

**Date: February 18, 2020**

**To: All US Cadillac Dealers**

**Re: Transit Wheel Program for select '20MY CT4 vehicles ordered with 19" LPO wheels**

Cadillac is pleased to announce the carry-over strategy designed to allow dealers to merchandise 19" LPO wheels on select CT4 vehicles at more favorable and competitive pricing.

With the launch of the all new '20MY CT4, vehicles ordered with 19" LPO wheels will be shipped with a 19" transit wheel assembly.

This transit wheel assembly includes production tires, TPM sensors and a 19" 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 CT4 with 19" LPO wheels (SGV or SOU Wheels on 1SB/1SD/1SE/1SF trim levels) it will be shipped with the 19" transit wheel assembly (RPO: SOV) 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) 19" transit wheels and install the (4) 19" 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 19" transit wheels (including tires and TPM sensors) are returned to the parts department.
- The dealership's parts department will prepare the (4) 19" 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 19" 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 19" 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 19" 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 19" LPO transit wheel process which enables better pricing for customers while offering dealers the opportunity for greater profits through increased 19" LPO wheel penetration. Please reference the attached FAQs for more information and address any questions or feedback to your field team or local ADI.

A handwritten signature in black ink that reads "R. Harvey". The signature is written in a cursive, slightly slanted style.

Rory Harvey

US Vice President  
Cadillac

Attachment: FAQs

## **19” Transit Wheel FAQs**

What is a 19” 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 19” LPO transit wheel process apply to all ‘20MY vehicles?

- No, this process only applies to CT5, XT4, XT5 and XT6. The process for the Escalade and Escalade ESV does not change.

Does the 19” LPO transit wheel process change how dealers order ‘20MY 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 CT5.

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

- The vehicle will arrive at the dealer with 19” transit wheel assemblies which include 19” aluminum transit wheels, 19” OEM production tires and TPM sensors. See the previous picture.

When should the dealer install the LPOs wheels?

- During PDI. Note: Vehicles with 19” 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.

Is there a process change within the service department for the 19" 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 19" transit wheel process requires ALL 19" 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 19" transit wheels, the parts department must also coordinate the return of the 19" 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 CT5. This is an additional .3 of an hour. Cadillac recommends the additional dollars be transferred to the parts department as reimbursement for the additional work needed to return these 19" 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 19" transit wheel return process. This process will be communicated within the next several weeks by your ADI. However, all 19" transit wheels should be returned within 48hrs of receipt of the LPO wheel.

Will a core charge be assessed to the dealer for the 19" transit wheel?

- Yes, the ADI will invoice the dealer a **\$1500.00** core charge for each set of 19" 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 19" 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 Cadillac 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 19" transit wheel components.