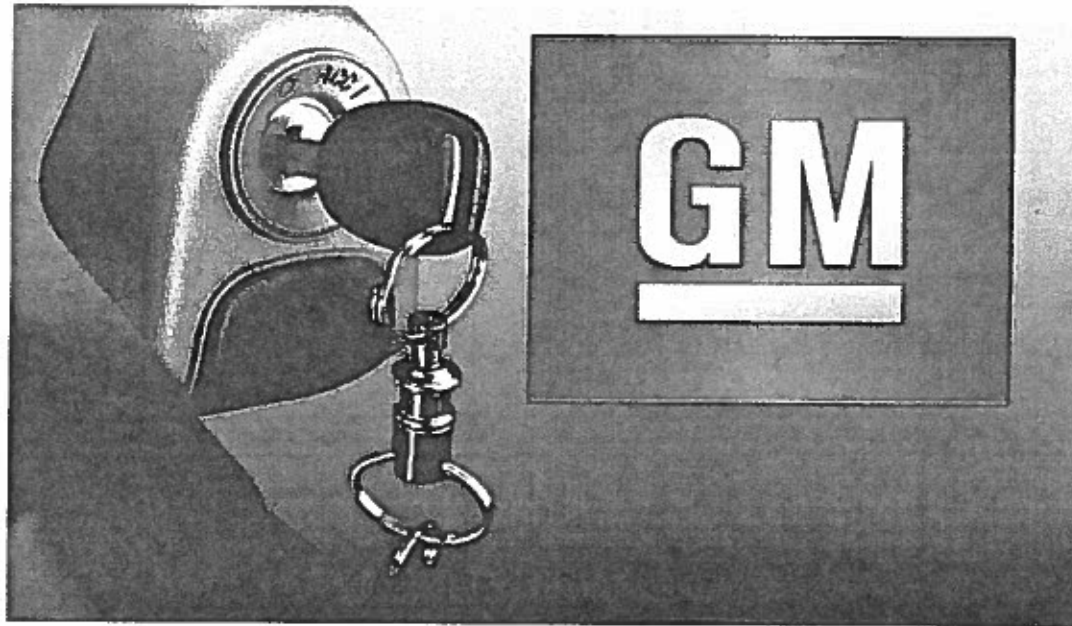


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September 10, 2015



**The General Motors Recall
And Corporate Ethical Responsibility**

... The Switch From Hell !

A BRIEF GENERAL MOTORS HISTORY

- 1902 ... Founded by William Durant**
- 1911 ... GM begins exporting vehicles**
- 1930 ... Begins 77 years as the World's largest automobile producer**
- 2000 ... Economic slide requiring U.S. Government Assistance**
- 2008 ... Economic slide again puts GM in peril**
- 2009 ... GM files for Bankruptcy (Chrysler too)**
- 2014 ... Mary Barra appointed first female CEO (January)**
- 2014 ... GM commences major ignition switch recall**

- 2014 ... GM's year-end position ...**
 - > Produces 9.7 m automobiles (11 Brands)**
 - > \$155 B in Revenues (\$3.8 B in profits)**
 - > 21,000 Dealers in 120 countries**
 - > 210,000 Employees**
 - > 396 facilities in 30 countries**

THE KEY PLAYERS

- > **NHTSA ... National Highway Traffic Safety Administration (1966)**
- > **Ray DeGiorgio ... THE Ignition Switch Engineer (1991) who approved the well below GM spec ignition switch (2002), and later changed the part but not the part number (2008) ... and nobody knew!**
- > **The Delta Platform ... New designed small car to compete with Japanese and regain revenues / profits with better gas mileage (Saturn, Cobalt, Pontiac)**
- > **THE Ignition Switch Part ... Insufficient torque allowed easy slip from on to off ("Moving Stalls") AND deactivated the air bags (2002 through early 2008), initially blamed on electrical design.**
- > **Michael Milliken* ... The new General Counsel (2009)**
- > **Mary Barra* ... New General Motors Chief Executive Officer (CEO, 2014)**
- > **Anton Valukas ... Jenner & Block outside lawyer appointed by Barra to lead thorough Audit and submit fully transparent report (submitted May, 2014, immediately disclosed to the public).**

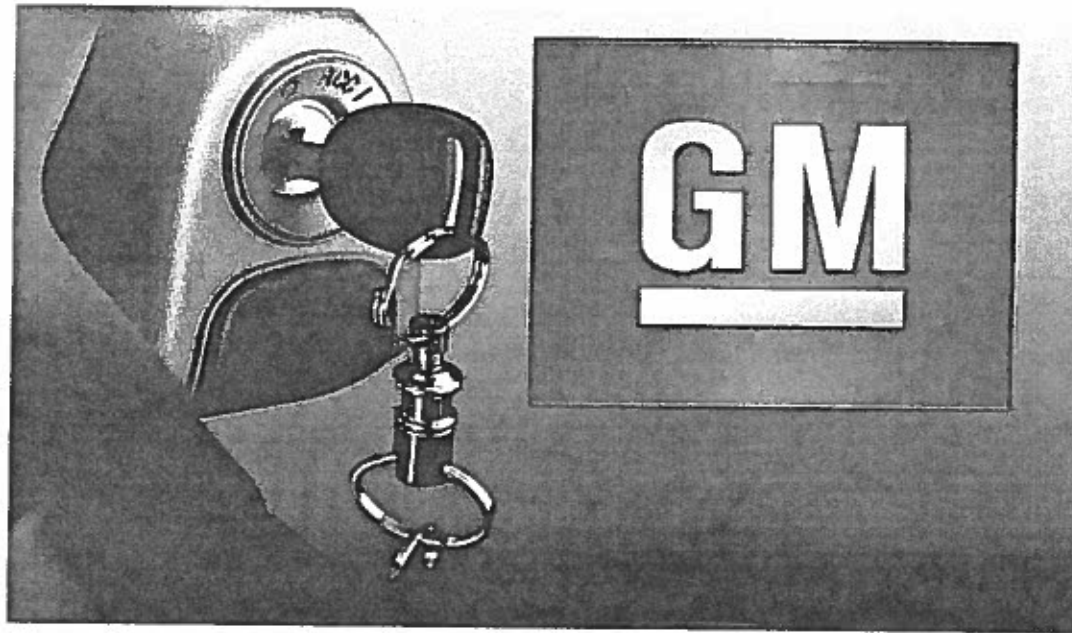
* Knew nothing before February, 2014

National Highway Traffic Safety Act ... (NHTSA, 1966)

- > Created National Highway Traffic Safety Administration as Federal administrative agency with investigative and enforcement powers re design, manufacture and performance of automobiles
 - >> the questions of *"unreasonable safety risk"* ?
- > Federal Motor Vehicle Safety Act (FMVSA, 1967) with power to set national safety standards ... *none established as to ignition switches or air bag deployment after power loss!*?
- > "Defect Information Report" due within five days of reasonable awareness of defect related to vehicle safety and all related product litigation... the "Tread Reporting System" and issuance of related service bulletins

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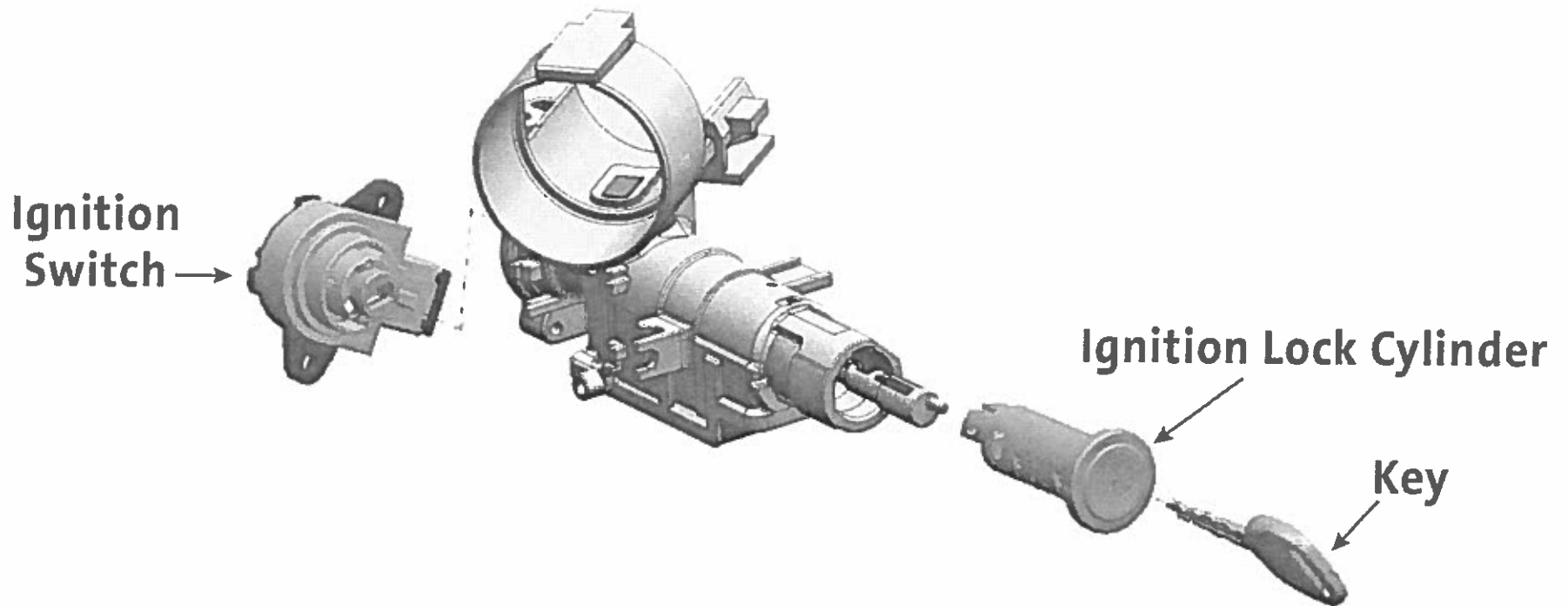


**The General Motors Recall
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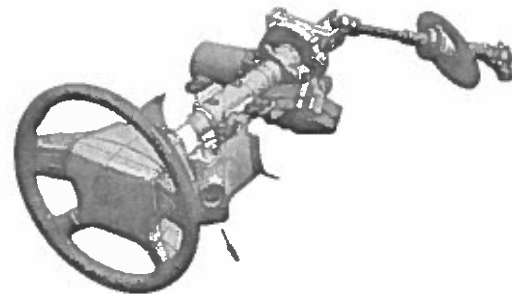
... The Switch From Hell !

PARTS INVOLVED IN GM IGNITION RECALLS

This diagram displays the three parts that are affected by the recalls for the Chevrolet Cobalt, Pontiac G5, Saturn ION, Chevrolet HHR, Pontiac Pursuit, Pontiac Solstice, and Saturn Sky.



Complete Steering Column Assembly
(for reference only)



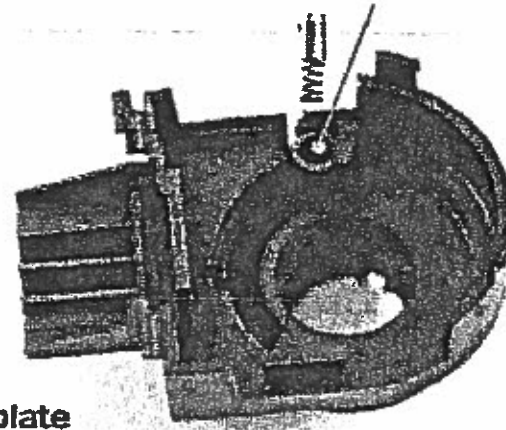
Inside the Ignition switch

The switch detent plunger sits in this slot with the spring inside. The switch plate fits on top of this, with the notches facing the plunger.

Switch detent plunger

Switch detent plunger

Switch plate notches



Switch plate

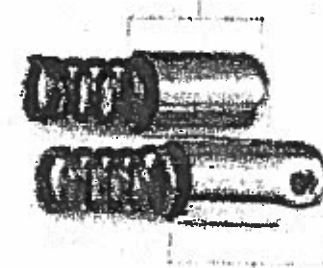
As the plunger moves across the ignition switch plate, the spring pushes it into the switch plate notches, putting it into the run position or accessory position.

The difference

5.9 millimeters

Old part
(Total length:
10.6 mm)

New part
(Total length:
12.2 mm)



7 millimeters

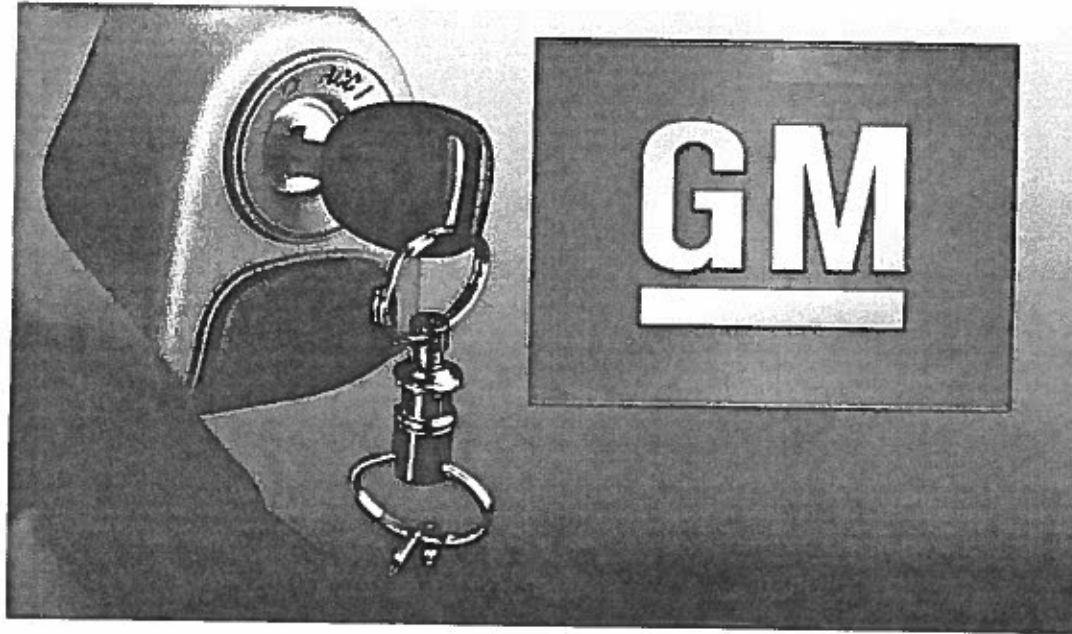
The old plunger is shorter, with a shorter spring, which produces less tension when fitting against the switch plate. The weak tension allows it to shift from the run position back into the accessory position when jostled, disabling airbags, power brakes and power steering.

A "BRIEF CHRONOLOGY" ... a 12 Year Mystery ?!

- > 2001 ... *Delta Ignition Switch Approved By DeGiorgio despite being well below specifications ... no one is told, not recorded, others switches available*
- > 2002-2005 ... *Numerous complaints about "Moving Stalls", and several engineering groups conduct tests and determine not a safety , but a "Consumer Inconvenience" Concern ... no one knows of below spec or connects problem with non-deployment of air bags*
- > 2005 ... *Wrongful Death / Injury Litigation begins, and Technical Service Bulletins to Dealers "explain" the problem ... a heavy "key job" and large key slot!*
- > 2005-2008 ... *Outside Litigation Experts / University of Indiana investigation confirm switch out of spec and linkage to non-deployment of air bags; information does not reach Design Engineers or General Counsel*
- > 2007 ... *NHTSA / GM meet, and NHTSA agrees switch problem is not a safety concern ... no one knows of related deaths*
- > 2007-2008 ... *New design switch adopted by DeGiorgio, but no change in the part number conceals the design change; engineers wonder why stalls end in 2008 ?!*
- > 2013 ... *"Bombshell": DeGiorgio deposition identifies below spec and part replacement; lawyers warn of serious consequences; Recall Committee meets (12/2013)*

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**The General Motors Recall
And Corporate Ethical Responsibility**

... The Switch From Hell !

A "BRIEF" CHRONOLOGY ... Getting To The Recall

- February, 2012 ...** Outside Litigation Experts' reports confirm switch and air bag connection, GM engineers and special review teams reject while still searching for "ROOT CAUSE" of switch failure, unaware of out-of-spec and unreported part change or related deaths !
- March, 2012 ...** Litigation Experts' X-ray examination confirms spec variance and part change !
- April, 2013 ...** DeGiorgio Deposition discloses spec variance and part change ... A "Bombshell" !!
- May, 2013 ...** Outside Counsel warns of potential for large punitive damage award, but warning does not reach officer levels in law department or engineering ... information silos !
- November, 2013 ...** Stouffer's Product Investigation Unit finally discovers the truth and immediately calls for Recall Committee Meeting
- December 17, 2013 ...** First Recall Committee Mtg. delays decision until February, 2014 review
- December 18, 2013 ...** Someone (??) orders 500,000 replacement ignition switches
- January 14, 2014 ...** Mary Barra named new CEO
- February 24, 2014 ...** Second Recall Committee Mtg., orders immediate recal, informs Barra and General Counsel Michael Milliken ... first Notice !!
- March 10, 2014 ...** Barra Requests "unvarnished" complete audit and report by outside counsel
(The Valukas Report of May 29, 2014)
- March 14, 2014 ...** RECALL BEGINS

* Former U.S. Prosecutor, Partner in Outside law firm, Jenner & Block



MARY BARRA

CEO, General Motors Corporation (January 15, 2014)

1980 ... *BS, Electrical Engineering (GM Kettering ... Co-op Student)*

1990 ... *MBA, Stanford University (GM Fellowship)*

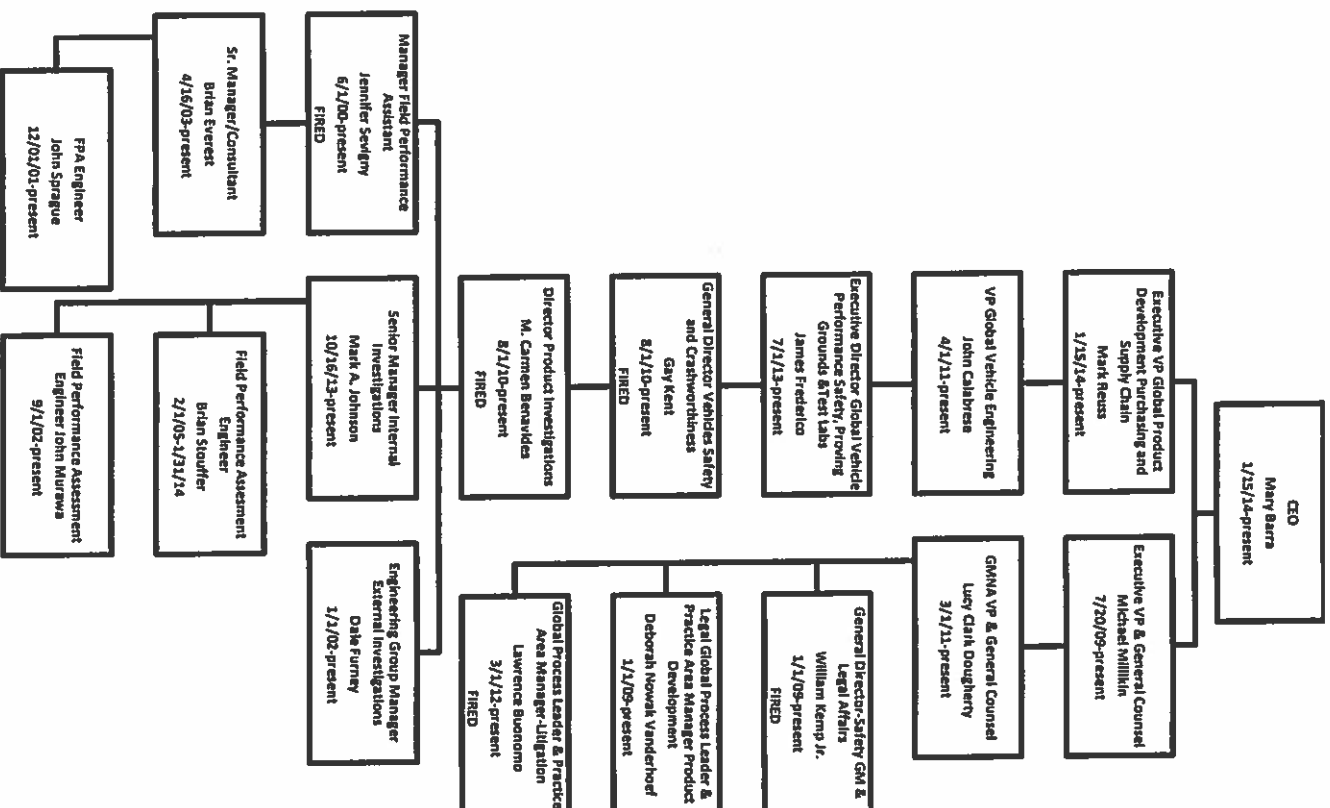
1990-2010 ... *Increasingly important positions within GM Engineering and Human Resources, including Plant Mgr (Detroit-Hamtramck), VP of Manufacturing Engineering, VP of Human Resources*

2011 ... *Senior VP of Global Product Engineering, responsible for design engineering, quality and program mgmt..*

2013 ... *EVP of Global Product Development, Purchasing and Supply Chain*

Born 1961, married to Tony, a consultant, whom she met while a student at Kettering, she is the mother of two children, her father was a GM die maker for 39 years, and she serves on numerous public company boards and chairs various Detroit area fund raising efforts; her annual compensation is approximately \$17 million.

Exhibit 6: General Motors Partial Organization Chart 1/15/2014 to present



Source: "The GM Ignition Switch Recall: Investigation Update," Meeting of the United States House of Representatives Energy and Commerce Committee's Subcommittee on Oversight and Investigations, June 18, 2014 Document Binder, <http://docs.house.gov/meetings/IF/IF02/20140618/102345/HHRC-113-IF02-20140618-SD009.pdf>.

Thomas Gottschalk, General Counsel

Instruction to all GM attorneys (2003):

"If you believe... that the (Engineers') conclusion is wrong, you should continue to seek an appropriate resolution. It is your duty to bring the situation to the attention of your supervisors or their supervisors, as necessary ... and if necessary, then to me as General Counsel !"

A "BRIEF" CHRONOLOGY ... The Aftermath

April 1, 2014 ... Mary Barra testifies before House Committee on Energy and Commerce, admits 12 year mistake with "devastating consequences", promises fully transparent investigation and report, and "full accountability".

May 29, 2014 ... Valukas Report Issued (Eventually made available to the public and NHTSA)

April to June, 2014 ... Valukas Report confirms part change, additional recall notices issued

May 16, 2014 ... NHTSA Issues Consent Order (Eventual \$35m fine for failure to identify safety problem)

June 5, 2014 ... Barra speaks to all employees via Global Town Hall Meeting

July 1, 2014 ... Appointment of independent "Compensation Administrator", Kenneth Feinberg

July 17, 2014 ... Barra and Milliken Testify before Senate Subcommittee, Valukas report and recommendations reviewed and implementation confirmed, report of rising related deaths, 15 employee terminations explained, newly established position of VP of Global Safety

October 17, 2014 ... Milliken submits resignation

April 14, 2015 ... U.S. Bankruptcy Court Rules "Bankruptcy Shield" protects "the Old GM" from all claims relating to incidents prior to GM's bankruptcy in 2009 ... Decision now on appeal !

August, 2015 ... GM reports 124 Deaths now attributed to the ignition switch defect !

CURRENT RESULTS SUMMARY*

- **124 Deaths (Initially 13 Deaths Announced / Broader Definition)****
- **277 Life Altering Injuries / 257 Lesser Injury Claims**
- **4,342 Total Claims (\$625m Reserved, \$280m paid to date)**
- **Approximately 2.6m small cars recalled (Saturn, Pontiac and Cobalt pre-2008)*****
- **15 Employees Terminated (That many more "retired" ... the General Counsel)**

*** The Justice Department and 50 States' Attorneys' investigations continue (Anticipated \$2B+ Penalty); NHTSA \$35m Fine Paid in May, 2014;**
172 separate lawsuits alleging injury or death, and 100 class action suits alleging economic harm

**** 474 Death Claims submitted**

***** 25 million ignition switch recalls in total (Second or third time recalls required)**

GM Ignition Compensation
Claims Resolution Facility
FINAL PROTOCOL

for

Compensation of Certain Death and Physical Injury Claims Pertaining to
the GM Ignition Switch Recall

June 30, 2014

I. PURPOSE

General Motors LLC (“GM”) issued safety recalls identifying a defect in the ignition switch of certain vehicles in which the ignition switch may unintentionally move from the “run” position to the “accessory” or “off” position (“the Ignition Switch Defect”). This Protocol outlines the eligibility and process requirements for individual claimants to submit and settle claims alleging that the Ignition Switch Defect caused a death or physical injury in an automobile accident.

The effective date of the Final Protocol is August 1, 2014.

A. Role

GM asked Kenneth R. Feinberg to develop and design a Protocol for the submission, evaluation, and settlement of death or physical injury claims allegedly resulting from the Ignition Switch Defect. The resulting Protocol creates a Claims Resolution Facility (“the Facility”) under which the independent Administrator, Mr. Feinberg, will process and evaluate claims to determine: a) whether the submitted claim meets the eligibility requirements, and b) the compensation to be paid for eligible claims as defined below.

GM has authorized the Facility to process only eligible claims involving death or physical injury. No other claims for economic injury or other allegations of damage are subject to this Protocol.

Participation in the Facility is completely voluntary and does not affect any rights the claimant may have until and unless the claimant accepts the compensation amount and signs a release.

B. Approach

The following non-exclusive principles apply to the operation of this Protocol.

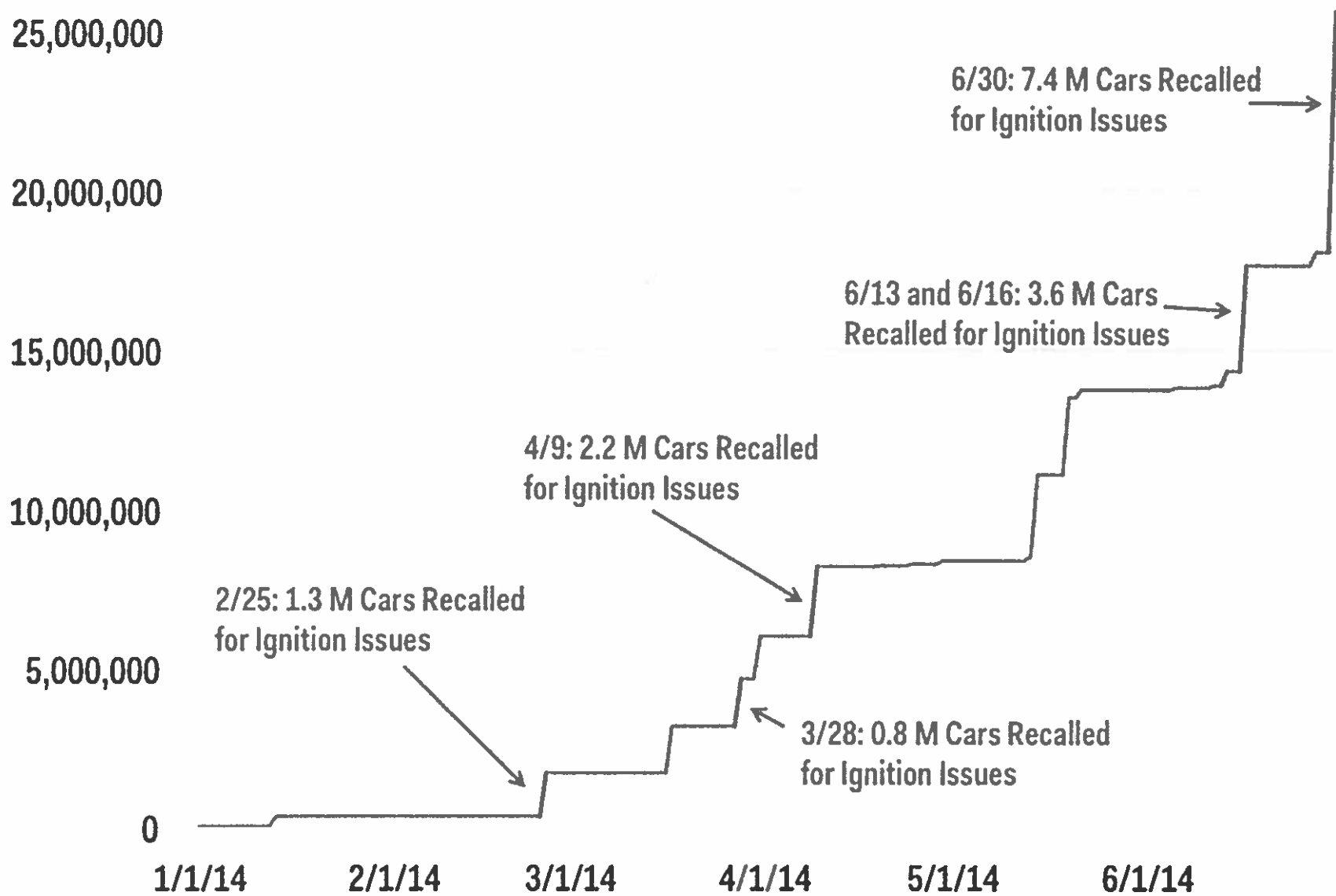
- The Facility will evaluate claims submitted with the required documentation in a prompt and fair manner.

Compensation ... The Final Protocol

- *Independent Administrator, Kenneth Feinberg*
- *For “submission, evaluation and settlement” of ONLY individual death / injury claims ... No Insurance Subrogation*
- *Voluntary and binding only when accepted*
- *Tolls the statute of limitations*
- *Accidents involving Production and/or Service Part Vehicles*
- *Covering related accidents BEFORE December 31, 2014*
- *Eligibility excludes incidents where the air bags deployed*
- *Defect must have been the Proximate Cause of the accident*

- *Compensation elements for Economic Loss / Pain and Suffering ...*
 - >> *Historical Earnings* >> *Employment Benefits*
 - >> *Decedent’s Age* >> *Age and Status of Dependents*
 - >> *and for Pain and Suffering ...*
 - >> *\$1m for death*
 - >> *\$ 300K for surviving spouse*
 - >> *\$ 300K for each surviving dependent*

Cumulative General Motors US Recalls



Ray DeGiorgio ... "I Did My Job"

- ***"I didn't lie, cheat or steal. I did my job the best I could"***
- ***Lead Switch Engineer specialist at GM since 1991***
- ***Approved but never reported initial approval of part
"below GM Specifications" ... as required***
- ***Denies awareness of any negative press as to "moving stalls"***
- ***Doesn't recall discussions which identified the switch defect problem***
- ***Failed to change the part number for the new proper design
(2008) and never told superiors of the part change***
- ***Received but did not read outside litigation expert reports and a separate
Indiana University Investigation Report identifying the air bag issue***
- ***Failed to ever recognize the safety issue ... lack of air bag deployment***
- ***Along with many others, saw it all as a "Customer Inconvenience" problem***

THE GM NOD

"... When everyone in the meeting nods in agreement to a proposed plan of action and then leave the room with no one taking responsibility "

... The Valukas Report (5-29-14

**REPORT TO BOARD OF DIRECTORS OF
GENERAL MOTORS COMPANY
REGARDING IGNITION SWITCH RECALLS**

May 29, 2014

Anton R. Valukas

JENNER & BLOCK

**Privileged and Confidential:
Protected by Attorney-Client Privilege and as Attorney Work Product**

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THE VALUKAS REPORT* ... Key Problems Identified

- > **"Comedy" Of Errors** ... Multiple investigations by Engineers and Lawyers failed to identify the safety problem; lack of safety focus or concern; silos of information, poor communication, and lack of cooperation
- > **Big Company Bureaucracy / Tone at The Top** ... Too many separate committees with overlapping responsibilities, and lack of individual responsibility and accountability ... The "GM NOD"
- > **Weak Processes** ... Procedures for reporting and high level review and/or approval of design changes, safety investigations, and serious personal injury defect related claims; poor interaction between the Board, senior executives and engineers, dealers and lawyers on safety and quality related issues
- > *"DeGiorgio's actions were emblematic of a GM riddled with unchecked processes and tangled bureaucracies that undermined vehicle safety"*

* Involved over 350 interviews, 41 million documents reviewed

THE OTHER PROBLEMS ... The "Perfect Storm"

- > DeGiorgio's undisclosed approval of the well below GM specification switch
- > Undisclosed concerns expressed by the supplier ... Delphi Sensitivity
- > Pressing economic issues ... Delta Urgency
- > Long time failure to connect moving stalls to un-deployed air bags ...
connecting the dots !
- > DeGiorgio's undisclosed substitution of a new properly designed switch and
not changing the part number ... others could not understand why new
cars had no "Moving Stalls" or un-deployed air bag problems !?
- > Law Department failure to pass on valuable information to engineers / others
- > Late disclosure to senior executives of serious safety issues
- > Computer Information Bases that do not communicate with each other
- > Complicated Design Approval Process without clear responsibilities
- > Three General Counsels and 5 CEO's within 5 years
- > Too easy to label safety issues as one's of "Customer Inconvenience"

CORPORATE ETHICAL RESPONSIBILITY ... Unanswered Questions ?

- 1. Criminal Conduct ... Willful or Reckless Misconduct (Company / Individual) ?**
- 2. What is the ethical responsibility ... Who Makes The Call :**
 - > Should GM use “Bankruptcy Shield” ?**
 - > Should GM need to incriminate itself ... Protecting The Public ?**
 - > How To Measure Appropriate Compensation ?**
 - > Attributing Responsibility ... Should The Boss Go To Jail or who gets fired ?***
- 3. The Tone At The Top / Establishing an Ethical Culture ... Moral Courage**

*** NOTE: The Vakulas Audit and Report found no “conclusive evidence”
of intentional cover-up or criminal wrong doing**