be transferred to the Liquidation Trust and will continue to be prosecuted by the Contingency Fee Counsel on behalf of the Liquidation Trust. If the Class 3A Voting Condition is satisfied, the Daimler Litigation will be pursued under the direction of the ~~Liquidation~~Litigation Manager ~~and in consultation with~~on behalf of the Liquidation ~~Trustee~~Trust. See Section IV.B.3 of the Plan.

O. The Creditors' Committee's Role in These Chapter 11 Cases

The Creditors' Committee and its professionals played an integral role in many of the key activities critical to the success of these Chapter 11 Cases. In addition to spending a significant amount of time discharging its duties under section 1102 of the Bankruptcy Code by responding to countless inquiries from concerned unsecured creditors on a variety of issues, the Creditors' Committee vigorously represented the interests of unsecured creditors in all significant case matters. Further, the Creditors' Committee played a leading role in identifying potential sources of recovery for the benefit of the Debtors' Estates. In particular, the Creditors' Committee has identified the following matters in which it believes it played an important role:

1. Fiat Transaction

The Creditors' Committee's activities were largely focused on assisting the Debtors in their efforts to consummate the Fiat Transaction. The Creditors' Committee reviewed, commented on and obtained consensual modifications to the Bidding Procedures Order ~~,~~ including modifications of the terms and deadlines relating to the Contract Procedures to establish a reasonable framework for providing notice and comfort to suppliers and ~~dealers~~Dealers regarding potential assumption and assignment of their agreements to New Chrysler. The Creditors' Committee assisted the Debtors in obtaining modifications of the Tax Indemnity Letter executed in connection with the Fiat Transaction to minimize certain adverse tax consequences from the sale of assets to New Chrysler. The Creditors' Committee also participated in negotiations with New Chrysler to obtain modifications to the TSA relating to liability caps, key deactivation services and the use of traditional real estate remedies for the Licensed Properties that continued to be used by New Chrysler after the Closing.

The Creditors' Committee participated in all of the hearings leading up to the approval of the Fiat Transaction and filed numerous pleadings in support thereof. Additionally, the Creditors' Committee participated in the opposition to the Withdrawal Motion in the District Court and appeals of the Sale Order, filed by the various parties-in-interest, before the Second Circuit and the Supreme Court.

2. GMAC MAFA and the RSA

The Creditors' Committee reviewed, commented on and participated in negotiations with Chrysler Financial regarding the terms of the RSA, including the successful efforts to obtain a cap of Chrysler Financial's superpriority administrative expense claims and an agreement that New Chrysler would assume obligations under the RSA after the Closing.

3. DIP Financing Order

The Creditors' Committee reviewed, commented and participated in negotiations with the Government DIP Lenders regarding the terms of the DIP Financing Order and the DIP Credit Agreement.

4. Cash Collateral Order and Review of the First Lien Collateral

The Creditors' Committee negotiated with the First Lien Lenders to obtain consensual modifications to the terms of the Cash Collateral Order including (a) the establishment and preservation of the Creditors' Committee's Challenge Rights and (b) additional time to investigate the collateral position of the First Lien Lenders in connection with the First Lien Credit Agreement. Subsequently, the Creditors' Committee negotiated, reviewed and analyzed the First Lien Lenders' collateral and identified, among other things, potential challenges to the First Lien

Lenders' asserted Liens on the Company Cars. As more fully detailed above, these reservations of rights and subsequent Lien review activities assisted the Creditors' Committee in negotiating certain of the settlements embodied in the Winddown Orders, including access to the Committee Car Proceeds and other proceeds in the Daimler Fund to be used to prosecute the Daimler Litigation.

5. **Dealer Issues**

The Creditors' Committee negotiated with the Debtors to obtain consensual modifications to the terms of the Dealer Rejection Order, including an expansion of the scope of the order to specifically include Dealer site control agreements. Further, to assist in the transfer of the vehicle inventory, parts and tooling by the Rejected Dealers, the Creditors' Committee negotiated with the Debtors regarding the terms of the Dealer Reallocation Program, which eventually achieved participation by well over 90% of the Rejected Dealers. Among other things, the Dealer Reallocation Program proposed by the Debtors sought to minimize costs to the Rejected Dealers, the Assumed Dealers and the Estates that may have resulted from the fire-sale liquidation of Rejected Dealers' inventories. Through these negotiations, the Creditors' Committee (a) sought to provide Rejected Dealers with additional flexibility in their redistribution of inventory and (b) confirmed the ability of the Rejected Dealers to have additional time to sell inventory through the redistribution process and their ability to sell inventory as used automobiles after the effective date of the Dealer Rejection Order, subject to compliance with applicable law. The Creditors' Committee also monitored the implementation of the Dealer Reallocation Program to ensure that it was executed in an appropriate manner and that there was prompt and effective dissemination of information concerning the Dealer Reallocation Program.

6. **Supplier Issues**

The Creditors' Committee devoted a significant amount of time addressing issues of particular importance to the Debtors' suppliers. For example, the Creditors' Committee negotiated modifications in the Bidding Procedures Order to limit costs that the suppliers could be required to incur if their contracts had not yet been assumed and assigned to New Chrysler. In addition, the Creditors' Committee obtained concessions from New Chrysler regarding the timing and protocol for assumption and/or rejection of supplier contracts and the resolution of any cure disputes. These agreements lead to New Chrysler's filing of Confirmation Notices for virtually all Designated Agreements with suppliers within days of the Closing of the Fiat Transaction and the agreement by New Chrysler to be bound by judicial determinations of cure amounts.

7. **Daimler Investigation and Daimler Litigation**

As more fully set forth in Section V.N (The Daimler Litigation) above, following an extensive two-month investigation, the Creditors' Committee filed the Complaint on August 17, 2009 initiating the Daimler Litigation on behalf of the Estate of Old Carco. Thereafter, the Creditors' Committee negotiated with the Debtors, the Government DIP Lenders and the First Lien Lenders in connection with the Winddown Orders to obtain funding to pay for the expenses related to the Daimler Litigation. Currently, the Daimler Fund designated for this purpose exceeds $8 million. The Committee also obtained Bankruptcy Court authorization to retain qualified Contingency Fee Counsel to prosecute the Daimler Litigation.

8. **Winddown Orders and the Plan**

The Creditors' Committee negotiated for important provisions in the Winddown Orders, which provide for the global resolution of the key disputed issues among the Debtors' primary constituents. Importantly, as a result of the Creditors' Committee's input, the Winddown Orders provide for releases by the Government DIP Lenders of their Liens on proceeds of the Daimler Litigation, as well as a comprehensive funding arrangement for prosecuting the Daimler Litigation, all of which provide for the possibility of a recovery to holders of Allowed General Unsecured Claims.

Finally, the Creditors' Committee has been intimately involved in negotiating the terms of the Plan to ensure, among other things, that the framework for prosecuting the Daimler Litigation has been preserved for the benefit of the Estates and its unsecured creditors.

VI.

THE PLAN

A. General

THE FOLLOWING SUMMARY HIGHLIGHTS CERTAIN OF THE SUBSTANTIVE PROVISIONS OF THE PLAN, AND IS NOT, NOR IS IT INTENDED TO BE, A COMPLETE DESCRIPTION OR A SUBSTITUTE FOR A FULL AND COMPLETE REVIEW OF THE PLAN. THE DEBTORS URGE ALL HOLDERS OF CLAIMS AND INTERESTS TO READ AND STUDY CAREFULLY THE PLAN, A COPY OF WHICH IS ATTACHED HERETO AS EXHIBIT A. Defined terms used in the Plan shall govern the meaning and interpretation of the Plan, notwithstanding any different definition of such terms in this Disclosure Statement.

Section 1123 of the Bankruptcy Code provides that, except for Administrative Priority Claims and Priority Tax Claims, a plan of reorganization or liquidation must categorize claims against and equity interests in a debtor into individual classes. Although the Bankruptcy Code gives a debtor significant flexibility in classifying claims and interests, section 1122 of the Bankruptcy Code dictates that a plan of reorganization or liquidation may only place a claim or an equity interest into a class containing claims or equity interests that are substantially similar.

The Plan creates seven Classes of Claims and two Classes of Interests. These Classes take into account the differing nature and priority of Claims against and Interests in the Debtors. Administrative Priority Claims and Priority Tax Claims are not classified for purposes of voting or receiving distributions under the Plan (as is permitted by section 1123(a)(1) of the Bankruptcy Code), but are treated separately as unclassified Claims.

The Plan provides specific treatment for each Class of Claims and Interests. Only holders of Claims that are impaired under the Plan and receive distributions under the Plan are entitled to vote. Unless otherwise provided in the Plan or the Confirmation Order, the treatment of any Claim or Interest under the Plan will be in full satisfaction settlement and release of, and in exchange for, such Claim or Interest.

The following discussion sets forth the classification and treatment of all Claims against, or Interests in, the Debtors. It is qualified in its entirety by the terms of the Plan, which is attached hereto as Exhibit A, and which should be read carefully by you in considering whether to vote to accept or reject the Plan.

B. Classification and Treatment of Claims and Interests.

If the Plan is confirmed by the Bankruptcy Court, (1) each Allowed Claim in a particular Class will receive the same treatment as the other Allowed Claims in such Class, whether or not the holder of such Claim voted to accept the Plan and (2) each Allowed Interest in a particular Class will receive the same treatment as the other Allowed Interests in such Class. Such treatment will be in exchange for and in full satisfaction, settlement and release of the holder's respective Claims against or Interests in a Debtor, except as otherwise provided in the Plan. Moreover, upon Confirmation, the Plan will be binding on (1) all holders of a Claim regardless of whether such holders voted to accept the Plan and (2) all holders of an Interest.

1. **Unclassified Claims**

Administrative Claims and Administrative Priority Claims

An Administrative Claim is a Claim against a Debtor or its Estate arising on or after the Petition Date and prior to the Effective Date for a cost or expense of administration in the Chapter 11 Cases that is entitled to priority or superpriority under sections 364(c)(1), 503(b), 503(c), 507(a)(2), 507(b) or 1114(e)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred after the Petition Date of preserving the Estates and operating the businesses of the Debtors (such as wages, salaries, commissions for services and payments for inventories, leased equipment and premises); (b) Claims under the DIP Credit Agreement; (c) compensation for legal, financial advisory, accounting and other services and reimbursement of expenses awarded or allowed under sections 330(a) or 331 of the Bankruptcy Code, including Fee Claims; and (d) all fees and charges assessed against the Estates under chapter 123 of title 28, United States Code, 28 U.S.C. §§ 1911-1930, among others. Additionally, pursuant to the Plan, an Administrative Priority Claim shall be: (a) an Administrative Claim, (b) a Claim for reclamation under section 546(c)(1) of the Bankruptcy Code; or (c) a Claim, pursuant to section 503(b)(9) of the Bankruptcy Code, for the value of goods received by the Debtors in the 20 days immediately prior to the Petition Date and sold to the Debtors in the ordinary course of the Debtors' businesses (the "Twenty Day Claims"). In addition, section 503(b) of the Bankruptcy Code provides for payment of compensation or reimbursement of expenses to creditors and other entities making a "substantial contribution" to a chapter 11 case and to attorneys for and other professional advisors to such entities. The amounts, if any, that such entities will seek or may seek for such compensation or reimbursement are not known by the Debtors at this time. Requests for such compensation or reimbursement must be approved by the Bankruptcy Court after notice and a hearing at which the Debtors and other parties in interest may participate and, if appropriate, object to the allowance of any such compensation or reimbursement.

Except as specified in Section II.A.1 of the Plan, including with respect to the holders of DIP Financing Claims, and subject to the bar date provisions of the Plan, unless otherwise agreed by the holder of an Administrative Priority Claim and the applicable Debtor or the Liquidation Trustee, or unless a Final Order of the Bankruptcy Court provides otherwise, each holder of an Allowed Administrative Priority Claim will receive, in full satisfaction of its Administrative Priority Claim, Cash equal to the amount of such Allowed Administrative Priority Claim from the applicable Liquidation Accounts, the proceeds of the Trust Properties or other available funds either (a) on the Effective Date, (b) if the Administrative Priority Claim is not Allowed as of the Effective Date, 45 days after the date on which an order allowing such Administrative Priority Claim becomes a Final Order or a Stipulation of Amount and Nature of Claim is executed by the Liquidation Trustee and the holder of the Administrative Priority Claim or (c) at such other time as may be agreed to by the Liquidation Trustee and the holder of the Allowed Administrative Priority Claim.

On or before the Effective Date, Administrative Claims for fees payable pursuant to 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing or in the Confirmation Order, will be paid by the applicable Debtor or the Liquidation Trust in Cash equal to the amount of such Administrative Claims. All fees payable pursuant to 28 U.S.C. § 1930 after the Effective Date will be paid by the Liquidation Trust in accordance herewith until the closing of the Chapter 11 Cases pursuant to section 350(a) of the Bankruptcy Code.

Claims Under the DIP Financing Agreement

DIP Financing Claims are exclusively held by the Government DIP Lenders and are Allowed Administrative Claims and Allowed Secured Claims. Unless otherwise agreed by the Government DIP Lenders in writing, the Government DIP Lenders will receive the following treatment on account of their Allowed Claims:

a. On the Effective Date, (i) the Trust Accounts and the DIP Non-Liquidation Funds Collateral will be transferred to the Liquidation Trust as set forth in Section IV.B.3 of the Plan, subject to the first priority Liens of the Government DIP Lenders and the terms of the DIP Lender Winddown Order, and (ii) any Liquidation Funds not used to fund the Trust Accounts shall be promptly and indefeasibly paid to the Government DIP Lenders on a Pro Rata basis, unless a Government DIP Lender agrees in writing with respect to its

Pro Rata share that such amounts can be used for any purpose consistent with the terms of the Plan, including, but not limited to, funding payments of Liquidation Trust Expenses or making distributions on account of other Allowed Claims;

b. Upon the sale or liquidation of any of the DIP Non-Liquidation Funds Collateral by the Liquidation Trust, any net proceeds (after paying closing costs, including any transfer Taxes) shall be promptly and indefeasibly paid to the Government DIP Lenders on a Pro Rata basis, unless a Government DIP Lender agrees in writing with respect to its Pro Rata share that such amounts can be used for any purpose consistent with the terms of the Plan, including, but not limited to, funding payments of Liquidation Trust Expenses or making distributions on account of other Allowed Claims. In no event shall the Liquidation Trust deliver to the Government DIP Lenders any of the DIP Non-Liquidation Funds Collateral other than the proceeds thereof; *provided*, *however*, that upon receipt of a written request by the Government DIP Lenders, the Liquidation Trust shall return ~~Pro Rata~~ to the Government DIP Lenders (or their respective nominees) their respective Pro Rata undivided interest in any unsold DIP Non-Liquidation Funds Collateral identified in such written request~~, net~~ (or as otherwise instructed by the Government DIP Lenders), subject to the Government DIP Lenders' satisfaction of any applicable transfer Taxes or fees associated with the transfer. Notwithstanding the foregoing, (i) the Daimler Proceeds may be transferred to the Government DIP Lenders under this paragraph only if the Class 3A Voting Condition is not satisfied and only at the instruction of a Government DIP Lender with respect to its Pro Rata share; and (ii) nothing described in this paragraph shall modify or affect the treatment of Class 3A Claims under Section II.B.6.a of the Plan if the Class 3A Voting Condition is satisfied;

c. Any DIP Lender Car Proceeds shall be promptly and indefeasibly paid to the Government DIP Lenders on a Pro Rata basis by, as applicable, the Debtors or the Liquidation Trust, net of any applicable transfer Taxes;

d. If the Class 3A Voting Condition is satisfied, the Government DIP Lenders shall release their Liens on the Daimler Litigation to the Debtors' Estates or the Liquidation Trust, as applicable, and release their Liens and claims on the Daimler Proceeds on account of the DIP Credit Agreement and/or the DIP Financing Order; *provided*, *however*, that, if the Available Net Daimler Proceeds at the conclusion of the Daimler Litigation (whether through judgment or earlier resolution or termination) are less than the Minimum Distribution Threshold, the Government DIP Lenders' Lien will be released with respect to the Net Daimler Proceeds solely to permit such proceeds to be distributed to one or more Charitable Organizations, in which case the Liquidation Trustee shall provide notice to EDC of the identity of such Charitable Organizations at least 30 days prior to any distributions thereto. If the Class 3A Voting Condition is not satisfied, the Government DIP Lenders will inform the Liquidation Trustee whether they choose to pursue the Daimler Litigation consistent with Sections III.E.2 and IV.G.2.c of the Plan and, if so, any Net Daimler Proceeds will be distributed to the Government DIP Lenders on a Pro Rata basis in accordance with the written instructions of each Government DIP Lender, subject to the First Lien Lenders' rights under Section II.B.2.g of the Plan;

e. Unless otherwise agreed by the Government DIP Lenders, any funds remaining in any Trust Accounts after such Trust Accounts are used for their designated purposes in accordance with the Plan and the DIP Lender Winddown Order shall be promptly and indefeasibly paid to the Government DIP Lenders on a Pro Rata basis;

f. After the Bankruptcy Court has entered an order closing the Debtors' Chapter 11 Cases and the Liquidation Trust has been fully administered: (i) the Liquidation Trust shall indefeasibly pay any remaining unused Liquidation Funds in the Trust Accounts and any funds subject to the Government DIP Lenders' first priority Liens remaining in the Additional Proceeds Account to the Government DIP Lenders on a Pro Rata basis, unless

otherwise agreed by the Government DIP Lenders; and (ii) any remaining balance owed on account of the Allowed Claims of the Government DIP Lenders shall be deemed satisfied and extinguished;

g. Nothing in the Plan shall affect any rights of each of the Government DIP Lenders to receive reimbursement or indemnification payments or any disclaimers of or exculpation from liability to the extent provided under the DIP Credit Agreement, the DIP Financing Order and/or the DIP Lender Winddown Order; and

h. Nothing in the Plan shall affect any rights of each of the Government DIP Lenders to provide further instructions to the Debtors or the Liquidation Trustee with respect to the method of transfer of its Pro Rata share of any DIP Collateral or any other proceeds or other payments to which it may be entitled under the Plan, all of which payments shall be indefeasibly paid to the applicable Government DIP Lender. For the avoidance of doubt, payments to be made promptly to the Government DIP Lenders under the Plan shall be made within five Business Days unless otherwise agreed in writing by a Government DIP Lender with respect to its Pro Rata share.

Bar Dates for Administrative Priority Claims

Except as otherwise provided in Section II.A.1.d.ii of the Plan or in a Bar Date Order or other order of the Bankruptcy Court, unless previously Filed or Allowed pursuant to the Plan, each holder of an Administrative Claim must ~~file~~File a request for payment of such Administrative Claim and serve such request on the Notice Parties pursuant to the procedures specified in the Confirmation Order and the notice of entry of the Confirmation Order, no later than 30 days after the Effective Date. Holders of Administrative Claims that are required to File and serve a request for payment of such Administrative Claim and that do not File and serve such a request by the applicable Bar Date shall be forever barred from asserting such Administrative Claims against the Debtors, the Liquidation Trust or the Liquidation Trustee, or their respective property, and such Administrative Claims shall be deemed waived and released as of the Effective Date. Objections to such requests must be Filed by the Liquidation Trust and served on the Notice Parties and the requesting party by the ~~later~~latest of (a) 150 days after the Effective Date, (b) 60 days after the Filing of the applicable request for payment of Administrative Claims or (c) such other period of limitation as may be specifically established by a Final Order for objecting to such Administrative Claims. For the avoidance of doubt, nothing in the Plan modifies any requirement to ~~file~~File any Administrative Priority Claims as set forth in the General Bar Date Order by the applicable Bar Date, and any holder of such an Administrative Priority Claim that failed to comply with the requirements of the General Bar Date Order or section 546(c) of the Bankruptcy Code shall be forever barred from asserting such Administrative Priority Claims against the Debtors, the Liquidation Trust or the Liquidation Trustee, or their respective property, and such Administrative Priority Claims shall be deemed waived and released.

Professionals or other ~~entities~~Entities other than Ordinary Course Professionals asserting a Fee Claim for services rendered or expenses incurred before the Effective Date must File and serve on the Notice Parties and such other ~~entities~~Entities who are designated by the Bankruptcy Rules, the Interim Compensation Order, the Confirmation Order or other order of the Bankruptcy Court an application for final allowance of such Fee Claim no later than 60 days after the Effective Date; *provided, however*, that any Ordinary Course Professional (a) must submit a Final OCP Statement no later than 30 days after the Effective Date and (b) may continue to receive payment of compensation and reimbursement of expenses for services rendered to the Debtors without further Bankruptcy Court review or approval (except as provided in the Ordinary Course Professionals Order). Objections to any Fee Claim must be Filed and served on the Notice Parties and the requesting party by the ~~later~~latest of (a) 90 days after the Effective Date, (b) 30 days after the Filing of the applicable request for payment of the Fee Claim or (c) such other period of limitation as may be specifically determined by a Final Order for objecting to such Fee Claims. To the extent necessary, the Confirmation Order shall amend and supersede any previously entered order of the Bankruptcy Court regarding the payment of Fee Claims. For the avoidance of doubt, Contingency Fee Counsel need not file any Fee Claim for Contingency Fees earned after the Effective Date, and any such amounts shall be subject to the terms of the Plan and the Contingency Fee Counsel Agreement.

Priority Tax Claims

Unless the holder of an Allowed Priority Tax Claim and the applicable Debtor or the Liquidation Trustee agree to a different treatment and subject to Section V.E.2 of the Plan (regarding the Liquidation Trustee's right to elect installment payments under section 1129(a)(9)(C) of the Bankruptcy Code), each holder of an Allowed Priority Tax Claim will receive, in full satisfaction of its Priority Tax Claim, Cash equal to the amount of such Allowed Priority Tax Claim from the applicable Trust Account or other available funds as soon as practicable after the later of either (a) the Effective Date or (b) if the Priority Tax Claim is not allowed as of the Effective Date, 30 days after the date on which an order allowing such Priority Tax Claim becomes a Final Order or a Stipulation of Amount and Nature of Claim is executed by the Liquidation Trust and the holder of such Priority Tax Claim.

Notwithstanding the provisions of Section II.A.2.a of the Plan, the holder of an Allowed Priority Tax Claim shall not be entitled to receive any payment on account of any penalty arising with respect to or in connection with the Allowed Priority Tax Claim. Any such Claim or demand for any such penalty shall be subject to treatment in Class 3A. The holder of an Allowed Priority Tax Claim shall not assess or attempt to collect such penalty from the Debtors, the Liquidation Trust or the Liquidation Trustee, or their respective property, including, without limitation, the Liquidation Accounts (other than pursuant to its rights as a holder of an Allowed Class 3A Claim).

Distribution to Holders of Allowed Priority Tax Claims and Certain Allowed Secured Claims

The Debtors reserve the right to elect to make distributions to each holder of (a) an Allowed Priority Tax Claim or (b) and Allowed Secured Claim that otherwise would meet the description of an Allowed Priority Tax Claim but for the secured status of that Allowed Secured Claim, by making regular, installment payments in Cash in accordance with sections 1129(a)(9)(C) and 1129(a)(9)(D) of the Bankruptcy Code. If this election is made, payments will be made in equal quarterly installments of principal (commencing on the later of the first Periodic Distribution Date or the first Periodic Distribution Date following the date such Claim becomes an Allowed Claim), plus simple interest accruing from the Effective date on the unpaid portion of each Allowed Claim (at such interest rate and upon such other terms determined by the Bankruptcy Court to provide the holder of such claim with deferred Cash payments having a total value, as of the Effective Date, equal to the Allowed amount of such Claim). Notwithstanding any such election under Section V.E.2 of the Plan, the Liquidation Trustee will have the right to pay any remaining balance of any Allowed Priority Tax Claim or Allowed Secured Claim (plus interest accrued in accordance with Section V.E.2 of the Plan) in full at any time after the Effective Date without premium or penalty.

2. **Classified Claims and Interests**

Class 1: Priority Claims

Unless the holder of an Allowed Priority Claim and the applicable Debtor or the Liquidation Trustee agree to a different treatment, each holder of an Allowed Claim in Class 1 will receive, in full satisfaction of its Allowed Priority Claim, Cash equal to the amount of such Allowed Claim from the applicable Liquidation Account or other available funds as soon as practicable after the later of (a) the Effective Date and (b) the date on which the Priority Claim becomes an Allowed Claim.

Class 2: Secured Claims, subclassified as follows:

Class 2A: First Lien Secured Claims.

Unless otherwise agreed by the First Lien Agent, including in the First Lien Winddown Order, and the applicable Debtor or the Liquidation Trustee, the holders of Allowed First Lien Secured Claims in Class 2A, will receive the following treatment on account of such Allowed Claims:

a. On the Effective Date, the First Lien Trust Assets, all other First Lien Collateral that the First Lien Agent has not otherwise designated as a First Lien Foreclosed Asset or a First Lien Excluded Asset as of the Effective Date (if any) and the First Lien Reserve shall be transferred to the Liquidation Trust pursuant to Section IV.B.3 of the Plan and subject to

the Liens of the First Lien Lenders. The Liquidation Trust shall succeed to the rights and obligations of the Debtors with respect to the First Lien Trust Assets and the First Lien Reserve pursuant to the First Lien Winddown Order; *provided that* the Company Cars shall be transferred to the Liquidation Trust as First Lien Trust Assets subject to treatment in accordance with the Winddown Orders;

b. Subject to Section II.B.2.~~d~~f of the Plan, from and after the Effective Date and during the Covered Period, the Liquidation Trust will administer the First Lien Trust Assets and the First Lien Reserve for the benefit of the First Lien Lenders in accordance with the terms of the Plan and the First Lien Winddown Order, including paragraph 4 thereof with respect to the First Lien Reserve; *provided that* the Covered Period established in the First Lien Winddown Order is extended for the additional period commencing on the Effective Date and ending on the ~~earlier~~earliest of (i) September 30, 2010 or such later date as may be agreed upon by the Liquidation Trustee and the First Lien Agent (which in either case shall be treated as the Outside Termination Date under the Plan), (ii) the first date that none of the First Lien Collateral remains in the Liquidation Trust or (iii) such other date as may be agreed upon from time to time by the Liquidation Trustee and the First Lien Agent;

c. Any net proceeds from the sale of First Lien Trust Assets (other than Company Cars), ~~subject to~~after the payment of closing costs and subject to the funding requirements of the First Lien Reserve, shall be transferred to the First Lien Agent on behalf of the holders of Allowed First Lien Secured Claims consistent with paragraph 16 of the First Lien Winddown Order as promptly as practicable and in any case no later than five Business Days after the receipt of such proceeds;

d. The First Lien Car Proceeds, if any, shall promptly be indefeasibly paid by the Liquidation Trust to the First Lien Agent in accordance with the First Lien Winddown Order;

e. The Covered Costs incurred by the Liquidation Trust in connection with the liquidation or other disposition of First Lien Trust Assets shall be funded solely from the First Lien Reserve in accordance with the First Lien Winddown Order; *provided that* the treatment of Covered Costs with respect to the Company Cars shall be subject to treatment consistent with paragraph 15 of the First Lien Winddown Order;

f. At any time on two Business Days written notice to the Liquidation Trust, the First Lien Agent may redesignate a First Lien Trust Asset, subject to the First Lien Winddown Order, as either:

i. a First Lien Foreclosed Asset, and such asset shall be immediately treated as a First Lien Foreclosed Asset and promptly transferred to the Collateral Trustee by consensual foreclosure, deed in lieu or similar mechanism and in accordance with the First Lien Winddown Order, *provided that* the Company Cars cannot be treated as First Lien Foreclosed Assets unless upon express written agreement of the Government DIP Lenders; or

ii. a First Lien Excluded Asset, whereafter such asset shall become a First Lien Excluded Asset at the conclusion of the Abandonment Period;

g. The Daimler Fund shall be transferred to the Liquidation Trust. If the Class 3A Voting Condition is satisfied, (i) the Cash in the Daimler Fund funded by the First Lien Daimler Contribution shall continue to be used to pay the Daimler Litigation Costs; and (ii) promptly after the conclusion of the Daimler Litigation, the receipt of the Daimler Proceeds, if any, by the Liquidation Trust and the payment of the Daimler Litigation

Costs, the First Lien Agent shall receive the First Lien Daimler Fund Balance, if any. If the Class 3A Voting Condition is not satisfied, after payment of all outstanding Daimler Litigation Costs, the First Lien Daimler Fund Balance (calculated as of the Confirmation Date) will be promptly and indefeasibly paid to the First Lien Agent on behalf of the holders of Allowed First Lien Secured Claims; *provided*, *however*, that, if any Daimler Proceeds subsequently are recovered on account of the Daimler Litigation but no distributions are made to holders of Allowed Class 3A Claims because the Class 3A Voting Condition is not satisfied, an amount equal to the difference between the First Lien Daimler Fund Balance paid under the Plan and the First Lien Daimler Contribution will be promptly and indefeasibly paid from the Daimler Proceeds to the First Lien Agent on behalf of the holders of Allowed First Lien Secured Claims;

h. After the end of the Covered Period: (i) any remaining amounts in the First Lien Reserve (net of any unpaid Covered Costs) shall be indefeasibly paid to the First Lien Agent on behalf of the holders of Allowed First Lien Secured Claims; and (ii) any remaining First Lien Trust Assets shall become First Lien Excluded Assets. The Liquidation Trustee will notify the First Lien Agent in writing by the 60th day after the end of the Covered Period of any Covered Costs that have been incurred but not yet paid; and

i. To the extent not otherwise provided in the Plan, the other terms of the First Lien Winddown Order shall continue to govern the treatment of the First Lien Collateral and the rights and obligations of the Liquidation Trust (as successor in interest to the Debtors) and the First Lien Agent, the Collateral Trustee and the First Lien Lenders.

Class 2B: TARP Financing Secured Claims.

As of the Effective Date, the value of the TARP Financing Secured Claims is established to be, and such Claims are Allowed, in the amount of $0. No property will be distributed to or retained by the holders of Allowed Claims in Class 2B, and such Claims will be extinguished on the Effective Date. Each of the holders of an Allowed TARP Financing Secured Claim will be deemed to have rejected the Plan. Notwithstanding anything in the Plan to the contrary, the holders of the TARP Financing Secured Claims shall not be prejudiced in any way from enforcing any rights with respect to the TARP Financing against any non-Debtor ~~entity~~Entity and the TARP Loan Agreement shall remain in full force and effect against all non-Debtor ~~entities~~Entities.

Class 2C: Owners' Secured Claims.

As of the Effective Date, the value of the Owners' Secured Claims is established to be, and such Claims are Allowed, in the amount of $0. No property will be distributed to or retained by the holders of Allowed Claims in Class 2C, and such Claims will be extinguished on the Effective Date; *provided that*, notwithstanding the foregoing, the treatment of Claims in Class 2C shall not impact the Daimler Deficiency Claim. Each of the holders of an Allowed Owners' Secured Claim will be deemed to have rejected the Plan.

Class 2D: Other Secured Claims.

On the Effective Date, unless otherwise agreed by a Claim holder and the applicable Debtor or the Liquidation Trustee, each holder of an Allowed Claim in Class 2D will receive the treatment on account of such Allowed Secured Claim in the manner set forth in Option A, B or C below, at the election of the applicable Debtor. The applicable Debtor will be deemed to have elected Option B except with respect to (a) any Allowed Other Secured Claim as to which the applicable Debtor elects either Option A or Option C in one or more certifications Filed prior to the conclusion of the Confirmation Hearing and (b) any Secured Claim relating to real or personal property not transferred to the Liquidation Trust, with respect to which the applicable Debtor will be deemed to have elected Option A.

Option A: On the Effective Date, subject to Section V.E.2 of the Plan (regarding the Liquidation Trustee's right to elect installment payments under section 1129(a)(9)(D) of the Bankruptcy Code), each holder of an

Allowed Claim in Class 2D with respect to which the applicable Debtor elects or is deemed to have elected Option A will receive Cash from the applicable Liquidation Account equal to the amount of such Allowed Claim.

Option B: On the Effective Date, each holder of an Allowed Claim in Class 2D with respect to which the applicable Debtor elects or is deemed to have elected Option B will retain its Liens on the underlying collateral and, if and when such collateral is sold, will be paid within 20 Business Days of the sale of the collateral from the net proceeds thereof or the collateral will be transferred subject to the applicable Liens.

Option C: On the Effective Date, each holder of an Allowed Claim in Class 2D with respect to which the applicable Debtor elects Option C will be entitled to receive (and the applicable Debtor or Liquidation Trust will release and transfer to such holder) the collateral securing such Allowed Claim.

Unless otherwise ordered by the Bankruptcy Court, each Allowed Claim in Class 2D will be considered to be in a separate subclass within Class 2D, and each such subclass will be deemed to be a separate Class for purposes of the Plan. To the extent that any holder of an Allowed Claim in Class 2D asserts in a timely objection to Confirmation of the Plan that its Claim is impaired by the Plan, such subclass will be deemed to have rejected the Plan and the Debtors will seek to confirm the Plan over such rejection pursuant to section 1129(b) of the Bankruptcy Code.

Notwithstanding either the foregoing or Section X.A.~~196~~207 of the Plan, the holder of an Allowed Secured Tax Claim in Class 2D will not be entitled to receive any payment on account of any penalty arising with respect to or in connection with such Allowed Secured Tax Claim. Any such Claim or demand for any such penalty will be subject to treatment in Class 3A, if not subordinated to Class 3A Claims pursuant to an order of the Bankruptcy Court. The holder of an Allowed Secured Tax Claim will not assess or attempt to collect such penalty from the Debtors, the Liquidation Trust or their respective property (other than as a holder of a Class 3A Claim).

Class 3: Unsecured Claims, subclassified as follows:

Class 3A: General Unsecured Claims.

If the holders of Allowed Claims in Class 3A vote in a sufficient number to cause the Claims in Class 3A to accept the Plan and Class 2A has voted to accept the Plan, each holder of an Allowed Claim in Class 3A will receive, in full satisfaction of its Allowed Claim, as part of the settlement and compromise embodied in the Plan, a Pro Rata share of the Available Net Daimler Proceeds on deposit from time to time in the Additional Proceeds Account, *provided that* the Available Net Daimler Proceeds exceed the Minimum Distribution Threshold. Notwithstanding the foregoing, the holders of the TARP Deficiency Claim waive any rights to distributions from the Available Net Daimler Proceeds on account of such Claim, and EDC waives any rights to distributions from the Available Net Daimler Proceeds on account if its General Unsecured Claims.

If Class 3A and/or Class 2A rejects the Plan, no property will be distributed to or retained by the holders of Allowed Claims in Class 3A, and such Claims will be extinguished on the Effective Date.

Class 3B: Intercompany Claims.

No property will be distributed to or retained by the holders of Allowed Claims in Class 3B, and such Claims will be extinguished on the Effective Date, subject to the Restructuring Transactions. Notwithstanding this treatment of Class 3B Claims, each of the holders of an Intercompany Claim will be deemed to have accepted the Plan.

Class 4: Interests, subclassified as follows:

Class 4A: Equity Interests in Old Carco.

No property will be distributed to or retained by the holders of Old Carco Equity Interests in Class 4A, and such Equity Interests will be canceled on the Effective Date. Each of the holders of Old Carco Equity Interests in Class 4A will be deemed to have rejected the Plan.

Class 4B: Subsidiary Debtor Equity Interests.

On the Effective Date, the Subsidiary Debtor Equity Interests will be Reinstated, subject to the Restructuring Transactions.

C. Special Provision Regarding the Treatment of Allowed Secondary Liability Claims; Maximum Recovery

The classification and treatment of Allowed Claims under the Plan take into consideration all Allowed Secondary Liability Claims, and no distributions in respect of any Secondary Liability Claims will be made.

Notwithstanding any provision of the Plan to the contrary, a creditor holding multiple Allowed Claims against more than one Debtor that do not constitute Secondary Liability Claims and that arise from the contractual joint, joint and several or several liability of such Debtors, the guaranty by any one Debtor of another Debtor's obligation or other similar circumstances, may not receive in the aggregate from all of the Debtors more than 100% of the amount of the underlying Claim giving rise to the multiple Claims.

D. Confirmation Without Acceptance by All Impaired Classes

The Debtors request Confirmation under section 1129(b) of the Bankruptcy Code with respect to any impaired Class that has not accepted or is deemed not to have accepted the Plan pursuant to section 1126 of the Bankruptcy Code.

E. Treatment of Executory Contracts or Unexpired Leases

1. Rejection of Executory Contracts and Unexpired Leases

On the Effective Date, each Executory Contract or Unexpired Lease entered into by a Debtor prior to the Petition Date that has not previously expired or terminated pursuant to its own terms shall be rejected pursuant to section 365 of the Bankruptcy Code, with the exception of any Executory Contract or Unexpired Lease that (a) was previously assumed, assumed and assigned or rejected by an order of the Bankruptcy Court or (b) is listed on Plan Exhibit II.E.2. The Confirmation Order shall constitute an order of the Bankruptcy Court approving such rejections pursuant to section 365 of the Bankruptcy Code, as of the Confirmation Date.

2. Assumption and Assignment of Executory Contracts and Unexpired Leases

On the Effective Date, each Executory Contract or Unexpired Lease entered into by a Debtor that is listed on Plan Exhibit II.E.2 and that has not previously expired or terminated pursuant to its own terms, will be assumed by the Debtors and assigned to the Liquidation Trust pursuant to section 365 of the Bankruptcy Code. Each Executory Contract or Unexpired Lease listed on Plan Exhibit II.E.2 will include any modification, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such contract or agreement, irrespective of whether such agreement, instrument or other document is listed on Plan Exhibit II.E.2.

Listing a contract or agreement on Plan Exhibit II.E.2 shall not constitute an admission by a Debtor or the Liquidation Trust that such agreement is an Executory Contract or Unexpired Lease or that a Debtor or the

Liquidation Trust has any liability under the Plan. The Debtors may amend Plan Exhibit II.E.2 at any time prior to the Effective Date.

3. **Approval of Rejections and Assumptions and Assignments**

The Confirmation Order will constitute an order of the Bankruptcy Court approving, pursuant to section 365 of the Bankruptcy Code, as applicable, (a) the rejection of each Executory Contract or Unexpired Lease as set forth in Section II.E.1 of the Plan, as of the Confirmation Date; or (b) the assumption and assignment of each Executory Contract or Unexpired Lease set forth in Section II.E.2 of the Plan, as of and conditioned on the occurrence of the Effective Date.

4. **Payments Related to the Assumption of Executory Contracts or Unexpired Leases**

To the extent that such Claims constitute monetary defaults, the Cure Amount Claims associated with each Executory Contract or Unexpired Lease to be assumed pursuant to the Plan will be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, at the option of the Debtors or the Liquidation Trust, as applicable, (a) by payment of the Cure Amount Claim in Cash on the Effective Date or (b) on such other terms as are agreed to by the parties to such Executory Contract or Unexpired Lease. If there is a dispute regarding, (a) the amount of any Cure Amount Claim, (b) the ability of the Liquidation Trust to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed or (c) any other matter pertaining to the assumption of such contract or lease, the payment of any Cure Amount Claim required by section 365(b)(1) of the Bankruptcy Code will be made within 30 days following the entry of a Final Order or the execution of a Stipulation of Amount and Nature of Claim resolving the dispute and approving the assumption.

5. **Bar Date for Rejection Damages**

Except as otherwise provided in a Final Order of the Bankruptcy Court approving the rejection of an Executory Contract or Unexpired Lease, if the rejection of an Executory Contract or Unexpired Lease pursuant to Section II.E.1 of the Plan gives rise to a Claim by the other party or parties to such Executory Contract or Unexpired Lease, such Claim shall be forever barred and shall not be enforceable against the Debtors, their Estates, the Liquidation Trust, the Liquidation Trustee or any of their respective Assets or property, including the Liquidation Accounts and other Liquidation Trust Assets, unless a proof of Claim or request for payment of Administrative Claim is Filed and served on the Liquidation Trust, pursuant to the procedures specified in the Confirmation Order and the notice of the entry of the Confirmation Order or another order of the Bankruptcy Court, no later than 30 days after the Effective Date, in which case such proof of Claim or request for payment of Administrative Claim shall be subject to treatment under the Plan.

6. **Executory Contract and Unexpired Lease Notice Provisions**

In accordance with the Contract Procedures Order, the Debtors or the Liquidation Trustee, as applicable, will provide:

a. notice to each party whose Executory Contract or Unexpired Lease is being assumed and assigned pursuant to the Plan of (i) the contract or lease being assumed, (ii) the Cure Amount Claim, if any, that the applicable Debtor believes it would be obligated to pay in connection with such assumption, (iii) any assignment of an Executory Contract or Unexpired Lease (pursuant to the Restructuring Transactions or otherwise) and (iv) the procedures for parties to object to the assumption of the applicable Executory Contract or Unexpired Lease, the amount of the proposed Cure Amount Claim or any assignment of an Executory Contract or Unexpired Lease;

b. notice of any amendments to Plan Exhibit II.E.2;

c. general notice that Executory Contracts and Unexpired Leases not otherwise assumed or assumed and assigned in the Chapter 11 Cases or listed on Plan Exhibit II.E.2 will be rejected pursuant to the Plan, which may be included in the notice of Confirmation; and

d. any other information relating to the assumption and assignment, or rejection, of Executory Contracts or Unexpired Leases required or permitted under the Plan or the Contract Procedures Order.

F. Conditions Precedent to Confirmation of the Plan

The following conditions are conditions to the entry of the Confirmation Order unless such conditions, or any of them, have been satisfied or duly waived pursuant to Section III.C of the Plan:

1. The Confirmation Order will be reasonably acceptable in form and substance to (a) the Debtors, (b) the First Lien Agent, (c) each of the Government DIP Lenders and (d) the Creditors' Committee and, if not previously approved, will include the approval of the consolidation of the Debtors as contemplated by Article VII of the Plan;

2. The Plan will not have been materially amended, altered or modified from the Plan as Filed on ~~December 14~~January 19, ~~2009~~2010, unless such material amendment, alteration or modification has been made in accordance with Section IX.A of the Plan.

3. All Plan Exhibits are in form and substance reasonably satisfactory to (a) the Debtors, (b) the First Lien Agent, (c) each of the Government DIP Lenders and (d) the Creditors' Committee.

In addition to the foregoing conditions to Confirmation, there are a number of substantial Confirmation requirements under the Bankruptcy Code that must be satisfied for the Plan to be confirmed. See Section VIII.C (Confirmation of the Plan — Requirements for Confirmation of the Plan).

G. Conditions Precedent to the Occurrence of the Effective Date

The Effective Date will not occur, and the Plan will not be consummated, unless and until the following conditions have been satisfied or duly waived pursuant to Section III.C. of the Plan:

1. The Confirmation Order has been entered by March 31, 2010.

2. The Confirmation Order has not been reversed, stayed, modified or amended; and has become a Final Order.

3. The Liquidation Trust Agreement ~~has~~and the Litigation Manager Agreement have been executed.

4. The Restructuring Transactions in Section IV.B.1 of the Plan have been consummated, to the extent that they are to occur as of the Effective Date pursuant to Plan Exhibit X.A.189.

5. The Plan ~~and~~(including all Plan Exhibits ~~have~~) has not been materially amended, altered or modified from the Plan as confirmed by the Confirmation Order, unless such material amendment, alteration or modification has been made in accordance with Section IX.A of the Plan.

H. Waiver of Conditions Precedent to the Confirmation or Effective Date

The condition precedent to the Effective Date set forth in Section III.B.4 of the Plan may be waived in whole or in part at any time by the Debtors, without an order of the Bankruptcy Court, after three Business Days' notice of such proposed waiver to the Government DIP Lenders, the First Lien Agent and the Creditors' Committee. The condition precedent to Confirmation set forth in Section III.A.2 of the Plan and the condition precedent to the Effective Date set forth in Section III.B.5 of the Plan may be waived, without further order of the Bankruptcy Court,

upon the agreement of the Debtors, the Government DIP Lenders, the First Lien Agent and the Creditors' Committee. The condition precedent to the Effective Date set forth in Section III.B.1 of the Plan may be waived, without further order of the Bankruptcy Court, upon the agreement of the Debtors and the Government DIP Lenders.

I. Effect of Nonoccurrence of Conditions Precedent to the Effective Date

If each of the conditions precedent to the Effective Date is not satisfied or duly waived in accordance with Section III.C of the Plan, then upon motion by the Debtors made before the time that each of such conditions has been satisfied or duly waived and upon notice to such parties in interest as the Bankruptcy Court may direct, the Confirmation Order will be vacated by the Bankruptcy Court; *provided*, *however*, that, notwithstanding the Filing of such motion, the Confirmation Order may not be vacated if each of the conditions to the Effective Date either is satisfied or duly waived before the Bankruptcy Court enters an order granting such motion. If the Confirmation Order is vacated pursuant to Section III.D of the Plan: (1) the Plan will be null and void in all respects, including with respect to the release of Claims and termination of Interests; and (2) nothing contained in the Plan will (a) constitute a waiver or release of any Claims by or against, or any Interest in, any Debtor or (b) prejudice in any manner the rights of the Debtors or any other party in interest; *provided*, *however*, that the rejection of Executory Contracts or Unexpired Leases pursuant to Section II.E of the Plan will survive any vacation of the Confirmation Order by the Bankruptcy Court.

J. Effect of Confirmation of the Plan

1. Preservation of Rights of Action by the Debtors and the Liquidation Trust; Recovery Actions other than the Daimler Litigation

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement entered into or delivered in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Liquidation Trust shall retain and the Liquidation Trustee may enforce any claims, demands, rights, defenses and ~~causes~~Causes of ~~action~~Action that any Debtor or any Estate may hold against any ~~entity~~Entity, including any Recovery Actions other than the Daimler Litigation to the extent not expressly released under the Plan or by Final Order of the Bankruptcy Court. The Liquidation Trustee may pursue such retained claims, demands, rights or ~~causes~~Causes of ~~action~~Action, including any Recovery Actions other than the Daimler Litigation, as appropriate, in accordance with the best interests of the Estates, and all such retained claims, demands, rights or ~~causes~~Causes of ~~action~~Action (or proceeds thereof) shall constitute part of the Liquidation Trust Assets. The Liquidation Trustee shall pursue the foregoing actions only (a) at the direction of both of the Government DIP Lenders with respect to any actions that constitute DIP Collateral and (b) at the direction of the First Lien Agent for any actions that constitute First Lien Collateral. Any recovery of Cash by the Liquidation Trust on account of such actions shall be (a) promptly and indefeasibly paid to the Government DIP Lenders on a Pro Rata basis to the extent that the recovery constitutes DIP Collateral or (b) indefeasibly paid to the First Lien Agent on behalf of the First Lien Lenders to the extent that the recovery constitutes First Lien Collateral. Notwithstanding the foregoing, the Daimler Litigation and any Daimler Proceeds arising therefrom shall be subject to the treatment set forth in Section III.E.2 of the Plan. The Liquidation Trustee may continue to analyze potential Causes of Action in consultation with the First Lien Agent and the Government DIP Lenders, as appropriate, to determine whether the pursuit of these actions would be beneficial. In addition to the Daimler Litigation, the Causes of Action retained by the Liquidation Trust include, without limitation, any Causes of Action that any Debtor or any Estate may have against: (a) Electronic Data Systems, LLC d/b/a HP Enterprise Services (f/k/a Electronic Data Systems Corporation), EDS Information Systems L.L.C., EDS Canada Corp. (f/k/a EDS Canada, Inc.), AT Kearny, Inc. and any of their predecessors or successors in interest, subsidiaries and Affiliates; (b) Wilhelm Karmann GMBH and any of its predecessors or successors in interest, subsidiaries and Affiliates; (c) Eisenmann Corp. and any of its predecessors or successors in interest, subsidiaries and Affiliates; and (d) Getrag Transmission Manufacturing LLC, Getrag International GmbH, Getrag Getriebe- und Zahnradfabrik Hermann Hagenmeyer GmbH & Cie KG and any of their predecessors or successors in interest, subsidiaries and Affiliates.

With respect to Recovery Actions, the Government DIP Lenders have indicated that they currently do not anticipate directing the Liquidation Trustee to pursue any such actions. If ultimately pursued, such actions could include (a) preference actions, pursuant to sections 547 and 550 of the Bankruptcy Code, against the parties

identified in the Schedules as receiving transfers within 90 days prior to the Petition Date or Alpha Petition Date as applicable (or one year for insiders); or (b) fraudulent transfer actions, pursuant to sections 548, and/or 544 of the Bankruptcy Code, against any party receiving a transfer from the Debtors during the relevant statutory periods, in each case solely to the extent such actions have not been released in the Plan or otherwise.

2. **Preservation and Treatment of Daimler Litigation**

On the Effective Date, the Daimler Litigation shall be assigned to the Liquidation Trust and the Liquidation Trust shall succeed to the interests of the Estates in the Daimler Litigation and shall be substituted as the plaintiff in the Daimler Litigation as set forth in Section IV.B.3 of the Plan. Subject to Sections IV.G.2 and IV.H.2 of the Plan, from and after the Effective Date, (a) if the Class 3A Voting Condition is satisfied, the Litigation Manager, ~~in consultation with~~on behalf of the Liquidation ~~Trustee~~Trust, will prosecute to conclusion or settle the Daimler Litigation; or (b) if the Class 3A Voting Condition is not satisfied, the Liquidation Trustee will manage the Daimler Litigation at the direction of both of the Government DIP Lenders. Any Daimler Proceeds shall be subject to the treatment under the Plan, including Sections II.A.1.c, II.B.6 and IV.G of the Plan.

It is possible that additional Recovery Actions could be pursued as part of or in connection with the Daimler Litigation or the adjudication of claims asserted in the Chapter 11 Cases by the defendants in the Daimler Litigation, including actions under section 510 of the Bankruptcy Code. All such rights are reserved~~.~~ to the extent they were not released in Settlement Agreement III. Daimler asserts that the Debtors released all such Recovery Actions against the Daimler Parties pursuant to Settlement Agreement III.

3. **Comprehensive Settlement of Claims and Controversies**

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all claims or controversies relating to the rights that a holder of a Claim may have with respect to any Allowed Claim or any distribution to be made pursuant to the Plan on account of any Allowed Claim. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, as of the Effective Date, of the compromise or settlement of all such claims or controversies and the Bankruptcy Court's finding that all such compromises or settlements are in the best interests of the Debtors, their Estates, their respective property and Claim holders and are fair, equitable and reasonable.

4. **Injunction**

In light of the facts and circumstances of these Chapter 11 Cases and the settlements incorporated into the Plan, which are described in detail in this Disclosure Statement, the Debtors believe that the release, injunction and exculpation provisions of the Plan, as described below, are appropriate and in accordance with applicable law. The Debtors anticipate that they will file a memorandum of law in support of the release, injunction and exculpation provisions of the Plan in advance of the Confirmation Hearing. In addition, to the extent necessary or appropriate, the Debtors will present additional evidence and argument in support of such provisions in connection with the Confirmation Hearing.

On the Effective Date, except as otherwise provided in the Plan or in the Confirmation Order:

a. All Persons who have been, are or may be holders of Claims against or Interests in a Debtor shall be enjoined from taking any of the following actions against or affecting a Debtor, its Estate, the Liquidation Trust, the Liquidation Trustee, or the Litigation Manager, or the respective Assets or property of the foregoing, including the Liquidation Trust Assets, with respect to such Claims or Interests (other than actions brought to enforce any rights or obligations under the Plan, the Winddown Orders and appeals, if any, from the Confirmation Order):

i. commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind against a Debtor, its Estate, the

Liquidation Trust, the Liquidation Trustee, or the Litigation Manager, or the respective Assets or property of the foregoing, including the Liquidation Trust Assets*; provided that*, with respect to any suit, action or other proceeding pursued by the Liquidation Trust (including the Daimler Litigation), nothing in the Plan shall limit any adverse party involved in such suit, action or other proceeding from asserting in such suit, action or other proceeding (A) all defenses to such suit, action or other proceeding and (B) all Claims that relate in any way to the facts, circumstances, transaction or occurrences that are the subject of such suit, action or other proceeding, to the extent such Claims have not been released, or are otherwise prohibited, by the Plan (and provided further that any Claims asserted by any adverse party remain subject to the treatment provided under the Plan);

ii. enforcing, levying, attaching, collecting or otherwise recovering by any manner or means, directly or indirectly, any judgment, award, decree or order against a Debtor, its Estate, the Liquidation Trust, the Liquidation Trustee, or the Litigation Manager, or the respective Assets or property of the foregoing, including the Liquidation Trust Assets;

iii. creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any Lien against a Debtor, its Estate, the Liquidation Trust or the Liquidation Trustee, or the Litigation Manager, or the respective Assets or property of the foregoing, including the Liquidation Trust Assets, other than as contemplated by the Plan;

iv. except as provided in the Plan, asserting any setoff, right of subrogation or recoupment of any kind, directly or indirectly, against any obligation due a Debtor, its Estate, the Liquidation Trust, the Liquidation Trustee, or the Litigation Manager, or the respective Assets or property of the foregoing, including the Liquidation Trust Assets; and

v. proceeding in any manner in any place whatsoever that does not conform to or comply with the provisions of the Plan or the settlements set forth in the Plan to the extent such settlements have been approved by the Bankruptcy Court in connection with Confirmation of the Plan.

b. All Persons that have held, currently hold or may hold any Liabilities released or exculpated pursuant to Sections III.E.5 and III.E.6 of the Plan, respectively, shall be permanently enjoined from taking any of the following actions against any Released Party or its property on account of such released Liabilities: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind; (ii) enforcing, levying, attaching, collecting or otherwise recovering by any manner or means, directly or indirectly, any judgment, award, decree or order; (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any ~~lien~~Lien; (iv) except as provided in the Plan, asserting any setoff, right of subrogation or recoupment of any kind, directly or indirectly, against any obligation due a Released Party; and (v) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

c. By accepting distributions pursuant to the Plan, each holder of an Allowed Claim receiving distributions pursuant to the Plan shall be deemed to have specifically consented to the injunctions set forth in Section III.E.4 of the Plan.

5. **Releases**

a. General Releases by the Debtors and the Liquidation Trust

Without limiting any other applicable provisions of, or releases contained in the Plan, as of the Effective Date, the Debtors, the Liquidation Trustee on behalf of the Liquidation Trust, the Litigation Manager, the Estates and their respective Debtor and non-Debtor successors, assigns and any and all ~~entities~~Entities who may purport to claim by, through, for or because of them, shall forever release, waive and discharge all Liabilities and Claims that they have, had or may have against any Released Party; *provided*, *however*, that the foregoing provisions shall not affect (i) the liability of any Released Party that otherwise would result from any act or omission to the extent that act or omission subsequently is determined in a Final Order to have constituted gross negligence or willful misconduct; (ii) any rights to enforce the Plan, the Liquidation Trust Agreement, the Litigation Manager Agreement, the Winddown Budget, the Winddown Orders, or the other contracts, instruments, releases, agreements or documents to be, or previously, entered into or delivered in connection with the Plan or the Sale Order; (iii) any objections by the Debtors or the Liquidation Trust to Claims or Interests filed by any Person or Entity against any Debtor and/or the Estates, including rights of setoff, refund or other adjustments, *provided*, *however*, that the Debtors and the Liquidation Trust shall have no further right to object to or challenge the Liens of the Government DIP Lenders and the lender under the TARP Loan Agreement; (iv) claims for Tax refunds or adjustments; or (v) the claims and ~~causes~~Causes of ~~action~~Action referenced in Section III.E.5.f of the Plan.

Released Parties means, collectively and individually, the Debtors, the Debtors' direct and indirect wholly owned subsidiaries as of the Confirmation Date, the Liquidation Trust, the Liquidation Trustee, the Litigation Manager, the Creditors' Committee and its current and former members (each solely in its capacity as such), the U.S., the Canadian DIP Consortium Members, the First Lien Agent, the First Lien Lenders, the Collateral Trustee and the Representatives of each of the foregoing. Pursuant to the Plan, Representatives means, with respect to any entity: a successor, predecessor, current and former officer, current and former director, manager, partner, employee, agent, attorney, advisor, investment banker, financial advisor, accountant or other Professional of such entity, and a committee of which such entity is a member, in each case in such capacity. For the avoidance of doubt, (a) New Chrysler and its Affiliates from and after the Closing Date are not successors or otherwise treated as Representatives under the Plan and (b) Daimler shall not be treated as a Representative under the Plan.

b. General Releases by Holders of Claims or Interests

Without limiting any other applicable provisions of, or releases contained in, the Plan, and subject to Sections III.E.5.c and III.E.5.d of the Plan, as of the Effective Date, in consideration for the obligations of the Debtors, the Liquidation Trust the Liquidation Trustee or the Litigation Manager under the Plan and the consideration and other contracts, instruments, releases, agreements or documents to be entered into or delivered in connection with the Plan, each holder of a Claim or Interest who votes in favor of the Plan (or is deemed to accept this Plan), to the fullest extent permissible under applicable law, shall be deemed to forever release, waive and discharge all Liabilities in any way relating to a Debtor, the Chapter 11 Cases, the Estates, the Plan, the Plan Exhibits or the Disclosure Statement that such ~~entity~~Entity has, had or may have against any Released Party (but excluding, and not releasing, any right to enforce the obligations of Released Parties under the Plan, the Liquidation Trust Agreement, the Litigation Manager Agreement, the Winddown Budget, the Winddown Orders and the other contracts, instruments, releases, agreements or documents to be entered into or delivered in connection with the Plan or the Sale Order); *provided*, *that*, for the avoidance of doubt, the foregoing provision shall not affect any of the claims and causes of action referenced in Section III.E.5.f of the Plan.

c. Release of Released Parties by Other Released Parties

From and after the Effective Date, to the fullest extent permitted by applicable law, and subject to Section III.E.5.d, the Released Parties shall release each other from any and all Liabilities that any Released Party is entitled to assert against any other Released Party in any way relating to any Debtor; the Liquidation Trust; the Chapter 11 Cases; the Estates; the formulation, preparation, negotiation, dissemination, implementation, administration, confirmation or consummation of any of the Plan, or the property to be distributed under the Plan; the Plan Exhibits; the Disclosure Statement; any contract, employee pension or other benefit plan, instrument, release or other

agreement or document related to any Debtor, the Chapter 11 Cases or the Estates that was created, modified, amended, terminated or entered into in connection with either the Plan; or any agreement between the Debtors and any Released Party or any other act taken or omitted to be taken in connection with the Debtors' bankruptcy; *provided*, *however*, that the foregoing provisions shall not affect (i) the liability of any Released Party that otherwise would result from any act or omission to the extent that act or omission is determined in a Final Order to have constituted gross negligence or willful misconduct; (ii) any rights to enforce the Plan, the Liquidation Trust Agreement, the Litigation Manager Agreement, the Winddown Budget, the Winddown Orders or the other contracts, instruments, releases, agreements or documents to be entered into or delivered in connection with the Plan or the Sale Order; or (iii) the claims and causes of action referenced in Section III.E.5.f of the Plan; and provided, further, however, that nothing in Section III.E.5.c of the Plan or any other provision of the Plan or the Confirmation Order will release the Released Parties from any liability to the United States or Canada relating to the criminal, environmental, internal revenue, securities, fraud, labor, employment (including ERISA) or antitrust laws of the United States or Canada, or otherwise limit, preclude, bar or enjoin any actions taken by the United States or Canada pursuant to its respective police or regulatory authority, except as the United States and Canada may be limited by the Bankruptcy Code, applicable bankruptcy law, orders of the Bankruptcy Court and the terms of the Plan from asserting, collecting or enforcing Claims against the Debtors, the Estates, the Liquidation Trust, the Liquidation Trustee and their respective Assets and properties.

d. Limitations as to the United States and Canada

Notwithstanding any other provision of the Plan, as to the United States and Canada acting as releasing parties in their respective capacities as Government DIP Lender or otherwise, the provisions of this Plan, including Sections III.E.4.a., III.E.5.b and III.E.5.c of the Plan, are subject to the following: (i) nothing in the Plan shall discharge, release, enjoin or otherwise bar or limit (A) any liability of the Debtors, the Estates, the Liquidation Trust, the Liquidation Trustee or the Litigation Manager to the U.S. or Canada arising on or after the Confirmation Date; (B) any liability to the U.S. or Canada that is not a "claim" within the meaning of section 101(5) of the Bankruptcy Code; (C) any valid right of setoff or recoupment of the U.S. or Canada; (D) any police or regulatory action of the U.S. or Canada; or (E) any environmental liability to the U.S. or Canada that the Debtors, the Estates, the Liquidation Trust or the Liquidation Trustee, or any other person or ~~entity~~Entity may have as an owner or operator of real property or otherwise, unless in each case such liability or obligation is a Claim in the Chapter 11 Cases; and (ii) nothing in the Plan shall discharge, release, enjoin or otherwise bar or limit any liability to the United States or Canada on the part of any persons or ~~entities~~Entities other than the Debtors, the Estates, the Liquidation Trust, the Liquidation Trustee or the Litigation Manager, except with respect to the other Released Parties to the extent set forth in Section III.E.5.c of the Plan.

e. Plan Does Not Affect Liability and Obligations Relating to Sale Order

Notwithstanding anything to the contrary in the Plan, nothing in the Plan (including, without limitation, the ~~releases, exculpations and~~ injunctions, releases and exculpations provided in Sections III.E.4, III.E.5 and III.E.6 of the Plan) shall affect (i) any obligations set forth in or established by the Sale Order and (ii) the transactions and agreements executed in connection with the Sale Order and/or approved by the Sale Order, including the Purchase Agreement.

f. Plan Does Not Affect Liability ~~and~~, Obligations and Actions Relating to the Daimler Litigation or Enforcement of Settlement Agreement III or Tax Settlement Agreement

Notwithstanding anything ~~to the contrary~~ in the Plan to the contrary, nothing in the Plan (including, without limitation, the ~~releases, exculpations and~~ injunctions, releases and exculpations provided in Sections III.E.4, III.E.5 and III.E.6 of the Plan) shall release Daimler, its current or former directors and officers or any other defendant in the Daimler Litigation with respect to any claims and causes of action asserted (or ~~to~~that properly may be asserted) in the Daimler Litigation. For the avoidance of any doubt, Daimler is not a Released Party under the Plan.

Notwithstanding anything in the Plan to the contrary, nothing in the Plan (including, without limitation, the injunctions, releases and exculpations set forth in Sections III.E.4, III.E.5 and III.E.6 of the Plan) shall affect, enhance or restrict the rights or obligations of Daimler, its current or former directors and officers or any other defendant in the Daimler Litigation, under or in connection with (i) Settlement Agreement III or (ii) the Tax Settlement Agreement.

6. **Exculpation**

From and after the Effective Date, the Released Parties shall neither have nor incur any liability to any Person for any act taken or omitted to be taken in connection with the Debtors' Chapter 11 Cases, including the formulation, preparation, dissemination, implementation, confirmation or approval of the Plan, the Plan Exhibits, the Disclosure Statement or any contract, instrument, release or other agreement or document provided for or contemplated in connection with the consummation of the transactions set forth in the Plan; *provided*, *however*, that the foregoing provisions are subject to Sections III.E.5.c and III.E.5.d of the Plan and shall not affect the liability of any Person that otherwise would result from any such act or omission to the extent that act or omission is determined in a Final Order to have constituted gross negligence or willful misconduct. Any of the foregoing parties in all respects shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. Nothing in Section III.E.6 of the Plan limits the liability of the Professionals to their respective clients pursuant to DR 6-102 of the Code of Professional Responsibility, 22 N.Y. Comp. Codes R. & Regs. § 1120.8 Rule 1.8(h)(i) (2009), and any other statutes, rules or regulations dealing with professional conduct to which such Professionals are subject.

7. **Termination of Certain Subordination Rights and Settlement of Related Claims and Controversies**

a. Termination

The classification and manner of satisfying all Claims and Interests under the Plan take into consideration all subordination rights, whether arising under general principles of equitable subordination, contract, section 510(c) of the Bankruptcy Code or otherwise, that a holder of a Claim or Interest may have against other Claim or Interest holders with respect to any distribution made pursuant to the Plan. All subordination rights that a holder of a Claim may have with respect to any distribution to be made pursuant to the Plan shall be released and terminated, and all actions related to the enforcement of such subordination rights shall be permanently enjoined. Accordingly, distributions pursuant to the Plan to holders of Allowed Claims shall not be subject to payment to a beneficiary of such terminated subordination rights or to levy, garnishment, attachment or other legal process by a beneficiary of such terminated subordination rights. Nothing in Section III.E.7.a of the Plan shall affect the Liquidation Trust's rights to pursue any action preserved by the Plan, subject to Section III.E.1 of the Plan.

b. Settlement

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all claims or controversies relating to the subordination rights that a holder of a Claim may have with respect to any Allowed Claim or any distribution to be made pursuant to the Plan on account of any Allowed Claim. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, as of the Effective Date, of the compromise or settlement of all such claims or controversies and the Bankruptcy Court's finding that such compromise or settlement is in the best interests of the Debtors and their respective property and Claim and Interest holders and is fair, equitable and reasonable.

8. **Dissolution of Creditors' Committee**

Except to the extent provided in Section III.E.8.b of the Plan, as of the Effective Date, the Creditors' Committee shall dissolve, and the members of the Creditors' Committee and its Professionals shall cease to have any role arising from or relating to the Chapter 11 Cases; *provided*, *however*, that Contingency Fee Counsel shall

continue to prosecute the Daimler Litigation on behalf of the Liquidation Trust, subject to Sections II.A.1.c.iv, III.E.2 and IV.G.2 of the Plan.

The Professionals retained by the Creditors' Committee and the respective members thereof shall not be entitled to assert any Fee Claim for any services rendered or expenses incurred after the Effective Date, except for reasonable fees for services rendered, and actual and necessary expenses incurred, in connection with: (i) any final applications for allowance of compensation and reimbursement of expenses of the members of or Professionals to the Creditors' Committee Filed and served after the Effective Date in accordance with the Plan; and (ii) to the extent applicable, the Creditors' Committee's active participation in any appeal of the Confirmation Order. Notwithstanding Section III.E.8.a of the Plan, the Creditors' Committee may continue to exist after the Effective Date solely to address the matters set forth in Section III.E.8.b of the Plan. The Creditors' Committee may continue to act after the Effective Date solely for the limited purposes set forth in Section III.E.8.b of the Plan, which limited continuation of the Creditors' Committee shall automatically conclude, and the Creditors' Committee shall be fully and finally dissolved for all purposes, automatically upon the later of (i) the resolution of the Creditors' Committee's final application for reimbursements of its members' expenses under section 503(b) of the Bankruptcy Code and (ii) the resolution of any appeal of the Confirmation Order in which the Creditors' Committee is actively participating.

The Liquidation Trust shall pay, from the Committee Post-August 2009 Fee and Expense Fund, the reasonable expenses of the members of the Creditors' Committee and the reasonable fees and expenses of the Creditors' Committee's Professionals incurred in connection with the activities described in Section III.E.8.b of the Plan to the extent approved by a Final Order of the Bankruptcy Court; *provided*, *however*, that the Winddown Funds shall be used only in accordance with the DIP Lender Winddown Order, the Winddown Budget and the Plan.

VII.

VOTING REQUIREMENTS

The Approval and Procedures Order, the notice of the Confirmation Hearing and the instructions attached to your Ballot should be read in connection with this section of this Disclosure Statement as they set forth in detail, among other things, procedures governing voting deadlines and objection deadlines.

If you have any questions about the procedure for voting your Claim or the solicitation packet of materials you received, or if you wish to obtain a paper copy of the Plan, this Disclosure Statement or any Exhibits to such documents, please contact Epiq by: (a) regular mail at Old Carco LLC (f/k/a Chrysler LLC), Ballot Processing Center, c/o Epiq Bankruptcy Solutions, LLC, FDR Station, P.O. Box 5014, New York, New York 10150-5014; (b) hand delivery or courier at Old Carco LLC (f/k/a Chrysler LLC), Ballot Processing Center, c/o Epiq Bankruptcy Solutions, LLC, 757 Third Avenue, Third Floor, New York, New York 10017; or (c) toll-free telephone at (877) 271-1568 (U.S. and Canadian Callers) or + 1 (503) 597-7708 (Outside the U.S. and Canada).

A. Voting Deadline

This Disclosure Statement and the appropriate Ballot(s) are being distributed to all holders of Claims that are entitled to vote on the Plan. To facilitate vote tabulation, there is a separate Ballot designated for each impaired voting Class; however, all Ballots are substantially similar in form and substance, and the term "Ballot" is used without intended reference to the Ballot of any specific Class of Claims.

IN ACCORDANCE WITH THE APPROVAL AND PROCEDURES ORDER, TO BE CONSIDERED FOR PURPOSES OF ACCEPTING OR REJECTING THE PLAN, ALL BALLOTS MUST BE RECEIVED BY THE VOTING AGENT NO LATER THAN 5:00 P.M. (EASTERN TIME) ON MARCH 2, 2010, WHICH IS THE VOTING DEADLINE. BALLOTS SUBMITTED BY BENEFICIAL OWNERS OF BONDS TO A MASTER BALLOT AGENT MUST BE RECEIVED BY SUCH MASTER BALLOT AGENT BY THE MAILING DEADLINE ~~ON YOUR~~SPECIFIED BY SUCH MASTER BALLOT AGENT, WHICH WILL BE EARLIER THAN THE VOTING DEADLINE. ONLY THOSE BALLOTS ACTUALLY RECEIVED BY THE VOTING AGENT BEFORE THE VOTING DEADLINE OR BY A MASTER BALLOT AGENT BEFORE THE MAILING DEADLINE (AS APPLICABLE) WILL BE COUNTED AS EITHER ACCEPTING OR REJECTING THE PLAN.

EXCEPT WITH RESPECT TO MASTER BOND BALLOTS, WHICH BALLOTS MAY BE SUBMITTED BY ELECTRONIC MAIL, NO BALLOTS MAY BE SUBMITTED BY FACSIMILE OR ELECTRONIC MAIL, AND ANY BALLOTS SUBMITTED BY FACSIMILE OR ELECTRONIC MAIL WILL NOT BE ACCEPTED BY THE VOTING AGENT.

B. Holders of Claims Entitled to Vote

Under section 1124 of the Bankruptcy Code, a class of claims or equity interests is deemed to be "impaired" under a plan unless (1) the plan leaves unaltered the legal, equitable and contractual rights to which such claim or equity interest entitles the holder thereof; or (2) notwithstanding any legal right to an accelerated payment of such claim or equity interest, the plan (a) cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy); (b) reinstates the maturity of such claim or equity interest as it existed before the default; (c) compensates the holder of such claim or equity interest for any damages resulting from such holder's reasonable reliance on such legal right to an accelerated payment; and (d) does not otherwise alter the legal, equitable or contractual rights to which such claim or equity interest entitles the holder of such claim or equity interest.

In general, a holder of a claim or equity interest may vote to accept or reject a plan if (1) the claim or equity interest is "allowed," which means generally that it is not disputed, contingent or unliquidated; and (2) the claim or equity interest is impaired by a plan. However, if the holder of an impaired claim or equity interest will not receive any distribution under the plan in respect of such claim or equity interest, the Bankruptcy Code deems such holder to have rejected the plan and provides that the holder of such claim or equity interest is not entitled to vote. If the claim or equity interest is not impaired, the Bankruptcy Code conclusively presumes that the holder of such claim or equity interest has accepted the plan and provides that the holder is not entitled to vote.

Except as otherwise provided in the Approval and Procedures Order, the holder of a Claim against one or more Debtors that is "impaired" under the Plan is entitled to vote to accept or reject the Plan if (1) the Plan provides a distribution (or potential distribution) in respect of such Claim; and (2) the Claim has been scheduled by the appropriate Debtor (and is not scheduled as disputed, contingent or unliquidated), the holder of such Claim has timely filed a proof of Claim or a proof of Claim was deemed timely filed by an order of the Bankruptcy Court prior to the Voting Deadline.

AS SET FORTH IN THE CONFIRMATION HEARING NOTICE AND IN THE APPROVAL AND PROCEDURES ORDER, HOLDERS OF CLAIMS IN VOTING CLASSES WHOSE CLAIMS ARE DISPUTED MUST FILE MOTIONS TO HAVE THEIR CLAIMS TEMPORARILY ALLOWED FOR VOTING PURPOSES ON OR BEFORE FEBRUARY 15, 2010 OR TEN DAYS AFTER THE DATE OF SERVICE OF A NOTICE OF AN OBJECTION, IF ANY, TO A CLAIM.

A vote on the Plan may be disregarded if the Bankruptcy Court determines, pursuant to section 1126(e) of the Bankruptcy Code, that it was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code. The Approval and Procedures Order also sets forth assumptions, rules and procedures for tabulating Ballots that are not completed fully or correctly.

C. Vote Required for Acceptance by a Class

With respect to a Class of Claims entitled to vote on the Plan, the Class shall have accepted the Plan if it is accepted by at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims in such Class that have voted on the Plan in accordance with the Approval and Procedures Order.

D. Voting Procedures

1. Ballots

All votes to accept or reject the Plan with respect to any Class of Claims must be cast by properly submitting the duly completed and executed form of Ballot designated for such Class. Holders of impaired Claims

voting on the Plan should complete and sign the Ballot in accordance with the instructions thereon, being sure to check the appropriate box entitled "Accept the Plan" or "Reject the Plan."

ANY BALLOT RECEIVED THAT DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN OR THAT INDICATES BOTH ACCEPTANCE AND REJECTION OF THE PLAN WILL NOT BE COUNTED FOR PURPOSES OF DETERMINING ACCEPTANCE OR REJECTION OF THE PLAN.

ANY BALLOT RECEIVED THAT IS NOT SIGNED OR THAT CONTAINS INSUFFICIENT INFORMATION TO PERMIT THE IDENTIFICATION OF THE CLAIMANT WILL BE AN INVALID BALLOT AND WILL NOT BE COUNTED FOR PURPOSES OF DETERMINING ACCEPTANCE OR REJECTION OF THE PLAN.

Ballots must be delivered to the Voting Agent or Master Ballot Agent (as applicable) at the address set forth upon the Ballot or the envelope enclosed therewith, and received by the Voting Deadline or Mailing Deadline (as applicable). THE METHOD OF SUCH DELIVERY IS AT THE ELECTION AND RISK OF THE VOTER. If such delivery is by mail, it is recommended that voters use an air courier with a guaranteed next day delivery or registered mail, properly insured, with return receipt requested. In all cases, sufficient time should be allowed to ensure timely delivery. Except with respect to Master Bond Ballots, which Ballots may be submitted by electronic mail, no Ballots may be submitted by facsimile or electronic mail, and any Ballots submitted by facsimile or electronic mail will not be accepted by the Voting Agent or Master Ballot Agent.

In accordance with Bankruptcy Rule 3018(c), the Ballots are based on Official Form No. 14, but have been modified to meet the particular needs of these cases, as approved by the Bankruptcy Court. PLEASE CAREFULLY FOLLOW THE DIRECTIONS CONTAINED ON EACH ENCLOSED BALLOT.

In most cases, each Ballot enclosed with this Disclosure Statement has been encoded with the amount of the Allowed Claim for voting purposes (if the Claim is a Disputed Claim, this amount may not be the amount ultimately allowed for purposes of distribution) and the Class into which the Claim has been placed under the Plan.

2. **Beneficial Owners of Bonds**

If you are the beneficial owner of Bonds and hold them in your own name, you can vote by completing and signing the enclosed Ballot (identified as Ballot No. 3~~A~~B) and returning it directly to the Voting Agent using the enclosed preaddressed~~, postage prepaid~~ envelope.

If you hold Bonds in "street name" (*i.e.*, through a brokerage firm, commercial bank, trust company or other nominee) or an authorized signatory (a brokerage firm or other intermediary having power of attorney to vote on behalf of a beneficial owner), you can vote by following the instructions set forth below:

- fill in all the applicable information on the Ballot (identified as Ballot No. 3~~B~~A);
- sign the Ballot (unless the Ballot has already been signed by the bank, trust company or other nominee); and
- return the Ballot to the address indicated on the Ballot in the preaddressed~~,~~ envelope enclosed with the Ballot. If no envelope was enclosed, contact your brokerage firm, commercial bank, trust company or other nominee or agent thereof for instructions.

If you hold your Bonds in street name, you must return your Ballot to the appropriate brokerage firm, commercial bank, trust company or other nominee by the Mailing Deadline indicated on your Ballot. If your Ballot is not received by ~~the~~your Master Ballot Agent on or before the Mailing Deadline, and such deadline is not extended, your vote will not count as either an acceptance or rejection of the Plan.

You may receive multiple mailings of this Disclosure Statement, such as if you own Bonds through more than one brokerage firm, commercial bank, trust company or other nominee. If you submit more than one Ballot for a Class because you beneficially own the securities in that Class through more than one broker or bank, you must indicate in the appropriate item of the Ballot(s) the names of ALL broker dealers or other intermediaries who hold securities for you in the same Class.

Authorized signatories voting on behalf of more than one beneficial owner must complete a separate Ballot for each such beneficial owner. Any Ballot submitted to a brokerage firm or proxy intermediary will not be counted until the brokerage firm or proxy intermediary properly completes and delivers a corresponding Master Bond Ballot to the Voting Agent.

By voting on the Plan, you are certifying that you are the beneficial owner of the Bonds being voted or an authorized signatory for the beneficial owner. Your submission of a Ballot will also constitute a request that you (or in the case of an authorized signatory, the beneficial owner) be treated as the record holder of those securities for purposes of voting on the Plan.

3. **Brokerage Firms, Banks and Other Nominees**

A brokerage firm, commercial bank, trust company or other nominee that is the registered holder of a Bond for a beneficial owner, or that is a participant in a securities clearing agency and is authorized to vote in the name of the securities clearing agency pursuant to an omnibus proxy and is acting for a beneficial owner, can vote on behalf of such beneficial owner by:

- distributing a copy of this Disclosure Statement and all appropriate Ballots (identified as Ballot No. 3~~B~~A) to the beneficial owner;
- collecting all such Ballots;
- completing a Master Bond Ballot (identified as Ballot No. 3C) compiling the votes and other information from the Ballots collected; and
- transmitting the completed Master Bond Ballot to the Voting Agent.

A proxy intermediary acting on behalf of a brokerage firm or bank may follow the procedures outlined in the preceding sentence to vote on behalf of the beneficial owner.

If you are entitled to vote and you did not receive a Ballot, received a damaged Ballot or lost your Ballot, please contact the Voting Agent in the manner set forth above.

4. **Voting Multiple Claims**

Separate forms of Ballots are provided for voting the various Classes of Claims. A SEPARATE BALLOT MUST BE USED FOR EACH CLAIM. Any Person who holds Claims in more than one Class is required to vote separately with respect to each Claim. Please sign, and return in accordance with the instructions in this section, a separate Ballot with respect to each such Claim. HOWEVER, HOLDERS OF CLAIMS ARE REQUIRED TO VOTE ALL OF THEIR CLAIMS IN A SINGLE CLASS UNDER THE PLAN EITHER TO ACCEPT OR REJECT THE PLAN AND MAY NOT SPLIT THEIR VOTES. In the event that a Ballot or a group of Ballots within a Class received from a single creditor partially rejects and partially accepts the Plan, such Ballots will NOT be accepted or counted. Ballots partially accepting and partially rejecting the Plan may be objected to by the Debtors as Ballots not cast in good faith.

5. **Voting Transferred Claims**

The transferee of a transferred Claim is entitled to receive a Solicitation Package and cast a Ballot on account of such transferred Claim only if (a) all actions necessary to effect the transfer of the Claim pursuant to

Bankruptcy Rule 3001(e) were completed by December 31, 2009, the Record Date for voting, or (b) the transferee filed by December 31, 2009: (i) documentation required by Bankruptcy Rule 3001(e) to evidence the transfer and (ii) a sworn statement of the transferor supporting the validity of the transfer.

VIII.

CONFIRMATION OF THE PLAN

A. Confirmation Hearing

The Bankruptcy Code requires the Bankruptcy Court, after notice, to conduct a Confirmation Hearing at which it will hear objections (if any) and consider evidence with respect to whether the Plan should be confirmed. At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the requirements of section 1129 of the Bankruptcy Code described below are met.

The Confirmation Hearing has been scheduled to begin on March 16, 2010 at 10:00 a.m., Eastern Time, before the Honorable Arthur J. Gonzalez, United States Bankruptcy Judge, in Room 523 at the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Customs House, One Bowling Green, New York, New York 10004. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement of the adjourned date made at the Confirmation Hearing.

B. Deadline to Object to Confirmation

Objections, if any, to the Confirmation of the Plan must: (1) be in writing; (2) state the name and address of the objecting party and the nature of the Claim or Interest of such party; (3) state with particularity the basis and nature of any objection; and (4) in accordance with Bankruptcy Rule 3020(b)(1), be filed, together with proof of service, with the Bankruptcy Court and served on the following parties so that they are received no later than 5:00 p.m., Eastern Time, on March 2, 2010, or such other date established by the Debtors: (i) the Debtors, c/o OLD CARCO LLC, 555 Chrysler Drive, Suite T1001, Auburn Hills, Michigan 48326 (Attn: Ronald E. Kolka); (ii) counsel to the Debtors, JONES DAY, 222 East 41st Street, New York, New York 10017 (Attn: Corinne Ball, Esq. and Veerle Roovers, Esq.); JONES DAY, North Point, 901 Lakeside Avenue, Cleveland, Ohio 44114 (Attn: David Heiman, Esq. and Carl E. Black, Esq.); JONES DAY, 1420 Peachtree Street, N.E., Suite 800, Atlanta, Georgia 30309 (Attn: Jeffrey B. Ellman, Esq.); (iii) the OFFICE OF THE UNITED STATES TRUSTEE, SOUTHERN DISTRICT OF NEW YORK, 33 Whitehall Street, 21st Floor, New York, New York 10004 (Attn: Andrew D. Velez-Rivera, Esq.); (iv) counsel to the Creditors' Committee, KRAMER LEVIN NAFTALIS & FRANKEL LLP, 1177 Avenue of the Americas, New York, New York 10036 (Attn: Thomas Moers Mayer, Esq. and Adam C. Rogoff, Esq.); (v) THE UNITED STATES DEPARTMENT OF THE TREASURY, 1500 Pennsylvania Avenue, N.W., Room 2312, Washington, District of Columbia 20220 (Attn: Chief Counsel Office of Financial Stability); (vi) of counsel to the U.S. Treasury, CADWALADER, WICKERSHAM & TAFT LLP, One World Financial Center, New York, New York 10281 (Attn: John J. Rapisardi, Esq.); CADWALADER, WICKERSHAM & TAFT LLP, 700 Sixth Street, N.W., Washington, District of Columbia 20001 (Attn: Douglas Mintz, Esq.); (vii) EXPORT DEVELOPMENT CANADA, 151 O'Connor Street, Ottawa, Ontario, Canada K1A 1K3 (Attn: Loan Services & Asset Management/Covenant Officer); (viii) counsel to Export Development Canada, VEDDER PRICE P.C., 1633 Broadway, 47th Floor, New York, New York 10019 (Attn: Michael J. Edelman, Esq.); and (ix) counsel to the First Lien Agent, SIMPSON THACHER & BARTLETT LLP, 425 Lexington Avenue, New York, New York 10017 (Attn: Peter V. Pantaleo, Esq.). For purposes of filing objections in these cases, the address of the Bankruptcy Court is United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004. ~~Attorneys should file pleadings~~Pleadings also may be filed on the Bankruptcy Court's Document Filing System (ECF) by completing and submitting the Electronic Filing Registration Form, available at http://www.nysb.uscourts.gov.

C. Requirements for Confirmation of the Plan

Among the requirements for Confirmation of the Plan are that the Plan: (1) is accepted by all impaired Classes of Claims and Interests or, if rejected by an impaired Class, that the Plan "does not discriminate unfairly" and is "fair and equitable" as to such Class; (2) is feasible; and (3) is in the "best interests" of creditors and equity holders that are impaired under the Plan.

1. Requirements of Section 1129(a) of the Bankruptcy Code

The following requirements must be satisfied pursuant to section 1129(a) of the Bankruptcy Code before the Bankruptcy Court may confirm a reorganization plan:

- The plan complies with the applicable provisions of the Bankruptcy Code.
- The proponent of the plan complies with the applicable provisions of the Bankruptcy Code.
- The plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or to be made by the proponent, by the debtor, or by a person issuing securities or acquiring property under a plan, for services or for costs and expenses in or in connection with the case, or in connection with the plan and incident to the case, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable.
- The proponent of a plan has disclosed the identity and affiliations of any individual proposed to serve, after Confirmation of the Plan, as a director, officer or voting trustee of the debtor, an affiliate of the debtor participating in a joint plan with the debtor or a successor to the debtor under the plan, and the appointment to, or continuance in, such office of such individual is consistent with the interests of creditors and equity security holders and with public policy.
- The proponent of the plan has disclosed the identity of any insider (as defined in section 101 of the Bankruptcy Code) that will be employed or retained by the reorganized debtor, and the nature of any compensation for such insider.
- Any governmental regulatory commission with jurisdiction, after Confirmation of the Plan, over the rates of the debtor has approved any rate change provided for in the plan, or such rate change is expressly conditioned on such approval.
- With respect to each impaired class of claims or interests —
    - each holder of a claim or interest of such class (a) has accepted the plan; or (b) will receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would so receive or retain if the debtor were liquidated under chapter 7 of the Bankruptcy Code on such date; or
    - if section 1111(b)(2) of the Bankruptcy Code applies to the claims of such class, each holder of a claim of such class will receive or retain under the plan on account of such claim, property of a value, as of the effective date of the plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims.
- With respect to each class of claims or interests, such class has (a) accepted the plan; or (b) such class is not impaired under the plan (subject to the "cramdown" provisions discussed below; see Section VIII.C.4 (Confirmation of the Plan — Requirements of Section 1129(b) of the Bankruptcy Code).

- Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan provides that:
    - with respect to a claim of a kind specified in sections 507(a)(2) or 507(a)(3) of the Bankruptcy Code, on the effective date of the plan, the holder of the claim will receive on account of such claim cash equal to the allowed amount of such claim;
    - with respect to a class of claim of the kind specified in sections 507(a)(1), 507(a)(4), 507(a)(5), 507(a)(6), or 507(a)(7) of the Bankruptcy Code, each holder of a claim of such class will receive (a) if such class has accepted the plan, deferred cash payments of a value, on the effective date of the plan, equal to the allowed amount of such claim; or (b) if such class has not accepted the plan, cash on the effective date of the plan equal to the allowed amount of such claim; and
    - with respect to a claim of a kind specified in section 507(a)(8) of the Bankruptcy Code, the holder of such claim will receive on account of such claim, regular installment payments in cash,
        - of a total value, as of the effective date of the plan, equal to the allowed amount of such claim;
        - over a period ending not later than 5 years after the date of the order for relief under section 301, 302 or 303 of the Bankruptcy Code; and
        - in a manner not less favorable than the most favored nonpriority unsecured claim provided for by the plan (other than cash payments made to a class of creditors under section 1122(b) of the Bankruptcy Code); and
    - with respect to a secured claim that otherwise would meet the description of an unsecured claim of a governmental unit under section 507(a)(8) of the Bankruptcy Code, but for the secured status of that claim, the holder of that claim will receive on account of that claim, cash payments, in the same manner and over the same period, as prescribed in the bullet points above.
- If a class of claims is impaired under the plan, at least one class of claims that is impaired under the plan has accepted the plan, determined without including any acceptance of the plan by any insider (as defined in section 101 of the Bankruptcy Code).
- Confirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan.
- All fees payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the hearing on Confirmation of the Plan, have been paid or the plan provides for the payment of all such fees on the effective date of the plan.
- The plan provides for the continuation after its effective date of payment of all retiree benefits, as that term is defined in section 1114 of the Bankruptcy Code, at the level established pursuant to subsection (e)(1)(B) or (g) of section 1114 of the Bankruptcy Code, at any time prior to Confirmation of the Plan, for the duration of the period the debtor has obligated itself to provide such benefits.

The Debtors believe that the Plan meets all the applicable requirements of section 1129(a) of the Bankruptcy Code other than those pertaining to voting, which has not yet taken place.

2. **Best Interests of Creditors**

Section 1129(a)(7) of the Bankruptcy Code requires that any holder of an impaired claim or interest voting against a proposed plan of reorganization must be provided in the plan with a value, as of the effective date of the

plan, at least equal to the value that the holder would receive if the debtor's operations were terminated and its assets liquidated under chapter 7 of the Bankruptcy Code. To determine what the holders of Claims and Interests in each impaired Class would receive if the Debtors were liquidated, the Bankruptcy Court must evaluate the amount that would be generated from a liquidation of the Debtors' assets in the context of a hypothetical liquidation. Such a determination must take into account the fact that secured claims, and any administrative claims resulting from the original chapter 11 cases and from the chapter 7 cases, would have to be paid in full from the liquidation proceeds before the balance of those proceeds were made available to pay unsecured creditors and make distributions to holders of interests.

Set forth in Exhibit D hereto is an analysis developed by the Debtors that assumes that the Chapter 11 Cases are converted to chapter 7 cases and each Debtor's assets are liquidated under the direction of a Bankruptcy Court-appointed trustee. THE LIQUIDATION ANALYSIS AND ANY VALUATIONS THEREIN HAVE BEEN PREPARED SOLELY FOR USE IN THE DISCLOSURE STATEMENT AND DO NOT REPRESENT ANALYSES OR VALUES THAT ARE APPROPRIATE FOR ANY OTHER PURPOSE. NOTHING CONTAINED IN THE LIQUIDATION ANALYSIS IS INTENDED TO BE OR CONSTITUTES A CONCESSION BY OR ADMISSION OF ANY DEBTOR FOR ANY PURPOSE. The assumptions used in developing this analysis are inherently subject to significant uncertainties and contingencies, many of which would be beyond the control of the Debtors or a chapter 7 trustee. Accordingly, there can be no assurances that the outcomes or values assumed in the liquidation analysis would be realized if the Debtors were actually liquidated under chapter 7. In addition, any liquidation would take place in the future at which time circumstances may exist which cannot presently be predicted. A description of the procedures followed and the assumptions and qualifications made by the Debtors in connection with the liquidation analysis are set forth in Exhibit D.

After consideration of the effect that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to the Debtors' creditors and equity interest holders, including: (a) the lack of any unencumbered funds, (b) the loss of the agreements to fund distributions to creditors that are contained in the Winddown Orders and that would not apply in chapter 7, (c) the increased cost and expenses of liquidation under chapter 7 arising from fees payable to the chapter 7 trustee and the attorneys and other professional advisors to such trustee, (d) additional expenses and claims, some of which would be entitled to priority, which would be generated during the liquidation, (e) the erosion of the value of the Debtors' assets in the context of a liquidation under chapter 7, and (f) the application of the rule of absolute priority to distributions in a chapter 7 liquidation, the Debtors have determined that Confirmation of the Plan will provide each holder of a Claim in an impaired Class entitled to vote with a greater recovery than such holder would have received under a chapter 7 liquidation of the Debtors. Of particular note, (a) pursuant to the DIP Lender Winddown Order, the Government DIP Lenders would not provide any access to Winddown Funds to assist in the liquidation of the Debtors' remaining assets nor release their ~~liens~~Liens on the proceeds of the Daimler Litigation in a chapter 7 case and (b) there is no assurance that the First Lien Lenders would permit any of their cash collateral to be used in a chapter 7 except to pay certain costs of administration of the Chapter 11 Cases, as set forth in the First Lien Winddown Order. Accordingly, the Debtors believe that Confirmation of the Plan is the sole vehicle for any meaningful recovery for creditors in these Chapter 11 Cases.

3. **Feasibility**

In connection with Confirmation of the Plan, the Bankruptcy Court will have to determine that the Plan is feasible pursuant to section 1129(a)(11) of the Bankruptcy Code, which requires that the Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors (unless such liquidation or reorganization is proposed in the Plan).

The Plan provides for the liquidation of the Debtors and the distribution of Cash to holders of Allowed Claims in accordance with the priority scheme of the Bankruptcy Code and the terms of the Plan (and potentially the distribution of other assets to secured parties with ~~liens~~Liens in these assets). The ability of the Debtors to make the distributions described in the Plan is based on access to the Liquidation Funds as set forth in the DIP Lender Winddown Order and the Winddown Budget, the monetization of the Debtors' remaining assets and the outcome of the Daimler Litigation and does not depend on future earnings of the Debtors. The Debtors believe that the Winddown Orders and monetization of the remaining assets will provide adequate funding to pay all Administrative

Priority Claims and Priority Claims. Accordingly, the Debtors believe that the Plan satisfies the feasibility requirements of the Bankruptcy Code.

4. **Requirements of Section 1129(b) of the Bankruptcy Code**

The Bankruptcy Code permits confirmation of a plan even if it is not accepted by all impaired classes, as long as (a) the plan otherwise satisfies the requirements for confirmation, (b) at least one impaired class of claims has accepted it without taking into consideration the votes of any insiders in such class and (c) the plan is "fair and equitable" and does not "discriminate unfairly" as to any impaired class that has not accepted the plan. These so-called "cramdown" provisions are set forth in section 1129(b) of the Bankruptcy Code.

Fair and Equitable

The Bankruptcy Code establishes different "cramdown" tests for determining whether a plan is "fair and equitable" to dissenting impaired classes of secured creditors, unsecured creditors and equity interest holders as follows:

a. Secured Creditors. A plan is fair and equitable to a class of secured claims that rejects the plan if the plan provides: (i) that each of the holders of the secured claims included in the rejecting class (A) retains the liens securing its claim to the extent of the allowed amount of such claim, whether the property subject to those liens is retained by the debtor or transferred to another entity, and (B) receives on account of its secured claim deferred cash payments having a present value, as of the effective date of the plan, at least equal to such holder's interest in the estate's interest in such property; (ii) that each of the holders of the secured claims included in the rejecting class realizes the "indubitable equivalent" of its allowed secured claim; or (iii) for the sale, subject to section 363(k) of the Bankruptcy Code, of any property that is subject to the liens securing the claims included in the rejecting class, free and clear of such liens with such liens to attach to the proceeds of the sale, and the treatment of such liens on proceeds in accordance with clause (i) or (ii) of this paragraph.

b. Unsecured Creditors. A plan is fair and equitable as to a class of unsecured claims that rejects the plan if the plan provides that: (i) each holder of a claim included in the rejecting class receives or retains under the plan, property of a value, as of the effective date of the plan, equal to the amount of its allowed claim; or (ii) the holders of claims and interests that are junior to the claims of the rejecting class will not receive or retain any property under the plan.

c. Holders of Interests. A plan is fair and equitable as to a class of interests that rejects the plan if the plan provides that: (i) each holder of an equity interest included in the rejecting class receives or retains under the plan property of a value, as of the effective date of the plan, equal to the greatest of the allowed amount of (A) any fixed liquidation preference to which such holder is entitled, (B) the fixed redemption price to which such holder is entitled, or (C) the value of the interest; or (ii) the holder of any interest that is junior to the interests of the rejecting class will not receive or retain any property under the plan.

The Debtors believe the Plan is fair and equitable as to secured creditors in Classes 2A, 2B, 2C and 2D, because the Plan provides that their Claims will be either unimpaired, or they will receive their entitlements under the Bankruptcy Code.

The Debtors also believe the Plan is fair and equitable as to holders of General Unsecured Claims in Class 3A and holders of Claims and Interests in Classes 3B and 4A because no junior class of Claims or Interests will receive any distributions under the Plan on account of such Claims and Interests and, in any, event holders of

Claims in Class 3B are deemed to have accepted the Plan. Additionally, Interests in Class 4B will be Reinstated to effectuate the Restructuring Transactions and have been deemed to accept the Plan.

Unfair Discrimination

A plan of reorganization does not "discriminate unfairly" if a dissenting class is treated substantially equally with respect to other classes similarly situated, and no class receives more than it is legally entitled to receive for its claims or Interests. The Debtors do not believe that the Plan discriminates unfairly against any impaired Class of Claims or Interests.

The Debtors believe that the Plan and the treatment of all Classes of Claims and Interests under the Plan satisfy the foregoing requirements for nonconsensual Confirmation of the Plan.

IX.

MEANS ~~OF~~FOR IMPLEMENTATION OF THE PLAN

A. Corporate Existence

Consistent with Section IV.B of the Plan, as of the Effective Date, except as set forth in the Plan, (1) each of the Debtors shall cease to exist and (2) the Liquidation Trust Assets shall be transferred to and vest in the Liquidation Trust free and clear of all Liens, Claims and Interests.

Except as otherwise provided in the Plan or the Liquidation Trust Agreement, the Liquidation Trust may compromise or settle any Claims without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules and may pay the charges that it incurs on or after the Effective Date for Liquidation Trust Expenses, professionals' fees, disbursements, expenses or related support services (including fees related to the preparation of applications by Professionals asserting their Fee Claims), from the applicable Liquidation Accounts, without application to the Bankruptcy Court.

Except as otherwise provided in the Plan ~~or~~, the Liquidation Trust Agreement~~, if the Class 3A Voting Condition is satisfied~~ or the Litigation Manager Agreement, the Daimler Litigation may be compromised or settled by the Litigation Manager on behalf of the Liquidation Trust ~~and after consultation with the Liquidation Trustee,~~ without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

B. Restructuring Transactions

1. Restructuring Transactions Generally

a. Cessation of Corporate Existence

On or after the Confirmation Date, the Debtors shall enter into such Restructuring Transactions (including those Restructuring Transactions set forth in Exhibit X.A.~~179~~189 of the Plan) and shall take such actions as may be necessary or appropriate to merge, dissolve or otherwise terminate the corporate or other legal existence of the Debtors as of the Effective Date or at such other time as set forth in Exhibit X.A.~~179~~189 of the Plan. Upon the transfer, under the Plan, of the Liquidation Trust Assets to the Liquidation Trust, except to the extent otherwise provided in Exhibit X.A.~~179~~189 of the Plan, the Debtors shall be deemed dissolved and their business operations withdrawn for all purposes without any necessity of filing any document, taking any further action or making any payment to any governmental authority in connection therewith.

b. Effectuation of Termination of Corporate Existence

The actions to effect the Restructuring Transactions described above and in the Plan may include: (i) the execution and delivery of appropriate agreements or other documents of transfer, merger, consolidation, conversion,

disposition, liquidation or dissolution, containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable law, as well as other terms to which the Debtors may agree; (ii) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, duty or obligation on terms consistent with the terms of the Plan and having such other terms as the Debtors may agree; (iii) the filing of appropriate certificates or articles of merger, consolidation, conversion, continuance or dissolution or similar instruments with the applicable governmental authorities; and (iv) the taking of all other actions that the Debtors determine to be necessary or appropriate, including making other filings or recordings that may be required by applicable law in connection with the Restructuring Transactions.

2. **Recourse Solely to Liquidation Trust Assets**

The Restructuring Transactions in Section IV.B of the Plan shall not in any way merge the Assets of the Debtors' Estates and/or the Liquidation Trust Assets. All Claims against the Debtors are deemed fully satisfied, waived and released in exchange for the treatment of such Claims under the Plan, and holders of Allowed Claims against any Debtor shall have recourse solely to the applicable Liquidation Trust Assets for the payment or satisfaction of their Allowed Claims in accordance with the terms of the Plan.

3. **Liquidation Trust**

a. Liquidation Trust Generally

On or prior to the Effective Date, the Liquidation Trust shall be established pursuant to the Liquidation Trust Agreement for the purpose of collecting, receiving, holding, maintaining, administering and liquidating the Liquidation Trust Assets; resolving all Disputed Claims; making all distributions to holders of Allowed Claims in accordance with the terms of the Plan; pursuing or resolving the Daimler Litigation, any other Recovery Actions and other Causes of Action or litigation (subject to Section III.E.1 of the Plan) ~~and other litigation~~; closing the Chapter 11 Cases; and otherwise implementing the Plan and finally administering the Estates, all in accordance with the Plan and the Liquidation Trust Agreement. The Liquidation Trust shall not engage in a trade or business and shall conduct its activities consistent with the Liquidation Trust Agreement and the Winddown Budget. On the Effective Date, the Liquidation Trust Assets shall be transferred to and vest in the Liquidation Trust as set forth in the Plan. The Debtors shall take such steps as are reasonably practicable to assure that as of the Effective Date all books and records of the Debtors that the Liquidation Trust, the Liquidation Trustee and/or the ~~Liquidation~~Litigation Manager may need to perform their duties under the Plan (including with respect to the Daimler Litigation) are preserved, retained and made available to them. Subject to and to the extent set forth the Plan, the Confirmation Order, the Liquidation Trust Agreement, the Litigation Manager Agreement or other agreement (or any other Final Order of the Bankruptcy Court entered pursuant to or in furtherance of the Plan), the Liquidation Trust (and the Liquidation Trustee on its behalf or, solely and exclusively with respect to the Daimler Litigation and as set forth in Sections IV.G.2 and IV.H of the Plan and the Litigation Manager Agreement, the Litigation Manager on its behalf) shall be empowered to, among other things:

i. effect all actions and execute all agreements, instruments and other documents necessary to implement the Plan;

ii. as applicable, accept, receive, collect, manage, administer, preserve, protect, invest, market, sell, transfer, liquidate, distribute or otherwise dispose of or abandon ~~or distribute~~ the Liquidation Trust Assets or the proceeds thereof, upon such terms as the Liquidation Trustee determines, in ~~his or her~~its reasonable discretion, to be necessary, appropriate or desirable, all in accordance with the Plan, the Winddown Orders ~~and~~, the Liquidation Trust Agreement and the Litigation Manager Agreement, and subject to the Liquidation Trustee's obligations as to the First Lien Reserve as set forth in the First Lien Winddown Order and the Litigation Manager's rights and obligations with respect to the prosecution and the settlement of the Daimler Litigation as set forth in Sections IV.G.2 and IV.H of the Plan and the Litigation Manager Agreement;

iii. calculate and make distributions (directly or through Third Party Disbursing Agents or the Indenture Trustee) of the Liquidation Trust Assets or the proceeds thereof to holders of Allowed Claims in accordance with the Plan, the Winddown Orders and the Liquidation Trust Agreement;

iv. establish and administer the Liquidation Accounts and other accounts and reserves as the Liquidation Trustee determines, in ~~his or her~~its reasonable discretion, to be necessary, appropriate or desirable, in accordance with the Plan, the Winddown Orders and the Liquidation Trust Agreement;

v. exercise its rights and fulfill its obligations under the Plan, the Winddown Orders, the Winddown Budget ~~and~~, the Liquidation Trust Agreement and/or the Litigation Manager Agreement;

vi. appear and participate in any proceeding before the Bankruptcy Court or any other court with respect to any matter regarding or relating to the Plan, the Winddown Orders, the Liquidation Trust Agreement, the Litigation Manager Agreement, the Liquidation Trust, the Liquidation Trust Assets and/or the Debtors

vii. sue, defend and participate, as a party or otherwise, in any judicial, administrative, arbitrative or other proceeding relating to the Plan, the Winddown Orders, the Liquidation Trust Agreement, the Litigation Manager Agreement, the Liquidation Trust, the Liquidation Trust Assets and/or the Debtors;

viii. review and/or reconcile Claims, object to Claims not Allowed prior to the Effective Date and resolve such objections as set forth in Article VI of the Plan;

ix. subject to terms ~~hereof and~~of the Plan, the Liquidation Trust Agreement and the Litigation Manager Agreement, pursue the Daimler Litigation, any other Recovery Actions or other available claims, demands, rights and ~~causes~~Causes of ~~action~~Action of the Debtors, the Estates or the Liquidation Trust (including any actions previously initiated by the Debtors and pending as of the Effective Date), and raise any defenses in any adverse actions or counterclaims;

x. execute, deliver and perform such other agreements and documents and/or exercise such other powers as the Liquidation Trustee determines, in ~~his or her~~its reasonable discretion, to be necessary, appropriate or desirable to accomplish and implement the purposes and provisions of the Plan and of the Liquidation Trust as set forth in the Plan and in the Liquidation Trust Agreement;

xi. file appropriate Tax returns on behalf of the Liquidation Trust and the Debtors and pay Taxes or other obligations owed by the Liquidation Trust and the Debtors;

xii. determine the manner of determining income and principal of the Liquidation Trust Assets, and the apportionment of income and principal among such assets;

xiii. purchase insurance with such coverage and limits as the Liquidation Trustee determines, in ~~his or her~~its reasonable discretion, to be necessary, appropriate or desirable;

xiv. take such actions as are necessary, appropriate or desirable to cause the transfer of any attorney-client privilege, work-product privilege or other privilege or immunity of the Debtors attaching to any documents or communications (whether written or oral) to the Liquidation Trust (which privileges and immunities are transferred to the Liquidation Trust);

xv. enforce, waive, assign or release rights, powers, privileges and immunities of any kind of the Debtors, except to the extent expressly limited by, or otherwise contrary to its duties established by, the Plan ~~or~~, the Liquidation Trust Agreement or the Litigation Manager Agreement, as the Liquidation Trustee determines, in ~~his or her~~its reasonable discretion, to be necessary, appropriate or desirable, or as determined by the Litigation Manager in connection with the Daimler Litigation and consistent with Section IV.H.6 of the Plan and the Litigation Manager Agreement;

xvi. retain, employ and compensate, without further order of the Bankruptcy Court, professionals (or other Persons or Entities) to represent, advise and assist the Liquidation Trust (or the Liquidation Trustee or the Litigation Manager on its behalf) in the fulfillment of its responsibilities in connection with the Plan ~~and~~, the Liquidation Trust Agreement or the Litigation Manager Agreement, all as the Liquidation Trustee determines, in ~~his or her~~its reasonable discretion, to be necessary, appropriate or desirable and in connection with its responsibilities or as determined by the Litigation Manager in connection with the Daimler Litigation and consistent with Section IV.B.3.d of the Plan and the Litigation Manager Agreement;

xvii. pay all Liquidation Trust Expenses in accordance with the terms of the Plan and the Liquidation Trust Agreement;

xviii. take such actions as are necessary or appropriate to close or dismiss any or all of the Chapter 11 Cases;

xix. terminate and dissolve the Liquidation Trust in accordance with the terms of the Plan and the Liquidation Trust Agreement; and

xx. take such actions as are necessary, appropriate or desirable to terminate the existence of the Debtors to the extent not already effectuated pursuant to the Plan.

The Liquidation Trust and the Liquidation Trustee (and solely and exclusively with respect to the Daimler Litigation and as set forth in Sections IV.G.2 and IV.H of the Plan and the Litigation Manager Agreement, the Litigation Manager) shall each be a "representative of the estate" under section 1123(b)(3)(B) of the Bankruptcy Code.

b. Funding of the Liquidation Trust

The Liquidation Trust shall be funded from the Liquidation Trust Assets that must be used solely for their respective purposes as set forth in the Plan and the Winddown Orders. Notwithstanding anything to the contrary in the Plan or in the Confirmation Order, the Liquidation Trust shall use the DIP Collateral only in accordance with, and for the sole purposes set forth in, the DIP Lender Winddown Order and in accordance with the Winddown Budget; *provided that*, if the Liquidation Trust seeks the agreement of the U.S. Treasury to modify the Winddown Budget, the Liquidation Trustee shall provide at least ten Business Days' prior written notice specifying the proposed modification thereof to the U.S. Treasury and *provided further that* the U.S. Treasury shall grant or deny any such request to modify the Winddown Budget in its sole discretion. Notwithstanding anything to the contrary set forth in this Plan or the Confirmation Order, the Government DIP Lenders (i) shall have the right to enforce the

provisions of the Sale Order, the DIP Lender Winddown Order and the Winddown Budget by seeking an order from the Bankruptcy Court, after not less than ten days' notice to the Notice Parties and a hearing, prohibiting or limiting the Liquidation Trust's continuing use of the DIP Collateral as otherwise set forth in the Plan; and (ii) in any such proceeding, the Government DIP Lenders shall only be required to establish that the Winddown Budget was violated without the consent of the U.S. Treasury. For avoidance of doubt, the Winddown Budget may not be modified without the written agreement of the U.S. Treasury.

c. Liquidation Trustee

The Liquidation Trustee shall be the exclusive trustee of the Liquidation Trust Assets for purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. § 6012(b)(3), as well as the representative of the consolidated Estates of each of the Debtors appointed pursuant to section 1123(b)(3)(B) of the Bankruptcy Code. The powers, rights and responsibilities of the Liquidation Trustee, and ~~the~~its beneficiaries ~~of the Liquidation Trustee~~, shall be specified in the Liquidation Trust Agreement and shall include those rights and powers set forth in Section IV.B.3.a of the Plan that are not vested in the Litigation Manager pursuant to the Plan or in the Liquidation Trust Agreement or the Litigation Manager Agreement. The Liquidation Trustee shall distribute the Liquidation Trust Assets in accordance with the applicable provisions of the Plan, the Winddown Orders and the Liquidation Trust Agreement.

Upon the resignation, removal, death or other incapacity of the Liquidation Trustee, a successor to the Liquidation Trustee and the terms of such successor's engagement must be approved by the Bankruptcy Court, subject to the express consent of the U.S. Treasury which may be withheld for any reason. Except as otherwise ordered by the Bankruptcy Court, any successor Liquidation Trustee must consent to and accept in writing the terms of the Liquidation Trust Agreement and agree that the terms of the Liquidation Trust Agreement are binding upon and inure to the benefit of the successor Liquidation Trustee and all of such successor Liquidation Trustee's heirs and legal and personal representatives, successors or assigns. A resigning Liquidation Trustee may request, with the U.S. Treasury's consent, that the Bankruptcy Court approve a successor Liquidation Trustee. If (i) the resigning Liquidation Trustee fails to request the Bankruptcy Court to approve a successor Liquidation Trustee or the U.S. Treasury does not consent to the proposed successor Liquidation Trustee, or (ii) in case of the death or incapacity of the Liquidation Trustee (or the sole manager thereof) or the removal of the Liquidation Trustee pursuant to the Liquidation Trust Agreement, the Government DIP Lenders and the First Lien Agent shall nominate a successor Liquidation Trustee and request that the Bankruptcy Court approve such nominee as the successor Liquidation Trustee.

If the Liquidation Trust Assets at any point in time prove insufficient to pay all beneficiaries in accordance with the terms of the Plan, and provided that the Liquidation Trustee has not engaged in willful misconduct or gross negligence, the Liquidation Trustee will have no obligation to seek disgorgement from any beneficiary, but may seek: (i) the guidance of the Bankruptcy Court; or (ii) to terminate the Liquidation Trust Agreement upon approval of the Bankruptcy Court or another court of competent jurisdiction. The Liquidation Trustee will notify the U.S. Treasury in writing, at least five Business Days before seeking guidance from the Bankruptcy Court or before terminating the Liquidation Trust Agreement in accordance with the preceding sentence. Notwithstanding anything to the contrary set forth in the Plan, the Government DIP Lenders' obligations under the Plan and under the Winddown Orders shall not be altered by the order of any court, including the Bankruptcy Court, entered in connection with Section IV.B.3.c.iii of the Plan or any provision of the Plan.

The Liquidation Trust Agreement will provide that, immediately after the Effective Date, the Liquidation Trustee will obtain a bond or surety with respect to the Cash held by the Liquidation Trust, and all costs and expenses incurred to obtain the bond or surety will be borne by the Liquidation Trust. The Liquidation Trustee will notify the Bankruptcy Court and the U.S. Trustee in writing: (i) at such time as the Liquidation Trustee obtains its initial and any subsequent replacement bonds or sureties; (ii) before modifying the amount or provider of any bond or surety; or (iii) before terminating its bond or surety.

The initial Liquidation Trustee will be RJMI, LLC, an entity for which Robert J. Manzo is the sole manager. Mr. Manzo is an Executive Director with Capstone, which has been retained as the Debtors' Financial Advisor in the Chapter 11 Cases pursuant to an order of the Bankruptcy Court entered on May 20, 2009 (Docket No. 1301). Mr. Manzo has over 25 years of restructuring experience and specializes in turnaround and crisis management, mergers and acquisitions, and bankruptcy consulting. He has advised major corporations, money

center and investment banks and other creditors on over 500 transactions. He is the sole manager of RJM, LLC, which served as the plan administrator for the Refco Inc. liquidation trust. Other advisory assignments in which Mr. Manzo has been actively involved include, among others: Adelphia Communications Corp.; Bruno's Supermarkets, LLC; Crown Paper Co., Federal-Mogul Corp.; Owings Corning; and Regal Cinemas, Inc. Mr. Manzo also acted on behalf of various debtors, including Cumberland Farms/Gulf Oil LP, Camelot Music Holdings, Inc. and Virgin Entertainment Group. Prior to joining Capstone, Mr. Manzo was a founder of Policano and Manzo, LLC, which was purchased by FTI Consulting in 2000. While at FTI, Mr. Manzo was co-head of the Restructuring Practice overseeing 300 professionals. Mr. Manzo holds a Bachelor of Arts in Accounting from Rider University. He is a Certified Public Accountant and a Certified Insolvency and Restructuring Advisor. Mr. Manzo also is a member of the New Jersey State Society of Certified Public Accountants and the Association of Insolvency and Reorganization Advisors.

d. Fees and Expenses of the Liquidation Trust

Except as otherwise ordered by the Bankruptcy Court, the Liquidation Trust Expenses will be paid from the applicable Liquidation Trust Assets in accordance with the Plan, the Winddown Orders, the Winddown Budget and the Liquidation Trust Agreement. The Liquidation Trustee, on behalf of the Liquidation Trust, may employ, without further order of the Bankruptcy Court, professionals to assist in carrying out its duties under the Plan and may compensate and reimburse the expenses of these professionals without further order of the Bankruptcy Court from the applicable Liquidation Trust Assets in accordance with the Plan and the Liquidation Trust Agreement. The Litigation Manager, on behalf of the Liquidation Trust, may retain, solely in connection with the Daimler Litigation and without further order of the Bankruptcy Court, expert witnesses, translators and other non-legal professionals to assist in carrying out its duties in connection with the Daimler Litigation as set forth in the Plan and in the Litigation Manager Agreement, and all Daimler Litigation Costs incurred in connection with such retentions will be paid from the Daimler Fund without further order of the Bankruptcy Court in accordance with the Plan ~~and~~, the Liquidation Trust Agreement and the Litigation Manager Agreement. For the avoidance of doubt, the Liquidation Trust shall not use any of the DIP Collateral or the proceeds thereof to pay any Liquidation Trust Expenses except as provided in the Winddown Budget or in the DIP Lender Winddown Order or as otherwise agreed in writing by the Government DIP Lenders.

e. Reports to be Delivered by the Liquidation Trust

The Liquidation Trustee, on behalf of the Liquidation Trust, will: (i) File with the Bankruptcy Court (and provide to any other party entitled to receive any such report pursuant to the Liquidation Trust Agreement) quarterly reports regarding the administration of property subject to its ownership and control pursuant to the Plan, distributions made by it and other matters relating to the implementation of the Plan; (ii) provide the Government DIP Lenders with (A) a monthly report of winddown expenses paid and the amounts remaining in each individual Trust Account, the Additional Proceeds Account and the Daimler Fund and (B) a monthly report of the status of the DIP Non-Liquidation Funds Collateral administered by the Liquidation Trust, which reports will be in form reasonably acceptable to the Government DIP Lenders; and (iii) provide the First Lien Agent with (A) a monthly report of winddown expenses paid and the amounts remaining in the First Lien Reserve and the Daimler Fund and (B) a monthly report of the status of the First Lien Trust Assets administered by the Liquidation Trust, which reports will be in form reasonably acceptable to the First Lien Agent.

f. Indemnification

The Liquidation Trust Agreement may include reasonable and customary indemnification provisions~~, including with respect to the indemnification of the Litigation Manager~~. Any such indemnification will be the sole responsibility of the Liquidation Trust and payable solely from the Additional Winddown Cost Escrow or other available funds.

g. Tax Treatment

The Liquidation Trust is intended to be treated for U.S. federal income tax purposes (i) in part as a grantor trust that is a liquidating trust within the meaning of Treasury Regulations § 301.7701-4(d), and (ii) in part as one or

more disputed claims or other reserves taxed either as discrete trusts pursuant to IRC §§ 641, *et seq.*, or as disputed ownership funds pursuant to Treasury Regulations § 1.468B-9(b)(1), as determined by the Liquidation Trustee in the manner specified in the Liquidation Trust Agreement. For U.S. federal income tax purposes, the transfer of the Liquidation Trust Assets (to the extent not distributed to holders of Allowed Claims on the Effective Date) to the Liquidation Trust will be treated as a transfer of the Liquidation Trust Assets from the Debtors to the holders of Allowed Claims, subject to any liabilities of the Debtors or the Liquidation Trust payable from the proceeds of such assets, followed by such holders' transfer of such assets (subject to such liabilities) to the Liquidation Trust. The holders of Allowed Claims will thereafter be treated for U.S. federal income tax purposes as the grantors and deemed owners of their respective shares of the Liquidation Trust Assets (subject to such liabilities). Such holders of Allowed Claims shall include in their annual taxable incomes, and pay Tax to the extent due on, their allocable shares of each item of income, gain, deduction, loss and credit, and all other such items shall be allocated by the Liquidation Trustee to such holders using any reasonable allocation method. Notwithstanding the foregoing, distributions made as of the Effective Date to holders of Allowed Claims are intended to be treated for U.S. federal income tax purposes as distributions directly from the Debtors to the holders of such Allowed Claims, and such holders shall include in their taxable incomes any interest earned on such distributions from the Effective Date to the date on which the actual distribution is made.

The Liquidation Trust Agreement will: (i) require that the Liquidation Trustee file income Tax returns for the Liquidation Trust as a grantor trust (and file separate returns for the disputed claims or other reserves as discrete trusts pursuant to IRC §§ 641, *et seq.*, or as disputed ownership funds pursuant to Treasury Regulations § 1.468B-9(b)(1), as determined by the Liquidation Trustee in the manner provided in the Liquidation Trust Agreement); (ii) pay all Taxes owed on any net income or gain of the Liquidation Trust, including net income or gain of the disputed claims and other reserves, on a current basis from Liquidation Trust Assets; (iii) provide for consistent valuations for all Liquidation Trust Assets by the Liquidation Trustee and holders of Allowed Claims, and require that such valuations be used for all Tax reporting purposes; (iv) provide for the Liquidation Trust's termination no later than five years after the Effective Date unless the Bankruptcy Court approves a fixed extension based upon a finding that an extension is necessary for the Liquidation Trust to resolve all Claims, reduce all Liquidation Trust Assets to Cash and liquidate; (v) limit the investment powers of the Liquidation Trustee in accordance with IRS Revenue Procedure 94-45; and (vi) require that the Liquidation Trust, in accordance herewith, distribute at least annually all net income and the net proceeds from the sale or other disposition of all Liquidation Trust Assets in excess of amounts reasonably necessary to maintain the value of the remaining Trust Assets and pay Claims and contingent liabilities, including Disputed Claims.

C. Corporate Governance

1. Certificates of Incorporation and Bylaws

Consistent with Section IV.B of the Plan and except as otherwise provided in the Plan, each of the Debtors shall cease to exist, and all existing certificates of incorporation and bylaws, articles of organization, limited liability company agreements or similar organizational documents shall be cancelled, as of the Effective Date; accordingly, no new certificates of incorporation and bylaws or other applicable organizational documents shall be necessary.

2. Corporate Action

The Restructuring Transactions; the establishment of the Liquidation Trust; the appointment of the Liquidation Trustee and the Litigation Manager to act on behalf of the Liquidation Trust; the transfer of the Liquidation Trust Assets to the Liquidation Trust; the creation of the Additional Proceeds Account; the substitution of the Liquidation Trust as the plaintiff in the Daimler Litigation; the adoption, execution, delivery and implementation of all contracts, instruments, releases and other agreements or documents related to any of the foregoing; the adoption, execution and implementation of the Liquidation Trust Agreement; the distribution of Cash held in the Liquidation Accounts consistent with the Plan; the distribution of proceeds from the sale or other disposition of the First Lien Trust Assets and the DIP Non-Liquidation Funds Collateral consistent with the Plan; and the other matters provided for under the Plan involving the corporate or limited liability company structure of any Debtor or corporate or similar action to be taken by or required of any Debtor or the Liquidation Trustee shall occur and be effective as of the date specified in the documents effectuating the applicable Restructuring Transactions (or other transactions) or the Effective Date, if no such other date is specified in such other documents,

and shall be authorized and approved in all respects and for all purposes without any requirement of further action by the Debtors, the Liquidation Trustee, the Litigation Manager or any other Person or Entity.

D. No Revesting of Assets

The property of the Debtors' Estates will not revest in the Debtors on or after the Effective Date but shall vest in the Liquidation Trust, to be administered by the Liquidation Trustee (or, solely with respect to the Daimler Litigation and as set forth in Sections IV.G.2 and IV.H of the Plan and the Litigation Manager Agreement, the Litigation Manager) in accordance with the Plan, the Liquidation Trust Agreement and/or the ~~Liquidation Trust~~Litigation Manager Agreement, as applicable.

E. Postpetition Agreements

As of the Effective Date, the Liquidation Trust shall be deemed a successor in interest to the Debtors under, and a beneficiary of, any Postpetition Agreement, and any rights and benefits under the Plan shall be transferred to the Liquidation Trust; *provided*, *however*, that no change in ownership or change in control under any such contract, lease or agreement shall be deemed to have occurred on the Effective Date. Any Postpetition Agreements shall survive and remain unaffected by the entry of the Confirmation Order.

F. Liquidation Accounts and Other Accounts

1. **Transfer or Creation**

On the Effective Date, each of the Trust Accounts, the First Lien Reserve and the Daimler Fund shall be transferred to and irrevocably vest in the Liquidation Trust in accordance with the Plan.

On or prior to the Effective Date, the Additional Proceeds Account shall be established by (a) the Debtors and transferred to the Liquidation Trust in accordance with the Plan or (b) the Liquidation Trust Agreement. Subject to the terms of the Plan, the Additional Proceeds Account shall be funded with any Daimler Proceeds and, upon the conclusion of the Daimler Litigation, any General Unsecured Daimler Fund Balance.

The Liquidation Trustee may establish (a) a separate account (or sub-account) for the General Unsecured Claims Reserve, as set forth in Section IV.G.2.b.~~viii~~ix of the Plan; (b) one or more distribution accounts, as contemplated by Section V.B.1 of the Plan; or (c) such other accounts (or sub-accounts) as may be necessary ~~and~~, appropriate or desirable and that are consistent with the Plan.

2. **Maintenance**

From and after the Effective Date, the Liquidation Accounts and the contents thereof shall be maintained in federally insured domestic banks in the name of the Liquidation Trust. Each Liquidation Account shall be maintained and accounted for separately and will not be combined with another Liquidation Account. The Liquidation Trustee may, from time to time, move any Liquidation Account from one institution to another, provided that the Liquidation Trustee otherwise complies with Section IV.F.2.a of the Plan and provides notice to the Notice Parties of such account transfer.

The Liquidation Accounts shall be used for their designated purposes consistent with the terms of the Plan, the Winddown Orders and the Winddown Budget. Notwithstanding anything to the contrary in the Plan or the DIP Lender Winddown Order, with the written agreement of each of the Government DIP Lenders, (a) any excess amount in a Trust Account after such account is used for its designated purpose or (b) any net proceeds of DIP Non-Liquidation Funds Collateral, may be transferred to another Liquidation Account.

As set forth in the Plan and the First Lien Winddown Order (and subject to the terms thereof), net proceeds of any First Lien Collateral will be transferred into the First Lien Reserve to the extent necessary to maintain the Minimum Amount (as defined in the First Lien Winddown Order) in the First Lien Reserve during the Covered Period. For the avoidance of doubt, the net proceeds of the First Lien Collateral, subject to the funding

requirements of the First Lien Reserve, shall not pay for, fund or otherwise be used in any way to effectuate the Plan or satisfy the Claims under the Plan, other than the Allowed First Lien Secured Claims.

3. **Closure**

Subject to and in accordance with the Liquidation Trust Agreement, the Liquidation Accounts and other accounts shall be closed by the Liquidation Trustee as follows:

a. After any Trust Account has been fully administered for its designated purpose, in accordance with the Winddown Budget, any remaining funds in such account will be subject to the treatment provided under the Plan and the applicable Trust Account may be closed.

b. At the conclusion of the Daimler Litigation, and after the payment of the Daimler Litigation Costs, any Daimler Fund Balance will be subject to treatment as set forth in the Plan, and the Daimler Fund may be closed.

c. After the conclusion of the Covered Period, the funds remaining in the First Lien Reserve will be subject to the treatment set forth in the Plan and in the First Lien Winddown Order, and, after distribution of these funds, the First Lien Reserve will be closed.

d. After the Bankruptcy Court has entered an order closing the Debtors' Chapter 11 Cases and the Liquidation Trust has been fully administered, any remaining funds in the Liquidation Accounts will be subject to the treatment provided in the Plan and the remaining Liquidation Accounts will be closed.

e. Any accounts other than the Liquidation Accounts may be closed at the discretion of the Liquidation Trustee once the accounts have served their intended purpose or have been replaced.

G. Daimler Litigation

1. **Transfer to Liquidation Trust**

On the Effective Date, the Daimler Litigation shall be transferred to the Liquidation Trust as part of the Liquidation Trust Assets, subject to the treatment set forth in the Plan.

2. **Prosecution or Settlement**

a. On the Effective Date or as promptly thereafter as is practicable, the Liquidation Trust shall be substituted as the plaintiff in the Daimler Litigation. The Liquidation Trustee, any Litigation Manager and Contingency Fee Counsel shall take all steps that are necessary or appropriate to accomplish such substitution;

b. On and after the Effective Date, if the Class 3A Voting Condition has been satisfied, the Litigation Manager~~, in consultation with the Liquidation Trustee,~~ will prosecute to conclusion or settle the Daimler Litigation on behalf of the Liquidation Trust, as follows:

i. From and after the Effective Date, the Daimler Litigation will continue to be pursued and otherwise prosecuted by Contingency Fee Counsel on behalf of the Liquidation Trust and at the direction of the Litigation Manager ~~in consultation with the Liquidation Trustee~~, subject to the applicable terms of the Contingency Fee Counsel Agreement.

ii. The Litigation Manager shall ~~report to~~inform the Liquidation Trustee in writing or orally, as desired by the Liquidation Trustee, on the status of the Daimler Litigation on a periodic basis, but in any event not less than monthly.

iii. The Litigation Manager shall ~~consult with~~promptly inform the Liquidation Trustee ~~on all significant decisions~~ with respect to all significant decisions, including all settlement offers made or received, in connection with the Daimler Litigation, ~~but in any event~~*provided that* the decision on ~~such~~any matters ~~rests~~in connection with the Daimler Litigation (including any decision regarding the pursuit, prosecution, compromise or settlement of the Daimler Litigation) will be the sole responsibility of the Litigation Manager, and the Liquidation Trustee shall have no authority or liability with respect thereto and shall have no authority to decide whether any settlement offer should be accepted by the Liquidation Trust or is fair and reasonable, all of which determinations rest solely with the Litigation Manager. ~~The Litigation Manager shall share all settlement offers actually made with the Liquidation Trustee and shall not enter into a settlement of the Daimler Litigation absent consultation with the Liquidation Trustee.~~

iv. ~~iii.~~ The Daimler Litigation Costs (but not the Contingency Fees) will be paid exclusively from the Daimler Fund unless and until the Daimler Fund is exhausted, at which time the Litigation Manager, after consultation with the Liquidation Trustee but in the Litigation Manager's sole discretion, may: (A) identify another source of funding to provide financing for the Daimler Litigation Costs, with recourse only to the Daimler Proceeds; or (B) permit Contingency Fee Counsel to advance amounts necessary to fund the costs of the Daimler Litigation consistent with the terms and conditions set forth in the Contingency Fee Counsel Agreement. Notwithstanding anything in the Plan to the contrary, the Government DIP Lenders shall not provide funding for, and the DIP Collateral or the proceeds thereof shall not be used to pay, any Daimler Litigation Costs or Contingency Fees unless (A) the Class 3A Voting Condition is not satisfied and (B) the Government DIP Lenders otherwise agree in writing.

v. ~~iv.~~ Except as set forth in Section II.A.1.c.iv of the Plan, any Daimler Proceeds shall vest in the Liquidation Trust and shall be deposited in the Additional Proceeds Account consistent with the Liquidation Trust Agreement and the Litigation Manager Agreement.

vi. ~~v.~~ Prior to the Effective Date, the Creditors' Committee's Professionals were required to maintain separate records of expenses for all Daimler Litigation Costs that were to be paid pursuant to the Interim Compensation Order, as well as any applicable orders that may be entered by the Bankruptcy Court. After the Effective Date, the Litigation Manager, Contingency Fee Counsel~~, the Liquidation Trust~~ and the Liquidation Trust's other professionals will maintain separate records of expenses for all Daimler Litigation Costs that will be paid in the ordinary course of business by the Liquidation Trust from the Daimler Fund, as set forth in the Plan;

vii. ~~vi.~~ As promptly as possible after the receipt of any Daimler Proceeds, the Liquidation Trustee will use the Daimler Proceeds to pay, in the order set forth in this subsection, (A) the Contingency Fees, to the extent due under the Contingency Fee Counsel Agreement; and (B) any fees, expenses or other costs arising out of or in connection with the Daimler Litigation not otherwise covered by the Daimler Fund. Following such payments and except as otherwise provided by Section II.A.1.c.iv of the Plan, the Net Daimler Proceeds

will remain in the Additional Proceeds Account, subject to treatment under the Plan;

viii. ~~vii.~~ As promptly as possible after the Daimler Proceeds Receipt Date and the conclusion of the Daimler Litigation, (A) the General Unsecured Daimler Fund Balance, if any, will be deposited into the Additional Proceeds Account and (B) the First Lien Daimler Fund Balance, if any, will be transferred to the First Lien Agent.

ix. ~~viii.~~ The Liquidation Trust will use the Net Daimler Proceeds and any General Unsecured Daimler Fund Balance to: (A) establish the General Unsecured Claims Reserve and (B) fund any identified or projected deficiencies in the Trust Accounts as determined by the Liquidation Trustee. After funding such amounts, the Available Net Daimler Proceeds will remain in the Additional Proceeds Account, subject to treatment under the Plan. The General Unsecured Claims Reserve may be established as a separate account and treated as a Liquidation Account under the Plan, or it may be separately accounted for as part of the Additional Proceeds Account.

x. ~~ix.~~ Provided that the Available Net Daimler Proceeds are equal to or greater than the Minimum Distribution Threshold, the Available Net Daimler Proceeds will be distributed to the holders of Allowed General Unsecured Claims as set forth in Section II.B.6.a of the Plan.

xi. ~~x.~~ If the Available Net Daimler Proceeds are less than the Minimum Distribution Threshold, the Available Net Daimler Proceeds and any General Unsecured Claims Reserve will be distributed to one or more Charitable Organizations, as further set forth in Section II.A.1.c.iv of the Plan.

c. On and after the Effective Date, if the Class 3A Voting Condition has not been satisfied, (i) no Litigation Manager will be appointed and the Liquidation Trustee may prosecute to conclusion, settle or otherwise manage the Daimler Litigation on behalf of the Liquidation Trust, at the direction of both of the Government DIP Lenders consistent with Section II.A.1.c.iv of the Plan; (ii) any First Lien Daimler Fund Balance (calculated as of the Confirmation Date) will be promptly paid to the First Lien Agent on behalf of the holders of Allowed First Lien Secured Claims as set forth in Section II.B.2.g of the Plan and any General Unsecured Daimler Fund Balance may be used to continue funding the costs associated with the Daimler Litigation (or, if not needed to fund the Daimler Litigation, may be used for other Liquidation Trust Expenses); and (iii) if the Government DIP Lenders determine that the Liquidation Trust should continue to pursue the Daimler Litigation, all funding determinations will be made by the Government DIP Lenders and all Net Daimler Proceeds shall be paid to the Government DIP Lenders on a Pro Rata basis consistent with Section II.A.1.c.iv of the Plan.

H. The Litigation Manager

1. Appointment

On the Effective Date, if the Class 3A Voting Condition is satisfied, the Litigation Manager will be appointed pursuant hereto. The Litigation Manager shall be subject to the jurisdiction of the Bankruptcy Court. If the Class 3A Voting Condition is not satisfied, no Litigation Manager will be appointed.

2. **Resignation, Removal or Death**

In the event of a resignation or removal of the Litigation Manager for any reason, or in the event of the death of the Litigation Manager or other occurrence rendering the Litigation Manager incapacitated or unavailable, a replacement Litigation Manager will be designated by the Liquidation Trustee in consultation with the Lead Contingency Fee Counsel. Pending the designation of a new Litigation Manager, the Liquidation Trustee shall manage the Daimler Litigation.

If, within three months after the loss of the Litigation Manager as set forth in Section IV.H.2.a of the Plan, no qualified Person is identified as willing to serve as Litigation Manager, the position of Litigation Manager will be deemed terminated, without further order of the Bankruptcy Court, and any rights of the Litigation Manager shall permanently vest in the Liquidation Trustee.

3. **Role**

After the Effective Date and consistent with Section IV.G.2.b of the Plan, the Litigation Manager will make any and all decisions~~, after consulting with the Liquidation Trustee,~~ regarding the prosecution, compromise or settlement of the Daimler Litigation ~~as set forth in Section IV.G.2 of the Plan~~ and will have standing to participate in the Chapter 11 Cases solely with respect thereto.

4. **Compensation, Expense Reimbursement and Professional Representation**

Subject to Section IV.H.4 of the Plan, the Litigation Manager will be compensated from the Daimler Fund for any reasonable and necessary fees and out-of-pocket expenses incident to the performance of his or her duties. The Litigation Manager will provide separate records of fees and expenses to the Liquidation Trustee on a monthly basis. The ~~Liquidation~~Litigation Manager will be compensated at the Litigation Manager Hourly Rate but will not receive, on a monthly basis, more than the Litigation Manager Maximum Monthly Fee (which will be paid from the Daimler Fund); *provided that* ~~(a)~~:

a. if the Litigation Manager's fees for any month(s) are less than the Litigation Manager Maximum Monthly Fee, the difference between such actual fees and the Litigation Manager Maximum Monthly Fee will accumulate from month to month and will be available to pay the Litigation Manager's fees in any subsequent month(s) in which the Litigation Manager's monthly fee is ~~above~~in excess of the Litigation Manager Maximum Monthly Fee; ~~and (b) except as set forth in (a), any portion of~~

b. if the Litigation Manager's fees ~~that~~for any month exceed the Litigation ~~Manager's~~Manager Maximum Monthly Fee ~~are not chargeable to and will not be paid by the Liquidation Trust~~plus any accumulated unused fee allowances rolled over from prior months, such excess fees may be deferred from month to month and paid down from available cash in the Daimler Fund in each subsequent month in which the Litigation Manager's monthly fees are less than the Litigation Manager Maximum Monthly Fee, subject to (c) below; and

c. any excess fees that remain unpaid pursuant to (a) and (b) above will be paid from the Daimler Proceeds (if any) pursuant to Section IV.G.2.b.iv of the Plan and will be deemed to be Daimler Litigation Costs, *provided that* (i) the Litigation Manager's aggregate fees (including amounts paid from the Daimler Fund and additional excess amounts sought from the Daimler Proceeds under this paragraph) do not exceed the Litigation Manager Maximum Aggregate Fee or (ii) any amounts in excess of the amounts in clause (i) are approved by an Order of the Bankruptcy Court after an application of the Litigation Manager, on notice to the Liquidation Trustee, the U.S. Trustee and the First Lien Agent, demonstrating the reasonableness of the request.

~~or any of the~~Except as set forth in (a), (b) and (c) above, no portion of the Litigation Manager's fees are chargeable to or to be paid from any Liquidation Trust Assets (including any Daimler Proceeds). The Litigation Manager's reasonable out-of-pocket expenses are not subject to a monthly cap. For the avoidance of doubt, the Litigation Manager shall receive no compensation from the Winddown Funds or any other collateral of the Government DIP Lenders or the lender under the TARP Loan Agreement.

5. **Term**

The Litigation Manager's role shall be terminated at the earliest of (a) the completion of the functions assigned to the Litigation Manager pursuant to the Plan; (b) if no successor to the Litigation Manager can be identified as set forth in Section IV.H.2.b of the Plan, the resignation, removal, death or incapacity of the Litigation Manager; or (c) the entry of a Final Order or settlement in the Daimler Litigation resulting in no receipt of any Daimler Proceeds.

6. **Rights, Powers and Confidentiality**

Notwithstanding anything contained in the Plan to the contrary, the rights and powers of the Litigation Manager shall be strictly limited to those matters expressly enumerated in Section IV.H.3 of the Plan (and as further set forth in the Litigation Manager Agreement) and such rights and powers may only be exercised in a manner consistent with the terms and conditions set forth therein. The Litigation Manager may not seek leave of court to expand its role beyond that set forth in Section IV.H.3 of the Plan without the prior written consent of the Liquidation Trustee, which may be withheld in the Liquidation Trustee's sole and absolute discretion.

The Litigation Manager is bound by: (a) the terms of the Plan and cannot seek to modify, terminate, alter or amend any terms of the Plan; and (b) any and all orders entered in the Chapter 11 Cases and cannot seek to modify, terminate, alter, amend appeal or vacate any such orders, except the Bankruptcy Court entered in connection with the Daimler Litigation.

Subject to the ~~Liquidation Trust~~Litigation Manager Agreement, the Litigation Manager will, and will cause any of its representatives or professionals to maintain the confidentiality of (a) any information that is confidential, proprietary or otherwise not generally available to the public and that is furnished by or on behalf of the Liquidation ~~Trustee~~Trust or (b) all written or electronically stored documentation prepared by the Litigation Manager that is based on or reflects, in whole or in part, such information, unless such information is, in the Litigation Manager's reasonable discretion, necessary to be disclosed in connection with the Daimler Litigation. The Litigation Manager will not use any such confidential information other than in connection with the exercise of his or her rights, powers, privileges and duties pursuant to this Plan and the ~~Liquidation Trust~~Litigation Manager Agreement.

7. **Indemnification**

The Litigation Manager Agreement may include reasonable and customary indemnification provisions. Any such indemnification will be the sole responsibility of the Liquidation Trust and payable solely from the Daimler Fund, *provided that* if the Daimler Fund is insufficient to pay such indemnification, any indemnification that remains unpaid will be paid from the Additional Winddown Cost Escrow or other available funds.

8. **Disclosure of Qualification of Initial Litigation Manager**

The initial Litigation Manager will be Alan R. Brayton. Mr. Brayton is the founding and senior partner at Brayton Purcell LLP, a West Coast trial law firm specializing in personal injury, products liability and mass tort litigation. Mr. Brayton has over 28 years of experience practicing law and is recognized as one of the West Coast's leading attorneys representing injured individuals and their families in all types of personal injury, products liability and mass tort litigation. Mr. Brayton also enjoys a national reputation as one of the foremost attorneys representing victims of asbestos-related disease, with clients in virtually every state. Mr. Brayton has successfully tried numerous million dollar cases involving victims of mesothelioma and other asbestos-related diseases, products liability, medical malpractice and personal injury, and has handled and argued cases involving a wide range of

issues before the California Supreme Court and Courts of Appeal and in various Federal Courts. Mr. Brayton also has served on a number multi-district litigation steering committees and as lead counsel in class action litigation.

Mr. Brayton attended the United States Air Force Academy (USAF) in Colorado Springs, Colorado. He was commissioned a second lieutenant upon graduation, and he spent the next 12 years on active duty in the USAF, serving in a variety of jobs both in the United States and overseas, including seven years as a Judge Advocate.

In addition to supervising Brayton Purcell LLP and working as a trial lawyer, Mr. Brayton currently serves as the chair or co-chair of the Trust Advisory Committee on several bankruptcy trusts, including Western Asbestos, J.T. Thorpe Inc., Thorpe Insulation, E.J. Bartels and Kaiser Aluminum. Mr. Brayton has served as co-chair of the American Bar Association Asbestos Task Force and on the Leadership Council of the Tort and Insurance Practice Section of the American Bar Association. Mr. Brayton has also served on the Board of Governors of the Consumer Attorneys of California and reviews and comments on proposed legislation that affects consumer rights and access to the justice system. Mr. Brayton currently serves on the executive committee the Public Justice Foundation, a nonprofit organization that supports Public Justice, a national public interest law firm protecting people, the environment and access to the courts.

Mr. Brayton received a Master of Science in Finance from Anderson School of Business at UCLA in 1972 and earned his juris doctorate from Boalt Hall, University of California, Berkeley in 1976. He is admitted to the California Bar (1977), the United States Supreme Court, the United States Courts of Appeals for the Ninth and Third Circuits, the United States District Courts for the Northern and Eastern Districts of California and Hawaii and the Court of Military Appeals. Mr. Brayton is rated "AV" by Martindale-Hubbell, a rank that indicates that he has practiced law for many years and has achieved the highest level of skill and integrity.

Mr. Brayton and the Contingency Fee Counsel have not agreed to share, nor will they agree to share, any compensation received by them in connection with the Daimler Litigation or the activities of the Litigation Manager.

Since the appointment of the Creditors' Committee on May 5, 2009, Mr. Brayton has served as the lead counsel to one of the Creditors' Committee members, Patricia Pascale. See Disclosure Statement Section V.E. It is currently the intention of Mr. Brayton and his firm to continue to represent Ms. Pascale after the Effective Date. Mr. Brayton represents Ms. Pascale in litigation against the Debtors on a contingency fee basis.

I. Limitations on Amounts to Be Distributed to Holders of Allowed Insured Claims

Distributions under the Plan to each holder of an Allowed Insured Claim will be in accordance with the treatment provided under the Plan for the Class in which such Allowed Insured Claim is classified, but solely to the extent that such Allowed Insured Claim is not satisfied from proceeds payable to the holder thereof under any pertinent insurance policies and applicable law. Nothing in Section IV.I of the Plan shall constitute a waiver of any claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liabilities that any ~~entity~~Entity may hold against any other ~~entity~~Entity, including the Debtors' insurance carriers.

J. Termination of All Employee, Retiree and Workers' Compensation Benefits

All existing employee benefit plans, retiree benefit plans and workers' compensation benefits not previously terminated by the Debtors, or assumed by the Debtors and assigned to New Chrysler, shall be terminated on or before the Effective Date.

K. Release of Liens

Except as otherwise provided in the Plan, the Winddown Orders or in any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, on the Effective Date and concurrently with the treatment provided for Claims and Interests in Article II of the Plan, all mortgages, deeds of trust, Liens or other security interests against the Assets of any Estate shall be fully released and discharged, and all of the right, title and interest of any holder of such mortgages, deeds of trust, Liens or other security interests,

including any rights to any collateral under the Plan, shall be enforceable solely against the applicable Liquidation Trust Assets in accordance with and subject to the terms of the Plan or the Winddown Orders, provided that, for the avoidance of doubt, (1) the First Lien Agent's Lien on the First Lien Collateral remains fully perfected, non-voidable and enforceable after the Effective Date and (2) the Government DIP Lenders' Lien on the DIP Collateral remains fully perfected, non-voidable and enforceable after the Effective Date.

L. ~~Cancellation~~Termination and ~~Surrender~~Cancellation of Instruments, Securities and Other Documentation

1. **Bonds**

On the Effective Date, the Bond Indenture and the Bonds issued thereunder shall be deemed ~~cancelled~~terminated, and be of no further force and effect ~~against~~, with respect to the Debtors~~, without any further action on the part of any Debtor. The~~. Subject to Section IV.L.1.a of the Plan, the holders of the Bonds shall have no rights against the Debtors arising from or relating to such instruments and other documentation, or the ~~cancellation~~deemed termination thereof. The Debtors shall not have any continuing obligations or rights under the Bond Indenture and the Bonds issued thereunder, except with respect to any obligations to the Bondholders as holders of Allowed Claims in Class 3A and as otherwise set forth in the Plan, *provided that* such deemed termination with respect to the Debtors shall not affect any rights and obligations arising from and in connection with the Bond Indenture and the Bonds by or among the Indenture Trustee, the Bondholders, Daimler, the Paying Agent and any other non-Debtor Entity such that the Bond Indenture and the Bonds shall be unaffected and continue with respect to such Entities for all other purposes, including, without limitation:

a. as necessary to preserve, pursue or administer the rights, claims, liens and interests of the Indenture Trustee and the holders of Bondholder Claims under the Bond Indenture against non-Debtor third parties (including to preserve and pursue the claims, rights and interests of the Indenture Trustee and the Bondholders against Daimler, as guarantor, under the Daimler Bondholder Guaranty); and

b. to the extent necessary to allow the Indenture Trustee to receive distributions on behalf of the holders of Allowed Bondholder Claims pursuant to the Plan, and make distributions under the Bond Indenture, on account of Allowed Bondholder Claims.

For the avoidance of doubt, nothing in the Plan shall affect the obligations of Daimler under, and the terms of, the Bond Indenture and the Daimler Bondholder Guaranty.

Nothing in the Plan shall impair the rights of the Indenture Trustee to enforce its charging liens, created in law or pursuant to the Bond Indenture, against property that otherwise would be distributed to the Bondholders. Without further action or order of the Bankruptcy Court, the charging liens of the Indenture Trustee shall attach to any property distributable to the holders of Allowed Bondholder Claims under the Plan with the same priority, dignity and effect that such Liens had on property distributable under the Bond Indenture.

2. **Equity Interests**

Except as set forth in Section II.B.9 of the Plan, the Equity Interest of all Debtors shall be deemed cancelled and of no further force and effect on the Effective Date. The holders of or parties to such cancelled securities and other documentation shall have no rights arising from or relating to such securities and other documentation or the cancellation thereof.

M. Abandonment of Property

~~**1. Abandonment of Property Under the Plan**~~

~~Each of the Assets, listed on Plan Exhibit IV.M.1 of the Plan, shall be deemed abandoned by the Debtors as of the Effective Date, and the Confirmation Order shall constitute the Bankruptcy Court's approval of such abandonment pursuant to section 554(a) of the Bankruptcy Code.~~

1. ~~2.~~ **Abandonment by Liquidation Trust**

The Liquidation Trust, after consultation with the Government DIP Lenders (with respect to DIP Non-Liquidation Funds Collateral) ~~and~~or the First Lien Agent (with respect to First Lien Collateral), shall have (subject to Section IV.M.~~2~~1.b of the Plan) the right, in accordance with applicable law, to abandon in any commercially reasonable and lawful manner any Liquidation Trust Asset that:

a. the First Lien Agent redesignates as a First Lien Excluded Asset pursuant to Section II.B.2.f.ii of the Plan;

b. the Liquidation Trustee reasonably concludes is of inconsequential benefit to the Liquidation Trust or its creditors or beneficiaries, or is placing a burden on the Liquidation Trust and its resources; or

c. the Liquidation Trustee reasonably determines, at the conclusion of distributions or dissolution of the Liquidation Trust, to be too impractical to distribute.

Any abandonment pursuant to Section IV.M.~~2~~1.a of the Plan shall be ~~(a)~~ affected by a separate order of the Bankruptcy Court under section 554 of the Bankruptcy Code, on proper notice to the relevant parties (including the Notice Parties)~~; and (b) be deemed to have been made pursuant to Section IV.M.1 of the Plan.~~.

Notwithstanding the foregoing, if the Class 3A Voting Condition is satisfied, the Liquidation Trust may not abandon the Daimler Fund, the Daimler Litigation or the Daimler Proceeds.

2. ~~3.~~ **Abandonment Claims**

If the abandonment of any Asset pursuant to the Plan ~~(including those abandoned pursuant to Section IV.M.2 of the Plan)~~ and the Confirmation Order results in damages to a non-Debtor party, any Claim for such damages shall be forever barred and shall not be enforceable against the Debtors, the Liquidation Trust, the Liquidation Trustee, the Government DIP Lenders, the U.S., the First Lien Lenders, the First Lien Agent or their properties, successors and assigns, unless a proof of Claim is Filed and served upon counsel for the Liquidation Trust on or before 30 days after the later to occur of (a) the Confirmation Date or (b) the date of the entry by the Bankruptcy Court of an order authorizing the abandonment of such Asset.

N. Effectuating Documents; Further Transactions; Exemption from Certain Transfer Taxes

The Liquidation Trustee or ~~his or her~~its valid designee in accordance with the Liquidation Trust Agreement (or, with respect to the Daimler Litigation and in accordance with the Litigation Manager Agreement, the Litigation Manager) shall be authorized to (1) execute, deliver, file or record such contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and implement the provisions of the Plan and (2) certify or attest to any of the foregoing actions. Pursuant to section 1146(a) of the Bankruptcy Code, the following shall not be subject to any stamp Tax, real estate transfer Tax, mortgage recording Tax, filing fee, sales or use Tax or similar Tax: (1) any Restructuring Transaction; (2) the execution and implementation of the Liquidation Trust Agreement, including the creation of the Liquidation Trust, any transfers of the Liquidation Trust Assets or other assets (if any) to or by the Liquidation Trust, including the sale, liquidation, transfer, foreclosure, abandonment or other disposition of the Liquidation Trust Assets; or (3) the making or delivery of any deed or other instrument of transfer under, in furtherance of or in connection with the Plan,

including any merger agreements, agreements of consolidation, restructuring, disposition, liquidation or dissolution, deeds, bills of sale or assignments, applications, certificates or statements executed or filed in connection with any of the foregoing or pursuant to the Plan, and any transfer of First Lien Collateral to or from the Liquidation Trust in accordance with the terms of the Plan.

X.

ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

Because the Debtors are not operating entities, the only alternative to Confirmation and consummation of the Plan is a conversion of the Debtors' Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code. The Debtors believe that conversion of the Chapter 11 Cases to chapter 7 would result in the loss of valuable settlements with the Government DIP Lenders and the First Lien Lenders that would substantially diminish (if not eliminate) the amount of cash available to fund payments to creditors and winddown activities and thereby result in substantially diminished recoveries to creditors. In particular, the Plan is premised on the Government DIP Lenders' agreements to (a) permit their cash collateral (*i.e.*, the Liquidation Funds) to be used as the source of payments to certain priority creditors under the Plan and to fund winddown activities of the Liquidation Trust and (b) release their Liens on the Daimler Proceeds to provide holders of Allowed General Unsecured Claims an opportunity to achieve a recovery on account of their Claims. These agreements by the Government DIP Lenders to fund the Plan would not be available in a liquidation under chapter 7.

The Debtors believe that in a liquidation under chapter 7, before creditors received any distribution, additional administrative expenses involved in the appointment of a trustee, and professionals to assist such trustee, would cause a diminution in the value of the Debtors' Estates. The Debtors also believe that the value of their assets likely would experience erosion in value in a liquidation under chapter 7 and that the ability to effectively market such assets for sale would be diminished. In addition, a conversion of the Chapter 11 Cases to chapter 7 may result in delays in distribution to certain creditors who would have received a distribution under the Plan, and any such distributions may be substantially diminished (if not eliminated) as described above. See Section VIII.C.2 (Confirmation of the Plan – Requirements for Confirmation – Best Interests of Creditors).

THE DEBTORS BELIEVE THAT THE PLAN AFFORDS SUBSTANTIALLY GREATER BENEFITS TO CREDITORS THAN LIQUIDATION UNDER CHAPTER 7 OF THE BANKRUPTCY CODE. See Exhibit D.

XI.

RISK FACTORS

Prior to voting on the Plan, each holder of a Claim entitled to vote should consider carefully the risk factors described below, as well as all of the information contained in this Disclosure Statement, including the Exhibits hereto. These risk factors, however, should not be regarded as constituting the only risks involved in connection with the Plan and its implementation.

A. Risk of Non-Confirmation of the Plan

Even if all impaired Classes accept or could be deemed to have accepted the Plan, the Plan may not be confirmed by the Bankruptcy Court. As set forth above, section 1129 of the Bankruptcy Code identifies the requirements for plan Confirmation. Although the Debtors believe that the Plan will meet all applicable requirements, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

B. Nonconsensual Confirmation

Pursuant to the "cramdown" provisions of section 1129(b) of the Bankruptcy Code, the Bankruptcy Court can confirm the Plan at the Debtors' request if at least one impaired Class has accepted the Plan and, as to each impaired Class that has not accepted the Plan, the Bankruptcy Court determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to such impaired Class. The Debtors reserve the right to modify

the terms of the Plan as necessary for Confirmation without the acceptance of all impaired Classes. Such modification could result in less favorable treatment for any non-accepting Classes than the treatment currently provided for in the Plan.

C. Delays of Confirmation and/or the Effective Date

Any delay in Confirmation and effectiveness of the Plan could result in, among other things, increased Administrative Claims. Moreover, the benefits of the DIP Lender Winddown Order, which forms the primary basis for the funding of the Plan and potential recoveries to holders of Allowed General Unsecured Claims, terminates if Confirmation is not achieved by March 31, 2010. These or any other negative effects of delays in Confirmation or effectiveness of the Plan could endanger the ultimate approval of the Plan by the Bankruptcy Court, undermine the Debtors' efforts to consummate the Plan and reduce or eliminate potential recoveries to holders of Allowed Class 3A Claims.

D. Dependence Upon New Chrysler

As a result of the sale of the Debtors' assets to New Chrysler, the Debtors have only a single officer and a single director and no longer maintain their books and records that were transferred to New Chrysler. See, e.g., Section IV.~~H.2~~A (~~Post-Sale Management of the Debtors~~Corporate Existence). As such, the Debtors are dependent upon New Chrysler personnel for, among other things, access to the Debtors' books and records to prepare financial reports, assess and evaluate claims, make distributions, file tax reports and returns and for other related matters, and for other transition services. The Debtors believe that the TSA requires New Chrysler to provide such access to books and records and transition services required to properly wind down their Estates. However, to the extent that New Chrysler becomes unable or fails to adhere to the terms of the TSA with respect to these matters, the Debtors' Estates will be negatively impacted. If so, it is anticipated that additional, unexpected costs and expenses may be incurred and additional delays may result. These costs and expenses, and any related delays, may be material.

E. Uncertainties Relating to Daimler Litigation

As described above, the Creditors' Committee currently is pursuing the Daimler Litigation, and the Liquidation Trust will continue to prosecute the Daimler Litigation after the Effective Date subject to the terms of the Plan. The outcome of the Daimler Litigation is uncertain and may result in no recovery for the Debtors' Estates. As such, there is no guarantee that holders of Allowed General Unsecured Claims in Class 3A — whose recoveries are dependent on the success of the Daimler Litigation — will receive any recovery on account of such Claims. Moreover, the ability of Allowed General Unsecured Claims to participate in any recoveries in the Daimler Litigation is conditioned on (1) the satisfaction of the Class 3A Voting Condition and (2) the Available Net Daimler Proceeds exceeding the Minimum Distribution Threshold.

F. Nature and Amount of Allowed Claims

The Debtors' review of Claims is in its beginning stages and, accordingly, the ultimate amount of Allowed Claims against the Debtors' Estates is unknown. If the amount of Allowed Claims is higher than expected or predicted, recoveries for holders of claims in certain Classes may be negatively impacted. In addition, given the sheer volume of Claims filed against the Debtors, the cost of administering such claims will be substantial and may also adversely impact recoveries for holders of claims in certain Classes. Any such adverse effects could be material.

G. Contingent Nature of Certain Assets

Certain of the Debtors' remaining assets are contingent in nature and, as such, there can be no guarantee that the Debtors will be able to fully-realize the value of such assets.

H. Limited Funding for Property Sales

The Winddown Orders, as incorporated into the Plan, provide for limited funding for the marketing of the Debtors' remaining assets. This limited funding may impact the ability of the Debtors or the Liquidation Trust to pursue marketing of these assets and ultimately may result in a lower recovery on account of such assets.

I. Weakness in Commercial Real Estate

In conjunction with the credit crisis and macro-economic downturn experienced since 2008, the commercial real estate market has experienced weakness and downward pressure as a whole. Many of the Debtors' commercial real estate properties are located in regions particularly affected by declines in commercial real estate prices. As a result, the Debtors ability to market and sell such properties may be impaired.

J. Costs of Administering the Estates

Liquidation of the Estates' remaining assets and the disbursement of the proceeds of such liquidation will require certain administrative costs that may vary based on a variety of factors. Such administrative costs cannot be predicted with certainty and may affect recoveries under the Plan.

XII.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF CONSUMMATION OF THE PLAN

U.S. TREASURY CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE WITH U.S. TREASURY CIRCULAR 230, EACH HOLDER OF A CLAIM OR AN INTEREST IS HEREBY NOTIFIED THAT (1) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY ANY HOLDER OF A CLAIM OR AN INTEREST FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A HOLDER OF A CLAIM OR AN INTEREST UNDER TITLE 26 OF THE UNITED STATES CODE (THE "IRC"); (2) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE SOLICITATION OF VOTES ACCEPTING THE PLAN; AND (3) A HOLDER OF A CLAIM OR AN INTEREST SHOULD SEEK ADVICE BASED UPON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

A. General

A DESCRIPTION OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN IS PROVIDED BELOW. THE DESCRIPTION IS BASED ON THE IRC, TITLE 26 OF THE CODE OF FEDERAL REGULATIONS (THE "U.S. TREASURY REGULATIONS"), JUDICIAL DECISIONS AND ADMINISTRATIVE DETERMINATIONS, ALL AS IN EFFECT ON THE DATE OF THIS DISCLOSURE STATEMENT. CHANGES IN ANY OF THESE AUTHORITIES OR IN THEIR INTERPRETATION MAY HAVE RETROACTIVE EFFECT, WHICH MAY CAUSE THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN TO DIFFER MATERIALLY FROM THE CONSEQUENCES DESCRIBED BELOW. NO RULING HAS BEEN REQUESTED FROM THE INTERNAL REVENUE SERVICES (THE "IRS") AND NO LEGAL OPINION HAS BEEN REQUESTED FROM COUNSEL CONCERNING ANY TAX CONSEQUENCE OF THE PLAN, AND NO TAX OPINION IS GIVEN BY THIS DISCLOSURE STATEMENT.

THIS DESCRIPTION DOES NOT COVER ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO THE DEBTORS OR HOLDERS OF CLAIMS. FOR EXAMPLE, THE DESCRIPTION DOES NOT ADDRESS ISSUES OF SPECIAL CONCERN TO CERTAIN TYPES OF TAXPAYERS, SUCH AS DEALERS IN SECURITIES, LIFE INSURANCE COMPANIES, FINANCIAL INSTITUTIONS, TAX EXEMPT ORGANIZATIONS, GOVERNMENTAL ENTITIES AND FOREIGN TAXPAYERS, NOR DOES IT ADDRESS TAX CONSEQUENCES TO HOLDERS OF INTERESTS IN THE DEBTORS. THIS DESCRIPTION DOES NOT DISCUSS THE POSSIBLE STATE TAX, NON-U.S. TAX OR

NON-INCOME TAX CONSEQUENCES THAT MIGHT APPLY TO THE DEBTORS OR TO HOLDERS OF CLAIMS.

FOR THESE REASONS, THE DESCRIPTION THAT FOLLOWS IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND PROFESSIONAL TAX ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM. HOLDERS OF CLAIMS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN.

B. Tax Consequences of Payment of Allowed Claims Pursuant to Plan Generally

The federal income tax consequences of the implementation of the Plan to the holders of Allowed Claims will depend on, among other things, the consideration to be received by the holder, whether the holder reports income on the accrual or cash method, whether the holder receives distributions under the Plan in more than one taxable year, whether the holder's Claim is Allowed or Disputed on the Effective Date and whether the holder has taken a bad debt deduction or a worthless security deduction with respect to its Claim.

1. Recognition of Gain or Loss

In general, a holder of an Allowed Claim should recognize gain or loss equal to the amount realized under the Plan in respect of its Claim less the holder's tax basis in the Claim. Any gain or loss recognized in the exchange may be long-term or short-term capital gain or loss or ordinary income or loss, depending upon the nature of the Allowed Claim and the holder, the length of time the holder held the Claim and whether the Claim was acquired at a market discount. If the holder realizes a capital loss, the holder's deduction of the loss may be subject to limitation. The holder's tax basis for any property received under the Plan generally will equal the amount realized. The holder's amount realized generally will equal the sum of the Cash and the fair market value of any other property received by the holder under the Plan on the Effective Date or a subsequent distribution date, less the amount (if any) treated as interest, as discussed below.

2. Post-Effective Date Cash Distributions

Because certain holders of Allowed Claims, including Disputed Claims that ultimately become Allowed Claims, may receive Cash distributions after the Effective Date, the imputed interest provisions of the IRC may apply and cause a portion of the subsequent distributions to be treated as interest. Additionally, because holders may receive distributions with respect to an Allowed Claim in a taxable year or years following the year of the initial distribution, any loss and a portion of any gain realized by the holder may be deferred. All holders of Allowed Claims are urged to consult their tax advisors regarding the possible application of (or ability to elect out of) the "installment method" of reporting with respect to their Claims.

3. Receipt of Interest

Holders of Allowed Claims will recognize ordinary income to the extent that they receive Cash or property, including beneficial interests in the Liquidation Trust, that is allocable to accrued but unpaid interest that the holder has not yet included in its income. If an Allowed Claim includes interest, and if the holder receives less than the amount of the Allowed Claim pursuant to the Plan, the holder must allocate the Plan consideration between principal and interest. The Plan provides that, to the extent applicable, all distributions to a holder of an Allowed Claim will apply first to the principal amount of such Claim until such principal amount is paid in full and then to any interest accrued on such Claim prior to the Petition Date, and the remaining portion of such distributions, if any, will apply to any interest accrued on such Claim after the Petition Date. There is no assurance, however, that the IRS will respect this treatment and will not determine that all or a portion of amounts distributed to such holder and attributable to principal under the Plan is properly allocable to interest. Holders of Allowed Claims are strongly urged to consult their own tax advisors in this regard. If the Plan consideration allocable to interest with respect to an Allowed Claim is less than the amount that the holder has previously included as interest income, the previously included but unpaid interest may be deducted, generally as a loss.

4. **Bad Debt or Worthless Securities Deduction**

A holder who receives in respect of an Allowed Claim an amount less than the holder's tax basis in the Claim may be entitled in the year of receipt (or in an earlier or later year) to a bad debt deduction in some amount under section 166(a) of the IRC or a worthless securities deduction under section 165(g) of the IRC. The rules governing the character, timing and amount of bad debt and worthless securities deductions place considerable emphasis on the facts and circumstances of the holder, the obligor and the instrument with respect to which a deduction is claimed. Holders of Allowed Claims, therefore, are urged to consult their tax advisors with respect to their ability to take such a deduction.

C. Treatment of the Liquidation Trust and its Beneficial Owners

The Liquidation Trust is intended to be treated for U.S. federal income tax purposes (1) in part as a liquidating trust within the meaning of section 301.7701-4(d) of the U.S. Treasury Regulations and (2) in part as one or more disputed claims or other reserves taxed either as discrete trusts pursuant to section 641, *et seq.*, of the IRC or as disputed ownership funds pursuant to section 1.468B-9(b)(1) of the U.S. Treasury Regulations, as determined by the Liquidation Trustee in the manner specified in the Liquidation Trust Agreement. The remainder of this Section XII.C assumes that this treatment is correct. If the IRS succeeds in requiring a different characterization of the Liquidation Trust, the Liquidation Trust could be subject to tax on all of its net income and gains, with the result that the amounts received by holders of Allowed Claims could be reduced.

1. **Liquidation Trust**

Except as discussed in Section XII.C.2 below (Disputed Claims and Other Reserves), the Liquidation Trust will not be treated as a separate entity for U.S. federal income tax purposes. Instead, the holders of "beneficial interests" in the Liquidation Trust will be treated as owning their respective Pro Rata shares of the applicable Liquidation Trust Assets, subject to any liabilities of the Debtors assumed by the Liquidation Trust and any liabilities of the Liquidation Trust itself. Holders of "beneficial interests" in the Liquidation Trust will include all holders of Allowed Claims that are entitled to receive distribution from the Liquidation Trust pursuant to the Plan.

For U.S. federal income tax purposes, the transfer of the Liquidation Trust Assets (to the extent not distributed to holders of Allowed Claims as of the Effective Date) to the Liquidation Trust will be treated as a transfer of the Liquidation Trust Assets from the Debtors to the holders of Allowed Claims, subject to any liabilities of the Debtors or the Liquidation Trust payable from the proceeds of such assets, followed by such holders' transfer of such assets (subject to such liabilities) to the Liquidation Trust in exchange for their respective beneficial interests in the Liquidation Trust. Thus, each holder of an Allowed Claim on the Effective Date should be treated as transferring its Claim to the Debtors in exchange for the holder's Pro Rata share of the applicable Liquidation Trust Assets (subject to any liabilities of the Liquidation Trust) followed by the holder's transfer of such assets (subject to applicable liabilities) to the Liquidation Trust. The "applicable Liquidation Trust Assets" are the Liquidation Trust Assets (or the proceeds thereof) from which a holder of an Allowed Claim is entitled to a distribution under the Plan. The holder should recognize gain or loss equal to the difference between the fair market value of the applicable Liquidation Trust Assets (subject to any applicable liabilities) and the holder's adjusted basis in its Allowed Claim. The tax basis of the applicable Liquidation Trust Assets deemed received in the exchange will equal the amount realized by the holder and the holding period for such assets will begin on the day following the exchange. For the avoidance of doubt, the holders of Allowed Claims are not intended to be treated for federal income tax purposes as receiving Liquidation Trust Assets that are contributed to any Disputed Claims reserve until such time as such Disputed Claims reserve makes distributions, in which case (and at which time) the holders of Allowed Claims are intended to be treated as receiving the distributions actually received from the Disputed Claims reserve, if any.

Each holder of an Allowed Claim will be required to include its annual taxable income, and pay Tax to the extent due on, its allocable share of each item of income, gain, loss, deduction or credit recognized by the Liquidation Trust (including interest or dividend income earned on bank accounts and other investments) and the Liquidation Trustee will allocate such items to the holders using any reasonable allocation method. If the Liquidation Trust sells or otherwise disposes of a Liquidation Trust Asset in a transaction in which gain or loss is

recognized, each holder of an Allowed Claim that is entitled to a distribution from such Liquidation Trust Asset (or the proceeds thereof) will be required to include in income gain or loss equal to the difference between (a) the holder's Pro Rata share of the Cash or property received in exchange for the applicable Liquidation Trust Asset sold or otherwise disposed of and (b) the holder's adjusted basis in the holder's Pro Rata share of the applicable Liquidation Trust Asset. The character and amount of any gain or loss will be determined by reference to the character of the asset sold or otherwise disposed of. Each holders of an Allowed Claim will be required to report any income or gain recognized on the sale or other disposition of an applicable Liquidation Trust Asset whether or not the Liquidation Trust distributes the sale proceeds currently and may, as a result, incur a tax liability before the holder receives a distribution from the Liquidation Trust.

Notwithstanding the foregoing, distributions made as of the Effective Date to holders of Allowed Claims are intended to be treated for U.S. federal income tax purposes as directly from the Debtors to the holders of such Allowed Claims, and such holders shall include in their taxable incomes any interest earned on such distributions from the Effective Date to the date on which the actual distribution is made.

2. **Disputed Claims and Other Reserves**

Any reserves for Disputed Claims or the other similar reserves that may be established by the Liquidation Trustee will be treated as one or more reserves taxed either as discrete trusts pursuant to section 641, *et seq*., of the IRC or as disputed ownership funds pursuant to section 1.468B-9(b)(1) of the U.S. Treasury Regulations, as determined by the Liquidation Trustee in the manner specified in the Liquidation Trust Agreement. If treated as discrete trusts, income and gain recognized with respect to the Liquidation Trust Assets in any Disputed Claims reserve will be subject to an entity-level tax to the extent the income or gain is not distributed to holders of Allowed Claims within the same taxable year. If treated as disputed ownership funds, income and gain recognized with respect to any Liquidation Trust Assets in any Disputed Claims reserve will be subject to an entity-level tax regardless of whether income or gain is distributed to holders of Allowed Claims within the same taxable year.

D. Information Reporting and Withholding

Under the IRC's backup withholding rules, the holder of an Allowed Claim may be subject to backup withholding with respect to distributions or payments made pursuant to the Plan unless the holder comes within certain exempt categories (which generally include corporations) and, when required, demonstrates that fact, or provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the holder is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional tax, but merely an advance payment that may be refunded to the extent it results in an overpayment of tax. Holders of Allowed Claims may be required to establish exemption from backup withholding or to make arrangements with respect to the payment of backup withholding.

E. Importance of Obtaining Professional Tax Assistance

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN, AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY, HOLDERS ARE URGED TO CONSULT WITH THEIR TAX ADVISORS ABOUT THE U.S. FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

XIII.

ADDITIONAL INFORMATION

Any statements in this Disclosure Statement concerning the provisions of any document are not necessarily complete, and in each instance reference is made to such document for the full text thereof. Certain documents

described or referred to in this Disclosure Statement have not been attached as Exhibits because of the impracticability of furnishing copies of these documents to all recipients of this Disclosure Statement. All Exhibits to the Plan will be Filed with the Bankruptcy Court and available for review, free of charge, on the Document Website no later than March 9, 2010 (*i.e.*, five ~~days~~Business Days prior to the Confirmation Hearing). Copies of all Exhibits to the Plan also may be obtained, free of charge, from Epiq by contacting them via: (a) regular mail at Old Carco LLC (f/k/a Chrysler LLC), Ballot Processing Center, c/o Epiq Bankruptcy Solutions, LLC, FDR Station, P.O. Box 5014, New York, New York 10150-5014; (b) hand delivery or courier at Old Carco LLC (f/k/a Chrysler LLC), Ballot Processing Center, c/o Epiq Bankruptcy Solutions, LLC, 757 Third Avenue, Third Floor, New York, New York 10017; or (c) toll-free telephone at (877) 271-1568 (U.S. and Canadian Callers) or + 1 (503) 597-7708 (Outside the U.S. and Canada). All parties entitled to vote on the Plan are encouraged to obtain and review all Exhibits to the Plan prior to casting their vote.

XIV.

RECOMMENDATION AND CONCLUSION

The Debtors believe that the Confirmation and consummation of the Plan is preferable to all other alternatives. Consequently, the Debtors urge all parties entitled to vote to accept the Plan and to evidence their acceptance by duly completing and returning their Ballots so that they will be received on or before the Voting Deadline. The Creditors' Committee likewise supports the Plan.

Dated: ~~December 14~~January 19, ~~2009~~2010

Respectfully submitted,

OLD CARCO LLC (on its own behalf and on behalf of each affiliated Debtor)

By: /s/ Ronald E. Kolka
Name: Ronald E. Kolka
Title: Chief Executive Officer

Summary Report: Litera Change-Pro ML WIX 6.0.1.498 Document Comparison done on 1/20/2010 12:54:17 AM	
Style Name: JD Redline With Moves	
Original Filename:	
Original DMS: iw://NYI/4238585/1	
Modified Filename:	
Modified DMS: iw://NYI/4238585/6	
Changes:	
Add	908
~~Delete~~	653
~~Move From~~	11
Move To	11
Table Insert	9
~~Table Delete~~	7
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Total Changes:	1599