

February 24, 2011

Mr. John T. Montford
Senior Advisor for Government Relations
And Global Public Policy
General Motors Company
25 Massachusetts Avenue NW
Washington, DC 20001

Dear Mr. Montford:

I have a copy of the letter of Mr. Jim Bunnell, General Manager Sales Support for General Motors purportedly sent or being sent to all Virginia GM dealers. According to the letter, GM will be terminating the Essential Brand Elements Program for GM dealers as of March 31, 2011.

This letter states that the termination is in response to legislation recently passed by unanimous vote of both the Senate and the House of the Virginia General Assembly amending Virginia's franchise law (HB 1696/SB1191). As we have stated numerous times referencing the plain language of the bill, the portion of the bills pertaining to facilities upgrades is not directed to and has no impact on the EBE program that is already in effect. Since you are represented by competent counsel, we are puzzled by GM's continued disregard for that part of the new language. Therefore, based on this and based on the fact that you are suspending the program months before the legislation, if finally enacted, goes into effect, we are left with the only conclusion one can draw; that the withdrawal of this program is punitive.

Quite clearly, GM does not like these bills. GM's response to punish all Virginia dealers for the overwhelming passage of legislation by the General Assembly is disappointing. It thus appears that GM is now taking the path that appears so common today – you are taking your ball and going home.

GM's action will damage Virginia dealers. Unfortunately GM seems to overlook one critical fact: in 2009 when GM executives introduced the EBE program to their National Dealer Council with a Virginia Dealer present they explained that the funding mechanism for the EBE Program would come from a 1% increase in the price of all vehicles purchased by dealers. So, contrary to GM's claims of largesse to dealers, it is clear that dealers are paying for this program. Now GM proposes to remove the program that Virginia dealers pay for to punish them because the Virginia General Assembly passed legislation that GM does not like.

We assume that the EBE program, which is funded with a 1% addition to the invoice, will lead to a rollback of the 1% increase in vehicle costs to Virginia dealers who are being denied access to the program by General Motors. If not, the Virginia Automobile Dealers Association will work with its dealers to explore ways to address this inequity.

The actions of a publicly funded corporation (which GM now is) to engage in civil disobedience against legislation unanimously passed by the Virginia General Assembly cannot not be ignored. General Motors' punitive actions will be the subject of continuing discussions with Virginia's lawmakers and will force VADA to address these actions through all avenues available to Virginia dealers.

Sincerely,



Donald L. Hall
President

cc: VADA General Motors Dealer Members
The Honorable Clifford L. Athey, Jr.
The Honorable Thomas K. Norment, Jr.