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Chrysler Financial Parent Company Repays \$1.9 Billion in Settlement of Original Chrysler Loan TARP Repayments Reach \$189 Billion

U. S. Department of the Treasury

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U.S. DEPARTMENT OF THE TREASURY

Press Center

Chrysler Financial Parent Company Repays \$1.9 Billion in Settlement of Original Chrysler Loan TARP Repayments Reach \$189 Billion

5/17/2010

TG-700

WASHINGTON – The U.S. Department of the Treasury today announced that it has received a \$1.9 billion repayment from Chrysler Holding (CGI Holding) in settlement of one of the loans that the Treasury Department extended to finance Chrysler LLC, the "Old Chrysler" automobile company. This repayment, while less than face value, is significantly more than the Treasury expected to recover on this loan and is greater than an independent valuation of the loan provided by investment banking firm Keefe, Bruyette and Woods, which was hired by Treasury in connection with the transaction.

As a result of the repayment, CGI Holding and Chrysler Financial no longer have outstanding obligations to Treasury under the Troubled Asset Relief Program (TARP).

The loan was originally made on January 2, 2009 to Chrysler Holding, the parent company of Old Chrysler, in the amount of \$4 billion. The loan went into default when Old Chrysler filed for bankruptcy in April 2009.

In June 2009, the assets of Old Chrysler were sold to New Chrysler pursuant to the bankruptcy court proceeding. The loan was reduced by \$500 million as "New Chrysler" assumed that amount of the debt. The liquidation of Old Chrysler was recently completed and did not result in any recovery on the loan.

CGI Holding was the owner of both Chrysler Financial and Old Chrysler. The loan also provided for potential recoveries from Chrysler Financial consisting of the greater of \$1.375 billion or 40 percent of any distributions that Chrysler Financial made to CGI Holding. Because of the uncertainty regarding the amount and timing of any income distributions by Chrysler Financial that would be applied to the loan, Treasury had not expected a material recovery on the loan.

Separate from this loan and payment, in January 2009 Treasury also provided a \$1.5 billion loan to Chrysler Financial to enable it to finance the purchase of Chrysler vehicles by consumers. This loan was fully repaid with interest in July 2009. A separate debtor-in-possession loan of \$1.9 billion provided by Treasury to Old Chrysler, on which Treasury had not expected any recovery, was extinguished last month in the liquidation. Treasury retains the right to recover the proceeds from the sale of specific collateral attached to that loan.

CGI Holding has no ownership interest in Chrysler Group LLC, the "New Chrysler," and Treasury's investments in New Chrysler are not affected by today's repayment. Those investments consist of 9.9 percent of the equity and \$7.1 billion of loans including undrawn commitments.

Of the \$14.3 billion in loans to Old Chrysler, New Chrysler and Chrysler Financial outstanding at various times under TARP (includes undrawn commitments), Treasury has received \$3.9 billion to date. Treasury also retains the investments in New Chrysler described above.

Total TARP repayments now stand at \$189 billion – well ahead of last fall's repayment projections for 2010.

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