



June 3, 2008

GM Announces New Products, Capacity Adjustments; Continues Transformation of North American Business

- **New car, powertrain programs to meet the changing needs of U.S. customers**
- **Chevy Volt production gets the green light from the GM board**
- **GM builds on car momentum with additional capacity; adjusts truck capacity**
- **Hummer brand set for strategic review**

WILMINGTON, Del. – GM today announced a range of strategic initiatives to aggressively respond to growing demand for fuel-efficient vehicles and to economic and market challenges in North America. Rick Wagoner, GM chairman and CEO, made the announcements here as part of the GM annual meeting of stockholders.

Major initiatives announced by Wagoner include:

- A new global compact car program for Chevrolet, a next generation for the popular Chevy Aveo, and a high efficiency engine module for the U.S. market.
- Funding for production of the Chevy Volt extended-range electric vehicle.
- Addition of third shifts to Lordstown and Orion, which build hot-selling Chevy and Pontiac cars.
- Cessation of production at four plants that build pickups, SUVs and medium-duty trucks.
- A strategic review of the Hummer brand.

“From the start of our North American turnaround plan in 2005, I’ve said that our goal is not just to return GM to profitability, but to structure GM globally for sustained profitability and growth,” said Wagoner.

“Since the first of this year, however, U.S. economic and market conditions have become significantly more difficult,” he said. “Higher gasoline prices are changing consumer behavior, and they are significantly affecting the U.S. auto industry sales mix.”

In North America, GM has been moving rapidly and successfully to revitalize its car lineup and grow its crossover business. New GM cars and crossovers, including the Cadillac CTS, Chevy Malibu, Pontiac Vibe and Buick Enclave, have been selling strongly, and GM intends to build on this success. In fact, 18 of the next 19 new GM products for the U.S. will be cars or crossovers.

Additional operational and strategic actions will be required to position GM for sustainable profitability and growth. These initiatives fall into three broad areas: product and technology, manufacturing facilities and capacity, and the Hummer brand.

New Chevrolet models and a high-efficiency engine module approved

To further strengthen GM's lineup of fuel-efficient cars, the GM board has approved a next-generation compact Chevy for the U.S. and global markets, a next generation of the popular Chevy Aveo, and a U.S. production module of GM's 1.4-liter turbocharged four-cylinder engine.

The new Chevy compact will be better equipped than today's compact cars, and will be designed to set quality and safety benchmarks for the compact class. Production will begin in mid-2010 at GM's Lordstown, Ohio, plant, subject to final negotiations with state and local authorities.

"This car will represent the first U.S. application of our global architecture strategy," said Wagoner. "This strategy will pay major dividends as we leverage our extensive car product development capability in Europe, Korea, and other locations to accelerate the shift in our U.S. product portfolio."

The next-generation compact will be pure Chevrolet in design, and will feature the 1.4-liter turbocharged version of GM's global four-cylinder engine. With this engine and a manual transmission, the new Chevy is expected to achieve a 9 mpg improvement over Chevy's current entry in this segment. The engine will be produced in Flint, Michigan, again subject to final negotiations with state and local authorities.

Also recently approved was a next generation of the popular Chevy Aveo. Based on a global architecture, the Aveo is also expected to have segment-leading fuel economy when it goes on sale in the U.S. market in the second half of 2010.

These new Chevy models will help build on GM's leadership in fuel efficient vehicles. For example, GM continues to offer more vehicles with a 30-mpg or better highway fuel economy rating than any competitor.

Chevy Volt is a go

The Chevy Volt took a major step toward the showroom with formal approval by the GM board of funding for production of the extended-range electric vehicle. This approval, which includes funding for production development and tooling, indicates that GM leadership believes that the technology for the Volt, including its lithium-ion batteries, will be ready for volume production on schedule.

"The Chevy Volt is a go," said Wagoner. "We believe this is the biggest step yet in our industry's move away from our historic, virtually complete reliance on petroleum to power vehicles."

“We intend to show a production version of the Chevy Volt publicly in the very near future, and we remain focused on our target of getting the Volt into Chevrolet showrooms by the end of 2010,” Wagoner said.

Preliminary plans are to produce the Volt at GM's Detroit-Hamtramck Assembly Center, subject to successful discussions with state and local governments.

Capacity adjustments address market shifts

GM will react to the shift in the U.S. market by increasing production of small and midsize cars and reducing production of pickups and truck-based SUVs.

GM will add a third shift in September to the Orion Assembly Center in Michigan, which builds the hot-selling Chevy Malibu and Pontiac G6. Also in September, the company plans to add a third shift at Lordstown Car Assembly in Ohio, which builds the Chevy Cobalt and Pontiac G5.

On the other side of the mix equation, market-related declines in truck sales mean that, over time, GM will cease production at four truck plants.

Oshawa Truck Assembly in Canada, which builds the Chevy Silverado and GMC Sierra, will likely cease production in 2009, while Moraine, Ohio, which builds the Chevy TrailBlazer, GMC Envoy and Saab 9-7x, will end production at the end of the 2010 model run, or sooner, if demand dictates. Janesville, Wisconsin, will cease production of medium-duty trucks by the end of 2009, and of the Tahoe, Suburban and Yukon in 2010, or sooner, if market demand dictates. Chevrolet Kodiak medium-duty truck production will also end in Toluca, Mexico, by the end of this year.

GM expects that these actions, along with the recent announcement to remove shifts at two other U.S. truck plants (Pontiac and Flint, Michigan), will result in an additional GM North America structural cost savings of more than \$1 billion, on a running rate basis, by 2010. This is on top of the approximately \$5 billion running rate reduction by 2011 that we announced earlier this year, and also in addition to the \$9 billion reduction accomplished over the 2006-07 period in North America.

GM will work closely with its union partners to mitigate the impact of these difficult actions, which are made necessary by long-term changes in consumer demand for trucks and SUVs.

Strategic assessment for Hummer brand

Finally, GM is undertaking a strategic review of the Hummer brand to determine its fit within the GM portfolio. At this point, the company is considering all options, from a complete revamp of the product lineup to a partial or complete sale of the brand.

Moving forward

"We are making a number of important announcements today, covering everything from product and technology investments to capacity adjustments to a strategic review of our Hummer brand," said Wagoner. "These moves are all in response to the rapid rise in oil prices and the resulting changes in the U.S., changes that we believe are more structural than cyclical.

"While some of the actions, especially the capacity reductions, are very difficult, they are necessary to adjust to changing market and economic conditions and to keep GM's U.S. turnaround on track and moving forward."