



7th Annual Strategic Planning Summit

Today's Agenda

- Welcome
- SAA update and business meeting
- Industry Outlook Presentations and Panel
- Keynote Speaker: Mark Fields
- Icons of the Industry Discussion
- Wrap-up
- BBQ Lunch

Thank You To Our Event Sponsor



Thank You To Our Corporate Sponsors

Platinum Sponsors



Autofacts®

Bronze Sponsor



Special Thank You To Our Host



SAA Update

- We Have Made Great Strides!
 - Redefined our mission
 - New management team
 - Membership has stabilized and grown
 - Have recruited new sponsors (KPMG, PwC Autofacts and R.L. Polk)
 - SAA has become financially stable
 - SAA Board is focused on continued success

SAA Update

- Programs and services increase member ROI
 - New and improved website
 - Networking Breakfast Series
 - 6 Breakfasts which have been timely and relevant
 - Compelling speakers
 - Exciting venues
 - Exposing members to rare opportunities (e.g. tour of Hyundai KIA America Technical Center)
 - Outstanding networking

SAA Update

- New programs and services focused on providing member value
 - LinkedIn community
 - Formed committees so members can get more involved (event, sponsorship and membership)
 - Young Professionals Network (YPN)
 - Focused on creating tomorrow's Thought Leaders

Our Latest Offering – SAA Data Center

- Members-Only Benefit
- Up-to-date data on key industry indicators
- Data provided by leading analysts
- Will grow rapidly



SAA Data Center

Below is the SAA "Members-Only" Data Center that will be updated on a regular basis. In addition to featuring the most up-to-date figures, the matrix will grow in terms of what key industry indicators are followed. Please check this matrix regularly for updated statistics and new industry indicator sections.

The SAA thanks the companies that have contributed the data: PwC Autofacts, J.D. Power and Associates and R.L. Polk.

Metric Description	Data	As Of	Source	Data	As Of	Source
September 2010 U.S. New Light Vehicle SAAR Forecast	N/A			N/A until Third Week of Month	9/10/2010	J.D. Power and Associates
2010 CY U.S. New Light Vehicle SAAR Forecast	11.6 million	7/7/2010	PwC Autofacts	11.6M	9/10/2010	J.D. Power and Associates
2010 CY Total North American Light Vehicle Production Forecast	11.6 million	7/7/2010	PwC Autofacts	11.5M	9/10/2010	J.D. Power and Associates
2010 CY Total North American New Vehicle Assembly Plant Capacity Utilization Forecast	81%	7/7/2010	PwC Autofacts	65%	9/10/2010	J.D. Power and Associates
Global 2010 CY New Light Vehicle Sales Forecast	N/A			70.4M	9/10/2010	J.D. Power and Associates
Vehicles in Operation (US)	240,401,119	1-Apr-10	Polk			
Premium Make with Highest Initial Quality	Porsche	Jun-10	J.D. Power and Associates			
Non-Premium Make with Highest Initial Quality	Ford	Jun-10	J.D. Power and Associates			

2010: A Year of Revitalization

- Membership: 250 members and growing – 25% of our members are new this year
- New meetings: Will hold 10 events (most ever for SAA)
- Website:
 - Month-to-month increases in visitors and hits
 - Nearly 40,000 visits in first 8 months of year
 - Steady growth in all search engines
 - New content added regularly
- Financially stable: Went from losing money and an uncertain future to stability – even during still shaky times

SAA Business

- SAA Bylaws allow for 13 Board Members
 - Three current openings
- Potential New Board Members
 - Geoff Diamond, Hyundai KIA America Technical Center
 - Margaret Baxter, OESA
- Opening for Treasurer on SAA Board
 - Lauren Eisbrenner

Upcoming Events

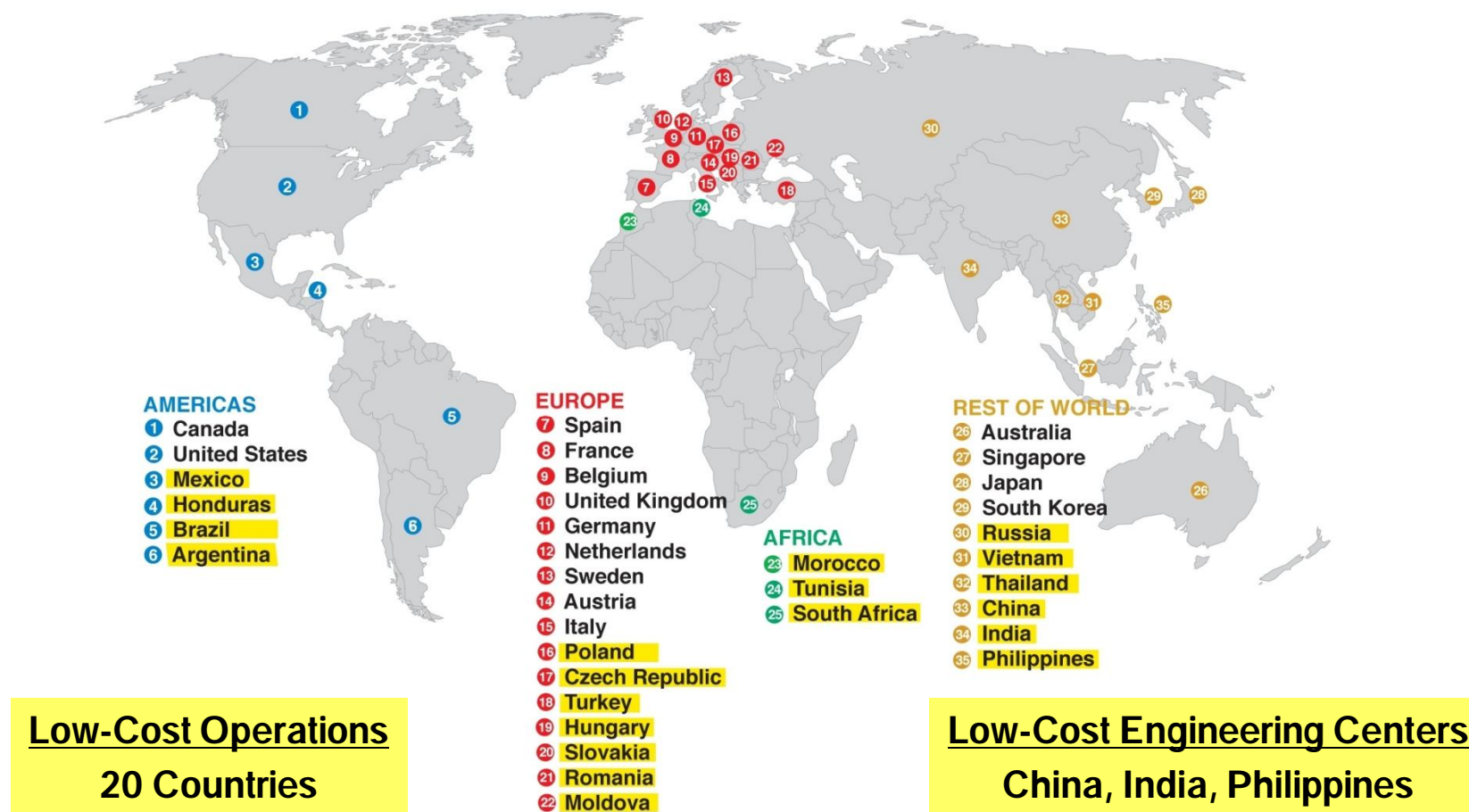
- Thursday, October 28, 2010
 - East Coast Networking Breakfast
 - SAA's First East Coast Event
 - Luxury Vehicle Market Update
 - Sponsored by RL Polk and Mercedes Benz USA
 - East Coast OEMs will present (Mercedes Benz, BMW, Land Rover)
 - Held at Mercedes Benz offices in Montvale, NJ
- Sunday, January 9, 2011
 - Annual Automotive Outlook Conference
 - Kick-off event for 2011 NAIAS
 - Held at Cobo Hall, Detroit, MI
 - Attendees will receive an exclusive Analyst Pass for Show Access
 - Much more info to come!

Welcome
Everyone to



Leading Tier 1 Global Automotive Supplier

\$10 Billion in Annual Sales



*Approximately 80,000 Employees
In 35 Countries*

Industry Leader in Seating

- Annual 2009 sales of \$7.8 billion
- Lear engineers and manufactures complete automotive seating systems and seat components, including structures and mechanisms, seat trim covers, fabric and leather, head restraints and foam
- Rank #2 globally:
 - #2 in North America
 - #3 in Europe
 - Leader in China and India
- Lear is the highest quality major seat manufacturer for 9 of the 10 last years, according to the independent J.D. Power Seat Quality and Satisfaction SurveySM

Evolution Seat – with 8 First-to-Market Innovations

ProTec® PLuS

ECO Padding

ECO Foam

Expanded Polypropylene Frame

EVO Mini Recliner

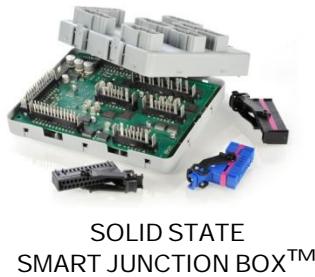
ECO/EVO Structures

ECO Fabric (with 100% recycled content)

Dynamic Environmental Comfort Seating (DECS)TM



Global Capability in Electrical Power Management Systems - Traditional and Hybrid



SOLID STATE
SMART JUNCTION BOX™



TRADITIONAL WIRE HARNESS

- Annual 2009 sales of \$1.9 billion
- Lear engineers and manufactures complete automotive electrical power management systems

One of four suppliers with global capability in both traditional and high-power electrical power management systems

- Lear has won high-power and hybrid business with BMW, Coda, Daimler, GM, Land Rover, Nissan and Renault



HIGH-POWER CONNECTORS



HIGH-POWER WIRE HARNESS



HIGH-POWER BATTERY CHARGER

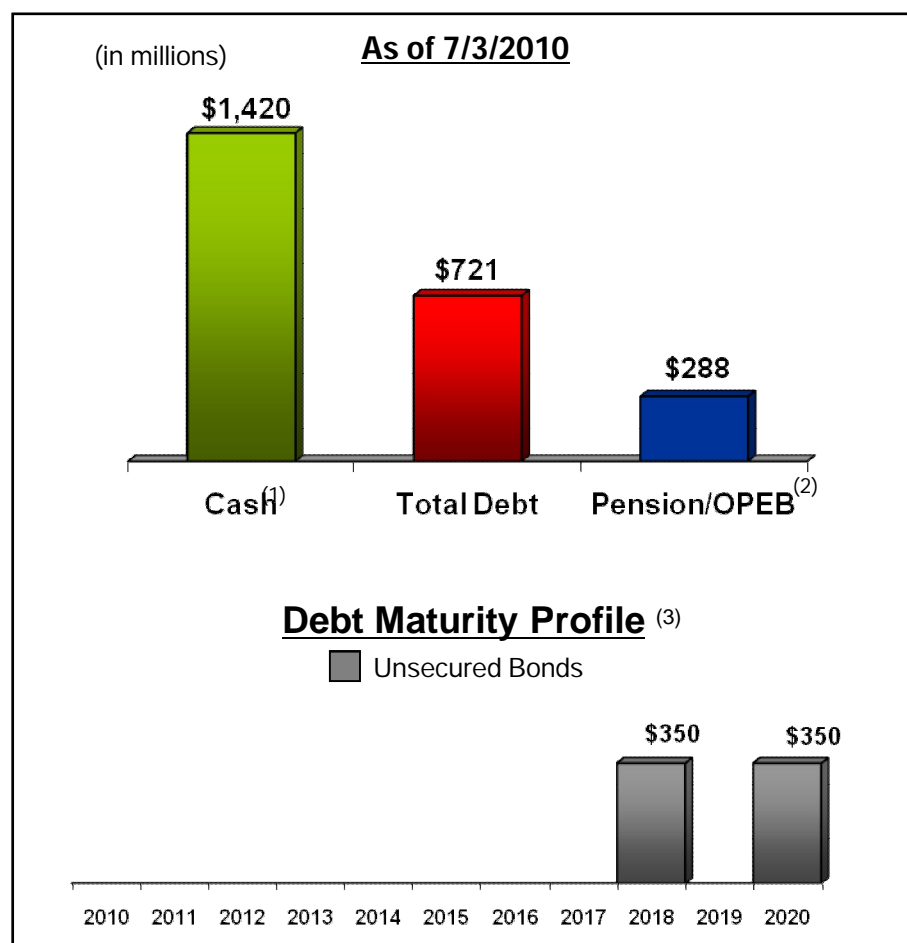
We Serve All the World's Major Automakers



Lear Content On Over 300 Vehicles Worldwide

Strong Capital Structure

Cash and Debt Balances



(1) Cash includes cash and cash equivalents

(2) Pension and OPEB underfunded levels as of 12/31/09

(3) Excludes undrawn \$110 million revolver/letter of credit facility and approximately \$26 million of miscellaneous debt reflecting primarily debt at foreign wholly-owned subsidiaries and consolidated joint ventures

- ▶▶ Continue to reduce debt levels
 - Replaced \$925 million of secured exit term loans with \$700 of unsecured bonds
 - Unfunded pension obligations are based on 12/31/09 valuation
- ▶▶ Benefits of 2010 refinancing
 - No significant debt maturities until 2018
 - Lower annual interest expense
 - Substantially unsecured debt structure
 - Minimal debt subject to financial covenants
 - Improved credit metrics
- ▶▶ Covenants and capital structure provide flexibility to invest in our business and execute our strategic objectives going forward
- ▶▶ Company continues to have a strong liquidity position

Longer-Term Outlook

- ▶▶ Global growth in automotive demand and further consolidation of supply base
- ▶▶ Critical success factors: global capabilities, a low-cost footprint and superior quality
- ▶▶ Leading technologies and innovation are key differentiating factors
- ▶▶ Lear well positioned to be successful as business conditions improve

Seating

- Global capability and scale
- Increasing sales diversification
- Restructuring strengthening long-term competitiveness
- Increasing low-cost footprint – manufacturing and engineering
- Selective vertical integration in key components
- Among leaders in technology and innovation
- Recognized industry leader in quality

Electrical Power Management Systems

- Significant growth opportunity
- Consolidating segments
- Global presence and capability
- Evolving low-cost footprint
- Investing in key technologies (e.g., high-power electrical systems and components; Solid State Smart Junction Boxes™ and wireless portfolio)



Industry Outlook: Mike Ward Soleil Securities

Automotive Valuations in The New Environment

Michael P. Ward, CFA

Industry Characteristics

- ***Capital Intensive***
- ***Labor Intensive***
- ***Cyclical***
- ***Low Growth***
- ***Competitive***

Can the New Environment Alter Perception?

I. Industry Outlook

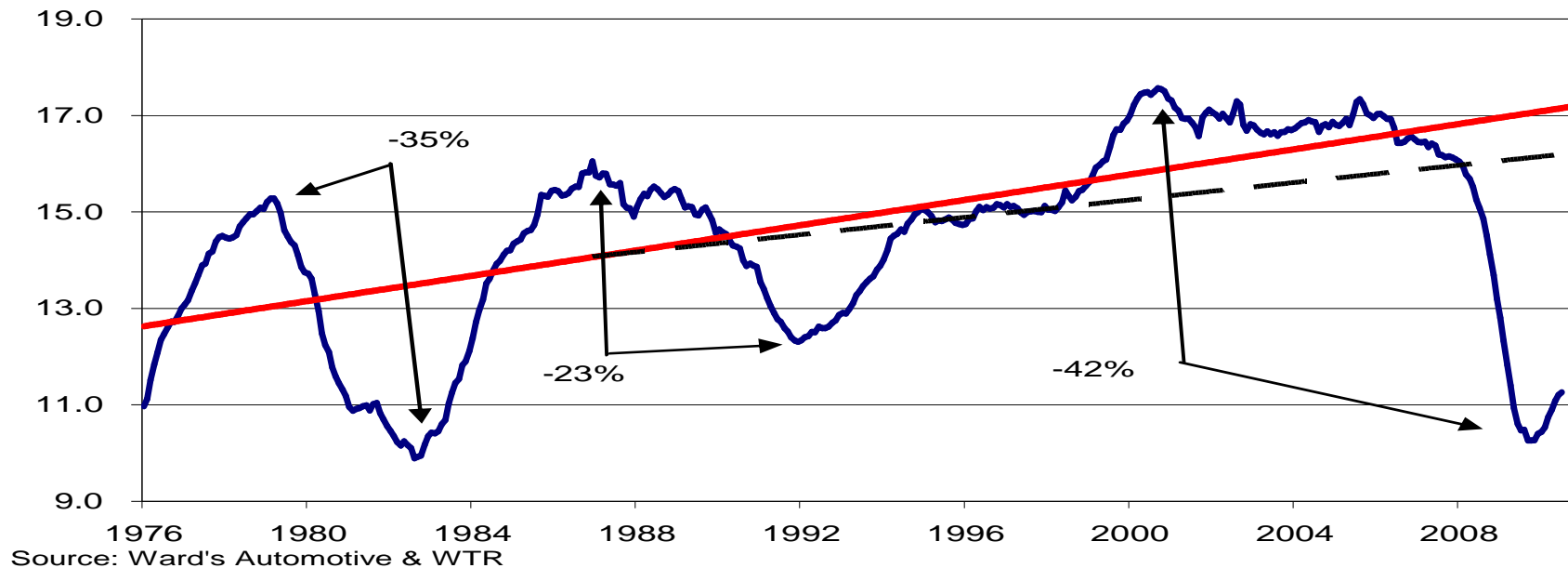
II. Financial Trends

III. Opportunities

IV. Valuation

U.S. Sales Cycle

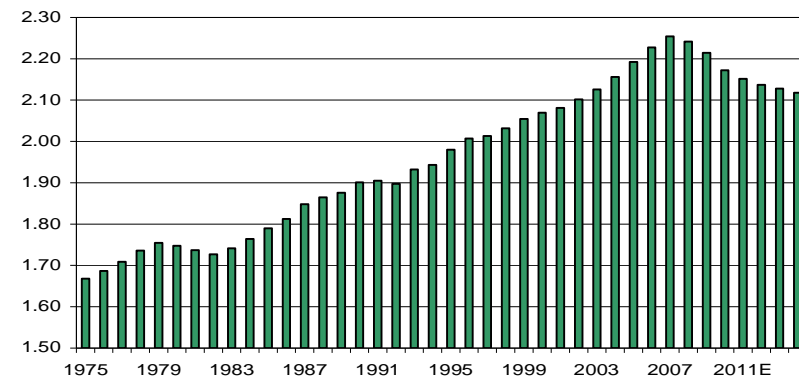
U.S. Retail Car & Light Truck Sales (mil)



- 1990-93: 5 million units below trend.
- 1994-98: at trend.
- 1999-2007: 11 million over trend

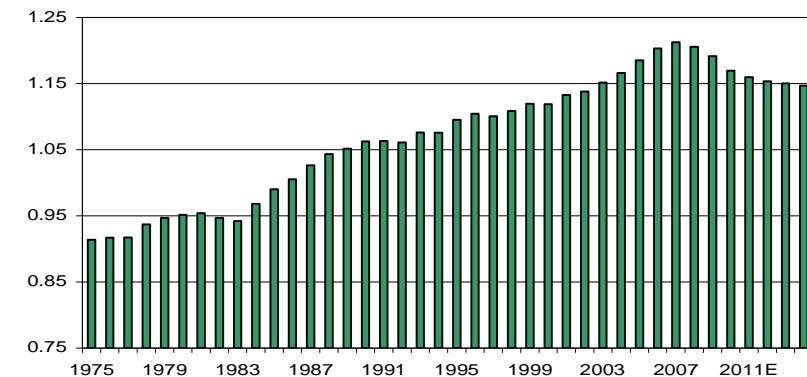
1999-2007 Surplus

U.S. Vehicle Population per Household (period ending June)



Source: U.S. Census Bureau, Ward's Automotive & WTR estimates

U.S. Vehicle Population per Licensed Driver (period ending June)

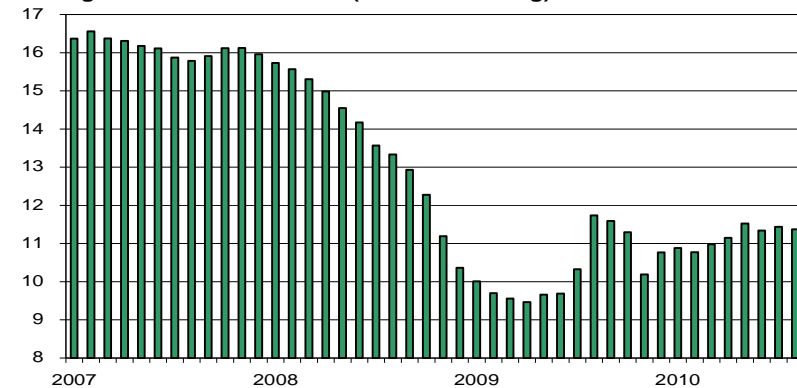


Source: U.S. Census Bureau, Ward's Automotive & WTR estimates

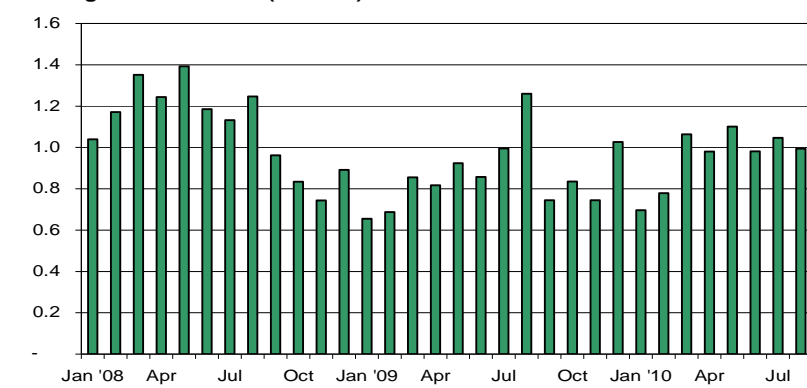
- Largely driven by record incentive spending, U.S. consumers purchased an excess of 11 million vehicles between 1999 and 2007.
- Excess should largely be absorbed by 2011.

Sales: Near-term

U.S. Light Vehicle Sales - SAAR (mil - 3 month avg)



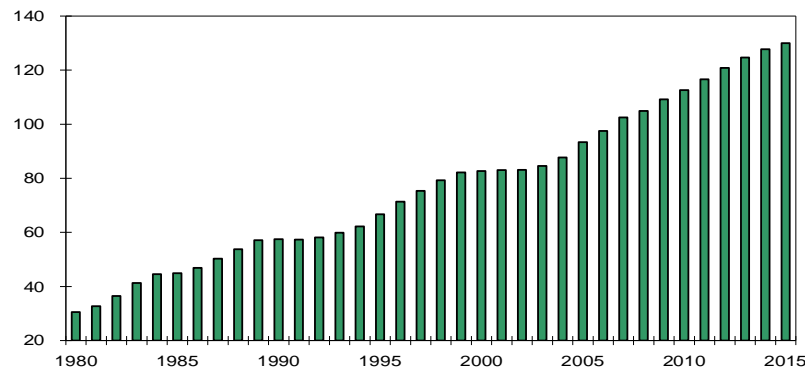
U.S. Light Vehicle Sales (millions)



- U.S. light vehicle sales have totaled about 1.0 million units in each of the last six months.
- Easier comps over the next three months should lead to additional gains.
- We continue to expect a modest and steady recovery through 2011.

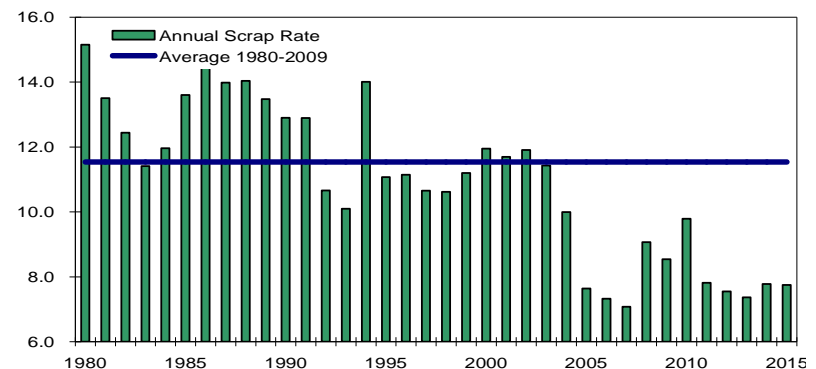
Scrappage Over 10

U.S. Vehicle Population Over 10 Years of Age (mil)



Source: R.L.Polk & WTR estimates

U.S. Vehicle Population Scrap Rate of Vehicles Over 10 Years of Age

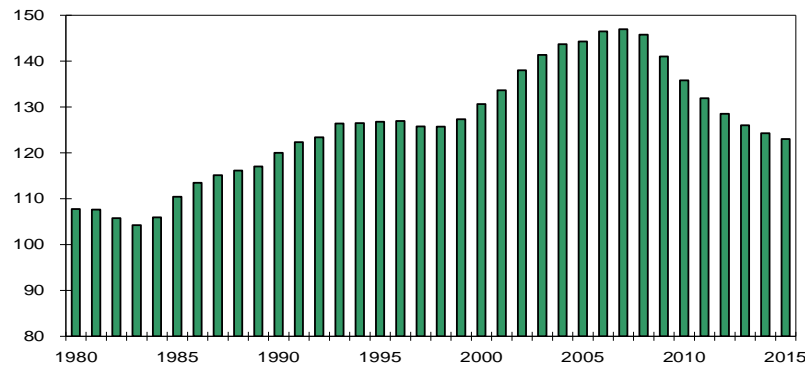


Source: R.L.Polk & WTR estimates

- U.S. vehicle population over 10 years of age ended June 2009 about 3.5 times the 1980 level. Quality and durability have been the primary factors.
- Scrappage levels of about 8% results in average replacement demand of 9.5 million units over the next five years from just the 10 & over vehicles

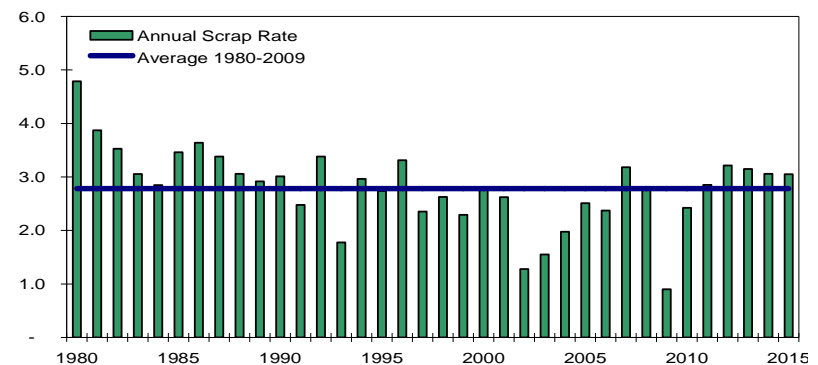
Scrappage Under 10

U.S. Vehicle Population Under 10 Years of Age (mil)



Source: R.L.Polk & WTR estimates

U.S. Vehicle Population Scrap Rate of Vehicles Under 10 Years of Age

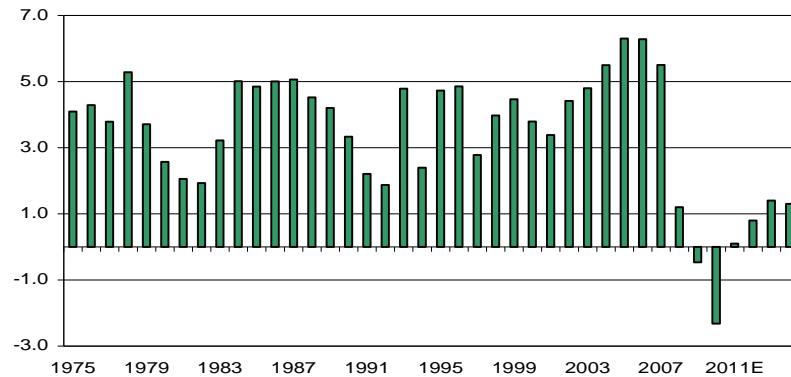


Source: R.L.Polk & WTR estimates

- Excess demand in the 1999-2007 period added 20 million vehicles to the vehicle population under 10 years of age.
- Scrappage rates of about 3% should result in about 4.5 million of new demand, on average, over the next five years.

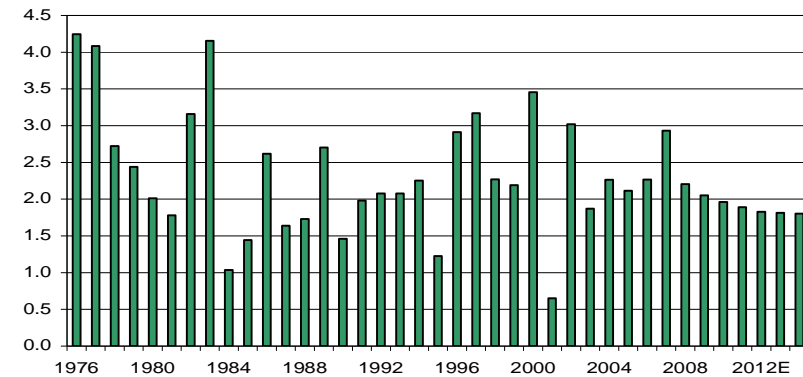
Shrinking Fleet

U.S. Vehicle Population Growth - millions (period ending June)



Source: R.L. Polk, Ward's Automotive & WTR estimates

Growth in U.S. Licensed Drivers (millions)

























Source: U.S. Census Bureau, Ward's Automotive & WTR estimates

- The U.S. vehicle population declined in 2009 for the first time on record and should end lower again when the 2010 data becomes available.
- Per capita ownership stats have improved during the downturn.
- Population of licensed drivers will continue to grow.

Short-term Indicators

U.S. Demand Indicators - Scoreboard

	Latest Release	Data	Year-earlier Comp	Status
Real per Capita Disposable Income	July	\$33,003	1.7%	
U.S. Unemployment Rate	Aug	9.6%	9.7%	
Consumer Confidence - Conference Board	Aug	53.5	54.5	
Consumer Confidence - University of Michigan	Sept	66.9	73.5	
Housing Prices - National Association of Realtors	July	\$232,200	up 2.2%	
Housing Prices - S&P Case-Shiller Index	June	147.97	up 4.2%	
Used Vehicle Prices - Manheim Index	Aug	118.8	up 2.1%	
Used Vehicle Prices - Adesa	Aug	\$9,993	up 0.4%	
CPI - Used Vehicle Prices	Aug	147.9	up 15.5%	
CPI - New Vehicle Prices	Aug	137.1	up 2.3%	
ABS New Issuance - YTD	Aug	\$42.6 bil	\$37.6 bil	
Average Interest Rate - New Vehicles	July	3.87%	up 44 bps	
Average Interest Rate - Used Vehicle	July	7.99%	down 167 bps	
Average Vehicle Loan Amount	July	\$28,377	\$28,866	
Average Loan Maturity	July	63.7	62.7 months	
Average Monthly Payment	July	\$493.52	\$503.52	
Consumer Lease - Percent of Receivables	July	20.0%	20.9%	
Consumer Percent of U.S. Light Vehicle Sales	July	49.1%	54.9%	
AAA National Gas Price - Regular	Current	\$2.73	\$2.55	
MBA Mortgage Refinance Index	Current	3,208	up 31%	
U.S. Vehicle Miles Driven (billions)	July	270.0	up 1.0%	
ATA Truck Tonnage Index (SA)	July	110.2	up 3.7%	

Source: BEA, BLS, S&P, Reuters, NAR, Manheim, Adesa & WTR Estimates

U.S. Light Vehicle Sales Outlook

U.S. Light Vehicle Sales (000)

Total Car & Light Truck	2007	2008	2009	2010E	2011E	2012E	2013E	2014E
New Gm	3,138	2,452	1,804	2,157	2,385	2,590	2,690	2,875
Motors Liquidation	687	483	260	13	-	-	-	-
Ford	2,330	1,869	1,594	1,870	2,100	2,300	2,375	2,550
Chrysler	2,076	1,448	927	1,055	1,100	1,150	1,190	1,265
Honda	1,552	1,429	1,151	1,200	1,320	1,450	1,500	1,600
Nissan	1,069	951	770	890	965	1,075	1,125	1,200
Toyota	2,621	2,218	1,770	1,730	1,920	2,110	2,195	2,350
VW	324	311	296	350	380	410	425	460
Koreans	772	675	735	880	985	1,065	1,100	1,200
Other	1,554	1,360	1,094	1,155	1,245	1,350	1,400	1,500
Total	16,122	13,195	10,402	11,300	12,400	13,500	14,000	15,000

Market Share

New Gm	19.5%	18.6%	17.3%	19.1%	19.2%	19.2%	19.2%	19.2%
Motors Liquidation	4.3%	3.7%	2.5%	0.1%	0.0%	0.0%	0.0%	0.0%
Ford	14.5%	14.2%	15.3%	16.5%	16.9%	17.0%	17.0%	17.0%
Chrysler	12.9%	11.0%	8.9%	9.3%	8.9%	8.5%	8.5%	8.4%
Honda	9.6%	10.8%	11.1%	10.6%	10.6%	10.7%	10.7%	10.7%
Nissan	6.6%	7.2%	7.4%	7.9%	7.8%	8.0%	8.0%	8.0%
Toyota	16.3%	16.8%	17.0%	15.3%	15.5%	15.6%	15.7%	15.7%
VW	2.0%	2.4%	2.8%	3.1%	3.1%	3.0%	3.0%	3.1%
Koreans	4.8%	5.1%	7.1%	7.8%	7.9%	7.9%	7.9%	8.0%
Other	9.6%	10.3%	10.5%	10.2%	10.0%	10.0%	10.0%	10.0%

Source: Ward's Automotive & WTR (GM: Private; F: Buy; Chrysler: Private; HMC: NR; NSANY: NR; TM: NR)

Implications of a Modest Recovery

Positive Implications:

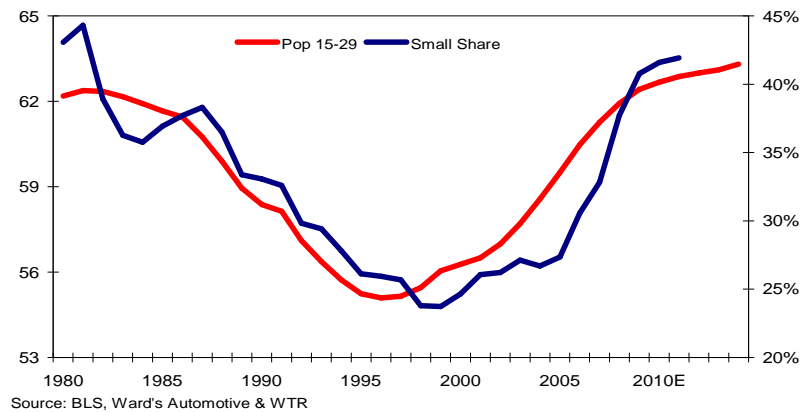
- Muted recovery should help the industry maintain productivity improvements secured during the downturn.
- A slow, steady recovery should allow more effective inventory management, capacity management, and an improved product cadence.
- Over the next five years the industry should become less capital intensive and less cyclical.

Negative Implications:

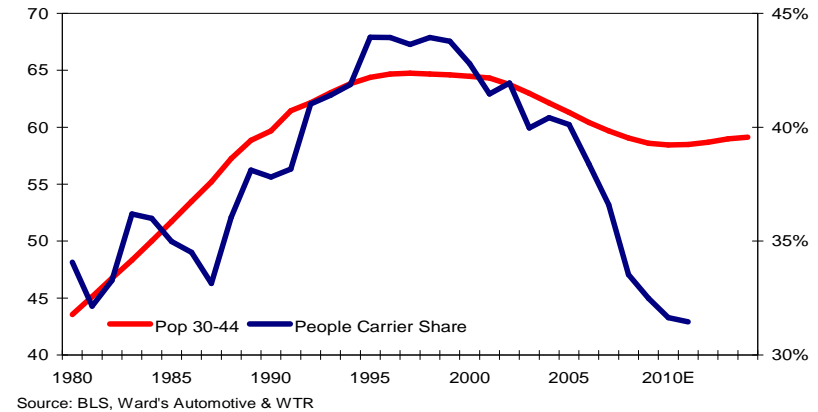
- Total demand over the next five years could be the lowest since the early-80s and well below the totals of the previous decade.
- The new vehicle market will likely become a replacement market with limited growth, placing greater importance on product innovation and residual value.
- Cost and capital controls will be among the most important management variables.

Demand Trends

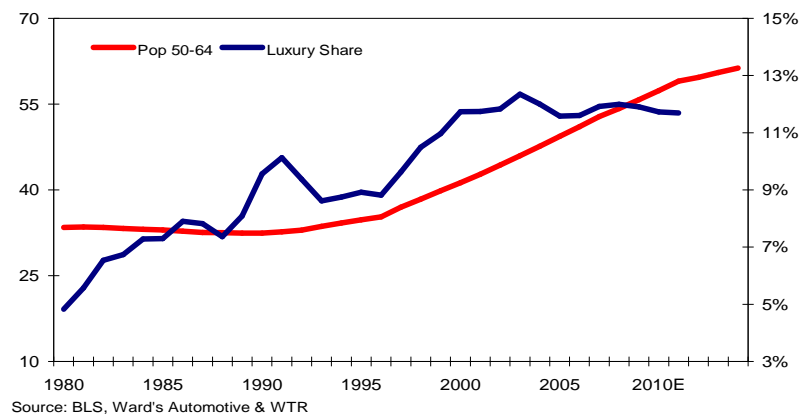
Demographic Trends vs Sales - Small Vehicle



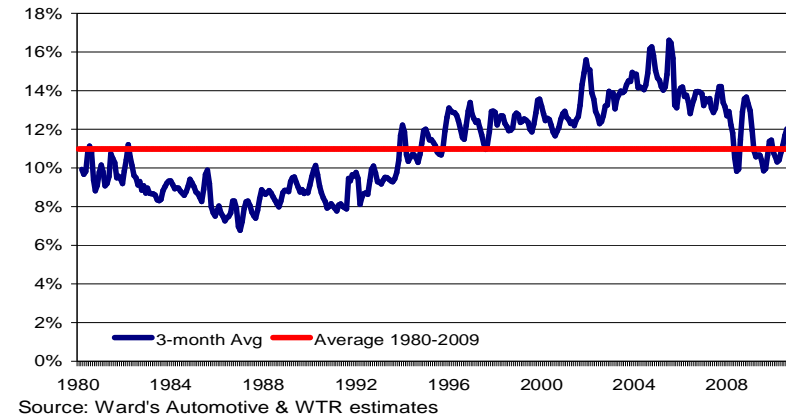
Demographic Trends vs Sales - People Carriers



Demographic Trends vs Sales - Luxury Vehicles



U.S. Full-sized Pickup Trucks Sales - Share of Total Market



Small Vehicle

Small Segment	2004	2005	2006	2007	2008	2009	2010E	2011E
Market Share								
New GM	16.0%	17.2%	13.1%	10.8%	8.2%	7.4%	9.6%	10.2%
Motors Liquidation	0.0%	0.0%	8.4%	6.9%	6.2%	2.3%	0.1%	0.0%
Ford	9.4%	8.9%	9.7%	11.9%	12.9%	14.9%	15.9%	16.4%
Chrysler	11.1%	10.9%	9.4%	10.3%	9.1%	6.9%	7.2%	6.4%
Honda	15.2%	14.6%	13.6%	13.8%	14.9%	14.6%	13.7%	13.8%
Nissan	4.0%	4.3%	4.2%	5.1%	6.6%	7.5%	7.9%	7.9%
Toyota	15.2%	15.7%	17.2%	16.1%	16.3%	16.6%	14.0%	14.2%
VW	3.7%	3.5%	3.1%	3.1%	3.3%	3.6%	3.9%	3.8%
Koreans	13.9%	14.2%	12.1%	12.5%	12.3%	15.7%	17.4%	17.6%
Other	11.6%	10.7%	9.2%	9.5%	10.3%	10.5%	10.2%	9.6%

People Carriers

People Carrier	2004	2005	2006	2007	2008	2009	2010E	2011E
Market Share								
New GM	24.8%	20.8%	19.7%	20.9%	22.8%	24.0%	27.3%	27.1%
Motors Liquidation	0.0%	0.0%	3.0%	3.8%	3.4%	4.6%	0.1%	0.0%
Ford	19.9%	19.4%	16.8%	11.9%	10.2%	10.3%	11.2%	11.5%
Chrysler	18.0%	20.3%	19.5%	19.1%	16.1%	13.1%	14.5%	14.1%
Honda	8.9%	9.0%	9.1%	10.1%	11.5%	12.1%	11.6%	11.7%
Nissan	8.4%	9.4%	8.8%	9.4%	9.7%	9.6%	10.1%	9.9%
Toyota	13.4%	15.2%	16.6%	18.3%	19.5%	19.4%	18.6%	19.1%
VW	1.1%	0.8%	1.0%	0.9%	1.1%	1.7%	1.8%	1.8%
Koreans	1.5%	1.4%	1.8%	1.5%	1.3%	1.4%	1.0%	1.0%
Other	4.2%	3.7%	3.9%	4.0%	4.5%	3.9%	3.8%	3.8%

Commercial Segment

U.S. Full-sized Pickup Truck Sales

Units (000)	1980	1985	1990	1995	2000	2005	2008	2009	YTD '09	YTD '10
GM	547	604	632	710	827	1,009	674	447	294	329
Ford	480	563	496	658	820	865	481	393	249	323
Chrysler	81	161	88	272	381	401	240	173	127	121
Toyota	-	-	0	37	100	127	137	79	50	62
Other	9	2	11	8	10	93	38	21	13	18
Total	1,116	1,329	1,227	1,686	2,138	2,494	1,571	1,114	733	853
<i>% of Market</i>	10.0%	8.6%	8.8%	11.4%	12.3%	14.7%	11.9%	10.7%	10.4%	11.2%

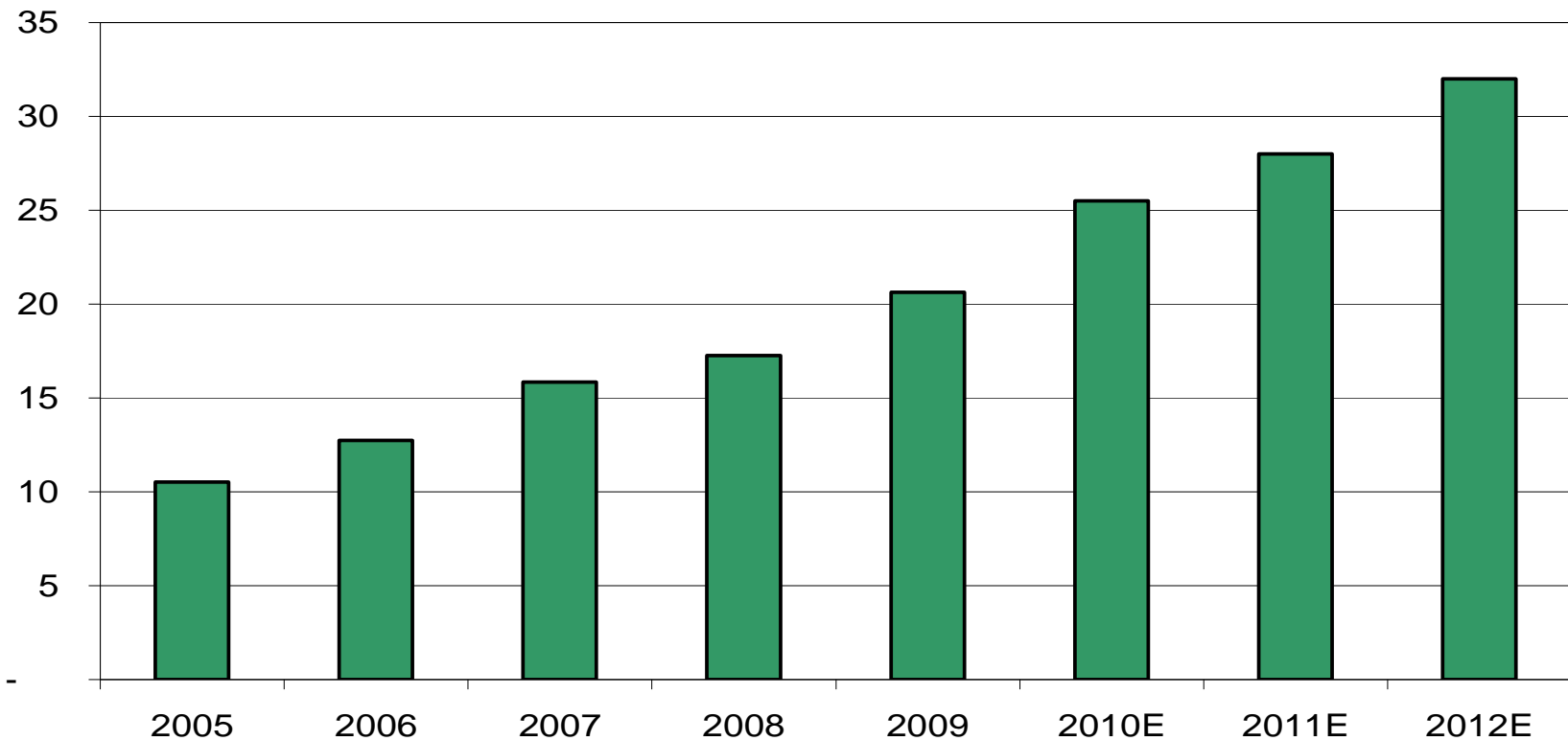
Market Share

GM	49.0%	45.4%	51.5%	42.1%	38.7%	40.4%	42.9%	40.2%	40.1%	38.6%
Ford	43.0%	42.3%	40.4%	39.0%	38.4%	34.7%	30.6%	35.3%	33.9%	37.9%
Chrysler	7.2%	12.1%	7.2%	16.1%	17.8%	16.1%	15.3%	15.5%	17.3%	14.2%
Toyota	0.0%	0.0%	0.0%	2.2%	4.7%	5.1%	8.7%	7.1%	6.9%	7.2%
Other	0.8%	0.1%	0.9%	0.5%	0.5%	3.7%	2.4%	1.9%	1.8%	2.1%

Source: Ward's Automotive & WTR estimates

BRIC Countries – Vehicle Sales

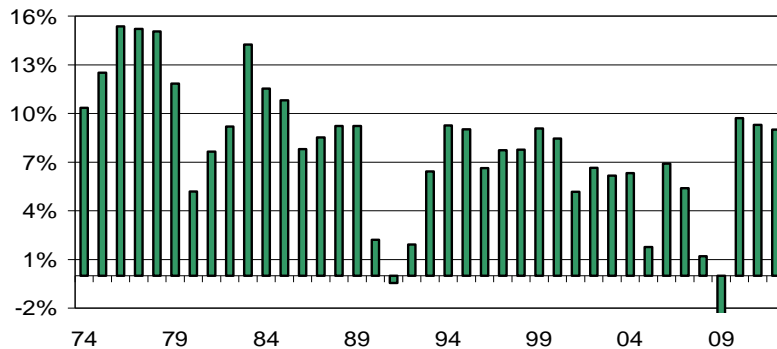
BRIC Countries - Total Sales (millions)



Source: Wards Automotive Report & WTR estimates

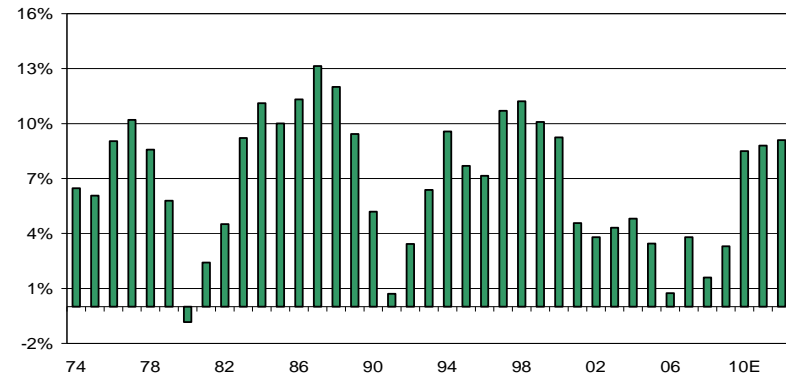
GM & Ford – Historical Margins

GM - Automotive EBITDA Margin



Source: Company reports & WTR estimates

Ford - Automotive EBITDA Margin

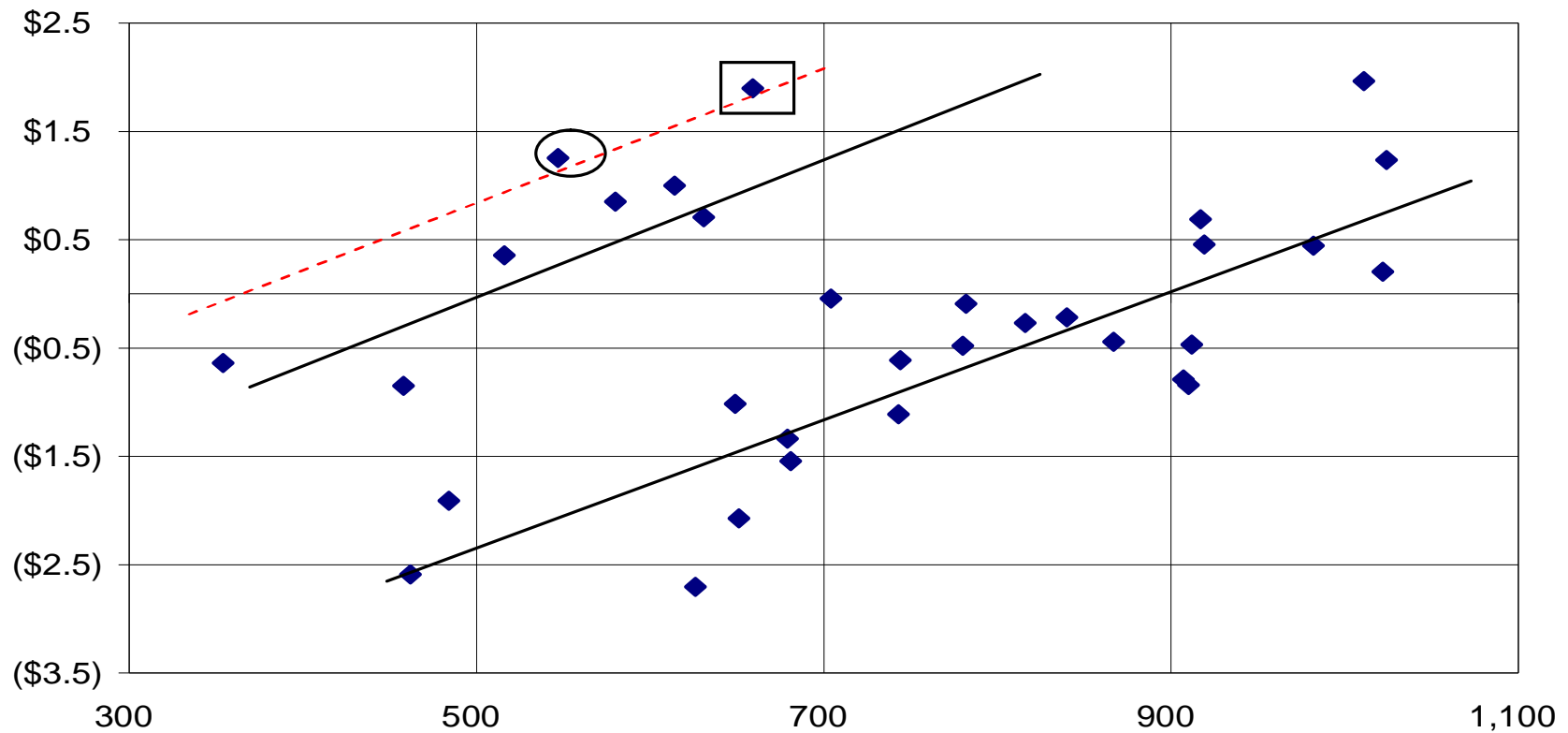


Source: Company reports & WTR estimates

- GM's margins declined steadily since the 1970s but reorganization should lead to improvement in 2010.
- Ford's margins peaked in the 1980s driven by product and capacity utilization.

Ford Scatter

Ford - N.A. Auto Pretax (bil) vs Unit Volume (000)



Source: Company reports & WTR

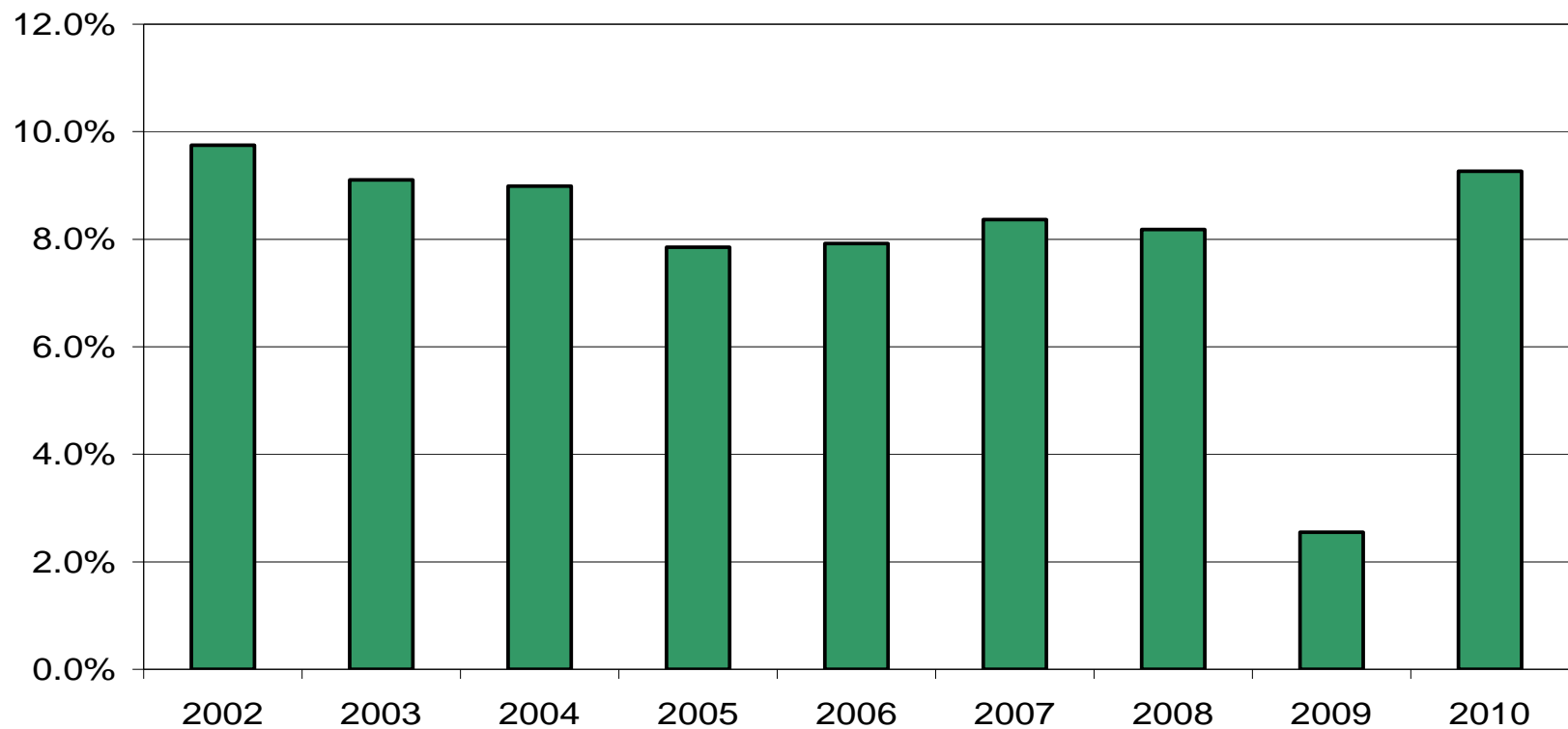
September 24, 2010

Soleil Securities

39

Margin Performance

Auto Supplier Comp Group - EBITDA Margin - First Half Comps

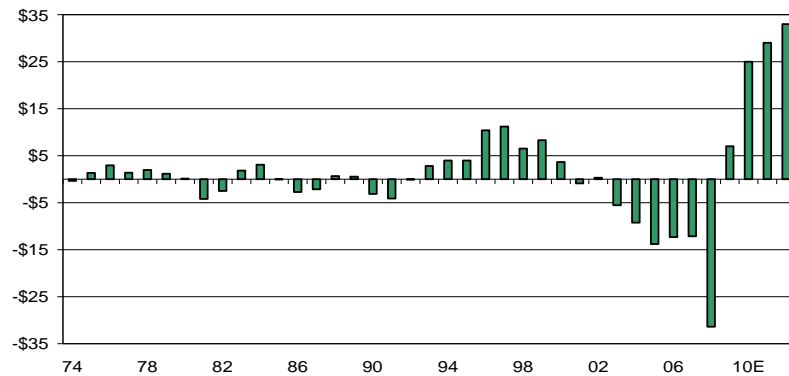


Comp Group: ALV (NR); AXL (NR); BWA (Buy); JCI (Hold); LEA (hold); MGA (NR); TRW (Buy)

Source: Company reports & WTR estimates

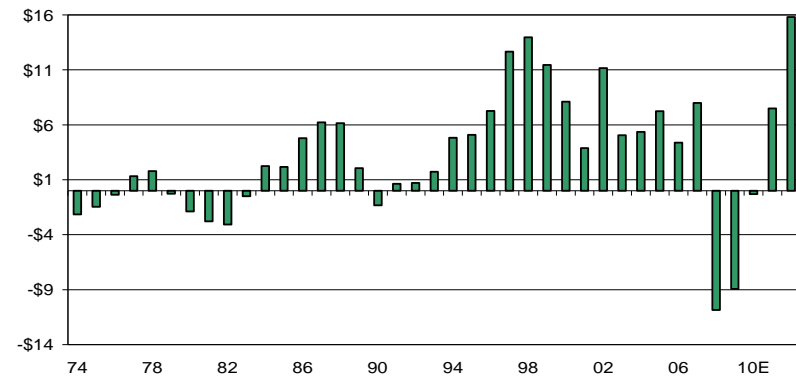
GM & Ford – Net Cash

GM - Automotive Net Cash / Debt (billions)



Source: Company reports & WTR estimates

Ford - Automotive Net Cash / Debt

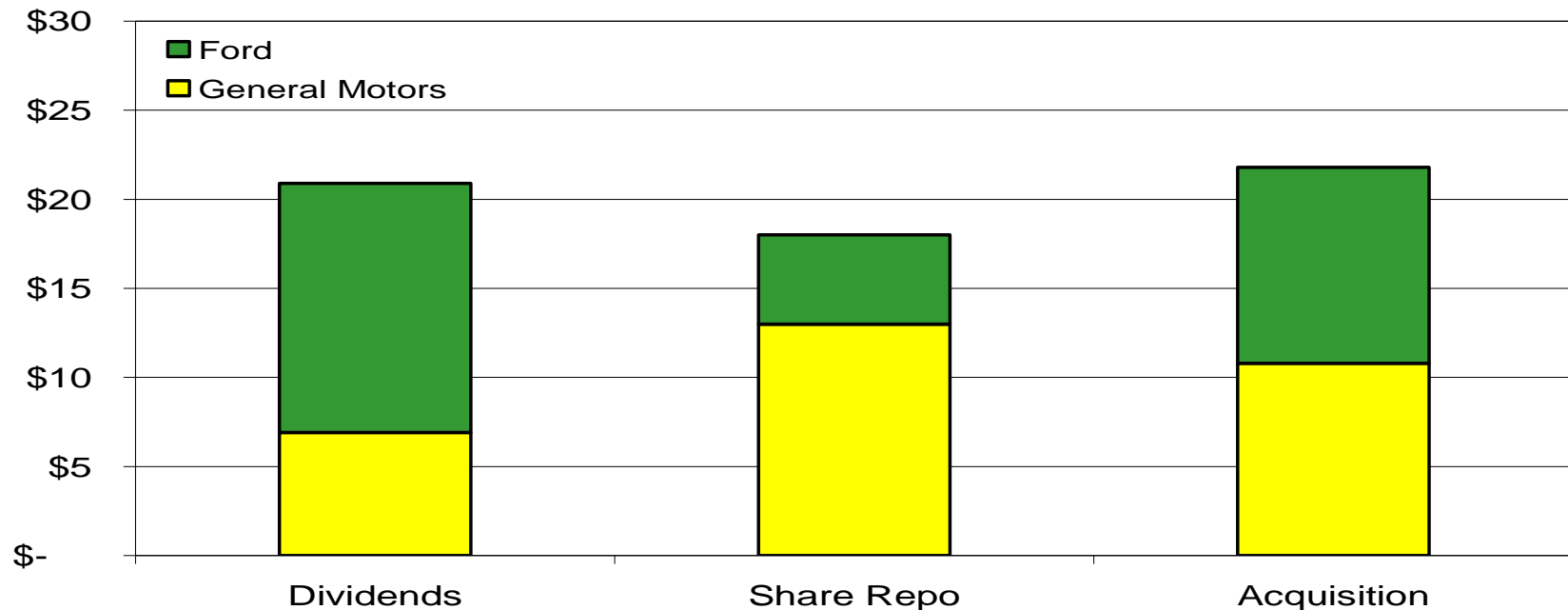


Source: Company reports & WTR estimates

- GM bankruptcy wiped out over \$90 billion of liabilities, including about \$30 billion in debt.
- Ford ended June 2010 with about \$5 billion of net debt – the sale of Volvo, dividends from FSG and operations should leave a net debt balance of \$0 at year-end.

Spending Out of Control

General Motors & Ford - Spending Totals 1997-2001

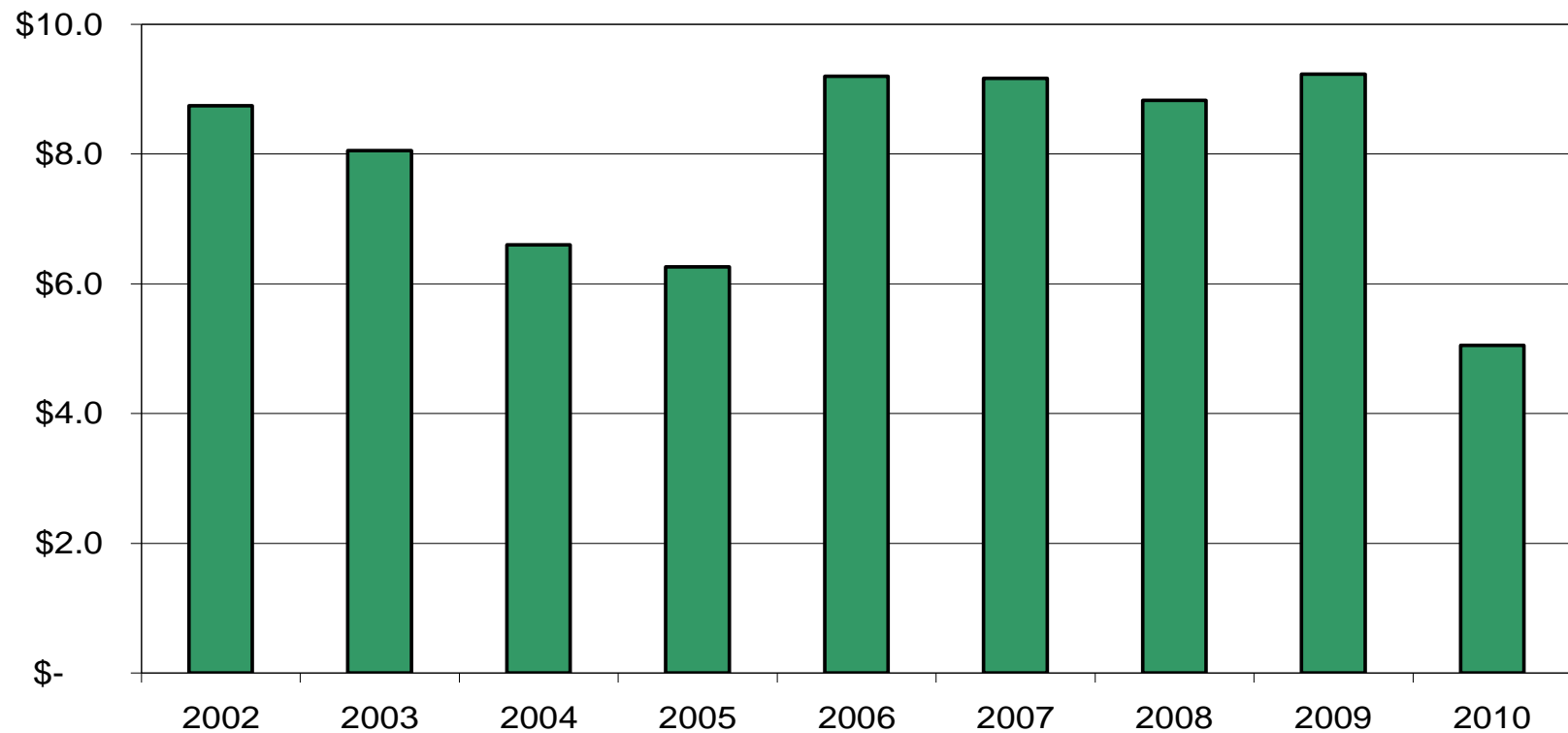


Source: Company reports & WTR estimates

- Between 1997 and 2001 GM & Ford each spent \$30 billion on dividends, share repurchase and acquisitions.

Net Debt

Auto Supplier Comp Group - Net Debt - billions (period ending June)

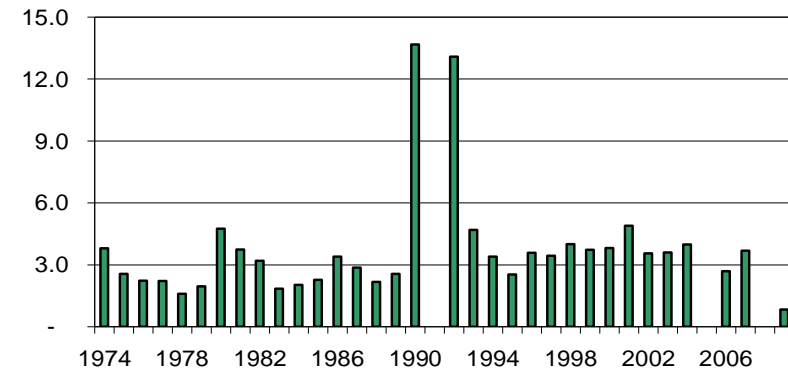


Comp Group: ALV (NR); AXL (NR); BWA (Buy); JCI (Hold); TRW (Buy)

Source: Company reports & WTR estimates

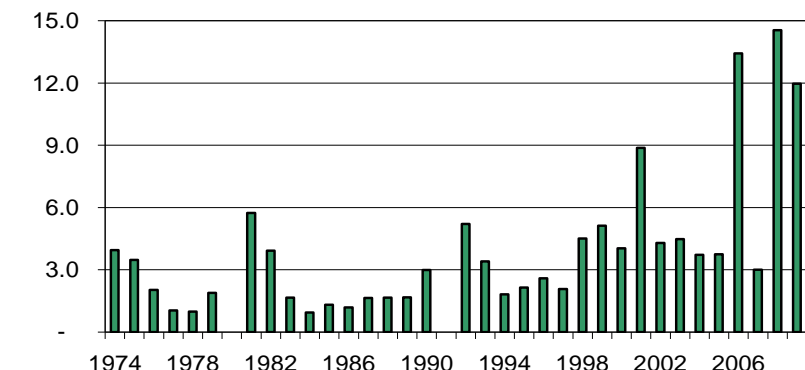
GM & Ford – Historical Multiples

GM Enterprise Value - EBITDA



Source: Company reports, Reuters & WTR estimates

Ford Enterprise Value - EBITDA

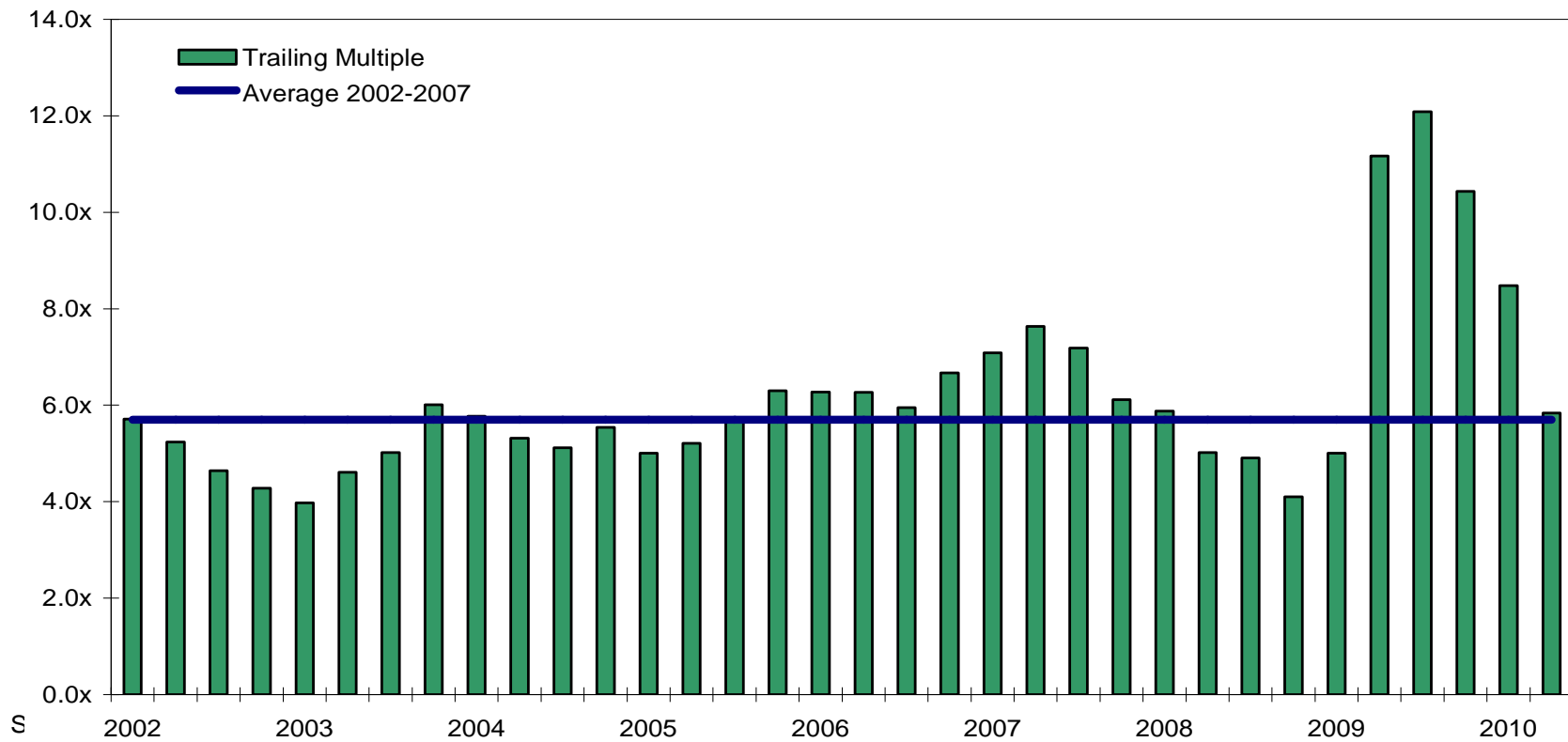


Source: Company reports, Reuters & WTR estimates

- Historically, GM and Ford have been valued at about 3.0X on a trailing EV/EBITDA basis and at 4-6.0X in the early stages of a recovery.
- Adjusting for pension adds about a point to the valuation multiple.

Valuation

OE Supplier Group - EV/EBITDA - Trailing 4 quarters



Source: Company reports, Wards Automotive Reports, Reuters & WTR Estimates

Suppliers

Auto Suppliers - WTR Valuation Variables

09/21/10	ALV*	AXL*	BWA	JCI	LEA	MGA*	TRW	AVG/Tot
Valuation Multiples								
Market Capitalization (mil)	\$5,670	\$691	\$6,281	\$20,225	\$4,015	\$8,840	\$4,782	\$50,504
Enterprise Value (mil)	\$6,089	\$1,462	\$7,060	\$22,028	\$3,314	\$7,296	\$6,059	\$53,308
Yield	2%							
EV/EBITDA - 2010	5.8x	5.0x	9.9x	9.5x	4.3x	3.9x	3.8x	6.2x
EV/EBITDA - 2011	5.6x	4.3x	8.5x	7.9x	3.5x	3.6x	3.5x	5.5x
EV/EBITDA - 2012	5.7x	5.9x	10.2x	7.4x	2.0x	2.5x	3.7x	5.2x
P/E - 2010	11.2x	7.9x	18.4x	15.2x	12.5x	11.6x	7.5x	0.0x
P/E - 2011	10.9x	6.1x	15.2x	13.2x	12.4x	12.4x	8.3x	12.8x
P/E - 2012	10.5x	5.6x	15.2x	11.8x	11.4x	12.0x	7.4x	11.9x



Industry Outlook: Norm Johnson Robert Bosch, LLC

Government Trends and Impact

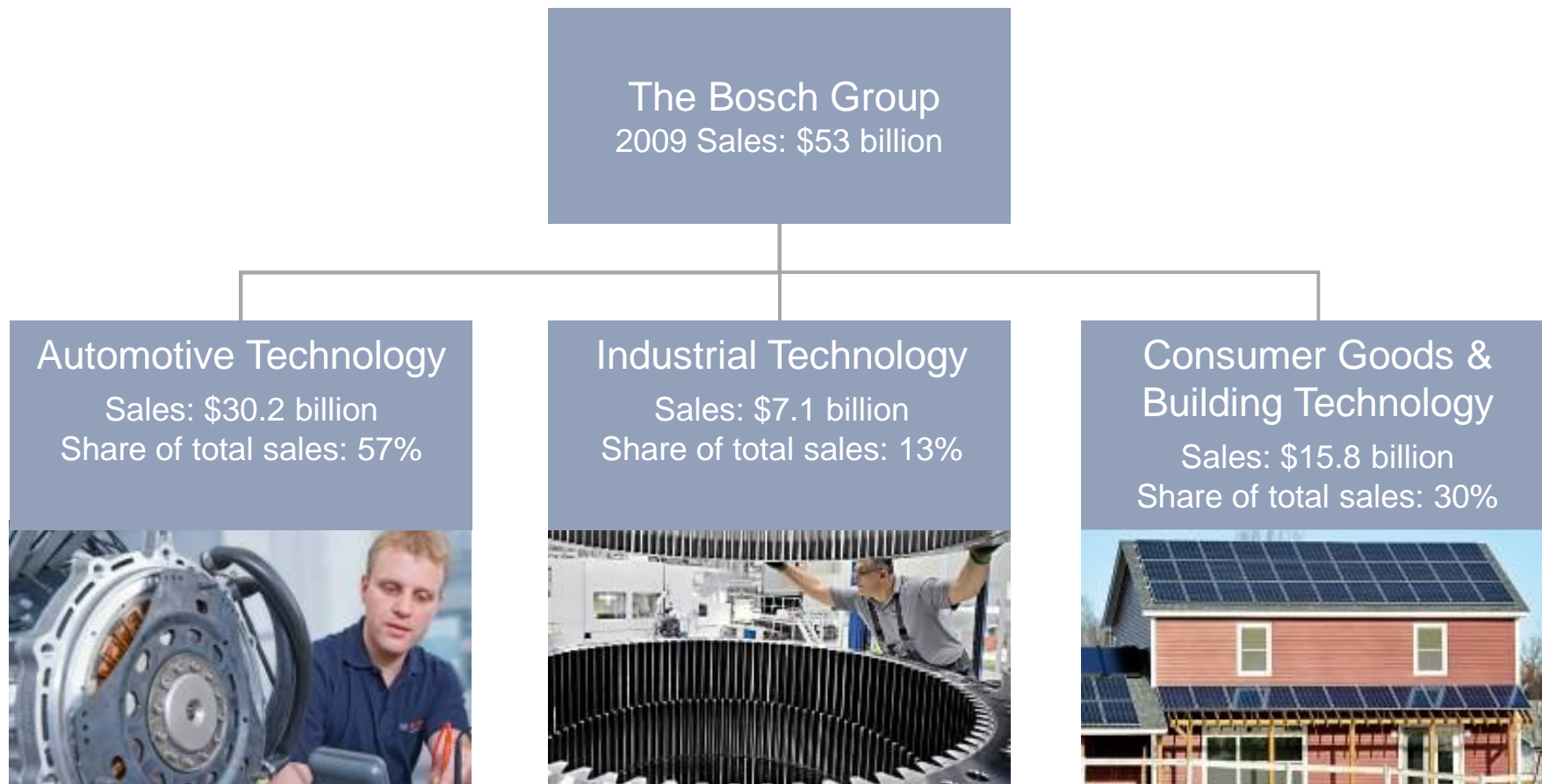
1. Overview Bosch
2. Election assessment
3. Energy trends
4. Safety trends
5. Cats & dogs



Presented by Norm Johnson
Director, Government & External Affairs
Bosch North America

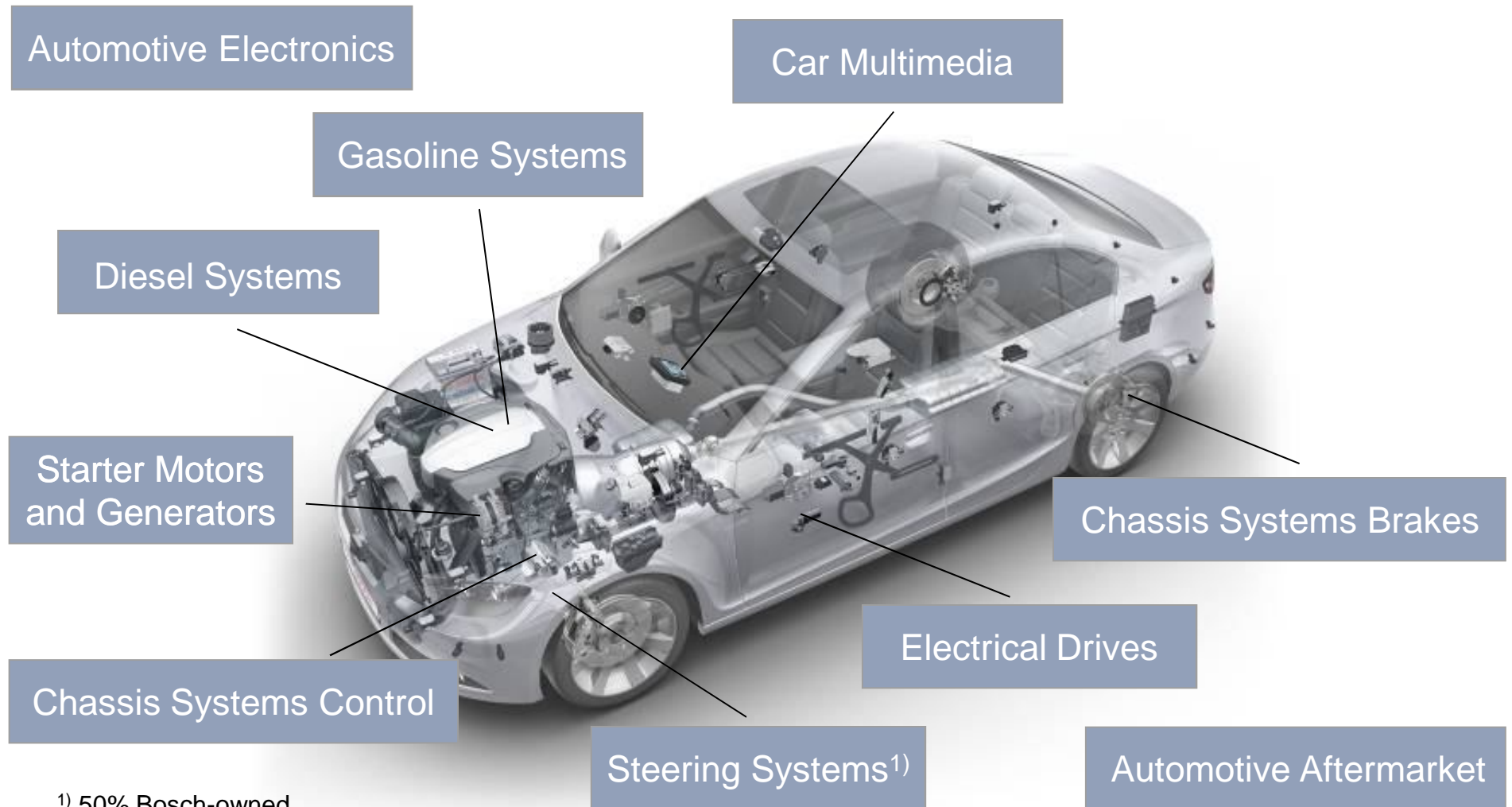


Key Data of Bosch



Government Trends and Impact

Automotive Technology Business Sectors



Government Trends and Impact

Multiple brands in North America, including



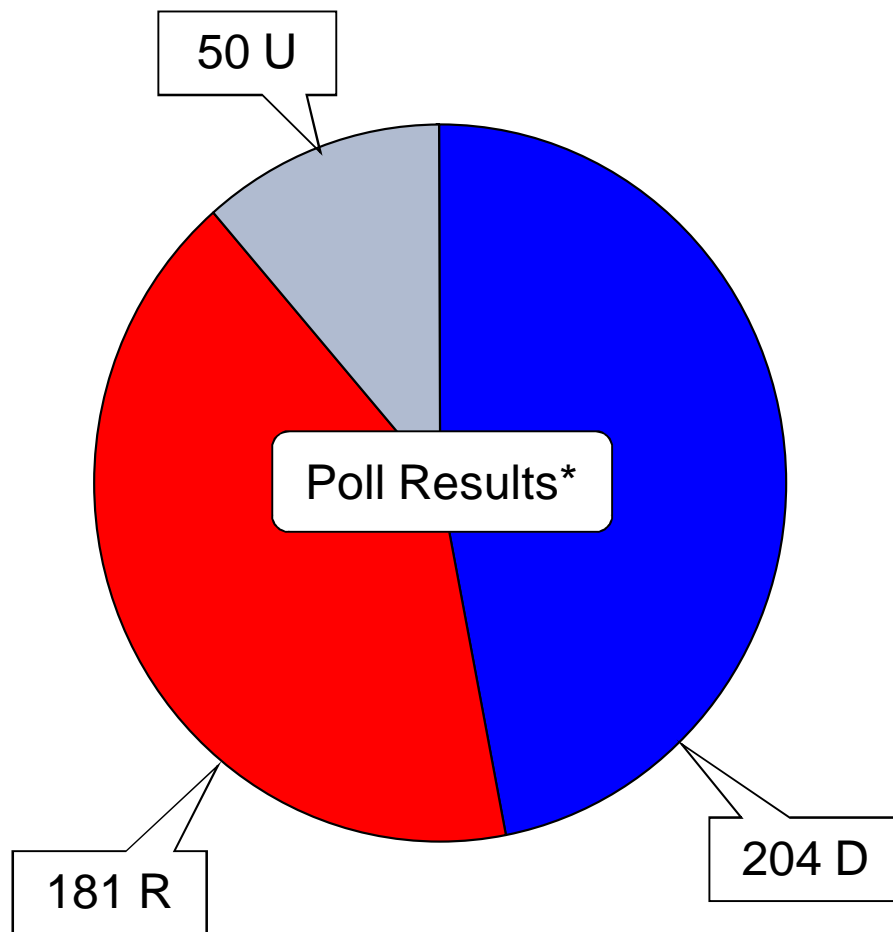
Election Assessment



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Director, Government & External Affairs
Bosch North America



Election Assessment: U.S. House 2010 vs. 2011

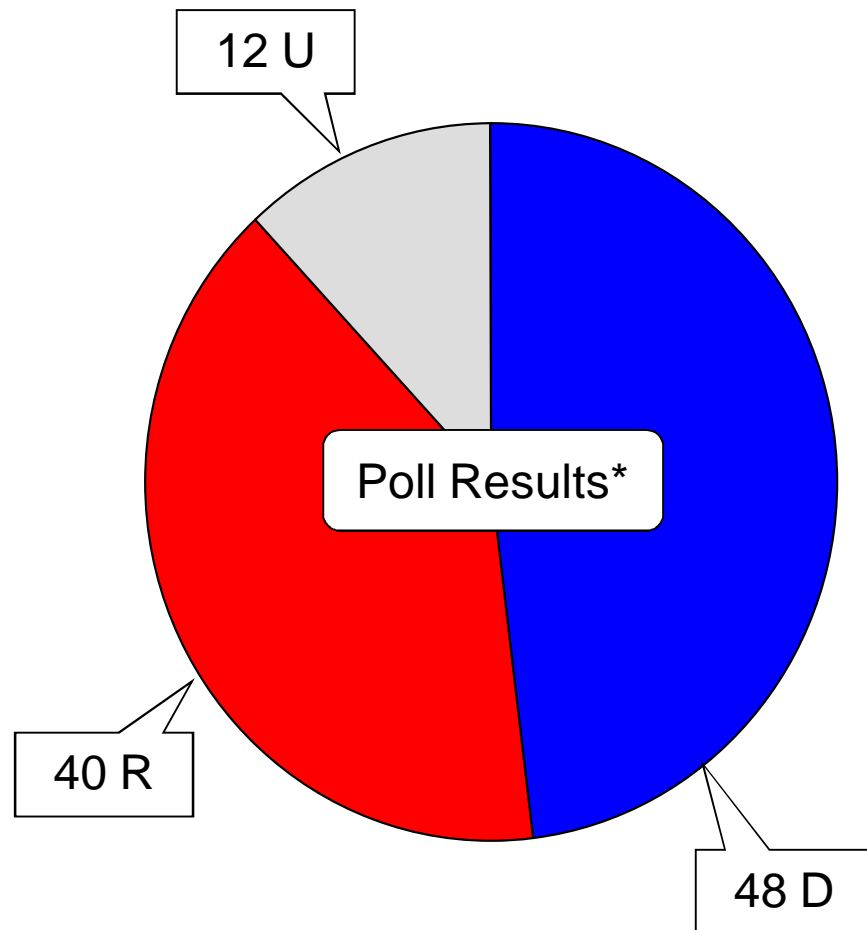


*Source: The Cook Political Report

- 218 seats needed for majority
- Current: 255 / 178 (2 vacant)
- Projected: slight advantage **R**
- Anticipated result:
 - Funding fights
 - EPA
 - Health care
 - Department of Labor
 - Positioning for 2012
 - Supplier aid
 - Taxes
 - Social aid



Election Assessment: U.S. Senate 2010 vs. 2011



*Source: The Cook Political Report

- 51 seats needed for majority
- 60 votes to move legislation
- Current: 57 / 41 (2 independent)
- Projected: slight advantage **D**
- Anticipated result
 - Moderation of agenda
 - EFCA
 - Cap-and-Trade
 - Positioning for 2012
 - Supplier aid
 - Taxes

Energy Trends



Presented by Norm Johnson
Director, Government & External Affairs
Bosch North America



Energy

Current Senate Majority Leader Harry Reid says,

*“...through the **electrification of our transportation sector**, we can stop our addiction to oil”*

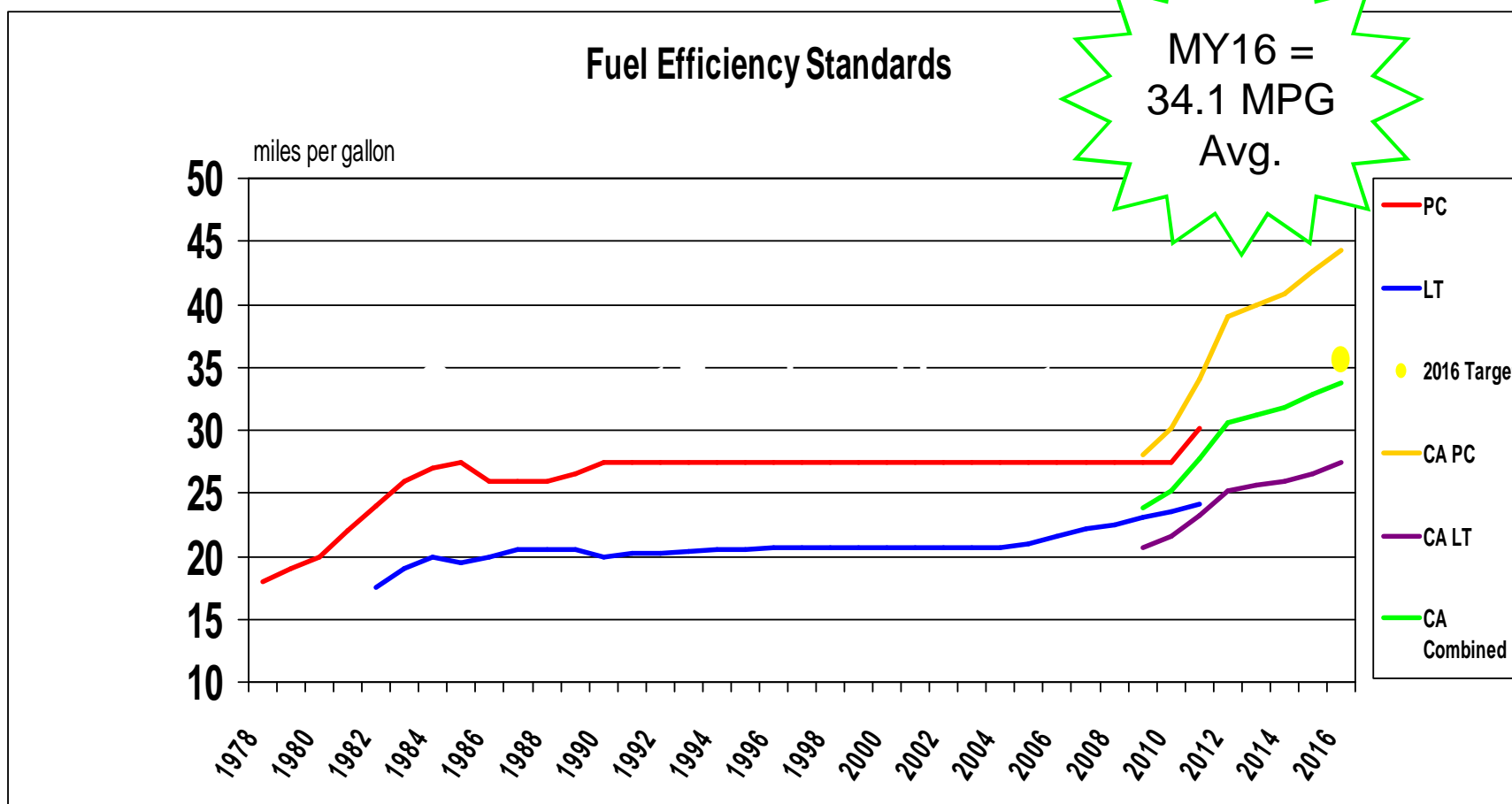
If Republicans reclaim a majority in the Senate, Minority Leader Mitch McConnell says his energy agenda is,

*“Nuclear Power, clean coal technology, offshore drilling, **plug-in hybrid cars and trucks**”*



Government Trends and Impact

MY2012 – 2016 CAFE & GHG Requirements



CA combined average based on 50% Car and 50% Light Truck Mix

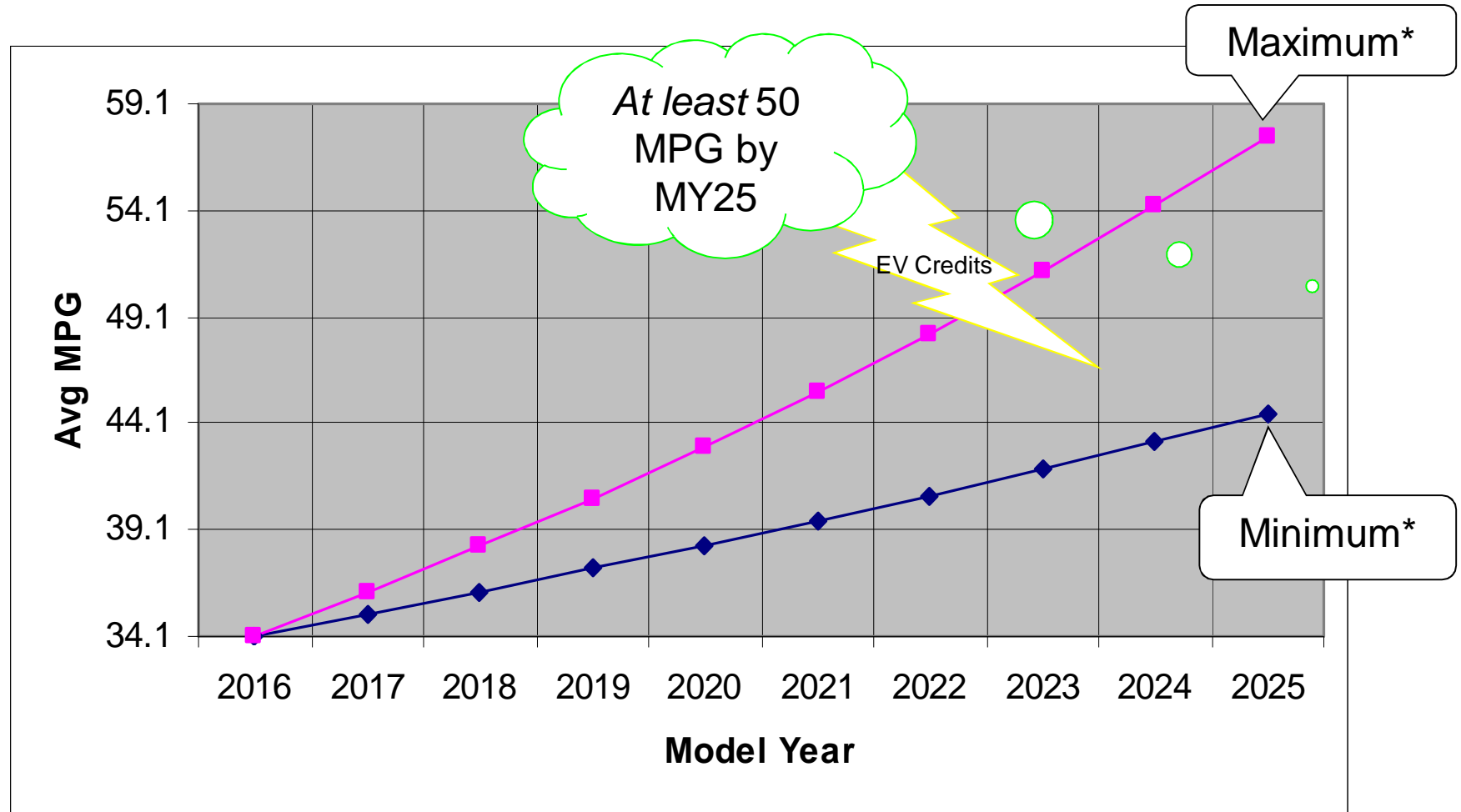


MY2017 - 2025 CAFE / GHG Requirements

- May, 2010 – President Obama directed EPA and NHTSA to work with CARB to set consistent MY2017-2025 GHG / CAFE standards
 - EPA given lead US role, likely resulting in:
 - Higher requirements combined with
 - **EV-related credits**
- EPA and NHTSA also directed to set GHG / fuel economy standards for medium- and heavy-duty trucks MY2014+
- Sept. 30, 2010: deadline for Notice of Intent of Proposed Rulemaking. However,
 - CARB expected to set standards before EPA / NHTSA – possibly early 2011
 - **EPA / NHTSA likely to follow CARB lead**



MY2017 - 2025 CAFE / GHG Assessment



*Based on expected EPA cost-benefit analysis range and political intelligence



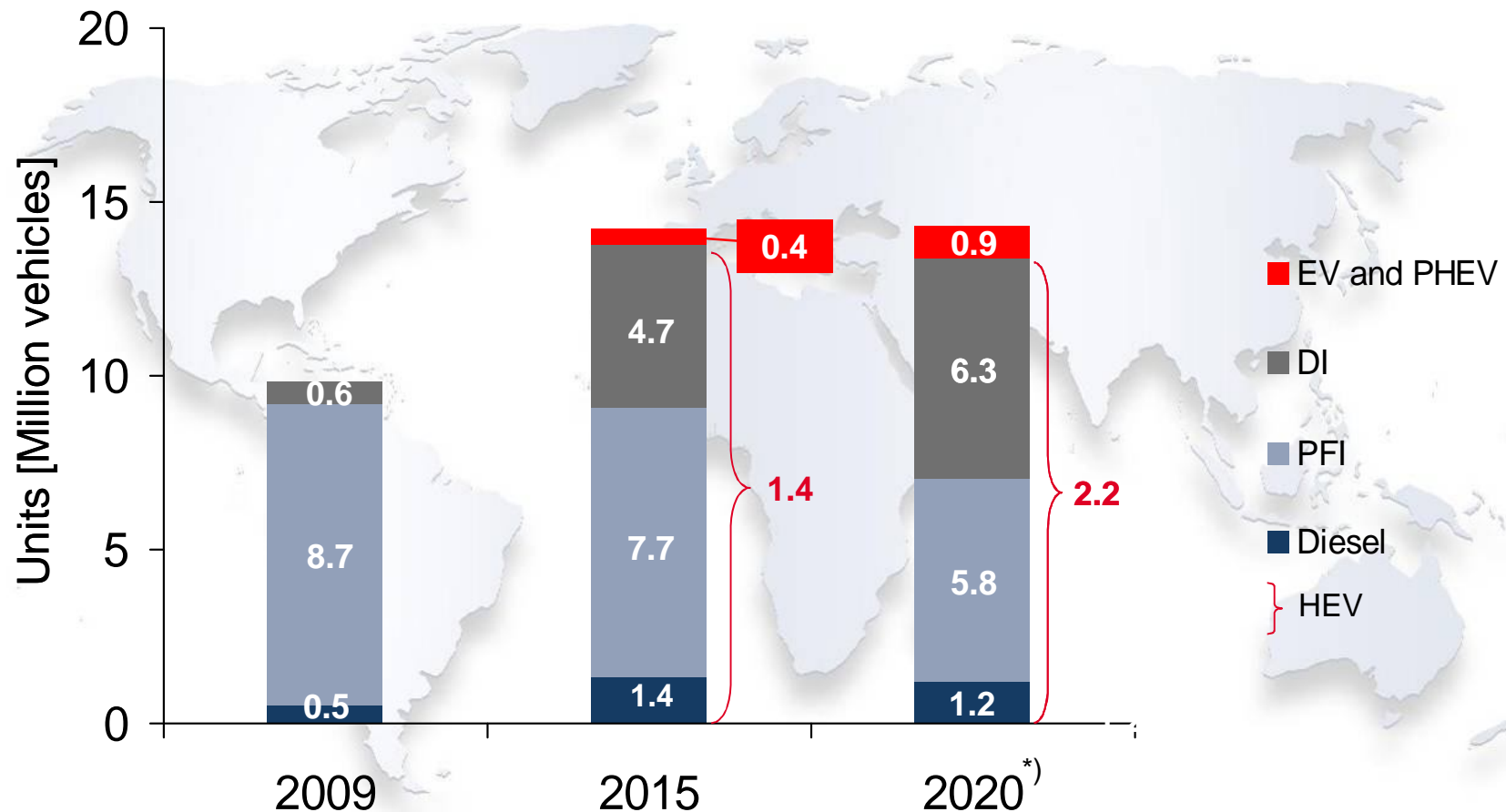
Government Trends and Impact

Powertrain Market US: Perspectives 2020

US market: 9.9 mio.

14.1 mio.

14.3 mio.



^{*)} Estimated total sales light vehicles < 6 tons



Safety Trends



Presented by Norm Johnson
Director, Government & External Affairs
Bosch North America



Motor Vehicle Safety Act of 2010

"If any members of Congress or auto industry executives had the indescribably frightening and deadly experience that I did behind the wheel of my out-of-control Toyota Camry, this bill would already be law."

- Bulent Ezal, Pismo Beach, California

Source: Advocates for Highway Safety Press Release, July 21, 2010



Government Trends and Impact

TITLE I – Vehicle Electronics and Safety Standards		
Provision	Impact	Timing
Section 101. Electronics and Engineering Expertise	\$4 million / year to increase NHTSA competence in electronic systems	2011+
Section 102. Vehicle Stopping Distance and Brake Override Standard	Require brake override systems on all light duty vehicles	Rule issued within 1 year of enactment.
Section 103. Accelerator Control Systems	Requires redundant throttle control circuit / mechanism	Rule issued within 2 years of enactment.
Section 104. Pedal Placement Standard	NHTSA to consider if specific rule on pedal placement needed	Decision within 18 months of enactment
Section 105. Electronic Systems Performance Standard	Minimum standards for electronics systems and components / interoperability	Begin within 2 years; complete rule within 4 years of enactment
Section 106. Keyless Ignition Systems Standard	Standardize pushbutton ignition systems for consumer familiarity	Rule within 2 years of enactment.
Section 107. Transmission Configuration	Make "Neutral" position easier to locate / shift into	Rule issued within 1 year
Section 108. Vehicle Event Data Recorders	All light duty vehicles to have EDRs recording multiple data streams before, during and after an event	Rule issued within 3 years. Phase in to full compliance 2 years later



Government Trends and Impact

TITLE II – ENHANCED SAFETY AUTHORITIES (REMOVED)		
TITLE II – TRANSPARENCY AND ACCOUNTABILITY (FORMERLY TITLE III)		
Provision	Impact	Timing
Section 201. Public Availability of Early Warning Data	Expand amount of suspected safety defect information available to "public"	Rule within 2 years of enactment
Section 202. Improved NHTSA Vehicle Safety Database	Make recall and other safety data easier to locate on NHTSA database	Within 2 years from enactment
Section 203. Promotion of Vehicle Defect Reporting	Require defect reporting contact information to be displayed in vehicle	Rule within 1 year of enactment
Section 204. NHTSA Hotline for Manufacturer, Dealer, and Mechanic Personnel	Establish and promote "confidential hotline" for dealers, mechanics and others to report safety issues	Not specified
Section 205. Corporate Responsibility for NHTSA Reports	Require "senior officer" of OEM to certify in writing accuracy of safety data submitted; up to \$5 million personal fine if false	Effective upon enactment
Section 206. Judicial Review of Defect Petition Rejections	Allows OEMs to challenge recall determinations through legal process	Effective upon enactment
Section 207. Deadlines for rulemaking	NHTSA may delay rulemaking for cause	Effective upon enactment
Section 208. Reports to Congress	Requires studies to determine if NHTSA is holding OEMs accountable	Every other year after enactment



Government Trends and Impact

TITLE III – FUNDING (FORMERLY TITLE IV)		
Provision	Impact	Timing
Section 301. Vehicle Safety User Fee	Assesses automakers up to \$9 / vehicle	Beginning 1 year after enactment
Section 302. Authorization of Appropriations	Triples current limits on NHTSA budget	2010 = \$98 mio (current) 2011 = \$200 mio 2012 = \$240 mio 2013ff = \$280 mio



Status: Motor Vehicle Safety Act of 2010

- Approved by House Energy & Commerce Committee May 26, 2010
- Democrats trying to push approval before end 2010
 - Attempting to negotiate compromise with critics
 - New DOT data showing reduction in traffic deaths fell to lowest level since 1950 providing opponents ammunition to weaken or kill proposal
 - Outcome likely tied to November 2, 2010 election results



Government Trends and Impact

Cats & Dogs



Presented by Norm Johnson
Director, Government & External Affairs
Bosch North America

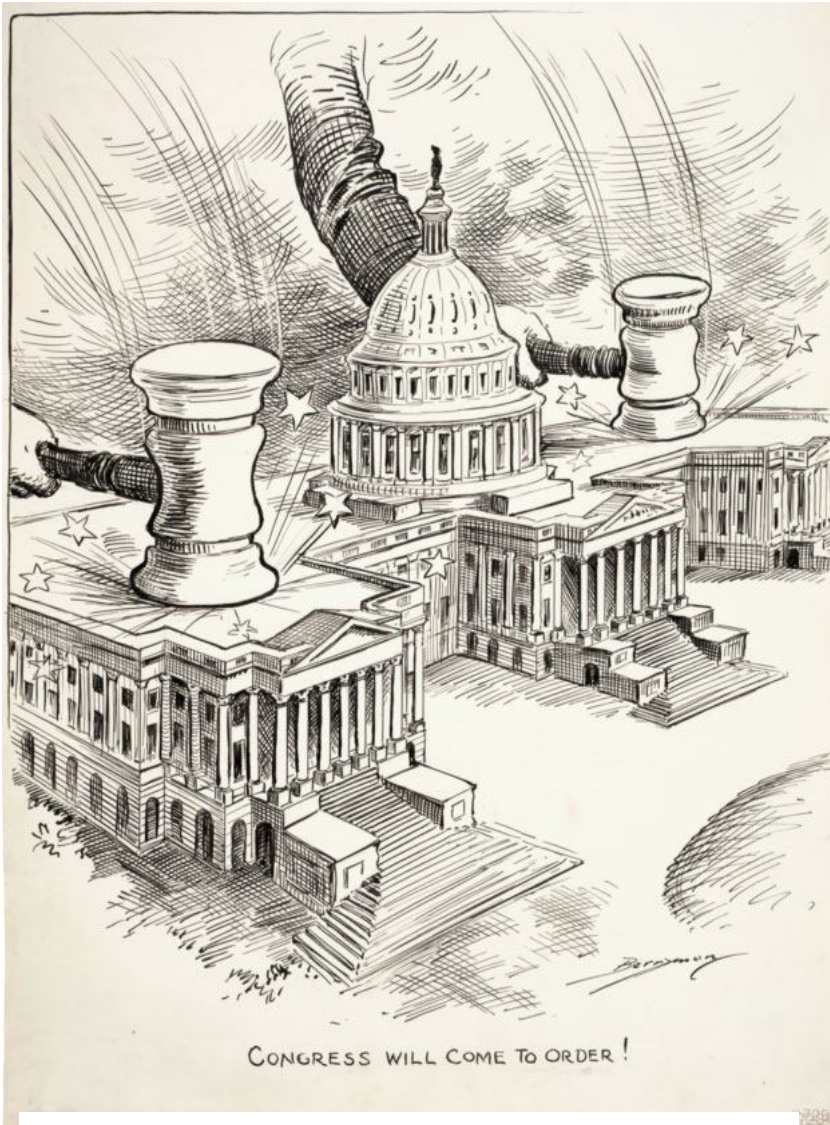


Cats and Dogs

- Copper in brake pads – states banning (CA, OR, next?)
- China – growing angst may = legislative action on currency, other
- Advanced Vehicle Technology Safety Act (House passed)
- LEV III / FSTP II – more emission technology MY2016+?
- AB32 CA GHG reduction law – vote to effectively repeal?
- R&D tax credit – extension?



Government Trends and Impact



The ultimate prize of a congressional election is control over the two houses of Congress. This cartoon shows Congress following the pivotal 1912 elections when the Democrats swept into power and captured majorities in both houses. Will 2010 be the Republicans equivalent of 1912?

Thank you for
your attention!

Washington Evening Star, December 2, 1912



Industry Outlook: Kimberly Rodriguez KPMG



KPMG Auto Outlook

September 23, 2010

ADVISORY

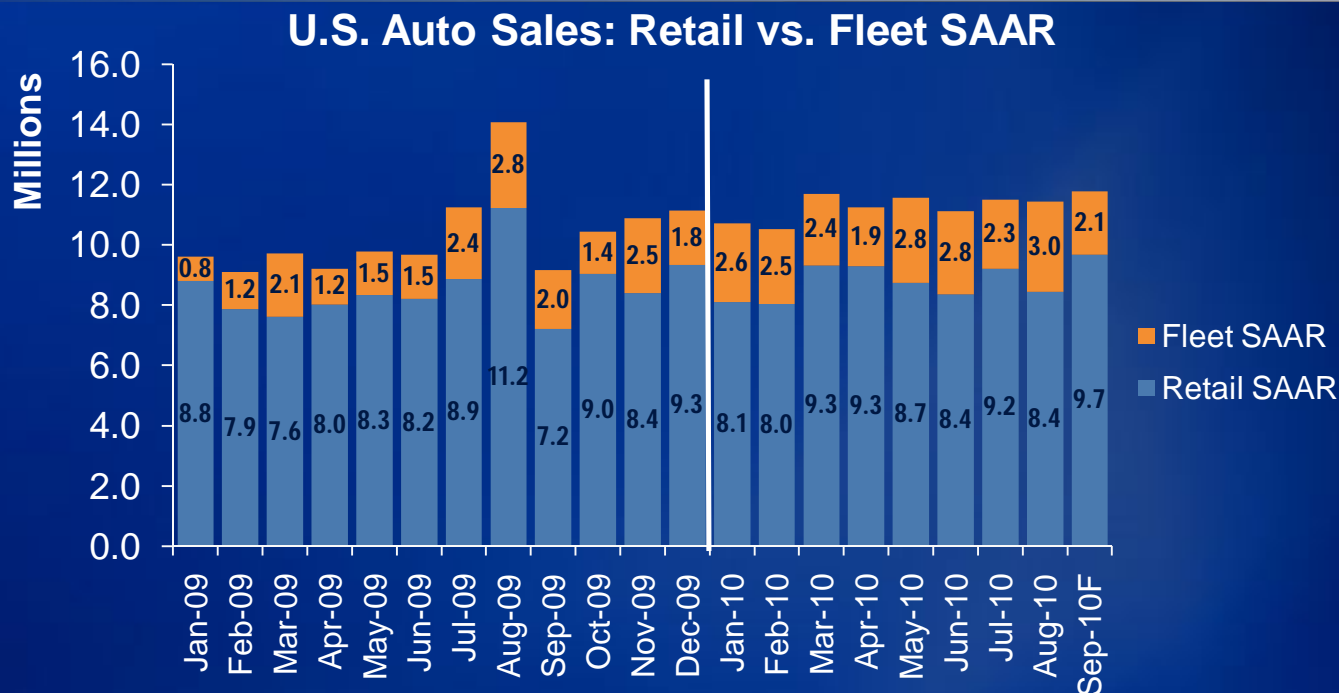
Key Topics

- I. Revised volume estimates
- II. U.S. sales snapshot
- III. Regional variances
- IV. Semiconductor issues
- V. KPMG's diversified industries surveys

Revised Forecasts & Volume Estimates

- Recession is over?...but growth has slowed
- Concerns that slowdown in the U.S. may move to Europe
- Building commodity availability and cost pressure
- Company risk scenario adjustments persist; 2011 volume expectations are being revised.
 - 2010 inventory replenishment is likely a non-repeat scenario
 - SAAR outlook could be relatively flat for next 6 -12 months
 - Uptick in fleet sales has helped support recent demand levels – less than substantial growth on the retail side
 - Balance sheet improvement has not shown to break the extended “holding pattern” that persists

U.S. Sales Snapshot



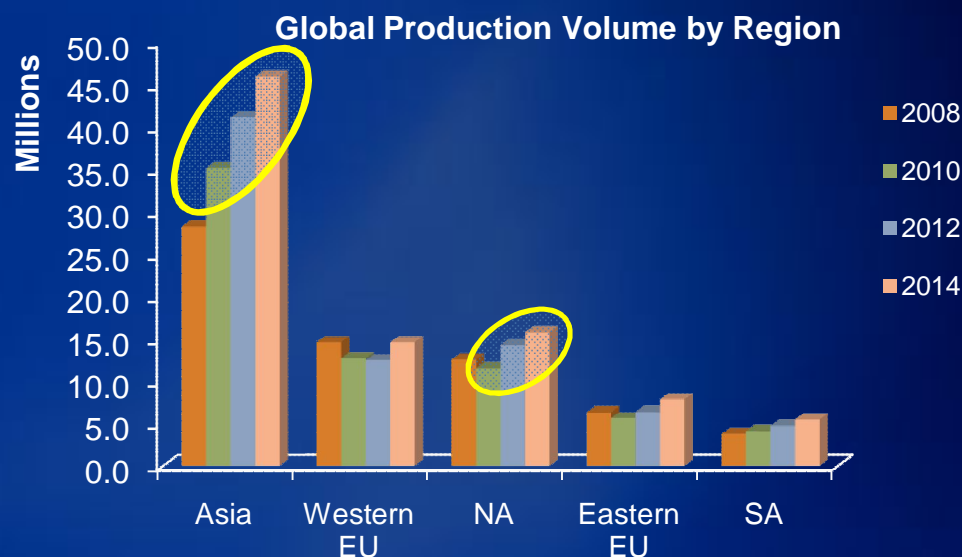
Source: J.D. Power and Associates (Aug. 2010 forecast release)

- August light vehicle sales decreased 17.8% versus a year ago primarily due to last year's CARS scrappage program.
- Calendar-year-to-date (CYTD) total light vehicle sales have increased by 8.9% in 2010 vs. last year, but this increase is due largely to an increase in fleet sales.
- Retail sales are flat on a year-over-year and CYTD basis.

Regional Variances

Regional Observations:

- Asia – Continued growth expected, particularly from Indian and Chinese markets, despite the conclusion of certain government programs. Exports continue to rebound.
- EU – Economies remain relatively soft for the foreseeable future and capacity realignment remains necessary.
- NA – Falloff from scrappage programs; entering into a seasonally low point for sales. Long-term outlook for production levels remains positive.
- SA – Demand continues to be robust, largely driven by growth in Brazil and a rebound in commodity exports. The region is on the verge of a demand out-stripping supply situation due to buoyant domestic growth.



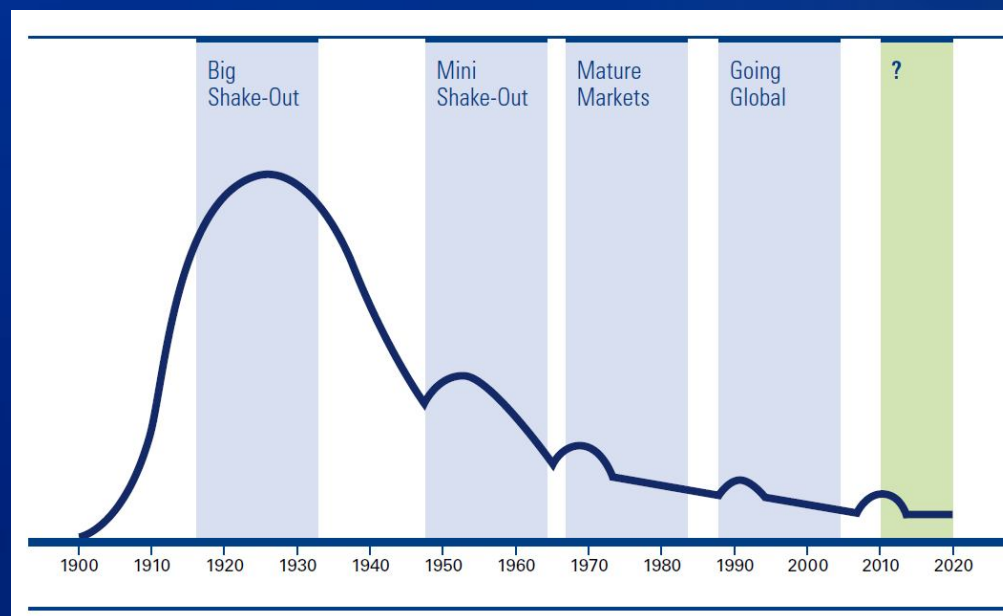
Source: J.D. Power and Associates (Aug. 2010 forecast release)

Note: Middle East not included

Despite current “holding pattern”, all global markets are expected to be in positive territory on a year-over year basis and over the forecast horizon.

European Continuing Consolidation

- European auto industry consolidation has occurred in four phases



- Further consolidation connected with growing globalization of automotive markets.
- Relative strength/weakness of Eastern European markets and competition out of India and China will drive this next phase.
- Will China follow a separate path or European model?

Semiconductor Issues – A leading indicator of other potential shortage issues?

- Semiconductor production for automotive and consumer products has been constrained. Will multiple sector demand continue to outpace capacity?

	<u>1Q 2009</u>	<u>1Q 2010</u>	<u>2Q 2010</u>
Total wafer starts per week	1.21M	1.97M	2.03M
Total wafer capacity utilization	55.6%	93.5%	95.6%
Year over Year volume change	(42%)	62.3%	23.9%

- According to the Semiconductor Equipment and Materials International (SEMI), a slight decline in demand for 4Q 2010 is expected - consistent with typical seasonality pattern.

Semiconductor Considerations

Most semiconductor suppliers are anticipating growth between 5% and 6%, though variances in the sector range from 3% and 12% growth

Factors to Consider:

- Will demand drop 3-4% in 4Q 2010 due to seasonality factors?
- How much net capacity is being added in the next 6-12 months?
- Is the modest increase in demand for 2011 understated?

The industry is producing at the highest capacity utilization levels in history. There is little room for misjudgment in forecasting.

Global Auto Executive Survey

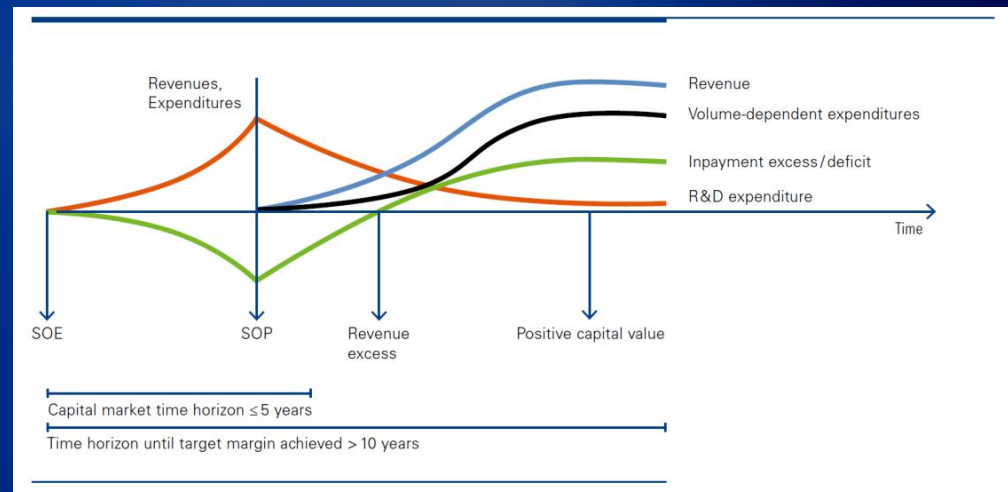
About Survey:

KPMG'S Global Auto Executive Survey 2010 was conducted at the end of a historic year for the automotive business.

It is the 11th annual survey of senior global auto executives. Two hundred respondents from 24 countries took part in the survey. All survey questions relate to the 5-year period through 2014.

Key Highlights:

- Striking level of caution remaining despite recent growth/profitability.
- Huge technology challenges to be met amidst the challenge of credit availability.
- Companies are likely to compete on technology and cost.
- Meeting these challenges means more structural changes and revisions to standard auto practices.



Global Auto Executive Survey

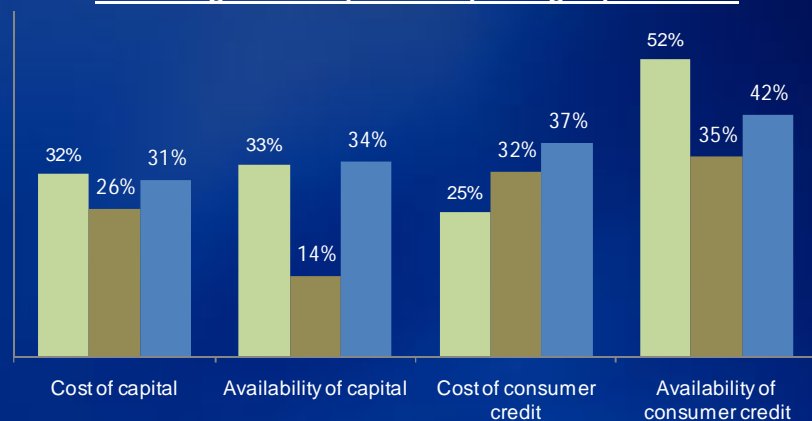
The Performance Angle:

- No easy cost savings expected
 - Cost focus shifts away from restructuring
 - Necessary supply chain improvements tougher to realize
 - Computer modeling rated sharply higher
- Financial conditions expected to evolve
 - Companies expecting financial improvement outnumber those expecting decline
 - EMEA companies most pessimistic on corporate financing

Key Cost Saving Opportunities

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Product Materials Innovation	✓	✓	✓
Low-cost Country Sourcing	✓		✓
Computer Modeling	✓		
Supply Chain Management		✓	

Percentage of Companies Expecting Improvement



■ Americas ■ Europe, Middle East and Africa (EMEA) ■ Asia Pacific (ASPAC)

Global Auto Executive Survey

Product Innovation and Consumer Change:

- New products and technologies have moved higher in the ranking of concerns.
- Fuel efficiency and environment are top of consumer concerns.
- Low-cost producers (China & India) to win the most market share.
- Hybrid, other alternative fuel vehicles and low-cost cars will be top market share gainers.
- Most capital to be directed to technology and new model development.

Global Manufacturing Outlook Survey

Key Findings

- 67% of leading industrial company executives surveyed say cost containment remains the top priority in managing their supply chains.
- 40% acknowledge that driving down costs has damaged relationships with their suppliers.

New Strategies

Managing the supply chain through transparency, cooperation and regional strength is gaining favor.

- Having stronger and deeper relationships is critical among leading companies.
- Many expect to enter into more long-term contracts but with fewer suppliers.
- The expected marketplace winners are entering into strategic relationships with suppliers that not only deliver product, but provide innovation as well.
- 39% will continue to invest in China more than any other country over the next two years, while 26% will invest more in India. Cost was cited as the predominant deciding factor.
- 11% of respondents plan to outsource from the U.S. more than from any other country during the next two years.

Is Standing still really a Good Strategy?



KPMG Auto Advisory

About KPMG:

A leading provider of professional services to the automotive industry around the world. KPMG has a highly experienced team with a deep presence and focus on understanding the relevant industry dynamics, thanks to our global network, knowledge sharing, industry training and our professionals' direct experience in the industry.

U.S. Automotive Practice:

Our U.S. Automotive practice, based in Detroit, is dedicated to working with our clients to help them navigate the risks and impact of changing industry conditions and is comprised of more than 800 professionals with extensive experience throughout the entire automotive value chain.

Client Services:

KPMG has provided services to Original Equipment Manufacturers (OEMs), system integrators, Tier One and Tier Two suppliers, as well as automobile dealers. Facing the challenges of growing consumer influence, economic pressures, globalization, energy costs, new technology, consolidation, and a changing regulatory environment, automotive companies are looking for progressive methods and processes to help decrease costs, manage risk, and reduce time-to-market. KPMG's objective is to turn our experience and deep industry knowledge into real value for our firm's clients.





KPMG International

KPMG is a global network of professional firms providing Audit, Tax, and Advisory services. We operate in 144 countries and have 137,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International, a Swiss cooperative. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

KPMG in the U.S.

KPMG LLP, the audit, tax and advisory firm (www.us.kpmg.com), is the U.S. member firm of KPMG International Cooperative ("KPMG International"). KPMG International's member firms have 137,000 professionals, including more than 7,600 partners, in 144 countries.



Mark Fields

Ford Motor Co.



Mark Fields

**Executive Vice President And
President Of The Americas**

**Society of Automotive Analysts
September 23, 2010**

BUSINESS ENVIRONMENT



- The global economy expanded through the Second Quarter, with modest growth expected to continue
- Global industry volume for Full Year 2010 is projected to exceed the 2009 level of 65 million units by 5 - 10%
- Asian market recoveries are moderating, but economic growth remains strong
- Consumer spending in the U.S. and Europe likely to remain below trend in 2010 due to weak labor markets and tight credit conditions, but is improving slowly
- Fiscal tightening will act as a near-term drag on European growth
- Central banks in the U.S. and Europe are expected to maintain low interest rates to support economic growth
- As global demand conditions improve, commodity prices have increased

**The Global Business Environment Remains Challenging,
But We Expect Global Growth To Continue**

THE ONE FORD PLAN



- Aggressively restructure to operate profitably at the current demand and changing model mix
- Accelerate development of new products our customers want and value... to deliver profitable growth for all
- Finance our Plan and improve our balance sheet
- Work together effectively as one team



AGGRESSIVELY RESTRUCTURE -- NORTH AMERICA KEY ACCOMPLISHMENTS SINCE 2005



- **Ford has reduced structural costs by over \$10 billion**
- **Will reduce production capacity by approximately 40 percent by end 2011**
- **Reduced salaried, hourly headcount by 40-50 percent**
- **Improved our manufacturing competitiveness – particularly by working with the UAW**
- **Reduced product engineering and new facility and tooling costs**

**Reduced Structural Costs Significantly;
Lowered Breakeven Volume**

ACCELERATE NEW PRODUCTS



Fiesta



Focus



Fusion



Mustang



Taurus



NORTH AMERICA



Escape



Edge



Flex



Explorer



Expedition



Transit Connect



E-Series



F-150



Super Duty

MIGRATING TO GLOBAL PLATFORMS



South America



Europe / Asia Pacific



Global Fiesta



North America



**Europe / South America
Asia Pacific**



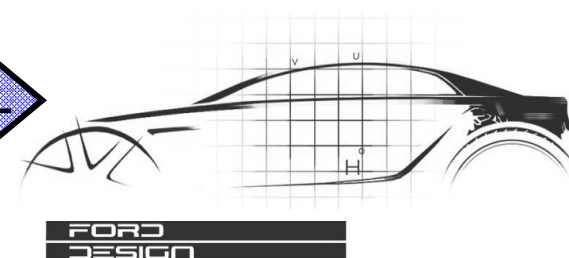
Global Focus



North America



Europe / Asia Pacific



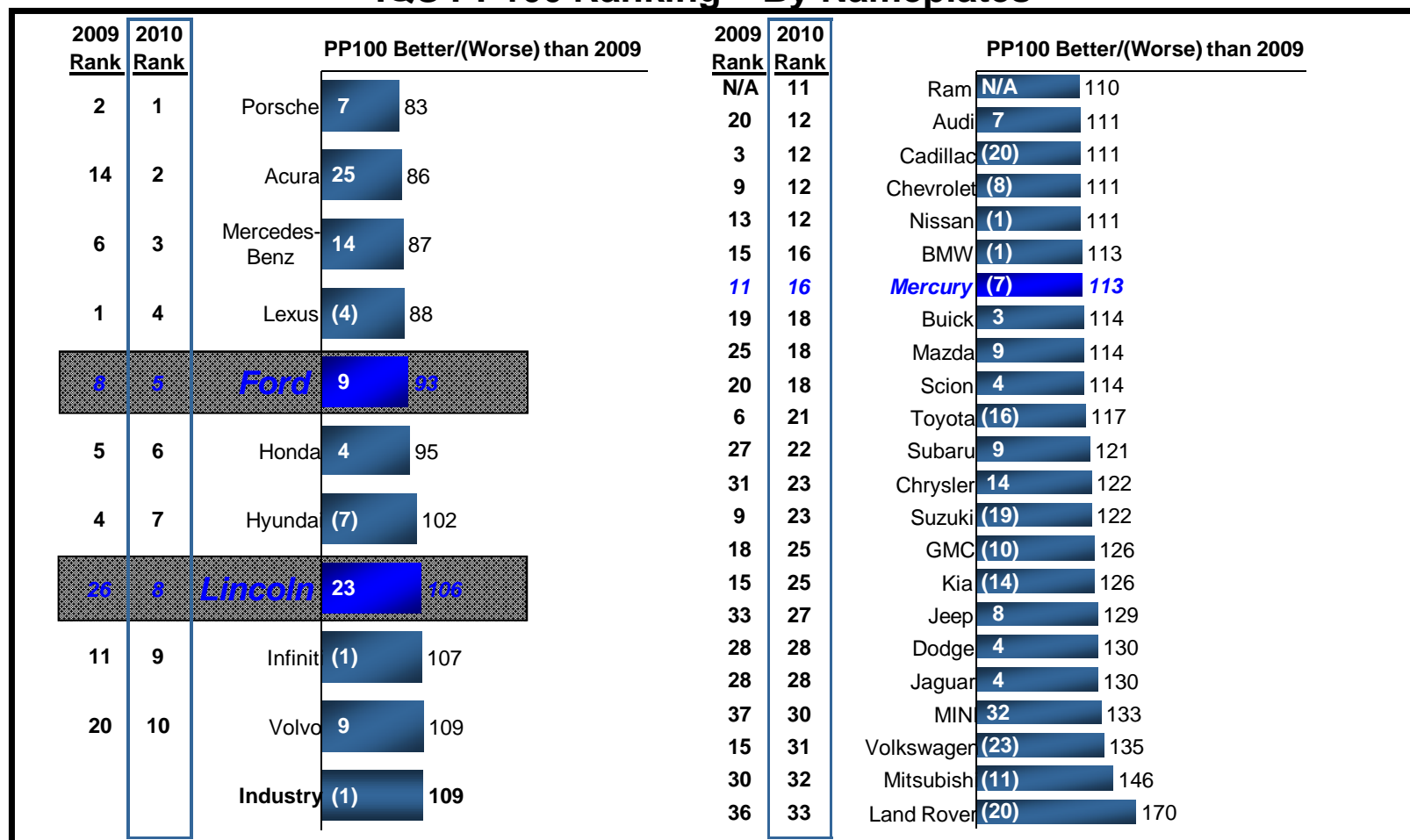
Global CD-Car

'FOUR PILLARS' OF GLOBAL PRODUCT STRATEGY



DRIVE QUALITY -- JD POWER INITIAL QUALITY SURVEY

IQS PP100 Ranking – By Nameplates

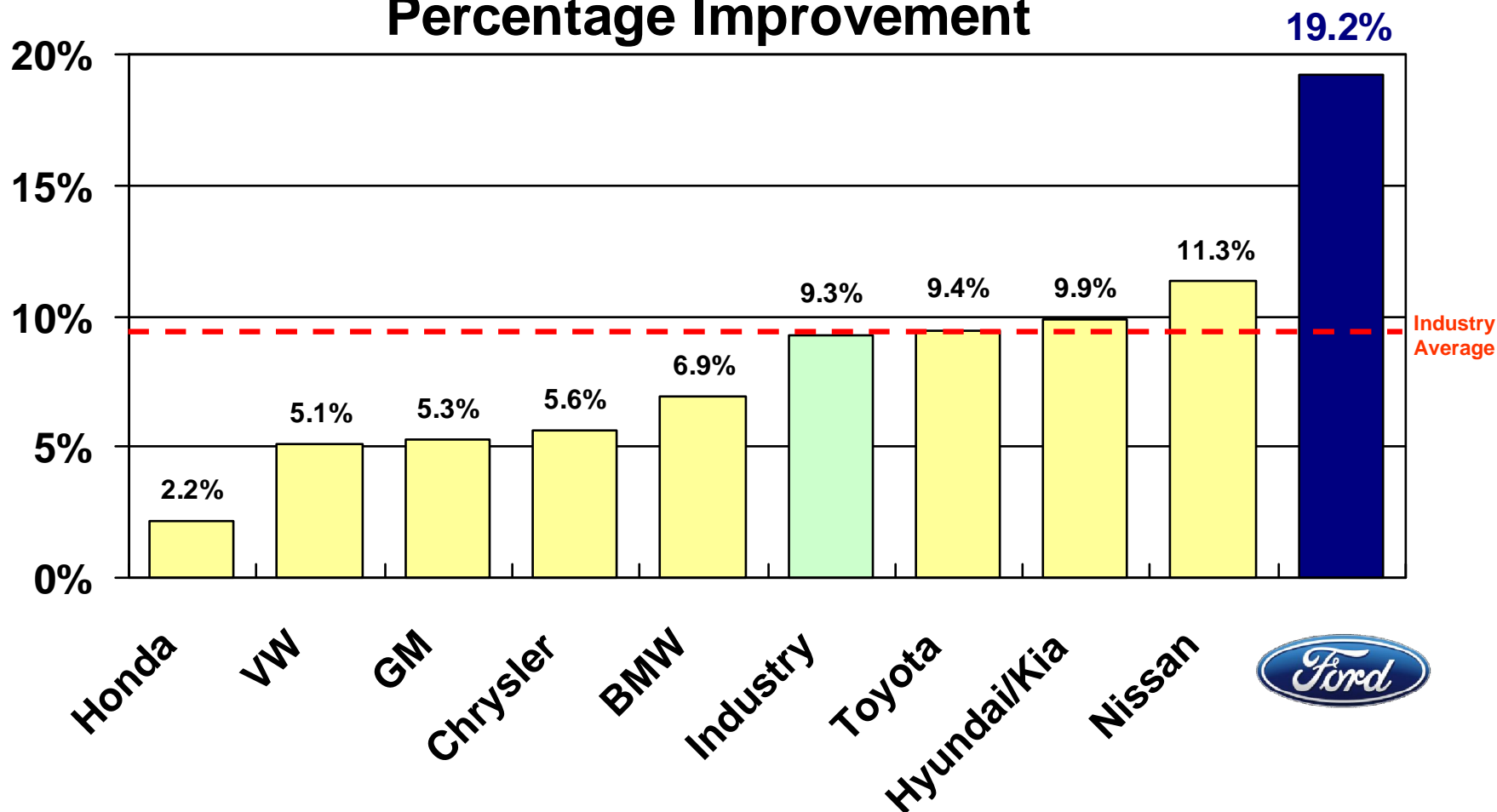


Quality On Par With The Best In The Industry
Recent News - Ford Ranked 5th In JD Power IQS Survey

DRIVE GREEN -- FUEL ECONOMY LEADERSHIP



2004 - 2009 U.S. Fleet-Average Fuel Economy Percentage Improvement



Ford Is Improving Fuel Economy At The Fastest Rate

DRIVE SAFE

INSURANCE INSTITUTE
FOR HIGHWAY SAFETY



Ford has more Insurance Institute for Highway Safety's "Top Safety Pick" awards than any other automaker and more government five-star safety-rated vehicles than any other brand.



2010 Model Year IIHS "TOP SAFETY PICK" Awards - Ford Flex & Fusion, Lincoln MKZ & MKT, Mercury Milan

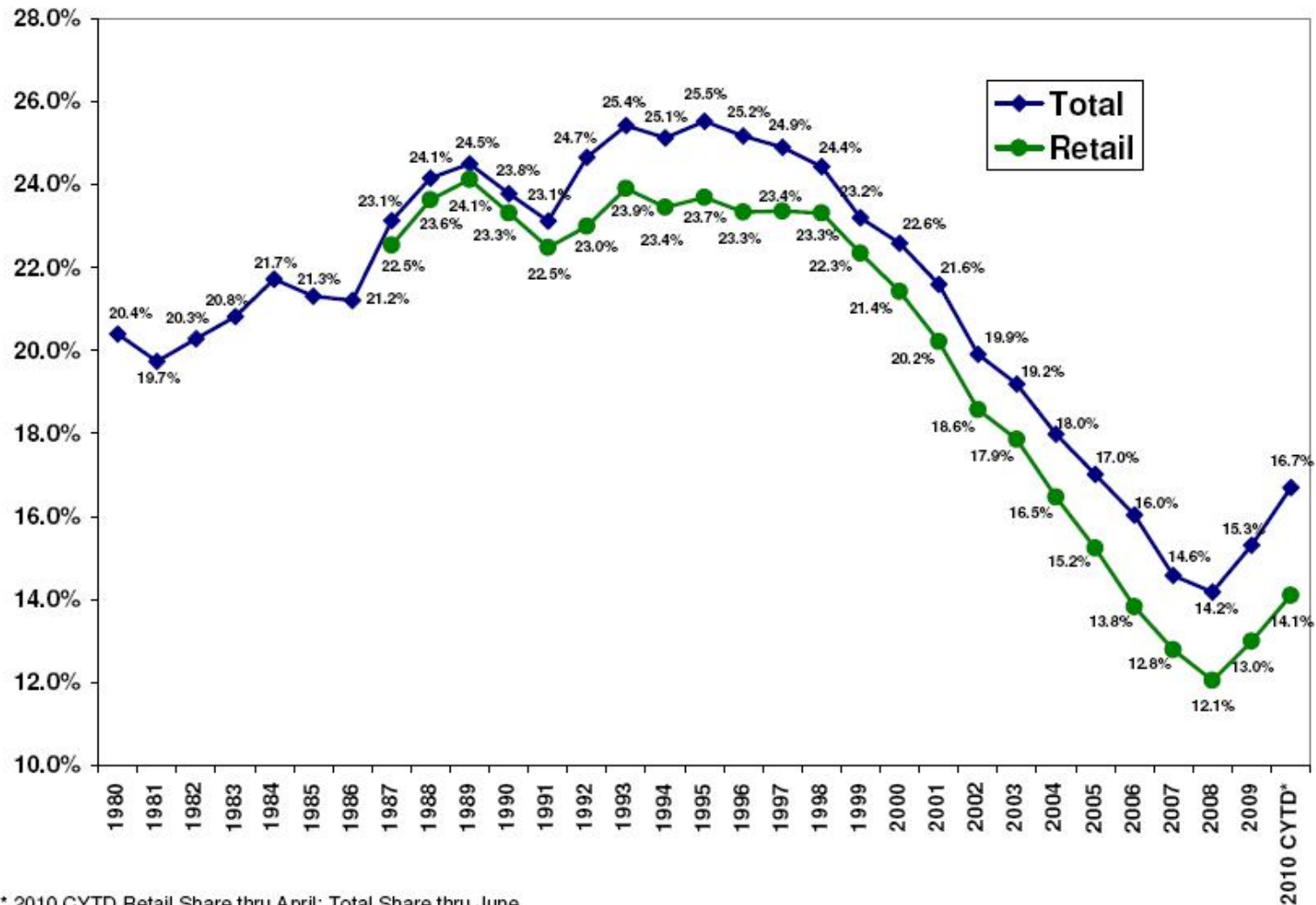
DRIVE SMART



MyFORD Touch Technology Provides Consumers With New And Engaging In-Vehicle Experiences



PRODUCT STRATEGY IS WORKING -- U.S. FLM MARKET SHARE

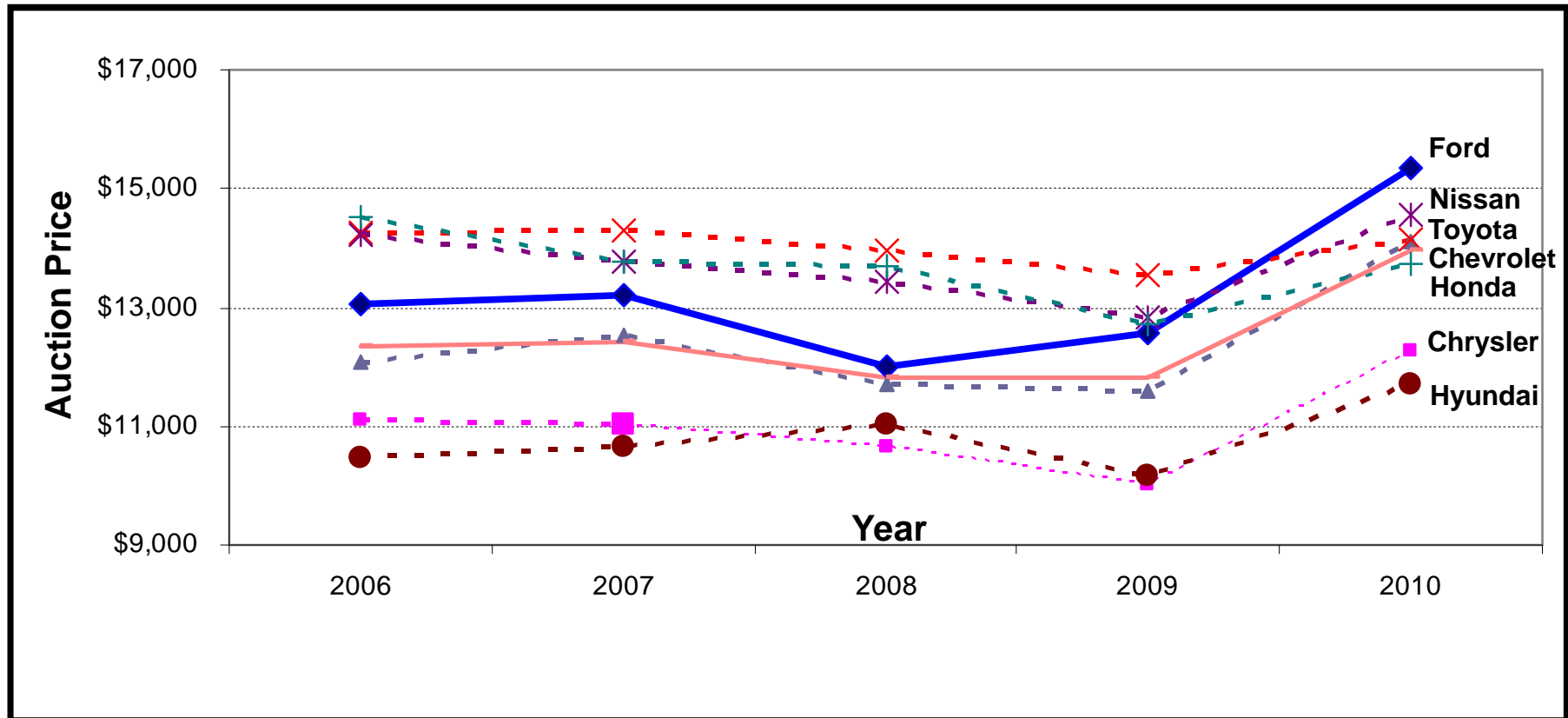


* 2010 CYTD Retail Share thru April; Total Share thru June

**As Brand Health, Quality, And Customer Satisfaction Have Improved, So
Has Our Market Share**

PRODUCT STRATEGY IS WORKING -- RESIDUAL VALUES IMPROVING

Used Vehicle Auction Value



Data Source: NADA AuctionNet May CYTD, Mileage and Mix Controlled, Luxury Brands Excluded. Data represents vehicles 1-3 years in service

**Improvement In Vehicle Resale Values Benefits Customer's
Cost Of Ownership**

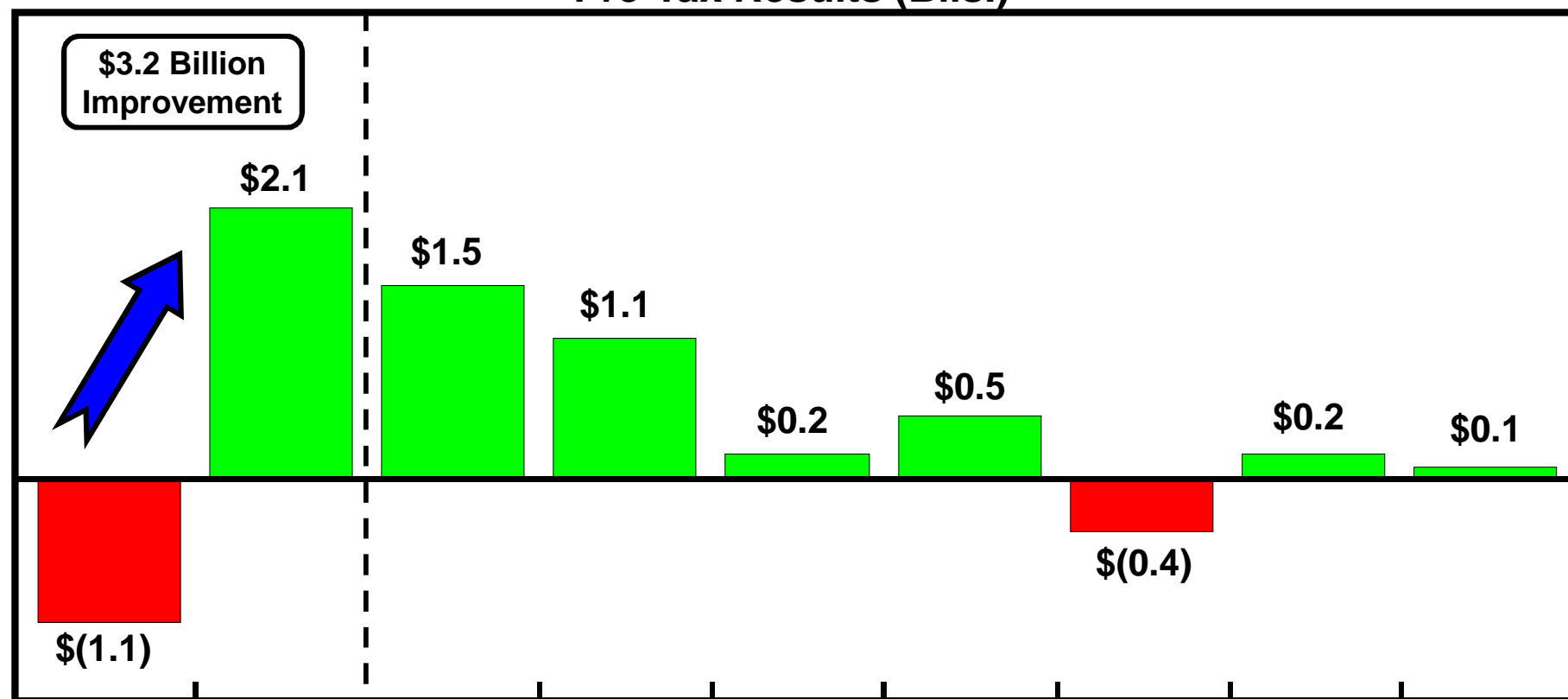


FINANCING OUR PLAN -- AUTOMOTIVE SECTOR

2010 SECOND QUARTER PRE-TAX RESULTS

COMPARED WITH 2009*

Pre-Tax Results (Bils.)



Memo: North America

\$(0.9)	\$1.9	\$1.4	\$1.0	\$(0.1)	\$0.4	\$ -	\$ -	\$0.1
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* Excludes special items, See Quarterly Report on Form 10-Q for the period ended June 30, 2010 at www.ford.com for reconciliation to GAAP

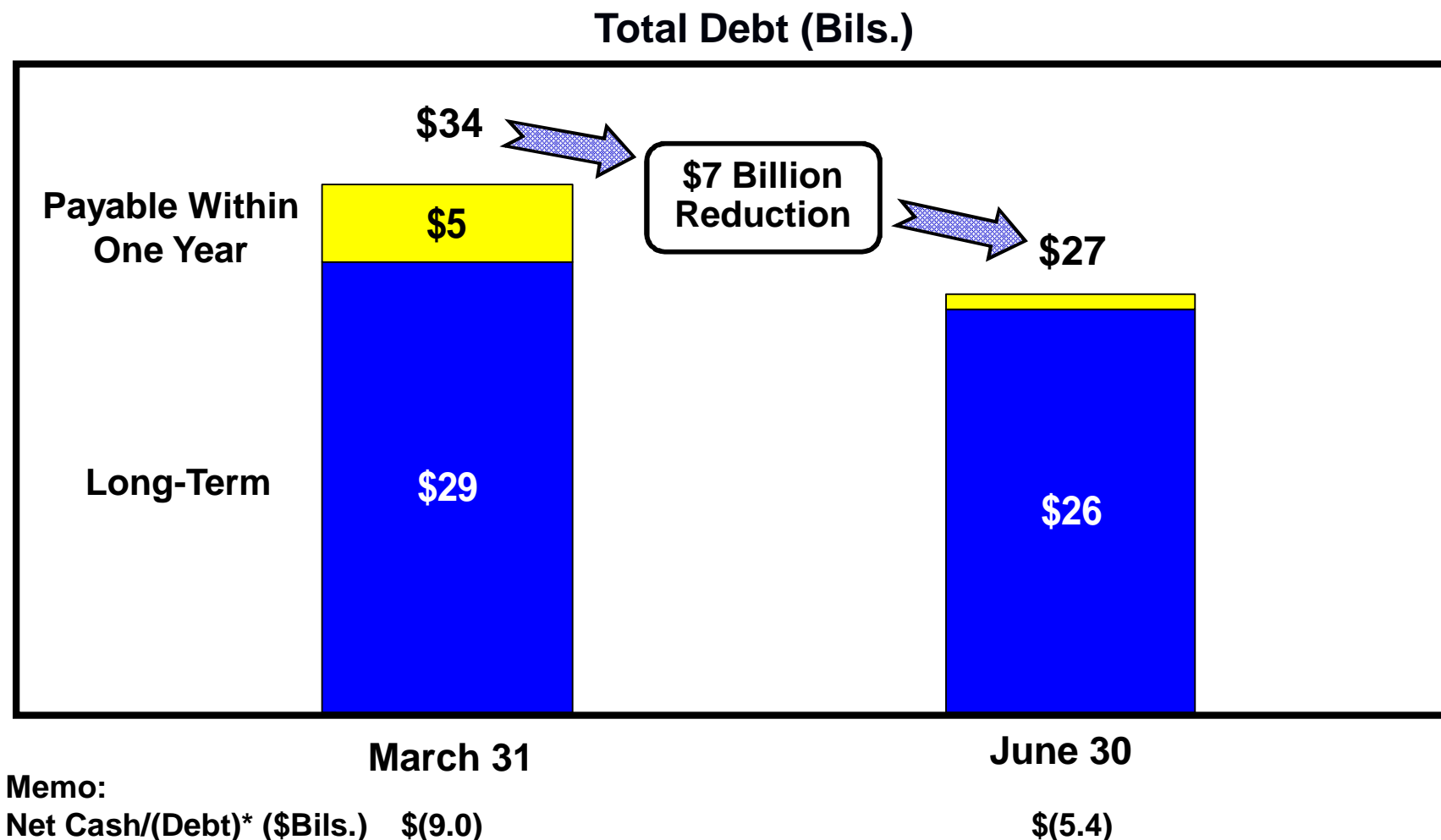
** Adjusted to reflect the new accounting standard on VIE consolidation

*** Cost changes are measured primarily at prior-year exchange, and exclude special items and discontinued operations. In addition, costs that vary directly with volume, such as material, freight, and warranty costs, are measured at prior-year volume and mix

**** Non-recurrence of 2009 Second Quarter results

SLIDE

FINANCING OUR PLAN -- 2010 AUTOMOTIVE DEBT



Improved Operating Performance Is Enabling Us To Continue The Process Of Strengthening Our Balance Sheet

*See Quarterly Report on Form 10-Q for the period ended June 30, 2010 at www.ford.com for reconciliation to GAAP

SLIDE

ONE TEAM -- WORKING TOGETHER EFFECTIVELY

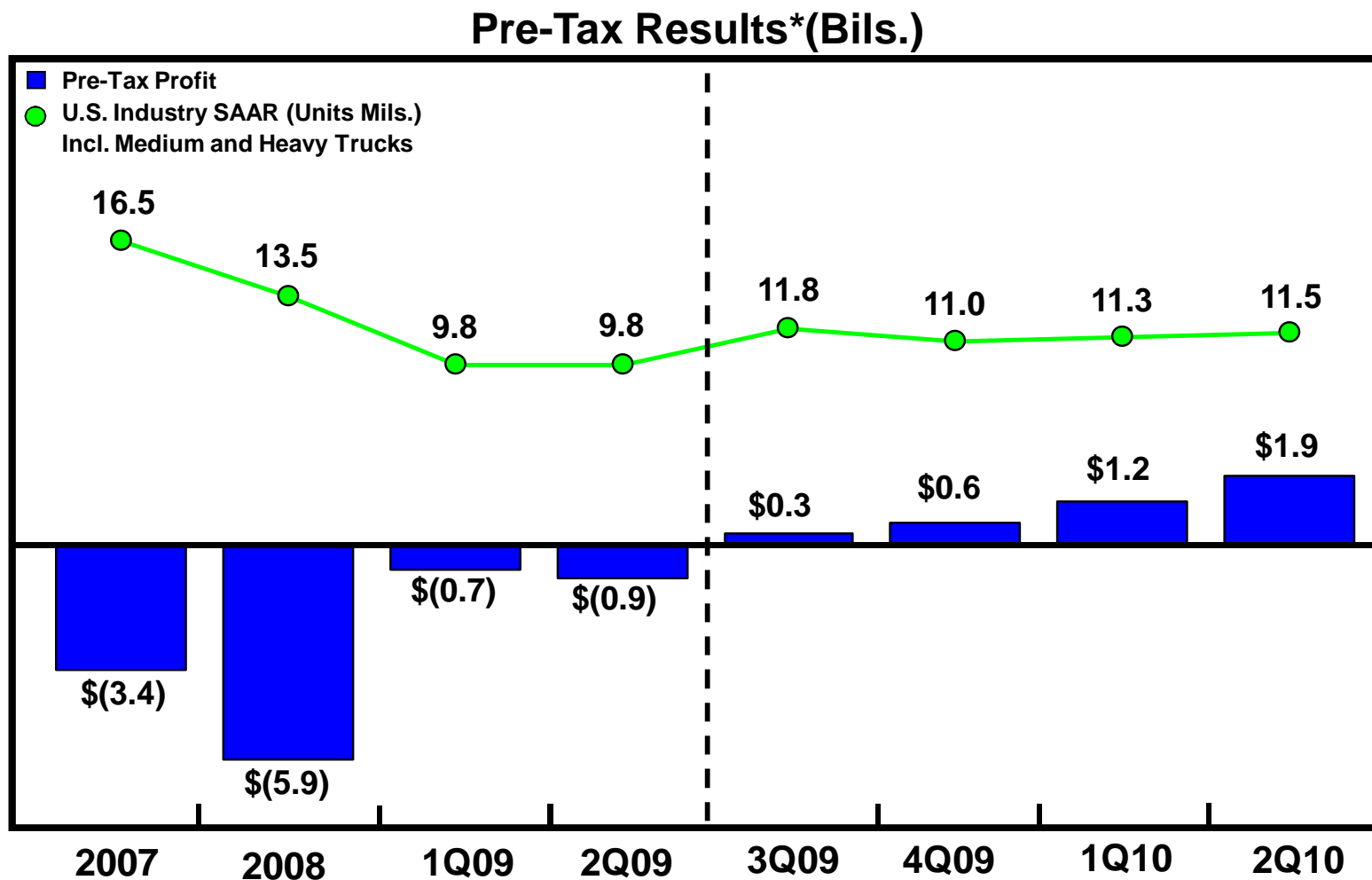
- **Dealer relations are at an all-time high. In a recent NADA survey, Ford scored all-time high marks in 9 of 12 categories**
- **Employee satisfaction continues to improve – future outlook dimension is at 90% favorable**
- **Relations with suppliers continues to outpace industry – Ford rose from last place in 2007 to first place in the First Quarter 2010**
- **Corporate reputation continues to improve; Ford now the #1 automotive brand in the U.S.**

**All Stakeholders Involved, Contributing to,
And Pleased With Our Progress**

THE ONE FORD PLAN IS WORKING

- **Restructured and significantly lowered fixed costs, took out idle capacity, and reduced engineering and new facility/tool costs**
- **Starting to see the benefits of aggressive new product plan and balanced portfolio**
- **New products well-received in the marketplace**
- **Have broken into the top 5 in initial vehicle quality among all U.S. manufacturers; Ford is the only full-line, non-premium brand to make it there**
- **Ford, Lincoln and Mercury vehicles recorded the U.S. industry's largest gain in resale values from the 2009 to 2010 model year**
- **Successfully stabilized and grown market share in North America, while improving revenue**
- **Paid down \$7 billion of Automotive debt in the Second Quarter**
- **For 2010, we are on track to deliver solid profits with positive Automotive operating-related cash flow**
- **For 2011, we expect continued improvement in total profitability and Automotive operating-related cash flow**

THE ONE FORD PLAN -- POSITIONED FOR GROWTH



Ford Is Profitable At A Lower Industry, Positioned To Grow As Industry Demand Strengthens

* Excludes special items, See Quarterly Report on Form 10-Q for the period ended June 30, 2010 at www.ford.com for reconciliation to GAAP

SLIDE





Icons of the Industry



7th Annual Strategic Planning Summit

January 9, 2011
Automotive Outlook Conference
Cobo Hall, Detroit

SAA
Society of Automotive Analysts
The Automotive Thought Leaders