

## Cerberus has a plastics pedigree

Chrysler's new owner has a plastics industry pedigree. Cerberus Capital Management LP agreed today to buy 80.1 percent of Chrysler from Stuttgart, Germany's DaimlerChrysler AG for \$7.4 billion. (Apparently that means DaimlerChrysler paid a bit too much for Chrysler nine years ago, when it paid \$36 billion for the whole company).

If New York-based Cerberus rings a bell to Plastics News readers, it's because the company has bought and sold some plastics processing companies. In 2002, Cerberus bought fuel system supplier Pilot Industries Inc. out of Chapter 11, buying it for \$41.5 million and selling it for \$85.4 million less than a year later. (I guess that helps to answer the question, "Why would Cerberus invest in an automotive supplier?")

In 2004, Cerberus bought auto parts maker Peguform GmbH of Botzingen, Germany, which also was operating under Chapter 11 bankruptcy protection. And in 2005, Cerberus tried unsuccessfully to buy construction major Royal Group Technologies Ltd.

Royal eventually ended up instead in the hands of Georgia Gulf Corp.

Cerberus could be a short-term owner for Chrysler, according to a Bloomberg story that quotes David Cole, director of the Center for Automotive Research in Ann Arbor, Mich.

Management may be negotiating with private-equity investors to give UAW leaders ammunition to convince rank-and-file workers of the need for concessions, he said. Meanwhile, other potential buyers including Chery Automobile Co. Ltd. of China or Renault SA and Peugeot SA of France are biding their time, Cole added.

"They're waiting for the private equity companies to do some of the cleanup work to make Chrysler an attractive deal, where right now it probably isn't," Cole said.

So expect a showdown between Cerberus and the United Auto Workers -- and expect it soon.

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