

Testimony delivered to
United States House of Representatives
Subcommittee for Oversight and Investigations,
Committee on Energy and Commerce,
June 12, 2009

by

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Good morning. My name is Duane Paddock, Dealer-Owner of Paddock Chevrolet in Kenmore, NY, where we employ 135 of finest, most hard-working Americans the Buffalo area has to offer. I'm proud to say that Paddock Chevrolet is currently the largest GM dealership in the Nation, and we have been proudly serving Western NY for almost 75 years.

I'm really pleased to be here today. It seems especially appropriate, for me at least, since my father passed away exactly fifteen (15) years ago this day. It was on that day the livelihoods of my employees were passed on to my hands, and our company's responsibility to our community had to be preserved.

In addition to my responsibilities at the dealership, I have served as Chairman of the GM National Dealer Council, known as the "NDC," for

the past 2 ½ years, a position I was elected to by my fellow GM dealers.

The state of our industry is this. The U.S. marketplace for automobiles is the most open and competitive in the world - with that competition taking place across a wide variety of brands, competing dealers, and now, the Internet.

But it's a recognized fact that since 2006, a rapid decline of our retail business - across all automakers, domestic and foreign - has occurred. Our industry has gone from an annual selling pace of over 17 million units to just more than nine million. My fellow dealers of every brand, both GM and non-GM, have suffered huge financial losses in a very short period of time. The amount of working capital necessary to fund their day-to-day operations has been severely diminished. In addition, bank loans to dealers for working capital are essentially non-existent.

As I sit before you today, I am the franchisee of a company going through a painful restructuring - a restructuring that is not only necessary, but critical to the futures of our customers, suppliers, dealers, employees, and other stakeholders. Some of my fellow

dealers, many of whom I consider friends, received notice over the past few weeks that they will not be part of the New GM.

While I cannot advocate the termination of an individual dealership, I will tell you that the Dealer Council has worked vigorously, with senior GM management, over the past 2 ½ years to address the circumstances we dealers face today. During my tenure as Chairman, 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.

I would like to say I see a future auto industry in which GM, as it did ten (10) years ago, has a 30% share of a 17.0 million U.S. car market. Under those circumstances, with that level of market share, there would be no need to endure these painful sacrifices, as GM dealer sales per dealership would be higher than industry-average, and dealer profitability would be at record levels. The simple truth is that in today’s economy and competitive market we believe that GM’s future market share may be something like 20% of a hopefully 14.0 million car market. The bottom line is this - dealers have been

faithfully selling GM products for a century, and I can say that although my fellow GM dealers and I are not the cause of this situation, we stand ready to work in partnership with GM on the solution.

I can also tell you that, regarding the restructuring of GM's dealer network to improve its competitiveness, GM has elected to wind-down the affected dealers over an 17-month period, allowing them to make orderly business planning decisions about their future. In addition, GM has recognized the need to offer certain compensation to these dealers winding down their operations, something Chrysler clearly chose not to do.

Moreover, I would like to commend GM and its leadership team for working with the National Automobile Dealers Association (or "NADA") and the NDC to address recent dealer concerns voiced regarding the Participation Agreements for dealers going forward with the New GM. With dealer feedback coming to GM from NADA and NDC, a June 5th meeting was called to address the content of the Agreement. Following the meeting, and an entire weekend of negotiations, 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 modifications illustrate GM's sensitivity to

dealer concerns. This has been my experience with GM management on any dealer issues during my two-and-a-half years as NDC Chair.

Before I conclude, I should tell you that the vast majority of GM dealers I know are also overwhelmingly optimistic about GM's future. They believe in the uncompromising quality, reliability, and dependability of our current portfolio of vehicles. I can tell you that in my 26 years at Paddock Chevrolet I have never had a better portfolio of vehicles to sell. The stunning designs and compelling fuel-economy improvements of these vehicles give us all hope for the future.

In closing, let me say I appreciate your time, and more importantly, your understanding of the significant impact a successful General Motors will have on this great Nation. My family has been a part of GM for decades, including my father as a GM dealer, and my two (2) uncles who were UAW members working at the Tonawanda Engine plant. Since the day I was born, everything my family had came from their association with GM, from the food on my table to the 1982 Chevy Camaro I proudly drove to my high school graduation. Paddock Chevrolet and all GM dealers are and will continue to be a vital part of the future success of the New GM. I, like my father before me, will continue to work tirelessly to insure that a vibrant GM dealership can

be proudly passed on to my children, and continue to be a fixture in the Buffalo community. Thank you for this opportunity, I look forward to answering your questions.