New York Times talks to McTevia on Chrysler Suitors

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The Suitors for Chrysler Grow Sparse

By MICHELINE MAYNARD
AUBURN HILLS, Mich., Feb. 21 — DaimlerChrysler would prefer to sell the struggling Chrysler Group in one piece, rather than let potential bidders pick and choose among its assets, people with direct knowledge of the situation said on Wednesday.

But it is hard to find anyone who will admit to being interested in buying Chrysler, at least before JPMorgan Chase sends out the offer book that it is preparing on the struggling American car company.

Both the Nissan Motor Company and Volkswagen said Wednesday that they did not plan to buy Chrysler, and American-traded shares in DaimlerChrysler fell on the news, closing down $2.04, or 2.8 percent, at $70.85, on the New York Stock Exchange. Fiat and Hyundai had already taken themselves off the consideration list.

DaimlerChrysler's stock had jumped in the United States and Europe since the company's chief executive, Dieter Zetsche, said last week that all options were open for Chrysler, including, as many saw it, a sale or a spinoff.

With a growing number of companies taking themselves out of the running, at least publicly, Daimler executives in Germany are emphasizing that the company is following a dual strategy, akin to putting a house up for sale and making the repairs that would be required before closing a deal.

Along with a possible sale of Chrysler, Daimler is forging ahead with a plan to close all or part of four plants and eliminate 13,000 blue- and white-collar jobs.

"Exploring the sale of the company is a legitimate option," said James V. McTevia, a revamping specialist with McTevia & Associates in Bingham Farms, Mich. "It doesn't mean they're going to sell it, though."

The chief executive of Chrysler, Thomas W. LaSorda, emphasized that approach last week in a message to employees, essentially saying that Chrysler, which lost $1.5 billion last year, had to get out of the ditch that it had skidded into before it could drive down whatever road lay ahead.

If a sale is the option chosen, Daimler prefers to unload the entire Chrysler Group, rather than sell divisions, bankers and executives at the company said this week, speaking on condition of anonymity because a prospectus for Chrysler was not final.

That approach would eliminate buyers who may want only the valuable Jeep brand or those interested in Chrysler's American dealership network. It also may limit bidders to those able to raise the entire asking price, like private equity funds, investment banks and competitors that are willing to take on all of Chrysler's brands, its thousands of dealers and workers, and its pension and health care obligations.

General Motors, which has raised billions in the last year by selling half of its finance group as well as stakes in Japanese car companies, has repeatedly declined to comment on reports that its top executives have held several meetings with DaimlerChrysler executives to discuss a sale of Chrysler. But G.M. and Chrysler are discussing a joint production venture that would give Chrysler a version of G.M.'s big sport utility vehicles: the Chevrolet Tahoe and the GMC Suburban.

Finding a white knight for the entire company will undoubtedly take time, which analysts said Mr. Zetsche could use to his advantage, especially when he faces shareholders at the annual meeting on April 4 in Berlin.

Hiring JPMorgan Chase gives him an answer to critics who have demanded the sale of Chrysler almost since the 1998 merger with Daimler-Benz. And the time that JPMorgan Chase will need to sift through potential offers can be used by Chrysler to apply its latest comeback strategy, analysts said.

Jürgen Pieper, an analyst at Bankhaus Metzler in Frankfurt, said, "For more than seven years, we have talked about the Chrysler problem, and now the patience of a lot of Daimler managers, employees and investors is coming to an end." "Zetsche got that signal," he added, "and that's why he made that statement" that all options are open.

But even as the list of companies backing away grows, executives say they expect some of them to seek the financial data regardless of their public comments.

On Wednesday, Nissan said it was not interested in adding Chrysler to its alliance with the French automaker Renault. Nissan's comments came a day after it offered voluntary buyouts to workers at two plants in Tennessee.

Carlos Ghosn, who runs both companies, unsuccessfully pursued a deal with G.M. last year, and had expressed interest in adding a North American company to his arrangement. But Nissan recently said it expected to miss its profit target for 2006, the first time since 1999 that it had not posted higher net income.

A Volkswagen spokesman said the company also was not considering a deal for Chrysler.

The rebuffs may actually work to the advantage of bidders willing to take Chrysler off DaimlerChrysler's hands, Mr. Pieper said.

"To announce it clearly that you want to sell something doesn't help the price negotiations," he noted. It is one reason DaimlerChrysler is also emphasizing its corporate revamping.

For his part, the president of the United Automobile Workers union, Ron Gettelfinger, refused Wednesday to predict what might happen. "I have absolutely no opinion on that at all," Mr. Gettelfinger said in a Detroit radio interview.

In his first comments since Chrysler's announcement last week, Mr. Gettelfinger acknowledged that the news of a possible sale came as a surprise to hourly workers, who were expecting to hear only about job cuts.

Mr. Gettelfinger went on: "It may end up that it's not sold. Who knows?"

Presumably, Mr. Gettelfinger will be among the first to hear. He is one of 20 members of the DaimlerChrysler supervisory board, a group of outside executives, labor leaders and others who oversee the company.

Julia Werdigier contributed reporting from London and Nick Bunkley from Detroit.