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Chrysler chief to outline plan for future

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Chrysler Group LLC's new chief executive officer, Sergio Marchionne, will outline his plans for the future of the automaker today with an elaborate presentation at the company's headquarters in Auburn Hills.

The presentation comes not a moment too soon, with more doubts about the company's future, which were only reinforced Tuesday when the company reported a 30 percent drop in sales for October. By contrast, both Ford Motor Co. and General Motors Corp. reported sales increases for October.

In addition, the sales figures from GM, which like Chrysler filed for bankruptcy earlier this year, indicated that the company's restructuring is paying dividends. Almost 95 percent of GM's sales came from the company's four core brands and several new vehicles such as the GMC Terrain.

"The industry showed signs of improvement this month with increasing sales, which is a trend we expect to continue for the remainder of the year," said Fred Diaz, lead executive for the Chrysler Sales Organization.

"Chrysler Group expects to get its fair share of the increases as November and December traditionally are two of the best months for SUV sales, and the Jeep brand offers customers the best SUVs in the marketplace," Diaz said.

Chrysler, however, has introduced only one new vehicle this fall, the Ram HD truck and the plan Marchionne is expected to outline today won't produce any additional vehicles for almost two years. Cerberus Capital Management LLC is generally blamed for the dearth of new vehicles because it slashed the company's product development budget in a failed effort to make the company profitable.

"Chrysler continues to struggle," Consumer Reports said earlier this month. "More than one-third of Chrysler products are much worse than average," the magazine said.

"Chrysler dealers are going to have to rely pretty heavily on selling minivans and trucks," said Brad Coulter, a consultant with O'Keefe & Associates in Bloomfield Hills. Fortunately, minivans and trucks have been Chrysler's most successful and profitable vehicles for several years.

However, Marchionne — who is also CEO of Italian carmaker Fiat, which is now officially Chrysler's new corporate partner — will also have to outline some of the steps taken to shore up

Chrysler's finances. A new report released this week by the federal government's General Accounting Office said that Chrysler will have to provide the U.S. Treasury Department with financial information on a regular basis.

"You've got the added element that the banking system is still locked up," and it's not clear that banks would be willing to lend to suppliers that are working with Chrysler, he said.

Chrysler, however, is continuing to get vital support from credit union members who will receive preferred pricing on all 2009 Chrysler, Jeep, Dodge and Ram Truck vehicles and a select number of 2010 vehicles, Chrysler announced this week. More than 2,000 credit unions in all 50 states have been promoting the "Invest in America" discounts. Chrysler's former financial partner, Chrysler Financial, is now liquidating its automotive portfolio. GMAC, which has problems of its own, is now supposed to support Chrysler dealers and customers.

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