

TO ALL GENERAL MOTORS DEALERS



DATE: Tuesday, December 12, 2000

Today, General Motors is announcing a phase-out of the Oldsmobile Division and its products over the next several years. This was a particularly difficult and emotional decision for General Motors' leadership to make. Oldsmobile is this country's oldest car brand, with a history that goes back 103 years. It has one of the richest traditions in the industry, complete with many automotive industry firsts – and many legendary cars.

We are taking this action at this time because the industry is more competitive than ever. There is more new model competition than ever in all segments. The market has changed drastically in the past few months, and faster than anyone had anticipated, leaving more models competing for fewer customers.

Unfortunately, even with the very dedicated effort of Oldsmobile employees and dealers, and significant investments and management attention to the business, Oldsmobile has been unprofitable for some time.

GM has invested a considerable amount in engineering and capital to develop the current Alero, Intrigue, Aurora, Silhouette, and new Bravada. Yet, Oldsmobile has continued to lose market share and is still not profitable. We looked at opportunities for new products for Oldsmobile, including products we could develop with our alliance partners, but we could not find a profitable solution consistent with the overall General Motors' portfolio.

Accordingly, General Motors' management has decided not to make the considerable additional investment to continue to update and replace the current product lineup. This decision is difficult, but the management of GM feels strongly it is the right course of action in order to sustain and strengthen our competitive portfolio of brands.

The phase-out of Oldsmobile will enable us to focus our engineering, capital, marketing and advertising resources on a reduced portfolio of brands to improve competitiveness, profitability and growth.

GM's product portfolio is changing to more innovative entries and no longer assumes an exact replacement for any specific current model. We need to provide industry-leading products, targeted at specific segments that optimize our portfolio to produce profits for GM and its dealers.

GM plans to continue to produce and sell current Oldsmobile products until the end of their current model life cycles, or earlier if market demand falls below economic levels.

GM will work proactively with all Oldsmobile dealers and GM dealers for a smooth and orderly transition of existing franchises.

A call center has been established in Detroit to address dealer questions and capture dealer concerns for resolution. The number is 1-866-221-1175. In addition, a transition team will be located at each of our regions to proactively address your concerns. This team will work on an individual basis with each of you. The team will develop an individual plan of action for your dealership.

GM will work with the Oldsmobile dealers to ensure Oldsmobile customers continue to receive quality service and parts. Oldsmobile will continue to operate over the next several years and we will provide the kind of service and marketing support that Oldsmobile customers have come to expect. However, if there is any change in Oldsmobile representation in an owner's area, service and parts for these Oldsmobile customers will continue to be available.

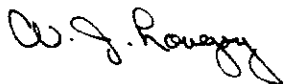
There will be additional customer care initiatives, such as offering Oldsmobile customers who purchased or leased a new Oldsmobile model year 1996 or later, a \$1,500 certificate toward the purchase or lease of a new Oldsmobile or \$1,000 toward the purchase or lease of another General Motors vehicle. GM and Oldsmobile dealers will be in contact with Oldsmobile customers to assure them of GM's continued support of Oldsmobile products and thank them for their loyalty to GM dealers and GM products. Certain restrictions apply. Details of these programs will be provided in dealer and customer communications.

If your customers have any concerns or questions, a special 1-800 number has been set up specifically for them (866-306-6030).

The dedication and loyalty exhibited by Oldsmobile employees and dealers over the years, particularly the past five years, has been exemplary. General Motors is fortunate to have such a dedicated group of professionals.

Again, this has been a difficult and agonizing decision for us to make.

We are committed to working with each of the affected dealers during this transition.



W.J. Lovejoy