

APRIL 2009 UAW-CHRYSLER

SETTLEMENT AGREEMENT

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April xx, 2009

UAW-Chrysler LLC
2007 National Agreement Modifications
April 2009 Settlement Agreement

International Union, UAW

Attention: Mr. General Holiefield

Dear Sir:

The proposed alliance between Chrysler and Fiat provides significant opportunities through adoption of Fiat's World Class Manufacturing processes and acceleration of the full implementation of the Chrysler Workplace Organization Model (WOM) (team-based infrastructure). The Company and the UAW understand that this manufacturing model is a key element in the development of a robust and profitable automotive manufacturing company.

This approach will enable us to achieve, with speed and precision, the following objectives:

- a) World class operational efficiencies in all North American facilities;
- b) World class leading edge work practices that will result in further efficiencies, including team-based overtime equalization;
- c) Future capital investment in North American manufacturing based on a sound business case;
- d) Targeted training and investment that improves skills and capability in the manufacturing workforce;
- e) A profitable enterprise with aligned goals among all stakeholders

The Parties recognize the fragile state of the current business model, especially in light of the global struggles created by overwhelming competition. This Settlement Agreement incorporates all of the provisions contained as part of the February 17, 2009 Federal Loan and Security Agreement (LSA), our recent understandings agreed to on April 10, 2009, and the requirements set forth by the US Treasury on April 24, 2009 and the understandings contained within the attachments to this memorandum.

We understand the need to effectively modify our current labor agreements to meet the terms of the LSA while achieving a competitive labor cost structure that positions the Company to respond appropriately to industrial and competitive pressures. Thus, in order to lead to job security for all Chrysler employees and establish a foundation for the Company's ongoing viability, the Parties must commit to full implementation of the following key measures by year end 2009:

- **Agreement Expiration** – The 2007 National Agreements between the UAW and Chrysler along with the understandings contained or referenced herein shall continue in full force and effect until 11:59 P.M., September 14, 2011;

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4/25/09

- **Binding Arbitration** – Upon expiration of the 2007 Agreement, the parties will enter into a new National Collective Bargaining Agreement which will continue in full force and effect until September 14, 2015. Unresolved issues remaining at the end of negotiations on the 2011 renewal of the 2007 Agreement shall be resolved through binding arbitration with wage and benefit improvements to be based upon Chrysler maintaining an all-in hourly labor cost comparable to its U.S. competitors, including transplant automotive manufacturers;
- **Retirement and Separation Initiatives** – Additional cost savings should be realized through jointly designed and supported special attrition programs designed to achieve an additional 3,500 voluntary separations;
- **Non-Skilled Indirect Labor Classifications** – Consistent with existing WOM provisions, non-skilled direct and indirect labor classifications should be consolidated, as appropriate, and moved to a strict team based structure, through utilization of team members / leaders. Consistent with this environment, full team rotation will be implemented and future open positions will be bid to a team and not to a specific job station;
- **UAW/Chrysler Attendance Procedure** – The UAW/Chrysler Attendance Procedure shall serve as an addendum to the existing Memorandum of Understanding – Absenteeism, and be instituted throughout Chrysler in order to reduce casual absences and tardies. Upon implementation of this Attendance Procedure previous occurrences will not be considered under the new procedure;
- **Entry Level Employment** – All new hire production employees, through the September 14, 2015 expiration of the National Collective Bargaining Agreement, will be hired as Entry Level employees and governed by the terms of the UAW-Chrysler Entry Level Wage and Benefit Agreement M-13;
- **Entry Level Ratio** – There shall be no cap on the number of Entry Level employees hired through September 14, 2015. Upon the expiration of the 2011 Agreement, the cap shall be the lesser of 25% or the Entry Level percentage as of September 14, 2015;
- **Entry Level Wages** – All Entry Level wage formula increases currently provided in the 2007 National Production, Maintenance and Parts Agreement will be frozen for the duration of the 2007 UAW-Chrysler National Agreement.

As part of this Agreement, Chrysler and the UAW agree to the following, which are attached as Exhibits:

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|--|---|
| <ul style="list-style-type: none"> • <i>Agreement Between Chrysler LLC and the UAW dated February 17, 2009</i> • <i>Memorandum of Understanding – Economic Matters</i> • <i>PM&P Unpublished Letter – Product Loading Review</i> • <i>PM&P Unpublished Letter – 2007 Current and Future Product Commitment and Future Insourcing Opportunities Letter</i> • <i>PM&P Unpublished Letter – Sourcing Addendum</i> • <i>PM&P Unpublished Letter – Supplier Relations</i> | <ul style="list-style-type: none"> • <i>New Letter – Salaried Bargaining Unit Utilization</i> • <i>New Letter – Alternative Work Schedules</i> • <i>New Letter – Debt Restructuring</i> • <i>New Letter – UAW-Chrysler Entry Level Wage & Benefit Agreement</i> • <i>New Letter – Equity of Sacrifice</i> • <i>Memorandum of Understanding – Job Security / Supplemental Unemployment Benefits / Transitional Assistance</i> • <i>New Letter – Direct Deposit</i> • <i>PM&P Unpublished Letter – Twinsburg Stamping Plant</i> |
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ALICE K
4/25/09

- *New Letter – Union Involvement and Supplier Relations*
- *New Letter – Vacation Replacements*
- ~~*Memorandum of Understanding – Competitive Work Rules*~~
- *Memorandum of Understanding – Miscellaneous Matters*
- *PM&P Unpublished Letter – Distressed Supplier Meetings*
- *Letter of Understanding – February 17, 2009 Addendum to the 2007 Chrysler LLC-UAW National Agreement*
- *PM&P Unpublished Letter - Elected and Appointed Representation*
- *PM&P Unpublished Letter - Temporary Part-Time Employees*
- *PM&P Unpublished Letter - Skilled Trades Rationalization (Replaces February 17, 2009 Memorandum of Understanding – Competitive Work Rules)*
- *UAW/Chrysler Attendance Procedure*
- *Proposal from UST to Resolve Chrysler/Fiat-UAW CBA*

It is further agreed that to the extent there are any provisions, language, or conditions contained in the 2007 Collective Bargaining Agreements, including any unpublished letters, past practices, or any other written and local agreements, or VEBA Settlement Agreement that are inconsistent with anything contained in the Amended Agreements (Addendums) referenced in this letter, the terms of the Amended Agreements shall control. In the event of any inconsistency or conflict between the provisions of the February 17, 2009 agreement between Chrysler and the UAW which is attached to and incorporated herein, and those provisions of this Agreement agreed to since that time, the later provisions shall supersede any contrary or inconsistent provisions contained in the February 17, 2009 agreement.

Very truly yours,

CHRYSLER LLC

By: A.A. Iacobelli

Accepted and Approved:

INTERNATIONAL UNION, UAW

By: General Holiefield

Handwritten signature and date: HARK 4/25/09

Proposal from UST to Resolve Chrysler/Fiat – UAW CBA

1. Incorporate all items from 2-17 Agreement.
2. Incorporate items agreed to on 4-10.
3. Additional Items:
 - A. Parties to craft language to give reasonable assurance that the savings targeted in #1 and #2 above can be realized.
 - B. Parties to design early retirement/separation incentive program designed to cause 3,500 voluntary separations.
 - C. Parties to resolve any unresolved issues in 2011 bargaining through binding arbitration, with wage and benefit improvements based on Chrysler maintaining all-in hourly labor costs comparable to its US competitors, including the transplants.
 - D. 2011 Agreement to expire on traditional date in 2015.
 - E. All production employees hired during the term of current and 2011 Agreements to be hired as Tier II.
 - F. Cap on Tier II set as lesser of 25% and Tier II percent at expiration of 2011 Agreement.

4.27.09 2:00 pm.

Agreement Between Chrysler LLC and the UAW

February 17, 2009

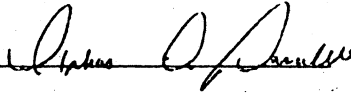
The UAW and Chrysler LLC have agreed to the terms set forth in this Agreement (including its attachments). This Agreement shall constitute an Addendum to the 2007 Chrysler LLC-UAW National Agreement.

With respect to the terms of the attached Memorandums of Understanding calling for suspensions of compensation or benefits, or other amendments to existing contractual provisions, the amendments and/or suspensions will last until the expiration of the 2007 Chrysler LLC-UAW National Agreement unless other expiration dates are specifically required by the Loan and Security Agreement between Chrysler LLC and the UST or, unless otherwise modified or terminated by the mutual agreement of the parties.

The provisions of this document and its attachments are subject to the terms of ratification by the membership of the UAW.

For the International Union, UAW:

For Chrysler LLC:



**MEMORANDUM OF UNDERSTANDING
ECONOMIC MATTERS**

Chrysler LLC and the UAW have discussed at length the significant business challenges that are threatening the automotive industry and the viability of our Company. In response to these challenges, the parties have agreed to the following changes:

- COLA -- The Cost-of-Living Allowance (P, M & P Section (109), Letters (92), (93), and (94), M-6) is suspended for all employees for the term of this agreement.
- Performance Bonus -- Performance Bonus payments are suspended. P, M & P Section (110) and references to Performance Bonus payments in M-13 are suspended, in recognition of the need to help offset health care costs.
- Christmas Bonus -- Christmas Bonuses are suspended. Letter (155) - Christmas Bonus is suspended, in recognition of the need to help offset health care costs.
- Designated Holidays -- P, M & P Section (95) -- Designated Holidays will be modified to reflect that April 13, 2009, April 5, 2010, and April 25, 2011 will no longer be recognized as Holidays under Designated Holidays.
- Overtime -- P, M & P Sections (86), (87), and (90) and Letters (73) and (240) will be modified as follows: Time and one-half will be paid after 40 compensated hours in the work week. Credit towards the 40 compensated hours will be provided for verified hours on an approved Union Leave of Absence. Premium payments in accordance with Sections (86) and (87) will be paid for time worked on Saturday or Sunday provided the employee has otherwise worked at least 40 compensated hours during the work week in which the Saturday and/or Sunday occurs.
- Standardized Vacation Shutdown -- P, M & P Sections (104) and (105) and Letters (69), (85), (213), and (214). Application of employees' vacation entitlement to annual two-week shutdown period (no state Unemployment Compensation or Supplemental Unemployment Benefits (SUB)).
- Relief Time -- P, M & P Letter (14) will be modified as indicated below:
Letter (14) -- Relief Time -- Cont. Oprs -- Auto Mfg. of the 2007 Collective Bargaining Agreement will be modified to provide a total of 5 minutes relief time per hour for direct labor employees on continuous operations in assembly plants and 3 minutes per hour for indirect labor on a standard eight (8) hour shift. For each additional hour worked in excess of eight (8) hours, five (5) minutes and three (3) minutes respectively of relief will be provided. Paragraph 3 will be modified to include new implementation dates. NOTE: Forty (40) minutes relief also applies to the assembly areas within the Powertrain Division.

This Agreement supersedes all local agreement provisions that provide relief other than listed above, including wash up time.

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February XX, 2009

PM&P
UNPUBLISHED LETTER
Product Loading Review

International Union, UAW

Attention: Mr. General Holiefield

Dear Sir:

As part of the Parties' agreement in M-1, Memorandum of Understanding Sourcing, the Company and Union meet to review vehicle plans for assembly, stamping, powertrain, and components in the United States, Canada, and Mexico. The Company is committed to this process as it affords both Parties the opportunity to discuss the long term plans for the Company.

Sincerely,

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17/11

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February XX, 2009

PM&P
UNPUBLISHED LETTER
2007 Current and Future Product Commitment and Future Insourcing
Opportunities Letter

International Union, UAW

Attention: Mr. General Holciefeld

Dear Sir:

The Parties' 2007 Product Commitment & Investment Letter reflected the Company's base plan of record. It is understood that additional confidential dialogue has been exchanged with respect to favorable effect of a potential alliance partner on Chrysler's operations. The effect could result in incremental product loading in the Company's assembly and powertrain operations.

Sincerely,

Handwritten notes:
3.16.7.
PSP
uf sop
CUCSIL
s/w RB

February XX, 2009

PM&P
UNPUBLISHED LETTER
Sourcing Addendum

International Union, UAW

Attention: Mr. General Holiefield

Dear Sir:

The Parties have discussed our current future product sourcing obligations. As such, the Company is committed to the provisions of M-1, Memorandum of Understanding Sourcing detailing the Roundtable and Powertrain meetings. These meetings are one of several ways the Union continues to be involved in the product decision-making process.

- Roundtable Meeting

The UAW-Chrysler Roundtable Meeting will continue on an annual basis including comprehensive vehicle plans for United States, Canada, and Mexico assembly, stamping, powertrain, and components.

- Powertrain Meeting

The UAW-Chrysler Powertrain Meeting will continue on an annual basis including a comprehensive review of the United States, Canada, and Mexico Powertrain Long Range Plan and Powertrain plant product loading.

We continue to be committed to the UAW's involvement and attendance at the Product Team Sourcing, Pre-Program Start, and Program Start meetings and the sharing of information provided throughout the Chrysler Development System process and Supplier Selection Period. It is noted that the National and Local Job Security, Operational Effectiveness and Sourcing Committees provide yet another avenue by which sourcing opportunities are to be discussed.

Sincerely,

Handwritten notes and signatures:
S.H.S.
J.P.
COCOR
J.W.
S.P.
M.H.
1.11
P.S.

February XX, 2009

PM&P
UNPUBLISHED LETTER
Supplier Relations

International Union, UAW

Attention: Mr. General Holiefield

Dear Sir:

During these negotiations the parties discussed the importance of the joint approach to Supplier Relations. This approach is important to help continue to foster a long-term relationship with the UAW and closer collaboration with suppliers in order to drive mutual profitability and technology advancement. Consistent with this collaborative Supplier Relations approach is improved commonality, early supplier involvement in the product development process, competitive cost structures, and leading-edge technologies, the Company intends to partner with the Union to leverage these same advantages.

To further align our mutual interests of ensuring the Company's long term viability, the Parties have agreed to continue the quarterly Supplier Relations meetings, involving the Vice President and Director of UAW, Chrysler Department, Vice President of Employee Relations, and necessary Procurement and Supply executives.

The intent of these meetings will be to strengthen further the partnership between the Union, Company, and key suppliers.

Sincerely,

COC on

Wp SPL

4/11/09 RB

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February xx, 2009

(N-xx) Salaried Bargaining Unit Utilization

International Union, UAW

Attention: Mr. General Holiefield

Dear Sir:

During these negotiations, the Company and Union had extensive discussions regarding the traditional use of Salaried Bargaining Unit (SBU) employees and the need for their respective work units to develop competitive work practices as new innovative technologies are introduced.

The Union advised the Company of its intent to propose a comprehensive plan that will detail innovative, competitive, flexible work practices. Coincident with this proposal, the Company will discuss the potential use of Salaried Bargaining Unit employees in areas such as advanced technology vehicles in order to maximize the utilization of SBU employees, make them a true partner within our organization, and involve them in new technologies.

The Company looks forward to working with the Union in exploring these alternatives and their potential applications.

Very truly yours,

CHRYSLER LLC

By A. Iacobelli

Accepted and Approved:

INTERNATIONAL UNION, UAW

By General Holiefield

Handwritten notes and signatures:
S.H.S.
P.S.P.
COC.MR
D.G.W.
M.P. SPL
P.B.
11/11



P M & P / LMA

Alternative Work Schedules

February xx, 2009

(N-xx) Alternative Work Schedules

International Union, UAW

Attention: Mr. General Holiefield

Dear Sir:

The parties discussed that the implementation of Alternative Work Schedule (AWS) arrangements are needed to respond to market fluctuations, which require the ability to quickly adapt and change operating patterns to be competitive. Notwithstanding, Letter 240, Flexible Operating Patterns, when considering an AWS work schedule change, local Management will notify the Vice President of Employee Relations and the Vice President and Director of the National Chrysler Department and will meet with Local Union leadership to discuss the business rationale for the change and develop implementation plans. Following those discussions, the Company may, with a minimum of fourteen (14) days notice, transition between a traditional work schedule, and a flexible operating pattern.

The parties may develop alternative plans to address unique operating issues. However, approval in writing is required from both the Vice President of Employee Relations and the Vice President and Director of the National Chrysler Department.

Very truly yours,

CHRYSLER LLC

By A. Iacobelli

Accepted and Approved:

INTERNATIONAL UNION, UAW

By General Holiefield

S. H.T.

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COCON
1-10-09
P.S.

February xx, 2009

N-xx
Debt Restructuring

International Union, UAW

Attention: Mr. General Holiefield

Dear Sir:

The parties have been focused on the need to improve the overall competitiveness of the Company in order to preserve its long term viability. As part of that increased viability, quarterly submissions must be made in accordance with the U.S. Department of Treasury Loan and Security Agreement (LSA) terms. In an effort to ensure that the UAW is fully apprised of our progress toward our restructuring task, the Company will share a copy of the initial and subsequent quarterly submissions with the Union. Included in this submission is a status of our progress with all stakeholders.

Any questions or concerns shall be raised with the Vice President of Employee Relations for discussion.

Very truly yours,

CHRYSLER LLC

By A. Iacobelli

Accepted and Approved:

INTERNATIONAL UNION, UAW

By General Holiefield



PM & P/LMA

UAW-Chrysler Entry Level Wage & Benefit Agreement

February xx, 2009

(N-xx) UAW-Chrysler Entry Level Wage & Benefit Agreement

International Union, UAW

Attention: Mr. General Holiefield

Dear Sir:

As part of these discussions, the parties held conversations regarding the need to improve the overall competitiveness of the Company in order to achieve and sustain its long-term viability.

The Performance Bonus payments provided for in M-13 Memorandum of Understanding - UAW-Chrysler Entry Level Wage & Benefit Agreement, Section IV are suspended.

Very truly yours,

CHRYSLER LLC

By A. Iacobelli

Accepted and Approved:

INTERNATIONAL UNION, UAW

By General Holiefield

Handwritten notes and signatures:
3-4-09
PSA
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MIF
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Memorandum of Understanding

Job Security / Supplemental Unemployment Benefits / Transitional Assistance

Elimination of Protected Status

The provisions of Memorandum of Understanding – Employment Security System (ESS) Program (M-7) of the 2007 National Agreement, Sections I, II, and III as well as any provisions of related contract language that limit or prohibits the Company's right to layoff employees, are hereby suspended for the duration of the 2007 Agreement.

Employees in Protected Status have been placed on indefinite layoff in accordance with the provisions below for the duration of this Agreement.

Administration of Employees on Layoff

An employee on a qualifying layoff shall be eligible for benefits under the Supplemental Unemployment Benefit (SUB) Plan and the plan covering Transitional Assistance (TA). A qualifying layoff is defined as one of the following:

- Indefinite layoff or
- Temporary layoff.

Supplemental Unemployment Benefits

The provision of the National Agreement regarding the Supplemental Unemployment Benefit (SUB) Plan shall be modified as follows:

- Employees with less than ten (10) years of seniority shall be eligible to receive regular SUB Benefits for qualifying layoffs for a maximum of 26 weeks during the term of the National Agreement subsequent to the effective date of this Memorandum.
- Employees with at least ten (10) but less than twenty (20) years of seniority shall be eligible to receive regular SUB Benefits for qualifying layoffs for a maximum of 39 weeks during the term of the National Agreement subsequent to the effective date of this Memorandum.
- Employees with at least twenty (20) years of seniority shall be eligible to receive regular SUB Benefits for qualifying layoffs for a maximum of 52 weeks during the term of the National Agreement subsequent to the effective date of this Memorandum.
- In calculating the weekly regular SUB Benefit for an employee on a qualifying layoff, the offsets for State Unemployment Compensation benefits received for that week shall apply, however, no offsets for wages from another employer shall apply, unless such wages are treated as earnings by the State Unemployment Agency.

The Plan Covering Transitional Assistance

An employee on a qualifying layoff who exhausts his or her maximum eligibility for regular SUB Benefits payments (ie, 26, 39, or 52 weeks, depending on years of seniority) shall be eligible for subsequent benefits under the plan covering Transitional Assistance. TA shall provide a weekly benefit payment calculated as 50% of the employee's gross weekly base earnings, based on a 40-hour week, with the duration of TA entitlement based on seniority in accordance with the following:

- Employees with less than ten (10) years of seniority as of the date of the qualifying layoff shall, upon exhaustion of their regular SUB Benefit maximum eligibility, be eligible to receive TA Benefit payments for a maximum of 26 weeks during the life of the 2007 National Agreement subsequent to the effective date of the Memorandum

Absent any volunteers, employees will be offered out of labor market area jobs in ascending order.

If an employee on indefinite layoff is extended a job offer at an out of labor market area facility, the employee must elect one of the following options:

- 1) accept the job offer, and report to work at the out of labor market area facility, or
- 2) decline the job offer, and be placed on inactive status with no Company-provided income or benefits (but remain eligible for additional job opportunities for a period of time not to extend beyond the employee's seniority or 18 months, whichever is greater).

If an employee fails to respond to notification of a job offer at an out of labor market area facility or fails to elect one of the two options above, the employee shall be terminated and the employee's recall rights shall cease.

To the extent practicable, employees on indefinite layoff shall be provided early indications of potential job openings, so as to provide reasonable time for their consideration of such potential job opportunities.

Employees who otherwise, but for this agreement, would be on Protected Status but instead are on indefinite layoff as described above shall be placed in accordance with provisions applicable to employees on indefinite layoff.

Any issues relative to the implementation of these provisions will be raised with the National Job Security, Operational Effectiveness, and Sourcing Committee (National JSOES).

Role of Job Security Committees

Section IV of Memorandum of Understanding – Employment Security System (ESS) Program (M-7) provides for a National Job Security, Operational Effectiveness, and Sourcing Committee (National JSOES) and a Local Job Security, Operational Effectiveness, and Sourcing Committee (Local JSOES) for each bargaining unit covered by the National Agreement. These committees shall continue, but their duties and responsibilities shall be realigned consistent with the revised Job Security provisions established in this Memorandum.

Workforce Utilization

Redeployment of Skilled Trades Employees to Production Job Opportunities

In circumstances where

- a facility has skilled trades employees on layoff,
- non-skilled job openings exist at that facility or at one or more other facilities in the same Labor Market Area as the facility experiencing the skilled trades layoffs, and
- there are no production employees on layoff at the facilities within that Labor Market Area, and there are no production volunteers for the open job opportunities

the Company, may, at its option, place the laid-off skilled trades employees into production jobs at any of those facilities where production openings exist.

J. H. J.
BSP
COO. SM.
PS
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Placement of laid-off skilled trades employees into production jobs under these circumstances shall be accomplished in seniority order (from lowest to most senior) regardless of whether or not they have previously held production jobs within the Company.

A skilled trades employee placed into a production job shall be paid at the appropriate skilled trades rate of pay.

Skilled trades employees placed into production jobs as above shall retain their applicable rights to return to skilled trades jobs for which they are qualified (by previously held skilled trades classifications).

Workforce Flexibility

In a Labor Market Area in which Entry-Level employees are employed and a workforce reduction occurs within that Labor Market Area which could result in the layoff of traditional employees, the Company will place those surplus traditional employees into jobs held by Entry-Level employees, thus bumping those Entry-Level employees to layoff.

Any issues relative to the implementation of these provisions will be raised with the National JSOES.

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MIF.
COCAP.
PSP
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PM & P / LMA

Direct Deposit

February xx, 2009

(N-xx) Direct Deposit

International Union, UAW
Attention: Mr. General Holiefield

Dear Sir:

Unless otherwise restricted by applicable state regulations, all payments to employees will be direct deposited to the bank or financial institution the employee designates. If restricted by applicable state regulations, employees not electing direct deposit will have their paycheck mailed to their address of record. Paystubs will be available for employees to view and/or print via the internet and computers or kiosks will be available locally for this purpose.

Very truly yours,

CHRYSLER LLC

By A. Iacobelli

Accepted and Approved:

INTERNATIONAL UNION, UAW

By General Holiefield

J. K. J.
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COCA
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February XX, 2009

PM&P
UNPUBLISHED LETTER
Twinsburg Stamping Plant

International Union, UAW

Attention: Mr. General Holiefield

Dear Sir:

The Parties discussed the status and long term manufacturing plan for Twinsburg Stamping Plant ("TSP"). As part of this discussion, the Company reviewed utilization plans for TSP.

The Company is currently studying these and other uses of TSP. These plans have been shared in confidence with the International UAW. As they become more developed, the Company will advise the Union of the results and final long term plan for TSP.

While the Company is committed to studying these plans with the desire that TSP remains viable, any final determination must be financially favorable. Such financial analysis will consider current market demand and required investment cost. Incremental work will be performed at the labor rate that will be agreed upon with the International UAW in advance. We appreciate the UAW's continued support in developing a long-term viability plan for TSP.

Sincerely,

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PSP
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MST
PB
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M.H. J.W.

February xx, 2009

(N-xx) Union Involvement and Supplier Relations

International Union, UAW

Attention: Mr. General Holiefield

Dear Sir:

During these discussions the Union expressed concern that under certain circumstances, the Company's cost targets for seat suppliers may create an unintended imbalance between the labor cost components of a fully competitive bid and other elements comprising the bid. The Company acknowledged that a \$35.00 per hour all-in rate would currently be considered competitive, and would be viewed favorably when competitively bidding related work. The Company emphasized that labor rates are one of several variables that will continue to be evaluated during the bidding process.

The parties acknowledge that there are many ways in which a seat supplier and their Union can achieve a competitive labor cost structure that enables the supplier to provide a competitive bid to the Company. The Union assured the Company that in circumstances where it represents employees of a Company supplier, it explores a variety of means to ensure a competitive fully fringed labor rate including such things as wage grow-ins and collaborative efforts to reduce waste and direct to indirect labor ratios.

Very truly yours,

CHRYSLER LLC

By A. Iacobelli

Accepted and Approved:

INTERNATIONAL UNION, UAW

By General Holiefield

S.H.J.
P.S.

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February xx, 2009

(N-xx) Vacation Replacements

International Union, UAW

Attention: Mr. General Holiefield

Dear Sir:

During these negotiations, the parties discussed circumstances whereby the need would exist for vacation replacements to be utilized outside the scope of the intent of Letter 185, Letter 19, and Section 45 (a) of the P, M & P Agreement. Therefore, based on mutual agreement between the International Union and Corporate Employee Relations, the parties agree to extend the use of Vacation Replacements to address special circumstances as they arise.

Very truly yours,

CHRYSLER LLC

By A. Iacobelli

Accepted and Approved:

INTERNATIONAL UNION, UAW

By General Holiefield

Handwritten notes:
S.A.J.
PSP
CUCOM.
You inf. sep. m.f.
1.11.09 RB
1.11.09 RB

Memorandum of Understanding

Miscellaneous Matters

Through the authority of the UAW-Chrysler Joint Activity's Board, the parties have implemented aggressive cost reduction of initiatives that has resulted in significant cost savings.

- Suspension of Tuition Assistance Program
- Other Reduced Joint Program Spending

Please note that the Joint Activity's Board proactively pursued significant initiatives to reduce costs in this regard.

Handwritten notes:
PSP
COCOR
up sp
M.S.F.
B.S. M.A.H. J.C. in

February XX, 2009

PM&P
UNPUBLISHED LETTER
Distressed Supplier Meetings

International Union, UAW

Attention: Mr. General Holiefield

Dear Sir:

The Parties have made an attempt over the last year to address many issues related to the Company's supply base. The result has been that the Company and Union have met on a regular basis to discuss the current supply base and review opportunities to improve its supplier base. Working together, the Parties have been able to resolve issues concerning supplier viability. It is the Company's intent to continue this ongoing dialogue, including the quarterly Distressed Supplier Roundtable meetings with senior management from Procurement and Supply, Union Relations, and the National Committee and the leadership from the UAW Chrysler Department.

The Company appreciates the Union's efforts to help resolve distressed supplier issues.

Sincerely,

✓
J. H.S.
PSP
MIF
COCTR
25

April xx, 2009

PM&P
UNPUBLISHED LETTER
Elected and Appointed Representation

International Union, UAW

Attention: Mr. General Holiefield

Dear Sir:

As a means to effectively modify our current labor agreements to meet the terms of the US Treasury Loan and Security Agreement (LSA) while establishing a foundation for the Company's ongoing viability, the number of elected and appointed positions must be reduced to core representation levels.

With the February 17, 2009 LSA Submission, the parties agreed to reduce the number of appointed positions consistent with the cost reductions also identified in the LSA submission. The parties agree that the combination of these reductions will result in the elimination of 318 appointed representatives. The impacted appointed positions will be eliminated within 60 days from the date of ratification. Further, the parties also agree to enforce the existing ratio of the number of elected representatives, consistent with Section 15(h) – Representation, Number of Districts of the 2007 P,M&P Agreement.

Very truly yours,

CHRYSLER LLC

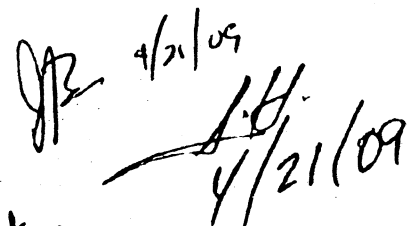
By: A.A. Iacobelli

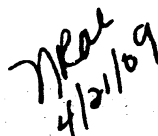
Accepted and Approved:

INTERNATIONAL UNION, UAW

By: General Holiefield


4/21/09


4/21/09


4/21/09

April xx, 2009

PM&P
UNPUBLISHED LETTER
(N-xx) Temporary Part-Time Employees

International Union, UAW

Attention: Mr. General Holiefield

Dear Sir:

The Supplemental Agreement - Temporary Part-Time Employees (S-1) provides for hiring of Temporary Part-Time (TPT) employees to supplement the workforce in order to meet short-term, fluctuating manpower needs. Normally, these employees are scheduled to work on Mondays, Fridays, and premium time, as required. On occasion, the parties have identified the need for TPTs to work outside the typical schedule to protect the efficiency of operations, for example, during periods of high vacation utilization, absenteeism, new model launches, etc.

Accordingly, the International Union and Corporate Employee Relations agree that the parties will, by mutual agreement, extend the use of TPT employees to address special circumstances as they arise.

In an effort to realize the full savings associated with TPT employees and in accordance with the US Department of Treasury Loan and Security Agreement (LSA) submission, the parties agree that all future TPT hires will be at the TPT Team Member Support (TMS) 2 rate in effect on January 5, 2009. Wages formula increases currently provided in the 2007 National Production, Maintenance and Parts Agreement will be frozen for the duration of the 2007 UAW-Chrysler National Agreement. In addition to this lowered rate, TPT employees will not be eligible for a performance bonus or any vacation entitlement.

The Company has no intent to circumvent the intended use of TPT employees or to displace regular full-time employees. Any allegations of improper application of the TPT language will be directed to Corporate Union Relations and the International Union for resolution.

Very truly yours,

CHRYSLER LLC

By A. Iacobelli

Accepted and Approved:

INTERNATIONAL UNION, UAW

By General Holiefield

April xx, 2009

PM&P
UNPUBLISHED LETTER
Skilled Trades Rationalization

International Union, UAW

Attention: Mr. General Holiefield

Dear Sir:

The Company and the Union recognize that a consolidated skilled trades structure with two (2) skilled classifications is essential to meet the terms of the Federal Loan and Security Agreement (LSA). No lines of demarcation will exist within the respective classifications. Skilled employees will only be assigned to job assignments that they can safely perform.

- The **Electrical Technician** will consist of the following trades – Electrician and Repairer – Welder Equipment.
- The **Mechanical Technician** will consist of the following trades – Millwright, Millwright/Welder, Sheet Metal Worker, Welder-Maintenance, Pipefitter, Pipefitter-Plumber, Pipefitter/Spray Gun Repair, Machine Repair, Die Maker, Die Maker-Die Cast, Machine Operator-Tool, Die & Maintenance, Repair-Mechanical Handling Equipment, Tool/Fixture/Machine Repair Technician, Tool Maker, Tool Maker-Jig Fixture Builder, Tool Maker-Tool & Gage Inspection, Welder-Tool & Die, Carpenter, Painter, Cutter Grinder, Keller Machine Operator, CNC Machine Technician, and Furnace Repair.

In addition, all other skilled trade classifications in other activities will be eliminated by December 31, 2009.

The two (2) classifications will assume the responsibilities of both the consolidated and reduced classifications and the training will be adjusted accordingly. The assumption of responsibilities within the two (2) classification structure along with the elimination of all other classifications in advance of December 31, 2009 is consistent with the cost reductions also identified in the LSA submission. Until employees are trained, layoff and recall will be by the current classification structure after which the two (2) core classifications will be considered distinct stand alone classifications for all seniority purposes.

The following classifications are not impacted by this agreement and remain separate and distinct:

#5703 Boiler Repair, #5706 Repair – Compressor, #5905 Boiler Operator, #5920 Compressor Operator, #5927 Engineer – Steam, #5929 Energy Center Operator, #5942 Sewage Disposal Plant Operator, #5654 Mechanic – Refrigeration & Air Conditioning (employees in this classification who are not associated with the Energy Center will be classified into "other mechanical" classifications groupings), #5693 Powerhouse &

Maintenance, #5714 Mechanic – Gas & Electric Jitney, #5717 Mechanic – Gas & Electric Jitney, #5718 Mechanic – Gas & Electric Jitney, #5719 Mechanic – Gas & Electric Jitney, #5721 Mechanic – Gas & Electric Jitney, #5728 Mechanic – Gas & Electric Jitney, and #5759 Mechanic – Truck-Tractor.

To qualify, new entrants to either the Electrical Technician or Mechanical Technician classification must possess eight (8) years of experience in a recognized trade or have graduated from a bona fide apprentice program.

All other ancillary skilled trades functions are beyond the new scope of work (i.e., construction, high voltage projects) and will be sourced to a third party and all provisions or past practices regarding contractor matching are eliminated in these cases. As part of the existing contractor review process, similarly skilled work that is contracted out will not exceed the one for one match.

Very truly yours,

CHRYSLER LLC

By: A.A. Iacobelli

Accepted and Approved:

INTERNATIONAL UNION, UAW

By: General Holiefield

Memorandum of Understanding

REPLACED BY UP LETTER
"SKILLED TRADES RATIONALI-
ZATION"

Competitive Work Rules

~~Implement Competitive Operating Model currently utilized at several facilities at Chrysler and contained in the 2007 Chrysler LLC-UAW National Agreements.~~

LAG 1C
4/25/09

~~We expect these provisions will continue to support Chrysler's efforts to achieve world-class efficiency levels.~~

~~As contained in the 2007 Chrysler LLC-UAW National Agreements:~~

- ~~**Skilled Trades Classifications** — reduce from 36 to 5, organized into 2 core groupings — Electrical and Mechanical~~
- ~~**Workplace Organization Model** — two classification structure (Team Member/ Team Leader) — accelerate implementation across manufacturing~~

LAG 4/25/09
LAG

UAW/Chrysler Attendance Policy

Philosophy

It is important to our operation for every employee to come to work every day and on time. Attendance is our foundation for teamwork – we rely on each other for the success of the business, and we depend on every employee to be where he or she is supposed to be. As employees must cover for vacations and absenteeism, a burden is placed on the entire team when a fellow employee is absent.

Attendance Policy

Instances of lost time due to absence or tardiness are considered occurrences, and are counted as follows:

Tardy:

The first four tardy occurrences accounted for in the rolling 12-month period of active on roll employment will each be charged as a ½ occurrence, as long as the employee is not in a locked period within the procedure. Thereafter, each tardy will be counted and charged as a full occurrence. An employee who arrives to work more than one (1) hour after the start of the scheduled shift will be considered as absent and will incur a full occurrence.

Absence:

Occurrence – Each absence, whether separate or consecutive, shall count as an occurrence.

- The 4th Occurrence in a rolling twelve (12) month period of active on roll employment will result in a written reminder / warning and the employee will enter a locked twelve (12) month period of active on roll employment.
- The 5th Occurrence will result in a Corrective Action Conference and the employee will enter a locked two (2) year period of active on roll employment.
- The 6th Occurrence will result in a Decision-Making Leave / DLO.
 - The Decision-Making Leave is one day off, with pay, to allow the employee to reflect on whether he or she wants continued employment with Chrysler.
 - Upon returning from the one day Decision-Making Leave the employee will be required to submit a Formal Corrective Action / Commitment letter to the Human Resources Department.
 - The employee enters a locked two (2) year period of active on roll employment.
- The 7th Occurrence will result in dismissal.

Coding:

Occurrences under the policy are defined as casual time off from work. Not considered an occurrence are contractually permitted absences for reasons such as Holiday, Vacation, Jury, Bereavement (for which one is eligible for bereavement pay), Military, In-plant injury balance of the shift, FMLA, Paid S & A Leaves, Leave of Absence, approved PAA time, Layoff, Union Leave, Disciplinary Suspension, Company Mandated Time Off, sent home partial shift per Management discretion, and/or Worker's Compensation.

UAW/Chrysler Attendance Policy

Reinstatement:

The expectation is that all employees returning from disability leaves of absence will be ready and available at the start of the shift on the day the employee is scheduled to return.

- Day shift employees returning to work from disability leave of absence are required to report to the Human Resources Office for reinstatement processing on the day prior to their scheduled return.
- Afternoon or evening shift employees are required to report to the Human Resources Office for reinstatement processing in time to start their shift.

If the employee does not complete the reinstatement process as required, he/she will be sent home and the day counts as an occurrence in the attendance procedure.

Call-in:

If an employee does not call in an unscheduled absence at least thirty (30) minutes prior to the start of the shift, the absence will be considered an occurrence in the Attendance Policy, whether or not the absence is permitted under the policy.

Employees are required to call in to the designated Call-in number for proper accountability.

Job Posting:

An employee is restricted from posting if he or she is in or beyond the Corrective Action Conference Step of this policy and shall remain restricted until he or she has fully recovered.

Turnaround Policy:

Employees will be allowed to work if they arrive within one hour of the start of their shift. The tardy will be counted as an occurrence or ½ occurrence as applicable. Employees arriving more than one hour late are sent home at Management's discretion, without pay, and the absence will count as an occurrence in the Attendance Policy.

VEBA Note and Equity Terms
April 26, 2009

Following is a summary of the proposed principal terms for the transactions related to the restructuring of the obligations of Chrysler LLC ("**Chrysler**"), to the Voluntary Employee Benefit Association ("**VEBA**") in connection with Chrysler's proposed industrial alliance with Fiat S.p.A. and efforts to effect a restructuring with the support of the United States Department of the Treasury. No obligation or right on the part of any party hereto will arise as a result of this term sheet unless and until the Parties execute definitive agreements, and then such rights and obligations will be governed by the terms and conditions of, such definitive agreements.

Proposed Terms																	
Note Principal Amount	<ul style="list-style-type: none"> • \$4,587 million 																
Interest Rate	<ul style="list-style-type: none"> • Note to carry implicit interest rate of 9% 																
Maturity	<ul style="list-style-type: none"> • Note to mature in 2023 																
Payment Features	<ul style="list-style-type: none"> • Fixed Payments (comprising interest and principal amortization) on July 15 of each of the following years: <table border="1" style="margin-left: 20px; width: 80%;"> <tbody> <tr> <td>• 2010 -- \$315 mn</td> <td>• 2018 -- \$823.8 mn</td> </tr> <tr> <td>• 2011 -- \$300 mn</td> <td>• 2019 -- \$823.8 mn</td> </tr> <tr> <td>• 2012 -- \$400 mn</td> <td>• 2020 -- \$823.8 mn</td> </tr> <tr> <td>• 2013 -- \$600 mn</td> <td>• 2021 -- \$823.8 mn</td> </tr> <tr> <td>• 2014 -- \$650 mn</td> <td>• 2022 -- \$823.8 mn</td> </tr> <tr> <td>• 2015 -- \$650 mn</td> <td>• 2023 -- \$827.1 mn.</td> </tr> <tr> <td>• 2016 -- \$650 mn</td> <td style="text-align: center;">Final Payment</td> </tr> <tr> <td>• 2017 -- \$650 mn</td> <td></td> </tr> </tbody> </table> • Optional note prepayments in any given year (i.e., payments in excess of fixed minimum) can be used to offset scheduled payments (on a dollar-for-dollar basis) in the following two years (rolling basis) provided that no default or event of default shall have occurred and be continuing; • Pre-payments not used to offset scheduled payments in following two years will be used to achieve early retirement of note (i.e. taken off "back end"), and all will be discounted at a rate of 9% per annum; • All note payments shall be settled in cash; and • Note balance with accrued interest is pre-payable at any time without penalty. 	• 2010 -- \$315 mn	• 2018 -- \$823.8 mn	• 2011 -- \$300 mn	• 2019 -- \$823.8 mn	• 2012 -- \$400 mn	• 2020 -- \$823.8 mn	• 2013 -- \$600 mn	• 2021 -- \$823.8 mn	• 2014 -- \$650 mn	• 2022 -- \$823.8 mn	• 2015 -- \$650 mn	• 2023 -- \$827.1 mn.	• 2016 -- \$650 mn	Final Payment	• 2017 -- \$650 mn	
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• 2016 -- \$650 mn	Final Payment																
• 2017 -- \$650 mn																	
Other Note Terms	<ul style="list-style-type: none"> • To be agreed in good faith by the parties hereto based on customary terms for subordinated debt obligations and to include anti-layering protection, it being understood that the Note will rank <i>pari passu</i> with all existing and future unsecured and unsubordinated debt obligations of Chrysler; • VEBA shall be entitled to sell note at any time in part or in full; and • VEBA shall have demand and shelf registration rights for the note commencing six months after the earliest of (i) the initial public offering of Chrysler or any of its affiliates holding the majority of Chrysler's car assets ("Chrysler IPO"), (ii) the date on which Fiat 																

	becomes the majority owner of Chrysler and (iii) June 30, 2012.
Existing VEBA Asset	<ul style="list-style-type: none"> Existing VEBA Asset (which at March 31, 2009 had a balance of \$1,527 million) will continue to be held and invested, and will be turned over to the new VEBA, in accordance with the terms of the existing Settlement Agreement. Changes in asset values of the VEBA from March 31, 2009 through December 31, 2009 shall have no impact on the any terms of the note or the Fixed Payments. VEBA will be responsible for claims incurred on and after January 1, 2010 in accordance with existing Settlement Agreement.
2009 Health Care Expense	<ul style="list-style-type: none"> Chrysler to continue retiree medical benefits with respect to claims incurred prior to January 1, 2010 and VEBA responsible for claims incurred on and after January 1, 2010 as per existing Settlement Agreement. Beginning with claims incurred on and after the later of (a) July 1, 2009 or (b) receipt of necessary court approval, the plan administered by Chrysler shall be amended to reflect the changes set out in Exhibit A hereto.
Call Option	<ul style="list-style-type: none"> Fiat to receive call option to purchase shares from VEBA using valuation formula consistent with Fiat's 16% Chrysler call option, and in a manner compatible with the UST warrants and other restrictions (i.e., 49% Fiat ownership cap prior to repayment of UST loan), provided, however, that the call option is not exercisable prior to July 1, 2012 and may not be exercised for more than (i) 8% of the VEBA shares in any six month period and (ii) 40% of the VEBA shares in the aggregate; and For the avoidance of doubt, VEBA on the one hand and Fiat and/or Chrysler on the other hand may at any time (subject to other contractual obligations, including to UST) agree to a sale and purchase of the VEBA shares on terms to be agreed among them.
Equity	<ul style="list-style-type: none"> VEBA Equity will represent 55% of fully diluted ownership ("VEBA Shares"), after giving effect to Fiat's 15% milestone based equity and 10% equity ownership of UST (note: any other equity issuance would dilute all shareholders ratably); and Equity shall have tag along, preemptive, and other rights typical for securities of this type.
Equity Sale Rights	<ul style="list-style-type: none"> VEBA shall have demand and piggy-back registration rights on customary terms and conditions with demand/shelf registration rights commencing on the earlier of (i) six months following a Chrysler IPO and (ii) January 1, 2013 (the "First Demand Date"). VEBA shall have the right to five demand and shelf registrations in total which may consist of no more than one demand registration and one shelf registration in any twelve month period and no registration of either kind within six months of another registration. Registrations will be subject to customary "cut back" provisions. Prior to and after the First Demand Date, the VEBA shall be entitled to sell all or any portion of its shares at any time in one or a series of related transactions not constituting a public offering of shares provided that the VEBA shall have given Fiat, first, and

	<p>then Chrysler, second, prior notice of its intention to seek to sell such shares, the quantity of such shares it plans to sell and the material terms and conditions upon which the proposed purchase would be made (such notice, a "Sale Notice") and Fiat and/or Chrysler shall have failed to elect to purchase such shares proposed to be sold on such terms and conditions pursuant to the Call Option by written notice to the VEBA delivered within 30 days of its receipt of the Sale Notice. The VEBA may then sell such shares within a time period to be mutually agreed on terms and conditions no less favorable to the VEBA than those originally proposed (it being understood that, following a Chrysler IPO, VEBA may propose to sell shares at the then current market price and if Fiat and/or Chrysler elect not to purchase such shares at such price, a subsequent sale of such shares within the agreed time period at the then current market price will be deemed to be at a price no less favorable than that originally proposed). In any event, VEBA will not sell shares (i) in any transaction or series of transactions to any holder (other than to Chrysler, Fiat or the UST) that would result in the purchaser acquiring beneficial ownership of 15% or more of the Chrysler equity or (ii) to any other automotive OEM.</p>
Equity Upside Recapture	<ul style="list-style-type: none"> • Mechanism to be developed to provide UST with 100% of all VEBA equity upside over \$4,250 million (increasing at 9% per year from January 1, 2010).
Governance	<ul style="list-style-type: none"> • VEBA to have right to nominate one Chrysler Board member, with UAW consent and • VEBA Chrysler shares to be voted by independent directors in proportion to independent directors' votes.
Amendment to Trust Agreement	<ul style="list-style-type: none"> • The Trust Agreement, as approved by the court as part of the 2007 VEBA settlement, shall be amended to eliminate the January 1, 2012 restriction on benefit modifications by the Committee and the Committee shall therefore have authority to establish benefit levels with effect from January 1, 2010.
Pension Plan	<ul style="list-style-type: none"> • No termination of Pension Plans covering UAW-represented employees and retirees. "Pension Pass Through" mechanism from existing Settlement Agreement eliminated.
Other	<ul style="list-style-type: none"> • Subject to final documentation, ratification, court approval and restructuring of Chrysler reasonably acceptable to the parties

Exhibit A -- 2009 Retiree Benefit Modifications

Beginning with claims incurred on the later of (a) July 1, 2009 or (b) receipt of necessary court approvals, the benefit plan provided by Chrysler for UAW-represented retirees, and as amended by the Settlement Agreement approved by the Court July 31 2008, will be changed as follows:

<p>Prescription Drug Co-Pays (applicable to all retirees, surviving spouses and their eligible dependents)</p>	<p>Retail (34 day supply)</p> <ul style="list-style-type: none"> • \$10 Generic • \$25 Brand <p>Mail Order (90 day supply)</p> <ul style="list-style-type: none"> • \$20 Generic • \$50 Brand
<p>Catastrophic Plan for retirees and surviving spouses (and their eligible dependents) who elect into the Plan or fail to pay required monthly contributions</p>	<p>No longer offered</p> <p>Chrysler and the UAW will mutually agree on the process to provide retirees and surviving spouses (and their eligible dependents) currently enrolled in the Catastrophic Plan the option to enroll in benefit plans available to other Chrysler UAW-represented retirees.</p>
<p>Coverage for Erectile Dysfunction (ED) medications (e.g. Viagra, Cialis, Levitra)</p>	<p>No longer offered, except in prior authorized cases of Pulmonary Arterial Hypertension</p>
<p>Coverage for the Proton Pump Inhibitor drug class (e.g. omeprazole, Prilosec, Zegerid, Nexium, Achiphex, Prevacid, Protonix)</p>	<p>No longer offered, except in prior authorized cases of Barrett's Esophagitis and Zoellinger-Ellison Syndrome</p>
<p>Vision Program</p>	<p>No longer offered</p>
<p>Dental Program</p>	<p>No longer offered</p>
<p>Emergency Room Co-Pay</p>	<p>\$100 (waived if admitted)</p>
<p>Medicare Part B Special Benefit (\$76.20 for Medicare-eligible retirees) enrolled in</p>	<p>No longer offered by health plan.</p>

Medicare	This modification is not applicable to approximately 8,800 retirees and surviving spouses who are currently receiving the benefit and who retired or began receiving surviving spouse benefits before October 1979, and whose benefit is provided through the pension trust. There will be no change in these payments from the pension trust for the retirees described in the preceding sentence.
“Low Income Retirees” who meet the provisions of the Affordability Test (less than \$8,000 annual pension and monthly basic benefit rate of less than \$33.33)	Monthly contribution requirement of \$11 (flat rate regardless of family status) In all other respects, the same administrative provisions and plan design requirements applicable to all other General retirees shall apply.
Monthly Contribution Requirements (General Retirees)	No Change (currently \$11/single and \$23/family)
Deductible and Co-Pay Requirements (General Retirees)	No Change (currently \$164 annual deductible and \$273 annual (single) out-of-pocket maximum)
Implementation	The parties will work together to effect a mutually-agreed transition and implementation as soon as practicable. Chrysler and the UAW will mutually agree upon communications.