

**Binding Term Sheet**

Following is a summary, dated as of April 27, 2009 (this "Term Sheet"), of the principal terms of the settlement agreement (the "Settlement Agreement") among Daimler North America Finance Corporation, formerly known as DaimlerChrysler North America Finance Corporation ("DNAF"), Daimler Investments US Corporation, formerly known as DaimlerChrysler Holding Corporation ("DIUS", and together with DNAF, the "DC Contributors"), Daimler AG, formerly known as DaimlerChrysler AG ("Daimler"), CG Investment Group, LLC (the "Investor"), CG Investor, LLC ("CGI", and together with the Investor, "Cerberus"), Chrysler Holding LLC, formerly known as DaimlerChrysler Holding LLC ("Chrysler Holding"), Chrysler LLC, formerly known as DaimlerChrysler Company LLC ("Chrysler"), and the Pension Benefit Guaranty Corporation, a United States Government corporation ("PBGC"), and a Redemption Agreement (the "Redemption Agreement") among Chrysler Holding, the DC Contributors, the Investor and other members of Chrysler Holding. The foregoing notwithstanding, the parties recognize that the structure of the Settlement Agreement and the Redemption Agreement are subject to continuing review and analysis and that it may be necessary or appropriate to structure the Settlement Agreement and the Redemption Agreement so that they are documented by more than one agreement or to include additional parties as a result of tax, accounting or other considerations provided, however, that the economic benefits to the parties hereto remain the same.

Intending to be legally bound hereby, the parties hereto hereby agree to use all reasonable efforts to enter into a mutually satisfactory Settlement Agreement and Redemption Agreement including, without limitation, the terms set forth in this Term Sheet. The parties shall cooperate as to the timing of any press release or public announcement. Cerberus, Chrysler Holding and Chrysler, after notice to the other parties hereto, may provide or disclose the contents of this Term Sheet to governmental authorities in connection with financing efforts or to lenders, labor unions or others in connection with efforts to seek cost reductions or to Fiat SpA or any other similar equity investor in connection with its potential investment in Chrysler, provided, however, that in such cases the party making such disclosure shall endeavor to have the persons to whom such disclosure is made agree to keep such information confidential.

This Term Sheet shall be governed by, and construed in accordance with, the laws of the State of New York without regard to conflicts of laws principles. The parties agree to the exclusive jurisdiction and venue of the federal and New York state courts situated in the County of New York in the State of New York. **THE PARTIES HERETO WAIVE ANY RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY CLAIM, COUNTERCLAIM OR ACTION ARISING OUT OF OR IN CONNECTION WITH THIS TERM SHEET OR THE MATTERS CONTEMPLATED HEREBY.** This Term Sheet may be executed and delivered (including by facsimile or electronic (pdf) transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same Term Sheet.

## **Settlement Agreement**

### **Mutual Waiver of Claims**

Daimler, the DC Contributors, Chrysler Holding, Chrysler and Cerberus will waive all current and future claims that they may have against each other and against each other's respective Affiliates under the Contribution Agreement, dated as of May 14, 2007 (as amended, the "Contribution Agreement"), and all other agreements executed in connection with the Contribution Agreement and the Amended and Restated Limited Liability Company Agreement of Chrysler Holding, dated as of August 3, 2007, including all claims raised by the Cerberus claim letter, dated October 30, 2008, and will execute releases with respect to the waived claims.

The above waiver will not apply to ongoing operational agreements (including all obligations relating to post-December 31, 2008 trade receivables/payables between Daimler and Chrysler), credit support arrangements, the Settlement Agreement, dated as of March 31, 2009, the Settlement Agreement II, dated as of April 17, 2009, the tax settlement agreement based on the term sheet dated April 17, 2009 and the settlement agreement to be based on this Term Sheet.

### **Second Lien Loan and Subordinated Note**

DNAF will forgive the entire principal amount and accrued but unpaid interest owed (i) by Chrysler and the other loan parties under the \$1.5 billion DNAF Lender Addendum to the Second Lien Term Loan Agreement, dated as of August 3, 2007 (so long as Cerberus does the same under the \$500 million Madeleine LLC Lender Addendum to the Second Lien Term Loan Agreement, dated as of August 3, 2007) and (ii) by CarCo Intermediate HoldCo I LLC under the \$400 million Promissory Note, dated as of August 3, 2007.

### **PBGC Guaranty**

As part of the Settlement Agreement, Daimler will make cash contributions to Chrysler's pension plans identified in the schedule to be provided (respectively, the "Plans" and the "Contribution Schedule"), or to the statutory trustee appointed for any such Plan, in the total amount of \$600 million (the "Cash Contributions"). \$200 million will be paid to the Plans on the date the Settlement Agreement is executed. The remaining \$400 million will be payable to the Plans, or to the statutory trustee, in two equal annual installments on the first and second anniversaries of the execution of the Settlement Agreement. The Cash Contributions will be allocated among the Plans in the amounts shown in the Contribution Schedule. Daimler will make the required Cash Contributions to a Plan or its statutory trustee even if, prior to any scheduled contribution date, the Plan is terminated in an Involuntary or a Distress Termination, each as defined in the PBGC Agreement, dated as of May 13, 2007 (the "PBGC Agreement").

Chrysler may request that the \$400 million payment to the Plans on the first and second anniversaries of the execution of the Settlement Agreement be restructured to treat the \$400 million payment as a Plan contribution prior to the date the \$400 million is paid by Daimler to the Plans. Without affecting the rights of any of the parties, Daimler shall reasonably cooperate with Chrysler to accomplish such restructuring. Notwithstanding the foregoing, Chrysler shall have no right, title or interest in the Cash Contributions, which shall belong exclusively and unconditionally to the Plans as third party beneficiaries of the Settlement Agreement. Daimler shall have no obligation to restructure the \$400 million Cash Contribution if such restructuring would result in Daimler being subject to liability for engaging in a non-exempt prohibited transaction under the Employee Retirement Income Security Act of 1974, as amended. For the avoidance of doubt, such restructuring shall not affect the amount to be received by the Plans or the timing of Daimler's payment obligation, which is unconditional. Accordingly, if such restructuring cannot be accomplished, Daimler shall pay the \$400 million payment as set forth above.

Daimler shall reasonably cooperate with Chrysler so that Chrysler may apply the Cash Contributions to the Plans, to the extent permitted by applicable law, to Chrysler's minimum funding requirements for the Plans.

The Guaranty dated August 3, 2007 (the "PBGC Guaranty"), will be modified to reduce the amount of the PBGC Guaranty to \$200 million. Such reduced PBGC Guaranty shall be in addition to the aforementioned Cash Contributions. The \$200 million reduced PBGC Guaranty will be allocated among the Plans in accordance with a schedule to be attached to the Settlement Agreement, which schedule shall allocate the \$200 million to the same Plans and in the same percentages as currently set forth on Exhibit A to the PBGC Guaranty (the "Allocation Schedule"). The portion of the reduced PBGC Guaranty allocated to a Plan in accordance with the Allocation Schedule will remain in place for such Plan until August 3, 2012, and will not terminate for such Plan for any reason prior to that date, unless Daimler pays the allocable portion of the reduced guaranty for such Plan as a result of an Involuntary or Distress Termination of such Plan or such Plan terminates in a standard termination under Section 4041 of ERISA.

**Auto Supplier  
Support Program**

As previously discussed, Daimler will be included in the Auto Supplier Support Program announced by the United States Department of the Treasury on March 19, 2009.

## **Redemption Agreement**

### **Daimler Equity in Chrysler Holding**

The DC Contributors' 19.9% equity interest will be redeemed in exchange for the receivable arising from the DC Contributors' obligation to Chrysler Holding in respect of certain adjustments under the Contribution Agreement (the Equity Award Amount and the Headquarters Reimbursement Amount). In connection with such redemption, Daimler and its affiliates will no longer have any information rights with respect to Chrysler Holding and its affiliates for periods following the date of the redemption or any rights to appoint any members of the Board of Managers (or equivalent governing body) of Chrysler Holding or its affiliates and will cause all current appointees of Daimler and its affiliates to resign from such positions.

IN WITNESS WHEREOF, each of the parties hereto has caused this Term Sheet to be executed as of the date first written above by their respective officers thereunto duly authorized.

DAIMLER AG

By: \_\_\_\_\_

Name: **GERD T. BECHT**

Title: **SENIOR VICE PRESIDENT**

By: \_\_\_\_\_

Name:

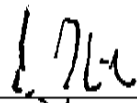
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IN WITNESS WHEREOF, each of the parties hereto has caused this Term Sheet to be executed as of the date first written above by their respective officers thereunto duly authorized.

DAIMLER AG

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By:  \_\_\_\_\_  
Name: Dr. Edgar Knökel  
Title: Vice President

[SIGNATURE PAGE TO TERM SHEET]

DAIMLER NORTH AMERICA FINANCE  
CORPORATION

By: \_\_\_\_\_

Name: ~~GERD T. BECHT~~  
Title: ~~VICE PRESIDENT~~

By: \_\_\_\_\_

Name:  
Title:

[SIGNATURE PAGE TO TERM SHEET]

DAIMLER NORTH AMERICA FINANCE  
CORPORATION

By: \_\_\_\_\_  
Name:  
Title:


By:           E. M.            
Name: Dr. Edgar Mookel  
Title: Vice President

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DAIMLER INVESTMENTS US CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

By:   
Name: HERBERT KAUFFMANN  
Title: VICE PRESIDENT

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DAIMLER INVESTMENTS US CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

By:   
Name: KURT SCHAEFER  
Title: VICE PRESIDENT

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CG INVESTMENT GROUP, LLC

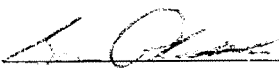
By: CG Investor, LLC,  
its Managing Member

By: CG Manager, LLC,  
its Managing Member

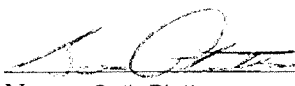
By:   
Name: Seth Plattus  
Title: Senior Managing Director

CG INVESTOR, LLC

By: CG Manager, LLC,  
its Managing Member

By:   
Name: Seth Plattus  
Title: Senior Managing Director

CHRYSLER HOLDING LLC

By:   
Name: Seth Plattus  
Title: Chief Executive Officer

CHRYSLER LLC

By: \_\_\_\_\_  
Name:  
Title:

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CG INVESTMENT GROUP, LLC

By: CG Investor, LLC,  
its Managing Member

By: CG Manager, LLC,  
its Managing Member

By: \_\_\_\_\_  
Name:  
Title:

CG INVESTOR, LLC


By: CG Manager, LLC,  
its Managing Member

By: \_\_\_\_\_  
Name:  
Title:

CHRYSLER HOLDING LLC

By: \_\_\_\_\_  
Name:  
Title:

CHRYSLER LLC

By:   
Name: TOM W. LASORDA  
Title: President & Vice Chairman

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PENSION BENEFIT GUARANTY  
CORPORATION

By: 

Name: Terrence M. Deneen

Title: Chief Insurance Program Officer

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