

CHRYSLER LLC: "Operationally" Bankrupt, CEO Nardelli Says

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Chrysler LLC is "operationally" bankrupt, was how chief executive officer Robert Nardelli described the company's status at a meeting held earlier this month, The Wall Street Journal reports, citing an account by two people present that meeting.

"The only thing that keeps us from going into bankruptcy is the \$10 billion investors entrusted us with," Mr. Nardelli said at the meeting, WSJ's sources relate.

As reported in the Troubled Company Reporter on Dec. 7, 2007, various papers cited Mr. Nardelli as saying that Chrysler is in for a wider financial loss of \$1.6 billion.

It would be the Chrysler's second consecutive year of losses if Mr. Nardelli's forecast is right, according to the Associated Press citing an unnamed source. The company reported a loss of \$618 million in 2006 but disclosed earnings of \$1.8 billion in 2005.

Headquartered in Auburn Hills, Michigan, Chrysler LLC -- <http://www.chrysler.com/> -- a unit of Cerberus Capital Management LP, produces Chrysler, Jeep(R), Dodge and Mopar(R) brand vehicles and products. The company has dealers worldwide, including Canada, Mexico, U.S., Germany, France, U.K., Argentina, Brazil, Venezuela, China, Japan and Australia.

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As reported in the Troubled Company Reporter on Nov. 12, 2007, Standard & Poor's Ratings Services affirmed its 'B' corporate credit rating on Chrysler LLC and DaimlerChrysler Financial Services Americas LLC and removed it from CreditWatch with positive implications, where it was placed Sept. 26, 2007. The outlook is negative.