

SIGNER

BUICK • CADILLAC

August 26, 1998

Mr. David T. Bott
Area Manager, NAO - DNID
General Motors Corporation
39465 Paseo Padre Parkway
Fremont, CA 94538

Dear Dave:

As we discussed last week, I am interested in purchasing Fremont Pontiac-Oldsmobile-GMC. This acquisition would allow the realignment of franchises to conform to General Motors' desired channeling of Buick-Pontiac-GMC and Oldsmobile-Cadillac. With proper expense structuring this arrangement could possibly create a viable, sustainable business operation for me. In the following I will briefly outline the benefits and other considerations of this acquisition.

Channeling per Project 2000 plans:

As I assume you are aware, prior to your contacting me earlier this year, I had been approached by General Motors to discuss my interest in exchanging my Buick franchise for Oldsmobile. My forecast for an Olds-Cadillac dual resulted in a net profit reduction of approximately \$600,000 per year. General Motors offered me a substantial short-term subsidy to consider the exchange, but it fell far short of anything that would make business sense. Given the challenges of the Oldsmobile-Cadillac market in California combined with the inherently high expense structure, it is unlikely that any mutually-beneficial arrangement could be made to allow a successful stand-alone Olds-Cadillac dual except in the very largest of market areas. My acquisition of Fremont Pontiac would allow the makes to be realigned as Oldsmobile-Cadillac and Buick-Pontiac-GMC.

Sustainable business operation:

It is quite apparent that it is becoming increasingly difficult to maintain satisfactory profitability in smaller dealerships. Profitability is even more challenging in the San Francisco Bay Area, which experiences among the highest real estate and labor costs in the country. My Profit Center dealer composite of Bay Area dealers, both Buick-Pontiac-GMC duals and Cadillac duals, show losses in the new car department this year, as well as a decline in overall dealership profitability from last year. I see nothing in the future that will make the job any easier.

With "Mom and Pop" operations disappearing, consolidation is the wave of the future, as evidenced by the growing number of large dealership groups. My proposal allows many of the benefits of consolidation such as shared upper management efficiency, shared computer system, increased advertising efficiency, improved purchasing power, and shared training expense. These are just a few advantages that come to mind.

The businesses could be operated separately from a marketing and public perception point of view, but as one business operation to benefit from

economies of scale. This arrangement would still require tight expense control and an affordable rent factor, but properly structured I believe it could be successful.

Facilities:

My plan would be to rearrange the makes, most likely with Buick-Pontiac-GMC in my current facility since it is designed in the Buick image. Oldsmobile and Cadillac would then be housed in the current Fremont Pontiac facility. Part of the property could be sold to help reduce the rent factor. However, for the project to be most viable, it would be desirable to build a new Olds-Cadillac facility on the empty lot immediately adjacent to my current facility. This would allow a smaller facility with a more affordable rent factor, as well as much better business control due to the close proximity to my current facility.

As you are aware, Dee Barnes, owner of Fremont Ford, Fremont Nissan, and Fremont Volkswagen across the street, bought my neighboring property from General Motors. He began site work for a used car facility last year, but stopped after a few weeks due to what I understand was supposed to be a sale of the property to Daewoo, which I understand later fell through. If approached quickly before construction resumes, Mr. Barnes may be agreeable to trade the vacant property for the current Fremont Pontiac facility.

Capital structure:

Since Motors Holding Division is currently a stockholder in both my current company and in Fremont Pontiac, my plan would be to work with that division for investment capital. I have an additional minimum \$200,000 of capital available for my investment. The corporate structure between the two operations would be open for discussion.

Dealership and personal history:

Since my birth in 1951, my father had been an employee of Pontiac Motor Division. In 1965 he left General Motors to purchase a Dodge dealership in Corvallis, Oregon. In 1970 he purchased the Buick-Cadillac-GMC dealership there, then passed away three weeks later. My mother retained the GM dealership, and following my graduation from college in 1972, I became Sales Manager there. In November, 1980, I left Corvallis to open Signer-Cram Buick in Fremont as a new Buick point. In February, 1982, I purchased my partner Joe Cram's 50% of the stock and changed the name to Don Signer Buick. To this day, my mother continues to operate the Corvallis dealership.

My dealership had several very profitable years until Buick's rapid decline in California market share in the mid-1980's, when my sales and profitability plummeted. Out of necessity to remain in business I sought other makes for dualling, preferably Cadillac as a new point. Since Cadillac had no immediate plans for Fremont, I added Subaru and Saab in 1988. In the two years that followed the California market share of those two new lines fell nearly 50% while Buick declined even further, as did my

profitability.

In June, 1990, Cadillac awarded me the franchise, at which time I terminated Subaru and Saab. In July, 1995, I moved into my new facility in Newark, after forming a new corporation with Motors Holding Division to fund the real estate project.

I take pride in the fact that I have survived through General Motors' very difficult years, while most GM dealerships in the Bay Area have changed hands and consolidated, some many times. Additionally, I have done this without a truck line, which makes for an extremely challenging operation here.

Over the years I have established an excellent business and personal reputation in the local community. My Buick sales effectiveness has consistently been above state average, and many years even above national average - a considerable achievement in an import-oriented California metro market. Cadillac effectiveness has normally been around state average. Our CSI scores for both makes are consistently above zone averages.

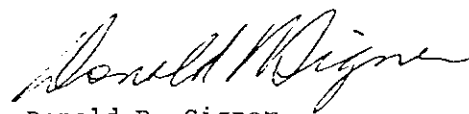
Summary:

I am confident that properly structured this arrangement would be a "win-win" situation. I would benefit from the growth and profit potential of the new acquisition, and General Motors would benefit by achieving desired channeling and a sustainable business operation run by a proven operator who is well-established in the community.

It is important that if this project is to be pursued that General Motors approach Mr. Barnes of Fremont Ford promptly to discuss the trading of properties. Additionally, having a permanent dealer-operator at Fremont Pontiac would lead to employee stability, which I am certain has been made difficult by the inherent uncertainties associated with interim operators.

I am available to meet at any mutually-agreeable time to discuss this proposal. Thank you for your consideration.

Sincerely,



Donald R. Signer
President

cc: Mr. R. K. McCants, Motors Holding Division