

## **GENERAL MOTORS UPDATE**

**May 8, 2009**

We understand that some of the letters have gone out to GM dealers concerning renewal or expiration of the franchise agreement. More of these letters are supposed to be forthcoming in the next few days. There will be various issues involved as a result of GM's decisions:

- If a dealer is going to continue on with an indefinite franchise agreement or a term agreement, how will it be different from the present agreement?
- If the dealer has a multiple line, including Pontiac, what are the economic issues with regard to the loss of Pontiac?
- Site control, particularly where Pontiac is involved.
- If a dealer is not going to be renewed, the issues that need to be looked at are:
  1. Possible consolidation in that dealer's market area,
  2. Floor plan financing through the end of the term or time to provide for an orderly liquidation of inventory, and
  3. Inventory and other franchise buy-back issues for site control releases.

For further information, please contact Ronald C. Smith, Donn H. Wray, Jeffrey B. Halbert or Michael P. Shanahan at 317-639-5454.