

# Shocking News !!!

## Chrysler Goes Bankrupt

Chrysler LLC is an American automobile manufacturer first organized as Chrysler Corporation by Walter P. Chrysler on June 6, 1925. Then in January 1924, Walter Chrysler launched the well-received Chrysler automobile. The Chrysler was a 6-cylinder automobile, designed to provide customers with an advanced, well-engineered car, but at a more affordable price than they might expect. From 1998 to 2007, Chrysler and its subsidiaries were part of the German based Daimler Chrysler AG (now Daimler AG). Prior to 1998, Chrysler Corporation traded under the "C" symbol on the NYSE. Under DaimlerChrysler, the company was named "DaimlerChrysler Motors Company LLC", with its U.S. operations generally referred to as the "Chrysler Group". By 2001 and as of 2009, the company has three Marques worldwide: Dodge, Jeep, and Chrysler.

On May 14, 2007, DaimlerChrysler announced the sale of 80.1% of Chrysler Group to American private equity firm Cerberus Capital Management, for \$7.4 Billion, L.P., although Daimler continued to hold a 19.9% stake. This was when the company took on its current name "The New Chrysler". The deal was finalized on August 3, 2007. Chrysler collaborates with Tata Motors Limited of India in February 2008. Tata's all-electric Aoe mini trucks were to be sold through Chrysler's Global Electric Motorcars division.

On October 23, 2008, Daimler announced that its stake in Chrysler had a book value of zero dollars after write offs and charges. On the same day, General Motors asked the Treasury Department of the United States for \$10 billion to help restructure both their company. On November 5, 2008 it was published that Chrysler sales in the US market have fallen 34.9 percent in only 12 months. In early December Chrysler announced that they were dangerously low

on cash and may not survive past 2009. After the defeat of the auto bailout in the Senate, Chrysler stated that they would most likely file for bankruptcy and shut down all operations permanently. On December 19, President George W. Bush announced a \$13.4 billion rescue loan for the American automakers, including Chrysler.

On March 30, 2009 President Barack Obama issued a US Government guarantee of Chrysler's warranty liabilities, and publicly stated the U.S. Government will back the warranties on Chrysler vehicles if the company were to go out of business. On April 27, 2009, Daimler AG signed a binding agreement to give up its 19.9% remaining stake in Chrysler LLC to Cerberus Capital Management and pay as much as \$600 million into the automaker's pension fund.

On April 30, 2009, Chrysler filed for Chapter 11 bankruptcy protection and announced a partnership with Italian automaker Fiat. Both the White House and Chrysler expressed hope for a "surgical" bankruptcy lasting 30 to 60 days, with the result of reducing the company's liabilities and post-bankruptcy emergence in stronger financial shape. The banks owed 70 percent of the debt agreed to be paid 29 cents on the dollar. But some hedge funds have yet to approve.

The filing for bankruptcy protection will lead to the forming of a new corporate entity.

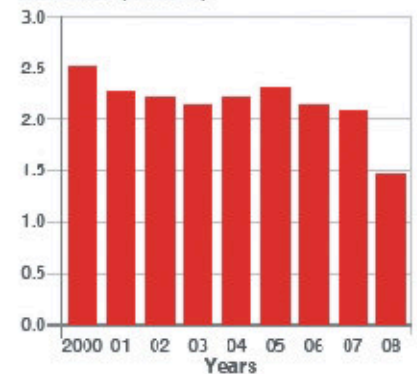
Details of the new Chrysler include:

- Fiat will take a 20% stake, with the possibility of it rising to 35% if performance targets are met. It could reach 51% by 2016 if Chrysler's government loans are fully repaid

The Treasury will have an 8% stake, a union-run trust fund VEBA will take a 55% stake, and the governments of Canada and Ontario will gain a combined 2% stake

- Current owner Cerberus will forfeit its 80.1% stake

**CHRYSLER'S ANNUAL US SALES**  
Unit sales (millions)



SOURCE: Chrysler

- Daimler will give up its remaining 19.9% stake in Chrysler
- Chrysler bondholders will receive \$2bn (£1.35bn) in cash in exchange for forgiving their \$6.9bn debt
- The new company will be run by a nine-person board, with six picked by the government and three by Fiat. The

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