



News

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HOLDEN ANNOUNCES TIMEFRAME FOR END OF FAMILY II ENGINE PRODUCTION

GM Holden today confirmed a timeframe for ending production of its Family II, four cylinder cast iron engine at Fisherman's Bend, Melbourne.

GM Holden will continue to build the Family II engine, which has been in continuous production for 27 years, into the final quarter of 2009. The Family II facility, which includes the foundry, will then cease operations. There are 531 people directly employed in Family II production.

Production at the advanced \$400 million Global V6 engine facility in Port Melbourne, and at Holden's vehicle operations in South Australia, will not be impacted by this decision. At the same time, GM Holden also plans to expand its Global V6 engine family by adding a range of fuel-saving and alternative fuel technologies to increase domestic and export sales.

The Family II engine was first produced at Fisherman's Bend in 1981 and more than four million engines have since been manufactured there. From 2000 onwards, all Family II engines produced by GM Holden have been for export. The engine is currently exported to China, Thailand and Korea.

GM Holden Chairman and Managing Director, Mark Reuss, said today: "Every product has a lifespan and Family II is an older cast iron engine which has been around now for 27 years. It has served GM well but is now coming to the end of a very long and successful life.

"With reducing customer demand, recent years have seen the Family II plant running at less than 50 per cent capacity.

"Our remaining markets for this engine are all overseas and our export customers have advised us that with newer and more technologically advanced four cylinder engines available within GM, they do not require production from GM Holden beyond the end of 2009.

"Whilst that means we still have orders for the engine for the next 18 months, we had always promised to give our employees as much notice as we could once a decision had been made to end Family II production.

"Going forward, we will be focusing our business efforts on developing new domestic and export opportunities around our advanced Global V6 engine plant particularly in the areas of alternative fuels and fuel-saving technologies."

Executive Director of Manufacturing, Rod Keane, said: "Our employees have been aware for some time that this product was reaching the end of its technological life. Even so, this is an extremely difficult announcement to make today as people and their families will be affected.

"Our people have been assured we will be doing everything we can for them to minimise the impact and we'll investigate every redeployment possibility.

“We have exciting plans for our global V6 plant and one of our aims will be to grow this part of our business to absorb some of those who might be impacted by this decision.”

GM Holden employs more than 6,500 people of which 3,100 are based in Victoria. The majority of those work in Port Melbourne which is home to GM Holden’s engine operations, design and engineering centres and head office.

History of Family II production in Port Melbourne

The first shipments of Family II four-cylinder engines, manufactured at Fisherman’s Bend, were sent to the United Kingdom in 1981.

By 1983, markets also included West Germany, South Africa and New Zealand. Exports to South Korea commenced in 1987 and the one millionth export engine milestone was reached in 1988.

By the time the two millionth export engine was produced in 1994, the facility was servicing a customer base that included South Korea, Taiwan, Indonesia, Germany, India, Egypt, South Africa and the UK.

The three millionth Family II engine was shipped out in 1999, by which time Holden engine and component exports had generated more than \$3 billion in export revenue.

In 2003, Holden began exporting advanced Global V6 engines built in our new \$400 million engine plant at Fisherman’s Bend.

Recently, Holden invested a further \$40 million in expanding production capacity at the V6 plant.

The facility currently exports Global V6 engines to GM and external customers in countries as diverse as China, Thailand, Korea, South Africa, Sweden, Austria, Italy and Germany.

In 2007, Holden’s Engine Operations at Fisherman’s Bend built over 136,000 Family II engines, all for export, and over 132,000 V6 engines of which 38% were for export.

For media enquiries, contact:

John Lindsay

0439 998 523

john.lindsay@gm.com