

PRESS RELEASE

FOR IMMEDIATE RELEASE

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**Rep. Slaughter Issues Statement on Decision by GM to Not Move Forward with the New
□
V-8 Engine Line in the Tonawanda Facility**

Washington, DC – Rep. Louise M. Slaughter (D-NY-28), Chairwoman of the House Rules Committee, today issued the following statement regarding the decision by GM to not move forward with the new V-8 engine line in the Tonawanda facility only a year after announcing that they would invest \$300 million to upgrade their Tonawanda Powertrain Plant.

“I am very unhappy that General Motors executives continue to make bad business

decisions like these which threaten jobs in Western New York,” said Rep. Slaughter. **“These decision makers must learn that banking on an inefficient engine is not the way to effectively adapt to today’s market of gasoline weary consumers. □**

“Instead of embracing innovation and developing a fuel efficient engine, they continue to build giant gas guzzlers - all at a time that we see oil topping one hundred dollars a barrel.□ That’s why I’ve secured nearly \$7 million over the past two years for fuel cell development work in Western New York, including \$2.75 million to accelerate Delphi’s fuel cell manufacturability.”

“Although it is clear by today’s action that GM has recognized their blunders, it’s frustrating that local jobs hang in the balance.□ I remain optimistic that GM is now finally responding to the new market and starting to make automobiles consumers want.”

“We have been assured that GM is keeping the diesel engine line they announced over the summer and hope that it can be expanded now that the missing V-8 line will leave some capacity in the Tonawanda plant.□ My top concern is to protect the workers at the plant,” concluded Slaughter.

BACKGROUND:

In January of this past year GM announced that they will invest \$300 million to upgrade their Tonawanda Powertrain Plant by investing in a new product line: a V-8 engine intended to be in the latest Cadillac. As part of this agreement, GM would receive \$5 million in New York State subsidies, including a \$3.5 million direct Empire State Development Corporation (ESDC) grant for the purchase and installation of the machinery. Later in June 2007, GM further announced that Tonawanda won the right to build a new diesel engine line for which GM will invest an additional \$88M in the plant.

Today, however, GM announced that they will not move forward with the V-8 engine line. They believe that rising fuel prices and the increased CAFE standards recently passed by both chambers of Congress and signed by the President create an insufficient market demand for a

gas-guzzling V-8 engine. GM will move forward with their new diesel engine line.

About 130 workers who were laid off during the fall were expected to be retained when the Tonawanda plant launched production of these two new engines. With production of the V-8 line pulled, many of these workers' futures are in question. There is an attrition program in place that provides incentives for older workers to retire and therefore make room for laid off workers; however this is unclear how many workers will be able to take advantage of this program.

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