

DOES BOB NARDELLI WORK FOR CERBERUS OR CHRYSLER?

The NYT has caught onto something we've been discussing over the weekend: Cerberus is apparently trying to use the bridge loan as a convenient means to ditch Chrysler (pity for Cerberus it's not in Nebraska, where it could just leave Chrysler at a hospital under that state's safe haven law). Their story includes a detail that adds to questions I've been mulling about Bob Nardelli's role in all this.

Cerberus officials lobbied the White House last week to prevent the private equity firm from being held responsible for the Chrysler loans if the automaker cannot repay them, according to people with knowledge of the talks who declined to be identified because the discussions were private.

But Chrysler executives, who are responsible for the day-to-day operations of the company, were shut out of the discussions, those people said.

[snip]

A Chrysler spokeswoman, Lori McTavish, declined to comment Sunday on whether Mr. Nardelli had played a role in final loan negotiations with the White House.

I started wondering about which company Nardelli works for last night, when I read this line from Chrysler's beg to Congress.

Mr. Nardelli receives an annual salary of \$1 from Chrysler.

This appeared in a document dated December 2: a few weeks after John Tester had asked Nardelli whether he would be willing to take a \$1 salary

(Nardelli said he would, with no hesitation, but didn't say he **was** getting just \$1), but before last week's loan on which that \$1 salary was premised. Given the way that Cerberus' and Chrysler's interests appear to be diverging wildly, I started wondering who actually employed Nardelli. Has he always been paid \$1 by Chrysler, and \$11 million by Cerberus, which would make a bit of sense, since he's basically been pursuing Cerberus' goal of repackaging Chrysler so it can be sold off (or, alternately, left in a hospital in Nebraska).

But there is reason to believe that Nardelli is being put in the untenable position of representing Chrysler's interests while Cerberus works to undermine his efforts. Who can forget, for example, the moment when Bob Corker told Nardelli that Cerberus was unwilling to invest any money in Chrysler. That appeared to be news to Nardelli. And, consider the way that Chrysler's beg largely consisted of proof that bankruptcy would be the most expensive outcome for the US. While Chrysler was making that case, it appears that Cerberus was working their clout on the Hill to push for just the bankruptcy that Chrysler was fighting!

So now this news. Chrysler—whose name is on a \$4 billion loan—may not have been in negotiations over the terms of that loan. Bob Nardelli, who is (at least on paper) Chrysler's CEO, may not have been party to negotiations about that loan. If he was, we're not allowed to know about it. And others—the UAW, Michigan, taxpayers—are being dumped with the results of negotiation that appears to have been negotiated by a party unwilling to sign its name to the fruits of the negotiation.