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Treasury Announces Agreement to Exit Remaining Stake in Chrysler Group LLC

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WASHINGTON – Today, the U.S. Department of the Treasury announced that it reached an agreement to sell to Fiat Treasury's 6 percent fully diluted equity interest in Chrysler Group LLC and Treasury's interest in an agreement with the UAW retiree trust. After the completion of this transaction, Treasury will have fully exited its TARP investment in Chrysler Group LLC.

The expected total proceeds to Treasury from this transaction are \$560 million. Fiat agreed to pay Treasury \$500 million for Treasury's 98,461 shares of Chrysler. Treasury also held the right to proceeds above a certain threshold received by the UAW retiree trust from the trust's sale of Chrysler equity, as well as a right to purchase all of the shares retained by the UAW retiree trust for a certain threshold amount – which Fiat will purchase for \$75 million. Treasury will receive 80 percent of the proceeds (\$60 million) from that \$75 million, while the Government of Canada will receive 20 percent of the proceeds (\$15 million).

"As Treasury exits its investment in Chrysler, it's clear that President Obama's decision to stand behind and restructure this company was the right one," said Treasury Secretary Tim Geithner. "Today, America's automakers are mounting one of the most improbable turnarounds in recent history – creating new jobs and making new investments in communities across our country."

Fiat held a call option to purchase Treasury's interest in Chrysler. This option was exercisable for the twelve months following the repayment of the Treasury loan provided to Chrysler Group LLC. On May 24, 2011, Chrysler Group LLC 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. Pursuant to the Call Option Agreement, the price for the 6 percent fully diluted equity interest in Chrysler was determined based on negotiation between Fiat and Treasury.

Treasury committed a total of \$12.5 billion to Chrysler under TARP's Automotive Industry Financing Program (AIFP). Following the closing of today's transaction, Chrysler will have returned more than \$11.2 billion of that amount to taxpayers through principal repayments, interest, and cancelled commitments. Treasury is unlikely to fully recover the difference of \$1.3 billion. 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. The closing of this transaction is subject to customary regulatory approvals.