DEPARTMENT OF LABOR

Employment and Training Administration

[TA–W–70,089]

Glenn Springs Holdings, Inc., a Subsidiary of Occidental Petroleum Corporation, New Castle, DE; Notice of Negative Determination Regarding Application for Reconsideration

By application dated August 19, 2009, a company official requested administrative reconsideration of the Department's negative determination regarding eligibility for workers and former workers of the subject firm to apply for Trade Adjustment Assistance (TAA). The denial notice was signed on July 24, 2009 and published in the **Federal Register** on September 2, 2009 (74 FR 45478).

Pursuant to 29 CFR 90.18(c) reconsideration may be granted under the following circumstances:

(1) If it appears on the basis of facts not previously considered that the determination complained of was erroneous;

(2) If it appears that the determination complained of was based on a mistake in the determination of facts not previously considered; or

(3) If in the opinion of the Certifying Officer, a misinterpretation of facts or of the law justified reconsideration of the decision.

The TAA petition filed on behalf of workers at Glenn Springs Holdings, Inc., a subsidiary of Occidental Petroleum Corporation, New Castle, Delaware was based on the finding that imports of services like or directly competitive with services provided by workers of the subject firm did not contribute to worker separations at the subject firm during the relevant period. The investigation revealed that workers of the subject firm were engaged in refining facility's water, removing sludge from machines, repairing the building's electrical system, distributing the anhydrous potassium hydroxide and closing the facility. The subject firm did not import nor acquire services from a foreign country and also did not shift the provision of these services to a foreign country.

In the request for reconsideration, the petitioner stated that workers of the subject firm were previously certified eligible for TAA based on increased imports of chlorine. The petitioner further stated that even though production of chlorine did not occur at the subject facility in the relevant period, workers of the subject firm were retained by the subject firm to effectively close the plant. The petitioner appears to allege that because workers of the subject firm were previously certified eligible for TAA and the workers of the current petition were the part of that worker group but stayed employed beyond the expiration date of the previous certification, the workers of the subject firm should be granted another TAA certification.

The workers of Glenn Springs Holdings, Inc., a subsidiary of Occidental Petroleum Corporation, New Castle, Delaware were previously certified eligible for TAA under petition numbers TA–W–58,508, which expired on January 12, 2008. The investigation revealed that at that time workers of the subject firm were engaged in production of chlorine and the employment declines at the subject facility were attributed to increased imports of chlorine. However, the current investigation revealed that production of chlorine at the subject firm ceased during November 2007.

When assessing eligibility for TAA, the Department exclusively considers worker activities during the relevant time period (from one year prior to the date of the petition). Therefore, events occurring in 2007 are outside of the relevant period and are not considered in this investigation.

The investigation revealed that workers of the subject firm were engaged in refining facility's water, removing sludge from machines, repairing the building's electrical system, distributing the anhydrous potassium hydroxide and closing the facility during the relevant period. These functions, as described above, were not imported, or shifted abroad nor were the service acquired from a foreign country during the relevant period. Therefore, criteria II.A. and II.B. of Section 222(a) of the Act were not met. Furthermore, with the respect to Section 222(c) of the Act, the investigation revealed that criterion 2 was not met because the workers did not supply a service that was used by a firm with TAA-certified workers in the production of an article or supply of a service that was a basis for TAA certification.

The petitioner did not supply facts not previously considered; nor provide additional documentation indicating that there was either (1) a mistake in the determination of facts not previously considered or (2) a misinterpretation of facts or of the law justifying reconsideration of the initial determination.

After careful review of the request for reconsideration, the Department determines that 29 CFR 90.18(c) has not been met.

Conclusion

After review of the application and investigative findings, I conclude that there has been no error or misinterpretation of the law or of the facts which would justify reconsideration of the Department of Labor's prior decision. Accordingly, the application is denied.

Signed at Washington, DC, this 22nd day of September 2009.

Elliott S. Kushner,

Certifying Officer, Division of Trade Adjustment Assistance.

[FR Doc. E9–23910 Filed 10–2–09; 8:45 am]

BILLING CODE 4510–FN–P

DEPARTMENT OF LABOR

Employee Benefits Security Administration

[Application No. L–11566]

Notice of Proposed Individual Exemption Involving Chrysler LLC, Located in Auburn Hills, MI

AGENCY: Employee Benefits Security Administration, U.S. Department of Labor.

ACTION: Notice of proposed individual exemption.

This document contains a notice of pendency before the Department of Labor (the Department) of a proposed individual exemption from certain prohibited transaction restrictions of the Employee Retirement Income Security Act of 1974 (the Act or ERISA). The transactions involve the UAW Chrysler Retiree Medical Benefits Plan (the New Chrysler VEBA Plan) and its associated UAW Retiree Medical Benefits Trust (the VEBA Trust) (collectively the VEBA).[1] The proposed exemption, if granted, would affect the VEBA, its participants and beneficiaries.

Effective Date: If granted, this proposed exemption will be effective as of June 10, 2009.

DATES: Written comments and requests for a public hearing on the proposed exemption should be submitted to the Department within 45 days from the date of publication of this **Federal Register** Notice.

ADDRESSES: All written comments and requests for a public hearing concerning the proposed exemption should be sent to the Office of Exemption

[1] Because the New Chrysler VEBA Plan will not be qualified under section 401 of the Internal Revenue Code of 1986, there is no jurisdiction under Title II of the Act pursuant to section 4975 of the Code. However, there is jurisdiction under Title I of the Act.

Determinations, Employee Benefits Security Administration, Room N–5700, U.S. Department of Labor, 200 Constitution Avenue, NW., Washington DC 20210, Attention: Application No. L–11566. Interested persons are also invited to submit comments and/or hearing requests to EBSA via e-mail or FAX. Any such comments or requests should be sent either by e-mail to: *chrysler@dol.gov,* or by FAX to (202) 219–0204 by the end of the scheduled comment period. The application for exemption and the comments received will be available for public inspection in the Public Documents Room of the Employee Benefits Security Administration, U.S. Department of Labor, Room N–1513, 200 Constitution Avenue, NW., Washington, DC 20210.

FOR FURTHER INFORMATION CONTACT: Brian J. Buyniski or Warren Blinder, Office of Exemption Determinations, Employee Benefits Security Administration, U.S. Department of Labor, telephone (202) 693–8566. (This is not a toll-free number).

SUPPLEMENTARY INFORMATION: This document contains a notice of proposed individual exemption from the restrictions of sections 406(a)(1)(A), 406(a)(1)(B), 406(a)(1)(D), 406(a)(1)(E), 406(a)(2), 406(b)(1), 406(b)(2), and 407(a) of ERISA. The proposed exemption has been requested in an application filed by New Chrysler pursuant to section 408(a) of ERISA and in accordance with the procedures set forth in 29 CFR 2570, Subpart B (55 FR 32836, August 10, 1990). Effective December 31, 1978, section 102 of Reorganization Plan No. 4 of 1978, (43 FR 47713, October 17, 1978) transferred the authority of the Secretary of the Treasury to issue exemptions of the type requested to the Secretary of Labor. Accordingly, this proposed exemption is being issued solely by the Department.

Summary of Facts and Representations[2]

The Applicant

Prior to filing for bankruptcy protection under chapter 11 of Title 11 of the United States Code (the Bankruptcy Code) on April 30, 2009, Chrysler LLC (Chrysler LLC), a Delaware limited liability company, was an American automobile manufacturer headquartered in Auburn Hills, Michigan, first organized as Chrysler Corporation in 1925. Chrysler LLC manufactured, assembled, and sold cars, trucks, and related automotive parts and accessories primarily in the United States, Canada, and Mexico. It supplied passenger cars, SUVs, sports tourers, minivans, and pickups. The company also purchased and distributed passenger cars manufactured by Mitsubishi Motor Manufacturing of America. Prior to filing for bankruptcy protection, Chrysler LLC employed approximately 55,000 hourly and salaried employees worldwide, about 70% of whom were based in the United States. As of the date of the exemption application filing, Chrysler LLC had 32 manufacturing and assembly facilities, 23 of which (or 69% of the vehicle production) are located in the United States, and 24 parts depots, 20 of which are in this country. Chrysler's business interests touched all 50 states, as well as Canada, Mexico, Europe and Asia. Chrysler LLC has an expansive dealer network, with over 3,200 dealerships in the United States selling Chrysler cars and trucks (or 60% of the global dealer network). Seventy-two percent of Chrysler LLC's sales were in the United States, and it purchased 78% of its parts and materials from U.S.-based suppliers. For the twelve months ended December 31, 2008, Chrysler LLC recorded revenue of more than $48.5 billion and had assets of approximately $39.3 billion and liabilities totaling $55.2 billion. During the same period, Chrysler LLC had a net loss of approximately $16.8 billion.

From 1998 to 2007, Chrysler and its subsidiaries were part of the German based DaimlerChrysler AG (now Daimler AG). Under DaimlerChrysler, the company was named ''DaimlerChrysler Motors Company LLC'', with its U.S. operations generally referred to as the ''Chrysler Group''. On May 14, 2007, DaimlerChrysler announced the sale of 80.1% of Chrysler Group to American private equity firm Cerberus Capital Management, L.P., with Daimler continuing to hold a 19.9% stake. The deal was finalized on August 3, 2007, and upon completion of the sale, the company was renamed Chrysler LLC. On April 27, 2009, Daimler AG signed a binding agreement to give up its 19.9% remaining stake in Chrysler LLC to Cerberus Capital Management and pay as much as $600 million into the automaker's pension fund.

On May 31, 2009, in the course of the bankruptcy proceeding (the Bankruptcy Proceeding), the United States Bankruptcy Court for the Southern District of New York (the Bankruptcy Court) issued an opinion granting Chrysler LLC's motion for authority to sell, pursuant to section 363 of the Bankruptcy Code, substantially all of its assets to an entity called New Chrysler (New Chrysler).[3] New Chrysler is a Delaware limited liability company formed by Fiat North America LLC, a subsidiary of Fiat S.p.A (Fiat). New Chrysler expects to remain headquartered in Auburn Hills, Michigan, and expects to employ most of Chrysler's approximately 55,000 hourly and salaried employees worldwide, 70% or 38,500 of whom were based in the United States and still manufactures, assembles, and sells cars, trucks, and related automotive parts and accessories in the United States, Europe, Canada, and Mexico. Pursuant to the UAW Retiree Settlement Agreement between New Chrysler and the UAW (the Settlement Agreement), the UAW Chrysler Retiree Medical Benefits Plan (the New Chrysler VEBA Plan) will be established to provide retiree medical benefits to certain Chrysler-UAW represented employees and retirees, and their spouses and dependents.[4]

Background

Throughout much of 2007, Chrysler LLC and the UAW engaged in extended discussions concerning the impact of rising health care costs on Chrysler LLC's financial condition. During these discussions, Chrysler LLC asserted that it had the right to unilaterally modify the retiree health benefits under the Chrysler Health Care Program for Hourly Employees and that, if no agreement was reached to address the economic burden of its retiree health obligation, Chrysler LLC would do so unilaterally. The UAW disagreed with Chrysler LLC's position and asserted that retiree benefits were vested and that Chrysler LLC did not have the right to modify them unilaterally. In 2007, the UAW along with respective class representatives of plaintiff class members in *UAW* v. *Chrysler LLC* (the ''English'' Case) filed a lawsuit challenging Chrysler LLC's position and sought a permanent injunction prohibiting such termination or modification. After an extensive review by the UAW and Class Counsel (Class Counsel) of Chrysler LLC's ability to continue providing retiree health care benefits, the parties entered into a Settlement Agreement (English Settlement Agreement) on March 30, 2008, providing, among other things,

[2] The Summary of Facts and Representations is based on the Applicant's representations and does not reflect the views of the Department.

[3] *In re* Chrysler LLC, *et al.,* No. 09B 50002 (Document 3073), slip op. (Bankr. S.D.N.Y. May 31, 2009).

[4] Specifically, the New Chrysler VEBA Plan will provide retiree medical benefits to members of the ''Class'' and the ''Covered Group'' as defined in the Settlement Agreement and in Section VI. of this exemption.

that Chrysler LLC transfer responsibility and funding for retiree health care benefits to a voluntary employee benefits association.[5]

The English Settlement Agreement provided that on the later of January 1, 2010, or final court approval of the Settlement Agreement, Chrysler LLC would continue to provide retiree medical benefits for class members, known as the ''Covered Group'', under the old Chrysler Plan and would transfer certain assets to the VEBA Trust to provide the Class and Covered Group with post-retirement medical benefits. The English Settlement Agreement modified existing retiree medical benefits and Chrysler LLC was obligated to provide benefits until January 1, 2010, and then funding of the benefits would be shifted to the VEBA Trust. Under the English Settlement Agreement, Chrysler LLC's obligation to provide post-retirement medical benefits to the Class and Covered Group would be terminated. The Trust would be established and maintained not by Chrysler LLC, but by an employees' beneficiary association consisting of the population described in the English Settlement Agreement and administered by an independent committee (''Committee''). A Plan, to be funded exclusively through the VEBA Trust, would be solely responsible for the payment of post-retirement medical benefits to members of the Class and Covered Group on and after January 1, 2010.

In September of 2008, a sharp downturn in sales significantly affected Chrysler LLC. Soon thereafter, Chrysler LLC focused its attention on acquiring a merger partner, but talks were put on hold while the company sought government funds to prevent bankruptcy. In December of 2008, Chrysler LLC received a $4 billion loan from the United States Treasury Department to fund their operations through the liquidity crunch. At the same time that Chrysler LLC was pursuing government assistance, it continued its efforts to secure a strategic partner that could assist it in achieving its long-term viability goals. Pursuant to the terms of the loan, Chrysler LLC was required to submit a plan showing that it was able to achieve and sustain long-term viability, energy efficiency, rationalization of costs and competitiveness in the U.S. marketplace, which would indicate Chrysler LLC's ability to repay the financing.

These long-term production goals led Chrysler LLC to announce that they were going to form a global alliance with Fiat S.p.A. On January 20, 2009, Fiat and Chrysler LLC announced that they had a non-binding term sheet to form a global alliance. Under the terms of the potential agreement, Fiat could take a 35% stake in Chrysler LLC and gain access to its North American dealer network in exchange for providing Chrysler LLC with the platform to build smaller, more fuel-efficient vehicles in the US and reciprocal access to Fiat's global distribution network. Fiat is an Italian automobile manufacturer, engine manufacturer, and financial and industrial group based in Turin. As of 2009, Fiat is the world's 6th largest carmaker as well as Italy's largest carmaker.

Bankruptcy

In light of deteriorating market conditions and a growing liquidity crisis that would make it impossible for Chrysler LLC to continue operations, Chrysler LLC and 26 of its domestic direct and indirect subsidiaries, filed a bankruptcy action under chapter 11 of Title 11 of the United States Code (the ''Bankruptcy Code'') on April 30, 2009 with the Bankruptcy Court and announced a plan for a partnership with Italian automaker Fiat.[6] As noted previously, the Bankruptcy Court approved a sale under Section 363 of Title 11 of the U.S. Code by which New Chrysler succeeded to certain assets and liabilities of Chrysler LLC (''Section 363 Sale''). The Bankruptcy Court also approved the Modified Settlement Agreement. The section 363 Sale closed, and the Modified Settlement Agreement was executed, on June 10, 2009. The assets in the Section 363 Sale were sold free and clear of liens, claims, interests, and encumbrances.

Through the Bankruptcy Proceeding, New Chrysler acquired certain core assets from Chrysler LLC in exchange for the assumption of certain liabilities of Chrysler LLC and a cash payment to Chrysler LLC pursuant to the Master Transaction Agreement, dated as of April 30, 2009 as subsequently amended (collectively with other ancillary and supporting documents, the ''MTA'').

Pursuant to the MTA, Chrysler LLC transferred substantially all of its operating assets to New Chrysler, and in exchange for those assets, New Chrysler assumed certain liabilities of Chrysler LLC and paid Chrysler LLC $2 billion in cash. New Chrysler is jointly owned by Fiat, the US Treasury, the Governments of Canada and Ontario (the Canadian Government) and the VEBA Trust. The transaction is expected to strengthen New Chrysler's viability for the long term with access to Fiat's existing technology, including competitive platforms, powertrain, and vehicles to be produced at New Chrysler's manufacturing sites. The transaction is also expected to allow Fiat and New Chrysler to each take advantage of the other's distribution networks in key growth markets and to optimize fully their respective manufacturing footprint and global supplier base.

Pursuant to the Plan of Reorganization, New Chrysler, a Delaware limited liability company, was formed by Fiat North America, LLC, as an alliance entity [7] for the acquisition of the assets from Chrysler LLC generally free and clear of claims of Chrysler LLC's creditors.[8] Upon the closing of the sale, the government entities will hold 12.31% (The U.S. Treasury will hold 9.85% and the Canadian Government will hold 2.46%), the New Chrysler VEBA Plan will hold 67.69%, and Fiat will hold 20% of the total value of shares (the Shares). Upon reaching certain milestones, fully explained later in this exemption, Fiat's interest will increase to 35%, with the right to acquire an additional 16% by buying certain shares of New Chrysler. Fiat will not be able to get control of New Chrysler until the outstanding debts to

[5] In 2007 and 2009, Chrysler LLC agreed to provide certain retiree medical benefits specified in certain memoranda of understanding between Chrysler, the UAW and the class representatives. Chrysler LLC and the UAW, along with respective class representatives of plaintiff class members *in UAW* v. *Chrysler, LLC,* Civ. Act. No. 2:07–cv–14310 (E.D. Mich, complaint filed October 11, 2007) (the *''English''* Case) entered into a separate settlement agreement in 2007, which provided for Chrysler LLC to make certain deposits and remittances to the UAW Retiree Medical Benefits Trust for the provision of retiree medical benefits.

In light of the Bankruptcy Proceeding, the settlement in the *English* case is of no further effect. Although not a party to the Bankruptcy Proceeding or the Modified Settlement Agreement described in this exemption application, the firm of Stember, Feinstein, Doyle & Payne, LLC, as Class Counsel in the *English* case, was engaged to render an opinion on the fairness, from a financial point of view, of the consideration to be received by Chrysler LLC in connection with the sale of assets to New Chrysler (the Sale), and also to review the Modified Settlement Agreement described in this exemption application. Class Counsel concurs that it is fair, reasonable and in the best interest of the former class members, and supports the request by New Chrysler for an individual exemption request.

[6] In connection with the Bankruptcy Proceeding, Chrysler LLC's non-U.S. direct and indirect subsidiaries have not sought relief under chapter 11 of the Bankruptcy Code or any other insolvency laws. Chrysler LLC's Mexican, Canadian and other international operations are also not part of any bankruptcy filing.

[7] None of the debtor's equity holders received an interest in New Chrysler.

[8] See In Re Chrysler LLC, *et. al.,* Case No. 09B 50002 (Document 3073), slip op.(Bankr.S.D.N.Y. May 31, 2009)), the order authorizing the sale of substantially all of the debtor's assets free and clear of all liens, claims, interests, and encumbrances.

the U.S. Treasury and Canada are paid in full. After the Sale, New Chrysler became the new legal entity, Chrysler Group LLC. The claims of Chrysler LLC's unsecured creditors were not assumed by New Chrysler through the Bankruptcy Proceeding unless expressly provided for in the MTA. Among the claims that were not assumed by New Chrysler, was the obligation owed by Chrysler LLC to provide retiree medical benefits pursuant to the Memorandum of Understanding Post-Retirement Medical Care, dated October 12, 2007, between Chrysler and the UAW and the Memorandum of Understanding Post-Retirement Medical Care, dated April 29, 2009, between Chrysler and the UAW (together, the ''MOUs''), as well as the English Settlement Agreement reached in *UAW* v. *Chrysler, LLC,* Civ. Act. No. 2:07–cv–14310 (E.D. Mich. complaint filed October 11, 2007).

New Chrysler represents that the Bankruptcy Proceeding and related Sale are critical to the survival of the business previously conducted by Chrysler LLC. New Chrysler's emergence from bankruptcy was dependent on the achievement of a number of interrelated agreements among its creditors, lenders, interested government agencies, and unionized employees. To avoid the devastation to the global economy that would be caused if Chrysler's business were to fail, the governments of the United States, Canada, and the Province of Ontario have offered to fund a new venture, New Chrysler, that will combine substantially all of Chrysler LLC's core operating assets with advanced automotive technology, distribution, procurement capabilities, and management services of Fiat or its subsidiaries to create an ongoing viable automobile company. Under these extraordinary and urgent circumstances, the governments are prepared to subsidize the restructured New Chrysler to ensure that a viable automobile manufacturing industry remains in North America. Knowing how quickly New Chrysler's prospects could deteriorate, however, the governments have placed stringent conditions on their commitment. Those stringent conditions include the conditions related to the exemption transaction, which is an integral component of that larger picture.

The UAW asserted during the Bankruptcy Proceeding, and New Chrysler denied, that New Chrysler was bound by the MOUs as a successor to Chrysler LLC and that it was, therefore, responsible for providing the retiree medical benefits contemplated. After due consideration of the factual and legal arguments regarding this issue, as well as the costs, risks, and delays associated with litigating the issue, New Chrysler and the UAW agreed to enter into a settlement agreement, that was presented to the Bankruptcy Court for approval after notice was provided to affected parties. Ultimately, the Modified Settlement Agreement was approved by the Bankruptcy Court and the initial steps towards implementing the transactions that are at the heart of this application began to occur as contemplated in that agreement.

After several months of arms length negotiations, the UAW has asserted that, after due consideration of the issues involved and seeking to avoid protracted litigation on the matter, it entered into a Modified Settlement Agreement with New Chrysler under which New Chrysler agreed to provide retiree medical benefits to a defined group of current UAW retirees who were formerly employed by Chrysler LLC as well as a defined group of current active employees (once retired) of New Chrysler who are covered under a collective bargaining agreement between New Chrysler and the UAW (collectively, the ''Covered Group''). The medical benefit coverage for New Chrysler active employees prior to their retirement is not within the scope of this Modified Settlement Agreement and shall continue to be provided in accordance with the terms of the applicable collective bargaining agreement and health care benefit plan.

The Modified Settlement Agreement is another part of the complete and integrated arm's-length transactions involving multiple parties, including New Chrysler, Fiat, the Treasury Department, the Canadian Government, and the UAW. Throughout the 2009 negotiations over the terms of the Settlement Agreement, the parties engaged in extended discussions concerning the impact of rising health care costs on New Chrysler's financial viability. In this regard, the UAW has completed its due diligence utilizing professional financial and legal advisors with respect to the Modified Settlement Agreement and determined that it is fair, reasonable and in the best interest of the Covered Group.

On June 10, 2009, 41 days after filing for bankruptcy protection, the sale of most of Chrysler LLC's assets to New Chrysler was completed. As discussed in more detail below, Fiat will initially own a minority 20% stake of New Chrysler with the option of taking additional equity up to a 35% stake if certain operational and capitalization goals are achieved.

Ownership of New Chrysler

Following the bankruptcy proceeding and the sale of the assets from Chrysler LLC to New Chrysler, initial ownership of New Chrysler will be broken into two classes of membership interests, Class A (800,000 interests) and Class B (200,000 interests). Fiat will initially own the 200,000 Class B membership interests, representing 20% of the voting and economic interest of New Chrysler; the United States Treasury Department will own 98,461 Class A membership interests; the Canadian Government will together own 24,615 Class A membership interests, and the VEBA Trust will own 676,924 Class A membership interests (the Class A membership interests initially owned by the Trust are referred to herein as the ''Shares''), in each case, subject to the applicable terms and conditions described below.

Initially, the Class A and Class B membership interests generally are identical except that the Class B membership interests may ultimately represent a greater percentage of the outstanding equity interest in New Chrysler upon the occurrence of certain Class B events (discussed below). Fiat has several other options to acquire additional Class A membership interests (also discussed below) except that, until the U.S. Treasury loan and the Canadian loan to New Chrysler have been repaid in full, Fiat may not acquire additional membership interests if such exercise or acquisition would cause the total interest held by Fiat and its affiliates to exceed 49.9 percent. At a future date, the earlier of January 1, 2013, or the date of any New Chrysler Initial Public Offering (IPO), each outstanding Class B membership interest will be automatically converted to Class A membership interests, thereby reducing the Class B membership to zero.

Pursuant to the New Chrysler Operating Agreement (the Operating Agreement), beginning on June 10, 2009, and ending on December 31, 2012, the occurrence of three events (the ''Class B events'') would cause the value of Class B membership interests held by Fiat to increase by 5% for each event, thereby increasing Fiat's interest up to a maximum of 15% for all three events, without any new issuance of shares. The Class B events are as follows:

(1) If New Chrysler receives government approvals for the production of an engine based on the Fiat's fully integrated robotized engine family to be manufactured in the U.S. and delivers a commitment to begin commercial production of the engine as soon as commercially practicable;

(2) if New Chrysler records cumulative revenues reported in the quarterly financial statements in an amount specified in the New Chrysler Operating Agreement attributable to the company's sales made outside of the NAFTA Countries following the date of the Operating Agreement and if New Chrysler executes one or more franchise agreements covering in the aggregate at least 90% of the total Fiat group automobile dealers in Latin America pursuant to which such dealers will carry New Chrysler products;

(3) if New Chrysler receives ecological event governmental approvals for a car based on Fiat platform technology that has fuel efficiency measured by miles per gallon of at least 40 combined miles per gallon fuel economy and delivers a commitment to begin assembly in commercial quantities in a production facility located in the U.S. as soon as commercially practicable.

According to the terms of the Operating Agreement, in the event that Fiat determines that a Class B event has occurred prior to January 1, 2013, it must submit written notice to New Chrysler. After supplying written notice, such event shall be deemed to have irrevocably occurred unless the company supplies written notice of objection. If an objection is raised, then New Chrysler and Fiat will attempt in good faith to resolve the dispute. If no agreement is reached, then the parties will enter into binding arbitration. Accordingly, the 200,000 Class B membership interests held by Fiat will increase to thirty-five percent (35%) of the voting and economic interest of New Chrysler and the 800,000 Class A membership interests held by the Treasury Department, the Canadian Government and the VEBA Trust will be diluted to sixty-five percent (65%) of the voting and economic interest of New Chrysler.

On the earlier of January 1, 2013 or any New Chrysler IPO, each outstanding Class B membership interest will be exchanged for Class A membership interests in an amount such that the proportional interest of Fiat in New Chrysler is unchanged.

Alternative and Incremental Call Options

If one or more of the Class B events does not occur prior to January 1, 2013, Fiat will have the option beginning on January 1, 2013 and ending on June 30, 2016, to purchase from New Chrysler 5% of the Class A membership interests for each Class B event that has not occurred (the Alternative Call Option). The price will be calculated pursuant to a formula, the use of which depends upon whether or not New Chrysler has completed an IPO before Fiat exercises any call options, and which has been designed to approximate the fair market value of the interests at the time of exercise. Fiat additionally has the option to purchase from the Company Class A membership interests in an aggregate amount of up to 16% of the outstanding membership interests (the ''Incremental Call Option''). The time frame for Fiat to exercise this option is the same as for the Alternative Call Option (January 1, 2013 through June 30, 2016).

Call Option Agreement

Initially, New Chrysler will not be publicly traded, though there are mechanisms for the VEBA Trust to sell the Shares under certain conditions to other parties prior to New Chrysler becoming a publicly traded company. The VEBA Trust, Fiat, the Treasury Department and the Canadian Government agreed to provide Fiat with additional incentives to encourage Fiat to take action that will increase the aggregate value of the parties' investment in New Chrysler. Thus, in accordance with the Call Option Agreement, between July 1, 2012 and June 1, 2016, Fiat has the option to purchase from the VEBA Trust up to 40% of the VEBA Trust's equity interests in New Chrysler. These interests consist of the 676,924 Class A membership interests issued to the VEBA Trust by New Chrysler on closing, less any interests that the VEBA Trust has already disposed of under the Equity Recapture Agreement (as more fully discussed below) at the time of exercise. Fiat may purchase no more than 20% of such interests within any six-month period. Fiat's ability to exercise its rights under the Call Option Agreement is limited by the requirement that, until New Chrysler has repaid its loan from the United States Treasury and the Canadian Government in full, Fiat may not own more than 49.9% of the outstanding equity interests in New Chrysler.

The exercise price will be determined pursuant to a formula which is designed to arrive at the fair market value of the interests. The exercise price may be adjusted if, upon exercise, the VEBA Trust elects to transfer to Fiat interests in one or more entities through which, for tax and administrative purposes, the VEBA Trust holds membership interests (each such entity, a ''VEBA HoldCo'').[9]

[9] VEBA Holdco means one or more Delaware limited liability companies and/or corporations to which the VEBA Trust transferred all or part of the Membership Interests issued to the VEBA Trust pursuant to the Equity Subscription Agreement.

Transfer of VEBA HoldCo interests, rather than direct transfer of membership interests, would prevent Fiat from obtaining a step-up in tax basis. Thus, Fiat might be required to recognize additional gain upon a subsequent disposition, beyond any gain attributable to the period in which Fiat owns the membership interests. The Call Option Agreement provides for a reduction in price to compensate for this increased tax liability, offset by any positive tax attributes for Fiat (*e.g.,* net operating losses) caused by receiving interests in the VEBA HoldCo rather than membership interests directly. If Fiat, the VEBA, and the United States Treasury cannot agree on the amount of such an adjustment, each has a right to appoint an arbitrator to a panel of three arbitrators who will determine the amount of the adjustment.

First Offer Right and Equity Recapture Agreement

In addition to the Call Options, Fiat will have the first right to purchase all or a part of the Shares (the ''First Offer Right'') if a third party has offered to purchase some or all of the Shares beginning two (2) years after the Closing Date as defined in the New Chrysler Operating Agreement. When the Committee receives the proposed Sale offer after the start of the First Offer Right period, the Committee must issue written notice to Fiat, the Treasury Department, the Canadian Government, and New Chrysler stating its intention to sell some or all of the Shares, the number of such Shares, the price and terms the Committee proposes to be paid for such Shares, and other material terms of the proposed Sale (the ''First Notice''). For thirty (30) days after the issuance of the First Notice, Fiat will have the irrevocable non-transferable First Offer Right to purchase all or a portion of the Shares subject to the proposed Sale, at the price and under the terms and conditions of such proposed Sale.

Also under the New Chrysler Operating Agreement, at any time prior to an initial public offering of New Chrysler, holders of 75% of outstanding membership interests in New Chrysler may decide to transfer a majority of membership interests to a third party. In that event, those holders may also require all holders of membership interests to transfer their interests on the same terms and for the same consideration (the ''Drag-Along Right''). The VEBA Trust may elect to transfer membership interests directly or to transfer interests in one or more VEBA Holdcos; if the VEBA Trust transfers interests in VEBA Holdcos, then

consideration paid the VEBA Trust pursuant to such a transaction would be adjusted for the same equitable tax-related factors described above under the Call Option Agreement. On behalf of the VEBA Trust, the Independent Fiduciary would negotiate in good faith with the New Chrysler Board of Directors (the ''Board'') over the amount of any adjustment in price resulting from the transfer of interests in a VEBA HoldCo. If the Board and the Independent Fiduciary could not come to an agreed-upon resolution, the Independent Fiduciary would appoint one of the three members of a board of arbitrators who would determine the amount of the adjustment. The second arbitrator would be appointed by the Board, and the third would be agreed upon by the Board and the Independent Fiduciary, or, failing such agreement, appointed by the administering authority for the American Arbitration Association.

In addition to the above-described agreements, and as a condition to the Treasury Department's agreement to provide financing for New Chrysler, the VEBA Trust has entered into a separate agreement with the Treasury Department referred to as an Equity Recapture Agreement. Under the terms of the Equity Recapture Agreement, if the VEBA realizes from the sale of the Shares a total value of more than the threshold amount of $4.25 billion, increased at nine percent (9%) per annum starting on January 1, 2010 (the ''Threshold Amount''), the VEBA agrees to pay to the Treasury Department the proceeds received in excess of the Threshold Amount plus any remaining Shares still held by the VEBA (the ''Contingent Value Right''). The nine percent (9%) per annum cap on the increase is derived from actuarial assumptions that were used to determine the amount of appreciation required to provide the anticipated benefits under the Plan. In addition, the Treasury Department has the right, at any time, to purchase all outstanding Shares held by the VEBA Trust for an amount equal to the Threshold Amount less the amount of any proceeds already received by the VEBA Trust in respect of any of the Shares. This right expires upon the earlier of its exercise and the VEBA Trust's surrender of all remaining New Chrysler interests held by the VEBA Trust to the Treasury Department.

If on December 31, 2014, December 31, 2016, or December 31, 2018, the VEBA Trust's Shares are not equal to the value of the Threshold Amount, and the VEBA Trust or a VEBA Trust-controlled affiliate continues to hold Shares, the VEBA Trust is obligated under the Equity Recapture Agreement to transfer a portion of such Shares to the Treasury Department. The value of the transferred Shares will equal a set percentage of the Black Scholes value of the Treasury Department's Contingent Value Right. The applicable percentages of the value of the Contingent Value Right to be transferred on each of December 31, 2014, December 31, 2016, and December 31, 2018, are 33%, 50%, and 100%, respectively. The amounts transferred on prior Interim Settlement Dates are subtracted from the amount to be transferred on each Interim Settlement Date.

The Black Scholes value of the Contingent Value Right will be determined using the following assumptions: (1) A Share price based on the average over the prior 60 days of trading; (2) a time to maturity equal to ten years, seven years, or five years, on December 31, 2014, December 31, 2016, and December 31, 2018, respectively; (3) an exercise price based on an implied future stock price equivalent to the Threshold Amount on the applicable maturity date; and (4) a risk free interest rate equal to the rate for a U.S. Treasury Note for a term equal to the assumed time to maturity.

If New Chrysler stock is not publicly traded on an Interim Settlement Date, the U.S. Treasury and the VEBA will each appoint an independent nationally recognized investment bank to conduct a separate appraisal of the value of the Contingent Value Right. If the separate appraisals yield values within 10% of each other, those values will be averaged. If the separate appraisals are more than 10% apart, the VEBA and the U.S. Treasury will appoint a third independent appraiser, whose determination will be averaged with the determination closest to that of the third independent appraiser.

Establishment of the New VEBA Plan and Trust

The Modified Settlement Agreement provides that, upon the ''Implementation Date'', the retiree medical benefit obligations to the ''Covered Group'' will become fixed and such obligations will be transferred to the New Chrysler VEBA Plan and the VEBA Trust, which has been established to fund benefits under the Plan. The New Chrysler VEBA Plan and the VEBA Trust shall, as of the Implementation Date, be the employee welfare benefit plan and trust that are exclusively responsible for all retiree medical benefits with respect to the Class and the Covered Group. The UAW Chrysler Retirees Employees Beneficiary Association, an employee organization within the meaning of section 3(4) of ERISA (''Chrysler Retiree EBA''), acting through the Committee, will establish and maintain the New Chrysler VEBA Plan, subject to ERISA, to provide retiree health benefits to the Class and Covered Group after the Implementation Date, which will be December 31, 2009. Prior to the Section 363 Sale, the Old Chrysler Plan provided retiree health benefits to the Class and the Covered Group; following the closing of the Section 363 Sale, the New Chrysler Plan (''New Chrysler VEBA Plan'') assumed responsibility for the provision of the benefits with respect to claims incurred on or before the Implementation Date. The New Chrysler VEBA Plan will be responsible for benefit claims incurred after the Implementation Date. It is anticipated that there will be approximately 120,000 participants and beneficiaries of the New Chrysler VEBA Plan beginning on January 1, 2010.

After the Implementation Date, the Committee will have sole responsibility to determine the scope and level of retiree health benefits available to the Class and Covered Group under the New Chrysler VEBA Plan. The Committee may raise or lower the level of retiree health care benefits available to the Class and Covered Group. In exercising its authority over benefit design, the Committee shall be guided by the principle that the New Chrysler VEBA Plan should provide substantial health benefits for the duration of the lives of all participants and beneficiaries in the Plan.

The UAW Chrysler Retirees EBA along with the UAW General Motors Company Retirees EBA and the UAW Ford Retirees EBA, each acting through the Committee, established the VEBA Trust on October 16, 2008. The VEBA Trust will be the funding source for the New Chrysler VEBA Plan. The VEBA Trust is the subject of a trust agreement between the trustee and the Committee, acting on behalf of the respective EBAs. The VEBA Trust is intended to be tax-exempt under section 501(c)(9) of the Internal Revenue Code, as amended, and, as a trust holding assets of plans subject to ERISA, will itself be subject to ERISA's fiduciary responsibility standards.

The VEBA Trust will have three separate retiree accounts, designed to segregate payments attributable to General Motors (GM), Ford, and Chrysler, pursuant to the terms of each company's settlement agreement with the UAW and each respective class. Each retiree account will be a separate, dedicated account, to be used for the sole purpose of funding benefits provided under the separate plans,

providing health benefits to the retirees of GM, Ford and Chrysler, and defraying the reasonable expenses of each plan. Each retiree account will contain a separate sub-account maintained to hold any employer security. Assets from one retiree account may not offset the liabilities or defray the expenses attributable to another retiree account. The VEBA Trust was structured in this way to allow for the pooled investment of assets and to provide economies of scale to the respective plans' investments, while maintaining a separate plan for each three retiree classes. Unless the Committee decides to establish segregated investment vehicles for specific separate retiree accounts, the assets of the separate retiree accounts, other than any employer security sub-account, will be invested on a pooled basis within the VEBA Trust (provided that the interest of each account remains separately accounted for).

The Modified Settlement Agreement itself contemplates three separate and distinct funding sources for the VEBA Trust: (1) Assets held under a pre-existing internal Chrysler VEBA (the ''Preexisting Internal VEBA'') that are attributable to the UAW retirees covered under the Modified Settlement Agreement—such assets were valued at $1,589,500,000 as of March 31, 2009, and those assets, plus the earnings thereon, are expected to be contributed to the VEBA Trust on or about January 1, 2010; (2) the Shares, which will represent sixty-seven and sixty-nine one-hundredths percent (67.69%) of the fully diluted ownership of New Chrysler as of the consummation of the Sale; and (3) a note issued by New Chrysler with a principal amount of $4,587,000,000 and an implicit interest rate of nine percent (9%) (the ''Note'') payable in fixed annual installments pursuant to the following schedule:

(i) Payment of $315 million on July 15, 2010
(ii) Payment of $300 million on July 15, 2011
(iii) Payment of $400 million on July 15, 2012
(iv) Payment of $600 million on July 15, 2013
(v) Payment of $650 million on July 15, 2014
(vi) Payment of $650 million on July 15, 2015
(vii) Payment of $650 million on July 15, 2016
(viii) Payment of $650 million on July 15, 2017
(ix) Payment of $823.8 million on July 15, 2018
(x) Payment of $823.8 million on July 15, 2019
(xi) Payment of $823.8 million on July 15, 2020
(xii) Payment of $823.8 million on July 15, 2021
(xiii) Payment of $823.8 million on July 15, 2022
(xiv) Final Payment of $827.1 million on July 15, 2023

The Shares and the Note were contributed to the VEBA Trust on the closing date of the Sale, which was June 10, 2009.

The Trustee, State Street Bank and Trust Company, shall hold the assets and income of the Trust in accordance with the terms of the New Chrysler VEBA Plan. According to the applicant, the Trustee has no discretionary authority with respect to the investment of assets held in the VEBA Trust, and must exercise its power in accordance with the instructions of the Independent Fiduciary with respect to any employer security, and in all other cases the instructions of the Committee or any investment manager that may be appointed by the Committee.[10] Subject to the direction of the Independent Fiduciary with respect to any employer security, the Trustee shall make payments from the VEBA Trust Fund to pay benefits under the Plans as directed by the Committee or its designee. According to the terms of the Trust agreement, the Trustee may be removed by the Committee at any time upon thirty (30) days' advance written notice.

The Committee

The Committee will serve as Plan Administrator and will be a named fiduciary of the New Chrysler VEBA Plan. The Committee will determine the benefits to be provided under the Plan, including, without limitation, which participants will receive benefits, in what form, and in what amount, and the contributions that the participants will be required to make to help defray the cost of their coverage. The Committee, acting on behalf of the EBAs, shall be responsible for the implementation, amendment and overall operation of the VEBA Trust and the establishment, amendment, maintenance, and administration of the Plans (*i.e.,* Chrysler, Ford and GM). Subject to the provisions of the VEBA Trust and applicable laws, the Committee shall have sole, absolute and discretionary authority to adopt such rules and provisions and take all actions that it deems desirable for the administration of the VEBA Trust, and to interpret the terms of the Plans and VEBA Trust. The Committee shall be guided by the principle that the Plans should provide substantial health benefits for the duration of the lives of all participants and beneficiaries.

The Committee consists of eleven (11) individuals, five (5) appointed by the UAW and six (6) who are Independent Members. Independent Member terms shall be for three (3)-year periods, except the initial terms of four (4) of the six (6) original Independent Members, two (2) of whom shall have an initial term of two (2) years, and two of whom shall have an initial term of one (1) year. An Independent Member may serve more than one term. Neither Chrysler LLC nor New Chrysler has any appointment power, and the Committee will function independently of both. The initial Independent Members were approved by the district court in the English case. No member of the Committee may be a current or former officer, director or employee of Old GM (*i.e.,* prior to bankruptcy), New GM, Ford, Chrysler LLC or New Chrysler, except that a retiree who was represented by the UAW in his or her employment with either Old GM, New GM, Ford, Chrysler LLC, or New Chrysler or an employee of any such company who is on leave from the company and is represented by the UAW, may be a UAW Member. None of the Independent Members nor any of their family members, employers or partners may have any financial or institutional relationship with either Old GM, New GM, Ford, Chrysler LLC, or New Chrysler if such relationship could reasonably be expected to impair such Independent Member's exercise of independent judgment.

An Independent Member may be removed or replaced, and a successor designated, at any time by an affirmative vote of nine (9) of the other members of the Committee. In the event of a vacancy of an Independent Member position, whether by expiration of a term, resignation, removal, incapacity, or death of an Independent Member, a successor Independent Member shall be elected by the affirmative vote of nine (9) Members, and when possible, such successor Independent Member shall be elected prior to the expiration of the term, resignation, removal, incapacity, or death of the Independent Member being replaced. The UAW Members shall serve at the discretion of the UAW International President, and may be removed or replaced, and a successor designated, at any time by written

[10] Under ERISA section 403(a)(1), a plan may expressly provide that a trustee is subject to the direction of a named fiduciary who is not a trustee, in which case the trustee shall be subject to proper directions of such fiduciary which are made in accordance with the terms of the plan and which are not contrary to the Act. 29 U.S.C. 1103(a)(1).

notice from the UAW International President to the Committee.

A majority of the Members of the Committee then in office shall constitute a quorum for the purpose of transacting any business; provided that at least one Independent Member and one UAW Member are present. Each Member of the Committee present at the meeting shall have one vote. All actions of the Committee shall be by majority vote of the entire Committee, provided that at least one Independent Member and one Union Member must be a Member in the majority for any Committee action to take effect.

Independent Fiduciary

Pursuant to the Trust Agreement of the VEBA Trust, the Committee, in its sole discretion, will appoint an Independent Fiduciary to manage the Employer Security Sub-Account following the consummation of the Section 363 Sale.[11] The Independent Fiduciary shall be a bank, trust company or registered investment adviser under the Investment Advisers Act of 1940, as amended. The Independent Fiduciary will be a ''named fiduciary'' and ''investment manager'' as defined in ERISA and shall act on behalf of the New Chrysler VEBA Plan and VEBA Trust in connection with the discretionary management and disposition (but not the acquisition) of all employer securities contributed to the VEBA Trust by New Chrysler including, as currently relevant, the Notes and the Shares (including valuation of the Shares), the Call Option and any other employer securities held by the VEBA Trust. The exercise of any discretionary rights appurtenant to the Shares, the Note, or the Call Options (excluding the VEBA Trust's acceptance of the contribution of such Shares, and Note) shall be directed by the Independent Fiduciary. In effect, the parties anticipate that the Independent Fiduciary will ''step into the shoes'' of the VEBA Trust in connection with the Trust's exercise of its rights and responsibilities as owner of the Notes and the Shares, with the sole exception of the Trust's right to appoint (with the approval of the UAW) a director to the New Chrysler Board.[12] The appointment of the Independent Fiduciary to perform these functions is a contractual obligation of the VEBA Trust. In addition, the Committee believes it is appropriate and desirable to appoint an Independent Fiduciary with specialized expertise as investment manager for purposes of the protections afforded by ERISA section 405(d). Additionally, under the Shareholder Rights Agreement, the New Chrysler VEBA Plan must vote its Membership Interest in New Chrysler in accordance with the recommendations of the independent directors of New Chrysler, in proportion to those recommendations. Therefore, the Independent Fiduciary will have no responsibility for the voting of the Membership Interests.

The Independent Fiduciary must be independent of and unrelated to Chrysler LLC, New Chrysler, the UAW and the Committee or their affiliates. This provision will be violated if (1) such fiduciary directly or indirectly controls, is controlled by, or is under common control with Chrysler LLC, New Chrysler, the UAW, the Committee or their affiliates, (2) such fiduciary directly or indirectly receives any compensation or other consideration from Chrysler LLC, New Chrysler, the UAW or any Committee member in his or her individual capacity in connection with any transaction described in this exemption (except that an independent fiduciary may receive compensation from the Committee or the New Chrysler VEBA Plan for services provided to the New Chrysler VEBA Plan in connection with the transactions discussed herein if the amount or payment of such compensation is not contingent upon or in any way affected by the independent fiduciary's ultimate decision), and (3) the annual gross revenue received by the fiduciary, in any fiscal year, from Chrysler LLC, New Chrysler, the UAW or a member of the Committee in his or her individual capacity, exceeds 3% of the fiduciary's annual gross revenue from all sources (for federal income tax purposes) for its prior tax year.[13]

The Independent Fiduciary may be removed by the Committee on 30 days written notice only for cause.[14] The removal will be effective as specified in the written notice, provided that the Independent Fiduciary has been given notice of the appointment of a successor independent fiduciary. No successor will be appointed in the event the New Chrysler VEBA Plan ceases to hold any employer security. In the event that the New Chrysler VEBA Plan subsequently acquires or holds an employer security and no appointment of a successor independent fiduciary has been made, any court of competent jurisdiction may, upon application by the retiring independent fiduciary, appoint a successor after such notice to the Committee and the retiring independent fiduciary.

[11] The sub-account is maintained by the Trustee within each Separate Retiree Account to hold separately any Employer Security and any proceeds from the disposition of any Employer Security.

[12] Generally, the Committee will remain responsible for corporate and tax matters relating to the creation and maintenance (*e.g.,* corporate and tax filings and elections, annual reports, etc.) of one or more ''passive,'' wholly owned title-holding LLCs that will actually take legal title to the New Chrysler interests on behalf of the VEBA. These holding entities are contemplated in the various transaction documents, will elect to be taxed as ''C'' corporations, and will exist primarily for tax reasons (relating to VEBA tax qualification and unrelated business income tax considerations).

[13] The Department notes that candidates for the position of Independent Fiduciary to the New Chrysler VEBA Plan may be affiliated with entities that provide services to Old GM, New GM, Ford, Chrysler LLC or New Chrysler or their affiliates. It is the responsibility of the Committee to determine whether such affiliations are likely to affect the judgment of the candidate in performing its services as Independent Fiduciary.

[14] *Cause is defined in the Independent Fiduciary Agreement as:* (i) Any disqualifying event described in ERISA section 411; (ii) determination by any court, arbitrator or government regulatory body that the Independent Fiduciary has violated any civil or criminal law (including, but not limited to, securities, antitrust or ERISA) in connection with the performance of its responsibilities to the VEBA Trust (For purposes of avoidance of doubt in connection with this and the subsequent subparagraph, a ''determination'' shall mean any written judgment, order or decree; court-approved settlement; arbitration award; or enforcement action of a government regulatory body or SRO, in the form of a written sanction, claim, demand or opinion, whether or not appealable); (iii) determination by any court, arbitrator or government regulatory body that the Independent Fiduciary has materially breached the terms of its engagement, whether or not appealable; (iv) any action by the Independent Fiduciary that results in imposition of a civil or criminal sanction, any prohibited transaction excise tax, or any civil judgment or award of damages, on the VEBA Trust, the Committee, the trustee, or their respective employees, officers directors or owners (whether or not subject to indemnity by the Independent Fiduciary, an insurer, or any other person); (v) termination, resignation, or death of the Independent Fiduciary principal or officer assigned to serve as the relationship principal with respect to the VEBA Trust, or the inability of such person to perform his or her duties for a continuous period of more than 30 days; (vi) any change of ownership of the Independent Fiduciary that constitutes an ''assignment'' of the Independent Fiduciary's contract with the VEBA Trust, within the meaning of the Investment Advisers Act; (vii) failure of the Independent Fiduciary to qualify as an ''investment manager'' within the meaning of ERISA section 3(38); (viii) any change in the clientele, business or ownership of the Independent Fiduciary that results in an actual conflict of interest; (ix) failure of the Independent Fiduciary to take into account the legitimate needs of the VEBA Trust for liquidity to pay benefits; (x) violation of any conditions imposed on the Independent Fiduciary under the terms of the prohibited transaction exemption issued by the Department; (xi) any other action or inaction of the Independent Fiduciary that the Committee determines to be a material breach of the Independent Fiduciary's agreement or any law, or is likely to result in an irreconcilable conflict; (xii) any circumstance that leads the Committee to reasonably conclude that the termination of the Independent Fiduciary and replacement by a successor Independent Fiduciary is in the financial interest of the VEBA Trust, provided that the Committee documents the reasons for the termination.

Following the second anniversary of the Closing Date, under the New Chrysler Operating Agreement, the VEBA Trust and other holders of Shares may transfer their interests in New Chrysler to third parties. Under the Trust Agreement, the Independent Fiduciary would exercise the VEBA Trust's right to make such transfers. Before transferring New Chrysler Membership Interests to a third party, non-Fiat holders must afford Fiat a right of first offer, and other holders a right of second offer, whereby Fiat or the other holders could purchase the interests to be transferred on the same terms as the terms offered to the third party. With respect to employer securities held by the VEBA Trust, the Independent Fiduciary would have the responsibility to afford Fiat the right of first offer and other holders the right of second offer according to the terms of the New Chrysler Operating Agreement.

The rights of the VEBA Trust under the Shareholders Agreement and the Registration Rights Agreement are rights concerning the management and disposition of employer securities, and as such, according to the terms of the VEBA Trust, will be exercised by the Independent Fiduciary. The Independent Fiduciary will determine when and whether to exercise certain registration rights.

The Committee delegated to a subcommittee (*i.e.,* three Committee members) the responsibility to retain an Independent Fiduciary on behalf of the New Chrysler VEBA Plan. The subcommittee initially determined to proceed with the assumption that the interests of each plan whose assets are held by the VEBA Trust would be best served by seeking to retain a single qualified Independent Fiduciary to represent all three plans (providing health benefits, respectively, to retirees of Chrysler, GM, and Ford). However, the subcommittee recognizes the possibility that engaging multiple Independent Fiduciaries may turn out to be the better option.

The subcommittee intends, as part of the interview process for potential candidates for the Independent Fiduciary appointment, to question the candidates on the nature and likelihood of potential conflicts of interest, the appropriate means of monitoring and communicating actual or potential conflicts, including whether the candidates currently have formal conflict monitoring procedures, and mechanisms for dealing with actual or potential conflicts as they are identified. After reviewing the candidates' qualifications, capacity to represent all three plans, willingness to do so, and other relevant factors, in consultation with counsel, the subcommittee anticipates making a final determination as to whether to hire one Independent Fiduciary or multiple Independent Fiduciaries.

The subcommittee will work with the Independent Fiduciary candidate(s) to develop procedures to identify, minimize and address conflicts of interest as they arise. Specifically, in the event that a single Independent Fiduciary is appointed, the subcommittee will engage a ''conflicts monitor'' to (i) develop a process for identifying potential conflicts, (ii) to regularly review the Independent Fiduciary reports, investment banker reports, and public information regarding the companies, to identify the presence of factors that could lead to a conflict, and (iii) further question the Independent Fiduciary when appropriate.

Additionally, the subcommittee will be prepared to replace the Independent Fiduciary in the event of an actual and irreconcilable conflict of interest.

Finally, the subcommittee will require the Independent Fiduciary to adopt a written policy regarding conflicts of interest. Such policy will require that, as part of the Independent Fiduciary's periodic reporting to the Committee, the Independent Fiduciary includes a discussion of actual or potential conflicts identified by the Independent Fiduciary and options for avoiding or resolving the conflict.

A separate investment bank will be retained with respect to each of the three plans comprising the VEBA Trust. The investment bank's initial recommendations would be made solely with the goal of maximizing the returns for the single plan that owns the securities for which the investment bank is responsible. If the Independent Fiduciary deviated from such initial recommendations, it would find it necessary to explain why it deviated from a recommendation; additionally, such a deviation would be a way for the Committee or its designee to flag possible conflicts of interest in advance. Any contract between the Independent Fiduciary and an investment banker will include an acknowledgement by the investment banker that the investment banker's ultimate client is an ERISA plan.

Board of Directors

In addition to the VEBA Trust's ownership interest in New Chrysler, for so long as the VEBA Trust remains a member of, and retains at least a fifteen percent (15%) interest in, New Chrysler, the VEBA Trust shall have the right exercised by the Committee to designate one representative to the New Chrysler Board of Directors (the ''Board''), subject to the prior written consent of the UAW. Pursuant to the New Chrysler Operating Agreement, the Board will initially consist of nine (9) members; three (3) of whom will be appointed by Fiat, three (3) of whom will be appointed by the Treasury Department (which three directors will in turn appoint a fourth director (the ''Final Director'')), one (1) of whom will be appointed by the Canadian Government, and one (1) of whom will be appointed by the VEBA Trust (as described above). In addition, for so long as the VEBA Trust owns any membership interests in New Chrysler, the VEBA Trust has agreed to vote its membership interests in accordance with the recommendations of the independent directors of the Board, in proportion to such recommendations. Fiat will have the right to appoint four (4) directors once it obtains an aggregate ownership interest of thirty-five percent (35%) or more in New Chrysler and the Final Director will resign once Fiat obtains the right to appoint a fourth director.

Administrative Exemptive Relief

New Chrysler's financial circumstances preclude it from paying cash to the New Chrysler VEBA Plan. As explained above, the Bankruptcy Proceeding and related Sale were vital for the survival of the business previously conducted by Chrysler and this exemption request is critical to the larger overall transaction. Certain transactions called for or necessitated by the Settlement Agreement between New Chrysler and the New Chrylser VEBA Plan are prohibited by the restrictions of 406 of ERISA.[15] Accordingly, the Applicant requests an administrative exemption from the Department with respect to: (1) The acquisition by the New Chrysler VEBA Plan of the Shares and the Note from New Chrysler; (2) the holding by the New Chrysler VEBA Plan of the Shares and the Note; (3) the management of the Shares and Note by an Independent Fiduciary; and (4) the asset transfers to and from the New Chrysler VEBA Plan necessitated by the transition of benefits payment responsibility from one plan to another, or due to mistaken deposits into the New Chrysler VEBA Plan. The Applicant explains that the contribution of the Shares and the Note to the VEBA

[15] Unless otherwise indicated, all references herein to regulations are to regulations found in 29 CFR and all references to statutory sections are to provisions of the Employee Retirement Income Security Act of 1974, as amended (''ERISA''), as codified in Title 29 of the United States Code.

Trust would violate sections 406(a)(1)(A), (B), and (E), 406(a)(2), and 407(a), and 406(b) of the Act. In addition, the Applicant requests exemptive relief from the prohibitions of sections 406(a)(1)(B) and 406(a)(1)(D) of ERISA for certain payments and reimbursements between New Chrysler, the Existing Internal VEBA, and the New Chrysler VEBA Plan, and for the return of mistaken deposits to the New Chrysler VEBA Plan.

Section 406(a)(1)(E) of the Act provides that a fiduciary with respect to a plan shall not cause the plan to engage in a transaction if he knows or should know that such transaction constitutes a direct or indirect acquisition, on behalf of the plan, of any employer security in violation of section 407(a). Section 406(a)(2) of the Act prohibits a fiduciary who has authority or discretionary control of plan assets to permit the plan to hold any employer security if he knows or should know that holding such security violates section 407(a).

Section 407(a)(1) of the Act states that a plan may not acquire or hold any employer security which is not a qualifying employer security. Section 407(a)(2) of the Act states that a plan may not acquire any qualifying employer security (or qualifying employer real property) if immediately after such acquisition the aggregate fair market value of the employer securities (and employer real property) held by the plan exceeds 10% of the fair market value of the assets of the plan. Section 407(d)(5) of the Act defines the term ''qualifying employer security'' to mean an employer security which is a stock, a marketable obligation, or an interest in certain publicly traded partnerships. After December 17, 1987, in the case of a plan, other than an eligible individual account plan, an employer security will be considered a qualifying employer security only if such employer security satisfies the requirements of section 407(f)(1) of the Act. Section 407(f)(1) of the Act states that stock satisfies the requirements of this paragraph if, immediately following the acquisition of such stock no more than 25% of the aggregate amount of stock of the same class issued and outstanding at the time of acquisition is held by the plan, and at least 50% of the aggregate amount of such stock is held by persons independent of the issuer.

In this regard, since the New Chrysler Note and Shares are not qualifying employer securities within the meaning of § 407(d)(5) [16] of ERISA, New Chrysler is applying for a prohibited transaction exemption to permit the New Chrysler VEBA Plan to acquire and hold such New Chrysler Note and Shares. Similarly, if employer securities and employer real property would exceed 10% of the total assets in the New VEBA immediately after transfer of the New Chrysler Shares and Note to the New Chrysler VEBA Plan, the applicant requests an exemption for the acquisition and holding of such Note and Shares. Thus, an exemption is specifically needed because the transactions that are intended to adequately fund the New Chrysler VEBA Plan will result in violations of sections 406(a)(1)(E), 406(a)(2), 406(b)(1) and (2) of the Act.

Additionally, the Department has proposed relief from section 406(a)(1)(A) for the disposition of the Shares, in the event that the Shares are sold in a transaction involving a party in interest. Section 406(a)(1)(A) prohibits the sale, exchange or leasing of any property between a plan and a party in interest.

Benefit Payments and Reimbursements

The Applicant requests exemptive relief from the prohibitions of sections 406(a)(1)(B) and 406(a)(1)(D) of ERISA for certain payments and reimbursements between New Chrysler, any affiliate of New Chrysler, the Existing Internal VEBA and the New Chrysler VEBA Plan.

ERISA section 406(a)(1)(B) prohibits a fiduciary from causing a plan to engage in a transaction if he knows or should know that such transaction constitutes a direct or indirect lending of money or other extension of credit between a plan and a party in interest. ERISA section 406(a)(1)(D) prohibits a fiduciary from causing a plan to engage in a transaction if he knows or should know that such transaction constitutes a direct or indirect transfer to, or use by or for the benefit of, a party in interest, of any assets of the plan.

Prior to the Implementation Date, New Chrysler will provide benefits to, among others, individuals who ultimately will be covered by the New Chrysler VEBA Plan. The New Chrysler VEBA Plan will have sole responsibility and be the exclusive source of funds for the payment of retiree medical benefits to the Class and Covered Group, with respect to benefit claims incurred on and after the Implementation Date.

Under certain circumstances connected to the transition, New Chrysler, any affiliate of New Chrysler, the Existing Internal VEBA and the New Chrysler VEBA Plan may arguably extend credit or transfer plan assets to one another in order to pay benefit claims that are the legal responsibility of the other party (the ''Responsible Party''). [17] The Applicant asserts that mispayments and reimbursements are likely to occur in the normal course due to the administrative realities of health care payments and the shifting of medical benefit responsibilities between New Chrysler, any affiliate of New Chrysler, the Existing Internal VEBA and the New Chrysler VEBA Plan in a short period of time.

In the event of a mispayment, the Responsible Party will reimburse the payor for such benefits, plus interest. According to the Applicant, payment by a payor of benefits for claims incurred after benefit responsibility has been transferred arguably is an extension of credit between the payor and the responsible party that is prohibited under section 406(a)(1)(B). Payment by the Responsible Party to the payor as reimbursement for these paid claims arguably is a transfer of plan assets to a party in interest that is prohibited under 406(a)(1)(D).

Deposits by Mistake

The Applicant likewise seeks relief from section 406(a)(1)(D) of ERISA for return of mistaken deposits to the New Chrysler VEBA Plan, with interest.

Under the last paragraph of section 9 of the Modified Settlement Agreement, any deposit made to the New Chrysler VEBA Plan by mistake will be returned (with earnings) within 30 days of notice to the Committee of the mistake, to the extent permitted by law. The Applicant is concerned that this could be viewed as involving a prohibited transfer of plan assets to a party in interest. Accordingly, the Applicant requests exemptive relief for this transaction.

Statutory Findings

The Applicant makes the following statements regarding the Department's required findings under section 408(a) of ERISA that the exemption is administratively feasible, in the interests of the New Chrysler VEBA

[16] An Employer Security is any obligation, note, warrant, bond, debenture, stock or other security within the meaning of section 407(d)(1) of ERISA issued by an employer or an affiliate that is acquired or held by the VEBA Trust (or arising from any such security through conversion) pursuant to a deposit or transfer under one of the Settlements with Chrysler, GM, and Ford, the acquisition or holding of which (i) is not prohibited by sections 406(a)(1)(E) or 406(a)(2) of ERISA, or (ii) is the subject of a prohibited transaction exemption provided under section 408(a) of ERISA.

[17] Under sections 5 and 6 of the Modified Settlement Agreement, claims incurred before the Implementation Date will be paid by New Chrysler, an affiliate of New Chrysler or the Preexisting Internal VEBA, as applicable, in accordance with the terms of the New Chrysler VEBA Plan.

Plan and of its participants and beneficiaries, and protective of the rights of New Chrysler VEBA Plan participants and beneficiaries.

The exemption transactions are administratively feasible because they are relatively simple and straightforward, easy to monitor, and involve the management of the Securities by the Independent Fiduciary.

The exemption transactions are in the interest of the New Chrysler VEBA Plan's participants and beneficiaries and protective of their rights because a retiree welfare plan with assets consisting of employer securities is preferable to a plan that is unfunded or underfunded. The Independent Fiduciary will represent the interests of the participants and beneficiaries of the New Chrysler VEBA Plan by exercising the sole discretion regarding the management and disposition of the New Chrysler Shares and Note.

Notification of Interested Persons

Notice of the proposed exemptions will be provided to all interested persons in the manner agreed upon by the applicant and the Department within 15 days of the date of publication in the **Federal Register**. Such notice shall include a copy of the notice of proposed exemption as published in the **Federal Register** and shall inform interested persons of their right to comment and to request a hearing (where appropriate).

General Information

The attention of interested persons is directed to the following:

(1) The fact that a transaction is the subject of an exemption under section 408(a) of the Act and/or section 4975(c)(2) of the Code does not relieve a fiduciary or other party in interest or disqualified person from certain other provisions of the Act and/or the Code, including any prohibited transaction provisions to which the exemption does not apply and the general fiduciary responsibility provisions of section 404 of the Act, which, among other things, require a fiduciary to discharge his duties respecting the plan solely in the interest of the participants and beneficiaries of the plan and in a prudent fashion in accordance with section 404(a)(1)(B) of the Act; nor does it affect the requirement of section 401(a) of the Code that the plan must operate for the exclusive benefit of the employees of the employer maintaining the plan and their beneficiaries;

(2) Before an exemption may be granted under section 408(a) of the Act and/or section 4975(c)(2) of the Code, the Department must find that the exemption is administratively feasible, in the interests of the plan and of its participants and beneficiaries, and protective of the rights of participants and beneficiaries of the plan;

(3) The proposed exemption, if granted, will be supplemental to, and not in derogation of, any other provisions of the Act and/or the Code, including statutory or administrative exemptions and transitional rules. Furthermore, the fact that a transaction is subject to an administrative or statutory exemption is not dispositive of whether the transaction is in fact a prohibited transaction; and

(4) The proposed exemption, if granted, will be subject to the express condition that the material facts and representations contained in the application are true and complete, and that the application accurately describes all material terms of the transaction which is the subject of the exemption.

Proposed Exemption

Based on the facts and representations set forth in the application, the Department is considering granting the following exemption under the authority of section 408(a) of the Act and in accordance with the procedures set forth in 29 CFR Part 2570, Subpart B (55 FR 32836, 32847, August 10, 1990), as follows:

Section I. Covered Transactions

(a) If the exemption is granted, the restrictions of sections 406(a)(1)(A), (B), and (E), 406(a)(2), 406(b)(1) and (2), and 407(a) of the Act shall not apply, effective June 10, 2009 to:

(1) The acquisition by the UAW Chrysler Retiree Medical Benefits Plan (New Chrysler VEBA Plan) and its associated UAW Retiree Medical Benefits Trust (the VEBA Trust) of 676,924 New Chrysler Shares (the Shares) and a note issued by New Chrysler with a principal amount of $4,587,000,000 and an implicit interest rate of nine percent (9%) (the Note) transferred by New Chrysler and deposited in the Chrysler Employer Security Sub-Account of the Chrysler Separate Retiree Account of the VEBA Trust;

(2) The holding of the Shares and the Note by the New Chrysler VEBA Plan in the Chrysler Employer Security Sub-Account of the Chrysler Separate Retiree Account of the VEBA Trust;

(3) The disposition of the Shares and the Note;

(4) The sale by the New Chrysler VEBA Plan to Fiat S.p.A (Fiat) of Shares pursuant to the exercise by Fiat of the Call Option Agreement and/or the First Offer Right described in the New Chrysler Operating Agreement.

(b) If the exemption is granted, the restrictions of sections 406(a)(1)(B), 406(a)(1)(D), 406(b)(1) and 406(b)(2) of ERISA shall not apply, effective June 10, 2009, to:

(1) The payment by New Chrysler, the Existing Internal VEBA, the New Chrysler VEBA Plan, or any affiliate of New Chrysler of a benefit claim that was the responsibility and legal obligation, under the terms of the applicable plan documents, of one of the other parties listed in this paragraph; and

(2) The reimbursement by New Chrysler, the Existing Internal VEBA, the New Chrysler VEBA Plan, or any affiliate of New Chrysler, of a benefit claim that was paid by another party listed in this paragraph, which was not legally responsible for the payment of such claim, plus interest.

(c) If the exemption is granted, the restrictions of sections 406(a)(1)(B), 406(a)(1)(D), 406(b)(1) and 406(b)(2) of ERISA shall not apply, effective June 10, 2009, to the return to New Chrysler of assets deposited or transferred to the New Chrysler VEBA Plan by mistake, plus interest.

Section II. Conditions Applicable to Section I(a)

(a) The Committee appoints a qualified Independent Fiduciary to act on behalf of the New Chrysler VEBA Plan for all purposes related to the transfer of the Shares and Note to the Plan for the duration of the Plan's holding of the Shares and Note, except for the voting of the Shares. Such Independent Fiduciary will have sole discretionary responsibility relating to the holding, disposition and ongoing management of the Shares and the Note. The Independent Fiduciary will determine, before taking any of the actions regarding the Shares and the Note, that each such action or transaction is in the interest of the New Chrysler VEBA Plan.

(b) In the event that the same Independent Fiduciary is appointed to represent the interests of one or more of the other plans comprising the VEBA Trust (*i.e.,* the UAW General Motors Retiree Medical Benefits Plan and/or the UAW Ford Retiree Medical Benefits Plan) with respect to employer securities deposited into the Trust, the Committee takes the following steps to identify, monitor and address any conflict of interest that may arise with respect to the Independent Fiduciary's performance of its responsibilities:

(i) The Committee appoints a ''conflicts monitor'' to: (1) Develop a process for identifying potential conflicts; (2) regularly review the Independent Fiduciary reports, investment banker reports, and public information regarding the companies, to identify the presence of factors that could lead to a conflict; and (3) further question the Independent Fiduciary when appropriate.

(ii) The Committee adopts procedures to facilitate prompt replacement of the Independent Fiduciary if the Committee in its sole discretion determines such replacement is necessary due to a conflict of interest.

(iii) The Committee requires the Independent Fiduciary to adopt a written policy regarding conflicts of interest. Such policy shall require that, as part of the Independent Fiduciary's periodic reporting to the Committee, the Independent Fiduciary includes a discussion of actual or potential conflicts identified by the Independent Fiduciary and options for avoiding or resolving the conflict.

(c) The Independent Fiduciary authorizes the Trustee of the New Chrysler VEBA Plan to dispose of the Shares and the Note only after the Independent Fiduciary determines, at the time of the transaction, that the transaction is feasible, in the interest of the New Chrysler VEBA Plan, and protective of the participants and beneficiaries of the Plan.

(d) The Independent Fiduciary negotiates and approves on behalf of the New Chrysler VEBA Plan any transactions between the New Chrysler VEBA Plan and any party in interest involving the Shares or the Note that may be necessary in connection with the subject transactions (including but not limited to the registration of the securities contributed to the New Chrysler VEBA Plan).

(e) Any contract between the Independent Fiduciary and an investment banker includes an acknowledgement by the investment banker that the investment banker's ultimate client is an ERISA plan.

(f) The Independent Fiduciary discharges its duties consistent with the terms of the New Chrysler VEBA Plan, the Trust Agreement, the Independent Fiduciary Agreement, and any other documents governing the employer securities, such as the registration rights agreement.

(g) The New Chrysler VEBA Plan incurs no fees, costs or other charges (other than described in the VEBA Trust agreement and the Modified Settlement Agreement) as a result of the transactions exempted herein.

(h) The terms of any transaction exempted herein are no less favorable to the New Chrysler VEBA Plan than the terms negotiated at arms' length under similar circumstances between unrelated parties.

Section III. Conditions Applicable to Section I(b)

(a) The Committee and the New Chrysler VEBA Plan's third party administrator will review the benefits paid during the transition period and determine the dollar amount of mispayments made, subject to the review of the VEBA Trust's independent auditor. The results of this review will be made available to New Chrysler.

(b) New Chrysler and their respective plans' third party administrator(s) will review the benefits paid during the transition period and determine the dollar amount of mispayments made, subject to the review of the respective plans' independent auditor. The results of this review will be made available to the Committee.

(c) Interest on any reimbursed mispayment will accrue from the date of the mispayment to the date of the reimbursement.

(d) Interest will be determined using the applicable OPEB discount rate.[18]

(e) If there is a dispute as to the amount of a reimbursement requested, the parties will enter into an alternative dispute resolution procedure as defined in section VI.(e) of this exemption.

Section IV. Conditions Applicable to Section I(c)

(a) New Chrysler must make a claim to the Committee regarding the specific deposit or transfer made in error or made in an amount greater than that to which the New Chrysler VEBA Plan was entitled.

(b) The claim is made within the Verification Time Period, as defined in Section VI(s) of this exemption.

(c) Interest on any mistaken deposit or transfer will accrue from the date of the mistaken payment to the date of the repayment.

(d) Interest will be determined using the applicable OPEB discount rate.

(e) If there is a dispute as to the amount of a mistaken payment, the parties will enter into an alternative dispute resolution procedure as defined in section VI.(e) of this exemption.

Section V. Conditions Applicable to Section I(a), (b), (c)

(a) The Committee and the Independent Fiduciary maintain for a period of six (6) years from the date the Note or any Shares are transferred to the New Chrysler VEBA Plan the records necessary to enable the persons described in paragraph (b) below to determine whether conditions of this exemption have been met, except that (i) a separate prohibited transaction will not be considered to have occurred if, due to circumstances beyond the control of the Committee and/or the Independent Fiduciary, the records are lost or destroyed prior to the end of the six-year period, and (ii) no party in interest other than the Committee or the Independent Fiduciary shall be subject to the civil penalty that may be assessed under section 502(i) if the records are not maintained, or are not available for examination as required by paragraph (b) below; and

(b)(1) Except as provided in section (2) of this paragraph and notwithstanding any provisions of subsections Section (a)(2) and (b) of ERISA section 504, the records referred to in paragraph (a) above shall be unconditionally available at their customary location during normal business hours to:

(A) Any duly authorized employee or representative of the Department or the Internal Revenue Service;

(B) the UAW or any duly authorized representative of the UAW;

(C) New Chrysler or any duly authorized representative of New Chrysler; and

(D) Fiat or any duly authorized representative of Fiat; and

(E) the Independent Fiduciary or any duly authorized representative of the Independent Fiduciary;

(F) The Committee or any duly authorized representative of the Committee; and

(G) Any participant or beneficiary of the New Chrysler VEBA Plan, or any duly authorized representative of such participant or beneficiary.

Section VI. Definitions

(a) The term ''affiliate'' means: (1) Any person directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with such other person; (2) Any officer, director, or partner, employee or relative (as defined in section 3(15) of ERISA) of such other person; or (3) Any corporation, partnership or other entity of which such other person is an officer, director or partner. (For purposes of this definition, the term ''control'' means the power to exercise a controlling influence over the management or policies of a person other than an individual.)

(b) The term ''Class'' or ''Class Members'' shall mean all persons who are: (i) New Chrysler-UAW Represented Employees who, as of October 29, 2007, were retired from Chrysler LLC with eligibility for Retiree Medical Benefits under the Chrysler Plan, and their

[18] OPEB means Other Post-Employment Benefits, and typically includes retiree healthcare benefits, life insurance, tuition assistance, day care, legal services and the like. The OPEB discount rate is a rate used to discount projected future OPEB benefits payment cash flows to determine the present value of the OPEB obligation.

eligible spouses, surviving spouses and dependents; (ii) surviving spouses and dependents of any New Chrysler-UAW Represented Employees who attained seniority and died on or prior to October 29, 2007 under circumstances where such employee's surviving spouse and/or dependents are eligible to receive Retiree Medical Benefits from Chrysler and/or the Chrysler Plan; (iii) former New Chrysler-UAW Represented Employees or UAW-represented employees who, as of October 29, 2007, were retired from any previously sold, closed, divested or spun-off Chrysler LLC business unit with eligibility to receive Retiree Medical Benefits from Chrysler LLC and/or the Chrysler Plan by virtue of any agreement(s) between Chrysler LLC and the UAW, and their eligible spouses, surviving spouses, and dependents; and (iv) surviving spouses and dependents of any former Chrysler LLC–UAW Represented Employee or UAW-represented employee of a previously sold, closed, divested or spun-off Chrysler LLC business unit, who attained seniority and died on or prior to October 29, 2007 under circumstances where such employee's surviving spouse and/or dependents are eligible to receive Retiree Medical Benefits from Chrysler LLC and/or the Chrysler Plan.

(c) The term ''Committee'' shall mean the eleven individuals consisting of six independent members and five UAW appointed members who will serve as the plan administrator and named fiduciary of the New Chrysler VEBA Plan.

(d) The term ''Covered Group'' shall mean:

(i) All New Chrysler Active Employees who had attained seniority as of September 14, 2007, and who retire after October 29, 2007 under the Chrysler LLC–UAW National Agreements, or any other agreement(s) between Chrysler LLC and the UAW or New Chrysler and the UAW, and who upon retirement are eligible for Retiree Medical Benefits under the Chrysler Plan or the New Chrysler VEBA Plan, as applicable, and their eligible spouses, surviving spouses and dependents; (ii) all former New Chrysler-UAW Represented Employees and all UAW-represented employees who, as of October 29, 2007, remained employed in a previously sold, closed, divested, or spun-off Chrysler LLC business unit, and upon retirement are eligible for Retiree Medical Benefits from Chrysler LLC and/or the Chrysler Plan or the New Chrysler VEBA Plan by virtue of any other agreement(s) between Chrysler LLC and the UAW or New Chrysler and the UAW, and their eligible spouses, surviving spouses and dependents; and (iii) all eligible surviving spouses and dependents of New Chrysler Active Employees, or of former New Chrysler-UAW Represented Employees or UAW-represented employees identified in (ii) above, who attained seniority on or prior to September 14, 2007 and die after October 29, 2007 but prior to retirement under circumstances where such employee's surviving spouse and/or dependents are eligible for Retiree Medical Benefits from Chrysler LLC and/or the Chrysler Plan or the New Chrysler VEBA Plan, as applicable.

(e) The term ''Alternative Dispute Resolution Procedure'' shall mean, notwithstanding anything in Section 23 of the Modified Settlement Agreement to the contrary, the following process for the resolution of any dispute or controversy arising under Section 5 of the Modified Settlement Agreement for the reimbursement of benefit claims or in Section 9 of the Modified Settlement Agreement for the mistaken deposits. Such disputes shall be resolved in the following manner:

(i) While the parties agree that each of the disputes with respect to mistaken deposits and reimbursement of benefit claims referred to in the Settlement Agreement may be submitted to arbitration, they first shall endeavor to resolve the dispute through the following procedures:

(1) The aggrieved party shall provide the other party with written notice of such dispute;

(2) The written notice shall include a description of the alleged violation and identify the Section(s) of the Settlement Agreement allegedly violated;

(3) The party receiving the notice shall respond in writing within 21 calendar days of receipt of notice; and

(4) Within 21 calendar days of that response the parties shall meet in an effort to resolve the dispute.

All the time periods in this definition may be extended by agreement of the parties to the particular dispute.

(ii) Should the parties be unable to resolve the dispute within 30 calendar days from the date of the meeting set forth in this definition, either party may send written demand to the other party that the issue be resolved by arbitration. The failure to demand arbitration within 60 calendar days from the date of the meeting as set forth in this definition shall waive any right to such arbitration over the issue, absent mutual written agreement to the contrary by the parties. If a party fails to make a timely demand for arbitration pursuant to this definition, such party may not pursue the dispute in court, and the dispute will be resolved on the basis of the position taken by the opposing or answering party.

(iii) In the event that New Chrysler, the UAW, or the Committee proceed to arbitration in accordance with this definition, that dispute shall be submitted to an arbitrator (the ''Arbitrator'') who will not have the authority to modify or amend the Modified Settlement Agreement, but only to apply the Modified Settlement Agreement, as written, to particular factual situations based on a preponderance of the evidence. The Arbitrator shall not have the authority to award punitive or exemplary damages. Interest shall be paid on any delayed payments as a result of the arbitration process. The interest will be calculated daily at a rate equal to the OPEB Discount Rate for each day that amounts remain outstanding. Such arbitration shall take place in Auburn Hills, Michigan unless otherwise agreed upon in writing by the parties. Any award shall be in writing and issued within 30 days from the close of the hearing, unless the parties otherwise agree. The award shall be final, conclusive and binding on New Chrysler, the UAW, and the Committee. The award may be reduced to judgment in any appropriate court having jurisdiction in accordance with the provisions of the applicable law.

(iv) In the event that a dispute arising under this definition is taken to arbitration, the Arbitrator shall be the arbitrator/umpire used by New Chrysler and the UAW for disputes arising under the then applicable New Chrysler-UAW National Agreement; *provided that,* if within 15 days of receipt of the written arbitration demand referred to in (ii) above, the parties agree in writing that the dispute requires an arbitrator with actuarial expertise, then the Arbitrator shall be a person with actuarial expertise upon whom the parties mutually agree in writing, but failing such mutual agreement with 30 days of receipt of the written arbitration demand referred to in (ii) above, the arbitrator/umpire used by New Chrysler and the UAW for disputes arising under then applicable New Chrysler-UAW National Agreement shall select a person with actuarial expertise to serve as the Arbitrator.

(v) New Chrysler, the UAW, and the Committee shall cooperate in setting a hearing date for the arbitration as soon as possible following selection of the Arbitrator.

(f) The term ''Existing Internal VEBA'' shall mean the Chrysler VEBA Trust between Chrysler and State Street Bank and Trust Company, which will be

maintained by New Chrysler from June 10, 2009.

(g) The term ''Independent Fiduciary'' means a fiduciary that is (i) independent of and unrelated to Chrysler LLC, New Chrysler, the UAW, the Committee, and their affiliates, and (ii) appointed to act on behalf of the New Chrysler VEBA Plan with respect to the holding, management and disposition of the Shares and the Note. In this regard, the fiduciary will not be deemed to be independent of and unrelated to Chrysler LLC, New Chrysler, the UAW, the Committee, and their affiliates if (1) such fiduciary directly or indirectly controls, is controlled by, or is under common control with Chrysler LLC, New Chrysler, the UAW, the Committee or their affiliates, (2) such fiduciary directly or indirectly receives any compensation or other consideration from Chrysler LLC, New Chrysler, the UAW or any Committee member in his or her individual capacity in connection with any transaction contemplated in this exemption (except that an independent fiduciary may receive compensation from the Committee or the New Chrysler VEBA Plan for services provided to the New Chrysler VEBA Plan in connection with the transactions discussed herein if the amount or payment of such compensation is not contingent upon or in any way affected by the independent fiduciary's ultimate decision), and (3) the annual gross revenue received by the fiduciary, in any fiscal year, from Chrysler LLC, New Chrysler, the UAW or a member of the Committee in his or her individual capacity, exceeds 3% of the fiduciary's annual gross revenue from all sources (for federal income tax purposes) for its prior tax year.

(h) The term ''Implementation Date'' shall mean the later of January 1, 2010 or (ii) the ''Final Effective Date,'' as defined in the Modified Settlement Agreement.

(i) The term ''New Chrysler'' shall mean a Delaware Limited Liability Company formed by Fiat North America LLC, a subsidiary of Fiat S.p.A., a manufacturer of automobiles and automotive parts in Turin, Italy. New Chrysler is the company that acquired certain assets and liabilities from Chrysler LLC pursuant to the Section 363 Sale.

(j) The term ''Note'' shall mean a note issued by New Chrysler with a principal amount of $4,587 billion and an implicit interest rate of nine (9%) payable in fixed annual installments pursuant to the Indenture Agreement. Payments, consisting of accrued and unpaid interest and amortized principal shall be due on July 15 of each year, commencing July 15, 2010 and ending on July 15, 2023.

(k) The term ''Shares'' means the membership interests issued by New Chrysler.

(l) The term ''New Chrysler VEBA Plan'' refers to the newly created retiree medical employee welfare benefit plan. The plan is an employee welfare benefit plan established and maintained by the Committee, and shall provide retiree medical benefits to the Class and the Covered Group established pursuant to the Modified Settlement Agreement.

(m) The term ''Registration Rights Agreement'' means the Equity Registration Rights Agreement by and among New Chrysler, the U.S. Treasury, Canada, the VEBA Trust and Chrysler LLC, entered into on June 10, 2009.

(n) The term ''Section 363 Sale'' means a sale under section 363 of Title 11 of the U.S. Code, by which on June 10, 2009, New Chrysler succeeded to certain assets and liabilities of Chrysler LLC.

(o) The term ''Modified Settlement Agreement'' means the UAW Retiree Settlement Agreement between New Chrysler and the UAW dated June 10, 2009.

(p) The term ''Treasury Department'' shall mean the United States Department of the Treasury.

(q) The term ''VEBA'' means the UAW Chrysler Retiree Medical Benefits Plan (the New Chrysler VEBA Plan) and its associated UAW Retiree Medical Benefits Trust (the VEBA Trust).

(r) The term ''UAW'' means the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America.

(s) The term ''Verification Time Period'' means: (i) With respect to all Shares, the period beginning on the date of publication of the final exemption in the **Federal Register** and ending 60 calendar days thereafter; (ii) with respect to each payment pursuant to the Note, the period beginning on the date of the payment and ending 90 calendar days thereafter; and (iii) with respect to the UAW-Related Account of the Existing Internal VEBA, the period beginning on the date of publication of the final exemption in the **Federal Register** (or, if later, the date of the transfer of the UAW-Related Account to the New Chrysler VEBA Plan) and ending 180 calendar days thereafter.

Signed at Washington, DC, this 29th day of September 2009.

Ivan Strasfeld,

Director of Exemption Determinations, Employee Benefits Security Administration, U.S. Department of Labor.

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DEPARTMENT OF LABOR

Employment and Training Administration

[TA–W–60,808]

Invista, S.A.R.L., Nylon Apparel Filament Fibers Group, a Subsidiary of Koch Industries, Inc., Chattanooga, TN; Notice of Revised Determination on Remand

On June 18, 2009, the U.S. Court of International Trade (USCIT) remanded to the Department of Labor's motion for further investigation into the matter of *Former Employees of Invista, S.A.R.L.* v. *U.S Secretary of Labor,* Court No. 07–00160.

On December 15, 2006, an official of Invista, S.A.R.L, Nylon Apparel Filament Fibers Group, A Subsidiary of Koch Industries, Inc., Chattanooga, Tennessee (Invista) filed a petition for Trade Adjustment Assistance (TAA) and Alternative Trade Adjustment Assistance (ATAA) on behalf of workers and former workers at Invista engaged in activity related to the production of nylon fiber. AR 1. The petition stated that the separations were due to a shift in production to Mexico that was the basis for a certification that expired on August 20, 2006 (TA–W–55,055). AR 2. The company official stated that, as of February 1, 2007, all workers of Invista would be terminated from employment. AR 7.

On February 7, 2007, the Department of Labor (Department) issued a negative determination regarding workers' eligibility to apply for TAA/ATAA. AR 30–32. On February 21, 2007, the Department's Notice of determination was published in the **Federal Register** (72 FR 7909). AR 43.

In support of a request for administrative reconsideration (dated February 18, 2007), a worker stated that the workers' separations are ''a direct result of the textile industry going to developing countries.'' AR 38.

In a letter dated March 15, 2007, the Department stated that the request for reconsideration was being dismissed because insufficient evidence was furnished to warrant reconsideration pursuant to 29 CFR 90.18(c) and that the shift in production that was the basis for the certification of TA–W–55,055 occurred outside the relevant period. AR 45. The Dismissal of Application for Reconsideration was issued on March 21, 2007. AR 47. The Department's Notice of dismissal was published in the **Federal Register** on March 30, 2007 (72 FR 15169). AR 48.

On May 11, 2007, Plaintiffs sought review by the USCIT. The Plaintiffs