



**National
Dealer
Council**

July 6, 2009

To: Co-Sponsors of H.R. 2743
NADA Leadership
Automotive Trade Association Executives (ATAEs)

On the behalf of the GM National Dealer Council, I'm writing to urge you to **NOT** support the proposed HR2743 legislation.

The National Dealer Council is a group of dealers elected by the nearly 6,000 dealers within the GM dealer network to represent their interests. We are selected by our fellow dealers without influence from GM. All meetings between the NDC and GM management have, and will continue to be, led with "Dealer Profitability" as the primary goal for our dealer network. That is because dealer profitability and the reinvestment it makes possible are the keys to improving the customer experience at our dealerships. And improving that experience is essential to our ability to compete against our best competitors.

While the National Dealer Council does not advocate the termination of any individual dealership, we have worked vigorously, with senior GM management, to address the circumstances dealers face today. Several members of the NDC leadership have been issued wind-down notices or are impacted by discontinued brands. As a leadership group, we are painfully aware of the crisis facing GM and the automotive industry – and the impact legislation would have on the dealer network.

GM has conducted its dealer restructuring in an objective and professional manner, based on performance criteria that are part of its sales and service agreement with dealers. GM has also taken great care to protect the confidentiality of dealer status and financial information, with the full support of the NDC.

As you know, GM provided dealers whose Sales and Service contracts will not be renewed with financial assistance and the ability to sell and service vehicles for up to 16 months as they wind-down their business in an orderly manner. The NDC commends GM for taking this approach.

We also applaud GM and its leadership for its willingness to work with the NDC and NADA to address recent dealer concerns regarding the Participation Agreements issued to dealers that will move forward with the New GM after bankruptcy. Following a meeting to hear the dealer concerns on Friday June 5th, GM leadership spent the entire weekend working with the NADA and NDC to address the content of the agreement. As a result of the talks, a letter of clarification (incorporated as an addendum to the Agreement) was sent to dealers on June 10th informing them of the changes agreed to by NADA, NDC, and GM. These actions are characteristic of the manner that GM has handled this difficult transition and illustrate GM's sensitivity and responsiveness to dealer concerns.

By moving forward with HR 2743, it would impact our dealer body as follows:

- It would seek to nullify GM's plan to reshape its Dealer Network into a more effective, stronger distribution channel. The future of the 4,100 dealers who signed their Participation Agreements would be at risk. It would also negate the financial assistance that has been included as a part of the terms and conditions of their signed Wind-down Agreements.

National Dealer Council Letter

- Dealer profitability could continue to deteriorate as it has in the past few years where we have had too many dealers, too close together, competing for the same customer in the same market.

By allowing GM to execute their plan to restructure the company and the dealer network, continuing GM dealers will have a greater opportunity to be competitive, grow their operations and provide a world-class customer experience.

Sincerely,
Duane Paddock
Chairman, GM National Dealer Council

BY NO LATER THAN 5:00 PM ON TUESDAY, JULY 7, PLEASE SIGN BELOW INDICATING YOUR SUPPORT OF THIS LETTER AND FAX TO MORLEY AT (989) 792-1002. YOUR SUPPORT IS GREATLY APPRECIATED. THANK YOU.

I agree with the National Dealer Council's position to **NOT** support the passage of HR 2743.

Dealer Signature BAC Code City/State Date