

**Remarks by Diana Tremblay
Vice President, Manufacturing & Labor
2010 Management Briefing Seminars
Traverse City, Michigan
Aug 2, 2010**



DDT-MBS-Title



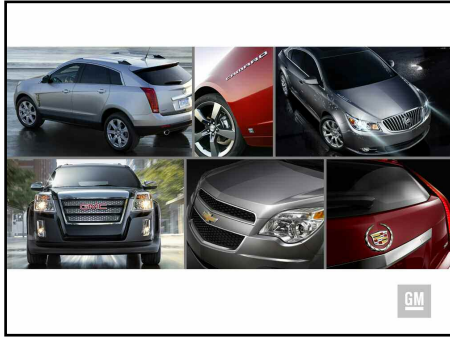
DDT-MBS02

Thanks for the kind introduction.

It is my pleasure to be here to talk about two of my favorite topics – Manufacturing and the New GM.

I have worked for General Motors for over 30 years and my entire career has been in manufacturing or labor relations. Now that I have responsibility for both, I am very thankful for all the time I spent on the shop floor – whether it be as a first line supervisor in the foundry in Defiance, Ohio or as plant manager of Opel Belgium in Antwerp, I have had the good fortune to work with the men and women who build our products all around the world.

We know that it isn't enough to just produce cars, truck and crossovers; we also have to build products that people want – with great design, high quality and a tremendous overall ownership experience.



DDT-MBS03

That is our goal, and I think you will see the success of our efforts if you stop by and check out the various GM vehicles on display here at the conference.

Our product lineup is one of the strongest in our history and I am proud to lead the group that manufactures these great products. We are the final check point between GM and the dealership.

Manufacturing has huge role in New GM.



DDT-MBS04

Those of you who have ever heard our Chairman, Ed Whitacre, speak, you know that he shares our vision often – design, build and sell the world's best vehicles. I am sure if you have the chance to hear him Thursday, he will continue to reinforce that message. Today, what I want to focus on is the BUILD aspect of the vision, but I will certainly be around after my talk to discuss the SELL portion if you are in the market for a new vehicle -- we can certainly hook you up.

So when we talk about BUILD, my objective for the team is clear – we never want to be the bottleneck to a potential sale – whether that means getting enough product to the market to meet demand or finding the capabilities in our plants to produce a “nearly impossible to manufacture design” that will amaze and delight our customers – I always want the answer to be – Yes, we can do that.

I see three fundamentals for our success – flexibility, quality and, most important of all, people engagement.

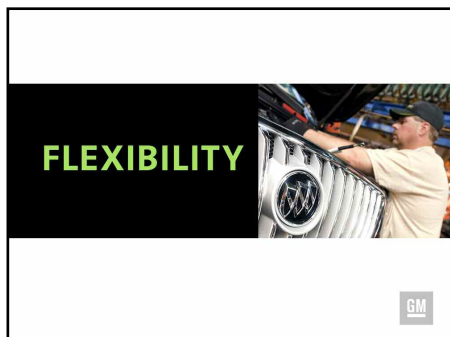


DDT-MBS05

After the year we endured in 2009, I think the need for flexibility to adjust to the changing world is obvious.

Quality is a given as a customer expectation, but the ability to achieve an ever higher quality standard worldwide, remains a challenge.

And despite all the technology in our vehicles and on the shop floor, people remain the single most important resource. I am honored to be here today with Bob King, who also shares my passion about the capabilities and talents of our people. I am sure he will provide some interesting perspective to our discussion about Manufacturing today.



DDT-MBS06

Flexibility comes in many shapes and sizes on the factory floor, but I want to focus on some of GM's efforts around the concept of flexible factories and strategies.

As the market continues to recover, one of the toughest balancing acts for manufacturing is to determine if we need to expand our capacity. Are some of the upticks in demand permanent or just the normal high demand for a really great launch product?

I view this as a good problem to have. This year we've seen greater than anticipated demand for many of our products – including the Chevrolet Equinox, GMC Terrain, Buick LaCrosse, the Chevy Traverse and the Chevrolet Camaro – and every week I get asked how can we make more?

Initially, we look at ways to increase equipment throughput and what our workforce is capable of. Once we max out our capabilities, we needed to get creative. I think the examples I'm about to share will showcase a new sense of innovation at GM.



DDT-MBS07

Factory Flexibility:

The CAMI/Oshawa shuttle is a creative example of getting more out of existing equipment:



DDT-MBS08

The CAMI plant in Canada currently builds the hot Chevrolet Equinox and GMC Terrain

- Chevrolet and GMC dealers reported more than 16,000 deliveries of the Chevrolet Equinox and GMC Terrain in June – a 208 percent improvement from June 2009. For the year, sales of these vehicles are up almost 193 percent, to more than 94,000 sales through June.

- Although we knew these were great products and that they'd be a hit in the marketplace, we really didn't anticipate the degree to which the market positively responded

So, we looked at potential options

1. Could we add shifts or overtime?

– plant already on 3 shifts working max overtime, so there was no opportunity there.

2. Should we build another plant?

– too much time and significant investment cost

3. Could we add capacity at another plant?

– too much time



DDT-MBS09

So, what did we do? We got the teams together and came up with a solution: Invest in un-used space in the CAMI Body Shop and utilize existing capacity in Oshawa, (another plant in Canada) Paint Shop and Final Assembly.

This solution

- Brought more product to market more (about 6 to 8 months compared to 12 to 18 to add capacity at a different plant).
- Made use of existing capacity and was relatively low cost
- Added 60,000 to 80,000 additional units annually

We are starting production now. This was a very fast solution in a very short time frame.



DDT-MBS09a

Detroit/Hamtramck is another great example of factory flexibility. As you may know, the Chevrolet Volt is the only electric vehicle that can operate under a full range of climates and driving conditions without limitations, and without the driver worrying about being stranded by a depleted battery. When the battery's energy is depleted, the Volt seamlessly switches to Extended-Range mode.

In this secondary mode, electricity needed to power the vehicle is created by a flex-fuel powered engine/generator. This mode of operation extends the total range of the Volt for hundreds of miles, until the vehicle can be refueled or plugged in to recharge the battery.

You can learn more about the VOLT by listening to GM's Larry Nitz's talk tomorrow.

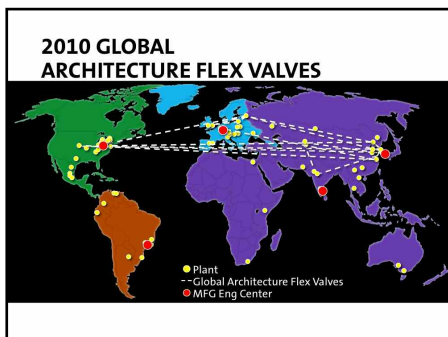


DDT-MBS10

From a manufacturing perspective, we get a lot of requests to visit the VOLT line at Detroit/Hamtramck. Well, there is no VOLT line per se, the VOLT is actually built on the same line as the Buick Lucerne and the Cadillac DTS. This is a great example of how we've built a lot of flexibility into the Detroit/Hamtramck plant.

In fact, the plant is so flexible that we will be building yet another vehicle architecture in the future – the next generation Malibu. The new Malibu will be built at Detroit/Hamtramck plant and at our Fairfax plant in Kansas City.

In the Malibu example, we have multiple plants building the same architecture.



DDT-MBS11

We refer to those as flex links or flex valves. These Flex links allow us more flexibility to respond to variation in customer demand.

We have flex links not only between our U.S. plants but across the globe. Many of our plants around the world partner to produce the same powertrain or vehicle, and, to truly take advantage of these flex links; we must work together globally more than ever before.



DDT-MBS12

But factory flexibility isn't the only way to get more out of a plant. Workforce flexibility is also essential. I have to say that we've seen some great cooperation and we've been able to work with our union partners to do some amazing things – all with the goal of getting high quality products in the hands of our dealers and ensuring that GM is the technology leader of the future.



DDT-MBS13

The Orion plant is an example of making a small car profitable in the United States

- No other manufacturer has attempted to build a true small car platform in the US, citing that labor costs are too high to make that business model work.

- Working with the UAW, we have taken on that challenge. I have every confidence that we will be successful when we launch the next generation Aveo at our Lake Orion Assembly Plant. I won't steal all the thunder about how we are going to do that, but let me assure you that you will see many creative approaches up and down the line.



DDT-MBS14

Our battery plant in Brownstown is another great example of flexible work practices. These practices have enabled us to be an innovator in a technology that we see as vitally important going forward, while at the same time ensuring our cost structure is competitive.



DDT-MBS15

Flexibility requires that union and management decide on an end goal and work together to make the business case viable for both sides.

While on the topic of flexibility, I think it is also important to mention that our strategies need to offer us the ability to change direction where necessary to meet global market trends.

If there is one thing last year taught us, it's that predicting what will happen in the future is difficult – we are so interconnected, that even minor market trends have the ability to make a big impact on our strategies.

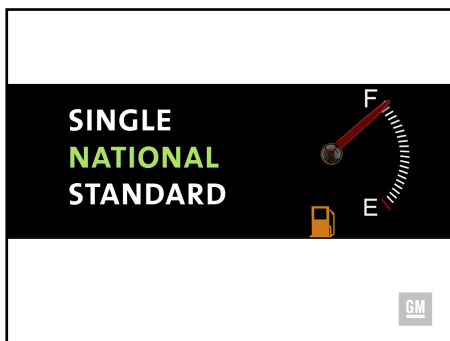
A few examples:



DDT-MBS16

Looking at the competitive landscape -- when we first showed the Volt Concept at the North American International Autoshow a few years ago, it was unique -- some called it revolutionary. As we prepare to launch the production Volt, we are now seeing a lot of competition --such as the comparison between the Volt and the Nissan Leaf.

We still see the cars as quite different: the Volt is independent of any special infrastructure, but the Leaf will require a charging infrastructure. The Volt has a range of over 300 miles and I'm told the Leaf's range is in the 70 to 100 mile range. I'm not here to compare the two vehicles, but this example highlights how fast the competition responds to a new innovation like the Volt.

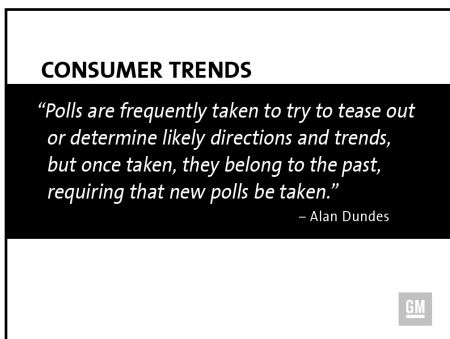


DDT-MBS17

Another example is in the area of regulatory changes

- Federal leadership is essential if our country and industry are to make meaningful progress toward addressing America's energy and environmental priorities.

- In addition to last year's agreement to set stricter national fuel efficiency standards, GM is committed to supporting the establishment of fuel economy standards for light vehicles beyond 2016, but since it is hard to predict exactly which way this effort will go, our strategies have to be flexible to attain a cost model that works under any potential scenario.



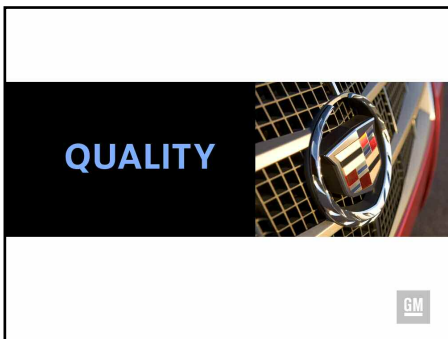
DDT-MBS18

- Consumer trends are just as difficult to predict and require strategies that can change on the fly. Noted author Alan Dundes, summed it up nicely – “Polls are frequently taken to try to tease out or determine likely directions and trends, but once taken, they belong to the past, requiring that new polls be taken.”



DDT-MBS18a

I agree that the lifespan of trends seems to be getting shorter and when you think how that relates to product development, it is really mind-boggling, and another justification for maximum manufacturing flexibility. GM wants to set the trends for consumers – both in terms of product and technology.

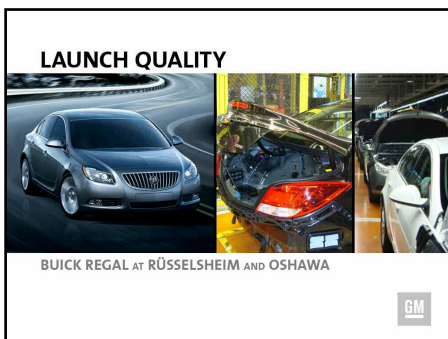


DDT-MBS19

So now that I have explained how GM manufacturing is working to be ready for whatever challenge may be thrown our way, let's talk about a key focus in Manufacturing – Quality.

Whether it has been a focus on continuous improvement or six sigma, manufacturing's quest for Quality has taken many forms over the years.

Today, I would like to share two stories of how GM is refining our Quality focus: Launches and Integration.



DDT-MBS20

In the area of Launches

I think one of our most exciting efforts in the area of Quality are the efforts around the Buick Regal – a car being launched around the world. It is currently being manufactured in Russelsheim, Germany and will be manufactured in Oshawa, Canada early next year.



DDT-MBS20a

We have been sending teams from Oshawa to Russelsheim to gather lessons learned. Just one example of how these exchanges have helped: The Oshawa team took 600 photos of production aids (small tools, fixtures, and things like that). These aids enable our team members to assemble the vehicle with a greater focus on Quality. The team used those pictures to duplicate the aids in Oshawa. This saved months of development and design time as those aids are typically plant-specific and locally designed and developed. And allowed the Oshawa team to implement a proven design for the team members right from the start.



DDT-MBS22

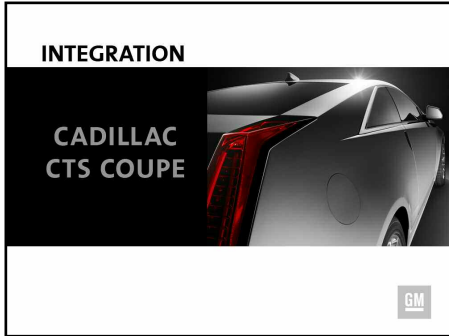
The second example is Integration

As I mentioned before, the global automotive industry is more inter-connected than ever before. This integration can lead to cost savings and Quality wins but it can also be a source of concern.

At GM, we are looking at how we can use integration to our advantage, especially in the way that design/product development, engineering and manufacturing work together.

In the past, I would say that GM sometimes missed the opportunity to look at Quality holistically.

The Design team might have an amazing concept that would delight customers, but engineering and manufacturing spent more time discussing why it wasn't possible instead of finding solutions that would make the creation a go.



DDT-MBS23

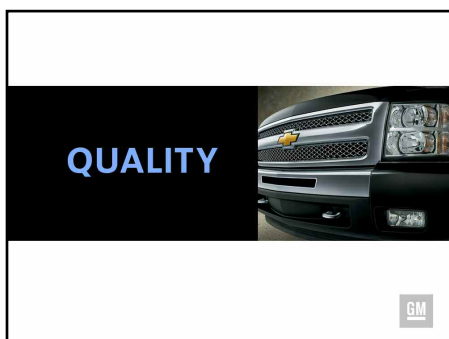
We have changed that model. A great example of this is the body side outer on the Cadillac CTS Coupe. If I was honest with myself, I would say that Old GM manufacturing might not have embraced that design – it certainly presented a challenge to our stamping operation in Marion, Indiana. However, thanks to a lot of teamwork and creativity, especially working with the UAW team on the stamping plant floor, we found a way to build it, and the results are a truly beautiful line.



DDT-MBS24

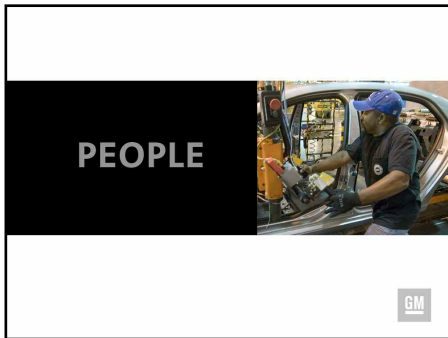
Another example of how we are using integration to our advantage is with our suppliers. We used to protect our forward looking scheduling plans over concerns that the market might react negatively to the changes in our forecast.

We have learned, thanks to a lot of good dialogue with suppliers lead by Bob Socia, that our suppliers can only help us keep up with demand if they know our plans and are able to adjust their plans accordingly. I know it sounds fundamental and it really is, but I like the fact that our new level of transparency is extending to this part of the business.



DDT-MBS25

These are just a few examples of how we are enhancing Quality and I think the new level of engagement and transparency will pay dividends for our customers going forward.



DDT-MBS26



DDT-MBS27

Finally, I would like to discuss the one aspect of Manufacturing responsible for all of our success and a key enabler for whatever challenge we are asked to solve – the men and women who work in our plants.

No one wants to re-live the crisis situation of the last few years, but I will say that I have seen first-hand some examples of how that wake-up call accomplished something that no level of training or amount of time ever could.

I spend a lot of my time visiting our plants – I like to keep it informal, talking to a lot of team members on the floor vs. listening to formal presentations in a conference room. One thing I have seen during my visits is the increased level of engagement of our team members. People no longer share a few “key messages” about their work environment and turn it over to their group leaders to answer questions.

Team members now participate in discussions about the business – they challenge our direction, ask a lot more “what if” questions and offer up ideas to help the customers. I would say in my 30 years, we have had pockets of people that fit this description, but now I am seeing more involvement and I see it consistently across the board.

In the past, plant leaders, both union and management, used to steer the plant visits toward certain people or certain teams. Now, Ed Whitacre makes surprise visits to our plants. He talks randomly to team members all over the plant and he has always been delighted by the engagement he has seen.



DDT-MBS30



DDT-MBS32



DDT-MBS33



DDT-MBS31

In summary, manufacturing has accomplished a lot in New GM. I often ask my team to talk about what is different at GM because I think it helps people see and feel the changes first hand.

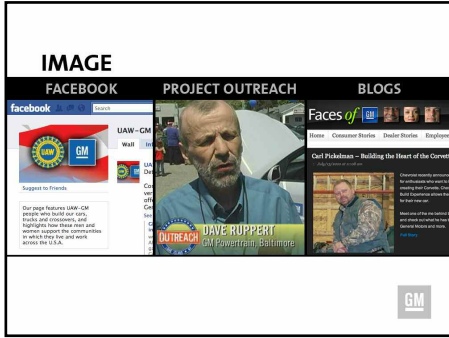
Sometimes, it is easy to get caught up in the day to day tasks we are asked to accomplish. From manufacturing's perspective, I would say the following has stayed the same:

- Our partnership with the UAW has remained a constant and I am looking forward to working with the new leadership team. We have had some personnel changes at both the UAW and at GM from a labor perspective, but I believe the foundation for working together will make that transition a smooth one.

- The dedication of our people has also been a constant. I only wish that every person could spend some time in our plants – while the processes are impressive, I think the men and women who build our products are great representatives of our company – and they are more engaged than ever.

- Our commitment to our global manufacturing system has continued, although we are focused more on coaching and achieving results and less on process tracking.

But rather than dwell on what has remained the same, I think my parting message to you is what is different about manufacturing in the new GM.



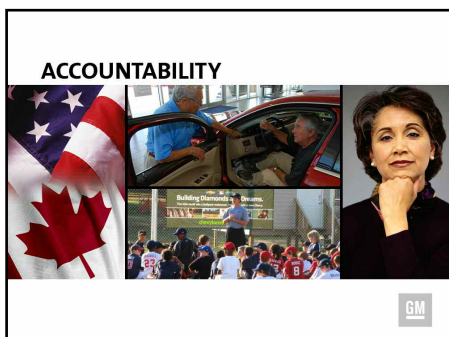
DDT-MBS34

- First, we are taking a proactive role in addressing our image. From filming commercials in our plants (no more “magic of Hollywood” to show a car being built by creating a sound stage assembly line – we just film at the plant) to actively encouraging employees to engage in things like Facebook and other social media tools, we are opening our doors and encouraging people to come see our operations and meet our team. Our employees make outstanding ambassadors and I have encouraged the manufacturing team to embrace these forms of communication.



DDT-MBS35

- Second, another big change, which I have touched on earlier, is changing our culture from one of “no – and let me give you all the reasons why” to one of “yes – we can figure that out”. This transformation is taking some time, but every day I see examples of this change and it is personally very invigorating to me.



DDT-MBS36

- Finally, I think the sense of accountability is greater than ever before. When I talk to employees, they are anxious to repay the support provided by the American and Canadian taxpayers and they want to help re-build our reputation with dealers, retirees and communities.

They are determined and willing to collaborate in whatever way possible to benefit the customer and regain the consumer's trust. They are surfacing concerns sooner and taking a lead in finding solutions.



DDT-MBS37

I guess that's the reason I have stayed with GM through the crisis – it is the people I get to see every day, working in ways that no one ever expected and getting great results, that make you feel really good when you go home at night.

Thanks for your time and attention, and I will be happy to answer any of your questions during our discussion later today.