

Update 3, November 10, 2008

GM Call to Action Letter

The auto industry is at a crossroads. Companies that support millions of workers and families across the U.S. have been slammed by the worst economic downturn in 75 years. Particularly frustrating is that this crisis struck just at a time when these companies were successfully restructuring themselves and creating a new generation of cleaner, more efficient vehicles.

This progress, and the very existence of the U.S.-based auto industry, is threatened.

Discussions are now underway in Washington D.C. about government support for this vital industry through this downturn. We are asking for your support, too.

The U.S. auto industry has been hit at every level by the global financial crisis. Carmakers can't get loans to complete their restructuring and put advanced technology vehicles into production. Customers can't get credit for new cars, and consumer confidence has plunged to an all-time low. Suppliers and dealers can't get loans for routine business needs.

This crisis caught the U.S. auto industry in the midst of a successful restructuring. Domestic carmakers have closed the productivity gap with their global competitors, and GM has closed the quality gap as well. New labor agreements are in place to make U.S. manufacturers' costs competitive with non-union transplant factories.

Since 2005, GM has taken a series of bold steps to restructure its business and reduce its structural cost. In fact, since 2005, GM has reduced structural cost in North America by over \$9 billion. And more recently, GM has outlined plans to enhance its liquidity position by \$20 billion through 2007.

On the product front, we have introduced a series of award-winning products, including the Saturn Aura, Cadillac CTS, Chevy Malibu and Buick Enclave. We are committed to building the Chevy Volt extended-range electric car in 2010.

However, faced with the worst economic downturn since the Great Depression and the worst car sales since World War II, this hasn't been enough.

This current crisis knows no geographic boundaries. What happens to the U.S. auto industry also had an immediate impact on Main Street. U.S.-based carmakers have 105 plants in 20 states, including California, Texas, Kansas, Louisiana and Maryland. They support 14,000 dealers across the country, and these dealers in turn employ 740,000 people, with a total payroll of \$35 billion a year. The companies buy \$156 billion in parts and services from suppliers in every state. The auto companies provide pensions for 775,000 and health care benefit for 2 million.

Because carmakers are so tightly woven into the fabric of the U.S. economy, the collapse of this industry would reach far beyond Detroit. The Center for Automotive Research in Ann Arbor predicts that a collapse of U.S.-based carmakers would lead to widespread failures of supplier companies, already pushed to the brink by the downturn,

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and this in turn would shut down the transplant factories owned by Toyota, Honda and other non-U.S. companies. Shockwaves through the economy would quickly put nearly 3 million people out of work. In the first year alone, personal income would drop by \$150 billion, and tax and social security receipts would fall by more than \$45 billion.

Faced with these risks to the well-being of millions of Americans, and to the U.S. economy as a whole, it is clear to us that government support is a sound investment in an important industry, and in America itself.

The Aura, CTS, Malibu and Enclave show that GM can compete with the best. Our aggressive restructuring and rapid global growth shows our commitment to reinventing our company. And the Chevy Volt and other advanced technology vehicles show our passion for being a leader in reinventing the automobile.

We hope you will talk with your friends and neighbors about the importance of the U.S. car industry. And we hope you will ask your legislators and other political leaders to support the U.S. auto industry through this critical transformation.

Thank you for time, and your support.