

## GM FILES FOR BANKRUPTCY

On June 1, 2009, General Motors Corporation ("GM") and other affiliated entities (collectively, "Debtors") filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. The GM bankruptcy, one of the largest in U.S. history, has been widely anticipated since President Obama announced on March 30, 2009 that the carmaker had 60 days to "fundamentally restructure." This anticipation was only heightened when another of the "Big Three" U.S. automakers, Chrysler, filed for bankruptcy on April 30, 2009.

The Debtors' cases were filed in the Southern District of New York and have been assigned to Bankruptcy Judge Robert E. Gerber. A preliminary hearing in the case is scheduled to begin at 4:00 p.m. (New York time) today. As is typical in most large Chapter 11 cases, the Debtors filed "first day" motions with their petitions. The Debtors seek Bankruptcy Court authority to pay the claims of certain vendors in the ordinary course of business, pay accrued wages and other claims of their employees, and maintain their existing cash management system. The Debtors have also filed motions seeking authority to obtain post-petition financing from the governments of the U.S. and Canada, and a motion to sell substantially all of their assets to Vehicle Acquisition Holdings, LLC, a purchaser sponsored by the U.S. Department of the Treasury.

The GM bankruptcy is expected to be "Lehman-like" in terms of its size and complexity. And with financial backing from the U.S. and Canadian governments, GM hopes to move quickly through the bankruptcy process – perhaps in as little as 60-90 days.

We have assisted a number of clients (both domestic and international) with significant financial and operational issues in the Lehman case, and offer our assistance to creditors needing advice or representation in connection with the GM cases. And with expertise cutting across multiple disciplines – including bankruptcy and restructuring in the automotive sector, structured finance and derivatives, corporate, tax and litigation – we are able to address the myriad issues that will arise in this proceeding.

If you would like to discuss the Debtors' cases or how continued distress in the automotive industry could impact your business, please contact any of the attorneys in our Business Reorganization and Creditors' Rights Group listed below.

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