

Doubts Raised On GM's 'Going Concern' Ability

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General Motors ([GM Quote](#) - [Cramer on GM - Stock Picks](#)) said recurring losses and its inability to generate sufficient cash flow to meet obligations caused its auditor to raise "substantial doubt" about the automaker's ability to continue as a going concern.

The disclosure, included in the company's 10-K filing with the **Securities and Exchange Commission** on Thursday, said GM's "recurring losses from operations, stockholders' deficit, and inability to generate sufficient cash flow to meet our obligations and sustain our operations raise substantial doubt about our ability to continue as a going concern."

Earlier this week, the struggling automaker said vehicle sales slid nearly 53% in February, as it saw hefty, double-digit declines across all major units.

"There is no assurance that the global automobile market will recover or that it will not suffer a significant further downturn," the company said in the filing.

GM has received \$13.4 billion in federal loans as it tries to survive the worst auto sales climate in 27 years. It is seeking a total of \$30 billion from the government. During the past three years it has piled up \$82 billion in losses, including \$30.9 billion in 2008.

In its filing, GM said its future depends on successfully executing the viability plan submitted to the government in February to justify the loans.

"If we fail to do so for any reason, we would not be able to continue as a going concern and could potentially be forced to seek relief through a filing under the U.S. Bankruptcy Code," GM said in the annual report.

GM warned last month that its auditors may raise the doubts, and industry analysts said auditors' statements may trigger clauses in some of GM's loans, placing them in default.

But the automaker said Thursday it has received waivers of the clauses for its \$4.5 billion secured revolving credit facility, a \$1.5 billion U.S. term loan and a \$125 million secured credit facility.

"Consequently, we are not in default of our covenants," the annual report said. "If we conclude that there is substantial doubt about our ability to continue as a going concern for the year ending Dec. 31, 2009, we will have to seek similar amendments or waivers at that time."

<http://www.thestreet.com/print/story/10467901.html>