

SPEEDWAY CHAIRMAN'S REPORT #364

DATE: 02/07/07

POTENTIAL SALE UPDATE

In **July 2006**, I immediately informed the Speedway Membership in a special bulletin that GM was determining a value for Allison as a first step in seeking a buyer, as confirmed by the International Union, UAW. I repeated much the same message in my **September 2006** report to the Membership published in "*The Rocket*". On **January 25, 2007**, I notified the entire Speedway Membership in another special bulletin that, according to GM officials, Allison is officially for sale. Once again, this information was communicated by GM to the International Union, UAW, which was then relayed to me. Further, GM released a written announcement (1-25-07) to all Allison employees.

Despite these documented announcements and their multiple confirmations, the Zone 2 Committeeman (Skilled Trades) distributed a plant-wide newsletter last week raising questions about the potential sale and its status. As Chairman, I am responsible for providing reliable information through updates to the Membership without burdening you with insignificant developments of little or no consequence. I am also responsible for clarifying confusion imposed upon the Membership; especially regarding such a serious matter as the sale of Allison. To this end, allow me to share a process expected to be followed by GM as they move forward with the potential sale. Their process (and its potential timeline) was described on Monday morning, February 5, 2007 by local management leadership in a meeting held with the Shop Committee and several District Committeemen.

(1) At this time, General Motors has been contacted by many parties who are expressing interest in purchasing Allison. As of February 7, 2007, an "offering memorandum" (in-depth information about Allison Trans.) has been completed by GM and is expected to be mailed immediately to all interested parties who signed and returned a confidentiality agreement. (2) All parties receiving the "O M" will be given approximately 4-6 weeks to review and submit non-binding bids. Bids will represent a potential buyers estimation of the value of AT. (3) All bids will then be worked down to a "manageable number", likely between 6-10 potential buyers. At this point, GM should have a good idea if these bids represent their expectation of fair market value. Should GM decide to continue the sale process, they will then invite each of the bidders (from the manageable number) to visit AT where meetings could take place with heads/directors of the organization (i.e. engineering, sales, operations, etc.) for a more in-depth look at the business. This process could take approximately 2 weeks and could be completed (if all goes well) by the end of March 2007. (4) At this point a second bid from each of the remaining groups will be submitted from which the number of potential buyers will be reduced to a "select few". (5) A new phase begins with the "select few" who are offered/given an opportunity to gain a more in-depth view of critical aspects of the business. This process is expected to take 4-6 weeks to complete. Thereafter, the "select few" are asked to submit yet another bid to determine the tentative buyer. **Management officials are expecting to reach this point of the overall sale process by early Summer 2007.** (6) Once a tentative buyer/agreement is reached, the parties then begin to involve the Federal Government in dealing with Anti-trust laws. **NOTE:** This is where the AT sale to ZF fell apart in 1991. (7) Should federal anti-trust clearance be given, the perspective/tentative buyer and/or AT would then be put through a review with the U.S. Military regarding its contracts with the business. It is anticipated, steps 6 & 7 could take until the end of calendar year 2007 if all goes smooth. GM's objective is to make an "announcement" by year end 2007 stating they have reached an agreement with an individual prospective buyer.

I can only speculate that the sale process has the potential to be accelerated. Conversely, a potential exists whereby GM would NOT sell Allison. If GM receives a purchase offer greatly exceeding its expectation, the process could jump directly to step 6 (above). If the offers to buy are well below expectation or acceptable levels, GM could decide to keep the business. The UAW is not selling Allison. We are NOT the owner, the approver, the government, nor have we developed this sale process outlined above. However, as is customary, I will be faxing a copy of this "update" to the International Union, UAW. I am confident they have/ will be closely monitoring our situation and will be involved at the appropriate time to best protect our members and their families. We also remain committed to sharing reliable information and significant developments with the entire Membership as soon as it can be confirmed. However, it is likely the information may be slow during the next few months of the process given the nature of the bidding process, etc. Your patience and understanding during this period is appreciated.

REPORT FROM UAW NATIONAL SUBCOUNCIL MEETING

The following issues/items were discussed by the International Union at the recent Subcouncil Meeting in Dearborn, MI. **Delphi flow-backs:** Of all nationwide Delphi employees with GM seniority, approximately 30 have applied to flow-back to Allison Transmission with no timeframe given as to when they may receive a "report date". **Temporary employees:** Every 30 days, the National parties review each site with "temps" and approve their "stay or go" status. Allison "temps" have been approved for stay through March 1, 2007. **Housekeeping:** The International Union made clear that housekeeping issues are widespread throughout GM. The UAW has made no agreement with GM to accept the reduction of housekeepers and will continue to document (grievance procedure) unacceptable/unsafe conditions. This continues to be done at Allison/Local 933 per my direction.

TS:
opeiu 1
afl-cio

Tim Snyder, Speedway Chairman
Bargaining Committee, Local 933 UAW
(Pager: 235-3125)

S H O P C O M M I T T E E

Dan Gibson(235-9568)
Jack McCarty,Jr.(461-0539)

Gary Stonehouse(235-2511)
Gary Rance(235-4248)

Ron Dowell(235-9531) Tim Behrens(235-9610)
Gary Collins(242-3770)