



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

April 22, 2011

Mr. Richard Palmer
Senior Vice President and Chief Financial Officer
Chrysler Group LLC
1000 Chrysler Drive
Auburn Hills, MI 48326

Mr. Silvia Verneti
Chairman of the Board
Fiat North America LLC
via Nizza n. 250
10125 Torino, Italy

Re: Fiat's acquisition of Chrysler Group LLC

Dear Messrs. Palmer and Verneti:

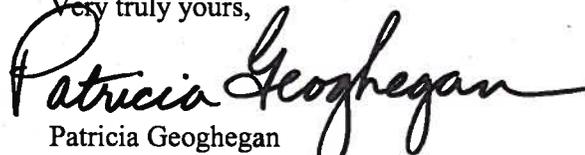
I am in receipt of your letter dated April 19, 2011, requesting an advisory opinion confirming your analysis of the treatment of a transaction under the U.S. Department of the Treasury's ("Treasury") Interim Final Rule on TARP Standards for Compensation and Corporate Governance (the "Rule"). Under the Rule, the Office of the Special Master for TARP Executive Compensation has the responsibility for determining how the requirements of Section 111 of the Emergency Economic Stabilization Act of 2008, as amended, and the Rule apply to particular facts and circumstances, and may issue advisory opinions with respect to those requirements. See 31 C.F.R. § 30.16(a)(1).

The Office of the Special Master has reviewed the description of the transaction in your letter, which is attached as *Exhibit I*, and the relevant provisions of the Rule. It should be noted that a shareholder of or owner of membership interests in a TARP recipient (as such term is defined in the Rule) will not normally be considered, for purposes of Section 30.14(a) of the Rule, to have initiated an acquisition when the shareholder or owner acquires a minority interest in the TARP recipient. The specific facts and circumstances of the transaction described in your letter are exceptional, however, in establishing that Fiat's contemplated acquisition of Chrysler started in June 2009. Accordingly, I concur with your analysis of the consequences of the transaction under Section 30.14(a) of the Rule.

In addition, we understand that Chrysler Group LLC (including its subsidiaries, “Chrysler”) has contractually agreed with Treasury to remain subject to and comply with the Rule (including the provisions of Section 30.16 thereof, but without regard to the provisions of Section 30.14(a) thereof) as though Chrysler remained a TARP recipient receiving “exceptional financial assistance”, as such term is defined in the Rule, until the date on which Treasury has sold or transferred all of the 98,461 Class A membership units issued to it in June 2009, pursuant to the Master Transaction Agreement, dated as of April 30, 2009, and Chrysler’s LLC Operating Agreement, dated as of June 10, 2009 (it being understood that, for this purpose, any membership units acquired by Treasury will be deemed to be sold or transferred on a first-in, first-out basis).

This letter is being issued pursuant to the authority granted to the Office of the Special Master under the Rule. *Id.* The opinion expressed herein is limited to the facts described in *Exhibit I*, and shall not be relied upon by anyone with respect to any other facts or circumstances. The opinion has relied upon, and is qualified in its entirety by, the accuracy of those facts and the absence of any material misstatement or omission in *Exhibit I*.

Very truly yours,

A handwritten signature in black ink that reads "Patricia Geoghegan". The signature is written in a cursive, flowing style with a large initial "P".

Patricia Geoghegan
Office of the Special Master
for TARP Executive Compensation

Chrysler Group LLC 1000 Chrysler Drive Auburn Hills, Michigan 48326	Fiat North America LLC via Nizza n. 250 10125 Torino, Italy
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April 19, 2011

Patricia Geoghegan, Esq.
Office of the Special Master for TARP Executive Compensation
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Re: Fiat's Acquisition of Chrysler Group LLC

Dear Ms. Geoghegan:

Fiat North America LLC ("Fiat") owns 30 percent of the ownership interest in Chrysler Group LLC ("Chrysler") and plans to increase its ownership interest in Chrysler. Fiat initially acquired a 20 percent ownership interest in Chrysler pursuant to Chrysler's Amended and Restated Limited Liability Company Operating Agreement dated as of June 10, 2009 (the "LLC Agreement"). As contemplated by the LLC Agreement, Fiat's ownership interest in Chrysler increased to 25 percent in January 2011, and to 30 percent earlier this month, and may increase to 51 percent if certain additional steps are taken (the "Contemplated Acquisition").

Chrysler has received financial assistance under the Troubled Asset Relief Program ("TARP") established under the Emergency Economic Stabilization Act of 2008, as amended ("EESA"). Accordingly, Chrysler is subject to Section 111 of EESA as implemented by the Interim Final Rule on TARP Standards for Compensation and Corporate Governance (the "Rule"), and is a "TARP recipient" as defined in the Rule.

Section 30.14(a) of the Rule generally provides that, in the event a TARP recipient is acquired by an entity that is not an affiliate (as defined in Section 30.1 of the Rule) in an acquisition of any form, the acquirer will not become subject to the Rule and the acquirer's employees, including employees of the acquired entity, will not be subject to the Rule.

Fiat is not itself a TARP recipient and was not an affiliate (as defined in the Rule) of Chrysler immediately prior to the time it acquired its initial 20 percent ownership interest in Chrysler.

Pursuant to our analysis of the Contemplated Acquisition under the Rule, when Fiat's ownership interest in Chrysler exceeds 50 percent, Chrysler will have been acquired by an entity

Patricia Geoghegan, Esq.
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that is not an affiliate, and Section 30.14(a) of the Rule will apply. Fiat will not be an affiliate of Chrysler for purposes of Section 30.14(a) because it was not an affiliate when the Contemplated Acquisition began in June 2009. The Contemplated Acquisition was clearly anticipated in June 2009, as evidenced by the LLC Agreement, which set forth a path that Fiat could follow to acquire 51 percent of the ownership interest in Chrysler. Therefore, the incremental increases in Fiat's ownership interest in Chrysler over time since June 2009 constitute a series of steps in a single acquisition transaction. As such, Fiat's status as an affiliate of Chrysler for purposes of Section 30.14(a) of the Rule should be tested on June 10, 2009, when Fiat acquired its initial interest in Chrysler. Because Fiat was not an affiliate of Chrysler immediately prior to that first step, Section 30.14(a) applies to the Contemplated Acquisition. As a result of the application of Section 30.14(a) of the Rule, neither Fiat nor the employees of Fiat or Chrysler will be subject to the Rule upon the consummation of the Contemplated Acquisition when Fiat acquires 51 percent of Chrysler.

We respectfully request your advisory opinion confirming our analysis of the consequences of the transaction under the Rule.

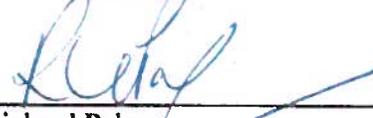
Very truly yours,

FIAT NORTH AMERICA LLC

By: 

Silvia Vermetti
Chairman of the Board

CHRYSLER GROUP LLC

By: 

Richard Palmer
Senior Vice President and
Chief Financial Officer