News

General Motors

GM Communications
Detroit, Mich., USA
media.gm.com

For Release November 16, 2009, 7:00 a.m. ET

General Motors Announces the New Company's July 10-September 30 Preliminary Managerial Results

- ***Operating actions result in EBIT loss before special items of $261 million and managerial net loss of $1.2 billion***
- ***Continued progress on structural cost reductions***
- ***Healthier balance sheet with significantly lower debt***
- ***$3.3 billion positive managerial operating cash flow favorably impacted by working capital; $42.6 billion third quarter liquidity position expected to decline materially in the fourth quarter***
- ***Accelerated plan to repay U.S. and Canadian taxpayers; first $1.2 billion payment in December***

DETROIT – General Motors Company (GM) released today preliminary non-GAAP managerial results[1] for its first 83 days of operation, providing an initial look at its financial performance since it began operations as a new company on July 10, 2009.

"We have significantly more work to do, but today's results provide evidence of the solid foundation we're building for the new GM. With a healthier balance sheet and a competitive cost structure, our focus is on driving top line performance. We'll achieve that by winning customers over, one at a time, with vehicles that deliver performance and value," said GM President and CEO Fritz Henderson.

Preliminary Non-GAAP Managerial Results

($mils)	"Old GM" July 1-July 9, 2009	GM July 10-Sept. 30, 2009
Net revenue	$1,637	$26,352
Earnings before interest and taxes *(before special items)*	$(627)	$(261)
Net interest	$(209)	$(250)
Special items	$79,672[2]	$(505)
Earnings before taxes	$78,836	$(1,016)
Taxes	$522	$(135)
Total managerial income/(loss)	$79,358	$(1,151)

[1] See the "Editor's Notes" section of this release for details on the presentation of the reporting.
[2] Special items for July 1-July 9, 2009 includes a reorganization gain of $80.7 billion.

Managerial operating cash flow *(before special items)($bils)*	$(3.6)	$3.3
Global cash and cash-related balance ($bils)	$37.6	$42.6

Revenue

GM posted revenue of $28.0 billion in the third quarter of 2009 (July 1-Sept. 30, 2009), which was up approximately $4.9 billion compared to the revenue recognized by General Motors Corporation, or “Old GM,” in the second quarter of 2009.

The improvement was largely attributed to a higher global seasonally adjusted annual rate (SAAR) of 67.8 million units in the third quarter, compared to 62.7 million units in the second quarter of 2009, and GM’s stabilizing global share. In China, Brazil, India and Russia (BRIC), GM had 13.0 percent of the combined market share in the third quarter, up 0.2 percentage points from the second quarter of 2009.

GM’s global share was 11.9 percent in the third quarter, up 0.3 percentage points from the first half of the year for Old GM. GM’s U.S. market share in the third quarter was 19.5 percent, flat in relation to Old GM’s U.S. share for the first half of the year.

GM finished the third quarter with U.S. dealer inventories of approximately 424,000 vehicles; a reduction of approximately 158,000 units from the end of the second quarter.

Contributing to GM’s sales in the U.S. was the strong retail performance of some of its newest vehicles, including the Chevrolet Camaro and GMC Terrain, as well as the Chevrolet Equinox, Buick LaCrosse and Cadillac SRX which are generating higher average transaction prices and higher residual values than previous model year vehicles.

In other markets around the world, strong consumer appeal for a number of GM’s newest vehicles including the Holden and Chevrolet Cruze, Daewoo Matiz Creative, Opel/Vauxhall Astra and Chevrolet Agile are helping to reclaim global share. In fact, the Astra recently claimed its first major award by winning the prestigious Golden Steering Wheel award by the Auto Bild magazine and the Agile was just elected the 2010 Car of the Year by AutoEsporte magazine in Brazil.

The China market in particular is proving to be a strong contributor for the company’s results. Maintaining a leading market share position in China, GM and its joint venture partners continue to see an upward trend, selling more than 478,000 vehicles in the third quarter of 2009, up from approximately 451,000 and 364,000 units in the second and first quarters, respectively.

Managerial Results

After the inclusion of special items, GM’s managerial earnings before tax for the July 10-Sept. 30 period was a loss of $1.0 billion. GM recorded special items for the same period of $505 million, attributed primarily to dealer restructuring, attrition-related charges and Delphi.[3] For the July 10-Sept. 30 period GM posted a managerial loss after-tax of $1.2 billion.

GM managerial earnings before interest and taxes (EBIT) before special items for the July 10-Sept. 30 period was a loss of $261 million, with GM North America reporting a loss of $651 million and GM International Operations reporting a profit of $238 million. Managerial earnings before interest, taxes, depreciation and amortization (EBITDA) was $1.5 billion before special items.

[3] Details on all special items are included in the “Highlights” section of this release.

Total structural cost for the company has been significantly reduced by the resizing and delayering of the company including salaried and hourly headcount reductions, engineering savings and volume related savings. GM structural cost for the period July 10-Sept. 30, 2009 was $9.1 billion. Structural cost for Old GM for the period Jan. 1-July 9, 2009 was $22.0 billion. For the 9-month period ending September 30, 2008, Old GM had structural cost of $37.8 billion.

Structural Cost

(bils)	**"Old GM" Jan. 1-Sept. 30, 2008**	**"Old GM" Jan. 1-July 9, 2009**	**GM July 10-Sept. 30, 2009**
Total Structural Cost	$37.8	$22.0	$9.1

While financial statements between Old GM and GM are not comparable, the above structural costs breakdowns for the two companies are provided for perspective.

Balance Sheet and Cash

For the period July 10-Sept. 30, GM had positive managerial operating cash flow before special items of $3.3 billion, reflecting the favorable working capital impact from production start up, timing of supplier payments and lower capital spending. The favorable working capital impact is not expected to repeat itself in the fourth quarter (see the "Looking Ahead" section below). For the period July 1-July 9, Old GM had negative operating cash flow of $3.6 billion, reflecting extremely low production in North America.

As of September 30, 2009, cash and marketable securities totaled $42.6 billion. Included in this amount was $17.4 billion held in escrowed funds from the United States Treasury (UST) and Export Development Canada (EDC), with $8.1 billion of this amount allocable for future repayments of the UST and EDC loans, $2.8 billion for the recently completed Delphi settlement and $900 million for healthcare in Canada, leaving a remaining escrow cash balance of $5.6 billion.

In light of improving global economic conditions, stabilizing industry sales and its healthier cash position, GM announced today that it plans to accelerate repayment of its outstanding $6.7 billion in UST loans as well as the C$1.5 billion (US$1.4 billion) in EDC loans ahead of the scheduled maturity date of July 2015.

GM plans to repay the United States, Canadian and Ontario government loans in quarterly installments from escrowed funds, beginning next month with an initial $1.2 billion payment to be made in December ($1.0 billion to the UST and $192 million to the EDC), followed by quarterly payments. Any escrowed funds available as of June 30, 2010 would be used to repay the UST and EDC loans unless the escrowed funds were extended one year by the UST. Any balance of funds would be released to GM after the repayment of the UST and EDC loans.

In addition, the company has begun to repay the German government loans which were extended to support Opel, and had a balance of €900 million (~US$1.3 billion) as of September 30, 2009. Opel has already repaid €500 million (~US$0.7 billion) of that in November, and will repay the remaining €400 million (~US$0.6 billion) balance by the end of the month. The cash balance in Europe as of September 30, 2009 was US$2.9 billion.

GM's total debt as of September 30, 2009 was $17 billion, including $6.7 billion in U.S. government loans, $1.4 billion in Canadian government loans, $1.3 billion in German government loans and $7.6 billion in other debt globally. The $17 billion debt level does not include the UAW or CAW VEBA notes or preferred stock, which are $2.5 billion, $0.7 billion and $9 billion, respectively.

While GM has reached settlements for the UAW and CAW VEBAs, the debt associated with the agreements will not be recognized until all preconditions are met and they become effective, which will be December 31, 2009 or later. Prior to the start of the new GM, total debt of Old GM was $94.7 billion as of July 9, 2009.

Looking Ahead

Globally, GM expects total vehicle industry volume to moderate in the fourth quarter of 2009, with an estimated SAAR to be approximately 65.4 million units, down from 67.8 million units in the third quarter. Following the expiration of the successful 'Cash for Clunkers' stimulus program in the U.S. which contributed to GM's strong sales in the third quarter, the company anticipates the U.S. industry total vehicle SAAR volume in the fourth quarter will be approximately 10.7 million units, compared to 11.7 million units in the third quarter.

Looking ahead to 2010, GM anticipates modest growth, with total industry volumes estimated at 62 to 65 million units, with a modest recovery in the U.S. market where the outlook for the 2010 calendar year for total vehicles is estimated at 11-12 million units.

GM expects to have negative net cash flows in the fourth quarter of 2009 due to a number of factors including cash outflows relating to the Delphi settlement of $2.8 billion, the working capital impact of payment term adjustments of approximately $2 billion, payments for U.S., Canada, Ontario and Germany government loans of approximately $2.5 billion and continuing restructuring cash costs of approximately $1 billion. As a result, global cash balances at the end of 2009 are expected to be materially lower than third quarter levels of $42.6 billion.

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Editors Notes:
Results presented in this press release reflect unaudited condensed consolidated managerial results for the new company for the period July 10 through September 30, 2009, unless otherwise noted as the full quarter. The managerial financial statements do not comply with Generally Accepted Accounting Principles (GAAP), as they do not reflect the application of Fresh Start reporting for the new company, which encompasses the determination of the fair value of its assets and liabilities. Assets and liabilities are currently based on the historical cost basis acquired from Motors Liquidation Company or Old GM. GM continues to analyze time periods in which revenues and expenses were recorded along with allocations of certain assets and liabilities as acquired from Old GM. As a new company, results for GM are not comparable to prior period information for Motors Liquidation Company. GM intends to complete its Fresh Start reporting by March 31, 2010. The company intends to file a Form 8-K with the SEC today for the three- and nine-month periods ended September 30, 2009, encompassing information for both GM and its predecessor company, Motors Liquidation Company.

Forward-Looking Statements:
In this press release and in related comments by our management, our use of the words "expect," "anticipate," "ensure," "promote," "target," "believe," "improve," "intend," "enable," "continue," "will," "may," "would," "could," "should," "project," "projected," "positioned" or similar expressions is intended to identify forward-looking statements that represent our current judgment about possible future events. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors. Among other items, such factors might include: our ability to comply with the requirements of our credit agreements with the U.S. Treasury as well as the EDC and VEBA; our ability to maintain adequate liquidity and financing sources and an appropriate level of debt; our ability to realize production efficiencies and to achieve reductions in costs as a result of our restructuring initiatives and labor modifications; our ability to restore consumers' confidence in our viability as a continuing entity and our ability to continue to attract customers, particularly for our new products, including cars and crossover vehicles; significant changes in the competitive environment and the effect of competition on our markets, including on our pricing policies; and overall strength and stability of general economic conditions and of the automotive industry, both in the United States and in global markets.

About General Motors:
GM, one of the world's largest automakers, traces its roots back to 1908. With its global headquarters in Detroit, GM employs 209,000 people in every major region of the world and does business in some 140 countries. GM and its strategic partners produce cars and trucks in 34 countries, and sell and service these vehicles through the following brands: Buick, Cadillac, Chevrolet, GMC, GM Daewoo, Holden, Opel, Vauxhall and Wuling. GM's largest national market is the United States, followed by China, Brazil, the United Kingdom, Canada, Russia and Germany. GM's OnStar subsidiary is the industry leader in vehicle safety, security and information services. GM acquired its operations from Motors Liquidation Company on July 10, 2009, and references to prior periods in this and other press materials refer to operations of Motors Liquidation Company or Old GM. More information on the new GM can be found at www.gm.com.