

GENERAL

Does this mean GM is going out of business?

Absolutely not! GM has entered chapter 11 to launch the New GM through the powerful tools of the Bankruptcy Code. GM will take the necessary actions to transition operations and launch a highly competitive New GM. Importantly, GM has the support of the U.S. and Canadian governments and the UAW in this effort.

What is the difference between chapter 11 and chapter 7?

It is common for people to mistakenly think of chapter 7 liquidation when they hear the word “bankruptcy.” We are not liquidating. Chapter 11 and chapter 7 involve two very different outcomes. Companies go out of business under chapter 7. Chapter 11 is different – it is designed to allow companies to continue operating to preserve their going concern value and through the bankruptcy code emerge as viable businesses.

What are some key attributes of chapter 11?

Some key Chapter 11 attributes are the following:

- Chapter 11 is not a declaration of insolvency.
- Companies don't file chapter 11 to liquidate; they do so in order to continue operating and to take the necessary steps to emerge as a financially stronger business, reorganizing their operations or balance sheet or in some cases by selling substantially all its assets.
- Management remains in control of the business during the chapter 11 rehabilitative process. Trustees, administrators and monitors typically are not appointed.
- Chapter 11 normally does not cause interruption to business operations.

- The company is given breathing room during the process – an “automatic stay” generally prevents parties from taking legal action against the company or taking the company’s assets.

- Specific benefits include that the company can:
 - sell its assets free of liens or encumbrances;
 - obtain “debtor in possession financing” to fund ongoing operations during the chapter 11 case;
 - “reject” unprofitable contracts and leases .

What is section 363 and how is it being used to launch the New GM?

Section 363 permits a company in chapter 11 to sell assets and in some cases substantially all its assets. GM intends to use that ability to sell the strongest parts of its business to launch a new and successful enterprise. The purchaser’s business will be built upon only the strongest parts of our business – our employees; our best brands (Cadillac, Chevrolet, Buick, GMC), and the plants and other hard assets that those brands rely on; the contracts we need to secure supplies and keep our business moving; and the equity we own in our domestic and global subsidiaries. The New GM will be led by GM’s current management team.

Why did GM choose the section 363 path?

With the support of our largest secured lender, the U.S. Treasury, section 363 allows GM through a court-supervised sale, to create and launch the New GM quickly. We currently hope to close the transaction in 60 to 90 days from June 1.

How is the New GM being launched?

It is anticipated that the valuable assets of GM will be sold to a new entity to quickly launch a leaner, more customer-focused and more cost-competitive automaker, with a much stronger balance sheet that is positioned for profitability. The New GM will be built from GM’s strongest brands and operations.

How long will it take to launch the New GM?

We anticipate a relatively quick process. GM expects to receive court approval to sell the assets to New GM within about 30 days after filing, and to complete all of the business transition activities needed to launch New GM's operations within about 30 to 60 days after court approval. The steps between now and New GM's launch will ensure that the section 363 requirements are met and that there is a smooth transition from GM's current business to the New GM.

What will happen from now until New GM is launched?

We expect that the transition will be completed in 60 to 90 days from June 1. In the meantime, GM has the support of the U. S. Treasury and Canadian government to transition operations to the New GM. This support includes the U.S. Treasury's agreement to fund this effort. For more specifics about what happens before New GM becomes effective, please see the "Frequently Asked Questions" for suppliers, customers, dealers and retirees.

Will the chapter 11 be completely over after New GM exits?

An important advantage of the 363 process is that it allows the New GM to quickly make a clean and complete break from chapter 11. When the New GM launches, the chapter 11 case will be over for all of the operations that GM customers interact with. For GM's operations that will not become part of the New GM, the chapter 11 case will continue in order to resolve creditors' claims and wind down those operations in an orderly way.

Will GM's employees be part of the New GM?

Yes. GM employees will become New GM employees at the time of New GM's launch, which is expected to be as early as July 31. Though the creation of New GM allows for the continued employment of the majority of U.S. employees, there is still need to reduce the size of the workforce for New Gm to be successful. Today we announced that GM will substantially reduce salaried employment in North America by an additional 5,100 salaried employees [4,000 in the U.S.].

Is GM still using the same viability plan it announced on April 27th?

Yes. The New GM will execute the key elements of its April 27 viability plan, along with additional initiatives, to achieve winning financial results by putting customers first, concentrating on adding to the company's line of award-winning cars and trucks through on four core brands and continuing to invest in green, energy-saving technologies.

What are the steps to launching the New GM?

1. Before the filing, GM and its largest secured lender, the U.S. Treasury, and the Canadian and Ontario governments, negotiated agreements providing for the sale of assets to the New GM.
2. GM filed a motion with the court asking the court to approve the sale of assets to New GM.
3. The court will hold a hearing to approve procedures related to the sale within a few days after the filing.
4. GM will notify its creditors that it is seeking approval of the sale to New GM.
5. Other parties who want to purchase the assets may submit bids as part of the requirement that GM accept the "highest or best" offer for the assets.
6. Parties to contracts that will be assigned to the New GM will be notified.
7. It is anticipated that the court will hold a hearing to approve the sale within the next 30 days.
8. The U.S. Treasury and the Canadian and Ontario governments are supporting the New GM sale transaction, which we expect will take approximately 30 to 60 days from court approval of the sale.

What are GM's plans regarding its global headquarters at the Renaissance Center? Are you moving your headquarters?

The Renaissance Center in Detroit is expected to be part of the new company, and we will provide updates as they become available.

How is GMAC impacted by this filing?

GM and GMAC intend to continue their current relationship and to honor their obligations to each other in the ordinary course. Any questions relating to impacts on GMAC outside of the operating relationship between GM and GMAC should be addressed to GMAC directly.