

SHERROD BROWN

OHIO

COMMITTEES:

AGRICULTURE, NUTRITION,
AND FORESTRY

BANKING, HOUSING,
AND URBAN AFFAIRS

FINANCE

VETERANS' AFFAIRS

United States Senate

WASHINGTON, DC 20510 - 3505

April 16, 2018

Mary Barra
CEO
General Motors Company
Detroit, Michigan 48232

Dear Ms. Barra:

I am writing to express my opposition to your recent announcement to lay off 1,500 workers at the Lordstown, Ohio, GM plant and hundreds more workers in your supply chain throughout the state. This decision will be devastating to the families and communities of the workers whose lives will be impacted, and it is particularly galling after your company received massive tax benefits from the recent enactment of the corporate tax cut bill. I urge you to reverse this decision and instead invest your tax windfall in the facility and workers in Lordstown.

GM's 2016 filings with the Security and Exchange Commission reveal a company that is doing very well. The company's Schedule 14A statement claimed "all-time record" revenues of \$166.4 billion and free cash flow of \$6.9 billion. The statement also reported that the company distributed \$4.8 billion to shareholders and paid the top five executives more than \$100 million in total compensation. In addition, GM has continued to highlight the importance of the Lordstown-made Chevy Cruze. Earlier this month, GM rolled out updates for the Cruze, describing it as a "cornerstone of Chevrolet's car strategy" that is "bringing new customers to the brand." Given GM's "all-time record" revenues and focus on the Cruze, it is hard to understand why the company would decide to lay off more than 1,500 workers at its Cruze plant in Lordstown.

The announcement is even more perplexing given the recent passage of the corporate tax cut legislation, which reduced the statutory corporate tax rate from 35 percent to 21 percent. GM is a capital intensive company and, as a result of the law, will be able to fully expense billions of dollars of capital expenditures, every single year, including any investments made to retool existing plants to increase their competitiveness. In addition, according to a report issued jointly by U.S. PIRG, Citizens for Tax Justice, and the Institute for Taxation and Economic Policy, the company will be able to repatriate \$6.9 billion in overseas cash at less than half the previous statutory rate of 35 percent. That amounts to billions of savings for a company that already had an "all-time record" of revenues and free cash flow in 2016.

I am aware that the company believes reduced market demand for the Cruze justifies the layoffs, but that does not explain why the company refuses to use its tax windfall and its world-class Lordstown workforce to retool the facility to assemble a more profitable car. To help the

Lordstown workers and me better understand the company's financial position and reasoning for the layoffs, please respond to the following questions:

1. What impact will the Lordstown layoffs have on GM's supply chain throughout the state of Ohio? Please identify specific facilities where additional layoffs may occur and provide the number of workers expected to lose their jobs.
2. How does GM plan to invest the windfall it receives from repatriating \$6.9 billion of overseas cash at less than half the previous rate of 35 percent?
3. In light of the capital-expensing provisions in the corporate tax cut law, does GM expect to make investments to ramp up production of the company's five best-selling vehicles? If so, where will the production increases occur?
4. Does GM plan to make any capital expenditures at the Lordstown plant in the next five years? If so, please provide details of the expenditures that are planned and both the original estimated cost and the revised estimated cost resulting from the corporate tax cut law. If not, why not?
5. Has GM considered retooling the Lordstown facility to produce another vehicle? If not, why not? If so, will the company move forward with plans to retool Lordstown?
6. What changes to Cruze sales are needed for the company to bring back the second and/or third shift at Lordstown?
7. How many Cruze hatchbacks were imported into the U.S. in 2016 and 2017? What percentage of all Cruze sales did the hatchbacks account for? Does GM expect that volume of imports to increase in 2018?
8. Does GM have any plans to expand its production of the Cruze hatchback in Mexico?
9. Has GM considered moving the hatchback production from Mexico to Lordstown? If not, why not?
10. Is GM considering moving any Cruze production from Lordstown to Mexico? As a result of the corporate tax cut law, what is GM's estimated savings from such a move?
11. Does GM plan to fully disclose to the United Auto Workers and any other unions representing workers in its facilities the full benefit to the company of the corporate tax cut law and the company's plans for the tax windfall?

Please respond no later than April 23, 2018. Lordstown employees deserve answers to these questions. American workers are tired of corporations laying off workers just to line the pockets of CEOs and shareholders, and I am, too.

Sincerely,

A handwritten signature in blue ink that reads "Sherrod Brown". The signature is written in a cursive, flowing style.

Sherrod Brown
United States Senator