

CHRYSLER UPDATE

May 22, 2009

Rejected Dealers

Apparently telephone calls are starting to come in from Chrysler reps to those dealers whose franchise agreements were rejected. Apparently the telephone calls are short and simply ask "Do you want our help in getting rid of inventory, parts, special tools, etc.?" If the answer is yes to all, then dealers are told to expect some sort of term sheet by the end of next week setting out the terms and prices for the various categories. Apparently they are even offering some possible assistance with the disposal of '08s. The inventory terms are triple net; however do include an adjustment for ad groups and apparently a supplemental floor plan interest credit. In general, this will leave most dealers a bit upside down with their floor plan lender but it is probably preferable to the alternative. In any event, we would like to know, through e-mail, when any of you receive those calls. We would like to make sure that the offers are consistent.