



**Prepared testimony by**  
**Rick Wagoner**  
**Chairman and Chief Executive Officer**  
**General Motors Corporation**  
**to the**  
**United States Senate**  
**Banking, Housing, and Urban Affairs Committee**  
**Washington, D.C.**

**November 18, 2008**

- Good afternoon, Mr. Chairman.
  - I'm Rick Wagoner, Chairman and Chief Executive Officer of General Motors. Thank you for the opportunity to speak today about the future of America's domestic auto industry.
  
- I'd like to acknowledge for the Committee the audiences that I represent:
  - General Motors directly employs approximately 96,000 people in the United States.
  - We have 6,500 dealers across the country, who employ another 340,000.
  - Last year, we purchased more than \$30 billion of goods and services from more than 2,000 suppliers in 46 states.
  - Our pension program covers nearly 475,000 retirees and spouses, and our health benefits extend to about one million Americans.
  - We have about one million registered stockholders.
  - And 70 million of our vehicles are registered to U.S. citizens... 22 million of them purchased in the last 5 years.

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- As recent news coverage has made abundantly clear, many people have a picture of GM that has not kept pace with our progress.
  - In fact, GM has made tremendous progress transforming our business in recent years.
  - Since 2005, we've reduced our annual structural costs in North America by 23 percent, or \$9 billion... and expect to reduce them an additional \$3-4 billion by 2011.
  - We negotiated a landmark labor agreement with the UAW last year that will enable us to virtually erase our competitive gap.
  - And we've addressed pension and retiree health care costs in the U.S., on which we spent \$103 billion over the last 15 years.
  - As a result of these and other actions, we are now matching – or besting – foreign automakers in terms of productivity, quality, and fuel economy. By 2010, we'll match them on labor costs, as well.

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- On the product side, we're building vehicles that consumers want to buy... like Cadillac CTS, *Motor Trend* magazine's 2008 Car of the Year... and Chevy Malibu, the 2008 North American Car of the Year.
  - We've also made huge progress developing advanced propulsion technologies.
  - In 2009, GM will offer 20 models in the U.S. that get at least 30 miles per gallon highway – twice our nearest competitor – and nine hybrids.
  - We have more than three million flex-fuel vehicles on the road in the U.S.
  - We've established the world's largest hydrogen fuel-cell test fleet here in the U.S.
  - And we're running all-out to get the Chevy Volt extended range electric vehicle to market as soon as possible.

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- In short, we've moved aggressively in recent years to position GM for long-term success... and we were well on the road to turning our North American business around.
  - Last October, following the negotiation of a new labor agreement with the UAW, our stock price climbed to \$42.64 per-share... based on analysts' views that we had finally overcome the cost-competitiveness gap with foreign automakers.
  - Since then, our industry has been hit hard by the global financial markets crisis... and the recent plunge in vehicle sales threatens not only GM's ongoing turnaround, but our very survival.
- In response, we have moved quickly to keep our company on track. Since June, we've taken steps to:
  - reduce our North American manufacturing capacity;
  - further shift production to cars and crossovers;
  - sell off parts of the company;
  - suspend dividend payments;
  - reduce headcount;

- eliminate raises, discretionary bonuses, and 401(k) matches for salaried employees;
- and eliminate health-care coverage for U.S. salaried retirees after age 65.
- These and other actions are designed to improve GM's liquidity by \$20 billion by the end of 2009. They affect every employee, retiree, dealer, supplier, and investor in our company.

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- Mr. Chairman, I do not agree with those who say we are not doing enough to position GM for success.
  - What exposes us to failure now is not our product lineup, or our business plan, or our long-term strategy.
  - What exposes us to failure now is the global financial crisis, which has severely restricted credit availability, and reduced industry sales to the lowest per-capita level since World War II.
  - Our industry, which represents America's real economy, needs a bridge to span the financial chasm that has opened before us.
  - We'll use this bridge to pay for essential operations... new vehicles and powertrains... parts from our suppliers... wages and benefits for our workers and retirees... and taxes for state and local governments that help deliver essential services to million of Americans.
  - In the process, we'll continue to reinvent the automobile, and improve the nation's energy security, through development of advanced technologies like those in the Chevy Volt.

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- And what would it mean if the domestic industry were allowed to fail?
  - The societal costs would be catastrophic: three million jobs lost within the first year, U.S. personal income reduced by \$150 billion, and a government tax loss of more than \$156 billion over three years... not to mention the broader blow to consumer and business confidence.
  - Such a level of economic devastation would far exceed the government support that our industry needs to weather the current crisis.

- That's why this is about much more than "just" Detroit... it's about saving the U.S. economy from a catastrophic collapse.
- In short, helping the auto industry bridge the current financial crisis will not only prevent massive economic dislocation now... it will also produce enormous benefits for our country later.
- We want to continue the vital role we've played for America for the past 100 years... but we can't do it alone.
- You can help us through this crisis. In return, we will repay the taxpayer's faith and support many times over, for many years to come.
- Thank you, and I look forward to your questions.

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