

Fremont Pontiac-Oldsmobile-GMC Truck, Inc.

Don Signer Buick-Cadillac, Inc.

Meeting Date: November 10, 1995

Meeting Subject: Franchise Re-Alignment

Meeting Purpose: To begin initial discussions regarding the existing and future GM franchise alignment in Newark, CA.

Attendees: Robert Gee, Donald Signer and R. K. McCants

Major Topics:

- Alignment Plans and its Importance
- Review of Most Logical Strategy to Effect the Proper Alignment
- Review of Financial Impacts
- Review of MHD's Role
- Review Dealer's Role

Alignment Plans

In summary, GM alignment plans call for:

1. GM Franchises to be properly located, in facilities which promote "customer enthusiasm" and provide financially viable operations for its dealers.
2. With the exception of Pontiac and GMC Truck, be represented single line whenever possible to promote "brand equity".
3. When single line representation is not possible the alignment shall be

Pontiac-Buick-GMC Truck
Oldsmobile-Cadillac

Most Logical Strategy to Effect the Proper Alignment

Because the Pontiac and GMC Truck Franchises are already together, and single representation would not be financially feasible, the most logical strategy would be as follows:

- Fremont Pontiac (P-O-G) sells the Oldsmobile franchise to Signer Buick-Cadillac (B-Ca)
- Signer Buick-Cadillac sells the Buick franchise to Fremont (P-O-G)

This will create the proper "P-B-G" and "O-Ca" franchise alignment in the proper location (Newark Automall).

Financial Impacts of the Proposed Franchise Re-Alignment

The intent of the franchise re-alignment is to give each dealer a wider range of vehicles to sell in line with GM's current and future product development plans. There are obvious potential financial impacts that must be considered and measured in the proposed transaction, some of which are:

- do* - • Historic new vehicle performance for Buick and Oldsmobile - *5 years*
- Expected new vehicle performance for Buick and Oldsmobile
- do* - • Historic service and parts business generated from Buick and Oldsmobile -
- Image "re-alignment" costs
- Proposed "post re-alignment" revenue and expense structure (particularly rent structure)
- Newark Redevelopment Agency issues
- Highway sign cost issues
- Other issues

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MHD's Role

As a stockholder in each of the company's to be effected. MHD's role will be as follows:

- Coordinate gathering or validating the necessary data to be collected and/or analyzed
- Set up meeting schedules and establish timelines throughout the various stages of the process
- Determine the need for expert opinions (if deemed necessary) on cost related issues, etc.
- Share only data critical to the proposed transaction with each dealer involved
- Interface with GM divisional management, when necessary
- Implement a fair and equitable transaction

Dealer's Role

- Cooperate with facilitator (MHD) throughout the process
- Adhere to agreed upon time frames through the process when they are established
- Allow for independent parties to review records, facilities, etc., if deemed necessary
- Keep discussions confidential to minimize potential disruption and employee anxiety

Gentlemen, I am confident that we, as a team, will be able to implement this proposed transaction in a manner that it will be a "win-win" for both dealers as well as General Motors and look forward to your cooperation throughout this process.

Sincerely,



R. K. McCants