

WWJ talks to McTevia about why GM turned down \$2 billion federal loan installment

GM Backs Off On March Loan Request

General Motors Corp.'s chief financial officer says the company will not need the \$2 billion loan installment for March that it requested from the U.S. government in February.

CFO Ray Young said Thursday in an interview with The Associated Press that GM told the Obama administration it won't need the money so soon because its cost cuts are starting to take hold.

GM borrowed \$13.4 billion from the government earlier this year. Last month, it said it would need up to an additional \$16.6 billion to keep operating, including \$2 billion in March and \$2.6 billion in April.

WWJ Newsradio 950 spoke with one financial analyst who thinks this new development is a bad sign -- a prelude to a GM bankruptcy.

"It's hard to believe they don't need it," said Jim McTevia, of McTevia Associates in Bingham Farms.

"But, on the other hand, a company that is getting ready to go into bankruptcy protection, borrowing \$2 million from a lender, several days or several weeks before they're going to do that is certainly not in anyone's best interest, let alone the taxpayers," he said.

WWJ also spoke with Wall Street Journal Reporter, John Stoll who predicts GM's cash crisis is far from over.

"They're going to come to the government, still with their perverbial hand out, asking for more money." Stoll said. "Yes, they can point to this and say our cash flows are doing better than expected, but they do not by any means want to show Washington that they're out of the woods," he said.

As of Thursday, GM officials weren't saying when the company will need more government loans or whether it would reduce its total financing request.