

MEGA TAX CREDIT AGREEMENT

ORIGINAL

Chrysler LLC (Jefferson North)

This Agreement between the Michigan Economic Growth Authority ("MEGA"), whose address is 300 North Washington Square, Lansing, Michigan 48913 and Chrysler LLC (the "Company"), a Delaware limited liability company, whose address is 1000 Chrysler Drive, Auburn Hills, MI 48236-2766, and whose Employer Identification Number is [REDACTED]

PREAMBLE

By signing this Agreement, the company acknowledges and agrees to the following:

- The MEGA has the authority to grant an authorized business a credit against the tax imposed by the single business tax act, 1975 PA 228, as amended.
- By an Initiation of legislation, the single business tax act, 1975 PA 228, MCL 208.1 to 208.145, is repealed effective for tax years that begin after December 31, 2007.
- The MEGA can only grant a tax credit against the tax imposed by the single business tax act, 1975 PA 228, as amended, for tax years beginning before December 31, 2007.
- The MEGA has awarded a credit to the Company if the Company meets the Eligibility criteria and applies for a credit for a tax year that begins before December 31, 2007.
- The MEGA has no authority to award a tax credit against any other business tax, however, the legislature enacted 2007 PA 36 which states in part, "For a period of time not to exceed 20 years as determined by the Michigan economic growth authority, a taxpayer that is an authorized business may claim a credit against the tax imposed by this act equal to the amount certified each year by the Michigan economic growth authority".
- Upon the execution of a written Agreement between the Company and the Michigan Economic Growth Authority, the Company will become an authorized business.

RECITALS

WHEREAS, the MEGA has been created by the Michigan Economic Growth Authority Act, Act No. 24 of Public Acts of 1995, as amended (the "Act"), with the power to provide tax credits to businesses involved in manufacturing, mining, research and development, wholesale and trade, or office operations.

WHEREAS, the Legislature has determined that it is in the public interest to promote economic growth and to encourage private investment, job creation and job upgrading for the residents of the State of Michigan.

WHEREAS, the MEGA has determined that providing tax credits to the Company for job creation and retention will promote and serve the purposes of the Act.

WHEREAS, the MEGA and the Company desire to set forth the terms and conditions for a MEGA Tax Credit.

NOW, THEREFORE, the parties agree as follows:

1.0 DEFINITIONS

- (a) "Act" means Public Act 24 of 1995, as amended.
- (b) "Agreement" means this written agreement.
- (c) "Application" means any information submitted to the MEGA in support of the Company's request for a Tax Credit.
- (d) "Anniversary Date" means December 31, 2007.
- (e) "Authority" or "MEGA" means the Michigan Economic Growth Authority created by the Act.
- (f) "Average Weekly Wage" means the total salaries and wages paid during the applicable tax year to employees performing Qualified New Jobs or Retained Jobs

at the Project, divided by 52, divided by the number of Qualified New Jobs or Retained Jobs at the Project.

(g) "Base Employment Level" means the minimum number of Full-time Jobs to be maintained by the Company at the Jefferson North Assembly Plant, as specified in Schedule A attached to this Agreement.

(h) "Business" means a proprietorship, joint venture, partnership, trust, business trust, syndicate, association, joint stock company, corporation, cooperative, limited liability company or any other organization.

(i) "Certificate" or "Tax Credit Certificate" means the certificate required to be issued by the Act which states that the Company is an authorized business, the amount of the Tax Credit authorized for a tax year, and the Company's federal employer identification number of Michigan Treasury number.

(j) "Certificate Application" or "Application for a MEGA Tax Credit Certificate" means the written information submitted each year in support of the Company's request for a Tax Credit Certificate.

(k) "Company" means Chrysler, LLC, EIN 38-2673623, which is an authorized business as defined in the Act, upon execution of this Agreement.

(l) "Facility" means the "Project" or the site within this state at which the Company has committed to creating Qualified New Jobs or locating Retained Jobs.

(m) "Full-time Job" means a job performed by an individual who is employed for consideration for 35 hours or more each week and for which the Company withholds income and social security taxes.

(n) "MEGA Employment Credit" or "Employment Credit" means a credit against the Single Business Tax authorized by Section 38g(20)(b) of Public Act 726 of 2002 and/or Section 37c of Public Act 23 of 1995.

(o) "MEGA Tax Credit" or "Tax Credit" means a MEGA Employment Credit.

(p) "New Capital Investment" means as defined in the Act.

(q) "Person" means an individual or a Business.

(r) "Project" means the facility at which the Company will create Qualified New Jobs or locate Retained Jobs as described under Project Description.

(s) "Qualified New Job" means a Full-time Job employed by the Company at the Project, that is:

(1) created by the Company on or after the date of execution of this Agreement,

(2) in excess of the Base Employment Level.

(t) "Retained Job" means a Full-Time Job employed by the Company that is located at the Project on or after the date of execution of this Agreement.

(u) "Salaries and Wages" means wages, tips and other compensation reported in Box 1 of the Michigan resident employees' W-2 forms.

(v) "Statement of Eligibility" or "Statement" means the certified statement required by Section 4.3 of this Agreement.

2.0 REPRESENTATIONS

2.1 Representations by the MEGA. With respect to the Agreement, the MEGA makes the following representations and warranties as of the date of execution of this Agreement:

(a) The MEGA is a public body established and acting pursuant to the Act.

(b) The MEGA has the necessary power under the Act to grant MEGA Tax Credits and has duly taken all action on its part required to authorize, execute and deliver this Agreement. This Agreement, when executed, will be valid, binding and enforceable in accordance with its terms.

(c) Upon execution of this Agreement, the MEGA will issue the Company's initial Tax Credit Certificate in the form attached to this Agreement.

2.2 Representations by the Company. With respect to the Agreement, the Company makes the following representations and warranties as of the date of execution of this Agreement:

(a) Existence and Power. The Company validly exists and is in good standing under the laws of the State of Delaware, and is duly qualified to transact business in Michigan.

(b) Corporate Authority. The execution, delivery and performance by the company of this Agreement have been duly authorized by all necessary corporate action and will not violate any provision of law or of its articles of organization or its operating agreement.

(c) Full Disclosure. Neither this Agreement, the Company's Application, nor any written statements furnished by the Company to the MEGA in connection with the authorization of a MEGA Tax Credit contain any untrue statement of a material fact or omit a material fact.

(d) Eligibility. The Company will create Qualified New Jobs or maintain Retained Jobs at the Project, generally classified under SIC Code 3711.

(e) Project Description. The Company will make New Capital Investment, retool, and expand its existing Jefferson North Assembly Plant in preparation of producing yet to be named vehicles in the City of Detroit, Wayne County.

The Project will result in the maintenance of at least 2,443 full-time jobs at the Jefferson North Assembly Plant and the addition of at least 200 Retained Jobs and/or Qualified New Jobs, or any combination of 200 Retained Jobs and/or Qualified New Jobs, assuming that combination includes at least 50 Qualified New Jobs no later than the Anniversary Date. The Retained Jobs and Qualified New Jobs created will pay an Average Weekly Wage of at least \$959 and at no time will the average wage paid for the Retained Jobs and the Qualified New Jobs be less than 150 percent of the federal minimum wage.

To qualify for a MEGA Tax Credit for Retained Jobs, the Company will make New Capital Investment, as defined in the Act, in the Project no later than Anniversary Date. The Project is economically sound and the investment capital and/or financing needed to complete the Project is now committed or will soon be available to the Company. As of October 26, 2007, construction of the Project had not begun.

(f) Need for MEGA Tax Credits. The Tax Credits authorized by this Agreement address the competitive disadvantages of locating in Michigan instead of a site outside this State. The Project will not occur in Michigan without the tax credits offered by this Agreement and the Act.

(g) Site Reuse. The Company has considered the reuse or redevelopment of property previously used for an industrial or commercial purpose and the company has determined the use of such property is feasible in locating the Project.

(h) Certification. The Company has made the certifications required by Section 8(3)(f) of the Act, which are attached to this Agreement as Schedule B.

(i) Binding Agreement. When executed by both parties, this Agreement will be a valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

3.0 MEGA TAX CREDIT

Based upon the Application and the Company's representations and warranties in this Agreement, the Authority authorizes the following tax credits subject to the conditions in Section 4.0 of this Agreement.

3.1 Employment Credit

(a) An Employment Credit equal to 100 percent of the state's personal income tax rate, as it exists at the beginning of the Company's tax year for which the credit is being sought, multiplied by the total Salaries and Wages, before deducting any personal or dependency exemptions of employees performing Retained Jobs and/or Qualified New Jobs. The Employment Credit is authorized for seven consecutive tax years beginning with the Company's tax year ending on or before December 31, 2007.

(b) No more than 400 Retained Jobs and/or Qualified New Jobs or any combination of 400 Retained Jobs and/or Qualified New Jobs, assuming any combination includes at least 50 Qualified New Jobs, may be used in calculating the Employment Credit as provided in Section 38g(20)(b) Public Act 726 of 2002 and/or Section 37c of Public Act 23 of 1995.

(c) The maximum amount of total Salaries and Wages that may be used in any single tax year in calculating the Employment Credit, for any one Qualified New Job or any one Retained Job, is \$250,000.

4.0 CONDITIONS OF THE MEGA TAX CREDITS

4.1 Eligibility. The Company shall not be eligible for the Tax Credit on Retained Jobs and/or Qualified New Jobs as provided in Section 3.0 of this Agreement unless:

(a) The Company maintains a minimum of 2,443 Full-Time Jobs at the Jefferson North Assembly Plant no later than the Anniversary Date, as described in Schedule A.

(b) In addition to the 2,443 Full-time Jobs in (a), at least 200 Retained Jobs and/or Qualified New Jobs or any combination of at least 200 Retained Jobs and/or Qualified New Jobs have been located at the Project no later than the Anniversary Date.

(c) The statutory minimum of 50 Qualified New Jobs have been created at the Project no later than the Anniversary Date, in order for a credit to include and be taken on Qualified New Jobs.

(d) The Average Weekly Wage paid to all employees with Retained Jobs and Qualified New Jobs is at least \$959.

(e) The Company has made New Capital Investment as defined in the Act, in the Project, no later than the Anniversary Date.

(f) The City of Detroit has not granted the Company an abatement of real property taxes for investment related to the Project.

(g) The Company may not count as a Qualified New Job for a Tax Credit, any job that is transferred to the Project from: (i) a Michigan location of a Business that is

listed in the Company's Application, or (ii) a Michigan location of a Business that, on or after the date of the Company's Application, acquires or otherwise gains control of the Company, is acquired or controlled by the Company, or comes under common control with the Company.

4.2 Anniversary Date Extension. The Company may make a request of the MEGA to extend its Anniversary Date to May 31, 2010 if it is unable to meet the minimum criteria for Eligibility by the Anniversary Date, and if the legislature creates a new tax and authorizes the MEGA to grant tax credits against that new tax, and if the Company meets the legal requirements required for a tax credit against the new business tax. The Company may also request that the number of years of credit that it was originally granted remains unchanged. The MEGA is not representing that a request will be granted.

4.3 Statement of Eligibility. Any time after 200 Retained Jobs and/or Qualified New Jobs or any combination of 200 Retained Jobs and/or Qualified New Jobs, assuming at least 50 Qualified New Jobs are included in the combination, have been located at the Project that are in addition to 2,443 full-time jobs at the Jefferson North Assembly Plant, but in no case later than 60 days after the Anniversary Date, and in all cases prior to or concurrent with the first application for a Tax Credit Certificate, the Company shall file a Certified Statement of Eligibility in a form specified by the Authority. The Statement shall contain the following information:

- (a) The number of Retained Jobs.
- (b) The number of Qualified New Jobs.
- (c) The Average Weekly Wage paid to employees with Retained Jobs.

- (d) The Average Weekly Wage paid to employees with Qualified New Jobs.
- (e) The dollar amount of New Capital Investment in the Project.
- (f) A certification by an authorized officer of the Company that the information

provided in the Statement of Eligibility is true.

4.4. Tax Credit Certificate. To obtain a Tax Credit Certificate in connection with the tax credits authorized in this Agreement for Retained Jobs and/or Qualified New Jobs in any tax year, the Company shall:

(a) Maintain a minimum of 200 Retained Jobs at the Project as required by Schedule A of this Agreement, for the applicable tax year. In computing the number of Retained Jobs at the Project in any tax year, the Company shall determine the number of Retained Jobs at the Project as of the last day of each of the four quarters of the applicable tax year, total the results for the four quarters, and divide the sum by four (4).

OR

Maintain a minimum of 200 Qualified New Jobs at the Project, as required by Schedule A of this Agreement, for the applicable tax year. In computing the number of Qualified New Jobs at the Project in any tax year except the first year of the credit, the Company shall determine the number of Qualified New Jobs at the Project as of the last day of each of the four quarters of the applicable tax year, total the results for the four quarters, and divide the sum by four (4).

In computing the number of Qualified New Jobs for the first year of the credit, the Company shall determine the number of Qualified New Jobs as of the last day of each quarter of the applicable tax year and beginning with the first quarter in

which there are at least 50 Qualified New Jobs, compute the average number of Qualified New Jobs over the remaining quarters of the tax year.

OR

Maintain a minimum of 200 Retained Jobs and/or Qualified New Jobs, or any combination of 200 Retained Jobs and/or Qualified New Jobs, assuming at least 50 Qualified New Jobs are included in that combination, at the Project. In computing the combined number of Retained Job and/or Qualified New Jobs at the Project in any tax year, the Company shall determined the number of Retained Jobs and/or Qualified New Jobs in the same manner as described above for each type of job.

(b) Pay an Average Weekly Wage in connection with the Retained Jobs and/or Qualified New Jobs of at least \$959 as required by Schedule A of this Agreement for the applicable tax year.

(c) Pay an average hourly wage in connection with Retained Jobs and/or Qualified New Jobs that equals or exceeds 150 percent of the highest hourly federal minimum wage in effect for the applicable tax year.

(d) Maintain 2,443 Full-time Jobs at the Jefferson North Assembly Plant. In computing the number of Full-time Jobs at the Jefferson North Assembly Plant in any tax year, the Company shall determine the aggregate number of Full-time Jobs at the Jefferson North Assembly Plant, excluding the Retained Jobs and/or Qualified New Jobs at the Project for which it is seeking a Tax Credit, as of the last day of each of the four quarters in that tax year. The sum of the results for the four quarters, divided by four, is the number of Full-time Jobs for that year.

(e) Make an Application to the MEGA for a Tax Credit Certificate as provided in Section 5.0 of this Agreement.

(f) Provided that the Company has initially satisfied the requirements of Section 4.1, failure of the Company to satisfy the requirements of Section 4.4 in any given year does not preclude the Company from qualifying for and obtaining a Tax Credit in any other year, if authorized by Section 3.1 of this Agreement.

4.5 Audit and Verification. The information provided in the Application, the Application for a MEGA Tax Credit Certificate, and the Statement of Eligibility is subject to audit and verification by the Authority or its designee. Upon reasonable advance notice to the Company by the Authority, the entity notified shall permit the Authority or its designee, during normal business hours, to inspect its files solely for the purpose of verifying eligibility for the Tax Credits authorized by this Agreement. The files subject to inspection include, but are not limited to, those relevant to wage and hour records, job classification, job assignments and employment histories.

The Authority or its designee shall use all information received pursuant to inspection of the files solely for the purpose of verifying eligibility for the Tax Credits authorized by this Agreement. The Company may request confidentiality pursuant to Section 5(3) of the Act on financial or proprietary information retained by the Authority in the course of its inspection of the files.

4.6 Administrative Fee. The Company must pay an administrative fee of \$34,610 to MEGA upon submission of the Certified Statement of Eligibility required by Section 4.3. The administrative fee is one-half of one percent of the MEGA Cost, as reported in

current dollars, in the cost/benefit analysis of the Project, as presented to the MEGA at the time the Tax Credit was authorized.

5.0 ANNUAL APPLICATION FOR TAX CREDIT CERTIFICATE

5.1 For each year that it seeks a Tax Credit under this Agreement, the Company shall complete an Application for a MEGA Tax Credit Certificate.

5.2 The Certificate Application shall be filed with the Authority at least 45 days prior to the day the Company's Single Business Tax return is due. If the Company receives an extension of the deadline to file its Michigan Single Business Tax return, the Company shall notify the MEGA of the extension and the Certificate Application shall be filed with the Authority at least 45 days prior to the extended deadline.

5.3 The form of the Certificate Application shall be as specified by the Authority from time to time. The Certificate Application shall contain the following information:

- (a) The Base Employment Level.
- (b) The number of Retained Jobs at the Project as of the end of each of the four quarters in the applicable tax year.
- (c) The number of Qualified New Jobs at the Project as of the end of each of the four quarters in the applicable tax year.
- (d) The total Salaries and Wages, before deducting any personal or dependency exemptions, paid to employees who performed Retained Jobs at the Project during the applicable tax year.
- (e) The total Salaries and Wages, before deducting any personal or dependency exemptions, paid to employees who performed Qualified New Jobs at the Project during the applicable tax year.

(f) Any other information that is reasonably related to determining the applicable Tax Credit.

(g) A certification by an Authorized Officer of the Company that the information provided in a Certificate Application is true.

5.4 The information in a Certificate Application is subject to audit and verification by the Authority or its designee consistent with Section 4.5 of this Agreement.

5.5 Within 45 days of receiving a completed Certificate Application, the MEGA will review that application to determine whether the requirements of this Agreement have been satisfied and, if so, will calculate the credit authorized under this Agreement and issue a Tax Credit Certificate to the Company.

6.0 ADJUSTMENT, REDUCTION, OR TERMINATION OF CREDITS

6.1 If the Company does not comply with the conditions required in Section 4.1, this Agreement is void, the Company is no longer an authorized business for purposes of the Act and no Tax Credits will be authorized under this Agreement.

6.2 Failure of the Company to comply with any provision of this Agreement, other than as a result of a clerical or technical error which is corrected when it is discovered to be an error, may result in revocation of the Company's designation as an authorized business or the reduction or loss of Tax Credits for which a Certificate has not yet been issued.

6.3 A Tax Credit authorized by the Authority is subject to adjustment in any tax year following the tax year for which a Tax Credit Certificate was issued, if the information on which the tax credit certification was based is found to be incorrect or cannot be verified.

6.4 If the Authority determines that the Company misrepresented information in order to qualify the Company for, or increase the amount of the Company's Tax Credit, the Authority may revoke the Company's designation as an authorized business and notify the Michigan Department of Treasury of that revocation. Any tax credits that have been received based upon a misrepresentation may be subject to recovery by the State of Michigan.

6.5 Prior to taking any adverse action against the Company under Sections 6.1, 6.2, 6.3, or 6.4, the Authority shall provide the Company with written notification of its intent to take such action and the basis for that action shall provide the Company with a reasonable opportunity to respond.

7.0 RECOVERY OF CREDIT

If the number of Full-time Jobs at the Jefferson North facility falls below 2,000 for reasons other than routine business purposes (e.g., retooling, change over, etc.) or by force majeure during the life of the credit, the last two years of credits received will be subject to repayment to the Michigan Department of Treasury.

The method used to determine whether the Company has maintained 2,000 Full-time Jobs as required by this Section, shall be the same as provided for determining the number of Full-time Jobs in Section 4.4(d) of the Agreement.

Any amounts owed the state of Michigan pursuant to this Section 7.0 are due and payable within 120 days of the end of the tax year that employment falls below 2,000 Full-time Jobs at the Jefferson North facility.

8.0 MISCELLANEOUS

8.1 Assignment of Credits. The Tax Credits authorized by this Agreement shall not be transferred or assigned to any other Person. In the event a Person acquires all or substantially all of the assets of the Company in Michigan, after the date of this Agreement, the Authority shall authorize the transfer of the company's rights under this Agreement to that Person if:

(a) The Person agrees in writing to assume all of the responsibilities of the Company under this Agreement.

(b) The Authority determines that the transfer would serve the purposes of the Act and this Agreement.

8.2 Reporting. The Company shall provide the MEGA with the information regarding its participation in the Tax Credit Program as the MEGA may reasonably require while this Agreement is effective.

8.3 Severability. If any provision of this Agreement is held illegal or invalid by any court, the invalidity of that provision shall not affect the remainder of this Agreement, and the Agreement shall be construed and enforced as if such illegal or invalid provision had not been in the Agreement.

8.4 Notices. All notices, certificates, requests or other communications hereunder shall be sufficiently given when delivered, if delivered by registered or certified mail, return receipt requested, or by messenger or professional courier service, addressed as follows:

If to the MEGA by mail, messenger or professional courier service:

Michigan Economic Growth Authority
Michigan Economic Development Corporation
300 North Washington Square

Lansing, Michigan 48913
Attention: MEGA Board Secretary

If to the company:

Chrysler LLC
1000 Chrysler Drive
CIMS: 485-12-30
Auburn Hills, Michigan 48236
Attention: Jason Cooper

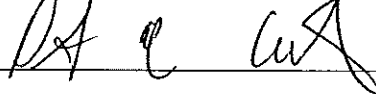
8.5 Entire Agreement and Amendment. Subject to the Act, this Agreement and the attached Schedules contain the entire Agreement between the Company and the MEGA with respect to the matters described in the Agreement. This Agreement may not be amended except with the written consent of the Authority and the Company.

8.6 Captions. The captions in this Agreement are for convenience only and in no way limit the intent of any provision of this Agreement.

8.7 Interpretation. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Michigan.


8.8 Acceptance. The terms of this Agreement are accepted this 21st day of December, 2007.

Michigan Economic Growth Authority

By  _____

Peter C. Anastor
Secretary to the MEGA Board

Chrysler LLC

By  _____

Paul Wolff
Assistant Secretary

Chrysler LLC
Schedule A: Minimum Employment and Wage Levels
to Qualify for the Jobs Tax Credits

<u>Year of Credit</u>	<u>Tax Year Ending on or Before December 31</u>	<u>Minimum # of Retained or Qualified New Jobs</u>	<u>Minimum # Qualified New Jobs*</u>	<u>Minimum Average Weekly Wage</u>	<u>Base Jobs Maintained</u>
1	2007	200	50*	\$959	2,443
2	2008	200	50*	\$959	2,443
3	2009	200	50*	\$959	2,443
4	2010	200	50*	\$959	2,443
5	2011	200	50*	\$959	2,443
6	2012	200	50*	\$959	2,443
7	2013	200	50*	\$959	2,443

* The Company is required to maintain or create a minimum of 200 Retained Jobs or Qualified New Jobs or maintain and create a combination of 200 Retained Jobs and Qualified New Jobs. If the Company utilizes a combination credit, then at least 50 Qualified New Jobs must be included as part of the combination of Retained and Qualified New Jobs.

Chrysler LLC

Schedule B

Chrysler, LLC certifies that:

1. It will follow a competitive bid process, open to all Michigan residents and firms, for the construction, rehabilitation, development or renovation of the Facility, and that it will not discriminate against any contractor on the basis of its affiliation or non-affiliation with any collective bargaining organization.

2. It will make a good faith effort to employ, if qualified, Michigan residents at the Facility.

3. It will make a good faith effort to employ or contract with Michigan residents and firms to construct, rehabilitate, develop, or renovate the Facility.

Certified this 21st day of December, 2007.

By: *Paul Wolff*
Paul Wolff
Assistant Secretary

Certificate Number



Initial Tax Credit Certificate


Issued this 26th day of December, 2007, by the

Michigan Economic Growth Authority

to Chrysler, LLC, Employer Identification Number 38-2673623, which is an Authorized Business pursuant to Public Act 24 of 1995, as amended.

The MEGA authorizes to Chrysler LLC, an Employment Credit of 100 percent for seven consecutive tax years, beginning with the Company's tax year ending on or before December 31, 2007 under Section 38g(20)(b) and/or Section 37c of Public Act 228 of 1975, as amended.

The Michigan Legislature encourages recipients of MEGA Tax Credits to make a good faith effort to use Michigan-based suppliers and vendors when purchasing goods and services.

By 

Secretary to the MEGA Board