

'13MY Transit Wheel Strategy

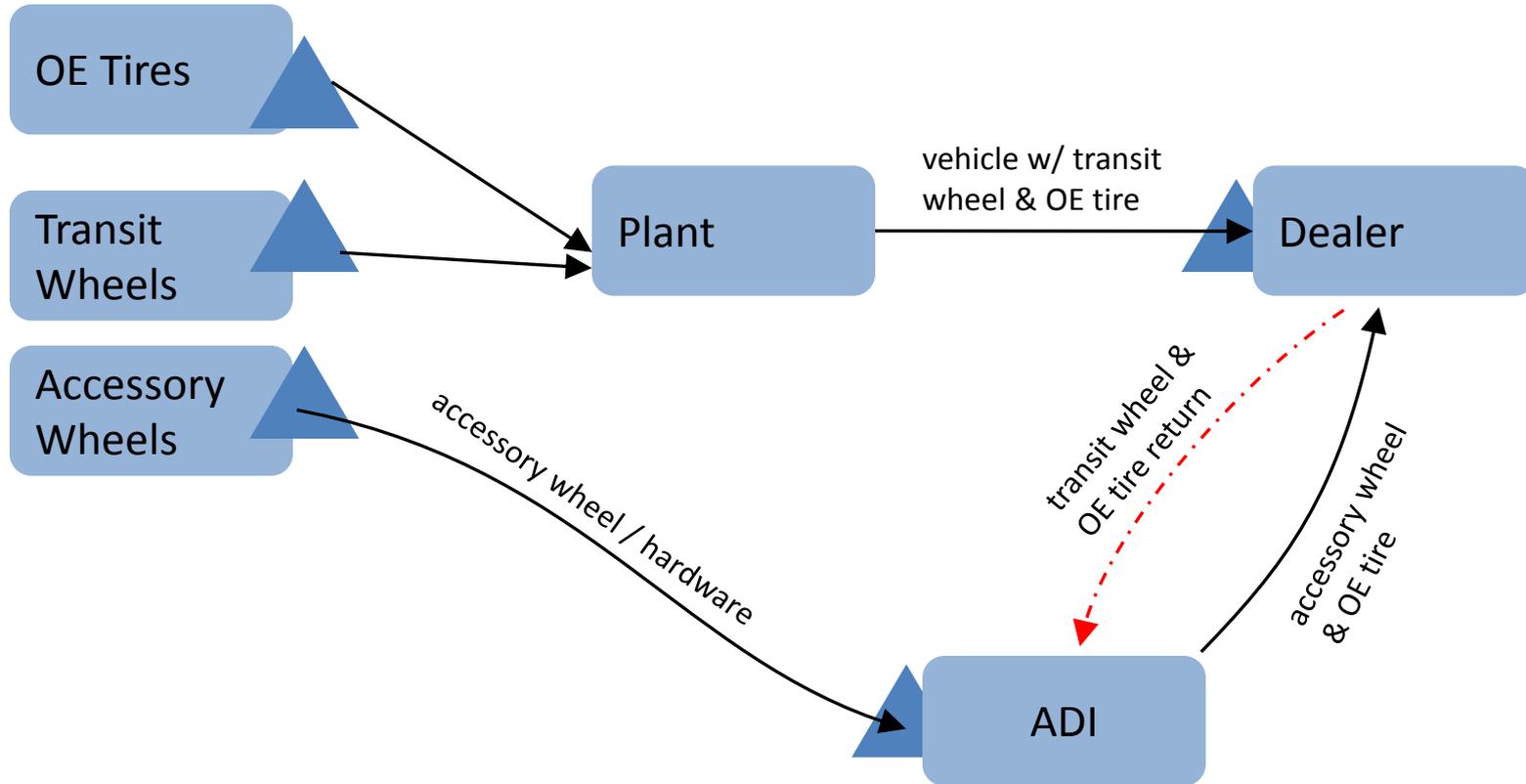
ADI Review

Agenda

- Program Review
- ADI Participation and Documentation
- Communication Calendar
- Dealer and Wholesale Communication
- FAQ's
- Q & A

Cadillac SRX Plan

Non-Returnable 20" Transit Wheel



2013 MY 20" LPOs & Transit Wheel

- **2013 MY - 20" LPOs**

- 20" LPOs slated for 2013MY

- (SH9, SHA)

- Transit Wheel (SKL) will be shipped on SRX when 20" LPOs are ordered.

- (SKL) is a scrap aluminum wheel with a tire (Michelin Latitude) and TPM that can be re-used on 20" accessory wheel LPOs .

- ADI will mount & balance accessory 20" wheel LPOs with (QRX) tire and TPM

- Additional ADI install / transit time will be added for 20" LPOs with transit wheels

- ADI must replace the rubber stem for the TPM. Please refer to service bulletin for part number and TPM installation

- **New MSRP pricing is completed for 20" LPOs enabled with 20" transit wheel**

ADI Process

ADI Transit Wheel Process Document

GM Accessories "Transit" Wheel Process

GM is introducing a "transit" wheel program for 2012 MY full-size SUVs and Crew Cab pickups to help increase penetration of 22" wheels and create a higher level of personalization. A "transit" wheel is simply a steel wheel, 22" tire, and TPM mounted to the vehicle during assembly which will be used to transport the vehicle from factory to dealer. In order to execute the "transit" wheel strategy the following process must be adhered to:

- Orders will continue to flow through D2D (OEconnection) with carryover LPO codes
- Initial orders to be handled with current ADI stock, future orders with production "transit" tires and TPMs
- ADI mounts and balances initial stock and requests "transit" wheel returned to ADI
- ADI will assess and reconcile dealer core charges for "transit" wheels
- ADI will coordinate and assume all return freight expense from the dealer
- Upon return the ADI will remove production tire and TPM from "transit" wheel
- ADI will affix new stem to TPM and reuse in LPO wheel
- Future orders must re-use "transit" tire and TPMs
- ADI will ship order to dealer with production tire and reconstructed TPM
- ADI will dispose of steel wheel from "transit" assembly

Following this process will ensure success which will lead to reduced dealer and customer pricing, improved penetration and provide future opportunities on other vehicles.

Attached is a recommended step by step process to assist with the proper handling of the "transit" wheel assemblies:

ADI LPO orders, Transit Wheel Mounting and Balancing

1. ADI will receive a 22" wheel LPO order for F/S SUVs and/or F/S Crew Cab pickups via D2D (OEconnection) that includes a "transit" wheel RPO code of "RBR" – *Silva and Arlington plants only*
2. ADI will mount and balance a set of wheels for the dealer - Initial orders will be from current tire stock - only the first several orders. After production assemblies (cores) begin arriving, ADIs must include production tires from the "transit" wheel – Bridgestone Dueler H/L ALENZA
3. ADIs should always use production "transit" assembly to create 22" LPO wheel/tire assembly:
 - a. ADI will dismount the production tire and TPM.
 - b. During the dismount process the tire stem will have to be removed rendering it not useable and must be discarded. The ADI will affix a new tire stem to the TPM and attach to the assembly
 - c. ADI will re-mount and balance all components on new 22" LPO ONLY wheel to GM Engineering Specifications.
 - d. "Transit" assemblies (tires and TPMs) should not be included on anything other than LPO Wheels
4. In the event the ADI receives a damaged tire, the ADI is authorized to use a tire from stock. Reimbursement will be provided via a policy adjustment after review by the Regional Acct Manager or ADI Acct Manager.

GM Accessories "Transit" Wheel Process

ADI Billing and Core Charges

5. Below are a few recommendations that can be utilized when billing the 22" LPO Wheels:
 - a. ADI creates a zero dollar dealer invoice for the LPO 22" wheel assembly on line one for accounting with GM. ADI would then create a second line on the invoice to create a core charge of \$1200 for the production "transit" wheel assembly.
-----or-----
 - b. ADI can create two invoices to process the transaction:
 - i. Invoice 1 - Bill the wheels to GM – LPO accounting, deliver to the dealer
 - ii. Invoice 2 - Bill the dealer at \$1200 core charge for the wheel assembly – tracks dealer core return
6. ADI will be responsible for reconciliation of dealer "transit" wheel cores. In the event of dealer return issues and/or payment for core, a GM Accessory representative will work with DM and Zone to recover future assemblies. Recovery of these assemblies is key to the success of the "transit" wheel strategy.
7. ADIs should communicate return process to their dealer body prior to August 12, 2011. Communication should include a defined process: contact names (Freight, ADI, etc.), return standards, timing, shipping labels, etc...

ADI Reimbursement

8. ADI will receive 3.2 labor hours for transportation, dismount and re-mount and balance. ADIs are reimbursed at a rate of \$70 p/hr for a total reimbursement of \$224 per assembly. Below is the suggest assignment of labor.
 - a. 1.5 hours for "transit" wheel recovery from dealer - \$105
 - b. .5 hours for dismount of "transit" assembly - \$35
 - c. .2 hours for tire stem replacement - \$14
 - d. 1.0 hour for mounting and balancing - \$70
9. ADI also recovers scrap value of the RBR "transit" wheel

Transit Wheel – Scrap Process

10. ADI must scrap all transit wheels. Prior to scrap ADI must take a sledge to the outboard flange, damaging one 3-4" section, bending the flange in toward the center of the wheel.

Dealer Reimbursement

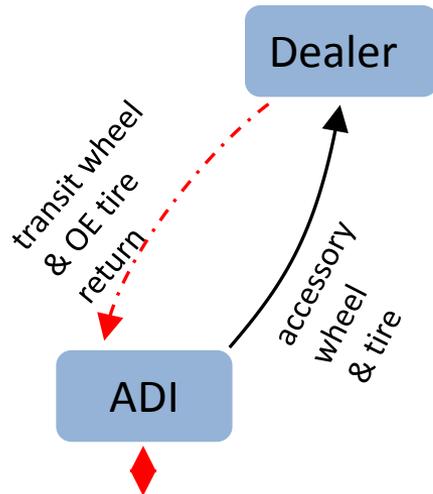
11. Dealers will receive 1.2 or 1.5 labor hours for mounting LPO set, packaging "transit" wheel on pallet and coordinating shipment to ADI at warranty labor rate. Below is the suggested assignment of labor hours for each activity.
 - a. 1.2 hours - SUVs and .9 hours - Crew Cab pickups for mounting LPO wheel assembly
 - b. .3 hours to parts for packaging and coordinating shipment to ADI



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Cadillac SRX Plan

ADI Process



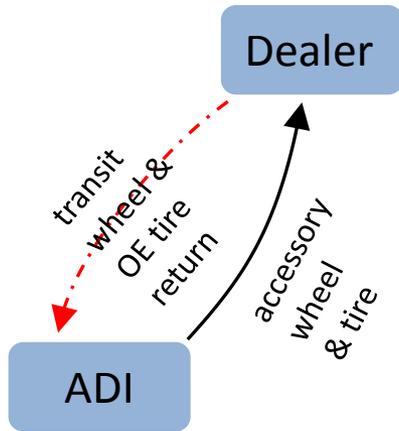
Assemble accessory wheels, production tire / TPM install, mount & balance.

ADI LPO orders, Transit Wheel Mounting and Balancing

1. ADI will receive a 20" wheel LPO order for Cadillac SRX via D2D (OEconnection) that includes a "transit" wheel RPO code of "SKL"
2. ADI will mount and balance a set of wheels for the dealer - Initial orders will be from current tire stock - only the first several orders. After production assemblies (cores) begin arriving, ADIs must include production tires from the "transit" wheel – **Michelin Latitude Tour HP**
3. ADIs should always use production "transit" assembly to create 20" LPO wheel/tire assembly:
 - a. ADI will dismount the production tire and TPM.
 - b. During the dismount process the TPM will have to be removed rendering it not useable and must be discarded.
 - c. ADI will re-mount and balance all components on new 20" LPO ONLY wheel to GM Engineering Specifications.
 - d. "Transit" assemblies (tires) should not be included on anything other than LPO Wheels
4. In the event the ADI receives a damaged tire, the ADI is authorized to use a tire from stock. Reimbursement will be provided via a policy adjustment after review by the ADI Acct Manager.

Cadillac SRX Plan

Billing and Cores



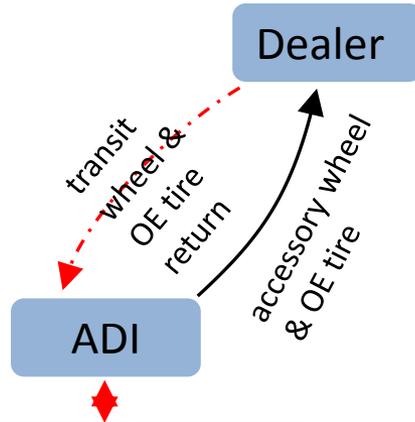
Assemble accessory wheels, production tire / TPM install, mount & balance.

ADI Billing and Core Charges

- Below are a few recommendations that can be utilized when billing the 20" LPO Wheels:
 - ADI creates a zero dollar dealer invoice for the LPO 20" wheel assembly on line one for accounting with GM. ADI would then create a second line on the invoice to create a core charge of \$1500 for the production "transit" wheel assembly.
-----or-----
 - ADI can create two invoices to process the transaction:
 - Invoice 1 - Bill the wheels to GM – LPO accounting, deliver to the dealer
 - Invoice 2 - Bill the dealer at \$1500 core charge for the wheel assembly – tracks dealer core return
- ADI will be responsible for reconciliation of dealer "transit" wheel cores. In the event of dealer return issues and/or payment for core, a GM Accessory representative will work with DM and Zone to recover future assemblies. Recovery of these assemblies is **key** to the success of the "transit" wheel strategy.
- ADIs should communicate return process to their dealer body prior to March 1, 2013. Communication should include a defined process: contact names (Freight, ADI, etc.), return standards, timing, shipping labels, etc...

Cadillac SRX Plan

Reimbursement



ADI Reimbursement

1. ADI will receive 3.2 labor hours for transportation, dismount and re-mount and balance. ADIs are reimbursed at a rate of \$70 p/hr for a total reimbursement of \$224 per assembly. Below is the suggest assignment of labor.
 - a. 1.5 hours for "transit" wheel recovery from dealer - \$105
 - b. .5 hours for dismount of "transit" assembly - \$35
 - c. .2 hours for TPM replacement - \$14
 - d. 1.0 hour for mounting and balancing - \$70
2. ADI also recovers scrap value of the SKL "transit" wheel

Assemble accessory wheels, production tire / TPM install, mount & balance.

Communication Plan

Dealer/Wholesale Communication

Date: February 14, 2013

To: All US Cadillac Dealers

Re: New Transit Wheel Program for select 13MY SRX ordered with 20" LPO wheels

Cadillac is pleased to announce a new strategy designed to allow dealers to merchandise 20" LPO wheels on select SRX at more favorable and competitive pricing.

Commencing with the Order Block Point on March 4, 2013, all '13MY SRX ordered with 20" LPO wheels will be shipped with a 20" transit wheel assembly.

This transit wheel assembly includes production tires, TPM sensors and a 20" aluminum wheel. The production tires will be reused by the ADIs on future LPO orders, maintaining world-class safety standards while offering more favorable and competitive pricing to the customer.

What's New?

- When dealers order an SRX with 20" LPO wheels (SH9 or SHA on 1SA/1SB trim levels, SH9 only on 1SD/1SE trim levels) it will be shipped with the 20" transit wheel assembly (RPO SKL) from the factory.
- Shortly before or after vehicle delivery to the dealership, the local ADI will deliver a fully mounted and balanced set of LPO tires and wheels to the parts department, as they do today. The dealership will be charged a **\$1500** core charge by the ADI upon delivery of the LPO wheels.
- The dealership's service department will remove the (4) 20" transit wheels and install the (4) 20" LPO wheels delivered by the ADI. No reprogramming for the wheel swap is required. Although with any tire/wheel removal the TPM must be re-learned. The (4) intact 20" transit wheels (including tires and TPM sensors) are returned to the parts department.
- The dealership's parts department will prepare the (4) 20" transit wheels for shipment (palletize and wrap) and make arrangements for return with the ADI. **Dealers will not be responsible for freight and the wheel R&R time will be increased by .3 to compensate the parts department for the additional work.**
- Upon receipt of (4) intact 20" transit wheels, the ADI will credit back the **\$1500** core charge to the dealership.

In addition, to maintain production consistency and mitigate additional dealer investment in production grade equipment and certification training, only the ADIs are authorized and paid to breakdown the 20" transit wheels, remount the tires and install new TPM sensors, and to balance the new LPO wheel assemblies. Dealership service departments cannot opt to do this as there is no provision to pay additional time for dealers to perform these services. Also, the **\$1500** core charge will not be reimbursed unless (4) intact 20" transit wheels are returned to the ADI. There is no provision for partial core reimbursement for return of individual components.

We're very excited to implement this new 20" LPO transit wheel process which enables better pricing for customers while offering dealers the opportunity for greater profits through increased 20" LPO wheel penetration. Please reference the attached FAQs for more information and address any questions or feedback to your field team or local ADI.

US Vice President
Cadillac

Attachment: FAQs



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Dealer/Wholesale Transit Wheels

FAQs

20" Transit Wheel FAQs

What is a 20" transit wheel?

- A transit wheel is non-saleable aluminum wheel that is visually unappealing. It is used only for transit of the vehicle from the factory to the dealer prior to installation of LPO wheels. A picture of the transit wheel is shown below.



Does the 20" LPO transit wheel process apply to all '13MY vehicles?

- No, this process only applies to SRX currently, with the ATS following suit soon. The process for the Escalade and Escalade ESV does not change.

Does the 20" LPO transit wheel process change how dealers order '13MY LPO wheels?

- No, dealers select LPOs the same way they always have, at time of vehicle order. These will be the first LPO wheels available on the SRX.

When the vehicle arrives at the dealer, what will be different?

- The vehicle will arrive at the dealer with 20" transit wheel assemblies which include 20" aluminum transit wheels, 20" OEM production tires and TPM sensors. See the previous picture.

When should the dealer install the LPOs wheels?

- During PDI. Note: Vehicles with 20" transit wheels will not need to be programmed during PDI for the wheel swap. However, as with any tire removal the TPMs will need to be re-learned.

When can the dealer expect to receive the LPO wheel assembly from the ADI?

- An ADI receives order notification at event code 3800, just prior to vehicle shipment from the factory. Normally all orders are shipped to dealers within 48hrs of receipt by the ADI. In some cases depending upon dealer location and proximity to plant the dealer may receive the LPO wheel package before or just after vehicle delivery.

Dealer/Wholesale Transit Wheels

FAQs

Is there a process change within the service department for the 20" transit wheels?

- This depends on the dealership, with one major difference. Today, take off wheels are either placed in the dealership's inventory or returned to the ADI. By contrast, the 20" transit wheel process requires ALL 20" transit wheel assemblies to be returned to the ADI.

What is expected of the parts department?

- The parts department will receive the LPO wheel assemblies from the ADI, just like they do today. The parts department coordinates the install with service during PDI. With 20" transit wheels, the parts department must also coordinate the return of the take off 20" transit wheel assemblies to the ADI. The parts department must prepare the transit wheels for shipping (palletizing and wrapping) and coordinate actual shipping/pickup with ADI.

Is the parts department compensated for the additional activities?

- The installing dealer will be paid a total of 1.0 hrs on SRX. This is an additional .3 of an hour for '13MY. GM recommends the additional dollars be transferred to the parts department as reimbursement for the additional work needed to return these 20" transit wheel assemblies. Reimbursement will be automatically processed when the dealer applies for labor on the install through the Z-ops process.

Will the dealer incur freight expense for returning the transit wheel to the ADI?

- No, return freight of the transit wheel will be covered by your ADI.

When can a dealer expect the transit wheel return request from the ADI?

- Each ADI may have a different 20" transit wheel return process. This process will be communicated within the next several weeks by your ADI. However, all 20" transit wheels should be returned within 48hrs of receipt of the LPO wheel.

Will a core charge be assessed to the dealer for the 20" transit wheel?

- Yes, the ADI will invoice the dealer a \$1500.00 core charge for each set of 20" transit wheels. The core charge will be credited upon receipt of (4) intact transit wheels by to the ADI.

Can a dealer's service department opt to breakdown, mount and balance the LPO wheel assemblies?

- No. To maintain production consistency and mitigate additional dealer investment in production grade equipment and certification training, only the ADIs are authorized and paid to breakdown

the 20" transit wheels, remount tires and install TPM sensors, and to balance the new LPO wheel assemblies. The ADI Network has invested well over a million dollars in GM specified, production grade tire equipment and attended many hours of advanced mounting and balancing certification training to provide dealers the highest quality product and service possible. Dealership service departments cannot opt to do this as there is no provision to pay additional time for dealers to perform these services. In addition, there is no provision for partial core reimbursement for return of individual 20" transit wheel components.



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Q&A