International Newsroom

GM Extends Engine Supply Agreement With Navistar Affiliate MWM International Motores

420,000 units of a new generation diesel engine to be produced from 2011 to 2018

SÃO PAULO, Brazil (July 22, 2008) The board of directors of General Motors Brazil and MWM International Motores, an affiliate of Navistar Inc., have signed a strategic agreement to manufacture 420,000 units of a completely new diesel engine to serve GM's new vehicle line to be launched by 2011. The engines will be supplied for GM in Brazil and the vehicles will also serve export markets.

The directors for both companies today signed the seven-year engine supply contract at GM headquarters in São Caetano do Sul, São Paulo, Brazil. Considering the current conditions of the global vehicle market, both companies estimate that volumes can reach 60,000 units per year. This represents the largest contract between GM and a supplier in Brazil.

"This partnership demonstrates the confidence of GM Brazil in its long-standing supplier, MWM International, which has supplied GM with diesel engines since 1964. To put it in perspective, during these 44 years of partnership, nearly 780,000 engines for GM trucks, pick-ups and SUVs have been supplied," said Jaime Ardila, president of General Motors in Brazil and Mercosul. Ardila said the partnership "is aligned with our strategic objective to have all Chevrolet lines completely renewed by 2012."

"We're proud to work with automotive leaders like GM," said Jack Allen, president of Navistar Engine Group. "This agreement helps both companies to expand business in global markets and furthers Navistar's global diversification strategy"

Waldey Sanchez, president and CEO of MWM International Motores, said that for the production of the new 2.8 liter, 4-cylinder diesel engine to GM, the company will dedicate investments equivalent to US$ 80 million in its plants in Canoas, Rio Grande du Sul, Brazil; Santo Amaro, São Paulo, Brazil; and Jesus Maria, Argentina; and will generate 400 new direct jobs. According to Sanchez, “The new agreement with GM represents the biggest contract in MWM International’s history.”

José Carlos Pinheiro Neto, vice-president of GM Brazil, said the historical agreement between both companies “reinforces the resolve of GM Brazil to invest permanently in its strategic partnerships, such as the agreement with MWM International.”

Adhemar Nicolini, general director of GM Powertrain Latin America, Africa and Middle East (GM LAAM) emphasizes that this contract extends GM’s capacity to supply Chevrolet vehicle production for the Brazilian market.

In addition to the already announced project to establish a new engine plant in Joinville, Santa Catarina, “this new contract will assure the availability of engines to maintain the strong expansion that we intend to have in Brazil and the Mercosur region,” said Nicolini.

Johnny Saldanha, purchasing and supply chain vice president of GM LAAM said the contract “is the highest value contract that GM has signed with a supplier in the 84 years the company has been in Brazil.”

"The new engines will have the most modern design and technology used by the global automotive industry,” said Nicolini. MWM International will be responsible for the new diesel engine machining and assembly, as it does for the Sprint 4.07 TCE engine it supplies for Chevrolet S10 pick-ups and Blazer SUVs in Brazil.

MWM International’s Waldey Sanchez added that “the partnership will expand our production scale and recognizes our quality in manufacturing processes, logistics and technology excellence, as well as our competitive cost structure."

General Motors Corp. (NYSE: GM), the world’s largest automaker, has been the annual global industry sales leader for 77 years. Founded in 1908, GM today employs about 266,000 people around the world. With global headquarters in Detroit, GM manufactures its cars and trucks in 35 countries. In 2007, nearly 9.37 million GM cars and trucks were sold globally under the following brands: Buick, Cadillac, Chevrolet, GMC, GM Daewoo, Holden, HUMMER, Opel, Pontiac, Saab, Saturn, Vauxhall and Wuling.

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