

## **New Start for a Stronger GM - Q&A**

*Note: For answers to specific questions, we invite Employees, Customers, Dealers, Agents, and Suppliers to access the section designed especially for you.*

Having reached agreements with the United Auto Workers(UAW), Canadian Auto Workers(CAW), the U.S. Treasury and the Canadian government, GM today announced that it will accelerate its reinvention and create a leaner, stronger 'New GM' positioned for a profitable, self-sustaining and competitive future. Through a proven court-supervised process, section 363 under chapter 11 of the U.S Bankruptcy Code\*, the New GM is expected to launch in 60 to 90 days as an independent company. The New GM will be built from only GM's best brands and operations, supported by a significantly stronger balance sheet.

All operations of GM Daewoo in Korea and overseas subsidiaries, including VIDAMCO in Vietnam and Chevrolet-Europe, as well as GM Korea become part of 'New GM'. We will continue to function without major impact.

- GM Daewoo(including VIDAMCO and Chevrolet-Europe) and GM Korea become part of 'New GM'
- GM Daewoo and GM Korea vehicle sales and deliveries are not impacted.
- GM Daewoo and GM Korea customers will be provided product, warranties and service support as normal.
- GM Daewoo and GM Korea supplier payments will continue.
- GM Daewoo and GM Korea employee pay will and working hours continue.

*\* section 363 under chapter 11 of U.S. Bankruptcy Code:*

Section 363 is an established and effective process under U.S. bankruptcy law enabling companies to sell assets free of debts and encumbrances to preserve the value of the enterprise. A company in chapter 11 can choose to sell off particular assets. Section 363 of the Code allows a company to sell assets quickly in an orderly fashion. The assets sold do not remain part of a company and are no longer included in the chapter 11 filing. And a company needs to conduct an auction in order to obtain the highest and best price for the assets. Unlike the bankruptcy systems of many other countries, the Chapter 11 process is focused on the preservation and reinvention of companies.

### ● General Questions

#### **Q. What is chapter 11?**

A. Chapter 11 refers to the section of the U.S. chapter 11 Code that allows a company to pursue a court-supervised process to address its financial challenges while continuing to conduct normal operations. Unlike the systems of many other countries, the chapter 11 process is focused on the preservation and rebuilding of companies.

**Q. What is a 363 filing?**

A: Section 363 is an established and effective process under U.S. bankruptcy law enabling companies to sell assets free of debts and encumbrances to preserve the value of the enterprise. GM is using a commonly used and proven provision of U.S. law called section 363 under chapter 11 to launch a New GM and enable it to quickly springboard out of chapter 11 as a more competitive company. A company in chapter 11 can choose to sell off particular assets. Section 363 of the Code allows a company to sell assets quickly in an orderly fashion. The assets sold do not remain part of a company and are no longer included in the chapter 11 filing. And a company needs to conduct an auction in order to obtain the highest and best price for the assets.

**Q. What does GM hope to accomplish in chapter 11?**

A. '363' is a proven process that will allow GM to emerge as a leaner company with significantly stronger balance sheet, a world-class product lineup, a global footprint and industry leading expertise and technology. Many major U.S. companies have successfully restructured using the 363 process, which allows companies to sell assets quickly and in an orderly fashion.

**Q. Why did GM file for chapter 11 - 363 process?**

A. We in the U.S. GM reached important agreements with key stakeholders that will significantly reduce its debt and strengthen its capital structure, and help accelerate our reinvention. To implement these vital agreements, GM is using an expedited court supervised process under chapter 11.

With the support of the U.S. Treasury, the UAW [and our bondholders], and with key safeguards for customers and suppliers, the tools of the chapter 11 363 process will enable us to accelerate and complete our balance sheet improvement and emerge as a lean, profitable, self-sustaining company, ready to more quickly complete our reinvention and lead the future of the automobile.

**Q. Does this mean GM is going out of business?**

A. No. GM is reinventing our business, not going out of business. All of our operations will continue as normal during the chapter 11 process, which should take about 60-90 days.

**Q. Does this filing impact GM's operations/subsidiaries outside of the U.S. including GM Daewoo?**

A. GM's subsidiaries outside the U.S. are not included in the filing. There are no legal changes to the way we conduct business in GM Daewoo as our operating entities in GM Daewoo are not U.S. based. As a result, GM Daewoo continues its normal operations in all business areas. Additionally, our overseas operations, VIDAMCO in Hanoi, Vietnam and Chevrolet-Europe in Zurich, Switzerland, continue their normal businesses.

However, GM Daewoo continues to be negatively impacted by the global financial crisis, and as a result, instituted a series of self help actions which started in Q4 2008, and continue today, as the company strives to secure a business plan that addresses our long-term viability for operations in Korea.

**Q. How are GM Daewoo/GM Korea including sales, employees, dealers, suppliers etc. affected by this filing?**

A. GM Daewoo is planning for normal operations.

- Our customers can rely on our service and warranty, as they always have.
- Dealers, warranty and customer support operations are unaffected by the filing.
- Supplier payments will continue.
- Employee pay and benefit will continue.

**Q: Will GM Daewoo be included in the New GM? (All)**

A. Yes.

**Q. Is it possible for GM to sell GM Daewoo in the process of chapter 11 filing?**

A. Absolutely, NOT. GM has no plans to sell GM Daewoo.

**Q. Who is the owner (legal/beneficial) of the property, the plants and the equipment in GM Daewoo?**

A. GM Daewoo's properties are owned by the same shareholders who are the current shareholders of GM Daewoo. However, as the shareholders of the current GM will change, GM's shares in GM Daewoo will be transferred to the New GM that is expected to emerge.

**Q. What will happen to GM Daewoo management team? Will they remain in place?**

A. We do not foresee any changes to the management, nor has there been any request by our Board of Directors, any stakeholders or any creditors for management changes.

**Q. What changes do GM Daewoo/GM Korea expect in terms of operating business?**

A. We are ready and confident to support the New GM when it comes to sales, marketing, manufacturing, R&D, design, quality and purchasing activities.

**Q. Could this US filing increase the possibility of plants or locations being targeted for closure in GM Daewoo?**

A. GM Daewoo continues normal operations and has no plan to close any facilities in Korea at this time.

**Q. Can you provide an assessment of the US filing for section 363 on GM Daewoo in terms of sales and revenue? (All)**

A. At this point, we cannot determine the impact this will have on our sales, but we have plans in place in Korea to address consumer confidence and maintain our momentum in Korea. At the same time, we are aggressively working with our export market clients to increase export sales. We are beginning to see some upswing in some export markets, which is a positive sign. Particularly, our May sales increased dramatically from April where we saw an increase of more than 1,300 sales over March. In the domestic market, we are beginning to gain momentum. However, we acknowledge that how customers will view this filing in the U.S. and its potential impact on sales is undetermined at this time.

**Q. GM's filing in the U.S. is expected to badly affect GM Daewoo's export business. What do you think?**

A. We are seeing signs of sales increases in some export markets. How consumers around the world respond to this filing remains uncertain. We have plans to actively address this issue and

provide consumers with confidence in GM Daewoo and GM. That said, if there is a sales decrease due to this filing, any impact to GM Daewoo would be short-term as GM expects to springboard out of chapter 11 within 60-90 days.

**Q. Will GM Daewoo continue new product development?**

A. Absolutely. GM Daewoo new product plans remain on track. The development program for GM's global mini and small car at GM Daewoo continues unchanged. The global mini car, which made its Korean debut at the 2009 Seoul Motor Show, goes on sale in the fall this year starting in Korea. GM Daewoo will continue to strengthen its product line-up by rolling out an array of next generation new models over the next couple years.

**Q. How does the filing affect the future vehicle development such as Chevrolet Volt that GM has been working on?**

A. GM's filing in the U.S. means that the company is reinventing itself, and it is not going out of business. GM is using an expedited court-supervised process under chapter 11 in the U.S. This step will enable GM to expedite and complete its reinvention and emerge as a more competitive, leaner and self-sustaining company. Also, GM continues to accelerate its development for the future vehicles like Chevrolet Volt, Extended-Range Electric Vehicle, Fuel Cell vehicles and Hybrid cars to take a lead for future automotive industry.

● **Employee Questions**

**Q. How does section 363 filing impact GM Daewoo employees?**

A. We are taking necessary steps to ensure sustainability and employees will continue to be paid and receive benefits in the normal course of operations. In addition, there are no plans to change current working hours. We are moving quickly to address our financial challenges and continue to implement many self-help plans to avoid any impact to our employees due to the current difficult economic downturn.

**Q. Will GM Daewoo/GM Korea lay-off employees due to the U.S. filing?**

A. Due to the current difficult economic situation, however, GM Daewoo has been taking necessary actions to reduce costs, conserve cash and ensure job security. We are also moving to structure our business with as minimal an impact on jobs as possible through temporary production shut-down, executive bonus elimination and salary reduction, a change in working conditions for salaried employees.

**Q. Can GM Daewoo still pay its salaries this month? If yes, what about next month? What will happen afterwards?**

A. Yes, of course. All hourly, salaried GM Daewoo, GM Daewoo ISPs, GM Korea employees and GM ISPs will continue to be paid and receive benefits in the normal course of operations without being affected by this filing. All employees whether GM Daewoo or GM will be paid this month and next month and so on. There will be no impact on employee payments, whether hourly or salaried, whether a GM Daewoo ISP working in GM operations or a GM ISP working in Korean operations. Payment of employees though the chapter 11 filing is a priority for GM.

## ● Supplier Questions

### **Q. How does section 363 filing impact GM Daewoo suppliers in Korea?**

A. Suppliers for GM Daewoo should continue to work with us just as they always have, without needing to follow any special new procedures. We intend to continue to pay them on our usual terms.

### **Q. Will suppliers continue to be paid for goods and services they provide to GM?**

A. Absolutely. Suppliers are critical to helping GM Daewoo and GM operations run normally. GM and GM Daewoo suppliers will be paid in the normal course of business pursuant to our contracts and purchase orders. We understand that GM and GM Daewoo must do their best to help mitigate the negative ripple effect throughout the automotive industry that many feared in an uncontrolled filing.

The court will have to approve payment, but we expect the court to approve our request for payment to suppliers as this is in the best interest of GM in maintaining company operations and suppliers. We are doing all we can to insure our supply base is not adversely impacted or disrupted in any way. Our goal is to ensure that a filing does not impair their business operations, which would then negatively impact our ability to manufacture vehicles.

### **Q. How would GM respond to a significant disruption to the supply base from the Section 363 filing?**

A. Suppliers are critical to helping GM Daewoo and GM operations run normally. We believe GM has taken affirmative steps to prevent our chapter 11 363 filing from adversely affecting or disrupting the supply base. To be sure, GM and GM Daewoo's supply base is experiencing the effects of the extreme economic downturn. As a course of normal business, we proactively manage all our risks by maintaining frequent communication with all our suppliers. We are continuously monitoring our distressed suppliers and have contingency plans in place to minimize or avoid any disruptions to our vehicle production.

## ● Customer Questions

### **Q. How does section 363 filing impact GM Daewoo and GM Korea customers in Korea?**

A. Our customers can continue receiving normal service and warranty protection for their vehicles in Korea. The U.S. filing for court process will not impact the terms, conditions and existing arrangements for our customers in Korea with vehicles on order, with warranties or with aftersales activities. It will also have no impact on parts supply. Our sales and aftersales operations continue to operate normally.

### **Q: Will I still be able to make a vehicle purchase?**

A: Absolutely, just contact your local agent at your local dealership.

### **Q: I just ordered a GM Daewoo/GM Korea vehicle. Will it be delivered on time?**

A: Customers will not be impacted – at all – due to today’s filing by our parent company in the United States. All operations, dealerships, customer care and after sales will run normally in Korea.

**Q: I need to take my vehicle to after sales for service. Can I still do this?**

A: Yes at any time.

**Q: I want to purchase a GM Daewoo/GM Korea vehicle but I am worried about warranty coverage. Can you guarantee it?**

A: Yes, Yes, your warranty is not impacted by the U.S. filing. It is still valid. We can guarantee that you will have valid warranty coverage with any vehicle purchase.

### ● Dealer Questions

**Q. How does section 363 filing impact GM Daewoo / GM Korea dealers and their ability to sell cars in Korea?**

A. Our dealers and their ability to sell cars in Korea will continue normal operations as they always have. We do not foresee any interruption with regards to dealers. Particularly, GM Daewoo and GM Korea become part of a New GM that is expected to emerge.

**Q: Are vehicle orders impacted?**

A: No, not at all. Please continue to take orders and deliver vehicles. Customers can make a vehicle purchase. The ability to deliver vehicles to sales agents at dealerships will continue at GM Daewoo and GM Korea facilities.

**Q: If customers ordered a GM Daewoo/GM Korea vehicle, will it be delivered on time?**

A: Customers will not be impacted – at all – due to today’s filing by our parent company in the United States. All operations, dealerships, customer care and after sales will run normally in Korea.

**Q: Can customers still take their vehicles to the dealership or to after sales for service? (All)**

A: Yes, at any time.

**Q: I want to purchase a GM Daewoo/GM Korea vehicle but I am worried about warranty coverage. Can you guarantee it?**

A: Yes, Yes, your warranty is not impacted by the U.S. filing. It is still valid. We can guarantee that you will have valid warranty coverage with any vehicle purchase.

## ● Contact

### **Customers / Dealers:**

080-728-7288 (GM Daewoo Customer Call Center)

080-011-6222 (GM Korea Customer Call Center)

### **Employees:**

032-520-2149, 032-520-2150 (Internal Communications Team)

### **Suppliers:**

Int'l 1-888-409-2328 or 1-586-947-3000 (GM Supplier Information Call Center)

### **Media:**

02-755-4043, 02-755-4044 (Corporate Communications Team)

### **Government:**

032-520-5187, 032-520-5185 (Public Policy Team)