

# SIGNER

BUICK • CADILLAC

October 17, 1990

Mr. F. J. Liebgott  
Zone Manager  
Cadillac Motor Car Division  
P. O. Box 23850  
Oakland, CA 94623

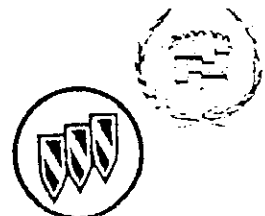
Dear Frank:

This letter is to request Cadillac's assistance in obtaining financing for the Fremont Auto Mall. As you know, the participating dealers closed on their properties on August 31, while I was unable to close on my property due to inability to obtain financing. Although I lost my original lot due to this inability, Catellus (formerly Santa Fe) has agreed to honor the original price on a remaining lot if closed by November 30. If this can be arranged, I can receive credit for my investment to date. The enclosed letter dated October 16, 1990 defines the terms. In addition to the deposit of \$72,625.41 referred to in the letter, I have paid approximately \$100,000 toward the development of the project and the dealer partnership.

Enclosed are letters to Chris Wolf and Ed Mertz of Buick requesting financing assistance in March and April, 1990. In the letters I stressed that the Auto Mall would become a reality, and would have participation by all dealers in Fremont, except General Motors if we dealers did not receive assistance. The predicted outcome is now a reality. Construction on the mall infrastructure began on October 9, 1990, and is scheduled for completion on April 4, 1991. A copy of the Time Line is enclosed. Facilities for some of the franchises will be built concurrently with the infrastructure, while most of the remaining facilities will be built shortly after the April completion.

Attached is a list of franchises to be located in the mall, and the franchises remaining in their old locations. You will note that General Motors is conspicuously absent from the mall. It should also be noted that GM's retail market share dropped further to 13.0% of the market in the second half of 1989.

The primary reason for my financing difficulty was losses that had occurred only recently. When considering assistance for Auto Mall assistance, I feel it is important to consider the profit history of my dealership. We were profitable every year from when we opened in November, 1980, up to and including 1987. I added Subaru and Saab in March, 1988, in an attempt to help offset severely declining Buick sales. Losses began that month and continued until May, 1990, our last full month with the imports. The addition of Cadillac in late June contributed to a June profit of \$1,213.



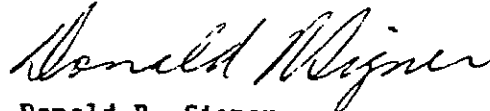
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I have attached a copy of the forecast I submitted to Buick, Cadillac, and GMAC in March, showing the addition of Cadillac. As you can see, the results of our first three months with Cadillac have met or exceeded forecast in nearly every category. The profitability was achieved in spite of a monthly average loss of \$14,917 in fixed operations. To reverse this loss, last week I was able to bring back our former Service Director, who had resigned in March, 1989, due to concerns about the then negative trends of the dealership. During his previous tenure with the dealership, his Parts and Service Departments had been consistently profitable. With this addition and anticipated future Cadillac sales and service growth, I anticipate monthly profitability of \$50,000 to \$75,000, which would be consistent with my March forecast.

In summary, I feel that I have shown that my predictions have become reality. My warnings that there would be a large Auto Mall without General Motors have come true. As you know, the Auto Mall project has caused these last three years to be emotionally draining, and it was terribly disappointing to lose it all in the end. It is my sincere hope that we can take advantage of this last chance opportunity to salvage my investment in the Auto Mall, and be in the location necessary to be competitive in the future. As you are aware, we must move quickly.

Frank, I am extremely pleased and appreciative that you and Jere Kitzmiller are taking this initiative to assist me in this endeavor. Please feel free to contact me for any additional information.

Sincerely,



Donald R. Signer

cc: Mr. C. A. Wolf  
Enclosures

FREMONT FRANCHISE LOCATIONS

To relocate in Auto Mall:

(Property has been purchased)

Acura  
BMW  
Chrysler-Plymouth  
Dodge  
Honda  
Hyundai  
Isuzu  
Jeep-Eagle  
Lexus  
Lincoln-Mercury  
Mazda  
Mercedes  
Nissan  
Porsche  
Rolls Royce  
Suzuki  
Toyota  
Volkswagen  
Volvo

Not relocating:

Buick  
Cadillac  
Chevrolet  
GMC Truck  
Mitsubishi  
Oldsmobile  
Pontiac

ACTUAL RESULT VS. FORECAST

FIRST THREE MONTHS WITH CADILLAC

Following is a comparison of actual performance of the dealership after three full months of operation with Cadillac (July-September, 1990.) It is compared to the forecast submitted to Buick, Cadillac, and GMAC in March, 1990. The forecasts shown here are the #1 "Minimum-Now" and #2 "Average-After six months."

	<u>Forecast</u>		<u>Actual</u>
	<u>#1</u>	<u>#2</u>	<u>Average Month</u>
Buicks Retail	18	27	28.7
Cadillacs Retail	14	25	13.3
Used Cars	21	26	26.0
Variable Gross	\$104,410	\$158,640	\$164,667
Fixed Gross	\$ 98,775	\$119,480	\$ 87,317
Total Gross	\$209,935	\$278,120	\$261,950
Variable Expense	\$ 19,050	\$ 28,700	\$ 25,314
Fixed Overhead	\$184,100	\$202,200	\$194,444
Net Profit	\$ 3,035	\$ 51,220	\$ 34,990