

WSJ.com – April 7, 2010

APRIL 7, 2010, 12:27 P.M. ET

GM Reports \$4.3 Billion Loss

By [SHARON TERLEP](#)

DETROIT—General Motors Co. incurred a \$4.3 billion loss in the second half of 2009 as the company grappled with weak U.S. sales and began to repay government loans.

Despite the loss, Chief Financial Officer Chris Liddell said GM still stands a good chance of being profitable in 2010 by improving sales performance and further reducing costs.

"We need to make significant progress in several key areas," he said. "I don't want to sit here and predict profitability and disappoint. But there is nothing I've seen in the first quarter that changes my opinion that we could be profitable."

The results posted Wednesday come as GM disclosed the first official accounting of its balance sheet since the company emerged from bankruptcy protection in July. They aren't comparable with prior years.

They include a \$3.4 billion fourth-quarter loss and a \$900 million loss for July 10 through September. GM previously said it incurred a loss of \$1.2 billion in that period. GM had \$136 billion in assets at the end of 2009. The former GM had \$91 billion in assets at the end of 2008. The company used \$1.9 billion in cash on operating activities in the fourth quarter.

The figures underline the challenge a shrunken-down GM faces in bolstering revenue after shedding brands, models and dealers. GM's global revenue was \$32.3 billion in the fourth quarter; a year earlier so-called Old GM had \$30.8 billion in revenue.

Mr. Liddell said GM will continue to bolster production and look for ways to reduce overhead costs. Obligations shed through bankruptcy have dramatically lowered GM's break-even point, though Mr. Liddell wouldn't disclose what that new level is.

The figures are based on fresh-start accounting standards that apply to the company after its exit from Chapter 11 of the U.S. Bankruptcy Code, which required GM to adjust debts and assets of its global operations to reflect their fair-market value.

Before GM can hold a public stock offering to pay off the U.S. government's \$50 billion investment in the company, it needs a balance sheet that adheres to federal accounting standards.

GM said it expected to release the results of this year's first quarter in mid-May.

The company's goal of profitability this year is reachable, but will require successful roll-outs of new vehicles and further cost reductions, said Mike Boudreau, a 20-year turnaround-industry veteran with O'Keefe & Associates based in Bloomfield Hills, Mich.

"They've got a modest to a good chance of becoming profitable in one or two quarters this year," he said. "They are obviously going to benefit from the rebounding economy. But they've got to do a lot of cleaning in their own house."

Separately, Chrysler Group LLC plans to release some financial information on April 21, which would be that auto maker's first financial release since exiting bankruptcy protection last year.

Write to Sharon Terlep at sharon.terlep@dowjones.com

http://online.wsj.com/article/SB10001424052702303720604575169750237298946.html?mod=WSJ_latestheadlines