

CHRYSLER EMPLOYEE VOUCHERS

May 5, 2009

Beware Chrysler dealers!

Apparently Chrysler issued vouchers to employees that took an early severance package that allowed them credits against the purchase of a new vehicle. These original vouchers were dated prior to the April 30th bankruptcy filing. In its Petition for First Day Orders, Chrysler has indicated incentives would be paid at the discretion of Chrysler. The original amount that Chrysler had sought had been cut by the federal government by 25%. It now is appearing, through different court filings and various other information, that Chrysler may intend to stiff dealers that it wants to close on incentive payments, or in the alternative reduce the percentage paid by at least 25%. It is not yet clear if they will pay the full voucher price or any full incentive to dealers that it plans to continue in the dealer network. Those dealers would be assumed by the “new” Chrysler/Fiat. Those dealers, although they don’t know who they are yet, will probably be okay. The dealers that Chrysler intends to leave behind would have a general unsecured claim in bankruptcy and would be left fighting over claims for payment in the “old” Chrysler bankruptcy. Again, these would be unsecured claims and would probably only be worth pennies on the dollar.

We are urging you to be vigilant on the voucher issue, as well as other incentives until the picture becomes clearer. We will post further developments on our web site as they become available. Please check our web site daily.

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