



FIAT GROUP AND CHRYSLER ENTER INTO A GLOBAL STRATEGIC ALLIANCE

Fiat S.p.A. and Chrysler LLC announced today they have signed the agreements to establish a global strategic alliance. The Alliance comprises two elements: Fiat contributing to Chrysler rights in various platforms, technologies, and models, management services and cooperation and assistance in key areas of Chrysler's business, such as procurement and international distribution, and Fiat's acquisition of a shareholding in Chrysler.

1. Statement from the CEO of Fiat Group, Sergio Marchionne

"This transaction represents a constructive and important solution to the problems that have plagued not just Chrysler in recent years, but the global automotive industry as a whole. Bringing together Fiat's world-class technology, platforms and power-trains for small and medium sized cars, and its extensive distribution network in Latin America and Europe with Chrysler's rich heritage, strong North American presence and talented and dedicated workforce will create a powerful new automotive company, while helping preserve jobs and a manufacturing industry that is critically important to the U.S. and Canadian economies," the CEO of Fiat Group, Sergio Marchionne, said.

Our goal since we first entered discussions with Chrysler nearly a year ago was to leverage the strengths of both companies to yield the scale, efficiencies and cost savings necessary to create two stronger automakers able to compete more effectively on a global scale. This transaction is an important step toward achieving this objective.

Our work is just beginning, but together with our new partners at Chrysler we look forward to delivering on the vast potential this alliance holds and reintroducing to North American customers of some of our most popular brands, including Alfa Romeo and the award-winning Cinquecento.

We would not be here to announce this agreement were it not for the tireless dedication, focus and creativity of the US Automotive Task Force and their Canadian colleagues. As we worked our way through the myriad of obstacles and issues that arise in transactions such as these, they never lost faith in the project. Through this transaction, they have created the conditions for the reestablishment of Chrysler as a viable long-term participant in the automotive market.

Organized labor unions on both sides of the border have also made significant contributions in accepting reductions in benefits and equity in satisfaction of some of their claims. I would like to thank the leadership of both the United Auto Workers and the Canadian Auto Workers unions for all they have done and for constructively participating in our shared challenge of recreating a great Chrysler.



Over the coming weeks and months, I will be spending a great deal of time meeting with Chrysler employees and touring its facilities. While our agreement must necessarily go through the U.S. legal system for a few weeks, we will be preparing ourselves to reemerge quickly as a reliable and competitive automaker. I believe Chrysler can meet the challenges posed by today's difficult market conditions by tapping back into its innovative spirit, by focusing on quality as a cornerstone of its product offering and by listening to its customers and delivering the cars they want. It is a model we have strictly adhered to in the past few years at Fiat, and one I believe we can adapt here to write the next chapter in Chrysler's legacy.

The transaction which we have just finalized represents an historic moment for both Fiat and Italian industry. It is a significant step toward building a new and solid foundation for the future.

Today is also a day of great satisfaction for all women and men at Fiat. The fact that Fiat's know-how has been appreciated at the most senior levels of the US and Canadian administration – to whom I express gratitude on behalf of our Group's entire management team – is a source of significant motivation for the work ahead of us.

We are certain that a stronger and more international Fiat will emerge from this alliance, with an even greater capacity to compete in markets worldwide," the CEO of Fiat Group, Sergio Marchionne, said.

2. The transaction

The transaction will be implemented through an expedited sale of substantially all the assets of Chrysler to a NewCo pursuant to certain provisions of the US Bankruptcy Code. After intense consultations with the US Treasury and all the other constituencies, including, the government of Canada, the United Auto Workers (UAW) and the Canadian Auto Workers (CAW), Chrysler elected such route as the most effective to restructure its debt. As a consequence, today Chrysler will request the bankruptcy court in New York to approve the sale of Chrysler's business to a NewCo. Subject to the approval of the regulatory authorities, if the Court will approve the Transaction it will require the parties to complete the transaction as soon as possible.

Pending this approval, the current Chrysler will continue its normal business operations and the US Treasury and the Canadian government will provide the company with financing in order to allow the performance of all its obligations towards the employees and to fund its on-going needs.

From the beginning of May Chrysler will benefit of new wholesale financing arrangements entered into with GMAC which will also offer retail financing.



At closing of the Transaction, NewCo will assume the corporate name of Chrysler and become the owner of substantially all the Chrysler's business without certain debts and liabilities.

At closing NewCo will issue in favor of Fiat an equity interest equal to 20% (by vote and value) on a fully diluted basis and Fiat will enter into certain industrial agreements with Chrysler.

Similarly, at closing the Voluntary Employee Benefit Association (VEBA) will be issued an equity interest equal to approximately 55% on a fully diluted basis of Chrysler. Such equity interest will be administered by the U.S. Treasury. UST and the Canadian Government will collectively hold the remaining 10% equity interest (on a fully diluted basis).

The new Chrysler will also benefit from the recently agreed new collective bargaining agreements with UAW and CAW and of a facility of the U.S. Treasury of approximately US \$ 6.5 bn.

The new Chrysler will be managed by a board of directors consisting of nine directors: three directors will be appointed by Fiat. One of Fiat's appointees must satisfy the criteria for independence under the New York Stock Exchange listing rules. VEBA and the Government of Canada will have the right to appoint one Director respectively. U.S. Treasury will have the right to make the initial appointment of four directors (three of whom must be independent).

Fiat will have right to receive up to an additional 15% equity interest (by vote and value) on a fully diluted basis. This stake can be obtained in three tranches of 5% each subject to the achievement of predetermined targets, in particular, achievement of regulatory approvals to produce the FIRE family of engines in the USA; achievement of sales of Chrysler vehicles outside NAFTA, and achievement of regulatory approval to produce a Chrysler model based on Fiat technology. Upon obtainment of such additional 15% interest, Fiat will also have the right to appoint another director of Chrysler.

In addition, Fiat will be granted an option to acquire an additional 16% shareholding (exercisable from Jan 1, 2013 until June 30, 2016). The price of such incremental equity will be determined in accordance to certain market standards but in any event will not exceed the then Fiat market multiple. This option will not be exercisable while the US Treasury outstanding loan exceeds US\$3 billion.

Fiat's shareholding will be capped at 49% until Chrysler has repaid in full the loan granted by the U.S. Treasury.

3. Fiat's contribution

Fiat will contribute key technology and other resources to Chrysler.

In summary, the Fiat Contributions will consist of the following: licenses enabling Chrysler to use all Fiat Group Automobiles car platforms (and subject to any



restrictive agreement between Fiat and any third party) for the production of Chrysler vehicles in NAFTA; licenses enabling Chrysler to use certain of Fiat's other key technology, such as engine technology; the on-going provision of management services in order to enable Chrysler to benefit from Fiat's expertise in operational and industrial recovery; participation in Fiat's purchasing and procurement programs; distribution of Chrysler vehicles outside NAFTA, in particular by giving Chrysler access to Fiat's distribution network in countries in which Chrysler currently has a limited presence.

The alliance, a key element of Chrysler's Integration Plan, would strengthen Chrysler viability for the long term with access to competitive, fuel-efficient vehicle platforms, powertrain, and components to be produced at Chrysler manufacturing sites.

The alliance would also allow Fiat Group and Chrysler to take advantage of each other's distribution networks and to optimize fully their respective manufacturing footprint and global supplier base. The alliance does not contemplate that Fiat would make a cash investment in Chrysler or commit to funding Chrysler in the future.

Turin, April 30, 2009