

# Gov't Ends Chrysler Investment

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WASHINGTON (AP) — The Treasury Department said Thursday it has exited its investment in Chrysler LLC after Italian automaker Fiat SpA purchased the U.S. government's remaining holdings in the auto company.

Fiat paid \$560 million to the Treasury Department for the government's 98,000 shares. Fiat has run the company since it emerged from bankruptcy protection in June 2009.

Treasury provided a total of \$12.5 billion to Chrysler and its financing arm after the recession hampered auto sales and sent Chrysler and General Motors to the brink of collapse. The funds came from the government's \$700 billion bank bailout fund.

Since then, \$11.2 billion of the assistance has been repaid, Treasury says. Chrysler repaid \$5.1 billion in loans from the government in May. Treasury said it likely won't recover the remaining \$1.3 billion.

Chrysler has made a remarkable turnaround from two years ago, when it was rescued by the government.

The company earned net income of \$116 million in the first quarter and is forecasting 2011 earnings of \$200 million to \$500 million. Under the leadership of Fiat CEO Sergio Marchionne, the company has cut costs and revived its sales by refurbishing most of its lineup of Jeep, Chrysler, Dodge and Ram vehicles.

Its sales rose 30 percent in June compared to the previous year.

The purchase of the government's stake gives Fiat 52 percent ownership of Chrysler. That's likely to rise to 57 percent before the end of the year when Chrysler begins producing a 40 mpg small car in the U.S.

Fiat received a 20 percent stake in Chrysler after the bankruptcy in exchange for management expertise and technology. The Italian automaker has gradually raised its stake by meeting benchmarks set by the government.

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