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Treasury Exits Investment in Chrysler Group LLC

7/21/2011

WASHINGTON - Today, the U.S. Department of the Treasury announced that it received \$560 million in proceeds from the sale of its remaining stake in Chrysler Group LLC to Fiat. With the closing of this transaction, Treasury has fully exited its investment in Chrysler Group under the Troubled Asset Relief Program (TARP).

Fiat paid \$500 million to Treasury for its 98,461 shares or 6 percent fully diluted equity interest in Chrysler Group. Fiat also paid \$60 million to Treasury for its rights under an agreement with the UAW retirement trust pertaining to the trust's shares in Chrysler Group.

"With today's closing, the US government has exited its investment in Chrysler at least six years earlier than expected," said Assistant Secretary for Financial Stability Tim Massad. "This is a major accomplishment and further evidence of the success of the Administration's actions to assist the US auto industry, which helped save a million jobs during the worst economic crisis since the Great Depression."

Fiat held a call option to purchase Treasury's equity interest in Chrysler Group. This option was exercisable for the twelve months following the repayment of the Treasury loan provided to Chrysler Group. On May 24, 2011, Chrysler Group repaid \$5.1 billion in TARP loans and terminated its ability to draw a remaining \$2.1 billion TARP loan commitment. On May 27, 2011, Fiat notified Treasury of Fiat's irrevocable commitment to exercise its option to purchase Treasury's 6 percent fully diluted equity interest in Chrysler Group. Pursuant to the Call Option Agreement, the price for the 6 percent fully diluted equity interest in Chrysler Group was determined based on negotiation between Fiat and Treasury.

Treasury committed a total of \$12.5 billion to Old Chrysler and Chrysler Group under TARP's Automotive Industry Financing Program (AIFP). With the closing of today's transaction and Chrysler Group's repayment in full of its TARP loans in May, more than \$11.2 billion of that amount has been returned to taxpayers through principal repayments, interest, and cancelled commitments. Treasury is unlikely to fully recover the difference of \$1.3 billion owed by Old Chrysler. Treasury has the right to recover proceeds from the disposition of the liquidation trust associated with the bankruptcy of Old Chrysler but does not expect a material recovery from those assets.

Lazard served as Treasury's exclusive financial advisor on today's transaction.