

The New General Motors Company Launches Today

- Focus on Customers, Cars and Culture

July 10, 2009

The new General Motors Company began operations today with a new corporate structure, a stronger balance sheet, and a renewed commitment to make the customer the center of everything the new GM does. GM Daewoo will be an important part of the new company.

"Today marks a new beginning for General Motors, one that will allow every employee to get back to the business of designing, building and selling great cars and trucks and serving the needs of our customers," said Fritz Henderson, president and CEO. "We are deeply appreciative for the support we have received during this historic transformation, and we will work hard to repay this trust by building a successful new General Motors."

Created from the old GM's strongest operations in an asset sale approved by a U.S. bankruptcy court on July 5, the new GM is built on:

- A fresh lineup of Chevrolet, Cadillac, Buick and GMC cars, trucks and crossovers, each with leading-edge designs and technologies that matter to both consumers and the environment,
- A competitive cost structure, a cleaner balance sheet, and a stronger liquidity position that will enable GM to invest in new products, key technologies, and its future,
- A strong global presence that includes GM's operations across Korea,
- A winning culture focused on customers and products.

GM's subsidiaries outside the United States, including all of those in the Asia Pacific region, were acquired by the new company and are expected to continue to operate normally without any interruption.

"The launch of the new General Motors Company will have a positive impact on GM's Korean operations, GM Daewoo Auto & Technology Company and GM Korea," said Michael Grimaldi, GM Daewoo President & CEO. "GM Daewoo will continue as an important product development center and global manufacturing source for small and mini vehicles, and we'll help drive the sales growth of the Chevrolet brand around the world. In the Korean market, we will expand our efforts to increase domestic sales of the GM Daewoo brand and the Cadillac brand sold by GM Korea", added Grimaldi.

To improve customer focus and speed, General Motors will end its regional operating structure, moving decisions closer to the customer. This eliminates the regional president positions and the regional strategy boards. Nick Reilly, currently GM group vice president and president, GM Asia Pacific, will be named executive vice president of GM International Operations (GMIO), which will be based in Shanghai, China. Additional details of the new structure and leadership moves will be communicated later this month.

“One thing we have learned from the last 100 days is that GM can move quickly and decisively,” said Henderson. “Today, we take the intensity, the speed and the commitment of the past several months and transfer it from the triage of the bankruptcy process to the creation and operation of a new General Motors.”

“Business as usual is over at GM,” said Henderson. “Today starts a new era for General Motors and everyone associated with the company. Going forward, the new General Motors is fully committed to listening to customers, responding to consumer and market trends, and empowering the people closest to the customer to make the decisions. Our goal is to build more of the cars, trucks, and crossovers that customers want, and to get them to market faster than ever before.”

Committed to great cars and trucks

The new General Motors launches with a clear and simple vision – to design, build and sell the best vehicles in the world.

“A successful auto company needs to focus on both the cost and the revenue sides of the business,” said Henderson. “Success on the revenue side means building the stylish, high-quality, fuel-efficient vehicles that customers want – and getting them to market fast.”

GM also has moved aggressively to develop a full range of energy-saving technologies, including advanced internal combustion engines, biofuels, fuel cells, and hybrids. The company is also a leader in the development of extended-range electric vehicles, with its first model, the Chevrolet Volt, currently undergoing road testing and scheduled to launch in 2010. The new GM is also taking steps to make advanced battery development a core competency, and expects to make additional announcements on this matter late this summer.

“The success of our recent launches and the exciting new vehicles and technologies we have in the pipeline are evidence of our ongoing commitment to excel at everything we do,” said Henderson. “Our goal is to make each and every General Motors car, truck and crossover the best in class.”

A pledge to regain trust and confidence

General Motors Company is primarily owned by the governments of the United States, Canada and Ontario, and by a trust fund providing medical benefits to UAW retirees. Specifically, common stock will be owned by:

- U.S. Department of the Treasury: 60.8 percent
- UAW Retiree Medical Benefits Trust: 17.5 percent
- Canada and Ontario governments: 11.7 percent
- The old GM: 10 percent

“We are very appreciative of the support provided by the stakeholders through the transformation process. Though General Motors Company will not initially be publicly traded, we will be transparent in our financial and other reporting to further strengthen trust and confidence,” said Henderson. “We expect to

take the company public again as soon as practical, starting next year, and to repay our government loans as soon as possible. We are required to pay off the loans by 2015, but our goal is to repay them much sooner.”

Stronger balance sheet

General Motors Company launches with a strong balance sheet, a competitive cost structure, and a strong cash position, enabling it to compete effectively with its competitors, and to continue its strong presence in growing global markets.

The new company acquired old GM's strongest operations and will have a robust operating cost structure, partly as a result of recent agreements with the United Auto Workers (UAW) and Canadian Auto Workers (CAW).

In the U.S., the new GM will be a far leaner company. By the end of 2010, the company will operate 34 assembly, powertrain and stamping plants, down from 47 in 2008, and capacity utilization is expected to reach 100 percent during 2011. Overall U.S. employment will decline from about 91,000 at the end of 2008 to about 64,000 at the end of this year, creating a company sized to respond quickly to changes in the market, while retaining the global scope necessary to develop world-class products and technologies.

The new GM will begin with a much stronger balance sheet, including U.S. debt of approximately \$11 billion, which excludes preferred stock of \$9 billion, and could change under fresh-start accounting. In total, obligations have been reduced by more than \$40 billion, representing mostly unsecured debt and the VEBA trust fund that provides medical benefits to UAW retirees. The stronger balance sheet and lower break-even point will allow the new GM to reduce its risk, operate profitably at much lower volume levels, and reinvest in the business in the key areas of advanced technology and product development.

A new way of doing business

With the launch of the new General Motors, company leaders will work to change the culture of the company, making the speed and accountability that GM demonstrated over the past several months the new way of doing business, and adding an intensified focus on the customer.

Edward E. Whitacre, Jr., who oversaw the creation of the new AT&T, will serve as chairman of a GM board with a number of new directors. Henderson will continue as president and chief executive officer for the new GM, working closely with Whitacre. He also will take responsibility for GM's operations in North America, eliminating the GM North America president position.

To speed day-to-day decision-making, two senior leadership forums, the Automotive Strategy Board and Automotive Product Board, will be replaced by a single, smaller executive committee, which will meet more frequently and focus on business results and products, brands, and customers.

Bob Lutz has agreed to join the new GM as vice chairman responsible for all creative elements of products and customer relationships. Lutz and Tom Stephens, vice chairman, product development, will work together as a team, partnering with Ed Welburn, vice president of design, to guide all creative

aspects of design. GM's brands, marketing, advertising, and communications will report to Lutz to drive accountability for consistent messaging and results. He will report to Henderson, and be part of the newly formed executive committee.

More direct communications

Henderson also announced initiatives to open more direct communications between customers and GM employees at every level. "Within a few weeks, we will launch a 'Tell Fritz' website where customers, or anyone else, can share ideas, concerns, and suggestions directly with senior management. I will personally review and respond to some of these communications every day."

Henderson and other General Motors leaders will go on the road regularly to meet with consumers and others with a stake in the new GM. "In August, we'll begin regular visits with customers, dealers, suppliers, employees and others who impact our relationships with customers. We'll be listening to their ideas, and acting on the ones that will improve our ability to serve our customers better. And of course, other executives and I will continue to reach out to customers through our ongoing web and Twitter chats.

"GM has been given a second chance. We have learned over the past several months to move fast and make decisions differently. This gives us confidence that we can create a new General Motors Company committed to excellence in everything we do," Henderson said.

"To our current customers, we appreciate the confidence that you have placed in us, and going forward, we'll offer you nothing less than great cars, trucks and crossovers, with unmatched customer service. To those who have supported us through this challenging time, we are deeply grateful," said Henderson. "And to those who have never tried a GM vehicle – or who have tried one and been disappointed – we look forward to the chance to win your business and earn your trust."

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GM Daewoo Auto & Technology was established on October 17, 2002. It has five manufacturing facilities in Korea as well as an assembly facility in Vietnam. In addition, GM Daewoo provides market and brand-specific vehicle kits for assembly at GM facilities in China, Thailand, India, Colombia and Venezuela. In 2008, GM Daewoo sold in Korea and exported more than 1.9 million units, including CKD products. GM Daewoo now produces vehicles and kits to offer in more than 150 markets on six continents. More information on GM Daewoo and its products can be found on the company's website at <http://media.gmdaewoo.co.kr/>.

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