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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 DEBTORS AND DEBTORS IN POSSESSION, PURSUANT TO  
SECTIONS 105(a), 362 AND 546(c) OF THE BANKRUPTCY CODE AND  
BANKRUPTCY RULE 9019(b), FOR AN INTERIM ORDER: (A) ESTABLISHING  
PROCEDURES FOR RESOLVING RECLAMATION CLAIMS ASSERTED  
AGAINST THE DEBTORS AND (B) GRANTING CERTAIN RELATED RELIEF**

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;<sup>1</sup>
- 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,<sup>2</sup> 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,

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<sup>1</sup> 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).

<sup>2</sup> 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. 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. As the culmination of these efforts, Chrysler, Fiat and New Chrysler (as defined below) have reached an agreement in principle and are expected to entered into a Master Transaction Agreement (collectively with other ancillary and supporting documents, the "Purchase Agreement") in short order. 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 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), 362 and 546(c) of the Bankruptcy Code and Rule 9019(b) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Debtors hereby seek the entry of an interim order: (a) establishing procedures for resolving reclamation claims asserted against them and (b) granting certain related relief, as more fully described below.

### **Argument**

15. As set forth above, the Debtors are pursuing the prompt approval and consummation of the Fiat Transaction or a similar going concern transaction with a competing bidder (any such transaction, a "Sale Transaction"). Pending such a sale, the Debtors have idled most operations as they conserve their resources. Immediately upon the consummation of the Fiat Transaction, the Debtors anticipate that the purchased manufacturing and assembly facilities will resume normal operations under ownership of New Chrysler.

16. Prior to the Petition Date and in the ordinary course of their business, the Debtors purchased on credit a wide variety of assemblies, components, raw materials and other

goods that are used while their vehicle manufacturing and assembly facilities are operating (collectively, the "Goods"). As of the Petition Date, the Debtors were in possession of certain Goods that had been delivered to them, but for which they had not yet made payment to the suppliers of such Goods. As a result of the commencement of these bankruptcy cases, and in light of the temporary idling of the Debtors' operations (during which period many of the Goods likely will remain in storage at the Debtors' idled facilities), the Debtors expect to receive numerous written reclamation demands from various vendors or other parties (collectively, the "Sellers") with respect to the Goods under section 2-702 of the relevant states' versions of the Uniform Commercial Code. The Debtors also anticipate that a number of Sellers, after becoming aware of the commencement of these chapter 11 cases, might attempt to interfere with the delivery of Goods to the Debtors or attempt forcibly to repossess delivered Goods from the Debtors' idled facilities under color of their alleged reclamation rights.

17. Upon the commencement of a chapter 11 case, reclamation rights must be treated in accordance with section 546(c) of the Bankruptcy Code. Section 546(c) provides that a seller who sold goods to a debtor in the ordinary course of the seller's business and within the 45-day period immediately preceding the petition date may assert reclamation rights if: (a) the debtor received the goods while insolvent; and (b) the seller makes a reclamation demand in writing (i) before the expiration of the 45-day period following the debtor's receipt of the goods or (ii) if the 45-day period expires after the petition date, not later than 20 days after the petition date.<sup>3</sup>

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<sup>3</sup> Any seller that fails to provide notice in the manner described in section 546(c) of the Bankruptcy Code still may assert an administrative priority claim pursuant to section 503(b)(9) of the Bankruptcy Code for goods received by a debtor within the 20-day period immediately preceding the petition date and sold to the debtor in the ordinary course of the debtor's business. See 11 U.S.C. § 546(c)(2); 11 U.S.C. § 503(b)(9). The Debtors are proposing, by separate motion, that parties desiring to assert a prepetition administrative priority claim pursuant to section 503(b)(9) of the Bankruptcy Code do so through the proof of claim



18. Section 546(c) also specifies, however, that reclamation rights are "subject to the prior rights of a holder of a security interest in such goods or the proceeds thereof."

11 U.S.C. § 546(c)(1). Indeed, it is well established in this jurisdiction that a lender or other creditor "with a security interest in after-acquired property who acted in good faith and for value . . . is a good faith purchaser to whose claim that of a reclaiming seller is subject." Galey & Lord Inc. v. Arley Corp. (In re Arlco, Inc.), 239 B.R. 261, 270-71 (Bankr. S.D.N.Y. 1999); see also Yenkin-Majestic Paint Corp. v. Wheeling-Pittsburgh Steel Corp. (In re Pittsburgh-Canfield Corp.), 309 B.R. 277, 284 (B.A.P. 6th Cir. 2004) (same); In re Dana Corp., 367 B.R. 409, 419-21 (Bankr. S.D.N.Y. 2007) (same); In re Dairy Mart Convenience Stores, Inc., 302 B.R. 128, 133 (Bankr. S.D.N.Y. 2003) (same); but see Phar-Mor, Inc. v. McKesson Corp., 534 F.3d 502, (6th Cir. 2008) (holding that "a defrauded seller's right to reclaim his goods is superior to any right of attaching creditors, despite UCC 2-702's 'subject to' provision."). "[A]fter the secured creditors' superior interests have been satisfied or released, the reclaiming seller retains a priority interest in any remaining goods, and in any surplus proceeds from the secured creditors' foreclosure sale . . . where the value of the reclaiming seller's rights is worthless because of the secured lien, the reclamation request is not denied, but is of no value." In re Child World, 145 B.R. 5, 7 (Bankr. S.D.N.Y. 1992); see also Dana Corp., 367 B.R. at 419-21; Arlco, Inc., 239 B.R. at 272; In re Victory Mkts., 212 B.R. 738, 741 (Bankr. N.D.N.Y. 1997).

19. To avoid piecemeal litigation that would interfere with the Debtors' efforts to focus on the consummation of a Sale Transaction, the Debtors seek authority, pursuant to

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(continued...)

process. This Motion does not seek relief that would impact parties' abilities to assert claims under section 503(b)(9) of the Bankruptcy Code.

sections 105(a), 362 and 546(c) of the Bankruptcy Code, to establish exclusive procedures for the reconciliation and allowance of all asserted reclamation claims. Given the expedited timetable of any Sale Transaction and the continuing storage of many of the Goods at the Debtors' idled facilities, it is of particular importance for the Debtors to avoid costly and distracting piecemeal litigation relating to reclamation claims at the outset of these cases. If the Debtors are unable to establish and implement uniform procedures for addressing reclamation claims, the Debtors will face the prospect of simultaneously defending multiple reclamation proceedings or other enforcement efforts at a time when they need to focus on preserving the going concern value of their assets and maximizing stakeholder recoveries through a Sale Transaction.

20. Therefore, the Debtors seek entry of an order establishing the following procedures (the "Reclamation Procedures") for resolving all asserted reclamation claims in these cases (collectively, the "Reclamation Claims"):

- (a) Any Seller asserting a Reclamation Claim must satisfy all procedural and timing requirements under applicable state and/or federal law and demonstrate that it has satisfied all legal elements entitling it to a right of reclamation.
- (b) Any Seller asserting a Reclamation Claim must deliver a copy of its written reclamation demand to Chrysler LLC, Reclamation Demand Processing Department, c/o Epiq Systems, Inc., 757 Third Avenue, Third Floor, New York, New York 10017. Upon receipt of any written reclamation demand, the Debtors will serve upon the Seller, at the address indicated in its reclamation demand, a copy of this Motion or, if this Motion has been granted, the order approving this Motion.
- (c) After receipt of all timely reclamation demands and an opportunity to review such demands — including, without limitation, whether the demand is subordinate to the prior rights of a holder of a security interest in the applicable Goods or the proceeds thereof — but, absent further order of the Court, no later than 120 days after the Petition Date (the "Reclamation Notice Deadline"), the Debtors will file with the Court a Notice (the "Reclamation Notice"), listing the Reclamation Claims and amount, if any, that the Debtors determine to be valid for each such

Reclamation Claim, the means by which such amount was calculated and a description of any generally available defenses to such claim. The Debtors will serve the Reclamation Notice on each Seller that is subject to the Reclamation Notice at the address indicated in its reclamation demand and any other parties entitled to receive notice of filings in these cases, such as the Office of the United States Trustee (the "U.S. Trustee").

- (d) If the Debtors fail to file the Reclamation Notice within the required period of time, any holder of a Reclamation Claim may file an adversary proceeding or bring a motion on its own behalf to seek relief with respect to its Reclamation Claim, but may not file an adversary proceeding or bring any such motion until the expiration of the Reclamation Notice Deadline.
- (e) All parties in interest shall have the right and opportunity to object to the proposed allowance or disallowance of any asserted Reclamation Claim in the Reclamation Notice as set forth therein.
- (f) Any Reclamation Claim that is included in the Reclamation Notice and is not the subject of an objection filed with the Court within 20 days after service of the Reclamation Notice, shall be deemed a valid Reclamation Claim allowed or disallowed by the Court in the amount identified in the Reclamation Notice; provided, however, that all issues relating to the treatment of any such allowed Reclamation Claim shall be reserved.
- (g) Notwithstanding and without limiting the foregoing, the Debtors are authorized, but not required, to negotiate, in their sole discretion, with any Seller and to seek an agreement with any Seller to resolve its Reclamation Claim. If the Debtors and a Seller are able to agree on the validity, amount or treatment of the Seller's Reclamation Claim, the Debtors shall prepare a notice of settlement (the "Settlement Notice") and file it with the Court. Parties in interest shall have 14 days from the date of the Settlement Notice to file with the Court an objection thereto (a "Settlement Objection"). Settlement Objections must be served so as to be received by the Debtors, the Debtors' counsel and the applicable Seller within the 14-day objection period.
- (h) If no Settlement Objection with respect to a Settlement Notice is timely filed and served, the Reclamation Claim at issue shall be allowed, disallowed or otherwise treated in accordance with the Settlement Notice without further order of the Court. If a Settlement Objection with respect to a Settlement Notice is timely filed and served, the parties may negotiate a consensual resolution of such objection to be incorporated in a stipulation filed with the Court (a "Settlement Stipulation"). Upon the filing of a Settlement Stipulation, the applicable Reclamation Claim shall be allowed and treated in accordance with the terms of the Settlement Stipulation without further order of the Court. If no consensual resolution

of a Settlement Objection is reached within 30 days after the date of the Settlement Objection, unless such period is extended by mutual agreement of the Debtors and the party filing the Settlement Objection, the Debtors shall thereafter file a motion for the Court to resolve the Settlement Objection.

- (i) Nothing in the Reclamation Procedures shall modify the automatic stay of section 362(a) of the Bankruptcy Code with respect to any Goods. As such, the Reclamation Procedures shall not alter in any way the procedures, standards and burden of proof applicable or required pursuant to section 362(a) of the Bankruptcy Code with respect to any attempt by a Seller to obtain possession of any of the Goods or otherwise to collect its Reclamation Claim. Without limiting the foregoing, no Seller shall be entitled to obtain possession of any Goods without first filing a motion with the Court for relief from the automatic stay or obtaining the prior express written consent of the Debtors. The Debtors and all other parties in interest reserve all rights to object to any such motion for relief from the automatic stay. Sellers shall be prohibited from seeking relief from the automatic stay with respect to any reclamation demand until the time a Reclamation Notice is filed by the Debtors with respect to such reclamation demand or the Reclamation Notice Deadline otherwise expires.

21. The Debtors propose that the foregoing Reclamation Procedures be the sole and exclusive method for the handling of Reclamation Claims asserted against the Debtors.

As a result, the Debtors request that all Sellers be prohibited from seeking any other means for the resolution or treatment of their Reclamation Claims, including, without limitation:

- (a) commencing adversary proceedings against the Debtors in connection with any Reclamation Claims; (b) seeking to obtain possession of any Goods, except as permitted by the Reclamation Procedures; or (c) interfering with the delivery of any Goods to the Debtors. Section 105(a) of the Bankruptcy Code provides that bankruptcy courts "may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions" of the Bankruptcy Code. 11 U.S.C. § 105(a). Section 362 of the Bankruptcy Code further prohibits creditors from undertaking impermissible collection activities on account of a debtor's prepetition obligations.

See 11 U.S.C. § 362.

22. The Debtors' ability to consummate a Sale Transaction that preserves going concern value and maximizes stakeholder recoveries in these chapter 11 cases will be undermined if Sellers are allowed to exercise their reclamation rights without a uniform procedure that is fair to all parties. Further, the attention of the Debtors' management and other personnel would be diverted from pressing restructuring issues (including, but not limited to, the consummation of a Sale Transaction) if the Reclamation Procedures are not approved and the Debtors instead are required to respond to and resolve each Reclamation Claim on an ad hoc basis, as numerous, individual adversary proceedings or contested matters are filed or as other actions are taken by the Sellers seeking to enforce their reclamation rights. Instead, the Reclamation Procedures will streamline the process of resolving the Reclamation Claims for the Debtors and the Sellers alike without impacting the parties' substantive rights to pursue or contest the Reclamation Claims.

23. Therefore, the Debtors submit that establishing and implementing the Reclamation Procedures is necessary and appropriate pursuant to sections 105(a) and 362 of the Bankruptcy Code and Bankruptcy Rule 9019(b) and that the Reclamation Procedures are consistent with the provisions of section 546(c) of the Bankruptcy Code. The Debtors believe that their ability to resolve Reclamation Claims in this uniform manner will assist in the consensual resolution of such claims and, ultimately, the maximization of value for the Debtors, their estates and their creditors. Therefore, it is in the best interests of the Debtors and their respective estates and creditors to implement the Reclamation Procedures.

24. Relief similar to that requested in this Motion relating to reclamation procedures has been granted in other chapter 11 cases in this District and elsewhere. See, e.g., In re Frontier Airlines Holdings, Inc., No. 08-11298 (RDD) (Bankr. S.D.N.Y. May 2, 2008)

(establishing procedures for resolving reclamation demands); In re Wellman, Inc., No. 08-10595 (SMB) (Bankr. S.D.N.Y. Apr. 2, 2008) (same); In re Fortunoff Fine Jewelry and Silverware, LLC, No. 08-10353 (JMP) (Bankr. S.D.N.Y. Feb. 29, 2008) (same); In re Dana Corp., No. 06-10354 (BRL) (Bankr. S.D.N.Y. Mar. 29, 2006) (same); In re Delta Air Lines, Inc., No. 05-17923 (PCB) (Bankr. S.D.N.Y. Sept. 16, 2005) (same); In re Levitz Home Furnishings, Inc., No. 05-45189 (BRL) (Bankr. S.D.N.Y. Oct. 12, 2005) (same); accord In re Cadence Innovation LLC, No. 08-11973 (KG) (Bankr. D. Del. Sep. 15, 2008) (same).<sup>4</sup>

### **Interim Order**

25. The Debtors seek the relief requested in this Motion in the form of an interim order (the "Interim Order") attached hereto at Exhibit A. The Debtors will serve a copy of the Interim Order, this Motion and a notice (the "Final Hearing Notice") of the final hearing on the Motion (the "Final Hearing") on any parties that serve reclamation demands upon the Debtors within two business days after the later of the entry of the Interim Order or the receipt of a reclamation demand by a Seller. The Debtors also will serve a copy of the Interim Order, this Motion and the Final Hearing Notice upon counsel to any official committee appointed in these cases before the Final Hearing.

26. The deadline to file an objection to the granting of the relief requested in the Motion (an "Objection") is requested to be set as 4:00 p.m. (prevailing Eastern Time) on the date that is 15 days after the date of the entry of the Interim Order (the "Objection Deadline"). Any Objection must be filed with the Court on or before the Objection Deadline and served, so as to be received by the Objection Deadline, upon: (a) the Office of the United States Trustee for

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<sup>4</sup> 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 counsel to the Debtors.

the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Brian S. Masumoto, Esq.; (b) Chrysler LLC Legal Department, 1000 Chrysler Drive, 14th Floor, Auburn Hills, Michigan 48326, Attn: Jereen Trudell, Esq.; (c) (i) Jones Day, 222 East 41st Street, New York, New York 10017, Attn: Corinne Ball, Esq. and Veerle Roovers, Esq., and (ii) Jones Day, 1420 Peachtree Street, N.E., Suite 800, Atlanta, Georgia 30309, Attn: Jeffrey B. Ellman, Esq.; and (d) counsel to any official committee of unsecured creditors appointed in these cases.

27. Unless otherwise ordered by the Court, a reply to an Objection may be filed with the Court and served on or before 12:00 p.m. (prevailing Eastern Time) on the day that is at least two business days before the Final Hearing.

28. If no Objections are timely filed and served as set forth herein, the Debtors will, on or after the Objection Deadline, submit to the Court a final order granting the relief requested herein, which order shall be submitted and may be entered with no hearing and no further notice or opportunity to be heard afforded to any party.

#### **Notice**

29. No trustee or examiner has been appointed in these chapter 11 cases. Notice of this Motion has been given to: (a) the U.S. Trustee; (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**

30. 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 interim order substantially in the form attached hereto as Exhibit A, granting the relief sought herein; and (ii) grant to the Debtors such other and further relief 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.*, :  
Debtors. : Case No. 09-50002 (AJG)  
: (Jointly Administered)  
: :  
-----X

**INTERIM ORDER, PURSUANT TO SECTIONS 105(a), 362 AND 546(c) OF THE  
BANKRUPTCY CODE AND BANKRUPTCY RULE 9019(b), (A) ESTABLISHING  
PROCEDURES FOR RESOLVING RECLAMATION CLAIMS ASSERTED  
AGAINST THE DEBTORS AND (B) GRANTING CERTAIN RELATED RELIEF**

This matter coming before the Court on the Motion of Debtors and Debtors in Possession, Pursuant to Sections 105(a), 362 and 546(c) of the Bankruptcy Code and Bankruptcy Rule 9019(b), for an Order: (A) Establishing Procedures for Resolving Reclamation Claims Asserted Against the Debtors and (B) Granting Certain Related Relief (the "Motion"),<sup>1</sup> filed by the debtors and debtors in possession in the above-captioned cases (collectively, the "Debtors"); the Court having reviewed the Motion 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 with respect to the Motion at a hearing before the Court (the "Hearing"); the Court finding 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)(2) and (iii) notice of the Motion and the Hearing was sufficient under the circumstances; and the Court having determined that the legal and factual bases set forth in the Motion and the Affidavit and at the Hearing establish just cause for the relief granted herein;

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

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED on an interim basis.

2. Pursuant to sections 105(a), 362 and 546(c) of the Bankruptcy Code and Bankruptcy Rule 9019(b), the Debtors hereby are authorized to resolve all Reclamation Claims in accordance with the Reclamation Procedures set forth below, which are hereby approved and authorized in their entirety:

- (a) Any Seller asserting a Reclamation Claim must satisfy all procedural and timing requirements under applicable state and federal law and demonstrate that it has satisfied all legal elements entitling it to a right of reclamation.
- (b) Any Seller asserting a Reclamation Claim must deliver a copy of its written reclamation demand to Chrysler LLC, Reclamation Demand Processing Department, c/o Epiq Systems, Inc., 757 Third Avenue, Third Floor, New York, New York 10017. Upon receipt of any written reclamation demand, the Debtors shall serve a copy of this Order upon the Seller at the address indicated in its reclamation demand.
- (c) After receipt of all timely reclamation demands and an opportunity to review such demands — including, without limitation, whether the demand is subordinate to the prior rights of a holder of a security interest in the applicable Goods or the proceeds thereof — but, absent further order of the Court, no later than 120 days after the Petition Date (the "Reclamation Notice Deadline"), the Debtors will file with the Court a Notice (the "Reclamation Notice"), listing the Reclamation Claims and amount, if any, that the Debtors determine to be valid for each such Reclamation Claim, the means by which such amount was calculated and a description of any generally available defenses to such claim. The Debtors will serve the Reclamation Notice on each Seller that is subject to the Reclamation Notice at the address indicated in its reclamation demand and any other parties entitled to receive notice of filings in these cases, such as the U.S. Trustee.
- (d) If the Debtors fail to file the Reclamation Notice within the required period of time, any holder of a Reclamation Claim may file an adversary proceeding or bring a motion on its own behalf to seek relief with respect to its Reclamation Claim, but may not file an adversary proceeding or bring any such motion until the expiration of the Reclamation Notice Deadline.

- (e) All parties in interest shall have the right and opportunity to object to the proposed allowance or disallowance of any asserted Reclamation Claim in the Reclamation Notice as set forth therein.
- (f) Any Reclamation Claim that is included in the Reclamation Notice and is not the subject of an objection filed with the Court within 20 days after service of the Reclamation Notice, shall be deemed a valid Reclamation Claim allowed or disallowed by the Court in the amount identified in the Reclamation Notice; provided, however, that all issues relating to the treatment of any such allowed Reclamation Claim shall be reserved.
- (g) Notwithstanding and without limiting the foregoing, the Debtors are authorized, but not required, to negotiate, in their sole discretion, with any Seller and to seek an agreement with any Seller to resolve its Reclamation Claim. If the Debtors and a Seller are able to agree on the validity, amount and/or treatment of the Seller's Reclamation Claim, the Debtors shall prepare a notice of settlement (the "Settlement Notice") and file it with the Court. Parties in interest shall have 14 days from the date of the Settlement Notice to file with the Court an objection thereto (a "Settlement Objection"). Settlement Objections must be served so as to be received by the Debtors, the Debtors' counsel and the applicable Seller within the 14-day objection period.
- (h) If no Settlement Objection with respect to a Settlement Notice is timely filed and served, the Reclamation Claim at issue shall be allowed, disallowed or otherwise treated in accordance with the Settlement Notice without further order of the Court. If a Settlement Objection with respect to a Settlement Notice is timely filed and served, the parties may negotiate a consensual resolution of such objection to be incorporated in a stipulation filed with the Court (a "Settlement Stipulation"). Upon the filing of a Settlement Stipulation, the applicable Reclamation Claim shall be allowed and treated in accordance with the terms of the Settlement Stipulation without further order of the Court. If no consensual resolution of a Settlement Objection is reached within 30 days after the date of the Settlement Objection, unless such period is extended by mutual agreement of the Debtors and the party filing the Settlement Objection, the Debtors shall thereafter file a motion for the Court to resolve the Settlement Objection.
- (i) Nothing in the Reclamation Procedures shall modify the automatic stay of section 362(a) of the Bankruptcy Code with respect to any Goods. As such, the Reclamation Procedures shall not alter in any way the procedures, standards and burden of proof applicable or required pursuant to section 362(a) of the Bankruptcy Code with respect to any attempt by a Seller to obtain possession of any of the Goods or otherwise to collect its Reclamation Claim. Without limiting the foregoing, no Seller shall be entitled to obtain possession of any Goods without first filing a motion

with the Court for relief from the automatic stay or obtaining the prior express written consent of the Debtors. The Debtors and all other parties in interest reserve all rights to object to any such motion for relief from the automatic stay. Sellers shall be prohibited from seeking relief from the automatic stay with respect to any reclamation demand until the time a Reclamation Notice is filed by the Debtors with respect to such reclamation demand or the Reclamation Notice Deadline otherwise expires.

3. The foregoing Reclamation Procedures are the sole and exclusive method for the resolution and payment of Reclamation Claims asserted against the Debtors. All Sellers are prohibited from seeking any other means for the resolution or treatment of their Reclamation Claims, including, without limitation: (a) commencing adversary proceedings against the Debtors in connection with any Reclamation Claims except as specifically provided herein; (b) seeking to obtain possession of any Goods; or (c) interfering with the delivery of any Goods to the Debtors.

4. All adversary proceedings and contested matters in these cases relating to Reclamation Claims, whether currently pending or initiated in the future, except those proceedings initiated by the Debtors in accordance with these Reclamation Procedures, are stayed, and the claims asserted therein shall be resolved exclusively pursuant to the Reclamation Procedures set forth herein, unless otherwise ordered by the Court.

5. Nothing contained herein or in the Motion shall limit the Debtors' ability to make payments to creditors in accordance with any other orders of this Court, regardless of whether such creditors have asserted Reclamation Claims.

6. The Debtors will serve on any parties that serve reclamation demands upon the Debtors a copy of this Interim Order, the Motion and a notice (the "Final Hearing Notice") of the final hearing on the Motion (the "Final Hearing") to be held on \_\_\_\_\_, 2009 within two business days after the later of the entry of this Interim Order or the receipt of a

reclamation demand by a Seller. The Debtors will also serve a copy of this Interim Order, the Motion and the Final Hearing Notice upon counsel to any official committee appointed in these cases before the Final Hearing.

7. The deadline to file an objection to the granting of the relief requested in the Motion (an "Objection") shall be 4:00 p.m. (prevailing Eastern Time) on the date that is 15 days after the date of the entry of this Interim Order (the "Objection Deadline"). Any Objection must be filed with the Court on or before the Objection Deadline and served, so as to be received by the Objection Deadline, upon: (a) the U.S. Trustee, Attn: Brian S. Masumoto, Esq.; (b) Chrysler LLC Legal Department, 1000 Chrysler Drive, 14th Floor, Auburn Hills, Michigan 48326, Attn: Jereen Trudell, Esq.; (c) (i) Jones Day, 222 East 41st Street, New York, New York 10017, Attn: Corinne Ball, Esq. and Veerle Roovers, Esq., and (ii) Jones Day, 1420 Peachtree Street, N.E., Suite 800, Atlanta, Georgia 30309, Attn: Jeffrey B. Ellman, Esq.; and (d) counsel to any official committee of unsecured creditors appointed in these cases.

8. Unless otherwise ordered by the Court, a reply to an Objection may be filed with the Court and served on or before 12:00 p.m. (prevailing Eastern Time) on the day that is at least two business days before the Final Hearing.

9. If no Objections are timely filed and served as set forth herein, the Debtors shall, on or after the Objection Deadline, submit to the Court a final order granting the relief requested herein, which order shall be submitted and may be entered with no hearing and no further notice or opportunity to be heard afforded to any party.

10. The Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation of this Order.

Dated: New York, New York  
\_\_\_\_\_, 2009

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UNITED STATES BANKRUPTCY JUDGE