

July 5, 2009

Honorable Robert E. Gerber  
United States Bankruptcy Court  
One Bowling Green  
New York, New York 10004

Dear Judge Gerber:

I am righting this letter as a GM Senior Bondholder. The business decision GM made has a devastating financial and medical impact on me. There are casualties to their decisions. When GM decided to single out the Bondholders (my pension) as the root cause of GM financial (their spending habits and generosity to the Unions as reported by various media sources created the crises) difficulties, has any one considered the financial impact this forced settlement would have on Paul Schott. ***I am retired and Medically Disabled. Can you live on \$15k per year.*** This is ethically and legally wrong. I am optimistic that the court will restore the Bondholders rights and mandate a change to the force settlement. I would rather of lost my job than my investment. The 10% ownership plus warrants does nothing positive for me.

I hope you can find it in your heart and not support the decision denying payment to the Bondholders (my Pension) and order GM to pay. Last year when GM was faced with financial difficulties the loyal Bondholders did not tender their bonds. GM was welcome to work out a deal like the ones I suggested in this letter to provide relief (4.0B). Over the years the Bondholders rescued GM and this is how GM say thank you. By manipulating laws to justify their decisions. Cutting deals with those who are essential for them to move forward. GM lacks financial consideration for me. Greed.

When GM approved the forced settlement (failed to receive the required 90% Bondholder support twice) did they personally review or get to know who you were financially executing. All they seen were dollars they can save and reward their employees with generous settlements. My counterparts have no permeant life style changes. The settlement provides no financial or emergency relief. I was able to borrow the from my pension for a critical emergency and pay it back from interest.

No one is in favor of liquidating GM, I don't believe the scare tactics regarding this. GM was capable of moving forward with the bonds, with out Government intervention. GM is to blame for the debt. Their out of control spending and the generous benefit packages, they could not afford. Like the UAW debt, the Bondholder debt can be carried over and managed in a way that is not a burden on GM. I constantly hear worrying concerns for GM employees, mine is irrelevant. Enough already. Where is my sympathy. The court has a responsibility to focus on the Bondholders rights and laws. There seems to be a rush or hysteria to get it done now. This is your court room. The Government is to involved in GM decisions. They use GM financing as leverage for their agenda. The Bondholder settlement is no solution for me. It allowed GM to unwisely reward everyone but the Bondholders, who are first.

**I am medically disabled suffering from what is called Environmental Illness. Every day when I wake up I have terrible muscle pain, dizziness, eye pain, headaches etc. I require a expensive special diet due to the aftermath of some drug therapy that went wrong. The illness requires that I remain indoors because of the reactions to every day chemicals, which leaves me unable to function. During the warm and hot months requires I must use the air conditioning to shield me from the outside environment. The AC utility bill runs \$300 to \$400 a month. I must always have a respirator handy when I venture outdoors. My life is miserable. GM one sided decision is crippling with no relief. This debilitating condition is a financial burden. On June 28 to 30<sup>th</sup> I was in severe pain due to a reaction. I was unable to move my back and neck. The pain was 9.5. I can not tolerate any NSAID due to ulcer sensitivity. I was forced to sleep up right because of the pain.**

I no longer have the money to see my Doctor or Acupuncture therapy because of the settlement. The pain continues a week later even though it is now a 8.

**I lost \$53,000 out of \$80,000 ( reality more than that or whatever 10% ownership now means) I can't replace.** This forced settlement seems to morphing into something more sinister. I have to ration or for go my Health Care, Acupuncture, Auto Insurance, Eye Care, Dental and Medicine ( I been paying ) and other essentials I no longer can afford. I will have to use the hospital emergency room as my Health Care provider and claim charity care. Food stamps will be a reality. I no longer have the needed interest income to help my 80 year old Mother pay the utility bills, auto /house repairs and property taxes. She will be come vulnerable to loosing her house that She lived in for 50 years. We both become homeless. I am in financial distress. I get to have the creditors call me now. I am now force to try to maximize \$15K ( \$1250 monthly) income in New Jersey. How. This deprived income is a serious issue that was never considered. Rationing, forgoing, eliminating or canceling is still not enough money to pay the utility/ doctor bills, \$5.5K property taxes, groceries, therapy and etc. I have canceled my prescription drug plan, routine bladder and glaucoma screening due to GM.. They never considered the personal impact or have feelings.

Keep in mind when a GM employee goes on vacation, I am wondering how I a going to pay the creditor. When a employee or retiree is using their health care, I am left wondering what Doctor or Dentist will offer charity care. When a GM employee goes home to a wonderful dinner or out to a restraint I am eating spaghetti for the fifth day. The Bonds(Pension) was not money I had laying around in which I can afford to loose. This is the perception the UAW and GM wants the court to believe. I would rather be in the UAW position. I would love to be paid the benefits and separation packages, GM employees will receive to accept a job lose. I do not come from a rich family. I believed and trusted them with my pension and they promise to pay me. Now it is lost.

When GM decided to support the Task Force decision to deprive Bondholder the money that is legally due to them, because they felt my pension (investment) was a financial burden for GM to move forward. Did they have the same feelings and criteria for GM retirees. Why is their pension and lives have more value then mine (perception). They no longer contribute to GM future. Their trust fund and the bail out money is a financial burden and in the way of GM moving forward. I am unable to absorb this loss, given my health and the poverty income. Can you imagine my helpless position if I loose the 15K disability. Will GM take responsibility when it happens. They should have executed me and save me the financial and health misery. They are unable to find or save \$82K to pay me, but GM able to pay concerned retired management \$100K+. There seems to be a underling bias or conflict of interest against the Bondholders when the forced settlement was crafted. For example, as reported in the Wall Street Journal A GM employee stated that GM owes then their pension and benefits and the Bondholders can absorb the loss by spreading it through out their portfolio. Tell that to the poor Individual Bondholders or those Companies who purchased GM bonds for their employees retirement (some are scheduled to retire now) are told they have no retirement because GM has prioritized their (GM) benefits and everyone else is irrelevant. The Government is scheduled to be paid back from GM. My pension should be priority and protected like theirs is. I imagine the Government. or GM has programs to accomplish this.

The back page list the highlights the so called give backs and sacrifices. I see none. The media has been reporting that GM has not been truthful about the Union sacrifice and they actually benefited. For examples, UAW workers can get \$20k and \$25k car vouchers to retire, UAW workers with 20+ years can get \$115k and \$25k vouchers to retire. Laid off UAW employee gets 80% of salary, including health care and pension. Suppliers get 100%. Creditors paid. There is a conflict of interest here. I feel betrayed. GM can't pay me \$82K.

Their were better solutions to the bond debt than the one GM supported. There were no meaningful negotiations with a solution that mutually benefits both parties. All that was negotiated (government mandated) was debt forgiveness for some equity. The only Bondholder counter proposal was ignored.

*More prudent recovery measures would have been to ask the conglomerates who received TARP money and any Bondholder who wish to participate to forgo all or a portion of their bond debt. Mandating is improper. The President could of signed a executive order stating that the Federal Government will back the bonds. This will encourage investors who are watching, to invest into GM easing Tax Payer burden. Another proposal would be, to have the Bondholders renegotiate the interest rate. For example the new rate is 5.5% still better than CD's. GM is still obligated to pay the interest not the principle until recovery or when the bonds mature. Other alternatives, pay some of the debt off, 10 % Bondholder giveback, forgo interest for a year. All the above would ease GM operating cost. The bonds do not mature right now, some are 10 to 30 yrs. Without Government bond backing who wants to invest in the automotive Industries. Especially when the legal contracts of bonds are changed. GM have a responsibility not only to GM but also to the investors. GM broke their word and promise. The debt was unfairly made a issue of. GM betrayed the Senior Bondholders.*

Early on, it was believed the Government was a benefitted. In the end, I was forced to take the settlement or nothing. GM used their embolden power (tarp) to force their will on those who are not essential. No congressional or legal intervention. You must of heard the horror stories of the victims of Bernie Madoff. The impact is the same for the Bondholders. At lease they are receiving restitution when money is found. Laws were broken and rights violated. It's known now that this was nothing more than a leverage buy out. Designed to protect GM and punish the Bondholders, allowing them to fall into bankruptcy. They claim they were fair and impartial. Tell this to the disenfranchise Bondholders. Who have no voice,. The media is calling this GM version of a Ponzi scheme.

It was determined the Bondholders debt (my retirement) was non essential or in the way of GM moving forward (so my pension was written off). They continue to operate in a normal manner while in bankruptcy burning a billion dollars every 10 days. It cost hundred of million of dollars to pay the bankruptcy lawyers and advisers. Wages, benefits, expenses and beneficial debt continue. Expensive projects and programs continue to be funded. Vehicles are made with few buyers There seems to be no meaningful effort to control overspending. All the fusion of capital none was approved for Bondholder restitution.

As a Bondholder I was conferrable leaving my investment in GM provided it was safe, knowing I would be paid in full when I request it. The court can order GM to use the money from the sale of Saturn, Hummer, Saab, from profits, cost savings and etc. to pay the devastated Senior Bondholders back. There are other resources available ( just like GM made the plea to give them another chance to the public) to do what is conscience right. It was reported that GM 1<sup>st</sup> quarter profits were \$12.5 billion, not including tarp. The money is there to restore my pension & retirement Only the will is absent. There is not enough words to explain my hardship.

**You can be noble person and authorize payments to those who wish not to participate in the stock / equity settlement or maintain the bonds integrity. Give equal stock for bond debt. GM has alienated Investors their going to need when the Government exits. They will never understand the damage that was inflicted. Try living on a ¼ of your salary for a year, this is a taste of my hardship,**

Thank You

  
Paul Schott

UAW DEAL AS REPORTED BY NEWS AGENCYS.

- \* UAW health care trust gets 17.5% stake in GM. And gets warrant for 2.5% stack.
  - \* UAW gets \$6.5 billion in GM preferred stock.
  - \* UAW trust gets \$2.5 billion note from GM.
  - \* GM will pay UAW trust about \$585 M/year in interest income.
  - \* Laid off UAW employee gets 80% of salary. Including health care and pension.
  - \* UAW gets one seat on GM board.
  - \* UAW workers can get \$20k and \$25k car vouchers to retire.
  - \* UAW workers with 20+ years can get \$115k and \$25k vouchers to retire.
  - \* GM agrees to make sub compact cars in US.
  - \* UAW is barred from striking GM until Sept 2015.
  - \* Cost of living adjustments and performance bonuses canceled throughout contract.
  - \* UAW gets 1 paid holiday. Paid Easter Monday holiday eliminated for 2 years.
  - \* UAW employees will no longer be paid for unused vacation.
- Suppliers paid 100% (5 Billion bail out) no hardship. Creditors and banks paid.

Favors

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While I am told to go bankrupt, the GM workers and retirees pensions and wages as reported by various news organizations are protected by the Government. In addition, the Automotive Districts will be receiving the full resources of the Government. If your a displaced worker you receive 80% of your salary including benefits. Everyone who purchased a GM vehicle, their warranties are covered by the Government. Not to mention if they lose their job, GM will cover payments for 9 months. Payment to dealerships scheduled for closure. Where is the equal pain. I don't see it. Their not told to forgo warranties and return their vehicle due to hardship. GM workers are not told to trade their 401K in for a few GM stock. The GM workers and retirees are not told to accept a 73% or more reduction in the value of their pensions. I am.

Those who purchase a GM vehicle share no hardship. Since, they are potential future customers and off limits.

The Bondholders debt (my retirement) was non essential so my pension and retirement was written off. It's ironic that the same is true for the GM retirees. They no longer contribute to GM and their portion of the trust fund debt is non essential and in the way of GM moving forward. Their not written off. Double standard where is their sacrifice. Their retirement has greater value than my pension.