

AAM recognizes the high level of sacrifice required by UAW members to make these changes and is committed to the job security of all UAW members at the Detroit Gear & Axle and Cheektowaga locations.

In order to fulfill this commitment, AAM agrees to extensive product placements in these facilities, supported by an estimated investment of \$170 - \$200 million. These product sourcing commitments are contained in Attachment A, which represents certain new and successor programs that AAM will produce at the Detroit Gear & Axle and Cheektowaga plants.

The Parties also discussed the opportunities to increase job security for UAW members by aggressively seeking to procure new work from existing and new customers by taking advantage of the improvements towards a market-competitive cost structure of the new labor agreement.

In this regard, AAM agrees to provide Corporate support to its UAW National Agreement facilities when there is an opportunity to make a business case for any new business programs that can be bid competitively under the existing labor agreement structure. If the UAW facility has the lowest bid, it will be awarded the work on a competitive basis.

AAM will rescind all pending product outsourcing notices at the Detroit Gear & Axle Plant and Cheektowaga, as of the date of this Agreement. AAM also agrees to consider insourcing of previously outsourced products and components beyond those referenced in Attachment A through a timely application of the new sourcing process agreed to in Appendix S. The Parties will meet within 120 days of ratification of the Agreement to discuss the opportunities to competitively insource such work.

Very truly yours,

John E. Jerge
Vice President Human Resources

SUBMITTED TO UAW: _____

INITIALED BY THE PARTIES: SB / DMA

MAY 11 2008

MAY 16 2008