In re Chrysler LLC, et al.,

Debtors.

Case No. 09-____ (____)

(Jointly Administered)

DECLARATION OF JOHN J. SCHENDEN

I, John J. Schenden, make this Declaration under 28 U.S.C. § 1746 and state:
1. I am the owner of Pro Chrysler Jeep in Denver, Colorado. For approximately 16 years, I have been a dealership owner in Chrysler’s network of dealers. Except as otherwise indicated, the facts set forth in this affidavit are based upon my personal knowledge, my review of relevant documents, my opinion based upon my experience and knowledge of Chrysler’s businesses and being a dealership owner for approximately 16 years. If called upon to testify, I could and would testify competently to the facts set forth in this declaration.

2. I previously worked at Chrysler Corporation, starting in 1963 as a trainee in the Marketing and Distribution Department in Detroit, Michigan. I then worked as a Clerk in Business Management and Distribution in Los Angeles, California from 1966 to 1967, as District Manager in Riverside and also in San Fernando from 1968 to 1970, as Staff for Business Management and Dealer Placement from 1971 to 1972, as Assistant Zone Manager for San Francisco from 1973 to 1974, as Zone Manager for Denver, Colorado from 1974 to 1976, as Zone Manager for San Francisco from 1977 to 1978, as Zone Manager for Los Angeles from 1978 to 1980, and as Zone Manager for Detroit from 1981 to 1982. I also served as the Western Regional Manager in charge of eleven zones at Chrysler from 1983 to 1989. From 1990 to 1991, I was the National Dealer Relations Manager. From 1992 to 1993, I was the Sales Manager for the Central Region, which oversaw the dealer network for the Central Region.

3. In 1993, I purchased an interest in Pro Chrysler Jeep in Denver Colorado and over time bought out the other owner of the dealership. I am now the President of Pro Chrysler Jeep and, along with my wife, own 100% of Pro Chrysler-Jeep. When I first became part owner in Pro Chrysler-Jeep, the dealership was selling approximately 480 to 600 new vehicles a year, which steadily grew over time. By 2007, the dealership sold 852 new vehicles.
4. I have served on Chrysler’s National Dealer Council since 1996 and previously served as Co-Chairman of that Council from 2003 to 2004. In that capacity, I have interacted with Chrysler, Dodge and Jeep dealership owners from across the country. This past fall, I helped organize a letter writing campaign on behalf of dealer owners to encourage members of Congress to pass legislation to give Chrysler financial assistance. During this campaign, I communicated with many large, small, urban and suburban Chrysler dealers. While on Chrysler’s Dealer Council, I attended numerous national dealership association meetings where many dealership owners came together to discuss and analyze dealer issues. I am also a member and past President of the Colorado Auto Dealers Association and a member and past President of the Denver Metro Auto Dealers Association.

5. My dealership was the first Five Star Chrysler dealers in the country, starting in 1998. In 2002, my dealership was recognized as the best dealership in Colorado and received the Time Magazine Dealer Award. This is one of many accolades my dealership has received since I became owner.

*Chrysler’s Fragile Dealer Network*

6. After owning a car dealership for approximately 16 years and working at Chrysler for approximately 30 years, I can say that Chrysler’s current dealership network is facing unprecedented economic conditions.

7. From 2007 to 2008, my new vehicle sales dropped from 852 to 480—a loss of nearly 50%. For 2009, my dealership is on pace to sell only 250 new vehicles for the year, a decrease of 70% from my 2007 sales. April sales have only further declined as speculation of a Chrysler bankruptcy filing has increased. In 2007, my dealership averaged approximately 70 new vehicle sales per month and in 2008 my dealership averaged approximately 40 new vehicle
sales per month. The steady decline has continued in 2009 because my dealership is averaging just 20 new vehicle sales per month.

8. As media speculation of a possible Chrysler bankruptcy began appearing in 2008, there was a noticeable decline in dealership foot traffic. The lack of foot traffic was only exacerbated by the loss of consumer credit. During the second half of December 2008, normally one of the busiest times of the year for my dealership, my customers had difficulty getting any credit and, still today, many of my customers are unable to obtain retail financing unless they have near perfect credit. As a result, 2008 was the worst new car sales years and profit I have seen for my dealership in 15 years.

9. The first quarter of 2009 has only gotten worse as speculation regarding a possible Chrysler bankruptcy filing increased. This quarter has been the worst quarter my dealership has ever had. The tremendous uncertainty associated with the possibility of bankruptcy is driving customers away or making them extremely hesitant to purchase new Chrysler vehicles.

**Importance of Incentives, Warranty Payments, and Cash Flow**

10. In an effort to improve sales and stabilize the dealer network, Chrysler has offered substantial incentives on its vehicles in 2009. Yet, more and more of my sales associates are fielding questions from customers about whether Chrysler will “be around” to service their vehicle. Many of the people who walk into my dealership today end up walking away without purchasing a car because they want to “see what happens with Chrysler” before investing in a new Chrysler vehicle. If Chrysler files for bankruptcy, the uncertainties associated with that filing will only further erode customer confidence, foot traffic at the dealership and Chrysler’s
sales. Moreover, once a dealer loses a new customer to another brand (like Ford or Toyota), that customer may be lost forever.

11. Given dealers’ substantial fixed costs and low profit margins, cash flow is absolutely critical to our survival. Dealers must be able to generate foot traffic from potential customers and address uncertainties that influence their buying habits to be able to continue selling new vehicles. Moreover, the cash flow from Chrysler to its dealers in connection with each sale is critical to the dealers’ survival. Dealers depend upon the weekly or periodic cash flow that comes from Chrysler in the form of warranty payments, incentives, holdbacks and other payments to continue operations.

Need For Urgent Action

12. My dealership is already facing a cash crunch and I have already taken drastic steps to address the decline in sales. As a result of slower car sales, sparsely available financing, diminished profit margins and significantly reduced foot traffic, I reduced my dealership’s workforce from 83 people in early 2008 to 57 people. Additionally, I have cut expenses in every department. If consumer confidence continues to decline, my dealership’s operations will deteriorate rapidly.

13. It is absolutely critical that any sale involving Chrysler be approved as quickly as possible to address the uncertainties now facing customers and to restore customer confidence. If Chrysler is mired in an extended bankruptcy proceeding lasting more than a couple of weeks, I expect sales and foot traffic to reach such minimal levels that neither my dealership nor many other Chrysler dealerships will be able to survive.
I declare under penalty of perjury that the foregoing statements are true and correct.

Executed: April 30, 2009

/s/ John J. Schenden
John J. Schenden