FREMONT AUTO MALL

After nearly four years of development, the Fremont Auto Mall is currently under construction on Durham Road (to be renamed Durham Auto Mall Parkway) adjacent to Interstate 880.

The Auto Mall concept has been quite successful in California when properly executed. In researching existing malls I found that the most successful ones shared three common elements:

1. Freeway visibility and accessibility

2. Large number of franchises represented

3. Well executed Auto Mall advertising by dealer group

The Fremont Auto Mall will be highly visible through the street name change noted above and a free standing sign at the freeway. While the Mall itself is not visible from the freeway, it is only 1000 yards west and requires no turns other than into the Mall. All franchises, except General Motors, will be represented as of now.

Extensive development by Catellus and others is planned in the area of the Mall. Catellus is resubmitting their plan for 1500-1800 housing units adjacent to the Mall. A golf course has been committed, and commercial and industrial development will occupy the remainder of the land. Price Club, a high volume discount retail outlet, recently announced it will build an outlet one block east of the Auto Mall.

For advertising, the group plans to do extensive publicity of the Mall, primarily on television. Due to the cohesiveness of the group throughout the development of the Mall, I am confident this will carry into the advertising.

The Mall, even if the General Motors dealers never make it, will be the largest in Northern California in terms of franchise representation. With the addition of the four GM lines in this proposal, it could be the largest in the state and possibly the country. Based on my research of other malls, a synergism effect occurs, becoming stronger with each additional franchise.

BENEFITS OF PROPOSED PROJECT

The benefits of Buick and Cadillac being located in the Fremont Auto Mall have been identified in previous letters, included in the back of this section. However, the letters do not address the many benefits to be derived from the addition of Pontiac and GMC Truck to the project. Numerous benefits will be realized by both General Motors and myself in terms of sales and customer satisfaction, both enhanced by the synergism effect that would be attained. Following are some of these benefits.

1. First phase relocation on desirable lot at reasonable cost

2. Additional unit sales

3. Improved customer satisfaction

4. Improved dealer stability

These benefits are discussed in detail below.

1. <u>First phase relocation on desirable lot at reasonable cost.</u> This of course assumes that Catellus can be persuaded to sell at the proposed terms. If this proposed project is rejected or delayed until the desired lots are sold to another buyer, it is highly unlikely that any of the four lines will make it for some time, if ever. I will be forced to sign a long term lease in order to obtain any reasonable rent factor. I have been served a Notice to Vacate due to my unwillingness to sign a lease after the November, 1990, expiration (see attached lease proposal and Notice to Vacate.) I have successfully delayed the negotiation of the lease, but cannot do so much longer.

Rich DiGiulio obviously has no desire to relocate to the Mall if this project is not consummated. It is unlikely that any other buyer of the dealership would wish to commit to a new facility with Pontiac and GMC Truck alone until the market improves considerably, which could be some time. Rich has indicated a desire to secure a long-term lease on his current facility if another buyer were involved.

There remain makes of cars that will most likely wish to locate in the Mall soon: Infinity, Jaguar, Mitsubishi, Saturn, Ford (satellite sales facility.) There are only three lots remaining with the city incentive, and this project requires the two most likely to sell first. If any one of these should sell before we act, this project may become unattainable.

Since my requests for assistance were unsuccessful prior to the August 30 closing, I lost my 4.2 acre lot to the Lincoln-Mercury dealer. Consequently, the three remaining lots carrying incentives are not ideally suited for Buick and Cadillac alone. These lots are a 4.9 acre parcel (lot 4) with relatively little frontage, a 3.5 acre parcel (lot 7) and a 3.0 acre parcel (lot 8). My proposal is to purchase lots 7 and 8, which would be ideal for the proposed project.

At this point, due to the expiration of my purchase option, Catellus is under no obligation to sell me the lot at any specified price, nor give me credit for the funds I have invested to date. My only chance of recuperating my investment is to have financing arranged and negotiate an acceptable price.

2. <u>Additional unit sales.</u> All vehicle lines would benefit from this proposal, with each selling more than would be sold in conventional duals with separate facilities. Following are some of the contributing factors.

a. Separate showrooms: The proposed facility will have four separate showrooms (see diagram enclosed.) The Buick and Cadillac operation will be totally independent from the Pontiac-GMC operation, thus providing the same sales effort as if it were two totally separate facilities. Each vehicle line will have its own manager and sales staff. In periods of customer overflow, Buick and Cadillac salespeople will be allowed to cross over to each other, but not to Pontiac or GMC. The same holds true for Pontiac and GMC salespeople.

This proposal does not include any sacrifice in showroom display or operation because of its construction in a difficult market. When the auto market improves in the future, these separate showrooms are fully able to handle the volume just as any other single line or dual operation.

b. Separate used car location and profit center: A separate used car lot will have its own sales office, management, and sales staff. This will allow the Used Car and Truck Department to be operated as a true profit center, and eliminate the burden on the New Car Managers. GM Auction vehicles would be included here (but displayed separately from used vehicles), thus reducing the possible detrimental effect on new vehicle sales. The anticipated retail sales volume of 50-60 used vehicles per month justify this separate profit center approach, which would not be practical with half this volume. This forecast could prove to be quite conservative given the potential of the separate department.

c. Better training: Since each vehicle line will have its own sales and management staff, better product training will result. And since selling used vehicles involves different techniques and a different type of salesperson than selling new vehicles, used car salespeople will be able to concentrate on their specialty and better know their inventory.

We use Automotive Profit Builders (APB) as sales consultants and trainers. The cost is $600 per month, plus $3950 for each visit, regardless of the size of staff. With the cost being spread over more unit sales under this proposal, we can afford more training visits than the number we are currently having. This will have a great impact on the level of professionalism and motivation of the managers and salespeople, as well as customer satisfaction. This ongoing training has the additional effect of nearly eliminating employee turnover.

As an expense reduction effort we discontinued our association with APB in early 1989. We recontracted with the company in 1990 at the same time we received the Cadillac franchise. In the six months that followed, July through December, our average monthly Buick retail sales increased 52% over January through June, putting to rest Buick's concerns that Cadillac would have a detrimental effect on its sales. Using APB's approach of using an accurate count of floor traffic and resulting closing ratio eliminates any possibility of this detrimental effect. Sales managers are responsible to maintain a high closing ratio regardless of the number of ups.

d. Improved marketing: Due to the synergism effect of a larger operation, several marketing opportunities become available. Some of these are as follows:

i. More and better advertising. The cost of an agency could be justified to produce better quality advertising, as well as more efficient use of dollars through target marketing and more efficient buying. While each new vehicle line would be advertised separately as we are currently doing with Buick and Cadillac, each advertising impression of the Signer name on the public is a reinforcement of the other lines.

Additionally, due to the reduced fixed overhead per unit sold realized by the efficiency of this larger operation, a portion of the savings could be redirected to advertising to achieve aggressive sales objectives.

ii. A true "client" relationship would be developed. Similar to a department store concept, we would be able to meet the needs of most customers regardless of what their transportation needs may be. A loyalty to General Motors would be a natural by-product. For example, a satisfied Cadillac owner may direct his daughter to a Pontiac rather than the import she may have been considering. And for our many car owners who have trucks as their second vehicles, we could keep them away from our competition.

iii. A sophisticated direct mail and telephone marketing program will be developed. A computer system is currently being developed for my current dealership to maintain a list of registered owners of Buick and Cadillacs, to be merged with our customer base. These owners will be contacted regularly by direct mail and telephone, in effect cultivating them for their next purchase. The contact history will be maintained in the computer, and future contacts will be timed and tailored to the customer's next anticipated purchase.

With the addition of Pontiac and GMC to this system, Pontiac and GMC owners would be added to the system. Also, it would be cost effective to add competitive owners with the "client" concept of the wide range of vehicles offered with multiple lines. I anticipate that this list would include possibly 50,000 vehicle owners. With this larger marketing effort, it becomes cost effective to have a full-time administrator of the system with a support staff to make the telephone contacts. Prospects generated would be referred to the appropriate sales department.

e. A true Fleet Department would be established: Another extension of the "client" concept, a full-time Fleet Manager could be justified, and eventually a support staff. While we would expect to develop a clientele of rental agencies and lease companies, a primary target of this department would be local businesses who maintain a small fleet of cars and/or trucks. With multiple line representation, we can develop and maintain a clientele that deals exclusively with us.

3. Improved customer satisfaction: Many benefits to customer satisfaction would result from this proposal. Among these are the following:

a. Full-time Customer Satisfaction Specialist: Based on the Buick Motor Division program, this person would be responsible for monitoring and following up on all satisfaction issues. These would include monitoring repair orders for dissatisfaction, new vehicle delivery performance by sales department, calling owners at specified intervals to determine any negative factor which may affect CSI scores, etc. Any problem found would be followed to conclusion, and trends would be reported to dealer and managers.

In May, 1988, we hired such a person and our CSI scores rose to 2 points above zone average from approximately 1 point below average. Unfortunately, we eliminated the position in early 1989, as business conditions forced us to cut all but absolutely essential expenses in order to survive until getting Cadillac. In March, 1991, we hired a new Customer Satisfaction Specialist.

b. Attract and maintain a stable staff of quality employees: Nothing can cause customer satisfaction levels to fall like excessive employee turnover. A dealership that can be profitable and stable even in bad times can maintain good satisfaction at the same time. See "Improved dealer stability" at the end of this section.

c. Better shop equipment: With the cost of high-technology shop equipment, only the higher volume dealerships can afford the best and latest. This would only enhance the ability to do a job right the first time and on time.

d. Better trained and experience technicians: With higher volume, more specialization would occur, making each technician better at his specialty.

e. Better parts inventory: Since many GM parts are interchangeable between lines, many lower volume parts could be stocked as there would be more likelihood of demand with a higher volume of business. This would decrease the number of repairs that would be delayed due to parts not in stock.

f. Use of a service consultant: In anticipation of the consummation of this proposal, we have contracted with Atcon, a highly regarded service consulting firm specializing in service profitability and customer satisfaction. The information gathering visit by the company was made the week of April 15, 1991, with installation to occur the week of July 29. The program will cost approximately $46,000 to install, and in my opinion can only be justified by the volume to be realized by this proposal. There is no difference in the cost of the program for two or four vehicle lines.

g. Have a Body Shop: With today's extensive regulations on body shops, only a large volume one can afford the necessary equipment to do top quality work. This and quicker turnaround time would benefit customer satisfaction.

4. Improved dealer stability: This factor, achieved through profitability is a prerequisite for all of the above. With the severe decline in California GM car sales in recent years, extensive dealer and employee turnover has resulted, with only multiple-line deals surviving. Other than Chevrolet that includes trucks, the only surviving single point GM dealerships are low-volume family operations in old buildings. Following are factors contributing to profitability and stability:

a. Adequate volume potential: In order to attract the best employees, and afford modern facilities and equipment, a dealership must have adequate volume potential to support it. In the San Francisco Bay Area, the competition has dominated General Motors in recent years in retail sales (see sales chart and graph.) To understand how this has occurred, one must only consider the volume generated by the market leaders. Even with three GM car lines, the total retail sales of all three is less than five other single makes. Following are these makes ranked with the three GM makes, based on first half 1990 retail sales in the San Francisco Bay Area:

1. Honda	13,528
2. Toyota	12,494
3. Ford	9,891
4. Nissan	5,447
5. Acura	5,222
6. Buick, Cadillac, Pontiac combined	5,073

The above figures do not include trucks. If GMC Truck were added and the truck lines of Toyota, Ford, and Nissan, were added to their totals, GM would surpass only Acura. Since the number of dealers are roughly equal, the sales per dealer would be proportional to the above figures.

In bad times, expenses can be selectively reduced, including some personnel reduction of newer or less productive employees. But with adequate volume to remain profitable in these bad times, it is unlikely that key employees would seek other employment in fear of the employer going out of business.

It is only if we are in the ball park with the high volume dealers that we can afford to attract and retain the best managers and employees, and the consistent sales levels and customer satisfaction that accompany this stability.

At the 1991 dealer Roundtable meeting, Bob Coletta stated that Buick's market share goal is 8%. He also indicated that Buick feels this share is necessary for dealers to achieve a 3% return on sales. Since there are only 300 exclusive Buick dealers remaining, the majority have another line comprising, I would assume, another 5% of the market. This totals 13%, which would be a reasonable share to produce 3% return on sales. Since in the Bay Area Buick, Cadillac, and Pontiac combined only realized a 6.2% retail share in first-half 1990, each line would have to make considerable gains to come close to Buick's goal.

b. Expense savings by proposed operation: Extensive savings would be realized by operating in the proposed configuration, as opposed to two totally separate operations. Listed below are some that come to mind, and the estimated monthly savings by the proposed configuration:

1. Rent	$10,000
2. Property taxes	$800

3. Real estate insurance $200

Items 1 through 3 are based on the assumption that the proposed operation would require 20% less land and building than two separate operations to produce the same volume.

4. Utilities $300
5. Owner $5,000
6. Service Manager $4,000
7. Parts Manager $3,000
8. Business Manager $2,000

Items 5 through 8 are based on the net savings of employing a manager and a clerical person versus two managers. With the proposed configuration, job duties would be redistributed to lower levels, but the overall personnel count would be the same.

9. Payroll and unemployment taxes on 5-8 $900
10. Workers compensation on 5-8 $400
11. Vacation pay on 5-8 $400

Items 9 through 11 are based only on the dollars saved in items 5 through 8.

12. Demonstrators $1,200

Assumes only managers have demos. Savings would be on the three managers and owner saved by the proposed operation.

13. Computer $3,500

Only one system instead of two at approximately $5,000 per month would be necessary. The full $5,000 savings would not be realized, as additional terminals and memory would be necessary, thus an estimated $3,500 savings.

14. Dispatcher $1,100
15. Service Advisor $1,800
16. Benefit expenses on above $400

Items 14 and 15 are based on the net savings of replacing one dispatcher and one Service Advisor with two clerical people. #16 is same as #9, 10, and 11.

17. Shop equipment duplication $500
18. Parts inventory reduction $500

Based on estimated lower inventory level of $50,000 for combined inventory. It would be lower due to elimination of duplications, and a lower days supply necessary due to quicker turn. Monthly savings is based on 1% per month for cost of money.

19. Parts counterman $3,000

This is a net savings that would be realized by eliminating one person at approximately $4,000 with benefits, and adding a computerized parts catalog at $1,000 per month, thus increasing the efficiency of remaining people.

20. Parts truck driver-part time $1,000

One driver could be more productive on each run, and fewer runs would be necessary due to better inventory levels.

21. Stock order allowance, target discounts $400

Better stocking levels, fewer emergency purchases, better volume discounts.

22. Automotive Profit Builders $2,000

Assumes monthly maintenance fee and four dealership visits per year.

23. Atcon service consultants $1,500
Assumes amortization of installation expense and expected dealership visits over three year period.

24. Hazardous waste consultant $250
25. Memberships, dues, and publications $250
26. Legal and auditing expenses $300
27. Supplies-volume discounts $500
28. Telephone system $200
29. Janitorial service $300

The above items total $45,700 per month, which is $22,850 less per dealership. And this reduction is made with absolutely no detrimental to sales nor customer satisfaction. A portion of these saved expenses, which otherwise constitute waste, could be put to better use in sales promotion, training, and customer satisfaction promotion. The need to pinch every penny in the interest of mere survival would be eliminated. Other than the Automotive Profit Builders expense savings, the above list includes no expense reduction benefits in the sales department, as these will be operated as two independent operations as they are now. Management staff, inventory levels, advertising levels, etc., will be the same as if operated as two totally separate operations. See forecasts for complete expense expectations.

c. NADA averages support the above: According to NADA averages of profitability for small and large dealerships, the return on investment is more than double for larger dealerships (see attachment.) Following are NADA Buick dealer average return on sales:

Year	0 - 450 Retail	451 Or More Retail	Difference
1986	.60%	1.42%	.82%
1987	.87%	1.46%	.59%
1988	.41%	1.02%	.61%
1989	.20%	1.22%	1.02%
Average	.52%	1.28%	.76%

The 1.28% profitability for the larger dealerships is nearly 2 1/2 times the .52% of the smaller ones, with the trend to an even greater difference. With the smaller store profitability average so close to breakeven, it is obvious that many of those stores were operating at a loss, unable to survive. This underscores the necessity to have adequate volume potential to weather the tough times.

NEARLY PERFECT TIMING

The Auto Mall began in 1987 as a good, but ill-timed, project for me as a single-line Buick dealer. The Buick business was bad and getting worse. A recession was long overdue. I was facing an early termination to my lease. My appointment as a Cadillac dealer was forestalled by the Auto Mall's delays.

With all this now history, the timing has ironically become nearly ideal. Assuming the new building construction begins in mid to late 1991, and completion in early to mid-1992, many risk-reducing advantages will be realized by the timing:

1. Interest rates are low, and possibly heading lower. It will be possible to obtain the lowest financing rate in many years, an advantage which won't last long. Each percentage point of interest savings results in a monthly rent savings of $3,500-$4,000.

2. The construction industry is currently in a slump. Consequently, the cost of labor and materials should be at a low point.

3. Several other dealers plan to build in the Mall at the same time, resulting in possible further savings by buying in greater volume.

4. Recovery from economic recession should be well underway when operations begin in new facility. Recovery normally includes a general improvement in the auto and truck market.

5. Assuming occupancy in early to mid-1992, GM sales improvement from new models will be well underway. Consequently, GM will have an improved share of an improved market. The recently introduced Regal 4-door and Park Avenue have done very well in our market. All indications are that the 1992 new models will be equally well received: LeSabre, Skylark, Seville, Eldorado, Grand Am, and Bonneville.

6. The total automotive market is currently at the bottom of a very predictable cycle, with every indication that a recovery will be beginning in the second half of 1991. A graph of Bay Area total retail sales is at the back of this section. This market recovery, combined with General Motors' recovery, nearly assures a solid future for the next five years.

In addition to the above timing advantages, the lease available to me on the DiGiulio facility relieves me of a difficult situation in my current facility. As noted elsewhere in this proposal, my rent was raised $5133 on December 1, 1990, and I have no lease. I could be evicted at any time. An immediate, temporary, move to the DiGiulio facility would alleviate the problem and save considerable expense.

OPERATING AND EXPENSE AVERAGES

BUICK DEALERS

TWELVE MONTHS, 1989

	GROUP I 0 TO 450 NEW UNIT SALES			GROUP II 451 OR MORE NEW UNIT SALES			TOTAL INDUSTRY		
TOTAL OPERATION RECAP	AVERAGE AMOUNT	% SALES	PNVR	AVERAGE AMOUNT	% SALES	PNVR	AVERAGE AMOUNT	% SALES	PNVR
NEW RETAIL UNIT SALES	278	//////	//////	784	//////	//////	675	//////	//////
TOTAL SALES DOLLARS	8,933,320	100.00	32,134	22,067,778	100.00	28,147	17,780,821	100.00	26,341
TOTAL GROSS DOLLARS	1,306,442	14.62	4,699	3,057,205	13.85	3,899	2,509,144	14.11	3,717
TOTAL EXPENSE DOLLARS	1,306,024	14.62	4,697	2,864,863	12.98	3,654	2,363,698	13.29	3,501
TOTAL NET OPERATING PROFIT	418	0.00	1	192,342	0.87	245	145,446	0.82	215
NET ADDITIONS & DEDUCTIONS	17,028	0.19	61	77,040	0.35	98	61,746	0.35	91
NET PROFIT BEFORE TAXES	17,446	0.20	62	269,382	1.22	343	207,192	1.17	306
PRINCIPAL EXPENSE RECAP	AVERAGE AMOUNT	% SALES	PNVR	AVERAGE AMOUNT	% SALES	PNVR	AVERAGE AMOUNT	% SALES	PNVR
OWNERS SALARIES	86,111	0.96	309	145,648	0.66	185	118,758	0.67	175
TOTAL ADVERTISING	96,403	1.08	346	283,673	1.29	361	222,707	1.25	329
RENT AND EQUIVALENT	102,974	1.15	370	204,554	0.93	260	198,016	1.11	293
FLOOR PLAN INTEREST EXP.	93,031	1.04	334	195,210	0.88	248	186,147	1.05	275
NEW VEHICLE DEPARTMENT	AVERAGE AMOUNT	% SALES	PNVR	AVERAGE AMOUNT	% SALES	PNVR	AVERAGE AMOUNT	% SALES	PNVR
TOTAL SALES DOLLARS	5,276,467	100.00	18,980	14,000,065	100.00	17,857	11,226,182	100.00	16,631
TOTAL GROSS DOLLARS	482,645	9.15	1,736	1,154,071	8.24	1,472	1,007,519	8.97	1,492
TOTAL EXPENSE DOLLARS	502,748	9.53	1,808	1,136,246	8.12	1,449	980,886	8.74	1,453
NET OPERATING PROFIT	-20,103	-0.38	-72	17,825	0.13	22	26,633	0.24	39
USED VEHICLE DEPARTMENT	AVERAGE AMOUNT	% SALES	PUVR	AVERAGE AMOUNT	% SALES	PUVR	AVERAGE AMOUNT	% SALES	PUVR
TOTAL SALES DOLLARS	1,923,812	100.00	5,373	4,149,302	100.00	5,312	4,103,382	100.00	5,636
TOTAL GROSS DOLLARS	275,578	14.32	769	518,131	12.49	663	489,617	11.93	672
TOTAL EXPENSE DOLLARS	245,672	12.77	686	494,971	11.93	633	445,770	10.86	612
NET OPERATING PROFIT	29,906	1.55	83	23,160	0.56	29	43,847	1.07	60
SERVICE DEPARTMENT	AVERAGE AMOUNT	% SALES	% GROSS	AVERAGE AMOUNT	% SALES	% GROSS	AVERAGE AMOUNT	% SALES	% GROSS
TOTAL SALES DOLLARS	902,887	100.00	//////	2,190,673	100.00	//////	1,286,090	100.00	//////
TOTAL GROSS DOLLARS	381,893	42.30	100.00	958,742	43.76	100.00	637,784	49.59	100.00
TOTAL EXPENSE DOLLARS	390,391	43.24	102.23	887,705	40.52	92.59	638,791	49.67	100.16
NET OPERATING PROFIT	-8,498	-0.94	-2.23	71,037	3.24	7.41	-1,007	-0.08	-0.16
PARTS & ACCESSORIES DEPT.	AVERAGE AMOUNT	% SALES	% GROSS	AVERAGE AMOUNT	% SALES	% GROSS	AVERAGE AMOUNT	% SALES	% GROSS
TOTAL SALES DOLLARS	642,483	100.00	//////	1,589,408	100.00	//////	1,290,884	100.00	//////
TOTAL GROSS DOLLARS	167,772	26.11	100.00	424,582	26.71	100.00	369,870	28.65	100.00
TOTAL EXPENSE DOLLARS	167,214	26.03	99.67	345,942	21.77	81.48	298,252	23.10	80.64
NET OPERATING PROFIT	558	0.09	0.33	78,640	4.95	18.52	71,618	5.55	19.36

OPERATING AND EXPENSE AVERAGES

BUICK DEALERS

TWELVE MONTHS, 1988

	GROUP I 0 TO 450 NEW UNIT SALES			GROUP II 451 OR MORE NEW UNIT SALES			TOTAL INDUSTRY		
TOTAL OPERATION RECAP	AVERAGE AMOUNT	% SALES	PNVR	AVERAGE AMOUNT	% SALES	PNVR	AVERAGE AMOUNT	% SALES	PNVR
NEW RETAIL UNIT SALES	314	//////	//////	740	//////	//////	657	//////	//////
TOTAL SALES DOLLARS	8,892,772	100.00	28,320	20,204,448	100.00	27,303	16,290,322	100.00	24,795
TOTAL GROSS DOLLARS	1,180,240	13.27	3,758	2,902,948	14.37	3,922	2,332,131	14.32	3,549
TOTAL EXPENSE DOLLARS	1,152,159	12.96	3,669	2,747,409	13.60	3,712	2,104,989	12.92	3,203
TOTAL NET OPERATING PROFIT	28,081	0.32	89	155,539	0.77	210	227,142	1.39	345
NET ADDITIONS & DEDUCTIONS	8,275	0.09	26	51,196	0.25	69	49,868	0.31	75
NET PROFIT BEFORE TAXES	36,356	0.41	115	206,735	1.02	279	277,010	1.70	421
PRINCIPAL EXPENSE RECAP	AVERAGE AMOUNT	% SALES	PNVR	AVERAGE AMOUNT	% SALES	PNVR	AVERAGE AMOUNT	% SALES	PNVR
OWNERS SALARIES	54,308	0.61	172	153,812	0.76	207	125,326	0.77	190
TOTAL ADVERTISING	105,706	1.19	336	272,251	1.35	367	217,140	1.33	330
RENT AND EQUIVALENT	72,926	0.82	232	207,871	1.03	280	167,742	1.03	255
FLOOR PLAN INTEREST EXP.	47,517	0.53	151	108,128	0.54	146	111,239	0.68	169
NEW VEHICLE DEPARTMENT	AVERAGE AMOUNT	% SALES	PNVR	AVERAGE AMOUNT	% SALES	PNVR	AVERAGE AMOUNT	% SALES	PNVR
TOTAL SALES DOLLARS	5,271,462	100.00	16,788	12,559,316	100.00	16,972	10,256,905	100.00	15,611
TOTAL GROSS DOLLARS	426,116	8.08	1,357	1,099,646	8.76	1,486	977,277	9.53	1,487
TOTAL EXPENSE DOLLARS	429,980	8.16	1,369	1,055,934	8.41	1,426	868,547	8.47	1,321
NET OPERATING PROFIT	-3,864	-0.07	-12	43,712	0.35	59	108,730	1.06	165
USED VEHICLE DEPARTMENT	AVERAGE AMOUNT	% SALES	PUVR	AVERAGE AMOUNT	% SALES	PUVR	AVERAGE AMOUNT	% SALES	PUVR
TOTAL SALES DOLLARS	1,889,208	100.00	4,945	3,800,521	100.00	5,040	3,643,514	100.00	5,350
TOTAL GROSS DOLLARS	223,652	11.84	585	425,595	11.20	564	460,906	12.65	676
TOTAL EXPENSE DOLLARS	215,523	11.41	564	455,116	11.98	603	412,350	11.32	605
NET OPERATING PROFIT	8,129	0.43	21	-29,521	-0.78	-39	48,556	1.33	71
SERVICE DEPARTMENT	AVERAGE AMOUNT	% SALES	% GROSS	AVERAGE AMOUNT	% SALES	% GROSS	AVERAGE AMOUNT	% SALES	% GROSS
TOTAL SALES DOLLARS	876,317	100.00	//////	2,147,669	100.00	//////	1,117,610	100.00	//////
TOTAL GROSS DOLLARS	371,998	42.45	100.00	943,625	43.94	100.00	545,718	48.83	100.00
TOTAL EXPENSE DOLLARS	379,217	43.27	101.94	896,751	41.75	95.03	562,120	50.30	103.01
NET OPERATING PROFIT	-7,219	-0.82	-1.94	46,874	2.18	4.97	-16,402	-1.47	-3.01
PARTS & ACCESSORIES DEPT.	AVERAGE AMOUNT	% SALES	% GROSS	AVERAGE AMOUNT	% SALES	% GROSS	AVERAGE AMOUNT	% SALES	% GROSS
TOTAL SALES DOLLARS	605,127	100.00	//////	1,480,412	100.00	//////	1,120,806	100.00	//////
TOTAL GROSS DOLLARS	149,122	24.64	100.00	394,683	26.66	100.00	319,337	28.49	100.00
TOTAL EXPENSE DOLLARS	127,439	21.06	85.46	339,609	22.94	86.05	261,973	23.37	82.04
[illegible]	21,683	3.58	14.54	55,074	3.72	13.95	57,364	5.12	17.96

OPERATING AND _XPENSE AVERAGES

BUICK DEALERS

TWELVE MONTHS, 1987

	GROUP I 0 TO 450 NEW UNIT SALES			GROUP II 451 OR MORE NEW UNIT SALES			TOTAL INDUSTRY		
TOTAL OPERATION RECAP	AVERAGE AMOUNT	% SALES	PNVR	AVERAGE AMOUNT	% SALES	PNVR	AVERAGE AMOUNT	% SALES	PNVR
NEW RETAIL UNIT SALES	313	//////	//////	714	//////	//////	680	//////	//////
TOTAL SALES DOLLARS	8,742,797	100.00	27,932	20,309,500	100.00	2[illegible] 444	15,842,479	100.00	23,297
TOTAL GROSS DOLLARS	1,324,431	15.15	4,231	2,916,116	14.36	4,084	2,347,722	14.82	3,45
TOTAL EXPENSE DOLLARS	1,314,941	15.04	4,201	2,672,059	13.16	3,742	2,087,388	13.18	3,06
TOTAL NET OPERATING PROFIT	9,490	0.11	30	244,057	1.20	341	260,334	1.64	38
NET ADDITIONS & DEDUCTIONS	66,139	0.76	211	51,593	0.25	72	35,154	0.22	5
NET PROFIT BEFORE TAXES	75,629	0.87	241	295,650	1.46	414	295,488	1.87	43
PRINCIPAL EXPENSE RECAP	AVERAGE AMOUNT	% SALES	PNVR	AVERAGE AMOUNT	% SALES	PNVR	AVERAGE AMOUNT	% SALES	PNVR
OWNERS SALARIES	68,475	0.78	218	109,013	0.54	152	82,583	0.52	12
TOTAL ADVERTISING	104,028	1.19	332	274,281	1.35	384	208,960	1.32	30
RENT AND EQUIVALENT	83,761	0.96	267	179,197	0.88	250	175,941	1.11	25
FLOOR PLAN INTEREST EXP.	71,872	0.82	229	240,229	1.18	336	99,961	0.63	14
NEW VEHICLE DEPARTMENT	AVERAGE AMOUNT	% SALES	PNVR	AVERAGE AMOUNT	% SALES	PNVR	AVERAGE AMOUNT	% SALES	PNVR
TOTAL SALES DOLLARS	4,979,808	100.00	15,909	12,130,334	100.00	16,989	10,246,364	100.00	15,06
TOTAL GROSS DOLLARS	429,035	8.62	1,370	1,021,881	8.42	1,431	1,012,065	9.88	1,48
TOTAL EXPENSE DOLLARS	491,376	9.87	1,569	998,927	8.23	1,399	874,739	8.54	1,28
NET OPERATING PROFIT	-62,341	-1.25	-199	22,954	0.19	32	137,326	1.34	20
USED VEHICLE DEPARTMENT	AVERAGE AMOUNT	% SALES	PUVR	AVERAGE AMOUNT	% SALES	PUVR	AVERAGE AMOUNT	% SALES	PUVR
TOTAL SALES DOLLARS	1,956,835	100.00	8,620	5,026,751	100.00	9,817	3,557,437	100.00	8,69
TOTAL GROSS DOLLARS	266,792	13.63	1,175	805,064	16.02	1,572	463,101	13.02	1,13
TOTAL EXPENSE DOLLARS	246,174	12.58	1,084	502,157	9.99	980	398,104	11.19	97
NET OPERATING PROFIT	20,618	1.05	90	302,907	6.03	591	64,997	1.83	15
SERVICE DEPARTMENT	AVERAGE AMOUNT	% SALES	% GROSS	AVERAGE AMOUNT	% SALES	% GROSS	AVERAGE AMOUNT	% SALES	% GROS
TOTAL SALES DOLLARS	939,481	100.00	//////	2,094,056	100.00	//////	1,124,005	100.00	/////
TOTAL GROSS DOLLARS	398,864	42.46	100.00	902,373	43.09	100.00	542,750	48.29	100.0
TOTAL EXPENSE DOLLARS	384,578	40.94	96.42	830,874	39.68	92.08	552,267	49.13	101.7
NET OPERATING PROFIT	14,286	1.52	3.58	71,499	3.41	7.92	-9,517	-0.85	-1.7
PARTS & ACCESSORIES DEPT.	AVERAGE AMOUNT	% SALES	% GROSS	AVERAGE AMOUNT	% SALES	% GROSS	AVERAGE AMOUNT	% SALES	% GROS
TOTAL SALES DOLLARS	821,201	100.00	//////	1,506,115	100.00	//////	1,120,400	100.00	/////
TOTAL GROSS DOLLARS	220,798	26.89	100.00	391,420	25.99	100.00	314,109	28.04	100.0
TOTAL EXPENSE DOLLARS	192,813	23.48	87.33	340,101	22.58	86.89	262,277	23.41	83.5
NET OPERATING PROFIT	27,985	3.41	12.67	51,319	3.41	13.11	51,832	4.63	16.5

OPERATING AND EXPENSE AVERAGES

BUICK DEALERS

TWELVE MONTH, 1986

	GROUP I 0 TO 450 NEW UNIT SALES			GROUP II 451 OR MORE NEW UNIT SALES			TOTAL INDUSTRY		
TOTAL OPERATION RECAP	AVERAGE AMOUNT	% SALES	PNVR	AVERAGE AMOUNT	% SALES	PNVR	AVERAGE AMOUNT	% SALES	PNVR
NEW RETAIL UNIT SALES	294	//////	//////	891	//////	//////	754	//////	//////
TOTAL SALES DOLLARS	8,636,898	100.00	22,574	21,177,216	100.00	23,767	15,968,186	100.00	21,177
TOTAL GROSS DOLLARS	916,982	13.82	3,118	2,911,024	13.75	3,287	2,210,658	13.84	2,931
TOTAL EXPENSE DOLLARS	870,000	13.11	2,959	2,661,049	12.57	2,986	1,906,374	11.94	2,528
TOTAL NET OPERATING PROFIT	46,982	0.71	159	249,975	1.18	280	304,284	1.91	403
NET ADDITIONS & DEDUCTIONS	-7,271	-0.11	-24	49,768	0.24	55	36,612	0.23	48
NET PROFIT BEFORE TAXES	39,711	0.60	135	299,743	1.42	336	340,896	2.13	452
PRINCIPAL EXPENSE RECAP	AVERAGE AMOUNT	% SALES	PNVR	AVERAGE AMOUNT	% SALES	PNVR	AVERAGE AMOUNT	% SALES	PNVR
OWNERS SALARIES	52,679	0.79	179	79,906	0.38	89	79,152	0.50	104
TOTAL ADVERTISING	65,902	0.99	224	273,266	1.29	306	189,902	1.19	251
RENT AND EQUIVALENT	58,849	0.89	200	186,784	0.88	209	140,806	0.88	186
FLOOR PLAN INTEREST EXP.	32,280	0.49	109	125,229	0.59	140	77,567	0.49	102
NEW VEHICLE DEPARTMENT	AVERAGE AMOUNT	% SALES	PNVR	AVERAGE AMOUNT	% SALES	PNVR	AVERAGE AMOUNT	% SALES	PNVR
TOTAL SALES DOLLARS	4,096,817	100.00	13,934	13,989,015	100.00	15,700	10,566,470	100.00	14,013
TOTAL GROSS DOLLARS	375,096	9.16	1,275	1,190,449	8.51	1,336	1,010,510	9.56	1,340
TOTAL EXPENSE DOLLARS	322,876	7.88	1,098	1,098,163	7.85	1,232	797,664	7.55	1,057
NET OPERATING PROFIT	52,220	1.27	177	92,286	0.66	103	212,846	2.01	282
USED VEHICLE DEPARTMENT	AVERAGE AMOUNT	% SALES	PUVR	AVERAGE AMOUNT	% SALES	PUVR	AVERAGE AMOUNT	% SALES	PUVR
TOTAL SALES DOLLARS	1,446,340	100.00	7,089	3,638,414	100.00	8,014	3,133,742	100.00	7,514
TOTAL GROSS DOLLARS	207,431	14.34	1,016	464,625	12.77	1,023	422,358	13.48	1,012
TOTAL EXPENSE DOLLARS	178,110	12.31	873	426,805	11.73	940	363,863	11.61	872
NET OPERATING PROFIT	29,321	2.03	143	37,820	1.04	83	58,495	1.87	140
SERVICE DEPARTMENT	AVERAGE AMOUNT	% SALES	% GROSS	AVERAGE AMOUNT	% SALES	% GROSS	AVERAGE AMOUNT	% SALES	% GROSS
TOTAL SALES DOLLARS	588,842	100.00	//////	1,940,722	100.00	//////	1,031,710	100.00	//////
TOTAL GROSS DOLLARS	229,860	39.04	100.00	856,056	44.11	100.00	491,238	47.61	100.00
TOTAL EXPENSE DOLLARS	265,254	45.05	115.40	815,112	42.00	95.22	507,243	49.17	103.26
NET OPERATING PROFIT	-35,394	-6.01	-15.40	40,944	2.11	4.78	-16,005	-1.55	-3.26
PARTS & ACCESSORIES DEPT.	AVERAGE AMOUNT	% SALES	% GROSS	AVERAGE AMOUNT	% SALES	% GROSS	AVERAGE AMOUNT	% SALES	% GROSS
TOTAL SALES DOLLARS	382,844	100.00	//////	1,417,758	100.00	//////	1,012,127	100.00	//////
TOTAL GROSS DOLLARS	97,220	25.39	100.00	368,901	26.02	100.00	278,206	27.49	100.00
TOTAL EXPENSE DOLLARS	103,759	27.10	106.73	320,968	22.64	87.01	237,604	23.48	85.41
NET OPERATING PROFIT	-6,539	-1.71	-6.73	47,933	3.38	12.99	40,602	4.01	14.59