

**DOCUMENTS REGARDING COUNTER-  
DESIGNATION OF RECORD ON APPEAL  
NOT PREVIOUSLY FILED BUT SUBMITTED TO  
CHAMBERS IN CONNECTION WITH TRIAL  
(NEW GM EXHIBITS)**

# Exhibit AA

---

**From:** Greg Hall  
**To:** Jeff Setting  
**CC:**  
**BCC:**  
**Sent Date:** 2009-08-20 20:27:32:000  
**Received Date:** 2009-08-20 20:27:33:000  
**Subject:** CVT  
**Attachments:**

Jeff,

Jamie grabbed me and wants recall spend and warranty spend on CVT. I think you know it will be ugly. Derek and I have most of it and will have the rest by mid morning. I'll talk with you in the morning to get an idea of what is prompting the request. We don't plan to send him anything until later tomorrow AM.

Regards,

**Greg Hall**

**FPE Manager**

GMNA Quality

VEC Tower, Cube 8BE39

☎ (586) 859-8214

📍 Meet Me Line: North America (866) 297-2024 / International (214) 765-0486 Access Code: 4746124

✉ [greg.1.hall@gm.com](mailto:greg.1.hall@gm.com)

🌐 [FPE Web Page](#)

# Exhibit BB

---

**From:** Jeff Setting  
**To:** james.hresko; rick.spina; Thomas Simon  
**CC:**  
**BCC:**  
**Sent Date:** 2009-08-21 21:20:12:000  
**Received Date:**  
**Subject:** CVT Chart Pack  
**Attachments:** Saturn CVT Field Actions Rev 2.pptx

Attached file contains pertinent slides we discussed this afternoon. I've also inserted the slide Greg Hall produced that shows warranty spend rate pre / post class action announcement. Let me know if you need anything else after reviewing.

Jeff



Saturn CVT Field Actions Rev 2.pptx

# Saturn CVT Field Actions

FPE Quality  
August 21, 2009



## Saturn CVT Facts

- The CVT Transmission was used in the 2002 – 2005 Saturn Vue & the 2003 – 2004 Saturn Ion.
- There has been 3 field actions executed by GM on the CVT
  - 04020 Special Coverage impacting the 2002 – 2005 Saturn Vue and the 2003 – 2004 Saturn Ion – Original Accrual = [Confidential] – covered transmission replacements for 5 years 75,000 miles. Launched 3/22/2004
  - 04107 Customer Satisfaction Program Poor Transaxle Performance on Low Traction Surface – 2003 -2004 Vue – Accrual [Confidential] – Vehicles impacted 3,937 – 98% completion rate as of August 2009 – Launched 12/2/2004
  - 02214 - CVT Transmission Burst Filter Concern – 2003 Saturn Vue – Accrual [Confidential] Vehicles impacted 7,540 – No completion data available due to Saturn Warranty System shut-down
- There is at least one Class Action lawsuit on this product in the U.S. and one in Canada.
- Currently there is some issues being worked to address part availability to meet current demand



# Saturn CVT Warranty Performance

Current Spend Totals as of August 17, 2009 for the Vue:

Sum of Total Cost (Global)	2003 MY	2004 MY	2005 MY	Grand Total

Mileage Cost Breakdown For Vue Claims:

0 – 36,000 Base Warranty	Confidential
36,001 – 75,000 Special Coverage	
75,000 – Up	

Current Spend Totals as of August 17, 2009 for the Ion:

Sum of Total Cost (Global)	2003 MY	2004 MY	Grand Total

Mileage Cost Breakdown For Ion Claims:

0 – 36,000 Base Warranty	Confidential
36,001 – 75,000 Special Coverage	
75,000 – Up	

Total CVT Cost as of August 17, 2009 = Confidential

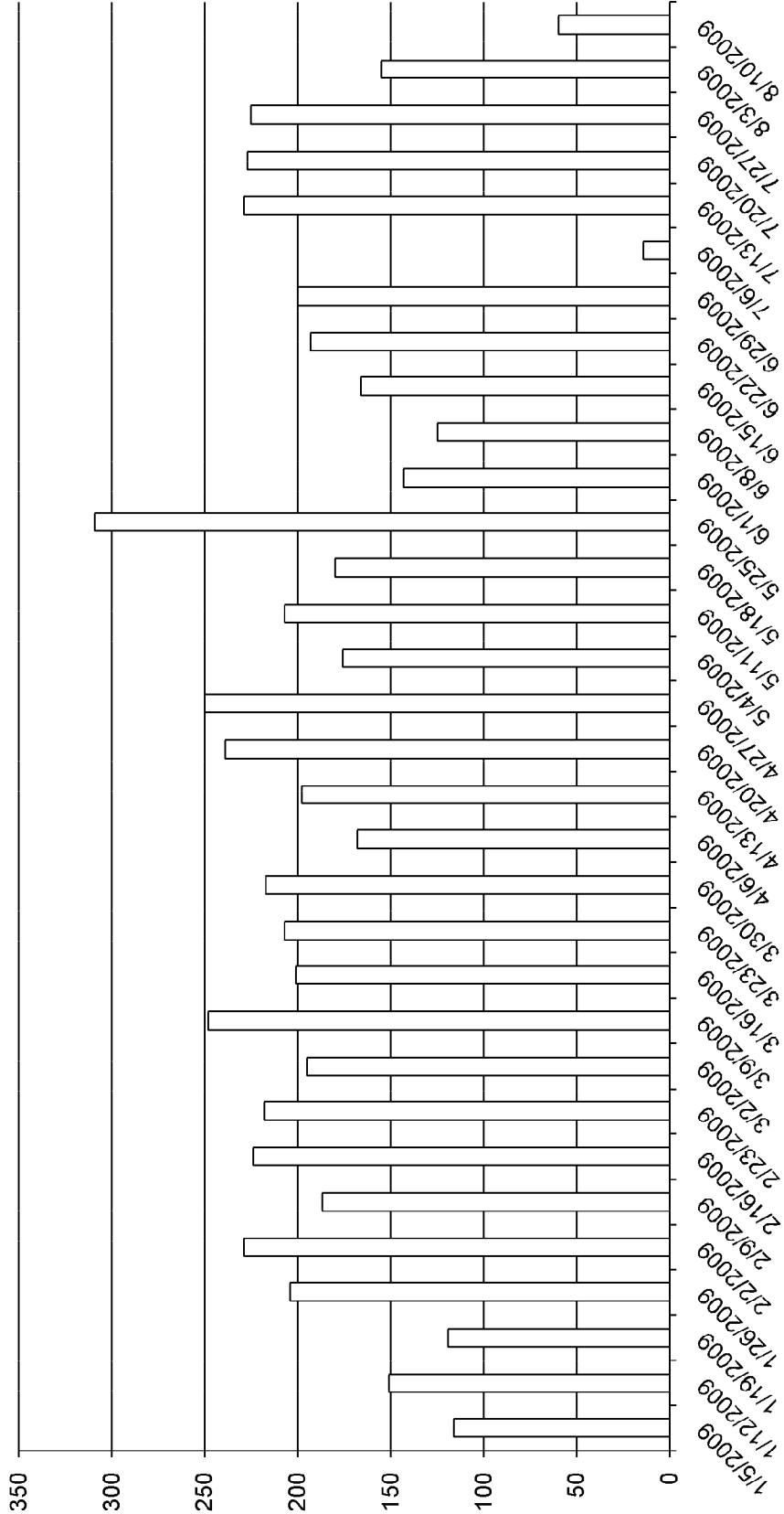
Additional Confidential for 2002 MY was not captured in data





**2003 MY - 2005 MY Saturn Vue Warranty Claims  
 All Claim Types  
 last 40 claim weeks**

**\*\*Over Last 40 Weeks Averaging [Redacted] a Week (Much Lower for Ion)**



Confidential



# Recently the Class Action Lawsuit Settlement was Communicated to Customers and Retailers

- **Retail Communication on 2-3-2009 to All Saturn Retailers:**

This message is intended to update and clarify Saturn Wholesale and Retail organizations on customer handling and potential questions that may surface regarding the pending VTI transmission class action settlement of the 2002-2005 Saturn VUE and 2003-2004 Saturn ION. The attached customer notification letter containing the proposed settlement terms was mailed to the involved Saturn owners on January 9, 2009. The settlement has not been finally approved by the court. However, the court has scheduled a hearing on March 30, 2009 and involved owners will receive a notification from Saturn when the settlement is approved along with applicable claim forms.

In brief, the settlement calls for not only repair of VTI related concerns but also reimbursement of covered repair expenses, and reimbursement of eligible past repairs within the following guidelines:

- New vehicle owners at less than 100,000 miles = 100%
- New vehicle owners at 100,001 - 125,000 miles = 75%
- Used vehicle owners at less than 100,000 miles = 75%
- Used vehicle owners at less 100,001 - 125,000 miles = 30%

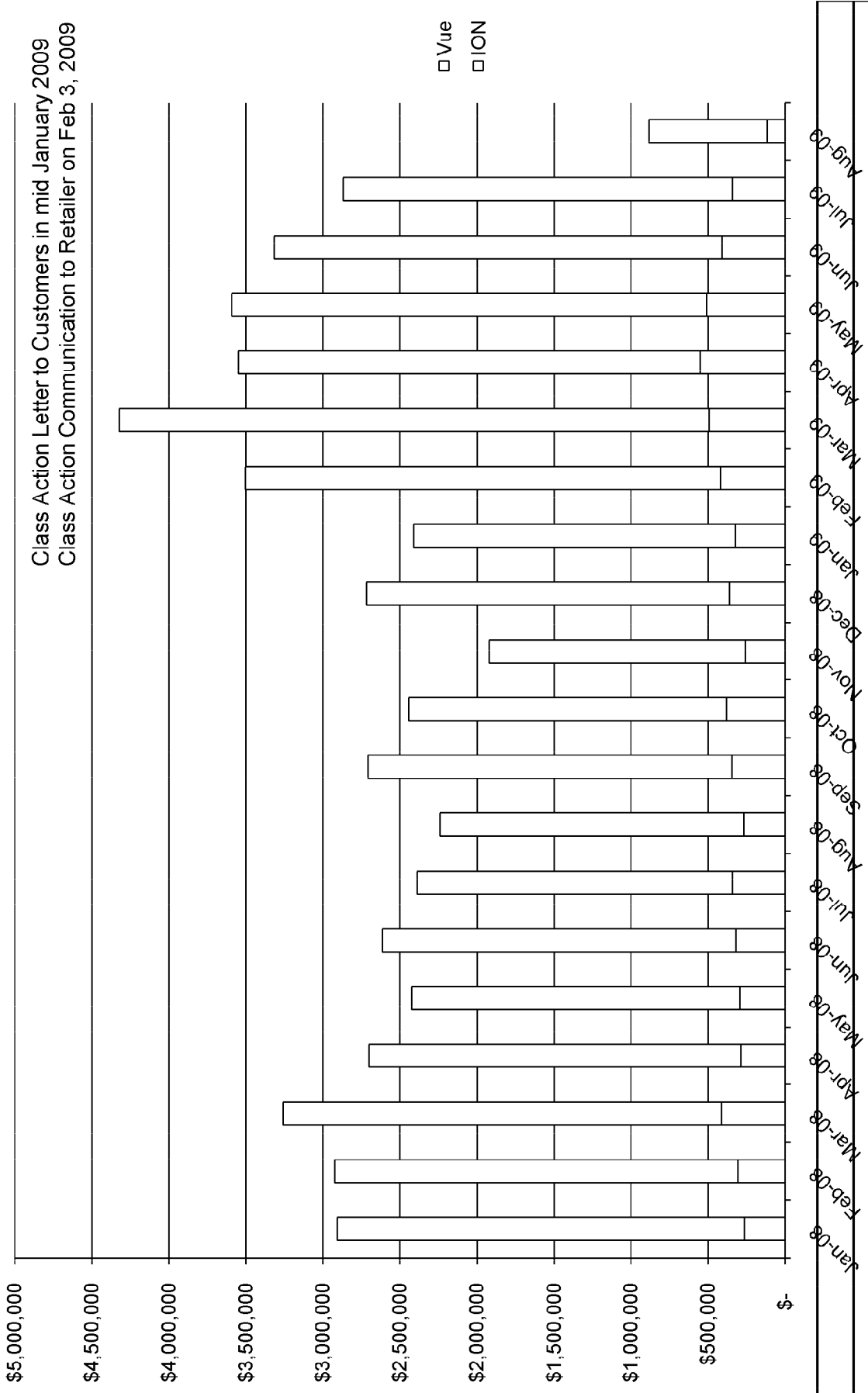
Saturn retailers and wholesale representatives are reminded that Saturn owner reimbursement checks are to be provided by the Saturn Retailer who will then process their repayment using Global Warranty Management (the Customer Assistance Center does not process reimbursements for Saturn owners).

Saturn will continue to review, on a case-by-case basis, requests for assistance with VTI transmission repair expenses for eligible vehicles which are outside the time and/or mileage limits of the special policy in line with the criteria agreed to in the tentative settlement as set forth above. For example, a used vehicle owner with less than 100,000 miles on an eligible vehicle who otherwise would qualify for goodwill assistance will be reimbursed for 75% of the VTI related transmission repair expenses.

Please continue to immediately evaluate and process all current vehicle repairs and owner reimbursement requests for previous VTI related concerns in line with these criteria until further notice. We believe this will enhance customer satisfaction without the delay in waiting for ultimate final settlement approval.



# CVT Transmission Warranty Spend



Month of Claim  
**6**



# Data for Repeat Claims on the Vue

## Examples of multiple Claims with Cost on Specific Vehicles

Repeat Vins	number of Clai	Total Cost of C
5GZCZ33D63S874413	13	\$ 22,238.29
5GZCZ33D03S849572	12	\$ 30,248.59
5GZCZ33D73S908696	11	\$ 20,361.99
5GZCZ33DX3S824582	10	\$ 24,183.17
5GZCZ33D93S835220	10	\$ 21,136.14
5GZCZ33D53S873768	10	\$ 17,807.04
5GZCZ43D43S811767	10	\$ 14,283.55
5GZCZ43D83S903903	9	\$ 23,988.78
5GZCZ33D33S906783	9	\$ 22,394.66
5GZCZ43D13S835119	9	\$ 22,375.45
5GZCZ33D63S834087	9	\$ 21,807.39
5GZCZ33D93S838568	9	\$ 21,670.24
5GZCZ43D55S820190	9	\$ 21,333.87
5GZCZ33D03S837275	9	\$ 20,480.50
5GZCZ33D53S879635	9	\$ 19,067.13
5GZCZ33D13S813616	9	\$ 17,189.92
5GZCZ33D93S914774	9	\$ 16,679.30
5GZCZ33D74S802492	9	\$ 16,187.33

## Number of Vehicles with 5 of More Claims

number of claims	Vins
5	483
6	206
7	82
8	36
9	14
10	4
11	1
12	1
13	1
<b>Grand Total</b>	<b>828</b>



# Exhibit CC

---

**From:** JONATHAN HUISH  
**To:** ROBERT C WITTMANN  
**CC:**  
**BCC:**  
**Sent Date:** 2009-09-01 17:41:21:000  
**Received Date:**  
**Subject:** Re: Fw: Saturn VTi Class Action Status...  
**Attachments:**

Hi Bob,

Currently, there is written direction to the Saturn Retailers and Field to follow the parameters contained in the "proposed" VTi class action settlement. That is what we are doing here in the CARS Contact Centers until we receive further or different instruction from leadership. It is rumored that one or more Regions has given instruction to the Field to only assist in accordance with the original Special Policy guidelines. I don't know where that direction has come from but it is creating confusion between the Customer Contact Center agents and the Field personnel in some cases, not to mention the customers.

Thanks,

Jon Huish

GM Site Manager

Customer & Relationship Services Group

General Motors Corporation

Mail Code 784-447-000

7401-3 Ben White Boulevard

Austin, TX 78741-6825

Tel 512-386-0526

Fax 512-386-0786

Cell 313-820-6304

Jonathan.huish@gm.com

ROBERT C WITTMANN/US/GM/GMC

ROBERT C WITTMANN/US/GM/GMC

09/01/2009 12:11 PM

To Jeff E Thompson/US/GM/GMC@GM, ROBERT C WITTMANN/US/GM/GMC@GM, Richard Burrell/US/GM/GMC@GM, Ray Romeo/US/GM/GMC@GM, annie.chi@gm.com@GM, HENRY STEABAN/US/GM/GMC@GM, Martin J. Cleypool/US/GM/GMC@GM  
cc JONATHAN HUISH/US/GM/GMC@GM, JOSEPH E RIGSBY/US/GM/GMC@GM  
Subject Fw: Saturn VTi Class Action Status...

Martin - good questions all... Working with our FPE group this will be forwarded for further direction...

Bob Wittmann - VUE Brand Quality Manager

Cell: 586-854-1791

GM Service Operations MC: 480-204-005  
30501 Van Dyke Warren MI 48093

i-net: robert.c.wittmann@gm.com

----- Forwarded by ROBERT C WITTMANN/US/GM/GMC on 09/01/2009 01:09 PM -----



Martin J.  
Cleypool/US/GM/GMC

09/01/2009 12:01 PM

To Jeff E Thompson/US/GM/GMC, ROBERT C WITTMANN/US/GM/GMC, Richard Burrell/US/GM/GMC, Ray Romeo/US/GM/GMC, annie.chi@gm.com@GM, HENRY STEABAN/US/GM/GMC  
cc  
Subject Saturn VTi Class Action Status...

BQM Personnel -

Please advise me what our current GM position is on VTi transmission repairs/replacements under the class action settlement. These repairs total thousands of dollars every month just at two of the Atlanta area Saturn stores I contact. Based on the age of the vehicles involved, I would concur with putting these under the "Old GM" and not covering them, but I am not aware of any changes yet.

I received an inquiry (below) from one of my Saturn Service Mgrs today. If something is (or has) changed then it would be nice for the field to know prior to the Service Managers. If we are not informed before the Service Managers then we look pretty stupid to them.

Please advise.

Regards, Marty Cleypool  
DVM, Atlanta South

----- Forwarded by Martin J. Cleypool/US/GM/GMC on 09/01/2009 11:47 AM -----



"Joe Rossidivito"  
<joer@saturnofatlanta.com> To <martin.j.cleypool@gm.com>  
cc  
09/01/2009 11:32 AM Subject RE: VTI class action

I am on the tech conference call this morning and there was discussion about old gm-new gm specifically about the Vti. Some folks heard that we should stop fixing because the suit was changing. The product guys referred us to our DSSM or the asst center.

So I was asking jr

**From:** martin.j.cleypool@gm.com [mailto:martin.j.cleypool@gm.com]  
**Sent:** Tuesday, September 01, 2009 11:24 AM  
**To:** Joe Rossidivito  
**Subject:** Re: VTI class action

Not to my knowledge...why do you ask?  
"Joe Rossidivito" <joer@saturnofatlanta.com>

09/01/2009 11:15 AM

To <martin.j.cleypool@gm.com>  
cc  
Subject VTI class action

Has something changed in the class action parameters for the repairs of the Vti? jr

ROBERT C  
WITTMANN/US/GM/GMC  
09/02/2009 12:32 PM

To Gary Smits/US/GM/GMC@GM, Loren  
Rusk/US/GM/GMC@GM  
cc  
bcc  
Subject Fw: Revised CAC Posture To Saturn VTi

FYI...

Bob Wittmann - VUE Brand Quality Manager

Cell: 586-854-1791

GM Service Operations MC: 480-204-005  
30501 Van Dyke Warren MI 48093

i-net: robert.c.wittmann@gm.com

----- Forwarded by ROBERT C WITTMANN/US/GM/GMC on 09/02/2009 12:31 PM -----

JONATHAN  
HUISH/US/GM/GMC  
09/02/2009 09:59 AM

To H M RAY/US/GM/GMC@GM, JOSEPH E  
RIGSBY/US/GM/GMC, ROBERT C  
WITTMANN/US/GM/GMC@GM  
cc EDDIE D SIMCOX/US/GM/GMC@GM  
Subject Revised CAC Posture To Saturn VTi

Mark/Joe/Bob,

Just wanted to let you know that our CAC knowledge database has been updated this week to instruct that we stop following the guidelines of the "proposed" class action settlement and to start again following the parameters contained in prior Saturn bulletin 04020A which is the Special Policy covering VTi's for 5 years and 75,000 miles. As you all know this will greatly curtail our coverage on a goodwill basis repairs to the subject vehicles as few remain covered by the Special Policy. This of course will also cause a great deal of customer dissatisfaction. Just wanted you to be aware. I don't know at this point in time who made the decision but I will update you when I find out.

Thanks,

Jon Huish  
GM Site Manager  
Customer & Relationship Services Group  
General Motors Corporation  
Mail Code 784-447-000  
7401-3 Ben White Boulevard  
Austin, TX 78741-6825  
Tel 512-386-0526  
Fax 512-386-0786  
Cell 313-820-6304  
Jonathan.huish@gm.com



# Exhibit DD

---

**From:** Jeff Setting  
**To:** Thomas Simon  
**CC:**  
**BCC:**  
**Sent Date:** 2009-09-02 21:13:16:000  
**Received Date:**  
**Subject:** Re: CVT  
**Attachments:**

I would definitely intend to participate so I can understand whether we will seriously consider pursuing through FPE and expected timing. Jamie has a meeting on this topic (I think with Tom and Fritz and Millikin) later this month, so I could imagine he would want to go in with options outlined and seek direction on Special Coverage vs. other extenuating circumstances I mentioned below.

Thomas Simon/US/GM/GMC

**Thomas  
Simon/US/GM/GMC** To Jeff Setting/US/GM/GMC@GM  
cc  
09/02/2009 04:55 PM Subject Re: CVT

I am OK with an off line with Jamie.  
All we need is to come up with one common understanding and decision on how to proceed.

Let me know in case you want to participate in the discussion.

Regards,

Thomas

# Exhibit EE

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**From:** Derek Marshall  
**To:** Greg Hall; Jeff Setting  
**CC:**  
**BCC:**  
**Sent Date:** 2009-09-02 13:54:54:000  
**Received Date:** 2009-09-02 13:54:50:000  
**Subject:** Fw: CVT  
**Attachments:**


FYI. There is still a lot of passion and direction coming from the Powertrain team. I am working on putting together the additional detail Thomas has requested below, but I am not sure if this is an FPE issue, legal issue, or just a tell from Hresko?

Privileged

Privileged Mark Privileged wants to publish a new Admin message to the field reverting back to the 5/75 special coverage, which would almost eliminate the current spend rate.

Thanks,  
Derek Marshall  
Global Administrator Powertrain Quality FPE  
Desk: 248-857-5327  
Cell: 248-303-1350

----- Forwarded by Derek Marshall/US/GM/GMC on 09/02/2009 09:43 AM -----

**Thomas Simon/US/GM/GMC** To Mark R. Gilmore/US/GM/GMC@GM  
cc James Lanzon/US/GM/GMC@GM, Mark D. Bande/US/GM/GMC@GM, "Derek Marshall" <derek.marshall@gm.com>  
09/02/2009 09:38 AM Subject Re: CVT 

Mark,

I had discussions with Jamie last week, following our review.

I have directed Derek Marshal to prepare the scenarios for review and approval with the FPERC so we can share with Jamie Hresko and the EFADC next week.

Scenario A.: Revert to 5/75 immediately  
Scenario B: Revert to 5/75 immediately and offer a voucher (value t.b.d) for new car purchase  
Scenario C: revert to a 5/100K remedy  
Scenario D: keep as is

My preference goes with Scenario B, thus offering an alternative to customers.

We will close the loop with the details.

Regards,

Thomas

Mark R. Gilmore

----- Original Message -----

**From:** Mark R. Gilmore  
**Sent:** 09/02/2009 08:48 AM EDT  
**To:** Thomas Simon  
**Cc:** James Lanzon; Mark Bande  
**Subject:** Fw: CVT

Thomas,

If you recall, last Monday, August 24th, I gave you and Mark Bande a briefing on the CVT warranty situation and the involvement of Jamie Hresko during the few days previous to our discussion.

Attached below is the string of emails that had occurred that precipitated the conversation.

I have not heard of any activity since you and I spoke. Are you aware of anything happening? In my view, we are spending about **Confidential** that we don't need to and it could be almost completely stopped with one letter as I indicate below. Is there anything I can do to help?

On the other hand, there may be discussions and/or reasons for not reversing the February letter to dealers that I am not aware of. If this is the case, I understand, but it would be nice to know what is going on.

Thanks, Mark

----- Forwarded by Mark R. Gilmore/US/GM/GMC on 09/02/2009 08:39 AM -----

**James Lanson/US/GM/GMC** To Mark R. Gilmore/US/GM/GMC@GM  
cc  
08/23/2009 07:52 AM Subject Fw: CVT

Fyi. If there is any help you can provide to Jamie, pls do. Thanks

James Hresko

----- Original Message -----

**From:** James Hresko  
**Sent:** 08/22/2009 09:45 PM EDT  
**To:** James Lanson  
**Subject:** Re: CVT

Yes, I am now all over it now. I need to also figure out how I never saw this before last week.

James Lanson

----- Original Message -----

**From:** James Lanson  
**Sent:** 08/22/2009 09:40 PM EDT  
**To:** Mark Gilmore; James Hresko  
**Subject:** Re: CVT

Jamie, is anyone sorting this out? Seems like a lot of the "warranty" charges are really not GM LLC responsibility.

Mark R. Gilmore

----- Original Message -----

**From:** Mark R. Gilmore  
**Sent:** 08/22/2009 06:52 PM EDT  
**To:** James Lanson  
**Subject:** Re: CVT

The Class Action Lawsuit Settlement would have allowed limited coverage up to 125K. In February, unknown to any of us at GMPT, Saturn informed their dealers of the tentative terms of the settlement and advised them to start servicing vehicles according to those terms in anticipation of finalization of the settlement. Now that the settlement will never be put into force, GM legally should not be liable for anything beyond the 5yr/75k. However, Saturn needs to inform their dealers of that.

James Lanson/US/GM/GMC

**James Lanson/US/GM/GMC** To Mark R. Gilmore/US/GM/GMC@GM  
cc  
08/22/2009 05:02 PM Subject Re: CVT

What I'd the policy that goes to 125K? I never heard of this. I thought it was only to 75k. And the 5 years.

Mark R. Gilmore

----- Original Message -----

**From:** Mark R. Gilmore  
**Sent:** 08/22/2009 04:52 PM EDT  
**To:** James Lanzon  
**Subject:** Re: CVT

Jim,

I am aware of this. We have discussed before. Although there have been many legitimate claims in the past made according to the official 5yr/75k mi Special Policy, most claims for the last year are for vehicles with more age or miles than that. There are 3 reasons. First, when the US Class Action lawsuit was made public, many customers started complaining more. CCND rates went up and more dealers started replacing units out of "Goodwill". Saturn Service allowed this without our knowledge. Secondly, in February, after the terms of the Class Action Settlement were firm, Saturn sent notices to Dealers informing them of the terms of the Settlement and advised them to start honoring those terms, Those terms included some complex requirements and sliding scales for reimbursements, but essentially allowed some type of warranty for milcages up to 125k and ages up to 7 years.

The third reason is clear violation of published warranty policy of any kind. There are hundreds of vehicles that have had transmissions replaced well beyond even the 125k mileage point. In fact, 42 are over 150k. In addition, there are over 800 vehicles that have had more than 5 transmission replacements, including 7 with between 10 and 13 transmissions each!

I attempted to work with FPE to get this under control a couple of months ago with no success. Last week, I spoke with Mark Ray at GMSPO who was going to work with Saturn Service to try and get the February letters rescinded and instruct all dealers to return to the original Special Policy now that the Class Action Settlement is not going to happen. I am also planning on contacting FPE again looking for help, but FPE is resisting since it wasn't their Policy action in the first place. Saturn had done it on their own without going through FPE or Powertrain.

As I had indicated in my note earlier this week, the newest of these vehicles is now over 4 years old and would have mileage above 60K. In fact there were very few 2005 models made at all. Production ended in October of 2004. So, if we stick to the terms of the Special Policy, the warranty should dry up completely within the next few months.

Mark

James Lanzon/US/GM/GMC

**James Lanzon/US/GM/GMC** To Mark R. Gilmore/US/GM/GMC@GM  
cc  
08/21/2009 01:21 PM Subject

Interesting fact. Why so much?

----- Forwarded by James Lanzon/US/GM/GMC on 08/21/2009 01:21 PM -----

**James Hresko/US/GM/GMC** To "James Lanzon" <james.lanzon@gm.com>  
cc  
08/21/2009 01:15 PM Subject

Fyi - we have currently spent **Confidential** for the CVT issue.....

Still spending **Confidential** per week today.

Just in case you're asked

# Exhibit FF



---

**From:** Steven Walczak  
**To:** Angi Frazier  
**CC:** Charlie F. Ugolino; CS Team  
**BCC:**  
**Sent Date:** 2009-09-02 14:20:43:000  
**Received Date:**  
**Subject:** Fw: Saturn CVT Transmission Policy  
**Attachments:**

Angi,

Please update SC based on this Saturn VTi decision/position. In the event anything new comes out of the discussion with the RSMs later today, I will let you know.

Thanks,

Steve Walczak  
Consumer & Marketing Support Manager  
GM CARS  
Mail Code 482-A08-D32  
Detroit, MI 48265  
313-667-7475 (office)  
313-319-7386 (cell)  
----- Forwarded by Steven Walczak/US/GM/GMC on 09/02/2009 10:18 AM -----

**Scott**  
**Lawson/US/GM/GMC** To CARS Direct Reports, steven.walczak@gm.com@GM  
cc Joseph.e.Rigsby@gm.com, Brian.Hoglund@gm.com  
09/02/2009 10:10 AM Subject Saturn CVT Transmission Policy

Going forward, we should administer the above subject according to our previously released special policy (5/75) not according to the class action policy. For those commitments already made beyond the special policy, please honor those decisions.

We will review this with the Regional Service Managers later today.

Still waiting on direction for the piston slap/engine noise class action. Hope to have direction on that in next 2 weeks.

# Exhibit GG

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**From:** JONATHAN HUISH  
**To:** GM CARS Site Managers  
**CC:**  
**BCC:**  
**Sent Date:** 2009-09-02 13:38:44:000  
**Received Date:**  
**Subject:** Saturn VTi  
**Attachments:**

To: All,

I wanted to make sure you all saw the "revised" Saturn VTi document that was quietly inserted into Service Center on Monday of this week. I was unaware of it when I reported on Tuesday (Scott's staff meeting) that we were continuing to support the parameters of the "proposed" class action settlement. It now appears that we have reverted to the originally published "special policy" bulletin as issued years ago by Saturn which provides coverage for 5 years and 75,000 miles. This posture will of course exclude most Saturn VTi owners from receiving any assistance from GM/Saturn.

I plan to raise this in our Site Manager Bi-weekly meeting today to ask how in the hell we could change course on such an important topic and not report our doing so other than to slip it quietly into Service Center. Perhaps you all knew that the change had happened....but I didn't.

Thanks,

Jon Huish  
GM Site Manager  
Customer & Relationship Services Group  
General Motors Corporation  
Mail Code 784-447-000  
7401-3 Ben White Boulevard  
Austin, TX 78741-6825  
Tel 512-386-0526  
Fax 512-386-0786  
Cell 313-820-6304  
Jonathan.huish@gm.com

# Exhibit HH

---

**From:** JONATHAN HUISH  
**To:** WILLIAM T SULLIVAN  
**CC:**  
**BCC:**  
**Sent Date:** 2009-09-04 17:00:48:000  
**Received Date:**  
**Subject:** Re: Fw: Revised CAC Posture To Saturn VTi  
**Attachments:**

Hi Tim,

The assignment to get a revised communique out to the Field and Retailers was given to Joe Rigsby with Brand Quality. He assigned it out to someone on his team who is attempting to get in touch with GM Legal's Joe Lines to approve the wording and bless the document. It has been suggested that this won't go out until the middle of next week at the earliest. In the meantime the GM CARS customer contact centers and agents are aware of the change. We will be honoring any commitments for coverage of VTi claims made before the change and of course will begin to follow the 5/75 special policy now that we are back to that guideline. As a matter of interest, there are approximately 9,000 VTi owners that still fall within the guidelines of the special policy and that number will drop to around 1,000 by January, 2010. Hope this information helps.  
Thanks,

Jon Huish  
GM Site Manager  
Customer & Relationship Services Group  
General Motors Corporation  
Mail Code 784-447-000  
7401-3 Ben White Boulevard  
Austin, TX 78741-6825  
Tel 512-386-0526  
Fax 512-386-0786  
Cell 313-820-6304  
Jonathan.huish@gm.com

WILLIAM T SULLIVAN/US/GM/GMC



WILLIAM T  
SULLIVAN/US/GM/GMC  
09/04/2009 11:55 AM

To: JONATHAN HUISH/US/GM/GMC@GM  
cc  
Subject: Fw: Revised CAC Posture To Saturn VTi

Do you know of an additional document or timing plan to inform the Dealers of the change to the CVT warranty strategy? or is the CAC database update the only thing the Dealers will receive?

Would think there will be a formal communication to change the policy for US and/or Canada.

Appreciate any update you may be able to provide. We have effectively stopped all procurement plans of any components to support additional requirements beyond the 5/75 and Canada at 8 /100.

Thanks,

Tim S.

Spring Hill Supply Chain

Phone: 931.486.5272 (no voice mail)

e-mail: william.t.sullivan@gm.com

----- Forwarded by WILLIAM T SULLIVAN/US/GM/GMC on 09/04/2009 11:39 AM -----

**CHARLES R BARRETT/US/GM/GMC**

09/02/2009 10:33 AM

To: CRAIG M BARR/US/GM/GMC@GM, WILLIAM T SULLIVAN/US/GM/GMC@GM  
cc  
Subject: Fw: Revised CAC Posture To Saturn VTi

----- Forwarded by CHARLES R BARRETT/US/GM/GMC on 09/02/2009 10:32 AM -----

**EDDIE D SIMCOX/US/GM/GMC**

09/02/2009 09:09 AM

To: THOMAS W HASKINS/US/GM/GMC@GM  
cc

Subject Fw: Revised CAC Posture To Saturn VTi

Eddie D. Simcox  
Data Analyst  
Phone 586-492-3186  
Mail Code 480-204-005  
30501 Van Dyke Ave  
Warren, MI 48093

----- Forwarded by EDDIE D SIMCOX/US/GM/GMC on 09/02/2009 10:09 AM -----

JONATHAN HUISH/US/GM/GMC

09/02/2009 09:59 AM

To H M RAY/US/GM/GMC@GM, JOSEPH E RIGSBY/US/GM/GMC, ROBERT C WITTMANN/US/GM/GMC@GM  
cc EDDIE D SIMCOX/US/GM/GMC@GM  
Subject Revised CAC Posture To Saturn VTi

Mark/Joe/Bob,

Just wanted to let you know that our CAC knowledge database has been updated this week to instruct that we stop following the guidelines of the "proposed" class action settlement and to start again following the parameters contained in prior Saturn bulletin 04020A which is the Special Policy covering VTi's for 5 years and 75,000 miles. As you all know this will greatly curtail our coverage on a goodwill basis repairs to the subject vehicles as few remain covered by the Special Policy. This of course will also cause a great deal of customer dissatisfaction. Just wanted you to be aware. I don't know at this point in time who made the decision but I will update you when I find out.

Thanks,

Jon Huish  
GM Site Manager  
Customer & Relationship Services Group  
General Motors Corporation  
Mail Code 784-447-000  
7401-3 Ben White Boulevard  
Austin, TX 78741-6825  
Tel 512-386-0526  
Fax 512-386-0786  
Cell 313-820-6304  
Jonathan.huish@gm.com

# Exhibit II

---

**From:** Scott Lawson  
**To:** lyle.stiefel@gm.com; jonathan.huish@gm.com  
**CC:**  
**BCC:**  
**Sent Date:** 2009-09-17 18:38:46:000  
**Received Date:** 2009-09-17 18:38:46:000  
**Subject:** Fw: administrative message draft - Saturn VTi transmission UPDATE  
**Attachments:**

Sorry,

Attachment was not there.....Jon - take lead and get you/Lyle on phone with Rigsby ASAP to ensure latest version is correct. Saw some traffic from Lyle that there were issues with it, but I have not had time to escalate/discuss with Rigsby.

----- Forwarded by Scott Lawson/US/GM/GMC on 09/17/2009 02:37 PM -----

**JOSEPH E RIGSBY/US/GM/GMC**

09/17/2009 02:23 PM

To Joseph J. Fitzsimmons Jr./US/GM/GMC@GM  
cc Brian Hoglund/US/GM/GMC@GM, Gary Smits/US/GM/GMC@GM, Scott Lawson/US/GM/GMC@GM  
Subject Re: administrative message draft - Saturn VTi transmission UPDATE ☐

Joe,

I thought I would give you some additional background.

The only communication that has gone to the field and dealers was in February 2009. It provided the terms of the class action settlement for them to follow.

The CARS team has begun communicating the new direction of holding to the 5/75 special policy.

Therefore, we want to communicate the new direction to the field and dealers.

Scott Lawson and his team have reviewed and made some modifications to this message. (They have been incorporated in what I sent to you)

I have reviewed with Dave Burnicle. His only concern was whether it was clear who would be paying for any Goodwill decisions after the close of the sale with Penske.

Powertrain has provided input and added one additional sentence. It reads, "Going forward, repair of VTi transmissions in the subject vehicles should be addressed only pursuant to the terms of the 5 year/ 75,000 mile limited express warranty extension issues on \_\_\_\_"

Thomas Simon indicated that this topic has also been discussed with Jamie Hresko and Tom Stephens.

He asked that we notify him when this message is distributed to the field and dealers.

If you have questions, please let me know.

Thanks,

Joe

Joseph J. Fitzsimmons Jr./US/GM/GMC



**Joseph J.  
Fitzsimmons  
Jr./US/GM/GMC**

09/16/2009 05:35  
PM

To JOSEPH E RIGSBY/US/GM/GMC@GM  
cc  
Subject Re: administrative message draft - Saturn VTi transmission ☐



Will try to review tomorrow am.

Joe

JOSEPH E RIGSBY

----- Original Message -----

**From:** JOSEPH E RIGSBY  
**Sent:** 09/16/2009 05:31 PM EDT  
**To:** Joseph Fitzsimmons Jr.  
**Cc:** Scott Lawson  
**Subject:** Fw: administrative message draft - Saturn VTi transmission

Joe,

I wanted to make you aware of the document that we asked our legal counsel to draft to communicate the direction to the field and dealers around the VTi 5 year / 75,000 mile parameters.

In light of all the discussions you have had with the Penske folks, let me know if you have any concerns with sending this out.

Thanks,

Joe


----- Forwarded by JOSEPH E RIGSBY/US/GM/GMC on 09/16/2009 05:10 PM -----



**Gary  
Smits/US/GM/GMC**

09/16/2009 03:19  
PM

To Lawrence J. Lines III/US/GM/GMC@GM  
cc JONATHAN HUIISH/US/GM/GMC@GM, JOSEPH E RIGSBY/US/GM/GMC@GM, Loren Rusk/US/GM/GMC@GM, Scott  
Lawson/US/GM/GMC@GM

Subject Re: administrative message draft - Saturn VTi transmission 

Privileged

Any other changes from anyone or are we good to go ?


Gary Smits  
GM Service Operations  
Group Manager - Field Performance Evaluation  
Warren Technical Center  
office 586-947-8133  
cell 248-318-1182

Lawrence J. Lines III/US/GM/GMC

**Lawrence J. Lines III/US/GM/GMC**

09/16/2009 03:10 PM

To Gary Smits/US/GM/GMC@GM  
cc JONATHAN HUIISH/US/GM/GMC@GM, JOSEPH E RIGSBY/US/GM/GMC@GM, Loren Rusk/US/GM/GMC@GM, Scott  
Lawson/US/GM/GMC@GM

Subject Re: administrative message draft - Saturn VTi transmission 

Gary :

Privileged

Joe.

Gary Smits/US/GM/GMC



**Gary  
Smits/US/GM/GMC**

09/16/2009 01:32  
PM

To JOSEPH E RIGSBY/US/GM/GMC@GM, Lawrence J. Lines III/US/GM/GMC@GM, Scott Lawson/US/GM/GMC@GM,  
JONATHAN HUIISH/US/GM/GMC@GM

cc Loren Rusk  
Subject administrative message draft - Saturn VTi transmission

In Administrative Message format for your review

[attachment "VTi admin message draft v1 091609.docx" deleted by Joseph J. Fitzsimmons Jr./US/GM/GMC]

Gary Smits  
GM Service Operations  
Group Manager - Field Performance Evaluation  
Warren Technical Center  
office 586-947-8133  
cell 248-318-1182

# Exhibit JJ

---

**From:** Joseph J. Fitzsimmons Jr.  
**To:** Scott Lawson  
**CC:** Brian.Hoglund; Gary Smits; jonathan.huish; Joseph.e.Rigsby  
**BCC:**  
**Sent Date:** 2009-09-18 17:52:11:000  
**Received Date:** 2009-09-18 17:52:13:000  
**Subject:** Re: Urgent - Saturn VTi Dealer Communication  
**Attachments:**

Just got off a call with Kevin W. Asked us to hold the dealer communication until later next week. Wants to run it by Mark and Fritz. He has a window next week.

Joe

Scott Lawson/US/GM/GMC

09/18/2009 01:48 PM

To Joseph.e.Rigsby@gm.com  
cc Brian.Hoglund@gm.com, joseph.j.fitzsimmonsjr@gm.com, Gary  
Smits/US/GM/GMC@GM, jonathan.huish@gm.com@GM  
Subject Urgent - Saturn VTi Dealer Communication

Joe Rigsby,

I have heard some feedback through Hoglund and Fitzsimmons that there might be some concern with Saturn VTi decision from Penske, etc. Suggest you not send the dealer communication until Fitzsimmons approves.


# Exhibit KK

---

**From:** JONATHAN HUISH  
**To:** THOMAS W HASKINS  
**CC:**  
**BCC:**  
**Sent Date:** 2009-09-23 18:09:18:000  
**Received Date:**  
**Subject:** Re: Fw: Saturn VTi Transmission Dealer Message - DRAFT  
**Attachments:**

Tom,  
I'm going to call you on this one.  
Jon

THOMAS W HASKINS/US/GM/GMC

**THOMAS W  
HASKINS/US/GM/GMC** To JONATHAN HUISH/US/GM/GMC@GM  
cc  
09/23/2009 11:58 AM Subject Re: Fw: Saturn VTi Transmission Dealer Message - DRAFT 

So what is the CAC telling customers? Our field people are confused and don't know if we should do any more policy period.  
Tom

JONATHAN HUISH/US/GM/GMC

**JONATHAN  
HUISH/US/GM/GMC** To Dave Burnicle/US/GM/GMC@GM, THOMAS W HASKINS/US/GM/GMC@GM  
cc Lyle Stiefel/US/GM/GMC@GM, Jennifer A. Gardner/US/GM/GMC@GM, Steven Walczak/US/GM/GMC@GM  
09/23/2009 12:50 PM Subject Fw: Saturn VTi Transmission Dealer Message - DRAFT

To: All,

Joe Rigsby has advised that Joe Fitzsimmons had indicated that the **message should NOT be published** pending his discussion with Joe Lines and senior leadership. Please be aware and guided accordingly.

Thanks,

Jon Huish  
GM Site Manager  
Customer & Relationship Services Group  
General Motors Corporation  
Mail Code 784-447-000  
7401-3 Ben White Boulevard  
Austin, TX 78741-6825  
Tel 512-386-0526  
Fax 512-386-0786  
Cell 313-820-6304  
Jonathan.huish@gm.com

----- Forwarded by JONATHAN HUISH/US/GM/GMC on 09/23/2009 11:47 AM -----

**JONATHAN  
HUISH/US/GM/GMC** To Dave Burnicle/US/GM/GMC, THOMAS W HASKINS/US/GM/GMC

09/23/2009 09:40 AM cc Subject Fw: Saturn VTi Transmission Dealer Message - DRAFT

Dave,  
Sending per our phone conversation. **Privileged** However, I don't know the status of the on-going negotiations with Roger Penske and how that might skew or change this direction.

Thanks,

Jon

[attachment "Saturn VTi Transmission Message V1.docx" deleted by JONATHAN HUIISH/US/GM/GMC]

----- Forwarded by JONATHAN HUIISH/US/GM/GMC on 09/23/2009 09:34 AM -----

Lawrence J. Lines III/US/GM/GMC

To Lawrence J. Lines III/US/GM/GMC@GM

09/23/2009 09:00 AM

cc Gary Smits/US/GM/GMC@GM, JONATHAN HUIISH/US/GM/GMC@GM, JOSEPH E RIGSBY/US/GM/GMC@GM, Loren Rusk/US/GM/GMC@GM, Scott Lawson/US/GM/GMC@GM

Subject Re: Saturn VTi Transmission Dealer Message - DRAFT

Guys :

**Privileged**

Joe.

Lawrence J. Lines III/US/GM/GMC

Lawrence J. Lines III/US/GM/GMC

To Loren Rusk/US/GM/GMC

09/21/2009 05:12 PM

cc Gary Smits/US/GM/GMC@GM, JONATHAN HUIISH/US/GM/GMC@GM, JOSEPH E RIGSBY/US/GM/GMC@GM, Scott Lawson/US/GM/GMC@GM

Subject Re: Saturn VTi Transmission Dealer Message - DRAFT

**Privileged**

Loren Rusk/US/GM/GMC

Loren Rusk/US/GM/GMC

To Lawrence J. Lines III/US/GM/GMC@GM

09/21/2009 04:55 PM

cc Gary Smits/US/GM/GMC@GM, JONATHAN HUIISH/US/GM/GMC@GM, JOSEPH E RIGSBY/US/GM/GMC@GM, Scott Lawson/US/GM/GMC@GM

Subject Re: Saturn VTi Transmission Dealer Message - DRAFT

Joe,

**Privileged**


Regards,

Loren

Lawrence J. Lines III/US/GM/GMC

**Lawrence J. Lines  
III/US/GM/GMC**

09/21/2009 03:58 PM

To Loren Rusk/US/GM/GMC@GM  
cc Gary Smits/US/GM/GMC@GM, JONATHAN HUIISH/US/GM/GMC@GM, JOSEPH E RIGSBY/US/GM/GMC@GM, Scott  
Lawson/US/GM/GMC@GM  
Subject Re: Saturn VTi Transmission Dealer Message - DRAFT 

Privileged



Joe.

Loren Rusk/US/GM/GMC

**Loren  
Rusk/US/GM/GMC**

09/18/2009 04:25 PM

To JOSEPH E RIGSBY/US/GM/GMC@GM, Gary Smits/US/GM/GMC@GM, Lawrence J. Lines III/US/GM/GMC@GM, Scott  
Lawson/US/GM/GMC@GM, JONATHAN HUIISH/US/GM/GMC@GM  
cc  
Subject Saturn VTi Transmission Dealer Message - DRAFT

Latest message draft for your review. Holding release pending further instructions.



# Exhibit LL

**UNITED STATES BANKRUPTCY COURT  
 SOUTHERN DISTRICT OF NEW YORK**

-----X	
<b>In re</b>	: <b>Chapter 11 Case No.</b>
	:
<b>MOTORS LIQUIDATION COMPANY, et al.,</b>	: <b>09-50026 (REG)</b>
<b>f/k/a General Motors Corp., et al.</b>	:
	:
<b>Debtors.</b>	: <b>(Jointly Administered)</b>
	:
-----X	
	:
<b>KELLY CASTILLO, NICHOLE BROWN,</b>	: <b>Adv. Proc. No. 09-00509</b>
<b>BRENDA ALEXIS DIGIAN DOMENICO,</b>	:
<b>VALERIE EVANS, BARBARA ALLEN,</b>	:
<b>STANLEY OZAROWSKI, AND DONNA</b>	:
<b>SANTI,</b>	:
<b>Plaintiffs,</b>	:
<b>v.</b>	:
<b>General Motors Company, f/k/a New General</b>	:
<b>Motors Company, Inc.,</b>	:
<b>Defendant.</b>	:
-----X	
	:
<b>GENERAL MOTORS LLC,</b>	:
<b>Counterclaimant,</b>	:
	:
<b>v.</b>	:
	:
<b>KELLY CASTILLO, NICHOLE BROWN,</b>	:
<b>BRENDA ALEXIS DIGIAN DOMENICO,</b>	:
<b>VALERIE EVANS, BARBARA ALLEN,</b>	:
<b>STANLEY OZAROWSKI, DONNA SANTI,</b>	:
<b>LAKINCHAPMAN LLC, ROBERT W.</b>	:
<b>SCHMIEDER, II, AND MARK L. BROWN,</b>	:
<b>Counterdefendants.</b>	:
-----X	

**NEW GM'S WITNESS LIST AND SUMMARY OF ANTICIPATED TESTIMONY**

Pursuant to the Scheduling Order entered on July 14, 2011, defendant General Motors LLC ("New GM") respectfully provides its list of anticipated trial witnesses and summaries of their anticipated testimony to Plaintiffs.

**L. Joseph Lines, III**, Attorney, Legal Staff, General Motors LLC (“**New GM**”), July 10, 2009 to the present; previously, Attorney, Legal Staff, General Motors Corporation (“**Old GM**”).

1. Mr. Lines was the Professional-In-Charge for Old GM in Castillo v. General Motors Corp., No. 2:07-CV-02142 WBS-GGH, United States District Court for the Eastern District of California.

2. Plaintiffs in the Castillo action complained that the continuously variable “VTi” transmissions used in certain model year 2002 through 2005 Saturn VUEs and certain model year 2003 and 2004 Saturn IONs had a high failure rate. Their initial complaint, filed on behalf of an alleged nationwide class consisting of all current or past owners of these vehicles, asserted four causes of action: (1) violation of numerous and varied state consumer protection laws; (2) breach of express warranty; (3) breach of implied warranty; and (4) unjust enrichment. *See* **Second Amended Complaint**.

3. The VUEs and IONs in question were distributed in the United States through a network of independently owned Saturn Retailers by Saturn Distribution Corporation, a wholly-owned subsidiary of Saturn Corporation which in turn was a wholly-owned subsidiary of Old GM.

4. During the model years in question, new Saturn vehicles were sold with a written standard limited new vehicle warranty (“**standard repair warranty**”). A **booklet** containing the terms of this standard repair warranty was placed in each vehicle’s glove box prior to the initial sale or lease of the vehicle. Under the terms of this standard repair warranty, the owner’s exclusive remedy was free-of-charge repair or replacement of vehicle components found defective in materials or workmanship during the warranty period. The terms of this standard repair warranty expressly excluded any and all claims for incidental and consequential damages.

5. Initially the warranty period under Saturn's standard repair warranty was three years or 36,000 miles from the date of initial purchase or lease of the vehicle, whichever came first. Before the Castillo action was filed, however, Old GM voluntarily extended the warranty period to cover free-of-charge repair or replacement of VTi transmissions within five years or 75,000 miles of the initial purchase or lease, whichever came first. **Bulletin 04020A.**

6. Plaintiffs' cause of action for breach of "express" warranty in the Castillo action did not assert violation of Saturn's standard repair warranty, but instead asserted claims based on VTi transmission malfunctions that occurred after the applicable warranty period had expired or which otherwise were not covered by Saturn's standard repair warranty. *See* **Second Amended Complaint.**

7. Plaintiffs' causes of action for violation of state consumer protection statutes, breach of implied warranty and unjust enrichment also sought remedies beyond the exclusive remedy of repair or replacement provided by Saturn's standard repair warranty. *See* **Second Amended Complaint.**

8. Following mediation, and prior to any ruling by the District Court on Old GM's motion to dismiss the Castillo action, plaintiffs and Old GM entered into a **Stipulation of Settlement** under which Old GM agreed, subject to (among other things) required approval by the District Court, to provide certain relief to class members for VTi transmission malfunctions that occurred after the five-year, 75,000 warranty period had expired. Specifically, within specified time periods the Stipulation of Settlement provided for Old GM after the Effective Date of the Settlement to reimburse purchasers of new VTi-equipped vehicles for 100 percent of the cost of VTi repairs for malfunctions occurring between 75,001 and 100,000 miles and for 75 percent of repair costs for malfunctions between 100,001 and 125,000 miles. Similarly, within

the same specified time periods Old GM would, following the Effective Date, reimburse purchasers of used VTi-equipped vehicles for 75 percent of VTi repair costs for malfunctions between 75,001 and 100,000 miles and for 30 percent of repair costs for malfunctions between 100,001 and 125,000 miles. Following the Effective Date, Old GM also would have provided compensation to owners of VTi-equipped vehicles who had traded them in rather than seeking repair of VTi malfunctions.

9. The Stipulation of Settlement expressly provided that Old GM was not admitting *any* liability, including liability under Saturn's standard repair warranty. Specifically, Paragraph 12 of the **Final Judgment** implementing the Stipulation of Settlement which the District Court entered on April 14, 2009 provided in pertinent part as follows:

“Neither this Judgment nor the [Stipulation of Settlement] (nor any document referred to herein or any action taken to carry out this Final Judgment) is, may be construed as, or may be used as an admission by [Old GM] of the validity of any claim, of actual or potential fault, wrongdoing or liability whatsoever.”

Paragraph 5 of the Stipulation of Settlement similarly provided in pertinent part as follows:

“[Old GM] expressly denies any wrongdoing and does not admit or concede any actual or potential fault, wrongdoing or liability in connection with any facts or claims that have been or could have been alleged against it in the Action, and [Old GM] denies that plaintiffs or any Class Members have suffered damage or were harmed by the conduct alleged.”

10. The District Court subsequently certified a settlement class, approved the **Form of Notice** of the proposed Settlement to be mailed to class members, held a hearing, approved the Settlement and entered the **Final Judgment** providing for implementation of the Settlement. *See District Court Opinion.*

11. After the District Court had issued its **Order Preliminarily Approving the Settlement** and authorized the mailing of **Notice of the Settlement to Class Members**, Old GM voluntarily began reimbursing Saturn Retailers for VTi repairs in accordance with the formula set forth in the Settlement Agreement. Anticipating that the Settlement would be implemented, Old GM began providing these voluntary reimbursements on a customer satisfaction basis so that Saturn customers did not either (1) have to pay for repairs to their malfunctioning vehicles out-of-pocket and then wait for reimbursement under the Settlement or (2) have to delay repairs until the Settlement made direct reimbursements available to the repairing dealer in order to avoid making out-of-pocket payments themselves to the dealer. On February 3, 2009, Old GM issued an **Administrative Bulletin** documenting this customer satisfaction policy. These actions by Old GM were completely voluntary because neither the Stipulation of Settlement nor the Final Judgment obligated Old GM to make any reimbursement payments until after the Effective Date of the Settlement and full implementation of its terms, which, as a result of Old GM's bankruptcy filing, never occurred.

12. At the time that Old GM filed its bankruptcy case, the Stipulation of Settlement had been approved by the District Court, but had not yet been implemented. Specifically, the Effective Date of the Settlement was scheduled for June 2, 2009, the day after Old GM filed its bankruptcy case. Thus, Old GM on June 1, 2009 was not obligated under the Settlement to pay any money or reimburse authorized Saturn Retailers for any repairs to class members' vehicles that experienced VTi malfunctions outside the five-year, 75,000 mile standard repair warranty. Instead, the Castillo action and implementation of the Settlement were stayed under Section 362 of the Bankruptcy Code.

13. The assumption and rejection of Old GM's Executory Contracts was governed by Section 6.6 of the **Amended and Restated Master Sale and Purchase Agreement** ("MSPA") and the Bankruptcy Court's "Order Pursuant to 11 U.S.C. §§ 105, 363, and 365 and Fed. R.

Bankr. P. 2002, 6004, and 6006 (I) Approving Procedures for Sale of Debtors' Assets Pursuant to Master Sale and Purchase Agreement, etc., (II) Scheduling Bid Deadline and Sale Hearing Date; (III) Establishing Assumption and Assignment Procedures; and (IV) Fixing Notice Procedures and Approving Form of Notice" entered on June 2, 2009 ("**Sale Procedures Order**").

14. With respect to the Stipulation of Settlement, neither Old GM nor New GM ever intended that New GM would assume liability under the Stipulation of Settlement, and therefore Old GM did not assume this liability or assign it to New GM. The MSPA and Sale Procedures Order set forth specific procedures for assuming and assigning executory contracts. As will be detailed by Mr. Buonomo's testimony, Old GM did not do what was necessary under these procedures to assume or assign the Stipulation of Settlement because that was not the parties' intent. To the contrary, Old GM's intent to reject the Stipulation of Settlement was evidenced by designating it for "reject[ion] later" (**June 30, 2009 e-mail**), and subsequently filing a motion with the Bankruptcy Court seeking to reject the Stipulation of Settlement, as further described in the next paragraph.

15. On November 16, 2009, Old GM filed a **Motion To Reject the Stipulation of Settlement** under section 365(a) of the Bankruptcy Code which this Court granted without prejudice to plaintiffs' claims in this Adversary Proceeding. **Order Granting Motion for Rejection.**

16. Following this Court's order approving the Section 363 transaction in which the entity now known as General Motors LLC (*i.e.*, New GM) acquired the business assets of Old GM free and clear of the liabilities of Old GM ("**363 Sale Order**"), New GM continued for a short time Old GM's voluntary policy of reimbursing Saturn Retailers for VTi repairs performed on customer vehicles outside the limitations of the standard five-year, 75,000 mile standard

repair warranty. New GM did not immediately discontinue this good will policy because it simply was not an immediate priority given everything else that was happening in connection with the Old GM bankruptcy case and the commencement of New GM's operations.

17. On September 28, 2009, New GM issued the "**VTi Settlement Clarification**" which instructed GM and Saturn employees to discontinue Old GM's voluntary policy of providing goodwill adjustments pursuant to the February 3, 2009 Administrative Bulletin and to revert to handling VTi malfunction claims under Saturn's five-year, 75,000 mile standard repair warranty. New GM thus discontinued Old GM's voluntary customer satisfaction policy a little more than two months after completing its purchase of Old GM's assets free and clear of Old GM's liabilities.

18. Subsequently, New GM decided in the interests of customer satisfaction to implement a new and different customer satisfaction outreach to owners of VTi-equipped vehicles. Under a new "Special Reimbursement Policy" issued on November 5, 2009, New GM agreed to reimburse customers who experienced VTi malfunctions between 75,001 and 100,000 miles and within eight years of the date of the original retail sale or lease of the vehicle for one-half of their VTi repair costs or, in the alternative, permit them to trade in their vehicles for a \$5,000 credit good on the purchase of specified new GM vehicles.

19. Plaintiffs' argument that GM treated VTi repairs after the 5 year/75,000 mile express written warranty expired as "warranty" claims is simply incorrect. First, all of the VTi reimbursement payments were made voluntarily on a customer satisfaction basis *outside* the time and mileage limits of Saturn's standard repair warranty. All that plaintiffs' evidence could show is that VTi repair reimbursement claims by Saturn Retailers and GM Dealers were processed *through GM's warranty payment system*. However, this system is used to administer and pay a wide variety of reimbursement claims from dealers including many, *e.g.*, Special Policy claims,



product recalls, goodwill adjustments, and customer satisfaction payments, *which clearly are not claims under and/or within the conditions or limitations of the standard repair warranty.*

Indeed, this system is the only mechanism that New GM has for reimbursing dealers for warranty *or non-warranty* claims. Therefore usage of this system to make voluntary goodwill payments does not constitute an admission, or even imply, that these payments were for “warranty claims” much less that they somehow were required under MSPA § 2.3(a)(vii)(A).

**Lawrence S. Buonomo**, Executive Director - Litigation, Legal Staff, General Motors LLC, July 10, 2009 to the present; previously, Attorney, Legal Staff, General Motors Corporation.

1. Mr. Buonomo was one of the principal Legal Staff attorneys who was involved in the instant bankruptcy case on behalf of Old GM until July 10, 2009. He acted as in-house counsel to the business “core team” which was the working group which coordinated and implemented the 363 sale to New GM, in day-to-day contact with the United States Treasury Department (“UST”) team. He was the primary contact with UST with respect to product liability and litigation issues and participated directly in negotiating pertinent provisions of the MSPA and 363 Sale Order with UST representatives and, later, with the National Association of Attorneys General (“NAAG”) and other interested persons and entities. His substantial involvement in the 363 transaction is illustrated by his designation by the UST as one of twelve Old GM employees (listed on **Section 1.1D of Sellers’ Disclosure Schedule**) whose knowledge was controlling with respect to the accuracy of Sellers’ (*i.e.*, Old GM’s and Saturn’s) representations given in the MSPA and related documents. Before Old GM’s bankruptcy filing, Mr. Buonomo had served as its Professional-In-Charge in class action cases against Old GM (not including the Castillo action). He also had participated for several years in the establishment and monitoring of accounting reserves for pending class action and other litigation against Old GM, including the Castillo case, and he has continued in the same role for New GM.

2. While Old GM after March 30, 2009 was pursuing a bond exchange offer as an alternative to a chapter 11 bankruptcy filing, it also was continuing its contingency planning for such a filing, if necessary, including extensive discussions with the UST. In April of 2009, the UST (which was the only available source of financing for a successful bankruptcy reorganization) stated that in the event of a bankruptcy filing its preference was a sale to a new company of Old GM's assets free and clear of its liabilities pursuant to Section 363 of the Bankruptcy Code.

3. In connection with those discussions, UST insisted that the new company that would become New GM should assume only those liabilities of Old GM that were deemed essential to the successful operations of the new company. From its conception, the fundamental structure of the 363 transaction was that New GM would acquire all of the assets of Old GM except those specifically excluded, but would only assume those liabilities specifically designated for assumption. All other liabilities were to be retained by Old GM.

4. As subsequently confirmed in testimony before the Bankruptcy Court by Mr. Harry Wilson of the UST Auto Team, the basic stance of the UST with respect to Old GM's liabilities was that they should not be assumed by New GM unless there was a specific reason why the assumption of a particular liability or category of liabilities was considered commercially necessary to the future successful operations of New GM. In this context, there were specific discussions regarding, among other categories of liabilities, (i) Old GM's commitment to compensate dealers to repair vehicles pursuant to express written limited warranties issued to individual consumers in connection with the initial sale or lease of motor vehicles ("**Express Warranty Repair Obligations**"), (ii) contingent litigation exposures ("**Litigation Liabilities**"), (iii) potential product liabilities related to vehicles manufactured by

Old GM (“**Product Liabilities**”), and (iv) outstanding contracts (executory and otherwise) to which Old GM was a party (“**Contracts**”).

5. Old GM suggested and UST agreed that the assumption of Express Warranty Repair Obligations on a going forward basis was commercially necessary in order to promote/retain customer goodwill and support New GM’s vehicle sales business going forward. Accordingly, UST agreed that New GM should assume responsibility for the unexpired portion of Old GM’s standard express written warranties. This agreement was ultimately reflected in **MSPA** § 2.3(a)(vii), which provided as follows:

“The “Assumed Liabilities” shall consist only of the following Liabilities of Sellers:

...

“(vii)(A) all Liabilities arising under express written warranties of [Old GM or Saturn] that are specifically identified as warranties and delivered in connection with the sale of new, certified or pre-owned, vehicles or new or remanufactured motor vehicle parts and equipment (including service parts, accessories, engines and transmissions), manufactured or sold by [Old GM, Saturn or New GM] prior to or after the Closing and (B) all obligations under Lemon Laws;...”

6. Old GM did not recommend and UST did not agree that New GM would assume any responsibilities beyond the very specific obligations set forth in Old GM’s standard repair warranties. Thus, the assumption of warranty liabilities only included obligations arising from documents “specifically identified as warranties delivered in connection with the sale” of vehicles and parts, with the intent to exclude all other sources of actual and alleged vehicle linked obligations. *See also* MSPA § 6.15(b)(ii)(B) (“For avoidance of doubt, [New GM] shall not assume Liabilities arising under the law of implied warranty or other analogous provisions of state law, other than Lemon Laws, that provide consumer remedies in addition to or different from those specified in [Old GM’s and Saturn’s] express warranties”); MSPA § 2.3(b)(xiii)(B)

(excluding “all Liabilities arising out of, related to or in connection with any allegation, statement or writing by or attributable to Sellers”).

7. Unlike the limited assumption of standard repair warranty obligations in the MSPA, Old GM and UST agreed that New GM’s assumption of Litigation Liabilities and Product Liabilities would negatively affect its future business. Accordingly, the **MSPA as executed on June 1, 2009** provided that liabilities falling into these categories would be Retained Liabilities, *i.e.*, liabilities that would stay with Old GM and would not be assumed by New GM. Thus, to the extent that any ambiguity could be perceived in individual provisions of the MSPA, the clear intent of the parties to the agreement was that liabilities falling within these categories would not be assumed by New GM. Indeed, until the **First Amendment to the Master Sale and Purchase Agreement**, it was understood that *all* Product and Litigation Liabilities were to be retained by Old GM, since it was common ground between the parties to the MSPA that, as a conceptual matter, litigation exposures were not in any sense positive for the future business of New GM. This was certainly the case for the unimplemented Castillo settlement which, like other Litigation Liabilities, the parties explicitly understood would remain with Old GM.

8. With respect to Contracts, the MSPA and Sale Procedures Order provided a process for individual decisions to be made with respect to executory contracts, *i.e.*, contracts subject to Section 365 of the Bankruptcy Code. The MSPA and Sale Procedures Order set forth specific procedures for assuming and assigning executory contracts. Old GM maintained a website (“**Contract Website**”) that included information, including proposed cure amounts, concerning contracts that New GM proposed to assume. Counterparties to such contracts received notice with information that enabled them to access the website. The Stipulation of Settlement was never designated as an Assumable Executory Contract, no assumption notice was ever issued, no cure amount was ever communicated and no person affiliated with plaintiffs was

ever afforded access to the Contract Website. None of these steps were taken precisely because the parties to the MSPA did not intent for the Stipulation or Settlement to be assumed by Old GM or assigned to New GM. To the contrary, Old GM's intent to reject the Stipulation of Settlement was evidenced by designating it for "reject[ion] later"**(June 30, 2009 e-mail)**, and subsequently filing a motion with the Bankruptcy Court seeking to reject the Stipulation of Settlement, as further described in the next paragraph.

9. It was the position of the UST, voiced repeatedly and monitored by UST personnel, that Old GM should be vigilant in identifying contracts that represented net liabilities, decline to assume such contracts and designate them for ultimate rejection by Old GM. Not surprisingly, in discussions with the UST, litigation settlements not yet implemented were identified as net liabilities which should be designated for rejection. In fact, Mr. Buonomo specifically recalls a discussion in which he told outside counsel for UST that there were class action settlements that could and should be rejected, and mentioned the settlement at issue here (along with the Dex-Cool class action settlement and the *Soders* case in Pennsylvania). Thus, it was the express and clear intent of the parties to the MSPA that class action settlements not yet implemented, including the settlement at issue here, should not be assumed by New GM.

.10. The fundamental tenant of the MSPA that New GM should not undertake obligations to perform under any contract representing a net liability is illustrated by, among other things, the express provision of the MSPA providing that non-executory contracts (*i.e.*, contracts not subject to the process prescribed by Section 365 of the Bankruptcy Code) which represented a net liability were excluded from the "assets" to be transferred to New GM. Under MSPA § 2.1(a) and (b), New GM agreed to purchase the Purchased Assets and to assume, pay and perform the Assumed Liabilities. Under MSPA § 2.2(a)(x), Purchased Assets included "all Contracts, other than Excluded Contracts (the 'Purchased Contracts')." Under MSPA

§ 2.2(b)(vii)(E), “Excluded Assets” included “all non-Executory Contracts for which performance by a third-party or counterparty is substantially complete and for which [Old GM or Saturn] owes a continuing or future obligation with respect to such non-Executory Contracts (collectively, the ‘Excluded Contracts’).” Mr. Buonomo was personally involved in proposing this concept, which the parties adopted in order to guard against inadvertent assumption of liabilities by New GM under contracts that were potentially transferable to it and might not be subject to the process set forth in Section 365 of the Bankruptcy Code and the Sale Procedures Order.

11. Consistent with these provisions and UST’s insistence that Old GM be vigilant and systematic in its efforts to identify contracts representing net liabilities, the Stipulation of Settlement at issue here was specifically identified by Old GM as a contract to be rejected. And, irrespective of whether this contract is properly classified as executory, *i.e.*, subject to rejection pursuant to Section 365 of the Bankruptcy Code, the applicable provisions concerning “Excluded Contracts” reflect the parties’ intent that the liability represented by the Stipulation of Settlement would not be assumed by Old GM and/or assigned to New GM.

12. Consistent with the intent of the parties to the MSPA to include the Stipulation of Settlement in the category of “Excluded Contracts” to be retained by Old GM, Mr. Buonomo informed GM’s controller’s staff that the litigation reserve that Old GM had booked for the Castillo action should not be reflected on the books of New GM as of July 10, 2009, and in fact it was not.

13. After Old GM’s bankruptcy filing on June 1, 2009 and the simultaneous filing of a motion for Bankruptcy Court approval of the MSPA, there were various discussions involving, among others, the UST, Old GM, the Old GM Unsecured Creditors Committee and representatives of NAAG regarding various provisions of the MSPA and the proposed 363 Sale

Order. As the result of these discussions, it was agreed that the MSPA would be amended to provide that New GM would assume liabilities for claims for personal injury or property damage related to accidents involving Old GM vehicles that occurred subsequent to consummation of the Section 363 transaction. *See* MSPA, § 2.3(a)(ix). **First Amendment to MSPA.**

14. In and around the same period (June and early July 2009), there were also discussions among the Parties and representatives of these same third parties regarding other consumer liabilities, including implied warranties, express warranties *other than* the standard written limited new vehicle warranties issued at point of sale by Old GM and Saturn, statutory remedies (other than lemon laws), and actual and potential litigation relating to or arising from these categories of liabilities. Despite requests from, among others, NAAG, the parties to the MSPA (the UST and Old GM) declined to amend the MSPA to assume these liabilities.

15. Nevertheless, it became clear during these discussions that some third parties perceived an ambiguity in New GM's agreement and intent to assume liability only within the conditions and limitations of Old GM's and Saturn's standard repair warranties. This potential ambiguity appears to have arisen largely from the many different ways that the word "warranty" is used in both common and legal parlance. For that reason, the parties to the MSPA proposed, and the Court adopted, a clarifying provision which appears in the final 363 Sale Order as paragraph 56. It provides, in pertinent part, that:

“[New GM] is assuming the obligations of [Old GM and Saturn] pursuant to and subject to conditions and limitations contained in their express written warranties, which were delivered in connection with the sale of vehicles and vehicle components prior to the Closing of the 363 Transaction and specifically identified as a ‘warranty.’ [New GM] is not assuming responsibility for Liabilities contended to arise by virtue of other alleged warranties, including implied warranties and statements in materials such as, without limitation, individual customer communications, owner’s manuals, advertisements, and other promotional materials, catalogs, and point of purchase materials.”

The specific (and obvious) purpose of this language was to clarify the agreement of the parties to the MSPA, *i.e.*, UST and Old GM, set forth in Section 2.3(a)(vii)(A) of that contract, that New GM was not assuming liability for claims like those asserted in the litigation underlying the Stipulation of Settlement, *i.e.*, claims that Old GM was responsible for alleged vehicle defects under any theory *other than* the obligations of repair or replacement of products found defective in materials or workmanship during the warranty period, *i.e.*, the Express Warranty Repair Obligations spelled out in Old GM's and Saturn's standard limited new vehicle warranties, subject to the express conditions and limitations contained therein.

16. Plaintiffs' argument that the non-parallel usage of the phrase "arising under" in MSPA sections 2.3(a)(vii)(A) [standard repair warranty] and 2.3(a)(vii)(B) [Lemon Law] somehow reflects an intent that New GM's assumption of warranty liability was to be broader than its assumption of Lemon Law liability has no basis in the discussions and negotiations between the Parties to the MSPA. At no time was there any discussion or agreement between these parties that liabilities "arising under" the express written warranties reached any liability other than those involved in complying with its strict terms of those warranties, *i.e.*, reimbursing dealers for performing repairs or replacing vehicle components found defective in materials or workmanship during the warranty period, administering the warranty payment system and supplying dealers with the parts necessary to complete the repairs or replacements of defective components. In fact, MSPA § 6.15(b), which required New GM after the closing of the 363 transaction to commence administering and paying standard repair warranty claims submitted for reimbursement by dealers and Lemon Law claims submitted by consumers includes parallel usage of the "arising under" phrase for both of these types of claims:

"(b) From and after the Closing, [New GM] shall be responsible for the administration, management and payment of all Liabilities ***arising under*** (i) express written warranties of [Old GM and Saturn] that are specifically identified as warranties and delivered in connection with the sale of new, certified used or pre-owned vehicles or new or remanufactured motor vehicle parts and



equipment (including service parts, accessories, engines and transmissions) manufactured or sold by [Old GM, Saturn or New GM] prior to or after the Closing and (ii) *Lemon Laws*.”

(Emphasis added.) This provision illustrates that despite the absence of the same parallel construction found in Section 6.15(b), Section 2.3(a)(vii) was not intended to create any fundamental difference in the treatment of express warranty and Lemon Law obligations

New York, New York  
Dated: July 15, 2011

*[s] Arthur Steinberg*

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Attorneys for General Motors LLC

# Exhibit MM

Important

Archived

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Date: 02/03/2009

Ref. number: Service / Service Operations /  
G\_0000020717

Subject: **2002-2005 Saturn VUE and 2003-2004 Saturn ION - Pending VTi  
Transmission Class Action Settlement**

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GM SERVICE AND PARTS OPERATIONS

URGENT - DISTRIBUTE IMMEDIATELY

Date: February 3, 2009

Subject: Pending VTi Transmission Class Action Settlement

Models: 2002-2005 Saturn VUE  
2003-2004 Saturn ION

To: All Saturn Retailers

Attention: Dealer Operator, General Manager, Service Manager  
and Warranty Manager

This message is intended to update and clarify Saturn Wholesale and Retail organizations on customer handling and potential questions that may surface regarding the pending VTi transmission class action settlement of the 2002-2005 Saturn VUE and 2003-2004 Saturn ION.

The attached customer notification letter containing the proposed settlement terms was mailed to the involved Saturn owners on January 9, 2009. The settlement has not been finally approved by the court. However, the court has scheduled a hearing on

March 30, 2009 and involved owners will receive a notification from Saturn when the settlement is approved along with applicable claim forms.

In brief, the settlement calls for not only repair of VTi related concerns but also reimbursement of covered repair expenses, and reimbursement of eligible past repairs within the following guidelines:

New vehicle owners at less than 100,000 miles = 100%

New vehicle owners at 100,001 - 125,000 miles = 75%

Used vehicle owners at less than 100,000 miles = 75%

Used vehicle owners at less 100,001 - 125,000 miles = 30%

Saturn retailers and wholesale representatives are reminded that Saturn owner reimbursement checks are to be provided by the Saturn Retailer who will then process their repayment using Global Warranty Management (the Customer Assistance Center does not process reimbursements for Saturn owners).

Saturn will continue to review, on a case-by-case basis, requests for assistance with VTi transmission repair expenses for eligible vehicles which are outside the time and/or mileage limits of the special policy in line with the criteria agreed to in the tentative settlement as set forth above. For example, a used vehicle owner with less than 100,000 miles on an eligible vehicle who otherwise would qualify for goodwill assistance will be reimbursed for 75% of the VTi related transmission repair expenses.

Please continue to immediately evaluate and process all current vehicle repairs and owner reimbursement requests for previous VTi related concerns in line with these criteria until further notice. We believe this will enhance customer satisfaction without the delay in waiting for ultimate final settlement approval.

Your Customer Assistance Center District Specialist is available to answer any questions.

END OF MESSAGE

GM SERVICE AND PARTS OPERATIONS

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Message Attachment(s):

VTi Customer Notice 0109.pdf Acrobat PDF (4.446MB)  
 VTi Customer Notice

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Contact name: Annie K Chi

E-Mail: [annie.chi@gm.com](mailto:annie.chi@gm.com)

Department: Service - Brand Quality

Phone:

Intended roles: Warranty Administrator, Service Manager, General Manager, Dealer

Archives: 03/03/2009

Expires: 02/03/2010

	20	SUBJECT	ASC		
saturn vti settlem					
false	All	true	true	true	
false				2	1
All	All	true	true	<a href="http://gmmsg.iw.g">http://gmmsg.iw.g</a>	msgPreview Pane
false	searchContent	usageMetrics		gm_messenger_	HomeContainer
searchResultMes	All	<a href="http://gmmsg.iw.g">http://gmmsg.iw.g</a>	<a href="http://gmmsg.iw.g">http://gmmsg.iw.g</a>		

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Sample

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dealerworld		240	09002392801e7f	GMNA/United_States	show Message Center
	false		Non-VSSM	8	GM_Corporate
					false
	false				

Date: 09/29/2009

Ref. number: Service / Service Operations /  
G\_0000039020

Subject: **Saturn VTi Transmission Settlement Clarification**

GM SERVICE AND PARTS OPERATIONS

DCS2303

URGENT - DISTRIBUTE IMMEDIATELY

Date: September 28, 2009

Subject: Saturn VTi Transmission Settlement Clarification

Models: Certain 2002 – 2005 Saturn VUE  
Certain 2003 – 2004 Saturn ION  
Equipped with VTi Transmission

To: All Saturn Retailers

Attention: Dealer Operator, General Manager, Sales Manager,  
Service Manager, Used Car Manager, Parts Manager  
and Warranty Administrator

As you know, General Motors Corporation (now Motors Liquidation Company or "MLC") previously entered into a class wide settlement agreement of certain litigation involving the VTi transmission in 2002-2005 model year Saturn VUE and 2003-2004 model year Saturn ION vehicles. Without admitting liability for any claims made in the litigation and to avoid the costs and expenses of further litigation, MLC agreed that after the effective date of the settlement it would reimburse customers for certain VTi transmission related expenses incurred after the expiration of the of the 5 year/75,000 mile limited warranty applicable to this transmission. In addition, as a customer good will matter prior to the effective date of the settlement, as contained in GM Administrative Message G\_0000020717, MLC put in place a practice of reimbursing eligible claims pursuant to the time, mileage and percentage reimbursement schedule contained in the settlement. However, before the effective date of the settlement, MLC was forced to file for bankruptcy protection.

When it emerged from the bankruptcy proceedings, General Motors Company ("GM") did not assume liability under the settlement or otherwise for any reimbursement obligations with respect to the VTi transmission. The Bankruptcy Court's order approving the 363 sale of MLC assets to GM specifically provides that such sale was free and clear of any MLC liabilities unless expressly assumed by GM. Therefore, the responsibility, if any, to provide reimbursement to customers under the settlement remains with MLC subject to the normal procedures of the Bankruptcy Court. Thus, GM Administrative Message G\_0000020717 is no longer effective and no reimbursement of VTi transmission related expenses should be made or will be honored by GM pursuant to the terms of the prior policy outlined in that message.

Going forward, repair of VTi transmissions in the subject vehicles should be addressed only pursuant to the terms of the 5 year / 75,000 mile limited express warranty extension issued via Saturn Special Coverage Bulletin 04020 dated March 2004 and superseded by Bulletin 04020A in January 2008.

END OF MESSAGE

#### GM SERVICE AND PARTS OPERATIONS

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Contact Loren Rusk  
name:

E-Mail: [loren.rusk@gm.com](mailto:loren.rusk@gm.com)

Department: Service - Brand Quality

Phone:

Intended Sales Management, Parts Manager, Warranty Administrator, Used Vehicle  
roles: Sales Manager, Service Manager, General Manager, Dealer

Archives: 03/29/2010

Expires: 09/29/2011



	20	SUBJECT	ASC		
saturn vti settle					
	All	true	true	true	
false				2	1
All	All	true	true	http://gmmsg.iw.g	msgPreview Pane
false	searchContent	usageMetrics		gm_messenger_	HomeContainer
searchResultMes	All	http://gmmsg.iw.g	http://gmmsg.iw.g		

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Sample