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# General Motors files for bankruptcy protection

## U.S.-led restructuring is the largest industrial bankruptcy in U.S. history



Bill Pugliano / AFP - Getty Images

Chief Executive Officer Fritz Henderson has scheduled a news conference Monday morning in New York. President Barack Obama is also expected to give a speech addressing the Detroit automaker's fate.

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### BREAKING NEWS

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WASHINGTON - General Motors filed for Chapter 11 bankruptcy protection Monday as part of the Obama administration's plan to shrink the automaker to a sustainable size and give a majority ownership stake to the federal government.

GM's bankruptcy filing is the fourth-largest in U.S. history and the largest for an industrial company. The company said it has \$172.81 billion in debt and \$82.29 billion in assets.

As part of its restructuring, GM said it will permanently close nine more plants and idle three others to trim production and labor costs under bankruptcy protection.

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#### GM files for bankruptcy

June 1: General Motors files for bankruptcy, with plans for the U.S. government to own 60% and GM brands Hummer, Saab, Saturn and Pontiac to be shut down. NBC's Rehema Ellis reports.

MSNBC

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Assembly plants in Pontiac, Mich., and Wilmington, Del., will close this year, while plants in Spring Hill, Tenn., and Orion, Mich., will shut down production but remain on standby. Powertrain plants in Livonia, Flint and Ypsilanti Township, Mich. will close next year, along with plants in Parma, Ohio, and Fredericksburg, Va.

Stamping plants in Indianapolis and Mansfield, Ohio, also will close. A stamping plant in Pontiac, Mich., will be idled but remain in a standby capacity. GM also said it will close service and parts warehouses in Boston, Jacksonville, Fla., and Columbus, Ohio, by the end of this year.

As it reorganizes, the fallen icon of American industrial might will rely on \$30 billion of additional financial assistance from the Treasury Department and \$9.5 billion from Canada. That's on top of about \$20 billion in taxpayer money GM already has received in the form of low-interest loans.

GM will follow a similar course taken by smaller rival Chrysler LLC, which filed for Chapter 11 protection in April. A judge gave Chrysler approval to sell most of its assets to Italy's Fiat, moving the U.S. automaker closer to a quick exit from court protection, possibly this week.

President Barack Obama said Monday that a court's approval of the sale of Chrysler's assets to Fiat will allow the automaker to emerge stronger from bankruptcy. He said in a statement that the decision "paves the way for the new Chrysler to successfully emerge from bankruptcy as a new, stronger, more competitive company for the future."

The plan is for the federal government to take a 60 percent ownership stake in the new GM. The Canadian government would take 12.5 percent, with the United Auto Workers getting a 17.5 percent share and unsecured bondholders receiving 10 percent. Existing GM shareholders are expected to be wiped out.

The administration expects the new GM could emerge from bankruptcy in as little as 60 to 90 days.

President Barack Obama is scheduled to address the nation about GM's future at midday from Washington, and GM CEO Fritz Henderson is to follow him with a news conference in New York.

GM's filing comes 32 days after a Chapter 11 filing by Chrysler, which also was hobbled by plunging sales of cars and trucks as the worst recession since the Great Depression intensified.



of the UAW union, discusses the impact of GM's bankruptcy on North American auto workers.  
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### Economy in Turmoil

#### No guarantees for successful GM bankruptcy

GM, the world's second-largest automaker, filed for Chapter 11 bankruptcy protection Monday that the automaker and the U.S. government hope will be quick and painless.



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The third of the one-time Big Three, Ford Motor Co., has also been stung hard by the sales slump, but it avoided bankruptcy by mortgaging all of its assets in 2006 to borrow roughly \$25 billion, giving it a financial cushion GM and Chrysler lacked.

**Interactive**

The downsized GM's brands will be limited to Chevrolet, Cadillac, GMC and Buick. Its Pontiac, Saturn, Hummer and Saab operations will be

either sold or closed. GM said it was finalizing a deal to sell Hummer, and plans for Saturn are expected to be announced within weeks.

GM, whose headquarters tower over downtown Detroit, said it believed the filing was not an acknowledgment of failure, but a necessary way to cleanse itself in an orderly fashion of problems and costs that have dogged it for decades.

Trading of GM shares was halted early Monday after they plunged Friday as low as 74 cents, the lowest price in the company's 100-year history. GM will be kicked out of the Dow Jones industrial average because rules established by the News Corp. unit that oversees the index prohibit it from including companies that have filed for bankruptcy.

GM first sought help from the Bush administration and Congress last year as it was in the midst of being staggered by \$30.9 billion in losses and seeing its cash resources shrink by more than \$19 billion.

Consumers, worried about the economy and the future of GM, shied away from the company's cars and trucks this year even after President George W. Bush promised loans and Obama followed through with billions more in assistance — plus a stiff set of new requirements GM was ordered to meet.

When GM failed to do so by a March 31 deadline, Obama forced out CEO Rick Wagoner and replaced him with Henderson.

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Wagoner served at the helm since 2000 and was the face of GM when he first flew on the company jet to ask Congress for aid. After a firestorm of negative publicity, Wagoner rode in a hybrid Chevrolet Malibu from Detroit to Washington for a second set of withering questions before lawmakers.

But that amounted to only a sideshow as the automaker's financial position worsened. Its revenues plunged almost 50 percent in the quarter ended March 30 and it racked up another \$6 billion in losses.

**CONTINUED : All-out sprint to Monday's filing**

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