

# GM RESTRUCTURING PLAN, TAKE 20

✘ By now you've heard that GM has released a new restructuring plan—this one assuming total US vehicle sales of 10 million a year (that means GM's projects and plans are finally catching up to how badly the auto market is contracting), and one assuming an ambitious debt to equity plan for its bond-holders (which means it's still a long shot, IMO, and which means Treasury would have a car company to go with its insurance company).

And of course, Pontiac, along with Hummer, Saab, and Saturn, will be killed. I learned to drive on a Pontiac V8 Grand Prix with an 8-track that played Journey, Boston, and Pink Floyd.

And of course, tons more job losses.

That said, today's plan finally gets around to cutting the number of dealers that GM will need to cut to turn itself around—they're talking of closing 2,600 of their 6,200 dealers across the country (did I say tons more job losses?).

On a conference call with GM CEO Ray Young, I asked how they were going to pull this off—was the government going to help them get out of their contracts? As a later questioner noted, the elimination of the Oldsmobile dealers was a very costly process. Young basically said that GM now could use the Oldsmobile process as a lesson in how not to do things.

That said, Young wasn't prepared to explain how GM plans to get out of 2,600 dealer contracts without billions in costs. The government is not going to help—so this is still an area where bankruptcy would offer an advantage to GM over this restructuring. Young said the impacted dealers would be approached over the month of May, and dealers would be wound down over 2009 and 2010. One of the reasons for the big factory idling, he explained, was to help dealers sell

down stock before they closed up shop (which means dealers may be able to pay off their debt before closing their business.

I also asked about Bob Corker's biggest worry, the Spring Hill plant (See Bob, I'm looking out for you!) As of right now, the Spring Hill plant would be treated like any other plant (it currently assembles the Chevy Traverse, not Saturns). But I thought Young was noncommittal about what will happen as GM picks factories to close (note, my impression is Corker's probably secretly hoping that GM's failed business model doesn't force bankruptcy, bc it'll mean he keeps the GM jobs in his state).

So that's what it is—another, perhaps more realistic plan, but still one that doesn't help them out of their dealer problems. And one that kills another brand in the process