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GM Announces Actions to Reduce Leverage by \$11 Billion

Actions expected to reduce net interest cost and preferred dividends by \$0.5 billion per year

DETROIT, Mich. – General Motors Company today announced a series of actions to further reduce financial leverage.

“These actions will bring down our leverage by \$11 billion by reducing debt and improving our pension funding position,” said Chris Liddell, GM vice chairman and chief financial officer.

GM has implemented the following capital structure actions:

- **Repayment of \$2.8 billion outstanding on the 9 percent secured note provided to the UAW Retiree Medical Benefits Trust.** The company will record a \$0.2 billion non-cash gain in the fourth quarter of 2010 related to this early extinguishment of debt.
- **Completion of a \$5 billion, five-year revolving credit facility** with a syndicate of banks, which provides an additional source of backup liquidity. The facility is expected to remain generally undrawn.

GM expects to implement the following capital actions, conditional upon completion of GM’s public offering:

- **Purchase of the \$2.1 billion of 9 percent Series A Preferred Stock held by the United States Department of the Treasury** at a price equal to 102 percent of the \$2.1 billion liquidation amount. The company will record a \$0.7 billion charge to net income attributable to common stockholders for the difference between the purchase price and the recorded value of the Series A Preferred Stock.
- **A contribution of at least \$4 billion in cash and \$2 billion in GM common stock to GM’s U.S. hourly and salaried pension plans.** The stock contribution is contingent upon Department of Labor review and the number of shares contributed would be determined based on the public offering price for GM’s common stock. The stock contribution will be valued as a plan asset for pension funding purposes at the time of contribution and for balance sheet purposes when the shares become fully transferable.

In addition to the above actions, and subject to completion of the public offering, GM expects to terminate a wholesale advance agreement which provides for accelerated receipt of payments made by a financial institution on behalf of GM’s U.S. dealers pursuant to wholesale financing arrangements. Under such arrangements, GM’s U.S. dealers borrow from financial institutions to fund their inventory of vehicles purchased from GM. Similar modifications will be made in Canada.

The wholesale advance agreements cover the period for which vehicles are in transit between assembly plants and dealerships. Upon termination, GM will no longer receive payments for vehicles purchased by the dealers in advance of the scheduled delivery date. This action will result in an estimated \$2 billion increase to GM's accounts receivable balance, on average depending on sales volumes and certain other factors in the near term, and the related costs under the arrangements will be eliminated.

"Completion of these actions will enable us to reduce net interest cost and preferred dividends by \$0.5 billion per year," said Dan Ammann, GM vice president of finance and treasurer. "As importantly, we will have approximately \$24 billion of total liquidity as of June 30, 2010 pro forma for these actions, our AmeriCredit acquisition, and excluding any public offering proceeds."

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Forward-Looking Statements

In this press release and in related comments by our management, our use of the words "expect," "anticipate," "possible," "potential," "target," "believe," "commit," "intend," "continue," "may," "would," "could," "should," "project," "projected," "positioned" or similar expressions is intended to identify forward-looking statements that represent our current judgment about possible future events. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors. Among other items, such factors might include: our ability to realize production efficiencies and to achieve reductions in costs as a result of our restructuring initiatives and labor modifications; our ability to maintain quality control over our vehicles and avoid material vehicle recalls; our ability to maintain adequate liquidity and financing sources and an appropriate level of debt, including as required to fund our planning significant investment in new technology; our ability to realize successful vehicle applications of new technology; and our ability to continue to attract new customers, particularly for our new products.

GM's most recent annual report on Form 10-K and quarterly report on Form 10-Q provides information about these and other factors, which we may revise or supplement in future reports to the SEC.