

**EXPERT REPORT OF ROBERT MANZO  
LIQUIDATION ANALYSIS OF CHRYSLER LLC  
MAY 20, 2009**

## **I. Purpose and Objective of Analysis**

### **A. Scope of Assignment**

In November 2008, Capstone Advisory Group, LLC (“Capstone”) was engaged by Chrysler LLC (the “Company”) to provide consulting services to include financial analysis in connection with the Company’s application for government sponsored support programs, an evaluation of potential restructuring proceedings, as well as certain other services. Capstone is the proposed financial advisor to the Debtors and Debtors in Possession.

In connection with our engagement, Capstone was asked to prepare an analysis of the potential range of values that may be available to satisfy claimants if Chrysler LLC was liquidated following a chapter 11 filing. Capstone prepared a “Preliminary Hypothetical Liquidation Analysis – Orderly Liquidation” dated January 30, 2009.

Capstone has been requested to prepare a liquidation analysis to be used in assessing the relative values of recoveries to various claimants compared to the sale of substantially all of its assets to a newly formed entity “New Car Co” in connection with the proposed sale order that has been filed with this Court.

### **B. Qualifications of Robert Manzo**

I am an Executive Director with Capstone, a financial advisory services firm with five offices throughout the country.

I have considerable experience with chapter 11 restructuring and other distressed company circumstances, advising both debtors and creditors. I have over 25 years of restructuring experience and have advised major corporations, money center and investment banks and other creditors on numerous transactions. Advisory assignments in which I have been actively involved include, among others: Refco Inc.; Adelpia Communications Corp.; Federal-Mogul Corp.; Regal Cinemas, Inc.; Bruno’s Supermarkets, LLC; Owens Corning; and Crown Paper Co. I also acted on behalf of various debtors, including Cumberland Farms/Gulf Oil LP, Camelot Music Holdings, Inc. and Virgin Entertainment Group.

I hold a B.A. in Accounting from Rider University. I am a Certified Public Accountant and a Certified Insolvency and Restructuring Advisor. I am a member of the New Jersey State Society of Certified Public Accountants, the American Institute of Certified Public Accountants, and the Association of Insolvency and Reorganization Advisors.

Prior to joining Capstone, I was a founder of Policano and Manzo, LLC which was purchased by FTI Consulting in 2000. While at FTI Consulting, I was co-head of the restructuring practice overseeing 300 professionals.

I have also provided expert testimony concerning bankruptcy matters.

I have prepared reports and/or analyses regarding a variety of bankruptcy legal matters, including: business plan reviews, liquidation analyses, DIP sizing analyses, wind down costs analyses, recovery analyses and claims analyses. In addition, I have submitted affidavits and testified regarding various bankruptcy matters.

(See the C.V. of Robert Manzo at Exhibit I).

## **II. Background and Significant Assumptions**

1. This Liquidation Report (the "Liquidation Analysis") assumes that the Company filed Chapter 11 on April 30, 2009 for purposes of winding down the business and selling assets. All manufacturing activities are assumed to cease immediately and expenditures are limited to those required to maintain asset values.
2. This analysis is hypothetical and subject to material variations which may arise during the course of the sale or liquidation of the 31 assembly and manufacturing plants. In an industry suffering from severe volume contraction, shifting consumer demands, tightening consumer finance and liquidity constraints, coupled with other large automobile manufacturers potentially disposing of similar assets simultaneously with the liquidation of Chrysler, actual recovery values may be significantly lower than the hypothetical values estimated herein.
3. The Liquidation Analysis assumes that certain vehicle lines are sold on a going concern basis. Values are derived by applying various multiples to the 2008 EBITDA for each line as calculated from the Company's books and records. Assumed recoveries from all other assets are based on stated unaudited book value as of the March 31, 2009 balance sheet.
4. As a result of the current overcapacity in the industry and the tight credit markets, it is assumed that the liquidation could take from 24 to 30 months to complete.
5. This would be the first liquidation of a domestic OEM and there are likely significant risks that have not yet been identified or quantified. Additionally, the current state of the automotive market is unique and there is no historical reference to look to in assigning hypothetical liquidation values.
6. The Liquidation Analysis assumes that only Chrysler LLC is in bankruptcy. If any of the other OEMs file bankruptcy, the hypothetical recovery ranges could be significantly lower. For instance, if press reports are true, the impending bankruptcy of General Motors could have a significant impact on potential recovery values.
7. Additionally, any significant bankruptcies within the supplier community could impact asset values and may result in significantly lower recoveries than those identified herein.
8. It is assumed that immediately upon filing, all going concern disbursements cease resulting in no disbursements for activities such as: marketing, dealer incentives, warranty claims,

engineering and development, Cap Ex and tooling. Additionally, no disbursements are made to suppliers.

9. Certain profitable vehicle lines based on the 2008 EBITDA by car line are assumed sold as going concerns in a section 363 sale. The lines assumed sold are the Jeep Wrangler and the Dodge Viper and their related assembly plants.
10. Proceeds from asset sales are assumed to be depressed due to the assumed limited number of potential bidders. It is assumed that a bidder would most likely need to have a dealer network in place as the fixed cost to maintain a single car line or single brand infrastructure would be prohibitively expensive.
11. Assumed proceeds would also be affected by the current overcapacity in the industry. There is no need for these assets at the currently forecasted industry production rates.
12. It is also assumed that it could take 12 – 24 months to re-launch the car lines which would likely require significant marketing and advertising expenditures to re-invigorate the brands.
13. No DIP financing is forecasted to be available to the Company. However, it is assumed that the Bankruptcy Court grants the Company the use of cash collateral to fund the administration of the bankruptcy case, dispose of the assets and the wind down the estate.
14. It is assumed that the Company will obtain Orders from the Bankruptcy Court to cease all benefit payments, including Supplemental Unemployment Benefits, to UAW employees. Payroll is only paid to employees needed to administer the liquidation and preserve asset values. The Liquidation Analysis assumes that the benefit payments cease after 3 months in the Higher Recovery Scenario and 6 months in the Lower Recovery Scenario.
15. Over the course of the liquidation there will be no activity between Chrysler LLC and its Mexican and Canadian subsidiaries. Local funds in Canada and Mexico are assumed to be adequate to pay expenses during the sales process.
16. Any plant related expenditures (utilities, plant overhead, etc.) are paid only to keep the plants in their mothballed states, and then only until the related vehicle line or plant assets are sold.
17. The Company has restricted cash and securities with Chrysler Financial (“Finco”) that secure Finco’s exposure to residual value make-whole payments. As of March 31, 2009, this included \$500 million of restricted cash and \$1.1 billion of notes and receivables. The Liquidation Analysis assumes that none of these balances are recovered due to significant potential residual value losses and other breach of contract and guarantee claims by Finco. The Company estimates those claims to be in excess of the above collateral. Based on the recent settlement agreement with Finco, there is no value to the estate for these assets.

18. As a result of the Canadian government's \$1.5 billion tax claim against the Company's Canadian subsidiary, any recoveries from the sale of assets in Canada are assumed not available to the creditors of Chrysler LLC. The Company has asserted an indemnification claim against Daimler related to the unpaid taxes in Canada. No recovery related to the indemnification has been assumed.
19. The Liquidation Analysis assumes assets related to secured financings, including the Canadian "Gold Key Lease" program, result in liquidation of the related secured obligation with no residual value available to other creditors.

### **III. Hypothetical Recovery Analysis**

#### **A. Wind Down Costs and Assumed Proceeds Available to Claimants**

20. The Liquidation Analysis is based on unaudited book values of the Company's assets as of March 31, 2009. These values, in total, are assumed to be representative of the Company's assets and liabilities as of the liquidation date. These values have been adjusted to reflect the Company's U.S. cash balance as of April 30, 2009 of \$667 million. The April 30, 2009 cash balance included \$260 million that was not the First Lien Lenders' collateral and therefore cash assumed to be available to fund the liquidation is \$407 million. The Liquidation Analysis does not include recoveries resulting from any potential preference claims, fraudulent conveyance litigation, or other avoidance actions.
21. Estimating recoveries in any hypothetical chapter 11 liquidation case is an uncertain process due to the number of unknown variables. Thus extensive use of estimates and assumptions has been made that, although I considered reasonable, are inherently subject to significant business, economic and competitive uncertainties and contingencies beyond the control of the Company. The inherent uncertainties in preparing a liquidation analysis are magnified by the current economic conditions and the fact that the liquidation of the Company would be the first liquidation of a domestic OEM.
22. Given that a liquidation analysis is based on significant estimates and assumptions, actual results if these assets were to be liquidated could vary materially from the projections set forth herein. Notwithstanding, it is my professional opinion that the assumptions and methodologies used in this Liquidation Analysis are reasonable and appropriate under the circumstances, and that this analysis presents a sound estimate of the liquidation value for the Company.
23. In preparing the Liquidation Analysis I have assumed that the First Lien Lenders have valid and enforceable liens on all of the domestic assets of the Company, except for the MOPAR and Chrysler Realty assets which are subject to the U.S. Treasury's liens. We have assumed that there will not be any residual value that will be available for the benefit of any other class of claimant including the general unsecured creditors.

24. The following table is a summary of the estimated proceeds of the liquidation available to potential claimants:

(\$ in millions)

	<u>Notes (a)</u>	<b>Recovery Scenarios</b>	
		<u>Lower</u>	<u>Higher</u>
<b>U.S. Cash at Filing (April 30, 2009)</b>		\$ 407	\$ 407
<b>Wind Down Expenses</b>			
<b>Payroll Related</b>			
Hourly Labor	A	(382)	(221)
Salaried Labor	B	(93)	(89)
Severance	C	(102)	(102)
Payroll Taxes	D	(24)	(12)
Property Taxes	E	(192)	(163)
<b>Total Payroll Related</b>		<b>(792)</b>	<b>(586)</b>
<b>Plant Maintenance and Security</b>			
G&A	F	(216)	(204)
Rent	G	(148)	(134)
Utilities	H	(138)	(125)
Benefits	I	(807)	(426)
Miscellaneous		(86)	(68)
<b>Total Plant Maintenance and Security</b>		<b>(1,395)</b>	<b>(958)</b>
<b>Bankruptcy Related Costs</b>			
Professional Fee Disbursements	J	(154)	(142)
Employee Incentive Plan	K	(40)	(60)
Retained Employee Severance	L	(6)	(6)
Senior Incentive Program	M	(80)	(70)
<b>Total Bankruptcy Related Costs</b>		<b>(280)</b>	<b>(278)</b>
<b>Total Liquidation Costs</b>		<b>(2,466)</b>	<b>(1,822)</b>
<b>Cash/(deficit) before Asset Sales</b>		<b>(2,059)</b>	<b>(1,415)</b>
<b>Assumed Asset Sale Proceeds</b>			
Sale of Car Lines	N	156	236
Sale of Plant and Equipment	O	597	1,194
Liquidation of Remaining Assets	P	1,042	1,615
<b>Assumed Proceeds Available for Claimants before Causes of Action</b>		<b>\$ (264)</b>	<b>\$ 1,630</b>

(a) See explanation of notes in Section V

#### IV. Potential Recoveries to Secured Lenders

The following table summarizes the hypothetical recovery to the First Lien Lenders under a range of realized asset values. The First Lien Lenders have first priority secured claims in all of the assets of the Company except those assets pledged to the U.S. Treasury (MOPAR Inventory and certain real estate assets). It is assumed that the liquidation expenses are charged against the proceeds available to the First Lien Lenders, less \$5 to \$10 million allocated to liquidate the U.S. Treasury assets.

## 25. First Lien Lenders Recoveries

The following table shows the potential recoveries to the First Lien Lenders:

(\$ in millions)	Recovery Scenario	
	Lower	Higher
<b>Recovery to First Lien Lenders</b>		
<b>Assumed Proceeds from Asset Sales</b>		
Sales of Car Lines	\$ 156	\$ 236
Sale of Plant and Equipment	597	1,194
Liquidation of Remaining Assets	1,042	1,615
<b>Total Assumed Proceeds</b>	<b>1,795</b>	<b>3,045</b>
Less: Proceeds allocated to US Treasury		
Mopar Inventory	(129)	(225)
Real Estate	(19)	(37)
Total Assumed Proceeds to First Lien Lenders	1,648	2,782
<b>Cash at April 30, 2009</b>	<b>407</b>	<b>407</b>
<b>Total Assumed Proceeds to First Lien Lenders</b>	<b>2,055</b>	<b>3,189</b>
<b>Total Wind down Costs</b>	<b>(2,466)</b>	<b>(1,822)</b>
Wind down Costs Allocated to US Treasury	5	10
<b>Net Wind down Costs Allocated to First Lien Lenders</b>	<b>(2,461)</b>	<b>(1,812)</b>
<b>Net Assumed Proceeds to First Lien Lenders</b>	<b>\$ (407)</b>	<b>\$ 1,378</b>
<b>First Lien Lender Secured Claims at Filing</b>	<b>\$ 6,904</b>	<b>\$ 6,904</b>
Percent Recovery to First Lien Lenders	N/A	20%
NPV of Assumed Proceeds to First Lien Lenders (a)	N/A	\$ 1,218
Percent Recovery to First Lien Lenders	N/A	18%

(a) Calculated using a 6.17% annual interest rate

## 26. U.S. Treasury Recoveries

The following table shows the potential recoveries to the U.S. Treasury:

(\$ in millions)	Recovery Scenario	
	Lower	Higher
<b>Recovery to US Treasury</b>		
<b>Assumed Proceeds from Asset Sales</b>		
MOPAR Inventory Liquidation	\$ 129	\$ 225
Chrysler Realty Liquidation	19	37
Proceeds from Liquidations	147	262
Wind down Costs Allocated to US Treasury	(5)	(10)
<b>Net Assumed Proceeds to US Treasury</b>	<b>142</b>	<b>252</b>
<b>US Treasury Secured Claims at Filing</b>	<b>\$ 4,267</b>	<b>\$ 4,267</b>
Percent Recovery to US Treasury	3%	6%
NPV of Assumed Proceeds to US Treasury (a)	\$ 126	\$ 228
Percent Recovery to US Treasury	3%	5%

(a) Calculated using a 5% annual interest rate

## V. Assumptions related to Wind Down Expenses

The following assumptions were used to project the cash expended during the pendency of the bankruptcy. Each item corresponds to the notes identified in the table under Section III above:

- A. We have assumed that hourly labor costs continue for approximately 30 employees at each facility to maintain the assets and secure the plant. The Liquidation Analysis assumes that the Company seeks bankruptcy court approval to discontinue paying amounts due under collective bargaining agreements including paying supplemental unemployment payments to laid off workers. We have assumed that bankruptcy court approval is delayed for a period of 3 months in the Higher Recovery Scenario and 6 months in the Lower Recovery Scenario.
- B. Corporate Staff is assumed to be downsized immediately following the filing resulting in an 85% reduction in Salary Labor. Further reductions in salaried staff are assumed to occur during the pendency of the bankruptcy.
- C. We have assumed that terminated salaried employees receive severance in the form of salary continuation for 2 months following termination.
- D. Taxes are primarily payroll taxes and withholding payments and are assumed to decrease commensurate with the reductions in Hourly and Salary Labor.
- E. Property Taxes are assumed to continue to be paid consistent with historical payments. Property taxes are assumed to be reduced as the plants are sold or liquidated.
- F. The majority of G&A costs are related to information technology expenditures, including lease payments. The Liquidation Analysis assumes that these systems are necessary to administer the bankruptcy case. The Liquidation Analysis assumes that such costs are reduced by 50% upon filing, an additional 50% of the reduced amount three months after filing, and a further 50% 5 months after filing. Further reductions are assumed thereafter.
- G. The Liquidation Analysis assumes that rent payments on the Company's properties continue for a period of time during the bankruptcy. It is assumed that the rent payments drop by 50% in September 2009, primarily related to the exiting the Corporate headquarters. There are further rent reductions in 2010 assumed as facilities are assumed sold or closed.
- H. Utilities expenditures are assumed to be reduced to levels necessary to maintain the manufacturing facilities in a mothballed state during the sale process. Utility payments are further reduced as plants are sold or liquidated.
- I. Benefits disbursements are reduced proportionally to the assumed reduction in Hourly and Salaried Labor. As previously noted, it is assumed that benefit payments under the



Company's UAW collective bargaining agreement continue for 3 months in the Higher Recovery Scenario and 6 months in the Lower Recovery Scenario.

- J. Professional Fees - Assumes initial fees of \$20 million in the first month, reducing to a \$7 million - \$10 million monthly rate during 2009. Further reductions are assumed in 2010.
- K. It is assumed that an Employee Incentive Plan would be established in order to incentivize the remaining employees to work to maximize potential recovery values for the creditors. The Liquidation Analysis assumes that a program will be in place that will be based on achieving certain threshold recovery values. The Liquidation Analysis assumes that payments under a plan would be \$40 million in the Lower Recovery Scenario and \$60 million in the Higher Recovery Scenario.
- L. We have assumed that retained employees receive 3 months severance as they are terminated.
- M. The Liquidation Analysis assumes that certain key employees that are critical to the asset sale process participate in a separate incentive program.
- N. Sale of car lines, see Section VII.
- O. Sale of plant and equipment, see Section VI.
- P. Liquidation of remaining assets, see Section VI.

## VI. Balance Sheet Liquidation

27. The following table is a summary of the range of values that would be recovered from the liquidation of the Company's assets:

(\$ in Millions)	Notes	3/31/2009 Book Value	Assumed Recoveries		Assumed Recoveries	
			Lower	Higher	Lower	Higher
Cash and Equivalents, net of wind down expenses	A	\$ -	100%	100%	\$ -	\$ -
Restricted Cash	B	1,287	0%	0%	-	-
Trade Receivables, net	C	1,464	0%	5%	-	73
Inventories	D	4,250	17%	26%	730	1,088
Prepaid Expenses and Other Financial Assets	E	787	34%	36%	270	285
Deferred taxes	F	183	0%	0%	-	-
		7,971			1,000	1,446
Manufacturing Property Plant and Equipment, net	G	10,147	6%	12%	597	1,194
Corporate/Other Property Plant and Equipment, net	G	5,100	0%	2%	20	126
Equipment on Operating Leases, net	H	3,868	0%	0%	21	43
		19,115			638	1,363
Advances to Affiliates and Other Financial Assets	I	1,255	0%	0%	-	-
Goodwill	J	-	0%	0%	-	-
Other Intangible Assets	K	3,447	0%	0%	-	-
Other	L	2,873	0%	0%	-	-
		34,661			1,639	2,809
<b>Memo:</b>						
Sale of Plant and Equipment					\$ 597	\$ 1,194
Liquidation of Remaining Assets					1,042	1,615
					\$ 1,639	\$ 2,809

28. The recovery percentages represent the blended recovery rates based on the line item components which are detailed in the following section. The section corresponds to the note shown in the table above.

- A. Cash is included in the estimate of proceeds from the liquidation shown in Section III.
- B. The Liquidation Analysis assumes that all restricted cash secures obligations under third-party agreements (Finco, Daimler, LC issuers, etc.) and no recoveries from liquidating these assets are assumed.
- C. **Account Receivable Collection** – The \$1.5 billion in net accounts receivable breaks down as follows:

(\$ in Millions)	Net Book Value	Assumed Recovery		Assumed Recovery	
		Lower	Higher	Lower	Higher
Dealers	\$ 719	0%	5%	\$ -	\$ 36
NSCs	185	0%	5%	-	9
Vendor Support	265	0%	5%	-	13
Foreign Distributors	186	0%	5%	-	9
Other	109	0%	5%	-	5
	\$ 1,464			\$ -	\$ 73

- i. It is assumed that dealers will have claims related to unpaid warranty and incentive payments and will set-off these claims against the amounts due to the Company for

vehicle and service parts purchases. Assumes that these set-offs result in recoveries in the 0% - 5% range.

- ii. NSCs represent amounts owed to the Company's foreign national sales companies ("NSCs") from foreign dealers. It is assumed that these dealers will have similar offset claims as the dealers, resulting in little recovery to the NSCs.
- iii. Vendor Support represent payments made under accommodation agreements with troubled suppliers and likely to end up as an unsecured claim in a supplier's bankruptcy filing.
- iv. It is assumed that the Company's foreign distributors will have similar claims as the domestic dealers and therefore recoveries of receivables would be low.
- v. The majority of the remainder of the accounts receivable reflects balances with offsetting credits in accounts payable. These balances are assumed to be subject to set-off resulting in little recovery potential.

**D. Inventory Liquidation** – The \$4.2 billion in inventory consists of the following:

(\$ in Millions)	Net Book Value	Assumed Recovery		Assumed Recovery	
		Lower	Higher	Lower	Higher
New Vehicles	\$ 1,848	25%	35%	\$ 462	\$ 647
Raw Materials & WIP	1,194	10%	15%	119	179
Service Parts (MOPAR)	644	20%	35%	129	225
Company Owned Vehicles	459	5%	10%	23	46
Scrap	119	10%	15%	12	18
Precious Metals	42	50%	75%	21	32
LIFO Reserve	(56)	0%	0%	-	-
	<u>\$ 4,250</u>			<u>\$ 766</u>	<u>\$ 1,147</u>
Canadian Assets	<u>(275)</u>	13%	21%	<u>(36)</u>	<u>(59)</u>
	<u><u>\$ 3,975</u></u>			<u><u>\$ 730</u></u>	<u><u>\$ 1,088</u></u>

The Liquidation Analysis assumes most of the inventory is disposed of through a bulk sale. Recoveries are assumed to be low given there is no distribution network, scarce retail financing, and likely no warranty coverage on the inventory sold.

Specific considerations follow:

- i. We assumed that new vehicles will be liquidated through bulk sales at auction. Because of the number of vehicles being liquidated and the fact that vehicles will be sold without warranty coverage, recoveries are expected to be low. Additionally, approximately 57% of the book value of the new car inventory is at the Company's foreign NSC locations which will further reduce recoveries available to the First Lien Lenders.
- ii. Raw materials and work-in-process inventory consists primarily of cars in production as the Company typically maintains very little parts inventory. It is assumed that these vehicles are liquidated at scrap rates.
- iii. MOPAR Service Parts are assumed to be liquidated for 20% to 35% of cost at auction. Any recovery from the disposition of MOPAR inventory is solely for the benefit of the U.S. Treasury.

- iv. Company Owned Vehicles represent the book value of vehicles provided to employees and cars received back from fleet customers. These vehicles are typically disposed of at auction.
- v. Scrap inventory is primarily steel and is assumed liquidated at 10% to 15% of book value.
- vi. Precious Metals include palladium and other metals used in automotive manufacturing. Recoveries for such inventories are assumed realizable at 50% to 75% of book value.
- vii. We have assumed that as a result of the Canadian tax issues and other potential claims that may be raised by Chrysler Canada's creditors, the recoveries from Canadian assets sales are not available to the First Lien Lenders.

E. The \$787 million in prepaid assets consists primarily of the following:

(\$ in Millions)	Net Book Value	Assumed Recovery		Assumed Recovery	
		Lower	Higher	Lower	Higher
Taxes	\$ 51	100%	100%	\$ 51	\$ 51
Debt Issuance Costs	109	0%	0%	-	-
Canadian Health/Welfare Trust	41	0%	0%	-	-
Insurance	42	100%	100%	42	42
Other	293	5%	10%	15	29
	536			108	122
Other Financial Assets	251	65%	65%	163	163
	<u>\$ 787</u>			<u>\$ 270</u>	<u>\$ 285</u>

- i. We have assumed that the estate will receive the full value of the pre-paid taxes during the pendency of the liquidation.
- ii. The Canadian Health/Welfare Trust assets are held in trust for the benefit of CAW workers. Any recovery is assumed to remain in Chrysler Canada and is not available to the First Lien Lenders.
- iii. Prepaid insurance is assumed same to be recovered over the pendency of the bankruptcy.
- iv. Other Assets consists of deferred financing fees, prepayments for training programs for UAW employees, and IT licenses. The Liquidation Analysis assumes little recovery from these assets.
- v. Other Financial Assets consists primarily of derivative assets. While some of this balance is subject to offset by derivative liabilities, this analysis assumes recovery of \$163 million on the derivative assets of approximately \$205 million. This recovery represents the net "in-the-money" position of these derivative contracts.

F. The \$183 million of deferred tax assets is considered not recoverable.

G. **Property Plant and Equipment** - The March 31, 2009 balance sheet totaled \$15.2 billion in net book value of property plant and equipment. Under the methodology of this Liquidation Analysis, approximately \$300 million of this value was assumed conveyed to

the purchasers of the going concern car line assets. After adjusting for the above items, the PPE to be liquidated is stated below:

PPE, Net 3/31/09	\$ 15,247
Car Line Assets Sold, Net	(294)
Adjusted PPE	<u>\$ 14,953</u>

The remaining PPE to be liquidated can be allocated to either manufacturing assets or corporate and other assets:

Manufacturing Assets	\$ 9,853
Corporate and Other	5,100
	<u>\$ 14,953</u>

Manufacturing assets are comprised primarily of two asset categories: land/buildings and machinery/equipment. We assumed that any value recovered through the liquidation of the land and buildings is consumed by remediation costs.

Land and Buildings	\$ 2,342
Plant Machinery & Equipment	7,511
	<u>\$ 9,853</u>

The analysis assumes a recovery for the liquidation of the machinery and equipment located in the various types of plants. In estimating the range of values obtained in liquidating the machinery and equipment, we considered the following general factors:

- i. Generally, values that can be obtained in selling this equipment will be impacted by the overcapacity currently in the market – especially at projected near term SAAR levels.
- ii. We have assumed that interested parties would likely include foreign manufacturers, particularly manufacturers from India and China. We believe that the cost to dismantle and transport the equipment will reduce proceeds.
- iii. We have assumed that the continued credit contraction will also limit the number or potential buyers.

(\$ in Millions)	Net Book Value	Assumed Recovery		Assumed Recovery	
		Low	High	Low	High
Assembly Plants	\$ 3,082	5%	10%	\$ 154	\$ 308
Stamping Plants	1,089	10%	20%	109	218
Powertrain (Engine)	1,572	10%	20%	157	314
Powertrain (Transmission)	654	10%	20%	65	131
Powertrain (Axles)	422	10%	20%	42	84
Powertrain (Castings)	693	10%	20%	69	139
Plants to be Liquidated	<u>\$ 7,511</u>	<u>8%</u>	<u>16%</u>	<u>\$ 597</u>	<u>\$ 1,194</u>

- i. Assembly Plants is primarily the net book value of machinery & tooling used to perform the final assembly of the vehicles. Tooling is assumed to have no recovery

- value due to the termination of the car lines. Assembly robots and other equipment are relatively new and in high demand in foreign markets, but because of the quantity of assets being liquidated, time frames expected, and the cost of relocation of these assets for a foreign buyer, the recovery values are assumed to be low.
- ii. The stamping plant assets would likely have the most value to foreign manufacturers (India and China). The high cost to dismantle and relocate the assets will likely result in relatively low recovery values.
  - iii. Powertrain Assets are expected to generate low recovery values as current overcapacity in the industry limit the number of interested buyers. Tooling is only expected to have value for the Hemi engine plant in Mexico and the Global Engine Plant in Michigan (part of the GEMA Alliance).

Detail related to the Corporate and other asset is shown below:

(\$ in Millions)	Net Book Value	Assumed Recovery		Assumed Recovery	
		Low	High	Low	High
Tooling	\$ 1,655	0%	5%	\$ -	\$ 83
Furniture, Fixtures & Assets	132	1%	5%	1	7
Chrysler Realty	371	5%	10%	19	37
Other	2,942	0%	0%	-	-
	<u>\$ 5,100</u>			<u>\$ 20</u>	<u>\$ 126</u>

- i. Tooling represents the value of tooling that is held at supplier locations. For the car lines being liquidated, it is assumed that tooling is recoverable at scrap rates. It is assumed that for the car lines sold, the tooling would be included in the transaction value.
- ii. It is assumed that furniture and fixtures are sold in bulk. Given the substantial amount of assets to be liquidated, it is assumed that the recoveries will be extremely low.
- iii. Chrysler Realty assets represent Chrysler's interest in the land and buildings of 63 dealers and the value of 45 long term leases. The majority of these assets are being either leased or sub-leased to operating dealers. It is assumed that there will be no operating dealers and therefore, the value is in the real estate. Any value recovered from these assets is purely for the benefit of the U.S. Treasury.
- iv. Other assets are assumed to be either worthless or fully encumbered. Assets in this category included construction in progress, power generating assets that are subject to liens, and the Corporate HQ which is subject to a sale lease back transaction.

H. Equipment on Operating Lease consists primarily of vehicles the Company has leased to third parties.

(\$ in Millions)	Net Book Value	Assumed Recovery		Assumed Recovery	
		Lower	Higher	Lower	Higher
Leased Vehicles	\$ 607	0%	0%	\$ -	\$ -
Other Leased Assets	427	5%	10%	21	43
Gold Key Lease Assets	2,834	0%	0%	-	-
	<u>\$ 3,868</u>			<u>\$ 21</u>	<u>\$ 43</u>

- i. Leased Vehicles represents the residual value of the Guaranteed Depreciation Program (“GDP”) vehicles which Chrysler has guaranteed to the fleet customers. It is assumed that as a result of filing that there is no residual value to recover.
- ii. Other Leased Assets is comprised of other vehicles on lease for which the Company holds title. Recovery on these used vehicles is assumed to be low.
- iii. Gold Key Leases are vehicles that are financed in Canada through a traditional two stage asset securitization whereby the assets are pledged to secure the underlying liability. No recovery is assumed on these leases as it is assumed that the securitized debt has a lien on these assets and there is no residual value.

I. Advances to Affiliates and Other Financial Assets includes:

(\$ in Millions)	Net Book Value	Assumed Recovery		Assumed Recovery	
		Lower	Higher	Lower	Higher
Chrysler CA Lease Depositor	\$ 1,000	0%	0%	\$ -	\$ -
Other Notes/Loans Rec	8	0%	0%	-	-
Equity Investments	147	0%	0%	-	-
Chrysler Financial	100	0%	0%	-	-
	<u>\$ 1,255</u>			<u>\$ -</u>	<u>\$ -</u>

- i. The Chrysler CA Lease Depositor account represents the Company’s investment of \$1 billion in Finco notes. The income from the notes is pledged to replenish the restricted cash collateral securing the lease residuals. We have assumed that potential residual value losses and other claims that Finco may assert will offset the value of this account resulting in no recovery.
- ii. Other Notes/Loans Receivable represents a note receivable that is due from an affiliated company. There is no recovery assumed.
- iii. Equity investments represent investments in foreign affiliates, some of whom operate in countries with prohibitions on cash repatriations so no recovery is assumed.
- iv. Chrysler Financial represents amounts due from Finco related to the Company’s Mexican operations. We have assumed that Finco will have claims related to residual value losses and other claims to offset this amount making recovery doubtful.

J. Goodwill has been written off by the Company and we have assumed there is no recovery value.

K. The Liquidation Analysis assumes that the intellectual property, including branding, is conveyed to the purchasers of the going concern car line assets. Any remaining intellectual property or other intangibles are assumed to have no value.

L. Other Assets with a book value of \$2.9 billion consists of the following:

(\$ in Millions)	Net	Assumed Recovery		Assumed Recovery	
	Book Value	Lower	Higher	Lower	Higher
Prepaid Pensions	\$ 11	0%	0%	\$ -	\$ -
Due from Affiliates	1,652	0%	0%	-	-
Warranty Recoveries	296	0%	0%	-	-
Rabbi Trusts	7	0%	0%	-	-
GST Recoverable, net	317	0%	0%	-	-
Other	590	0%	0%	-	-
	<u>\$ 2,873</u>			<u>\$ -</u>	<u>\$ -</u>

- i. Prepaid Pensions consists of the net pension/OPEB obligations which are not recoverable.
- ii. Due from Affiliates primarily relates to the \$1 billion indemnification claim due from Daimler. The amount relates to the outstanding Canadian tax issue and therefore we have assumed no recovery on this amount. Remainder mostly due from Daimler for various claims. We have assumed that Daimler will have potential offsetting claims, resulting in no recoveries.
- iii. Warranty Recoveries represents claims against suppliers. Upon filing, it is assumed that parts suppliers will offset amounts owed and other claims against warranty claims due to the Company resulting in no recovery.
- iv. The assets held by the Rabbi Trust have been disbursed
- v. While it is likely the Canadian subsidiary will receive the refund of the GST taxes collected, we have assumed that the proceeds will remain in Canada to settle other claims and the tax claims.

## VII. Sale of Car Line Assets

- A. The Liquidation Analysis assumes certain car lines and the plant assets supporting them will be sold as going concern enterprises. The car line assets represent the plant facilities, equipment, and tooling necessary to produce at pre-bankruptcy capacity. The ultimate buyer(s) – either a domestic or transplant car marketer – would be responsible for re-starting production, sizing production to their needs, and integrating the Car Line assets into their own product portfolios.
- B. In determining the range of estimated proceeds from sale of the Car Lines, we applied a multiple to the EBITDA for 2008 for each line. In determining the appropriate EBITDA multiples, we considered the following factors:
  - a. The likely potential buyers would be limited but are assumed to include U.S. OEMs, who have limited financial resources, and foreign manufacturers, who may not have a distribution network.
  - b. Since we are assuming the sale of individual car lines, the buyer would have to develop supporting functions including: distribution, marketing and engineering. These additional costs would tend to lower purchase prices.



- c. It could take 12 – 24 months to establish a dealer network to sell the line as part of a broader vehicle portfolio. A single line distribution network would not be practical. This could result in being out of the market for 2 or more years.
- d. Given the current overcapacity of manufacturing facilities, it is likely that purchasers will ascribe little, if any, value to the manufacturing plants.
- e. Assuming that the production ceases for a period of time, there could be significant tooling and Cap Ex related to supplier restarting of production.
- f. Also, assuming that production ceases for a period, there would be significant cost to reemployed the workforce, including retraining costs.
- g. The buyer would have to use working capital to stock inventory including service parts and supplies

In considering these factors, we believe that likely valuation multiples would be in the 1x - 2.5x range.

**Identification of Car Line Assets to be Sold.** The Liquidation Analysis assumes two car lines are sold as going concerns (Wrangler and Viper). The January 30, 2009 analysis projected that four car lines would be sold (Wrangler, Viper, Ram/Dakota Truck and Brampton Car). The January 30<sup>th</sup> analysis was based on forecasted 2008 EBITDA by car line. The actual 2008 EBITDA by car line showed that the Ram/Dakota and Brampton Car lines had an EBITDA loss for the year. The primary driver of the actual loss versus the forecasted profit was higher incentive payments than previously forecasted. The Liquidation Analysis estimates a range of valuations on the two car lines based on the 2008 EBITDA as follows:

(in \$ millions)			2008 EBITDA	Multiple		Valuation	
Car Line	Brand	Plant		Low	High	Low	High
<b>US Car Lines</b>							
1. Wrangler	Jeep	Toldeo Supplier Park	156	1.0 x	1.5 x	156	234
2. Viper	Dodge	Conner Avenue	6	1.5 x	2.5 x	8	14
Total			162	1.0 x	1.5 x	165	248
Less Commission(1)						(8)	(12)
<b>Net to US Estate</b>						<b>156</b>	<b>236</b>

(1) 5% of Gross Proceeds

As previously noted, a buyer of one of the car lines would have a significant addition investments to consider above the purchase price. As an example, a buyer of the Jeep Wrangler line would have a significant additional investment above the estimated \$156 - \$234 million purchase price. We have estimated the more significant additional investment to range from \$550 million to \$1 billion as follows:

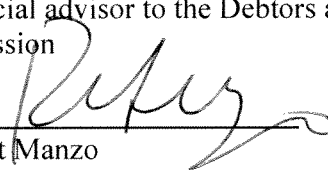
1. Costs to establish the dealer network. This would include signage costs. These costs are estimated to range from \$100 to \$150 million.
2. Supplier related costs including tooling and Cap Ex related expenditures. These costs are estimated to be \$250 million - \$500 million.
3. Inventory restocking including parts and service inventories. Such costs are assumed to be in the \$50 million to \$100 million range.

4. Marketing related costs for the re-launch of the car line would likely be substantial. These costs could be in the \$150 million to \$250 million range.

Dated: May 20, 2009  
Saddle Brook, NJ

Respectfully submitted,

Capstone Advisory Group, LLC  
Financial advisor to the Debtors and Debtors in  
Possession

  
\_\_\_\_\_  
Robert Manzo  
Executive Director

**EXHIBITS TO EXPERT REPORT OF ROBERT MANZO  
LIQUIDATION ANALYSIS OF CHRYSLER LLC  
MAY 20, 2009**

**Curriculum Vitae of Mr. Robert Manzo**

**Robert Manzo**

- New Jersey

- background Robert Manzo is an Executive Director with Capstone Advisory Group, LLC and is based in the New Jersey office. He specializes in turnaround and crisis management, mergers and acquisitions, and bankruptcy consulting. Mr. Manzo's expertise includes strategic business planning and evaluation, cash management and forecasting, cost reduction, systems and management assessment, valuation, integration and capital structure analysis.
- cases Mr. Manzo has over twenty-five years of restructuring experience and has advised major corporations, money center and investment banks and other creditors on numerous transactions. His proven track record includes Refco, Adelpia Communications, Federal-Mogul, Regal Cinemas, Bruno's Supermarkets, Owings Corning, Nortel and Crown Paper. He has also acted on behalf of various debtors, including Cumberland Farms/Gulf Oil, Camelot Music and Virgin Entertainment.
- industry Industry experience includes retail, high tech, automotive, chemicals, publishing, experience medical management, real estate, construction and engineering, paper and pulp, outsourced business services, shipping, broadcasting, supermarkets and hospitality.
- Prior to joining Capstone Advisory Group, LLC Mr. Manzo was a founder of Policano and Manzo, LLC, which was purchased by FTI Consulting in 2000. While at FTI, Bob was co-head of the Restructuring Practice overseeing 300 professionals.
- education Mr. Manzo holds a BA in Accounting from Rider University. He is a Certified Public Accountant and a Certified Insolvency and Restructuring Advisor. His professional memberships include the New Jersey State Society of CPAs, and the Association of Insolvency and Reorganization Advisors.

**EXHIBIT II**

**Wind down budget - Higher Recovery Scenario**

U.S. Dollars in millions

	Monthly Cash Flows - Year 1												Total Year 1	
	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10		
<b>Cash Receipts</b>														
<b>Asset Sales Proceeds</b>														
<b>Cash Disbursements</b>														
<b>Waives and Salary</b>														
Labor - Hourly	(55)	(55)	(55)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(3)	(3)	(3)	(195)
Labor - Salary	(13)	(13)	(13)	(7)	(7)	(7)	(3)	(3)	(3)	(2)	(2)	(2)	(2)	(75)
Severance	(51)	(51)	(51)											(102)
Payroll Taxes	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(0)	(0)	(0)	(0)	(9)
<b>Total Waives and Salary</b>	(119)	(119)	(68)	(12)	(12)	(12)	(8)	(8)	(8)	(5)	(5)	(5)	(5)	(381)
<b>Manufacturing</b>														
Critical Vendor Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Vendor Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tooling	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Freight	-	-	-	-	-	-	-	-	-	-	-	-	-	-
G&A	(33)	(33)	(33)	(17)	(8)	(8)	(8)	(4)	(4)	(8)	(4)	(4)	(4)	(166)
Rent	(12)	(12)	(12)	(6)	(6)	(6)	(6)	(6)	(6)	(5)	(5)	(5)	(5)	(92)
Utilities	(11)	(11)	(11)	(11)	(6)	(6)	(6)	(6)	(6)	(4)	(4)	(4)	(4)	(86)
<b>Total Manufacturing</b>	(57)	(57)	(57)	(40)	(20)	(20)	(20)	(16)	(16)	(17)	(13)	(13)	(13)	(344)
<b>Other</b>														
Incentives	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to National Sales Companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany Disbursements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Benefits	(130)	(130)	(130)	(3)	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)	(412)
Warranty Disbursements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Op. Disb.	(1)	(7)	-	(7)	(17)	(18)	(0)	(8)	(23)	(4)	(4)	(4)	(4)	(92)
Real Estate & Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Engineering Research & Development	(3)	(3)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(32)
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Non-Operating Disb.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other	(133)	(140)	(132)	(12)	(22)	(23)	(6)	(13)	(29)	(9)	(9)	(9)	(9)	(536)
<b>Total Operating Disbursements</b>	(309)	(315)	(256)	(64)	(54)	(55)	(34)	(37)	(52)	(31)	(27)	(27)	(27)	(1,261)
<b>Cash Disbursements for Bankruptcy Expenses</b>														
Post-Filing Expenditures	(20)	(10)	(10)	(10)	(10)	(10)	(7)	(7)	(7)	(5)	(5)	(5)	(5)	(106)
Professional Fees	-	-	-	(35)	-	-	-	-	-	-	-	-	-	(60)
Employee Incentive Plan	-	-	-	-	-	-	-	-	-	-	-	-	-	(4)
Retained Employee Severance	-	-	-	-	-	-	-	-	-	-	-	-	-	(40)
Senior Incentive Program	(20)	(10)	(10)	(45)	(10)	(30)	(7)	(7)	(7)	(9)	(5)	(5)	(5)	(210)
<b>Cash Outflows for Bankruptcy Effects</b>	(20)	(10)	(10)	(45)	(10)	(30)	(7)	(7)	(7)	(9)	(5)	(5)	(5)	(210)
<b>Total Cash Disbursements</b>	(329)	(325)	(266)	(109)	(64)	(85)	(41)	(44)	(59)	(40)	(32)	(32)	(32)	(1,471)
<b>Beginning Cash Balance</b>	\$ 407	\$ 78	\$ (247)	\$ (514)	\$ (622)	\$ (686)	\$ (771)	\$ (812)	\$ (856)	\$ (915)	\$ (955)	\$ (987)	\$ (987)	\$ 407
<b>Cumulative Net Cash Flows</b>	(329)	(325)	(266)	(109)	(64)	(85)	(41)	(44)	(59)	(40)	(32)	(32)	(32)	(1,471)
<b>Ending Cash Balance</b>	\$ 78	\$ (247)	\$ (514)	\$ (622)	\$ (686)	\$ (771)	\$ (812)	\$ (856)	\$ (915)	\$ (955)	\$ (987)	\$ (987)	\$ (987)	\$ (1,064)

**EXHIBIT II**

**Wind down budget - Higher Recovery Scenario**

U.S. Dollars in millions

	Monthly Cash Flows - Year 2												Total Year 2	Total Bankruptcy			
	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11					
<b>Cash Receipts</b>																	
<b>Asset Sales Proceeds</b>																	
<b>Cash Disbursements</b>																	
Wages and Salary	(3)	(3)	(3)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(221)
Labor - Hourly	(2)	(2)	(2)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(89)
Labor - Salary	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(102)
Severance	(5)	(5)	(5)	(4)	(4)	(4)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(423)
Payroll Taxes																	
Total Wages and Salary	(13)	(13)	(13)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(463)
Manufacturing																	
Critical Vendor Payments	(4)	(4)	(4)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(204)
Other Vendor Payments	(5)	(5)	(5)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(42)
CapEx	(4)	(4)	(4)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(134)
Tooling																	
Freight																	
G&A																	
Rent																	
Utilities																	
Total Manufacturing	(13)	(13)	(13)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(425)
Other																	
Incentives																	
Payments to National Sales Companies																	
Intercountry Disbursements	(2)	(2)	(2)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(426)
Benefits																	
Warranty Disbursements																	
Other Op. Dish.	(1)	(7)	-	(5)	(13)	(14)	(0)	(6)	(17)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(163)
Real Estate & Property Taxes																	
Marketing																	
Engineering Research & Development																	
Miscellaneous	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(68)
Principal Payments																	
Interest Payments																	
Other Non-Operating Dish.																	
Total Other	(5)	(12)	(5)	(9)	(17)	(18)	(4)	(10)	(21)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(658)
<b>Total Operating Disbursements</b>	<b>(23)</b>	<b>(30)</b>	<b>(22)</b>	<b>(22)</b>	<b>(30)</b>	<b>(31)</b>	<b>(18)</b>	<b>(23)</b>	<b>(34)</b>	<b>(17)</b>	<b>(17)</b>	<b>(17)</b>	<b>(17)</b>	<b>(17)</b>	<b>(17)</b>	<b>(17)</b>	<b>(1,544)</b>
<b>Cash Disbursements for Bankruptcy Expenses</b>																	
Post-filing Expenses																	
Professional Fees	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(142)
Employee Incentive Plan																	
Retained Employee Severance																	
Senior Incentive Program																	
Total Cash Disbursements	(3)	(3)	(3)	(4)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(66)
<b>Cash Outflows for Bankruptcy Effects</b>																	
Post-filing Expenses	(26)	(33)	(25)	(27)	(33)	(54)	(23)	(26)	(37)	(20)	(4)	(4)	(4)	(4)	(4)	(4)	(278)
Professional Fees																	
Employee Incentive Plan																	
Retained Employee Severance																	
Senior Incentive Program																	
Total Cash Outflows	(26)	(33)	(25)	(27)	(33)	(54)	(23)	(26)	(37)	(20)	(4)	(4)	(4)	(4)	(4)	(4)	(278)
<b>Beginning Cash Balance</b>	\$ (1,064)	\$ (1,089)	\$ (1,122)	\$ (1,147)	\$ (1,174)	\$ (1,207)	\$ (1,261)	\$ (1,282)	\$ (1,308)	\$ (1,345)	\$ (1,365)	\$ (1,385)	\$ (1,385)	\$ (1,385)	\$ (1,385)	\$ (1,385)	\$ 407
<b>Cumulative Net Cash Flows</b>	(26)	(33)	(25)	(27)	(33)	(54)	(21)	(26)	(37)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(351)
<b>Ending Cash Balance</b>	\$ (1,089)	\$ (1,122)	\$ (1,147)	\$ (1,174)	\$ (1,207)	\$ (1,261)	\$ (1,282)	\$ (1,308)	\$ (1,345)	\$ (1,365)	\$ (1,385)	\$ (1,415)	\$ (1,415)	\$ (1,415)	\$ (1,415)	\$ (1,415)	\$ (1,415)

**EXHIBIT III**

**Wind down budget - Lower Recovery Scenario**

U.S. Dollars in millions

	Monthly Cash Flows - Year 1												Total Year 1	
	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10		
<b>Cash Receipts</b>														
<b>Asset Sales Proceeds</b>														
<b>Cash Disbursements</b>														
Wages and Salary	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(4)	(4)	(3)	(3)	(3)	(3)	(347)
Labor - Hourly	(13)	(13)	(13)	(7)	(7)	(7)	(3)	(3)	(3)	(2)	(2)	(2)	(2)	(75)
Severance	(51)	(51)	(51)	(5)	(5)	(5)	(1)	(1)	(1)	(0)	(0)	(0)	(0)	(102)
Payroll Taxes	(1)	(1)	(1)	(66)	(66)	(66)	(8)	(8)	(8)	(5)	(5)	(5)	(5)	(544)
<b>Total Wages and Salary</b>	(119)	(119)	(68)	(66)	(66)	(66)	(8)	(8)	(8)	(5)	(5)	(5)	(5)	
<b>Manufacturing</b>														
Critical Vendor Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Vendor Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tooling	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Freight	-	-	-	-	-	-	-	-	-	-	-	-	-	-
G&A	(33)	(33)	(33)	(17)	(8)	(8)	(8)	(4)	(4)	(8)	(4)	(4)	(4)	(166)
Rent	(12)	(12)	(12)	(6)	(6)	(6)	(6)	(6)	(6)	(5)	(5)	(5)	(5)	(92)
Utilities	(11)	(11)	(11)	(6)	(6)	(6)	(6)	(6)	(6)	(4)	(4)	(4)	(4)	(86)
<b>Total Manufacturing</b>	(57)	(57)	(57)	(40)	(20)	(20)	(20)	(16)	(16)	(17)	(13)	(13)	(13)	(344)
<b>Other</b>														
Incentives	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to National Sales Companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany Disbursements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Benefits	(130)	(130)	(130)	(128)	(128)	(128)	(3)	(3)	(3)	(2)	(2)	(2)	(2)	(788)
Warranty Disbursements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Op. Disb.	(1)	(7)	-	(7)	(17)	(18)	(0)	(8)	(23)	(4)	(4)	(4)	(4)	(92)
Real Estate & Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Engineering Research & Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	(3)	(3)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(32)
Principal Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Non-Operating Disb.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Other</b>	(133)	(140)	(132)	(137)	(147)	(148)	(6)	(13)	(29)	(9)	(9)	(9)	(9)	(912)
<b>Total Operating Disbursements</b>	(309)	(315)	(256)	(243)	(234)	(235)	(34)	(37)	(52)	(31)	(27)	(27)	(27)	(1,800)
<b>Cash Disbursements for Bankruptcy Expenses</b>														
Post-Filing Expenditures	(20)	(10)	(10)	(10)	(10)	(10)	(7)	(7)	(7)	(5)	(5)	(5)	(5)	(106)
Professional Fees	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(40)
Employee Incentive Plan	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(40)
Retained Employee Severance	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(40)
Senior Incentive Program	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(40)
<b>Cash Outflows for Bankruptcy Effects</b>	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(190)
<b>Total Cash Disbursements</b>	(329)	(325)	(266)	(278)	(244)	(244)	(41)	(44)	(59)	(40)	(32)	(32)	(32)	(1,990)
<b>Beginning Cash Balance</b>	\$ 407	\$ 78	\$ (247)	\$ (514)	\$ (792)	\$ (1,036)	\$ (1,300)	\$ (1,341)	\$ (1,385)	\$ (1,444)	\$ (1,484)	\$ (1,516)	\$ (1,516)	\$ 407
<b>Cumulative Net Cash Flows</b>	(329)	(325)	(266)	(278)	(244)	(244)	(41)	(44)	(59)	(40)	(32)	(32)	(32)	(1,990)
<b>Ending Cash Balance</b>	\$ 78	\$ (247)	\$ (514)	\$ (792)	\$ (1,036)	\$ (1,300)	\$ (1,341)	\$ (1,385)	\$ (1,444)	\$ (1,484)	\$ (1,516)	\$ (1,516)	\$ (1,516)	\$ (1,583)

**EXHIBIT III**

**Wind down budget - Lower Recovery Scenario**

	Monthly Cash Flows - Year 2												Total Year 2
	May-10	Jun-10	Jul-10	Aug-10	Sept-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	
<b>Cash Receipts</b>													
<b>Asset Sales Proceeds</b>													
<b>Cash Disbursements</b>													
Wages and Salary	(3)	(3)	(3)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(26)
Labor - Hourly	(2)	(2)	(2)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(13)
Labor - Salary	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	-
Severance	(5)	(5)	(5)	(4)	(4)	(4)	(3)	(3)	(3)	(3)	(3)	(3)	(43)
Payroll Taxes													
Total Wages and Salary	(8)	(8)	(8)	(7)	(7)	(7)	(6)	(6)	(6)	(6)	(6)	(6)	(52)
<b>Manufacturing</b>													
Critical Vendor Payments	(4)	(4)	(4)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(38)
Other Vendor Payments	(5)	(5)	(5)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(42)
CapEx	(4)	(4)	(4)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(39)
Tooling													
Freight													
G&A	(4)	(4)	(4)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(36)
Rent	(4)	(4)	(4)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(36)
Utilities	(13)	(13)	(13)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(119)
<b>Total Manufacturing</b>	(28)	(28)	(28)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(264)
<b>Other</b>													
Incentives	(2)	(2)	(2)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(15)
Payments to National Sales Companies													
Intercompany Disbursements	(1)	(7)	-	(5)	(13)	(14)	(0)	(6)	(17)	(3)	(3)	(3)	(71)
Warranty Disbursements													
Other Op. Disb.													
Real Estate & Property Taxes													
Marketing													
Engineering, Research & Development													
Miscellaneous													
Principal Payments													
Interest Payments													
Other Non-Operating Disb.													
Total Other	(5)	(12)	(5)	(9)	(17)	(18)	(4)	(10)	(21)	(7)	(7)	(7)	(122)
<b>Total Operating Disbursements</b>	(23)	(40)	(22)	(22)	(20)	(31)	(18)	(23)	(34)	(17)	(17)	(17)	(283)
<b>Cash Disbursements for Bankruptcy Expenses</b>													
Post-Filing Expenditures													
Professional Fees	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(36)
Employee Incentive Plan													
Retained Employee Severance													
Senior Incentive Program													
<b>Cash Outflows for Bankruptcy Effects</b>													
Total Cash Disbursements	(26)	(43)	(25)	(27)	(23)	(34)	(21)	(26)	(37)	(20)	(20)	(20)	(268)
<b>Beginning Cash Balance</b>	\$ (1,583)	\$ (1,609)	\$ (1,641)	\$ (1,667)	\$ (1,694)	\$ (1,727)	\$ (1,780)	\$ (1,801)	\$ (1,827)	\$ (1,864)	\$ (1,885)	\$ (1,904)	\$ (1,934)
<b>Cumulative Net Cash Flows</b>	(26)	(33)	(25)	(27)	(23)	(34)	(21)	(26)	(37)	(20)	(20)	(20)	(30)
<b>Ending Cash Balance</b>	\$ (1,609)	\$ (1,641)	\$ (1,667)	\$ (1,694)	\$ (1,727)	\$ (1,780)	\$ (1,801)	\$ (1,827)	\$ (1,864)	\$ (1,885)	\$ (1,904)	\$ (1,934)	\$ (1,934)



**Wind down budget - Lower Recovery Scenario**

U.S. Dollars in millions

	Monthly Cash Flows - Year 3						Total Bankruptcy
	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	
<b>Cash Receipts</b>							
<b>Asset Sales Proceeds</b>							
<b>Cash Disbursements</b>							
Wages and Salary	(2)	(2)	(2)	(1)	(1)	(1)	(8)
Labor - Hourly	(1)	(1)	(1)	(1)	(1)	(1)	(6)
Labor - Salary	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Severance	(2)	(2)	(2)	(2)	(2)	(2)	(12)
Payroll Taxes	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Total Wages and Salary	(2)	(2)	(2)	(2)	(2)	(2)	(12)
Manufacturing							
Critical Vendor Payments							
Other Vendor Payments							
CapEx							
Tooling							
Freight							
G&A	(2)	(2)	(2)	(2)	(2)	(2)	(12)
Rent	(3)	(3)	(3)	(3)	(3)	(3)	(18)
Utilities	(2)	(2)	(2)	(2)	(2)	(2)	(12)
Total Manufacturing	(7)	(7)	(7)	(5)	(5)	(5)	(38)
Other							
Incentives							
Payments to National Sales Companies							
Intercompany Disbursements	(1)	(1)	(1)	(1)	(1)	(1)	(5)
Benefits							
Warranty Disbursements							
Other Op. Disb.	(0)	(5)	-	(4)	(9)	(10)	(29)
Real Estate & Property Taxes							
Marketing							
Engineering Research & Development	(3)	(3)	(3)	(3)	(3)	(3)	(18)
Miscellaneous							
Principal Payments							
Interest Payments							
Other Non-Operating Disb.							
Total Other	(4)	(9)	(4)	(7)	(13)	(14)	(52)
<b>Total Operating Disbursements</b>	<b>(14)</b>	<b>(19)</b>	<b>(14)</b>	<b>(15)</b>	<b>(20)</b>	<b>(21)</b>	<b>(103)</b>
<b>Cash Disbursements for Bankruptcy Expenses</b>							
Post-Filing Expenditures							
Professional Fees							
Employee Incentive Plan	(2)	(2)	(2)	(2)	(2)	(2)	(12)
Retained Employee Severance							
Senior Incentive Program							
<b>Cash Outflows for Bankruptcy Effects</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(12)</b>
<b>Total Cash Disbursements</b>	<b>(16)</b>	<b>(21)</b>	<b>(16)</b>	<b>(17)</b>	<b>(22)</b>	<b>(23)</b>	<b>(125)</b>
<b>Beginning Cash Balance</b>	\$ (1,934)	\$ (1,950)	\$ (1,971)	\$ (1,987)	\$ (2,004)	\$ (2,026)	\$ (2,059)
<b>Cumulative Net Cash Flows</b>	(16)	(21)	(16)	(17)	(22)	(23)	(25)
<b>Ending Cash Balance</b>	\$ (1,950)	\$ (1,971)	\$ (1,987)	\$ (2,004)	\$ (2,026)	\$ (2,059)	\$ (2,084)

**Expert Report of Robert Manzo  
Liquidation Analysis of Chrysler LLC  
May 20, 2009**

1. Liquidation Analysis dated January 30<sup>th</sup>, 2009 – Presentation
2. Information Package Dated March 2, 2009
  - a. EBITDA by car line trends, 2006-2008
  - b. Benefits expenditures through 2010 (Low recovery scenario)
  - c. Net PP&E detail for plants assumed sold
  - d. Net PP&E detail for Other PPE
3. Information Package Dated March 24, 2009
  - a. NSC Inventory Detail
  - b. WIP / Raw Material Inventory Detail
  - c. Company Cars
  - d. Dealer Receivable
  - e. NSC Receivable
  - f. Vendor Support
  - g. Foreign Distributor Receivables
  - h. Leased Vehicles (GDP Assets)
  - i. GKL Leased Assets
4. Information Package Dated March 31, 2009
  - a. Fixed Cost Allocation Methodology
  - b. Fixed Costs by Carline
  - c. Fixed Costs Breakdown – MOPAR and Fringe
  - d. Fixed Costs by Brand
  - e. Suppliers Receiving Vendor Support (2 pages)
  - f. Inventory Detail – New and Finished Goods
  - g. Finished Inventory Report
  - h. GDP / GKL Units
  - i. US Fleet (GDP) – Realization on Auction Results
  - j. New Inventory Realization Supporting Analysis
  - k. Special Tooling Detail
  - l. Asset Sales - 2008
  - m. Asset Sales - 2009 Planned
  - n. Chrysler Motors Balance Detail
  - o. Construction in Process Detail
  - p. Other Leased Assets Detail

- q. Other Assets Detail
  - r. Cash Balances by Region
  - s. Summary of Daimler NSC Claims
  - t. Canada Tax Discussion
  - u. Environmental Reserves Summary
5. Information Package Dated April 22, 2009
    - a. Description of Inventory Locations (2 pages)
    - b. Summary of Open Daimler Trade Disputes
  6. PPE Balances by Profit Center for March 31, 2009
  7. PPE / Leased Assets Reclassification Worksheet for March 31, 2009
  8. Unaudited Consolidating Balance Sheets for March 31, 2009
  9. Unaudited Detailed Balance Sheet, March 31, 2009
  10. Inventory Balances by Category and Entity for March 31, 2009
  11. EBITDA by Carline Analysis for FY 2008
  12. Derivative Balances by Counterparty for March 31, 2009
  13. Daily Cash Flash – April 30, 2009
  14. PPE Detail for Plants Sold (NBV as of March 31, 2009)
  15. PPE Category Reconciliation (NBV as of March 31, 2009)
  16. PPE Balances, Summed by Plant Type (NBV as of March 31, 2009)
  17. Reconciliation of Consolidated Real Estate, Furniture & Fixtures, and CIP to Liquidated Values (NBV as of March 31, 2009)
  18. Monthly Employee Shutdown Cost
  19. Run Rate G&A Detail
  20. Run Rate Utilities Detail
  21. Run Rate Rent Detail
  22. Draft 2008 Consolidated Financial Statements

23. 13 week Cash Flow from 1/26/2009
24. Balance Sheet 9/30/2008 "Briefing Book"
25. Internal Financial Report 9/30/2008
26. 2008 EBITDA for each car line --- 11/30/2008
27. PPE Ledger Reclassifications at 11/30/2008
28. PPE Ledger by Legal Entity at 11/30/2008
29. PPE Ledger by Profit Center at 11/30/2008
30. Daily Cash by Country as of 1/23/2009
31. Canadian Balance Sheet
32. November 30, 2008 PPE at Plants Assumed Saleable via Carlines
33. One-month mothball analysis (US Plants Combined)
34. November 30, 2008 PPE at Plants Assumed Not Saleable as a Going Concern
35. G&A Detail
36. Manufacturing and Assembly Plant Overview Presentation
37. FY 2007 Audited Consolidated Financial Statements