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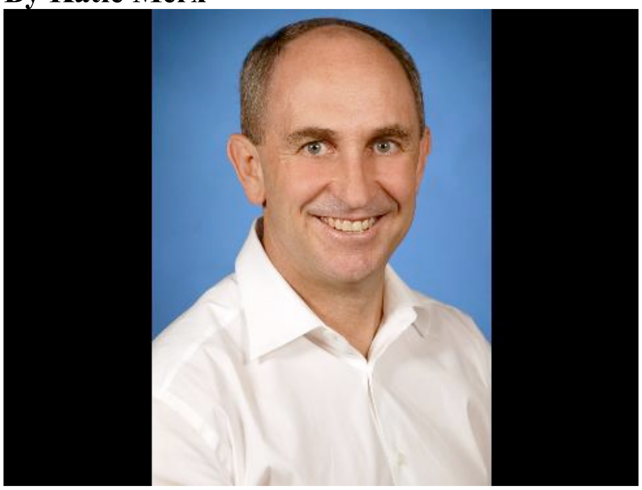
# GM CFO Liddell Says Company May Be Profitable in 2010 (Update2)

**By Katie Merx**



**March 17 (Bloomberg)** -- General Motors Co. Chief Financial Officer Chris Liddell said the biggest U.S. automaker may be profitable in 2010, ending five years of annual losses.

The company needs to be profitable to undertake an initial public offering, which is still possible in the second half, said Liddell. A stock offering requires health in the company's auto sales and in the financial market, Liddell said, adding that he's "encouraged" about the IPO path.

"There is a high sense of urgency and accountability at a high level," Liddell said at a media roundtable at GM's headquarters in Detroit.

An IPO will pay back the U.S. government after a $50 billion bailout of the company left taxpayers with a 61 percent equity stake. The automaker plans to repay about $5.7 billion in remaining debt by June as it relies on sales of Chevrolet, Buick GMC and Cadillac brands.

The company last posted an annual profit in 2004, ringing up $88 billion in losses from 2005 through last year's first quarter. On Nov. 16, GM said its third-quarter loss after leaving bankruptcy protection on July 10 was $1.15 billion. Fourth-quarter 2009 results are due by March 31.

Liddell said the company is making money in China and Brazil and benefiting from an improving economy and auto sales in the U.S. The company is still struggling in Europe, he said.

“We have a reasonable chance of being profitable this year,” Liddell said. He also said “I’m encouraged by the path” toward an IPO.

**Return to Profit**

GM’s U.S. vehicle sales have risen 13 percent so far this year, led by its volume brand, Chevrolet, with a 35 percent climb, and Buick, up 46 percent, according to industry researcher Autodata Corp. of Woodcliff Lake, New Jersey. GMC deliveries gained 20 percent, while Cadillac’s are up 14 percent. The Saab brand was sold to Spyker Cars NV, while Pontiac, Saturn and Hummer are being wound down.

**“They have cleansed the operations of a lot of things,” said Van Conway, partner in the automotive restructuring firm of Conway MacKenzie in Birmingham, Michigan. “Liddell would be ill-advised to predict profits unless he was 90 percent sure.”**

Chairman and Chief Executive Officer Ed Whitacre said on Jan. 6 that he sought a return to profit in 2010 for GM. Whitacre, 68, also said at the time that Liddell could be a candidate to become CEO.

Liddell, 51, took his post at GM on Jan. 1, after leaving Microsoft Corp. in November. He succeeded Ray Young, who became GM’s vice president of international operations on Feb. 1.

Liddell, who is also a vice chairman, is helping Whitacre bolster a financial operation faulted by the Treasury’s auto task force. Liddell today said the company’s fresh-start accounting process is “going very well.”

**Finance Criticism**

Steven Rattner, who led the auto task force that reorganized GM in a 40-day bankruptcy from June 1 to July 10, said in an article on Fortune magazine’s Web site that GM had perhaps the “weakest finance operation any of us had ever seen in a major company.” Rattner left the task force July 13.

The automaker said in February it has slashed $10.7 billion from annual costs, freeing up money for marketing and vehicle upgrades. The expense cuts include reduced interest payments from the elimination of debt, the offloading of union retiree bills and $6.7 billion from steps such as chopping jobs, getting rid of plants and dropping half of GM’s U.S. brands, according to company documents and Randy Arickx, a spokesman.

GM’s largest shareholder is the U.S. government, with 61 percent. The other stakes are held by a United Auto Workers health-care retiree trust; the governments of Canada and Ontario; and the remnants of GM’s bankrupt predecessor, now known as Motors Liquidation Co.