

SPEEDWAY CHAIRMAN'S REPORT #363

DATE: 01/25/07

***** SPECIAL BULLETIN *****

According to General Motors Corporation officials, Allison Transmission is officially for sale. This information was communicated by GM to the International Union, UAW, which was then relayed to me.

As indicated in my Speedway Chairman's Report #351 (dated 07-31-06), General Motors first step in seeking a buyer was to determine a value for Allison Transmission before the sale process could continue. Today, GM has publicly released the following "Key Messages" which indicates the financial analysis has been completed and Allison is now for sale.

General Motors (GM) today announced that it is looking at strategic options related to its Allison Transmission operations, including a potential sale of the business.

Key Messages

- *As you recall last fall Allison Transmission leadership informed us of GM's decision to prepare a financial analysis to better assess Allison Transmission on a stand alone basis. As a result of that analysis, GM has decided to seek a buyer for the business and other strategic options.*
- *This development will not affect our day-today operations at Allison Transmission. We will continue to run our business as usual, continuing our focus on our customers, our employees, and our products.*
- *Allison Transmission leadership is committed to keeping employees informed of the progress of the sale. As information becomes available it will be shared with employees through various communications such as employee meetings, the Impac Today newsletter, etc.*

At this time, Local Management has prepared additional information relative to the potential sale, which appears in a "question & answer" format on the back of this Update.

In closing, please be reminded that GM has now entered the phase of seeking a buyer for Allison Transmission. During this potentially lengthy process, information will likely be limited. However, as developments unfold and are confirmed, I will immediately pass them along to our Membership. Your patience and understanding in this matter is greatly appreciated.

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Questions & Answers

Q. Why is GM looking at the potential sale of Allison Transmission?

A. The potential sale is another step in GM's plan to redirect capital to fund product programs and global operations as part of an increased focus on core retail vehicle operations.

Q. What would be for sale?

A. GM is considering the sale of Allison's transmission manufacturing assets. This includes our global on-and off-highway, military, and service parts business segments. The production facility in Baltimore is a GM Powertrain facility and will remain with GM.

Q. When will the transaction take place?

A. At this time it is too early to determine how long the process will take.

Q. What kind of bidders is GM looking for?

A. Both strategic (corporations) and financial investors will be considered. At this time a buyer has not been identified.

Q. What impact will the potential sale have on employee compensation, benefits and pensions?

A. At this time it is too early in the process to know details regarding employee compensation, benefits and pensions. GM and potential Buyers understand that competitive compensation and benefits are important factors in attracting and retaining employees.

Q. Given the government contracts that Allison has recently been granted, is GM considering both foreign and domestic bidders?

A. GM is approaching a range of buyers although a potential purchaser will have to meet Department of Defense approval.

Q. GM tried to sell Allison in the past. Why is this time different?

A. The decision to potentially sell Allison Transmission is another step in GM's plan to redirect capital to fund product programs, global operations and continue their focus on retail vehicle operations. While Allison's business is not central to GM's main mission it is an excellent business and GM is not compelled to sell.