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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X
In re : Chapter 11
Chrysler, LLC, *et al.*, : Case No. 09-50002 (AJG)
Debtors. : (Jointly Administered)
-----X

**MOTION OF THE DEBTORS AND DEBTORS IN POSSESSION, PURSUANT
TO SECTIONS 105(a), 363(b), 507(a) AND 541 OF THE BANKRUPTCY
CODE, AUTHORIZING THEM TO PAY CERTAIN PREPETITION TAXES**

TO THE HONORABLE
UNITED STATES BANKRUPTCY JUDGE:

Chrysler LLC ("Chrysler") and 24 of its domestic direct and indirect subsidiaries, as debtors and debtors in possession (collectively with Chrysler, the "Debtors"), respectfully represent as follows:

Background

1. On the date hereof (the "Petition Date"), the Debtors commenced their reorganization cases by filing voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). By a motion filed on the Petition Date, the Debtors have requested that their chapter 11 cases be consolidated for procedural purposes only and administered jointly.

2. The Debtors are authorized to continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. The Debtors and their nondebtor direct and indirect subsidiaries (collectively, the "Chrysler Companies") comprise one of the world's largest manufacturers and distributors of automobiles and other vehicles, together with related parts and accessories. On the Petition Date, the Chrysler Companies employed approximately 55,000 hourly and salaried employees worldwide, 70% of whom were based in the United States. In addition, as of the Petition Date, the Debtors made payments for health care and related benefits to more than 105,000 retirees.

4. Chrysler's ultimate parent company, Chrysler Holding LLC ("Chrysler Parent"), also owns a financing company, nondebtor Chrysler Financial Services Americas LLC ("Chrysler Financial"), that operates under a governance structure separate from Chrysler, with

its own board and management. Historically, Chrysler Financial has provided financing to both Chrysler's dealers and consumers.

5. For the twelve months ended December 31, 2008, the Chrysler Companies recorded revenue of more than \$48.4 billion and had assets of approximately \$39.3 billion and liabilities totaling \$55.2 billion.

6. A more detailed explanation of Chrysler's businesses and operations, and the events leading to the commencement of these cases, can be found in the Affidavit of Ronald E. Kolka, which was filed contemporaneously herewith and is incorporated herein by reference.

Overview of These Cases

7. The significance of this chapter 11 filing to Chrysler and to the United States economy is difficult to overstate. In connection with the filing, Chrysler is seeking approval from this Court to consummate the only sale transaction that preserves some portion of its business as a going concern and averts a liquidation of historic proportions. If the proposed transaction, designed to effect an alliance with Italian automobile manufacturer Fiat S.p.A. ("Fiat"), is rejected and Chrysler liquidates, it will mean the end of an iconic, 83-year-old American car company whose name has been synonymous with innovative engineering, from the Slant-Six and HEMI engines, to power windows, power brakes and power steering, to the minivan. A liquidation would also have impacts on the nation's economy and Chrysler's stakeholders that are grim:

- 38,500 hourly and salaried Chrysler workers in the U.S. will lose their jobs;
- Chrysler's workers and retirees and their surviving spouses will lose over \$9.8 billion of health care and other benefits and \$2 billion in annual pension payments;

- All 23 of Chrysler's manufacturing plants and facilities and 15 parts depots in the United States will shut down (as well as 18 additional plants and parts depots worldwide);
- Approximately 3,200 Chrysler dealers will be put out of business and the over 140,000 employees of those dealerships will lose their jobs;
- Over \$5.7 billion in outstanding auto parts and service supplier invoices will not be paid to Chrysler's suppliers and new business will be cancelled, forcing hundreds of suppliers out of business and the loss of hundreds of thousands of additional jobs;
- Over 31 million Chrysler, Jeep and Dodge owners would lose significant value in their cars and trucks, particularly due to questions about the ongoing availability of warranties and replacement parts and services;
- Local, state and federal governments will lose tens of billions of dollars in tax revenues, according to a research memorandum published by the Center for Automotive Research in November 2008;¹
- Over \$100 billion in annual sales will disappear from local economies; and
- Chrysler's first lien secured creditors will receive net present value recoveries of less than 38 cents on the dollar and possibly as little as 9 cents; the U.S. government, another secured creditor, will receive less than that; and Chrysler's unsecured creditors will receive nothing.

8. The economic and market conditions that led to the commencement of Chrysler's chapter 11 cases and the need for the proposed sale transaction are well known, but sobering nonetheless. The automotive market meltdown, the worst in at least 26 years,² disrupted Chrysler's substantial progress in implementing a long-term plan to reduce costs and transform its businesses for the next generation of cars. With sales plummeting and credit markets frozen, Chrysler undertook an intense effort to address the challenges it faced. After months of hard work and dedication by Chrysler's management, employees and advisors,

¹ Daniel Cole, *et al.*, Center for Automotive Research Memorandum, *The Impact on the U.S. Economy of a Major Contraction of the Detroit Three Automakers*, at <http://www.cargroup.org> (Nov 4, 2008).

² Chris Isidore, *Auto Sales Are Worst in 26 Years. January Sales Tumble More Than Expected at GM, Ford and Toyota as Rental Car Companies Slash Purchases*, CNNMoney.com, Feb. 3, 2009 (4:22 p.m., ET).

working with all key stakeholders and with the support of the U.S. government, the Debtors have commenced these cases to implement a prompt sale to preserve the going concern value of their businesses and return these businesses to viability under new ownership.

9. The proposed sale transaction would create the sixth-largest global automaker by volume unit, increasing competitiveness with other Original Equipment Manufacturers ("OEMs") and creating billions of dollars in synergies. This transaction is the result of thousands of hours of negotiations among multiple parties. The transaction is being financially backed by the United States Department of the Treasury (the "U.S. Treasury") and Export Development Canada, an affiliate of the Canadian government, which together will provide the new alliance with approximately \$6 billion of taxpayer money to start up and maintain operations. In addition to this unprecedented government support, virtually all of the major constituencies that would be affected by a Chrysler liquidation have recognized how devastating it would be and have made important concessions in support of the proposed alliance:

- The International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (the "UAW") has agreed to wage and benefit reductions in the context of a sale to the new company, which would receive the benefit of a new collective bargaining agreement eliminating certain severance benefits, and would be a party to an agreement with the UAW containing restructured retiree health care benefits;
- Chrysler's dealers have agreed to reduce their dealer and service contract margins;
- Chrysler's already financially troubled suppliers have agreed to a further 3% price reduction and other measures that will save millions of dollars;
- Chrysler's largest secured creditors, JPMorgan Chase, Goldman Sachs, Morgan Stanley and Citigroup, have agreed to the transaction that would substantially compromise their first lien debt, comprising 70% of the \$6.9 billion total outstanding, for an estimated recovery of approximately 28 cents on the dollar; and

- Chrysler Parent's minority shareholder, Daimler AG ("Daimler"), has agreed as part of a settlement with Chrysler to (a) forgive \$1.5 billion of second lien debt, at the same time that \$500 million of second lien debt is forgiven by majority shareholder Cerberus Capital Management L.P. ("Cerberus"); and (b) assist in funding Chrysler's pension plans.

Representatives of these constituencies have devoted the past six months to reaching these agreements.

10. These efforts culminated on April 30, 2009, when Chrysler, Fiat and New Chrysler (as defined below) entered into a Master Transaction Agreement (collectively with other ancillary and supporting documents, the "Purchase Agreement"). Pursuant to the Purchase Agreement, among other things: (a) Chrysler will transfer the majority of its operating assets to New CarCo Acquisition LLC ("New Chrysler"), a newly established Delaware limited liability company that currently is an indirect wholly-owned subsidiary of Fiat; and (b) in exchange for those assets, New Chrysler will assume certain liabilities of Chrysler and pay to Chrysler \$2 billion in cash (collectively with the other transactions contemplated by the Purchase Agreement, the "Fiat Transaction").

11. With the support of the U.S. government, Fiat, the UAW, dealers, suppliers and other stakeholders, the Debtors commenced these cases to implement an expeditious sale process to implement the Fiat Transaction, or a similar transaction with a competing bidder, designed to maximize the value of the Debtors' operations and businesses for the benefit of their stakeholders. Pending the proposed sale, the Debtors will idle most operations as they conserve their resources, while at the same time ensuring that (a) the facilities are prepared to resume normal production schedules quickly upon the completion of a sale and (b) consumers are not impacted by the filing.

12. Time is of the essence. Given the continuing stress on all aspects of the automotive industry and the idling of the Debtors' manufacturing facilities, key relationships

with suppliers, dealers and other business partners simply cannot be preserved if the sale process is not concluded quickly. Absent a prompt sale, approved and consummated in the coming weeks, the value of the Debtors' assets will rapidly decline and the ability to achieve a going concern sale will be irretrievably lost. By contrast, the proposed sale transaction, if it can be promptly consummated, will maximize the value available for stakeholders, will save hundreds of thousands of jobs and will strengthen the U.S. automotive sector and the economy generally.

Jurisdiction

13. This Court has subject matter jurisdiction to consider this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Relief Requested

14. Pursuant to sections 105(a), 363(b), 507(a) and 541 of the Bankruptcy Code, the Debtors hereby seek the entry of an order: (a) authorizing them, in their sole discretion, to pay all prepetition sales and use taxes, Michigan Business Taxes (and predecessor Michigan Single Business Taxes), franchise taxes and certain other taxes that the Debtors may be required to pay to engage in certain postpetition activities or that may give rise to personal liability for responsible directors, managers, officers or employees (collectively, the "Prepetition Taxes"), which are owed by the Debtors to certain domestic taxing authorities (collectively, the "Taxing Authorities"), or for which the Debtors are jointly liable, including all Prepetition Taxes subsequently determined upon audit to be owed for periods prior to the Petition Date, by whatever means the Debtors may deem appropriate, including, without limitation, the issuance of postpetition checks and electronic transfers of funds; and (b) granting related relief. Contemporaneously herewith, the Debtors filed a consolidated memorandum of law in further support of this Motion and certain other requests for first day relief (the "Memorandum of

Law").

Certain Taxes Paid by the Debtors

Sales and Use Taxes

15. Historically, the Debtors have collected and remitted to certain of the Taxing Authorities a variety of sales, local gross receipts and other similar taxes in connection with the sale of products to their customers (collectively, the "Sales Taxes"). For the most part, sales by the Debtors to their dealers are exempt from Sales Taxes under applicable state law as the dealers, and not the Debtors, are the parties that sell vehicles and accessories to end consumers at retail. However, some of the sales made by the Debtors to their dealers are not exempt under applicable laws, including service contracts for extended warranty transactions in some states or where a dealer has failed to obtain an appropriate exemption certificate. As a result, the Debtors commonly owe Sales Taxes with respect to certain sales to their dealers. In addition, the Debtors have collected Sales Taxes for certain permitted sales that they make directly to consumers online or at certain retail locations. On a periodic basis, typically monthly, the Debtors remit the Sales Taxes collected during the preceding month to the Taxing Authorities.

16. The Debtors are required to pay use taxes (collectively, the "Use Taxes") for certain purchases of tangible personal property from out-of-state vendors. If the vendor has no business operations within the state, it has no legal obligation to charge or remit sales taxes for sales to parties within such state. Nevertheless, under these circumstances, governing law required the Debtors to self-assess the amount of sales taxes that would have been owed on purchases from out-of-state vendors and pay these amounts as Use Taxes to the applicable Taxing Authorities. Similarly, in certain states, the Debtors have the authority to self-assess sales taxes payable on purchases made by the Debtors from in-state suppliers, including, among

other things, taxes on company vehicle leasing programs (collectively, the "Self-Assessed Sales Taxes"). In an average month prior to the Petition Date, the Debtors remitted approximately \$3.3 million in Sales Taxes, Use Taxes and Self-Assessed Sales Taxes to Taxing Authorities.

Michigan Business Taxes

17. The Michigan Business Tax (the "MBT"), which replaced the Michigan Single Business Tax (the "SBT") as of January 1, 2008, is a multi-tiered, multi-rate business tax, calculated by reference to an entity's gross receipts, assets and business income. Because the Debtors have substantial business assets in the State of Michigan, the Debtors are subject to this tax. The MBT is calculated on an annual basis, with quarterly estimated payments payable in arrears. Due to certain refundable credits possessed by the Debtors, the Debtors believe that no MBT amounts are outstanding as of the Petition Date. Similarly, the Debtors believe that there are no SBT amounts outstanding with respect to prior periods during which they were subject to the SBT.

Franchise Taxes

18. The Debtors also owe franchise and similar taxes (collectively, the "Franchise Taxes") to certain of the Taxing Authorities relating to the operation of businesses in the applicable taxing jurisdictions. Some states assess a flat Franchise Tax on all businesses, and other states assess a Franchise Tax based upon various economic metrics (e.g., net operating income, net worth, gross receipts or gross margins).³ Some states impose personal liability on the responsible officers of a corporation if that corporation fails to pay Franchise Taxes.

Moreover, certain states will refuse to qualify a Debtor to do business in a state or recognize a

³ For example, in Ohio certain of the Debtors pay a "CAT tax," which is an annual privilege tax based upon the relevant Debtor's gross receipts, as well as a franchise tax measured by reference to the relevant Debtor's net income and net worth. See Ohio Rev. Code Ann. §§ 5733.20 and 5751.02.

name change, merger or other activity if franchise taxes have not been paid. Most jurisdictions assess Franchise Taxes on an annual basis, in arrears; however, others assess Franchise Taxes on a monthly or quarterly basis.⁴ For the 2008 tax year, the Debtors remitted approximately \$9.2 million to Taxing Authorities for Franchise Taxes, and anticipate remitting similar amounts for the 2009 tax year.

Prepayment of Taxes

19. The Debtors made their best efforts to pay the Prepetition Taxes in full prior to the Petition Date. In the ordinary course of their businesses, the Debtors remitted to the applicable Taxing Authorities all such taxes when they became due under applicable law. In addition, in the weeks preceding the Petition Date, the Debtors sent additional payments to the Taxing Authorities in the amounts that they estimated would be necessary to cover all liabilities accrued through the Petition Date.⁵

20. Although checks and wire transfers have been issued on account of the Prepetition Taxes, certain of these payments may not have cleared as of the Petition Date. Moreover, despite the Debtors' efforts to prepay their tax liabilities, certain Prepetition Taxes may remain outstanding. For example, in making their prepayments, the Debtors may have underestimated the Prepetition Taxes to be paid, inadvertently overlooked a tax obligation or may be subject to liability in the future upon the results of an audit. Accordingly, out of an abundance of caution, the Debtors are seeking the relief requested herein.

⁴ For example, the Alabama Business Privilege Tax and the Philadelphia Business Privilege Tax require that amounts be paid in advance.

⁵ All such payments were made with a full reservation of the Debtors' rights to contest the underlying tax obligation and/or seek refunds.

Request for Authority to Pay Prepetition Taxes

21. The Debtors respectfully submit that the Court should authorize the payment of the Prepetition Taxes because: (a) certain of the Prepetition Taxes do not constitute property of the Debtors' chapter 11 estates; (b) the failure to pay certain of the Prepetition Taxes may impact the Debtors' ability to complete necessary postpetition transactions, including the Fiat Transaction or similar sale transaction (a "Sale Transaction"); (c) the Debtors' directors, managers, officers or employees may face personal liability if certain of the Prepetition Taxes are not paid; and (d) substantially all of the Prepetition Taxes constitute priority claims. Absent payment of these amounts, the Debtors may face serious disruptions and distractions as they seek to consummate an expeditious Sale Transaction, on a going concern basis, that will maximize value for all stakeholders.⁶

22. The prepetition Sales Taxes and certain of the other taxes identified above are "trust fund taxes" that, by definition, are held by the Debtors in trust for the benefit of those third parties to whom payment is owed or on behalf of whom such payment is being made. Section 541(d) of the Bankruptcy Code excludes "property in which the debtor holds, as of the commencement of the case, only legal title and not an equitable interest" from the debtor's estate. As such, these prepetition "trust fund taxes" are not property of the Debtors' estates within the meaning of section 541 of the Bankruptcy Code. See Begier v. Internal Revenue Serv., 496 U.S. 53, 55-56, 59-61, 66-67 (1990) (taxes such as excise taxes are property held by a debtor in trust for another and, as such, do not constitute property of its estate); DeChiaro v. New York State Tax Comm'n, 760 F.2d 432, 433 (2d Cir. 1985) (sales taxes are "trust fund" taxes); accord

⁶ Concurrently with the filing of this Motion, the Debtors also have filed a motion seeking authority to satisfy certain obligations relating to prepetition employee wages and benefits, including authority to remit to applicable taxing authorities prepetition trust fund taxes withheld from employee paychecks.

McCafferty v. McCafferty, 96 F.3d 192, 196 (6th Cir. 1996) (citing Begier with approval and noting that "Section 541(d) [of the Bankruptcy Code] has often been invoked as the basis for excluding from a bankruptcy estate assets held in constructive trust by a debtor in favor of another.") (citations omitted); In re Am. Int'l Airways, Inc., 70 B.R. 102, 103 (Bankr. E.D. Pa. 1987) (funds held in trust for federal excise taxes are not property of a debtor's estate and, therefore, are not available for distribution to creditors). Because the Prepetition Taxes that are trust fund taxes do not constitute property of the Debtors' estates, these amounts will not otherwise be available for distribution to the Debtors' creditors in any event. Thus, the payment of these Prepetition Taxes will not adversely affect the Debtors' estates and is warranted.

23. The Debtors are required to pay Franchise Taxes and certain other Prepetition Taxes to maintain their good standing in the jurisdictions in which they do business. The Debtors expect that, in connection with certain postpetition transactions (including any Sale Transaction), they likely will be required to make representations about their good standing in the jurisdictions where they have operated or maintain assets. If Franchise Taxes and certain other taxes are not paid, state and local Taxing Authorities may refuse to issue good standing certificates, which typically are required in securities, financing or sale transactions. Likewise, these Taxing Authorities may refuse to take other actions requested by the Debtors during or after their chapter 11 cases, including processing mergers or corporate name changes that may be critical to certain postpetition transactions pursued by the Debtors (including certain aspects of the proposed Fiat Transaction). The Debtors, moreover, believe that some of Taxing Authorities may cause the Debtors to be audited if the Prepetition Taxes are not paid promptly. Such audits would further divert attention and resources from the process of administering these chapter 11 cases.

24. In addition, many federal, state and local Taxing Authorities impose personal liability on responsible officers of entities responsible for collecting Sales Taxes or Use Taxes to the extent that such taxes are not remitted. See, e.g., MICH. COMP. LAWS §§ 205.27(a) and 205.59 (2008) (making officers, members or managers of business entities personally liable for failure to remit sales taxes); MICH. COMP. LAWS §§ 205.27(a) and 205.100 (2008) (making officers, members or managers of business entities personally liable for failure to remit use taxes). Similar liability can be imposed for nonpayment of the MBT, the SBT and other Michigan taxes. See, e.g., MICH. COMP. LAWS §§ 205.27(a) and 208.1513(1), 208.80(1) (2008) (making officers, members or managers of business entities personally liable for failure to remit the MBT, SBT and other Michigan taxes). Thus, if any of these types of Prepetition Taxes remain unpaid, the Debtors' directors, managers, officers or employees may be subject to lawsuits or even criminal prosecution on account of such nonpayment during the pendency of these chapter 11 cases. Such lawsuits or proceedings would constitute a significant distraction for the Debtors' directors, managers, officers or employees at a time when they should be focused on more pressing concerns.

25. Moreover, the Debtors believe that many of the Prepetition Taxes would be priority claims under section 507(a)(8) of the Bankruptcy Code. As priority claims, these taxes must be paid in full before the Debtors could obtain confirmation of a chapter 11 plan or make distributions to general unsecured creditors. See 11 U.S.C. § 1129(a)(9)(C). As such, payment of the Prepetition Taxes will not prejudice the rights of general unsecured creditors because such amounts would have to be paid before the payment of general unsecured claims.

26. As noted above, the Debtors have used their reasonable best efforts to prepay all Prepetition Taxes in full prior to the Petition Date. As a result, there are likely to be

only small amounts — and possibly no amounts — owing on account of Prepetition Taxes. Nevertheless, despite the Debtors' best efforts to ensure full payment of all Prepetition Taxes, the Debtors believe that it is possible that certain Prepetition Taxes remain outstanding. Accordingly, the Debtors have filed this Motion out of an abundance of caution in view of the importance of the relief requested not only to the Debtors but also to the Debtors' directors, managers, officers or employees who are an integral part of the chapter 11 process. The Debtors further represent that they have anticipated access to sufficient debtor in possession funding to allow them to pay all Prepetition Taxes, to the extent described herein, as and when such amounts become due in the ordinary course of their businesses.⁷

27. Similar relief is routinely granted by courts in this District and elsewhere. See, e.g., In re Steve and Barry's Manhattan, LLC, No. 08-12579 (ALG) (Bankr. S.D.N.Y. July 29, 2008) (order authorizing payment of prepetition sales taxes); In re Interep Nat'l Radio Sales, Inc., No. 08-11079 (RDD) (Bankr. S.D.N.Y. April 22, 2008) (order authorizing payment of prepetition franchise taxes); In re Frontier Airlines Holdings, Inc., No. 08-11298 (RDD) (Bankr. S.D.N.Y. Apr. 14, 2008) (order authorizing payment of, among other taxes, prepetition sales taxes); In re Wellman, Inc., No. 08-10595 (SMB) (Bankr. S.D.N.Y. Apr. 10, 2008) (order authorizing payment of franchise taxes, license fees and similar charges and assessments); In re Dana Corp., Case No. 06-10354 (BRL) (Bankr. S.D.N.Y. Mar. 6, 2006) (order authorizing payment of, among other taxes, prepetition sales and franchise taxes, as well as taxes imposing personal liability on responsible persons); In re Delphi Corp., No. 05-44481 (RDD) (Bankr. S.D.N.Y. Oct. 13, 2005) (order authorizing payment of prepetition sales, trust fund and

⁷ Concurrently with the filing of this Motion, the Debtors also have filed a motion seeking authority to obtain debtor in possession financing of up to \$4.5 billion from the U.S. Treasury and Export Development Canada.

other taxes); In re Tower Automotive, Inc., 05-10578 (ALG) (Bankr. S.D.N.Y. Feb. 3, 2005) (order authorizing payment of prepetition sales and franchise taxes).⁸

**Request for Authority for Banks to Honor and Pay
Checks Issued and Fund Transfers With Respect to the Prepetition Taxes**

28. By this Motion, the Debtors also request that all applicable banks and other financial institutions be authorized and directed, when requested by the Debtors in the Debtors' sole discretion, to receive, process, honor and pay any and all checks presented for payment of, and to honor all fund transfer requests made by the Debtors related to, Prepetition Taxes, whether such checks were presented or fund transfer requests were submitted prior to or after the Petition Date, provided that sufficient funds are available in the applicable accounts to make the payments. The Debtors represent that these checks are drawn on identifiable disbursement accounts and can be readily identified as relating directly to the authorized payment of Prepetition Taxes. Accordingly, the Debtors believe that checks other than those relating to authorized payments will not be honored inadvertently.

29. Nothing contained herein is intended or should be construed as: (a) an admission as to the amount, validity or treatment of any claim against the Debtors; (b) a waiver of the Debtors' rights to dispute any claim on any grounds or to seek a refund or abatement of any taxes; (c) a promise to pay any claim; (d) an implication or admission that any particular claim is a claim for Prepetition Taxes; or (e) a request to assume any executory contract or unexpired lease, pursuant to section 365 of the Bankruptcy Code.

⁸ Because of the voluminous nature of these unreported orders, they are not attached to this Motion. Copies of these unreported orders will be made available to the Court at or prior to the hearing on this Motion and are available to other parties upon request from the Debtors' counsel.

Requests for Immediate Relief and Waiver of Stay

30. Pursuant to Rules 6003(b) and 6004(h) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Debtors seek (a) immediate entry of an order granting the relief sought herein and (b) a waiver of any stay of the effectiveness of such an order. Bankruptcy Rule 6003(b) provides, in relevant part, that "[e]xcept to the extent that relief is necessary to avoid immediate and irreparable harm, the court shall not, within 20 days after the filing of the petition, grant relief regarding . . . a motion to pay all or part of a claim that arose before the filing of the petition." Accordingly, where the failure to grant any such requested relief would result in immediate and irreparable harm to the Debtors' estates, the Court may allow the Debtors to pay all or part of a claim that arose before the Petition Date prior to the twenty-first day following the Petition Date. Bankruptcy Rule 6004(h) provides that "[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 10 days after entry of the order, unless the court orders otherwise."

31. As set forth above, the authority to honor and pay the Prepetition Taxes is necessary to prevent immediate and irreparable damage to the Debtors' ability to administer these cases and pursue opportunities to maximize the value of their assets. If these Prepetition Taxes remain unpaid, the Debtors could be harmed by, among other things, their failure to (a) maintain good standing in appropriate jurisdictions, which may be necessary to consummate the Sale Transaction or other transactions or (b) protect their responsible officers and employees from personal liability and prevent them from having to divert their focus at this critical time. Accordingly, the Debtors submit that ample cause exists to justify: (a) the immediate entry of an order granting the relief sought herein pursuant to Bankruptcy Rule 6003(b); and (b) a waiver of the ten-day stay imposed by Bankruptcy Rule 6004(h), to the extent that it applies.

Notice

32. No trustee or examiner has been appointed in these chapter 11 cases.

Notice of this Motion has been given to: (a) the Office of the United States Trustee for the Southern District of New York; (b) the creditors holding the 50 largest unsecured claims against the Debtors' estates, as identified in the Debtors' chapter 11 petitions; (c) counsel to the administrative agent for the Debtors' prepetition senior secured lenders; (d) counsel to Cerberus; (e) counsel to Daimler; (f) counsel to the UAW; and (g) counsel to the U.S. Treasury. The Debtors submit that no other or further notice need be provided.

No Prior Request

33. No prior request for the relief sought in this Motion has been made to this or any other Court.

WHEREFORE, the Debtors respectfully request that this Court: (i) enter an order substantially in the form attached hereto as Exhibit A, granting the relief sought herein; and (ii) grant such other and further relief to the Debtors as the Court may deem proper.

Dated: April 30, 2009
New York, New York

Respectfully submitted,

/s/ Corinne Ball

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PROPOSED ATTORNEYS FOR DEBTORS
AND DEBTORS IN POSSESSION

EXHIBIT A

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

----- X
In re : Chapter 11
Chrysler, LLC, *et al.*, : Case No. 09-50002 (AJG)
Debtors. : (Jointly Administered)
----- X

**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**

This matter coming before the Court on the Motion of Debtors and Debtors in Possession, Pursuant to Sections 105(a), 363(b), 507(a) and 541 of the Bankruptcy Code, Authorizing Them to Pay Certain Prepetition Taxes (the "Motion"),¹ filed by the debtors and debtors in possession in the above-captioned cases (collectively, the "Debtors"); the Court having reviewed the Motion, the Consolidated Memorandum of Law in Support of Motions of Debtors for Orders Authorizing Them to Pay Certain Prepetition Claims (the "Memorandum of Law") and the Affidavit of Ronald E. Kolka filed in support of the Debtors' first day papers (the "Affidavit") and having considered the statements of counsel and evidence adduced with respect to the Motion at a hearing before the Court (the "Hearing"); and the Court having found that (i) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (ii) this is a core proceeding pursuant to 28 U.S.C. § 157(b), (iii) notice of the Motion and the Hearing was sufficient under the circumstances, (iv) the payment of the Prepetition Taxes on the terms and conditions described in the Motion is necessary and appropriate to prevent immediate and

¹ Capitalized terms not otherwise defined herein shall have the meanings given to them in the Motion.

irreparable harm to the Debtors and will serve to protect and preserve the Debtors' estates for the benefit of all stakeholders and (v) there is good cause to waive the ten-day stay imposed by Bankruptcy Rule 6004(h) to the extent it is applicable; and the Court having determined that the legal and factual bases set forth in the Motion, the Memorandum of Law and the Affidavit and at the Hearing establish just cause for the relief granted herein;

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED.
2. The Debtors are authorized, in the Debtors' sole discretion, to pay the Prepetition Taxes in the ordinary course of their businesses.
3. The Debtors' banks and other financial institutions (collectively, the "Banks") are authorized and directed, when requested by the Debtors in the Debtors' sole discretion, to receive, process, honor and pay all checks presented for payment of, and to honor all funds transfer requests made by the Debtors related to, Prepetition Taxes, whether such checks were presented or funds transfer requests were submitted prior to or after the Petition Date, provided that funds are available in the Debtors' accounts to cover such checks and funds transfers. The Banks are authorized to rely on the Debtors' designation of any particular check or funds transfer as approved by this Order.
4. Nothing in this Motion or this Order, nor the Debtors' payment of claims pursuant to this Order, shall be deemed or construed as: (a) an admission as to the amount, validity and treatment of any claim against the Debtors; (b) a waiver of the Debtors' rights to dispute any claim on any grounds or to seek a refund or abatement of any taxes; (c) a promise to pay any claim; (d) an implication or admission that any particular claim is a claim for Prepetition

Taxes; or (e) a request to assume any executory contract or unexpired lease, pursuant to section 365 of the Bankruptcy Code.

5. Pursuant to Bankruptcy Rule 6004(h), this Order shall be immediately effective and enforceable upon its entry.

Dated: New York, New York
_____, 2009

UNITED STATES BANKRUPTCY JUDGE