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NEWS RELEASE

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Retirees Disappointed in New GM's Financial Priorities

- *Early debt repayment plans criticized*
- *Wagoner retirement package considered excessive*
- *Letter to CEO Henderson inquires about pensions*

Essexville, Mich. (July 20, 2009) – Following several announcements made by the new General Motors Company in its first several days of operations, representatives from the General Motors Retirees Association responded with disappointment to the New GM's financial priorities.

GMRA leaders were particularly disturbed by statements about the early repayment of federal government loans to GM and by the total retirement package provided to Rick Wagoner, the former GM chief executive officer.

At a press conference on July 10, Fritz Henderson, the CEO for the New GM, claimed that GM would repay $6.7 billion in federal loans before the loans come due in 2015.

"We are grateful to American taxpayers for their support of GM and the American automakers," said John Christie, GMRA President. "GM certainly should repay those loans fully and on time."

"However, planning by GM for early repayment of these loans when the company's retirees have had their benefits reduced by two-thirds or more is unfair. Those resources could and should be used to alleviate the financial crisis created for tens of thousands of non-UAW retirees following GM's bankruptcy," said Christie. "Early loan repayment isn't required for the health and vitality of General Motors or by the terms of the loan."

GMRA's leadership also criticized the retirement package announced last week for Rick Wagoner, former chief executive officer for GM. Wagoner will retire from GM on Aug. 1.

Although Wagoner has had his retirement package cut by over half when compared with earlier estimates for his retirement compensation, he still will receive over $10 million from GM.

“As with any GM retiree, we believe Rick Wagoner should be able to live comfortably in retirement,” said Karen DeOrnellas, Director of Communications for GMRA. “We also realize that some retired CEOs receive far more than Wagoner will get.”

“However, a retired Rick Wagoner shouldn’t be a millionaire 10 times over while non-UAW retirees experience severe losses following the GM bankruptcy,” said DeOrnellas. “Some GM retirees who aren’t named Wagoner will be choosing between buying groceries and filling their prescriptions for life-saving medications. Others now wonder if they will be able to stay in their homes.”

GMRA leaders said that Wagoner’s compensation should be judged based on his performance as CEO. During his last four years as GM’s chief executive, the corporation lost over $80 billion and almost all of its shareholder value. GM filed for bankruptcy a few months after Wagoner was forced out by the Obama administration.

“While we can’t and won’t blame Wagoner for all GM’s problems, we do see even his reduced compensation package as excessive,” said DeOrnellas. “We’re not sure how he could take this money in good conscience.”

“If Wagoner would like to divert some of his retirement package to those retirees who are suffering most following GM’s bankruptcy, we would be pleased to help him do so,” said DeOrnellas.

While the Wagoner retirement package has angered many retirees, the New GM has made other decisions in the last few days that will directly affect thousands of current and former GM workers, including the goal of reducing the executive and salaried workforce by 20% or more.

In response to the GM announcement of buyouts and other measures to cut jobs, GMRA President John Christie has written Fritz Henderson, current CEO of GM, to ask for assurances that staffing reductions at GM will not reduce the pension funding supporting current non-UAW retirees.

Although most GM retirees were represented by the United Auto Workers as General Motors went through bankruptcy, over 122,000 salaried and other non-UAW retirees had no influence on the bankruptcy proceedings and are scheduled to have their retirement benefits cut by two-thirds or more.

The non-union, salaried GM retirees were engineers, project managers, clerks, and other employees. Many earned annual salaries equal to or less than the wages earned by union employees. Many were pressured by GM to retire early, but the great majority of non-UAW retirees are over age 65.

For all non-UAW retirees, who live throughout the United States, the New GM has proposed that certain benefits be reduced by two-thirds or more, including a dramatic reduction of life insurance benefits. In some cases, retirees would lose $70,000 or more in life insurance benefits now that the New GM has emerged from bankruptcy.

Non-UAW retirees not yet eligible for Medicare have also been told that dental, vision and long-term disability coverage will be eliminated. In addition, they will suffer significant increases in premiums, copayment and deductibles for their remaining health coverage.

GMRA’s analysis shows that non-UAW retirees of General Motors already have had their benefits cut 28 times since 1993.

GMRA has developed and previously released a plan for the fair treatment of all GM retirees, including the non-UAW retirees. The GMRA plan would create substantial savings for the New GM while preserving the most essential of benefits for retirees. More details on the GMRA plan are available at www.gmret.org, the GMRA Web site.

The General Motors Retirees Association is the nation's largest advocacy organization devoted to the preservation of pension, health care, and other benefits earned by GM retirees through their years of labor and loyalty to GM. GMRA stands for the fair treatment of all GM retirees, including the salaried retirees not already represented by the United Auto Workers. GMRA collaborates with the National Retirees Legislative Network (NRLN).

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