GM Exits Bankruptcy, CEO Vows Better Performance

Tom Krishner, AP Auto Writer

DETROIT (AP) — A leaner General Motors arose on Friday, making an unusually quick exit from bankruptcy with ambitions of making money and building cars people are eager to buy.

Once the world's largest and most powerful automaker, the new GM is cleansed of massive debt and burdensome contracts that would have sunk it without federal loans. The U.S. government now owns a majority stake, although the Obama administration says it has no plans to run the automaker.

The new GM also re-emerges amid the worst sales slump in a quarter-century.

At a news conference, CEO Fritz Henderson said the new GM will be faster and more responsive to customers than the old one and it will make money and repay government loans ahead of a 2015 deadline.

He said the company now will focus more on customers, including a partnership with eBay to test auctioning vehicles online.

The new GM will also build more cars and trucks that consumers want and launch them faster than in the past, the CEO said.

"We recognize that we've been given a rare second chance at GM, and we are very grateful for that. And we appreciate the fact that we now have the tools to get the job done," he said.

The General Motors headquarters is seen in Detroit, Thursday, July 9, 2009. The new GM will focus on making money, repaying debt, and building strong relationships with consumers. **(AP Photo/Carlos**

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The new company arose Friday as the bulk of General Motors Corp.'s assets were transferred to a company controlled by the U.S. government.

Henderson said the company would reduce its overall U.S. salaried employment by 20 percent by the end of 2009. He said management ranks will be cut by 35 percent, or 450 executives, including the elimination of its North American president position. Henderson said he will take responsibility for North American operations.

Bob Lutz, a legendary industry executive, is "unretiring" to become a vice chairman responsible for all creative elements of products, marketing and customer relationships. Lutz had previously planned to retire at the end of the year after more than four decades in the auto business.

The automaker is launching a "Tell Fritz" Web site to allow owners and the public to share their concerns with senior management and he planned to go out on the road every month, Henderson said.

"We need to listen to the questions, ideas and the concerns of the people who matter the most," Henderson said.

The new company will focus on three top priorities: customers, cars and culture, Henderson said.

Concessions made by the United Auto Workers union just before the company entered bankruptcy protection have brought GM's labor costs down to where they are fully competitive with Toyota Motor Corp., Henderson said.

Henderson also said the U.S. government has urged them to form a "world-class board" and has vowed that it would not get involved in day-to-day decisions. Steve Rattner, the head of the Obama administration's auto task force, "wants the company to perform," Henderson said.
GM ranked as the top global automaker in terms of sales for 77 years before Japan's Toyota Motor Corp. snatched its crown in 2008. The company sold nearly 8.4 million cars and trucks around the world in 2008, falling short of Toyota's nearly 9 million.

Once the largest corporation in America, GM held the top spot in the Fortune 500 ranking for 20 years before being pushed out of the top spot in 1973 by Exxon Mobil Corp. It reclaimed No. 1 status in 1985 and held it for another 15 years.

Turning a profit will not be easy. GM has piled up losses and survives only because it expects to receive $50 billion in U.S. government loans. Without the loans, its executives have said the company would have been sold off in pieces.

In addition to the U.S. government's 61 percent controlling interest, the United Auto

Workers union gets a 17.5 percent stake of the company through its retiree health care trust, and the Canadian government will control 11.7 percent. The remaining shares went to bondholders of the old company.

The parts of GM not moving to the new company will become part of the "old GM," a collection of assets and liabilities that will be sold to pay creditors.

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