

Fiat Deal With Chrysler Seals Swift 42-Day Overhaul

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With the touch of pen to paper and a simple wire transfer, [Chrysler](#) completed its alliance with [Fiat](#) on Wednesday morning, largely ending its quick trip through bankruptcy.

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Joe Wilssens/Chrysler, via Reuters
Sergio Marchionne, chief executive of Fiat and now Chrysler, addressed employees at Chrysler's headquarters near Detroit. [More Photos](#) »

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Matthew Staver/Bloomberg News
Juaquin Rornia carrying out equipment from a closed Chrysler dealership in Castle Rock, Colo. [More Photos](#) >

The reorganization was completed in 42 days.

The last obstacle to an exit — a temporary stay imposed by the [Supreme Court](#) — was lifted late Tuesday after the nine justices declined to hear a challenge of the deal by three Indiana state funds and several consumer groups.

The wire transfer, from the federal government, gives Chrysler \$6.6 billion in exit financing.

After more than a month of sometimes dramatic court hearings, Chrysler sold the bulk of its assets to Fiat in almost anticlimactic fashion: in the offices of Cadwalader, Wickersham & Taft, the law firm that is advising the [Treasury Department's](#) auto task force. [The sale was completed](#) about 9 a.m.

“This morning’s closing represents a proud moment in Chrysler’s storied history,” a Treasury official said. “The Chrysler-Fiat alliance has now exited the bankruptcy process and is poised to emerge as a competitive, viable automaker.”

The speed with which Chrysler’s restructuring plan swept through the court system was an important victory for the Obama administration, which is seeking to remake the American auto industry after years of declining sales. When Chrysler filed for bankruptcy on April 30, [President Obama](#) promised its reorganization would be “efficient” and “controlled.” Company and government officials repeatedly exhorted the courts to approve the restructuring swiftly, citing the \$100 million a day that Chrysler was consuming as it idled its plants and paid other overhead costs.

Chrysler was openly acknowledged as a test drive for the bankruptcy of [General Motors](#), a far larger and more complex company that is in the early stages of its case.

As envisioned by Chrysler, Fiat and the government, Wednesday’s sale will create a new carmaker freed from the old Chrysler’s crushing labor costs and debt levels. In Fiat, which will run the company, it will have gained a partner skilled in making and selling small, [fuel-efficient](#) cars around the world.

“We intend to build on Chrysler’s culture of innovation and Fiat’s complementary technology and expertise to expand Chrysler’s product portfolio both in North America and overseas,” [Sergio Marchionne](#), the chief executive of Fiat, said Wednesday.

“Although we have many challenges yet to overcome, there is no doubt in my mind that we will get the job done,” Mr. Marchionne [said in comments](#) to employees.

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Under the plan, Chrysler would emerge from bankruptcy with a union retiree trust owning 55 percent, Fiat owning a 20 percent share that could eventually grow to 35 percent and the United States and Canadian governments holding minority stakes.

Chrysler has been hit hardest among the three Detroit companies by the slump that began last year and has resulted in the worst sales in more than a quarter-century.

Through May, Chrysler sales were down 46.3 percent, and it held just 10 percent of the car and truck market, down from nearly 15 percent a few years ago. It ranks fifth in the American market, behind G. M., [Toyota](#), [Ford](#) and [Honda](#).

Chrysler employees, who were once considered among the industry's most energetic and innovative, now face the prospect of adjusting to their third set of owners in less than two years. In recent weeks, teams from Fiat have been going over the company's operations in Auburn Hills, Mich., much as teams from [Cerberus Capital Management](#) did in 2007, when that investment group bought the company from DaimlerChrysler.

Likewise, employees can expect new management at Chrysler, much as Cerberus brought in [Robert L. Nardelli](#), the former [Home Depot](#) chief executive, and James E. Press from Toyota's American operations. Mr. Marchionne has said he will run Chrysler.

In his [farewell comments](#) Wednesday, Mr. Nardelli said that during his tenure, Chrysler employees had the "heart of a scrappy underdog. This is a company that has been knocked down many times, but never knocked out."

The company said its nine-member board would include three directors appointed by Fiat, four appointed by the federal government, one by the Canadian government and one by the [United Automobile Workers'](#) Retiree Medical Benefits Trust. The board is expected to name C. Robert Kidder as chairman.

The impact on Chrysler's lineup will take longer to be felt. Chrysler, more than any other American player, depends heavily on Jeeps, minivans and pickups as the bulk of its lineup. Small Fiats like the Fiat 500, are expected to be sold at Chrysler dealers. But it could take months or years to adapt them to emissions and safety requirements in the United States.

For the moment, Chrysler dealers will have to rely on many of the same vehicles sold by Chrysler before it entered bankruptcy. And there will be far fewer of those dealers: hundreds closed Tuesday night, and their cars and trucks will be redistributed among remaining showrooms.

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