

Beyond Grand Rapids

Small vehicles are critical

GM, which is counting on growth in emerging markets such as China to soften the blow of the ongoing downturn in U.S. sales, has rolled out Chevrolet and Cadillac-branded vehicles over the past two years in China in order to offer a wider price range.

GM's sales in China rose almost 19% last year to top 1 million vehicles. Vehicle sales in China have grown by 20-30% for the past five years, a boom that has made it the world's second biggest market behind the United States.

Source: Reuters April 18, 2008

Market trends

Detroit's automakers now sell just 45.3% of the cars and trucks purchased by American consumers in dealer showrooms — a new low. Among American consumers:

- GM is still first, followed by Toyota, which has 18.6% of the market.
- Ford is third, with Honda advancing quickly, with 12.4% of the market.
- Chrysler is fifth, with Nissan not far behind.

Among Japanese automakers, Honda turned in the most impressive retail performance of the first quarter. It added more market share than any other automaker, nearly a full percentage point, on the strength of its fuel-efficient cars.

Source: Detroit Free Press April 18, 2008

Even Toyota gets the blues

Toyota has long prided itself on a U.S. workforce more efficient than those at Detroit's giants, and that has meant a cost advantage of hundreds or even thousands of dollars per car. But as sales of its big trucks and SUVs falter, Toyota has slowed assembly lines, leaving once-busy workers to sweep floors or do team-building exercises rather than make cars. And with the Detroit Three slashing payrolls and moving retiree benefits off their books, Toyota's edge is disappearing.

Some of Toyota's U.S. plants are now more than 20 years old, and a growing number of its workers are paid the top wage of about \$25 an hour. By 2011, Toyota's cost advantage over Detroit could disappear.

To offset rising wages, Toyota is pushing plants to get even leaner. The company has set up an on-site medical center at its San Antonio factory as an experiment in cutting health-care costs. Gritton says new hires will reach the top wage after five years instead of three. And starting pay at a plant being built in Mississippi will be lower than Toyota's traditional \$16 an hour.

Source: businessweek.com April 17, 2008

Toyota impacted in U.S. market

Toyota and Scion vehicle inventories have risen to record levels because the company misjudged just how much the U.S. market would decline this year. The number of units in dealership stock and en route have swelled to about 376,000. That's about 100,000 units more than were on the ground last summer, and up from about 348,000 a year ago.

Toyota's vaunted inventory controls have come up against market forces even it cannot tame. As of March 1, the days supply for Toyota and Scion was 58 days, a level not seen since early 2003, just before the U.S. invasion of Iraq. Since 2000, the average supply on April 1 has been 44 days.

Source: Automotive News, April 28, 2008

Toyota's profits drop

Toyota said its fourth-quarter profit plunged 28% — primarily due to lower sales and earnings in the Untied States, currency exchange rates and rising raw material costs — and forecasted a similar earnings drop of 27% for its current fiscal year. Still, Toyota's net income for the first quarter was nearly \$3 billion.

Source: Detroit Free Press, May 8, 2008

Buyouts allow new GM retirees at Spring Hill to chase dreams

Dan Lucas is pulling the plug on a 39-year career with General Motors, taking a retirement package that the automaker is offering as it attempts to cut up to 20% of its union workforce as part of a plan to return to profitability.

But for Lucas, 58, his retirement will be short-lived. He will begin work at a maintenance-consulting firm, starting a second career using skills learned from years of working for GM. But like many of his GM co-workers, Lucas said he was ready to give up the daily labor of building cars and happy to walk away from the plant "still on my feet and in good health."

All of those interviewed said that their careers with GM taught them skills that they can use in other vocations.

Rob "Boomer" Lazzara, a former GM worker who took a pre-retirement package in 2006, said he understood Campbell's feelings and recommended that any workers eligible for the latest attrition package take the deal if they have a dream they want to follow.

"It's very rare you have the opportunity to pursue a lifelong passion," he said. "The UAW and GM have been wonderful to me and my family, and have allowed me to do something I really enjoy doing. It's tough when you're getting to be our age to go in and build cars every day."

—Source: The Tennessean, February 26, 2008



AutoKnow



General Motors Vision Statement: GM's vision is to be the world leader in transportation products and related services. We will earn our customers' enthusiasm through continuous improvement driven by the integrity, teamwork and innovation of GM people.

GM Chief Dismisses Panic Over Ethanol

Rick Wagoner, General Motors' chairman and chief executive, says claims that bio-fuels are driving up food prices are "shockingly misinformed."

"If you look at what's causing higher bio-fuel prices, the cost of corn is a very small part of that," Mr. Wagoner said at the Beijing Auto Show. "Oil prices are a far bigger driver of higher food prices than ethanol."

Mr. Wagoner has a self-interest in calming the panic on ethanol use. GM manufactures about one million vehicles per year capable of running on E85 — a gasoline-ethanol blend — even if there are few ethanol fuelling stations in the United States and Canada. It believes ethanol is one way to wean North Americans off their oil dependence.

The company is also actively looking at non-food sources for ethanol. It recently bought a stake in Warrenville, Ill.-based Coskata Inc., which makes ethanol from waste products like household garbage.

Source: National Post.com

Fast Facts About Ethanol -- Food vs. Fuel

- World oil prices are the most significant factor driving the price of food across the globe. The unadjusted percentage change to March 2008 from March 2007 for food is 4.5% and food at home (cereals, meats, fruits, etc.) is 4.7%, while transportation is 8.2%, fuel oil is 40.2% and motor fuel is 26.4%. (U.S. Department of Labor)
- Despite 7.6% fewer acres of corn projected to be planted in 2008, the expected harvest would still be the second largest since 1949. For the marketing year ending in August 2008, the U.S. corn supply is projected to reach nearly 14.5 billion bushels, while demand is expected to be only at 12.7 billion bushels. (USDA)
- Increased world demand for food contributes to rising food prices. Of the world's 34 most food-insecure countries, 22 had average annual growth rates ranging from 5 to 16% between 2004 and 2006. (International Food Policy Research Institute)
- Ethanol production yields co-products that contribute to our food supply, including distiller's grain, a high-protein animal feed. One bushel of corn produces 18 pounds (2.72 gallons) of ethanol and about 17 pounds of distiller's grains in various forms. (Iowa Department of Agriculture)
- Corn prices have minimal impact on consumer food prices. For every dollar an American consumer spends on food, only 19 cents goes towards raw materials. The balance—81 cents—goes to labor, fuels, transportation, packaging and other non-farm costs. (Informa Economics)
- Corn yields double every generation through technology, so farmers are getting better at growing more on less land. The per acre U.S. average yield in 2007 was 155 bushels.



Cathy Clegg Visits GRMP

What do the following items have in common? The cleanliness and organization of Grand Rapids Metal Plant. The GMS True Green Wall (found in the Center Communications Area). Our Business Plan Deployment Board countermeasure sheets. The progress we've made on our safety performance. During her visit here last Wednesday, GM Manufacturing Manager Cathy Clegg pointed out these four things as strengths of our plant.



As items that we need to improve upon, she noted the following:

- Using GMS principles, we need to make more progress in quality; just as we've stopped taking shortcuts in safety, we need to stop taking shortcuts in quality so that we never pass on a defect--from

Blanking to the Press Room, from the Press Room to Metal Assembly, or from our plant to our assembly plant customers.

- To help control costs, we need to reduce our inventory by improving die changeover times and limiting lot sizes.
- We need to use the top blank on our stacks of blanks. Not using them is waste.
- We need to learn how to run our plant profitably when our volumes are down. Right now we're not doing this.

Diagonal Slice Comments

During a diagonal slice with hourly and salaried employees, Cathy responded to several employee questions:

Under the new national contract, will skilled trades receive the same wage as in the past?

There's no language in the new contract about changing the wage of skilled trades employees. Given GM's capacity and volume, though, we do have more skilled trades people than we need.

Will hiring Tier 2 employees help us get more work and people?

If there's work being done outside of GM, we may be able to bring it back in because our labor costs would be lower. We allocate work based on several factors, including the quality of a plant's union/management relationship, how widely and deeply all of GMS is implemented, and business results. In Grand Rapids there's still work to be done with teams taking ownership of their work, using the GMS principles of Continuous Improvement and People Involvement to drive out waste, and creating a culture that's dedicated to not passing on quality defects [see above].

Safety Corner

From a strictly measurement perspective, we cannot have more than **18** additional recordable injuries between now and the end of 2008 if we want to meet our Recordable Injury Rate stretch goal of 2.20.



Slips and Trips

Since the beginning of this year we have had a total of 19 slip and trip incidents. Thirteen of these were non-recordable injuries and six were recordable injuries. Two of these recordable injuries were lost work day cases. Slips and trips make up 35% of our serious (recordable) injuries and 100% of our lost work day cases! Again, please "Take 2" as you're walking from your vehicle into our workplace and returning at the end of the day. I was very surprised to see this above data. Are you?

-- Nick Kassanos, assistant plant manager

Know Safety, No Accidents

	2007	Through 5/12/08
First-aid Injuries	454	127
Recordable Injuries	65	18
Lost Work Days	6	2
Near Misses Reported	232	151

Grand Rapids Metal Center

Quality Network

Reminder

GM-GMS Calibration

begins

Monday June 23, 2008

Are you and your team prepared?

Around Grand Rapids

Buick Open Tickets at a Discount

A special price for tickets to see the 50th anniversary of the Buick Open are now available to all GM employees! The tournament will take place at Warwick Hills Golf & Country Club in Grand Blanc, June 23-29. Tickets are available for just \$20 each, \$15 per ticket less than the regular gate price. There's a limit of four per person and you must buy them by June 20. To take advantage of this offer, call 800 878 OPEN and follow the prompts. The pass code is GME08. You can also log on to www.ticketmaster.com and type Buick Open in the search area at the top left of the home page. Choose GM Employee ticket offer and enter the password GME08.



Wear Your Favorite Sports Team Hat, Shirt

The 2008 UNCF Sole Steppin' Walk fundraiser has begun. The UNCF (United Negro College Fund) provides scholarships to minority students who might not be able to afford a college education. You can find more information at www.uncf.org or by contacting **Lee Moyer** (3350).

On May 21, 2008, join us here at the Grand Rapids Metal Plant in wearing your favorite sports team apparel for a day. We will collect \$1 for each item (hat/shirt) that you wear. Show your team spirit and support a great cause.

When: Wednesday, May 21

What: Wear a hat and/or shirt of your favorite sports team

Why: Because a mind is a terrible thing to waste!

How: Donate \$1 for each item (hat/shirt) you wear. Collection cans will be located in the center office and front office.



UAW-GM QN Suggestion Corner

	05/02/08-05/09/08	YTD
*Awards Paid:	27	350
\$ Paid Out:	\$ 3,230.30	\$148,529.68
Savings to GM:	\$14,480.00	\$753,869.70
*Tangible and intangible awards		

2nd-Quarter Suggestion Program Focus:

Team Quality Suggestions

In the second quarter of 2008, the UAW-GM Quality Network Suggestion Plan focus is on team **quality** suggestions. At the end of the quarter there will be a drawing. Four team suggestions (three or more people) will each win \$500. The money will be split equally among the team members.

Child Care Corner

Media Literacy

Want to help your child be media savvy? Want to help children make good choices about media? Link to lots of media tips at <http://www.common sense media.org>. There are some interesting links at this site:

- Have your child or teen take this test to see how much and what type of media they use: http://www.common sense media.org/resources/pdfs/Parent_Tips-My-Media-Diet.pdf
- Parents should use this form to see how much you know about your child's media use. Compare your answers on this form to your child's answers: http://www.common sense media.org/resources/pdfs/Parent_Tips-Child-Media-Diet.pdf
- Read this article about Tips for kids to have fun and stay safe when they use Internet media (MySpace, IMing, text messages, etc.) http://www.common sense media.org/parent_tips/viral-media.php

"Operation Purple" Summer Camps

Military families are eligible to send their children to "Operation Purple" summer camps. This is a national organization that sponsors camps for military families throughout the U.S. annually. Visit the Child Care Office for more information or go to http://www.nmfa.org/site/PageServer?pagename=op_michigan to learn more.