



**Testimony by**  
**Rick Wagoner**  
**Chairman and Chief Executive Officer**  
**General Motors Corporation**  
**to the**  
**United States House of Representatives**  
**Financial Services Committee**  
**Washington, D.C.**

**November 19, 2008**

- **Good morning, 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.
  
- **As recent news coverage has made abundantly clear, many people have a picture of GM that has not kept pace with our progress.**
  - Since 2005, we've reduced our annual structural costs in North America by 23 percent, or \$9 billion... and expect to reduce them by about 35 percent, or \$14-\$15 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.
  
- **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... like 20 models in the U.S. next year that get at least 30 miles per gallon highway... six hybrids on the road, and three more next year... more than three million flex-fuel vehicles... the world's largest hydrogen fuel-cell test fleet... and the upcoming Chevy Volt extended range electric vehicle.
  
- \* \* \* \* \*
  
- **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:**
  - reduced our North American manufacturing capacity;
  - put parts of the company up for sale;
  - suspend dividend payments;
  - reduced headcount;
  - and eliminated raises, bonuses, and 401(k) matches, and health-care coverages... all designed to improve GM's liquidity by \$20 billion by the end of 2009.
  - These actions 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 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.

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- **But 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.
  
- **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.**
  - And 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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