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## [Auto Industries Big Players Find Life after Bankruptcy](#)

Two of the top three carmakers in the US auto industry, General Motors (GM) and Chrysler have begun to see better days after exiting Chapter 11 bankruptcy last year. GM has paid off the last of its \$4.7 billion loans while Chrysler has posted a \$143 million profit for its first quarter results. The third of the top three automakers, Ford did not file for bankruptcy protection and its shares closed at its highest since January 2005.

It was a remarkable turnaround for both GM and Chrysler who filed for government-backed bankruptcy in 2009. For GM, it took them only 39 days from June 2 to July 10 to exit bankruptcy while it took Chrysler a tad longer between April 30 and June 10. When GM and Chrysler filed for bankruptcy last year, the government poured out \$50 billion and \$12.5 billion in aid to the two automakers respectively.

But besides taking the bankruptcy route, both companies made substantial changes in the lineups of their vehicles to ensure fuel efficiency and quality. Chrysler plans to unveil 16 all new or refreshed models this year. Ford on the other hand, has been promoting its Fusion hybrid car as it competes with Toyota's Prius, the most popular gasoline electrical car. Ford plans to introduce its plug-in Volt will be introduced in October, a month ahead of schedule.

All three automakers benefited from Toyota's debacle when it recalled 8 million of its vehicles from US roads since September due to accelerator and brake pedal problems. This resulted in Toyota's market share dropping to 15.2% in the first quarter from 16.3% from the previous quarter. At the same time, GM's and Chrysler's market share increased.

Nevertheless, there is still work to be done for the auto giants. Toyota's labor costs of \$50 an hour is still the cheapest among the automakers, Ford is still struggling with debts, Chrysler's quality still leaves much to be desired and GM has already had 3 CEOs the past year. GM booted out Fritz Henderson as its CEO December 1 before hiring someone new besides also twice revamping the marketing department. But the massive government cash injection has enabled GM to challenge Ford, the nation's no. 2 carmaker, whose \$34 billion in automotive debt is a huge burden.

Industry-wide total vehicle sales still fall short by about one third compared to the annual average over the past ten years despite significant gains by about 20%.