Picking Up the Pieces
Restructuring of the North American Automotive Industry

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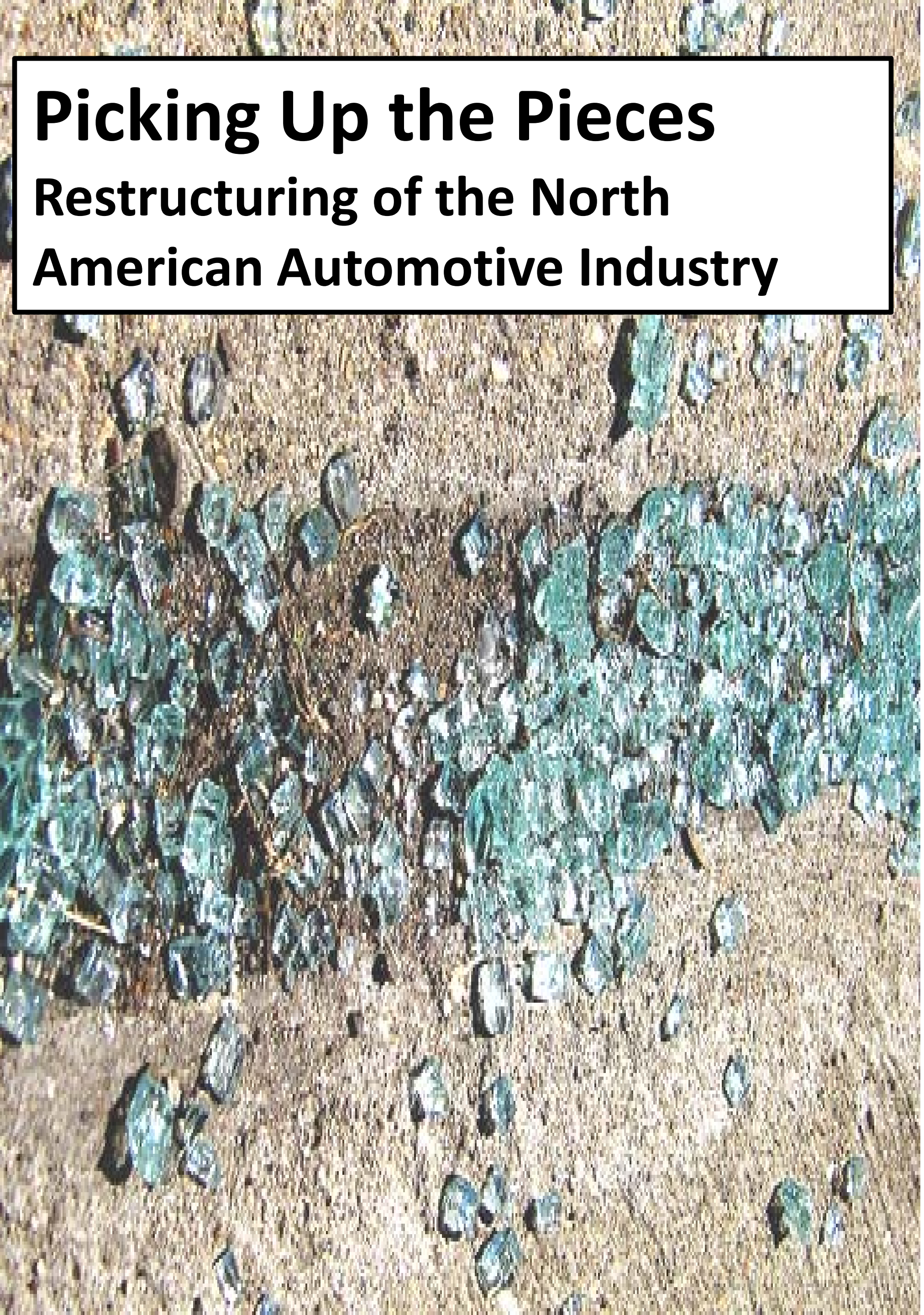

Speakers

Sean P. McAlinden
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John Corey
President and Chief Executive Officer, Stonebridge, Inc. and
Chairman of the Board, OESA

Ron Harbour
Partner, Oliver Wyman-Detroit

Itay Michaeli
Vice President, Citi Investment Research and Analysis

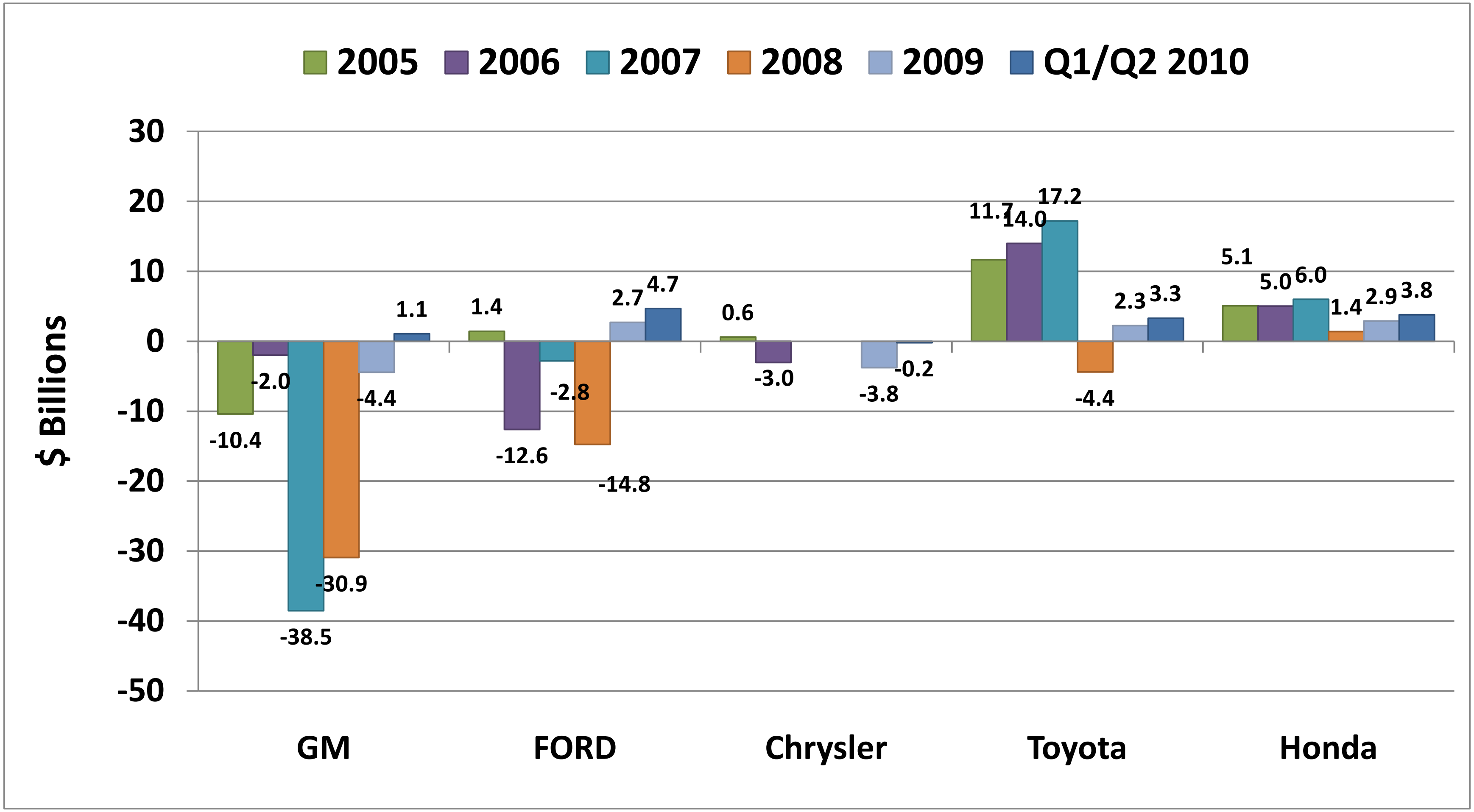
Lynn Tilton
Founder and CEO, Patriarch Partners

In Detroit,
We Waited 30 Years
For Some Things

Some Improvements

- Earnings
- Quality
- Productivity
- Labor Costs
- Market Share

Earnings Are Positive
Corporate Net Income (Loss)



*Ford's financial result reflects 1H 2010.

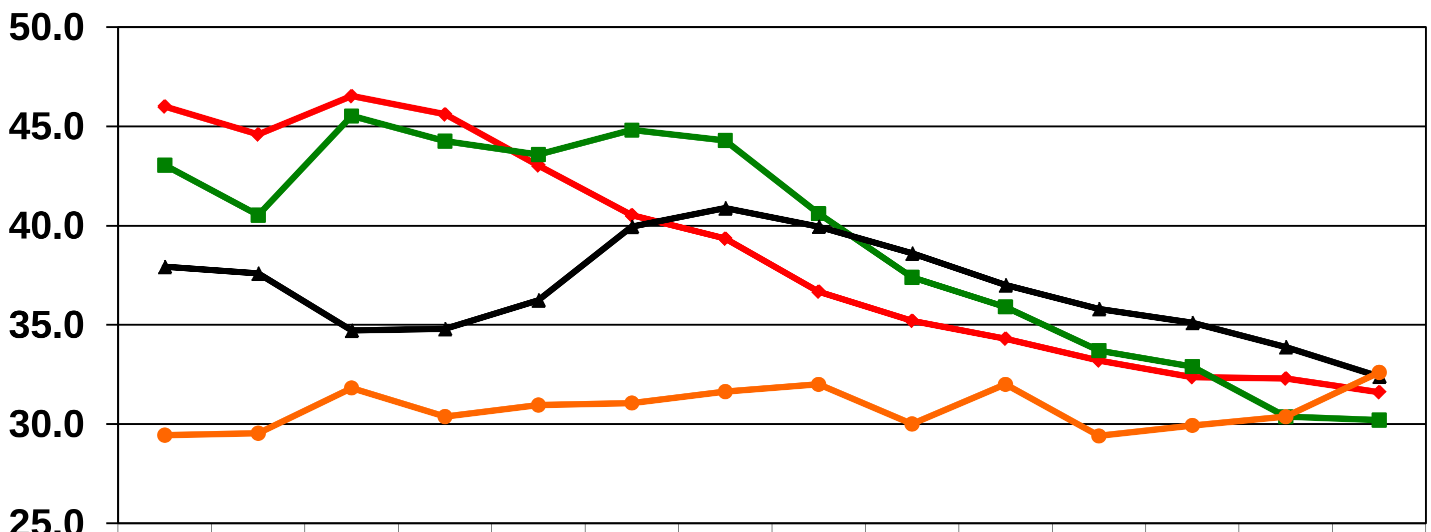
**GM represents both General Motors Corp. and General Motors Co.

***Chrysler represents Chrysler Group of DaimlerChrysler AG, Chrysler LLC, and Chrysler Group LLC.

****Toyota/Honda data reflect corresponding fiscal year financial results.

No Significant Difference?

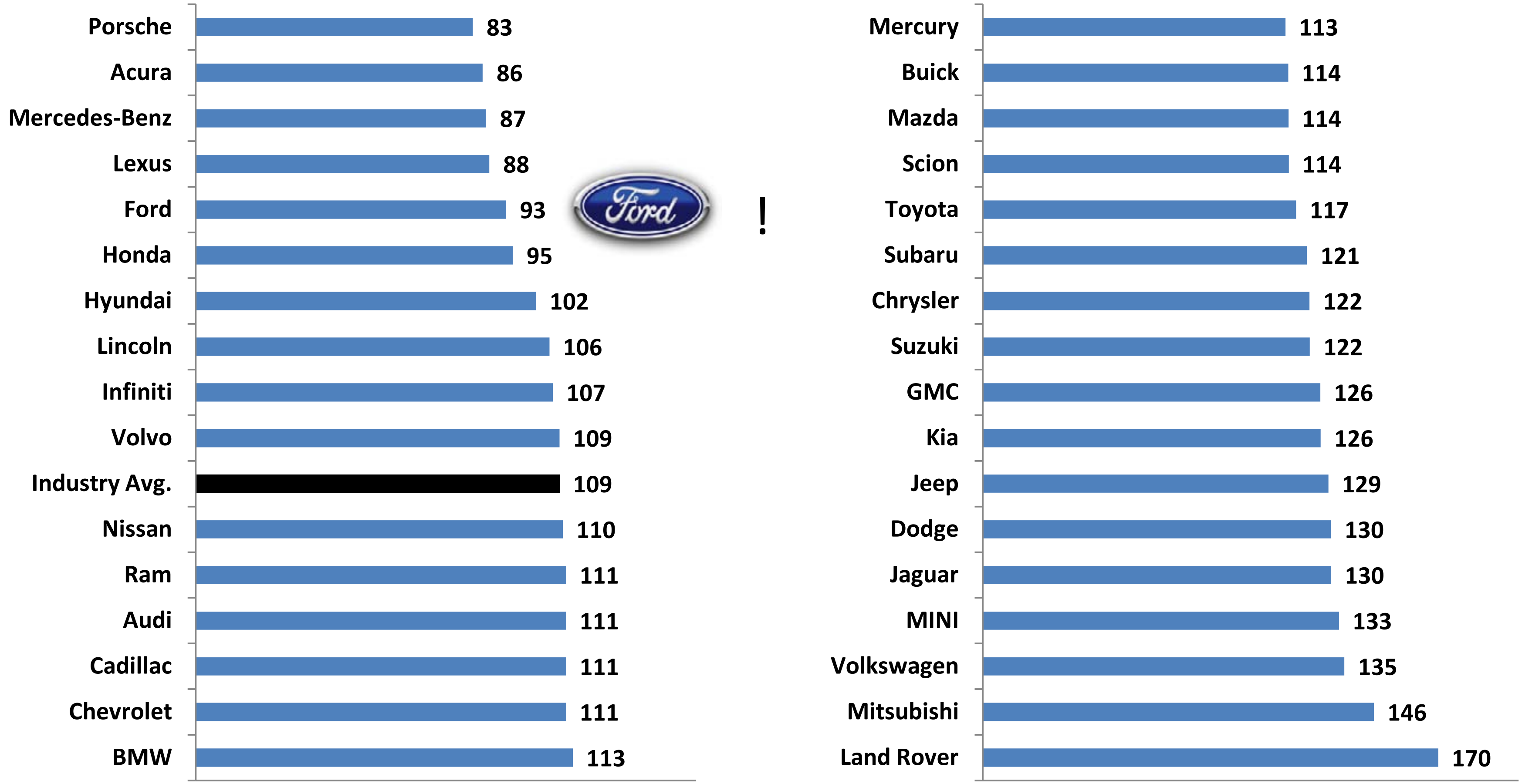
Harbour's Overall Productivity Estimates:
(Strategic Operations)
1995-2008



	95	96	97	98	99	00	01	02	03	04	05	06	07	08
GM	46.0	44.6	46.5	45.6	43.0	40.5	39.3	36.7	35.2	34.3	33.2	32.4	32.3	31.6
Chrysler	43.0	40.5	45.5	44.3	43.6	44.8	44.3	40.6	37.4	35.9	33.7	32.9	30.4	30.2
Ford	37.9	37.6	34.7	34.8	36.2	39.9	40.9	40.0	38.6	37.0	35.8	35.1	33.9	32.4
Toyota	29.4	29.5	31.8	30.4	31.0	31.1	31.6	32.0	30.0	32.0	29.4	29.9	30.4	32.6

Source: Harbour Reports, 1996-2009, CAR estimates

Who is On Top?
J.D. Power and Associates
Initial Quality Study, 2010 Nameplate Ranking
(Problems per 100 Vehicles)



Source: J.D. Power Initial Quality Study, 2010

Parity: Estimated GM-UAW/Toyota All In per Hour Labor Costs 2010

	1. 1st Tier Production	2. 1st Tier Skilled Trades	3. Toyota- TMMK Production**	4. Toyota TMMK Skilled Trades**
Wages	$29	$33	$28	$30
Premiums	1	2	3	4
PTO	6	6	5	5
Total Wages	*$36*	*$41*	*$32*	*$39*
Active Benefits*	15	15	11	11
FICA etc.	4	4	4	5
Legacy	2	2	0	0
Total	$57	$62	$47	$55
Other Bonus	0	0	4	4
Average Hourly Labor Costs	$57	$62	$51	$59
Employment Fraction	x .77	x .23	x .87	x .13
Wage Components	$43.89	$14.26	$44.37	$7.67
Sum of Labor Cost Components	**$58.15**		X 1.08 **$56.16**	

**Pension, Insurance, Active Health*

***Toyota costs are for 4/07, recommend that total be increased by 8%.*

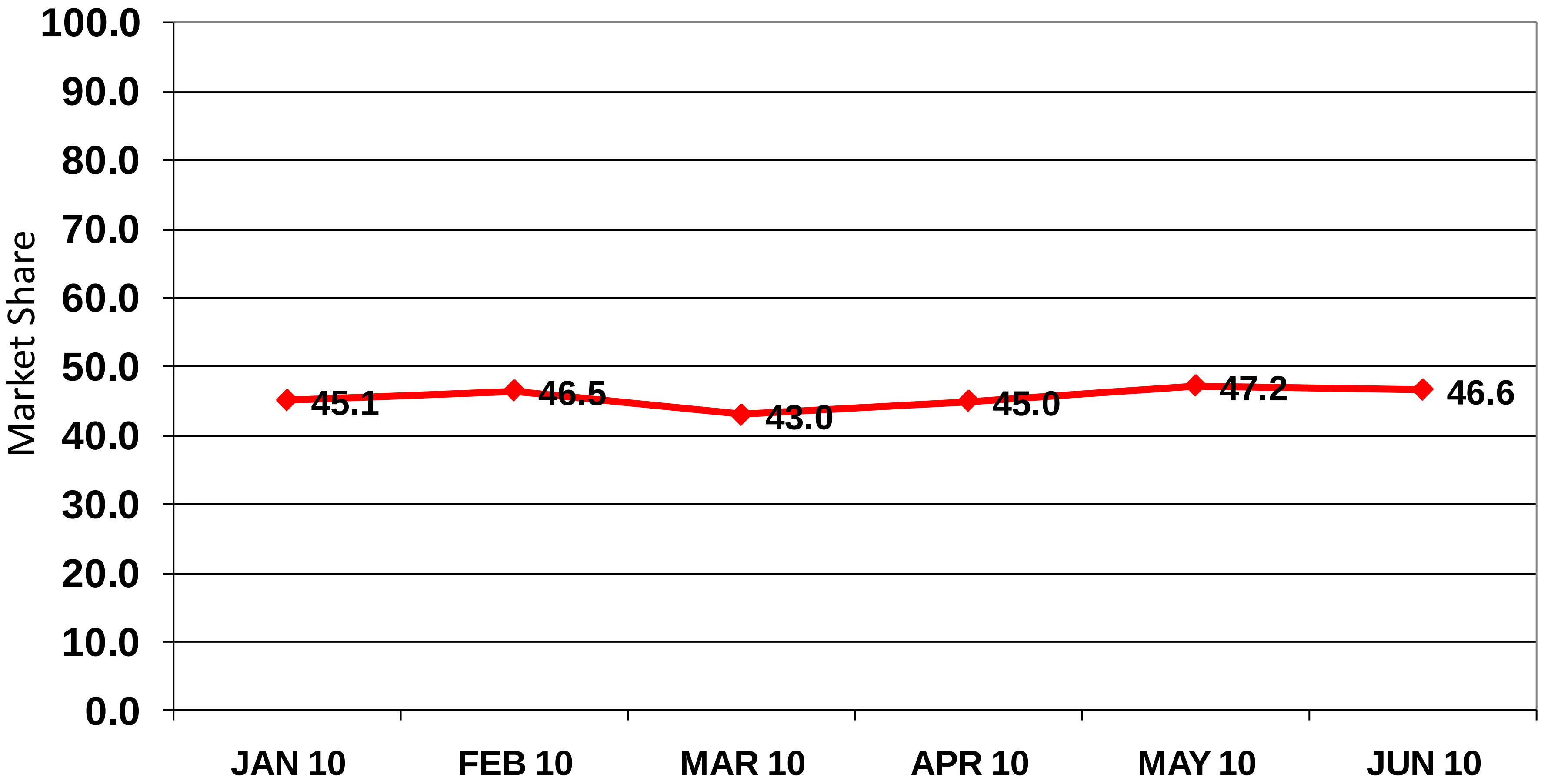
Advantage: Target GM-UAW Plan
All in Labor Costs

	1. 1st Tier Traditional Production	2. 1st Tier Traditional Skilled	3. 2nd Tier New Entry
Wages	$29	$33	$15
Premiums	1	2	1
PTO	6	6	1
Total Wages	*$36*	*$41*	*$17*
Active Benefits	15*	15*	12**
FICA etc.	4	4	2
Legacy	2	2	1
Total	$57	$62	$32
Bonus	0	0	1
Average Hourly Labor Costs	$57	$62	$33
Employment Fraction	x .66	x .14	x .20
Wage Components	$37.62	$8.68	$1.98
Sum of Labor Cost Components	$48.28		

**Pension, Insurance, Active Health,*

***401K, cash contribution to retiree health, Insurance, Active Health*

Market Share Has Stabilized . . .
Detroit 3 Monthly U.S. Market Share: 2010



Sources: Automotive News

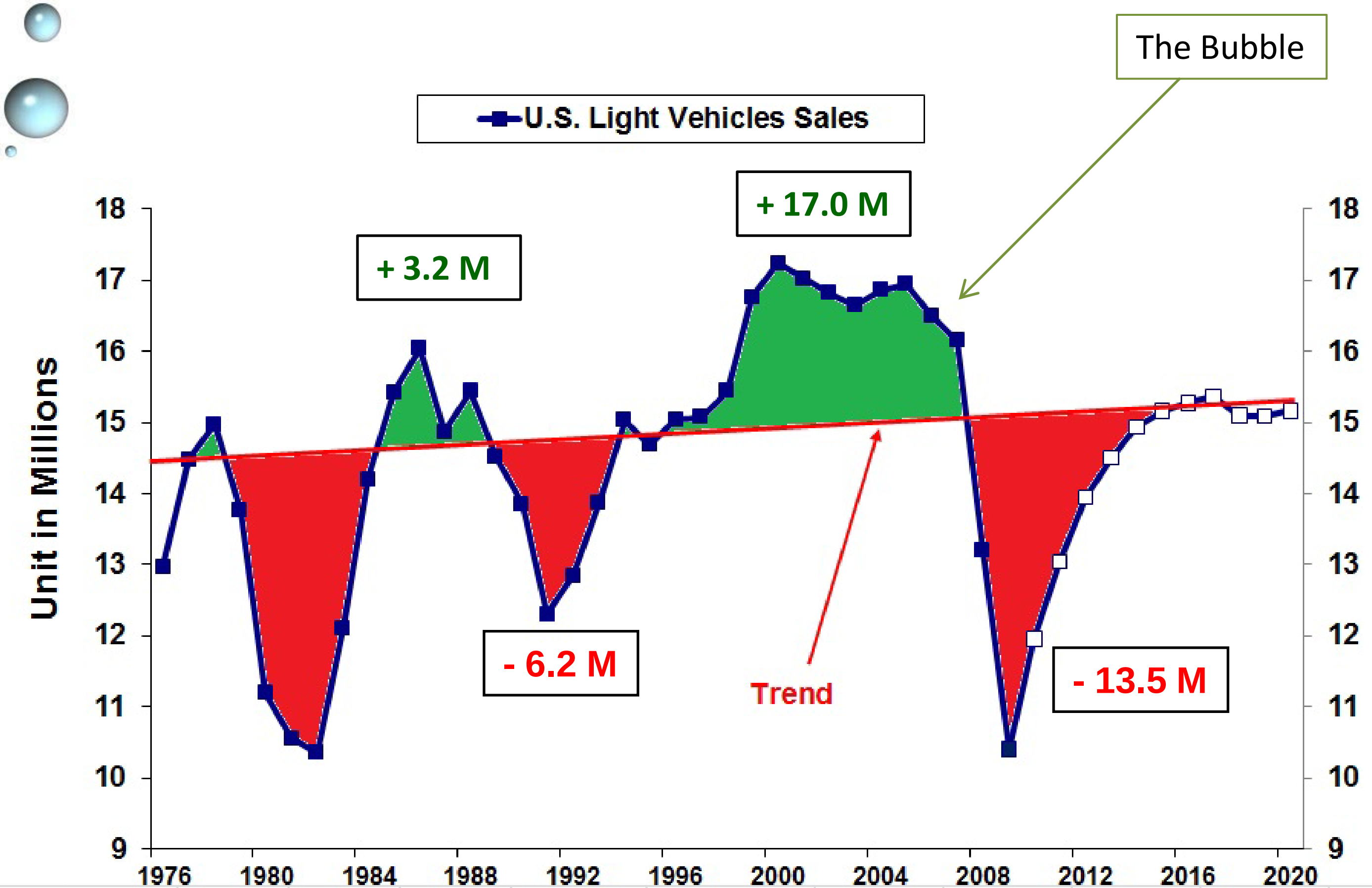
Does not include Volvo or Hummer sales after February

Other Challenges

- Aggregate Demand
- Finance
- Domestic Supply Base
- Domestic Toolmakers
- Weakening of Automotive Base and Infrastructure
- Future Technical Challenges/ Mandates

We Have to Burn Off the Bubble

CAR's Long-Run US Auto Sales Forecast

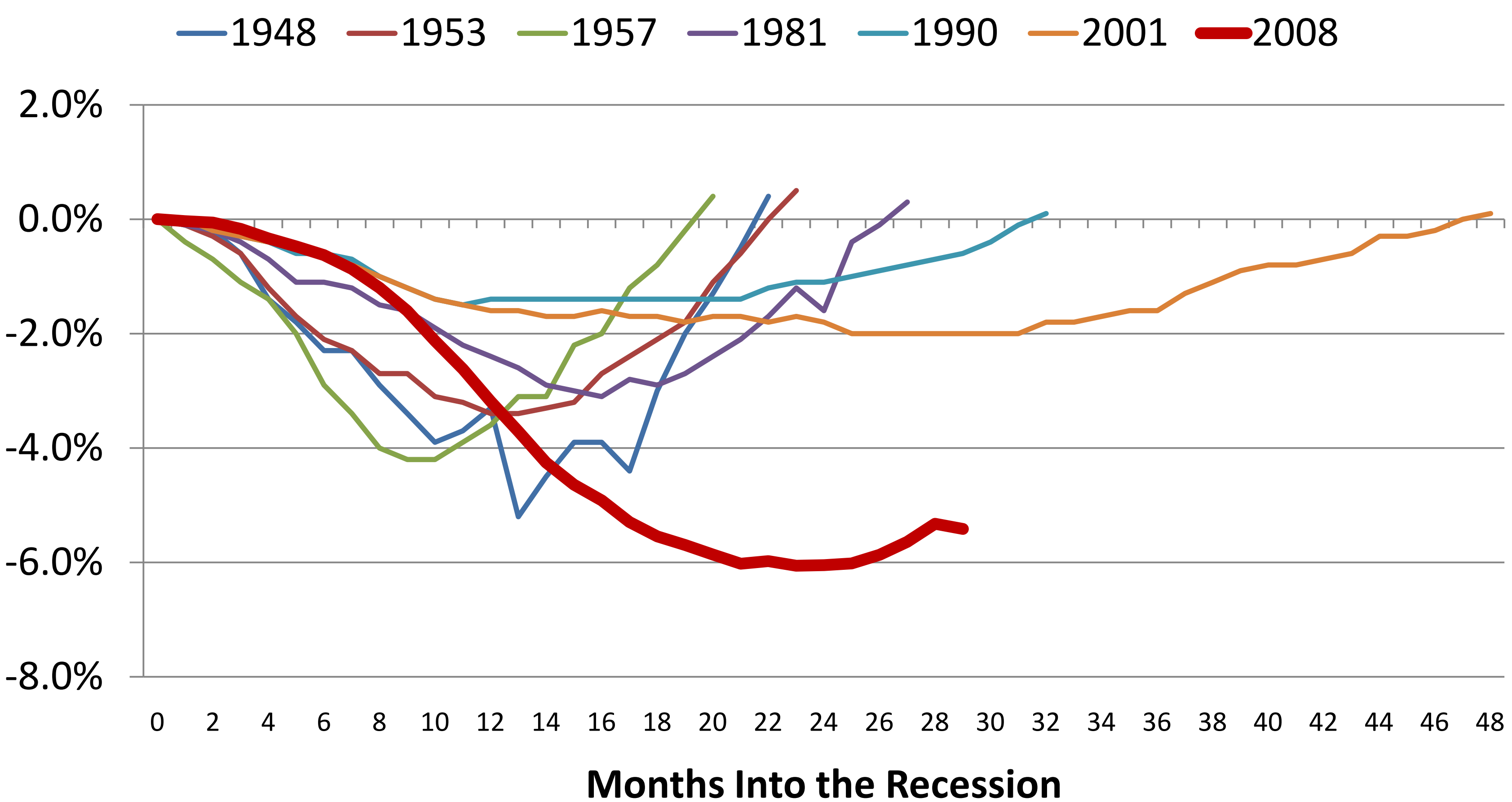


July 2010 Forecast

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
(Millions)	**12.0**	**13.0**	**14.0**	**14.5**	**14.9**	**15.2**	**15.3**	**15.4**	**15.1**	**15.1**	**15.2**
High	13.6	14.7	15.7	16.1	16.5	16.8	16.9	16.9	16.7	16.6	16.9
Low	10.3	11.4	12.1	12.8	13.3	13.5	13.6	13.7	13.3	13.4	13.5

The Worst Recession Ever?

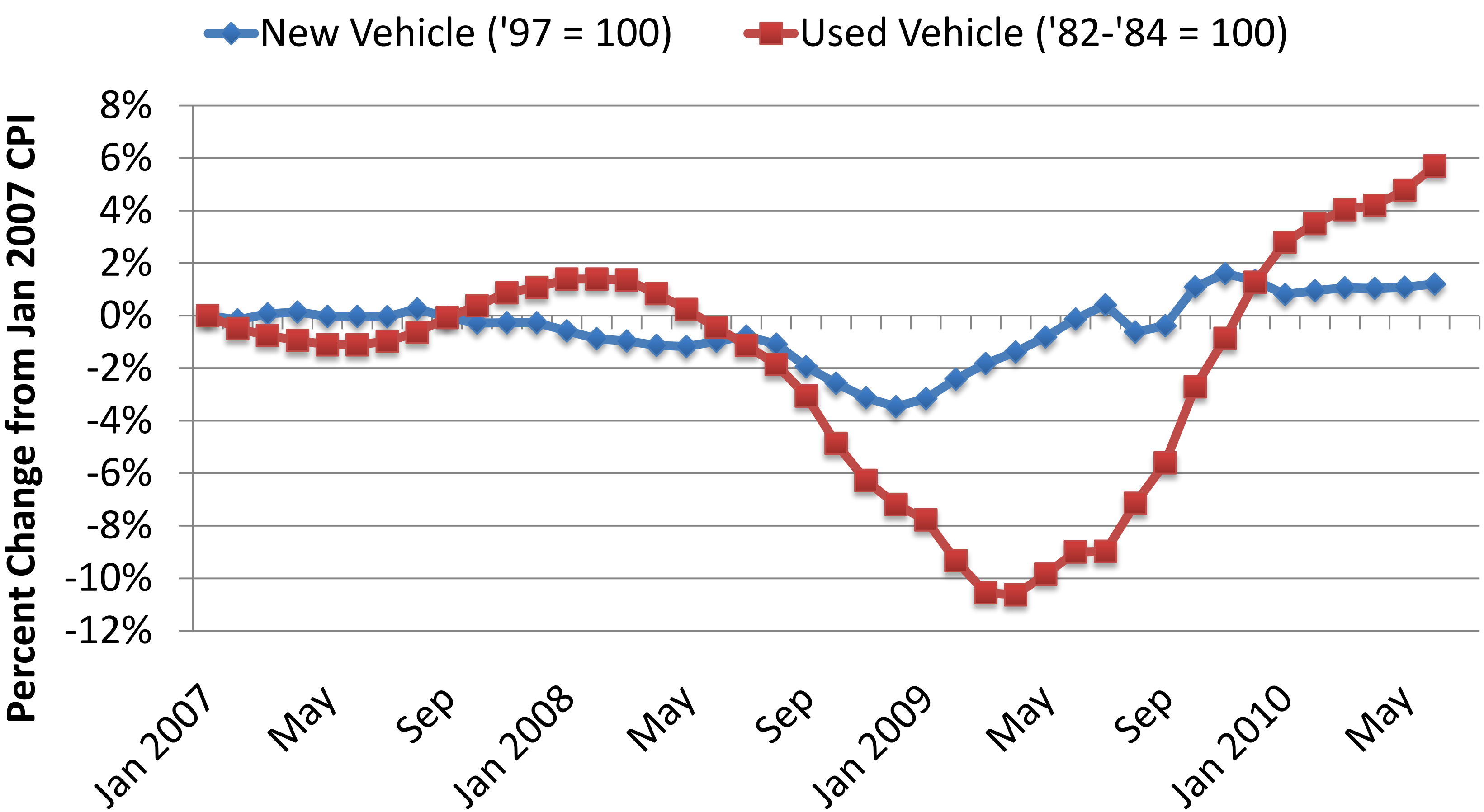
Accumulated Employment Losses as % of Pre-Recession Employment



Source: BLS, U.S. DOL, July 2010

Prices are High and the Buyer is Waiting

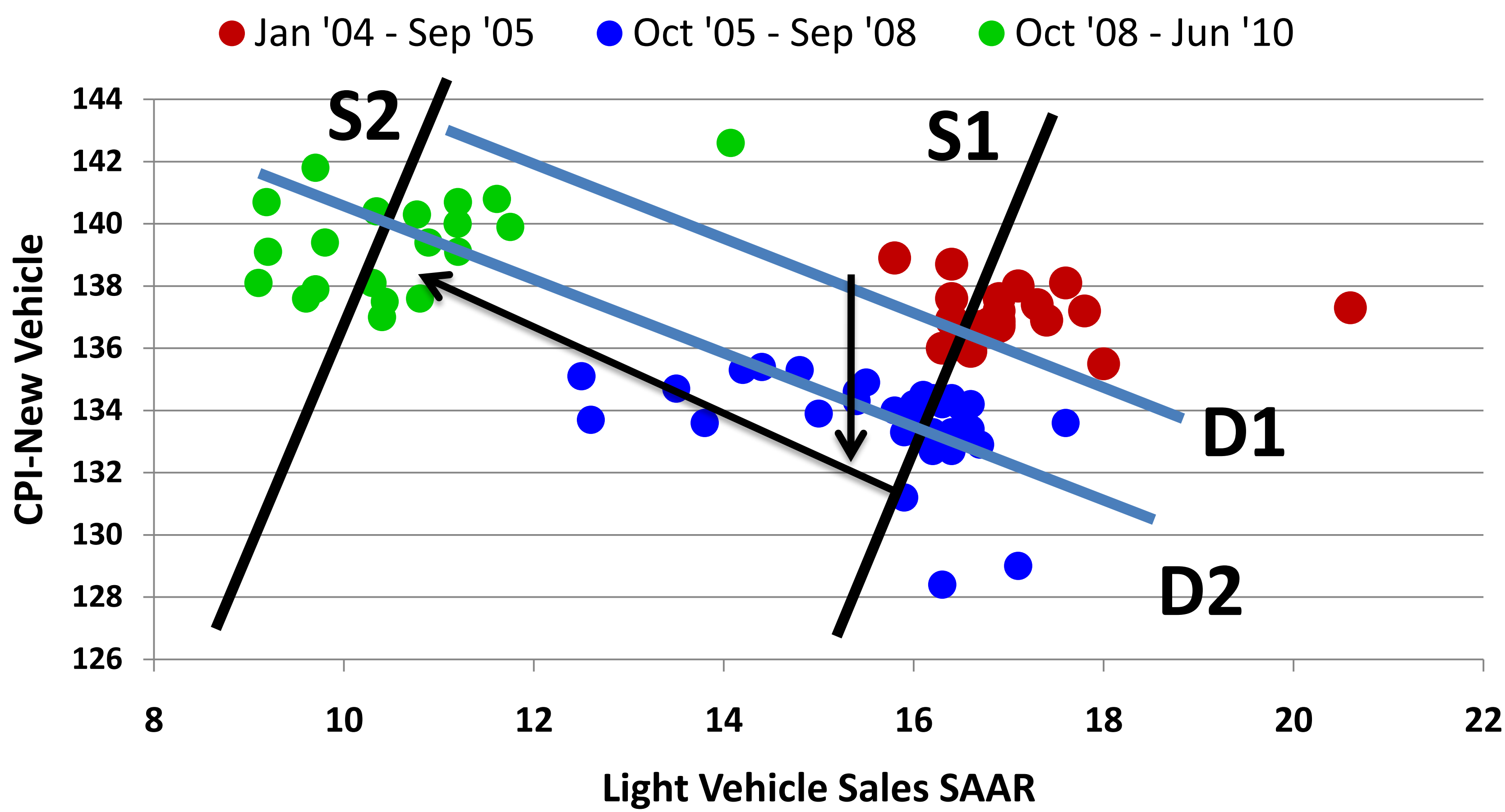
Changes from Jan ’07:
CPI-New Vehicle and CPI-Used Vehicle



Source: Bureau of Labor Statistics

New Equilibrium on Prices and Sales?

Light Vehicle Sales and CPI-New Vehicle, Jan'04 – Jun '10



S1: Average sales of Jan '04 – Dec ' 07

S2: Average sales of Jan '09 – Jun '10

Auto Consumers and Automakers in a Stare-down over Pricing

- Automakers can now break-even at lower levels due to restructuring of capacity and labor contract modifications. 6 million less N. American/Import capacity.

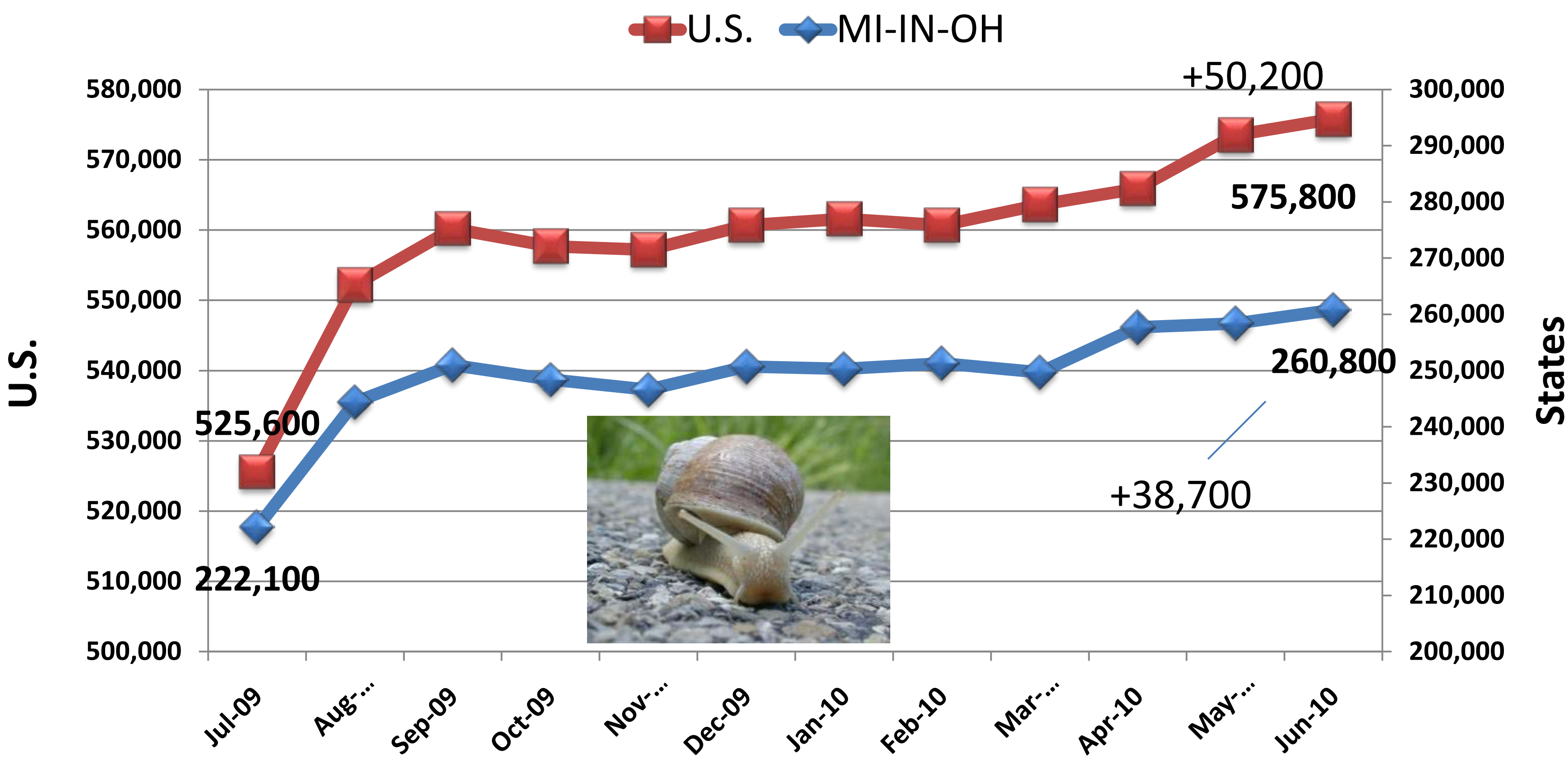
- Higher prices are the result and can be maintained with low value of the dollar cutting off pricing power of imports.

- But consumers were spoiled by years of “Keep America Rolling” incentive programs and will not buy. We are stuck at 12 million.

- Consumers will be back when the wheels and bumpers finally fall off and/or they learn incentives are not coming back.

- N. American supplier sector still needs volume to “get back,” or must permanently cut capacity.

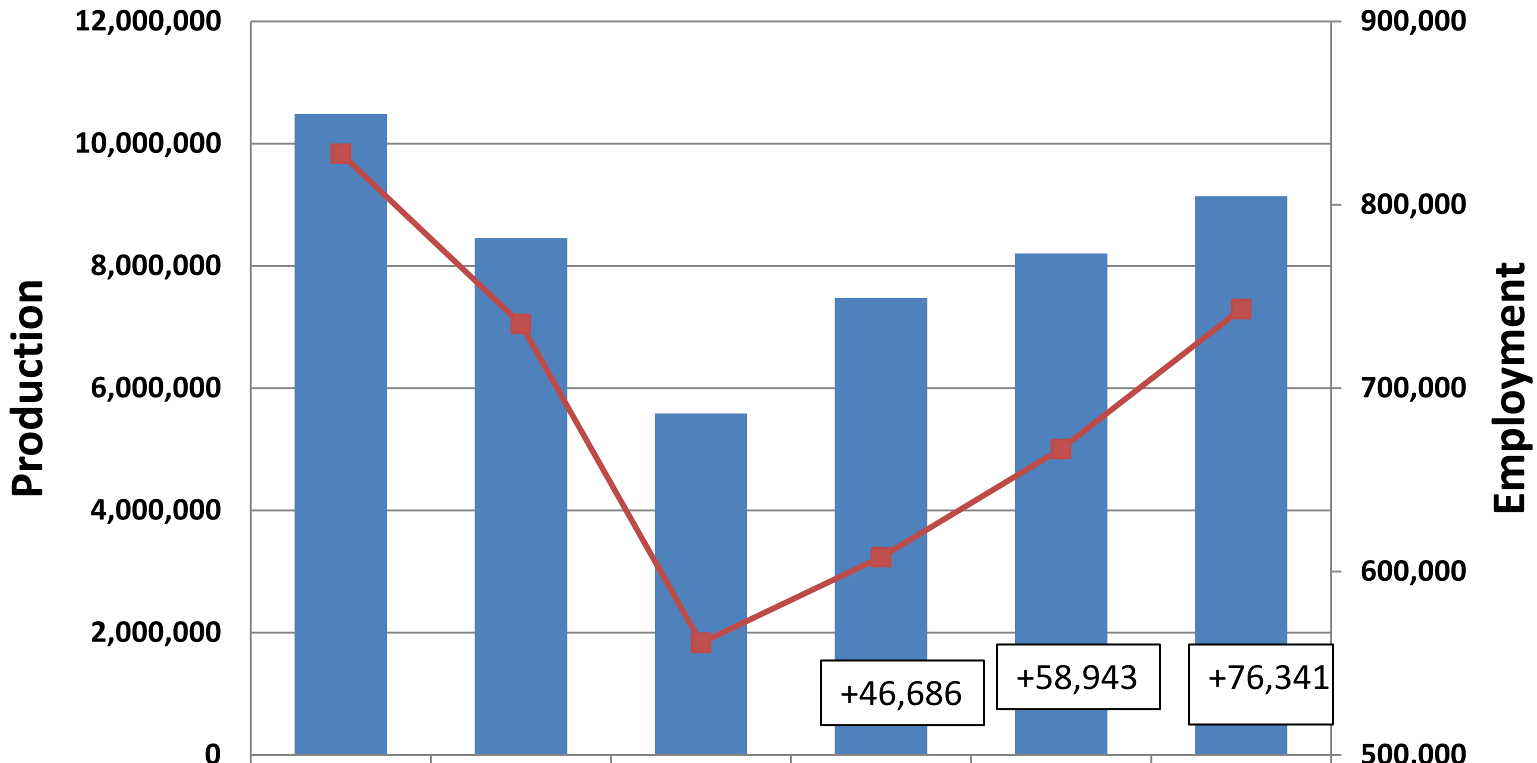
A Very Slow Recovery
Motor Vehicle & Parts Manufacturing Employment
July 2009 – June 2010



Source: BLS, U.S. DOL

1.1 Million More U.S. Jobs!

182,000 More Auto X Six
U.S. Vehicle Production &
Automotive Employment Forecasts:
2007-2012

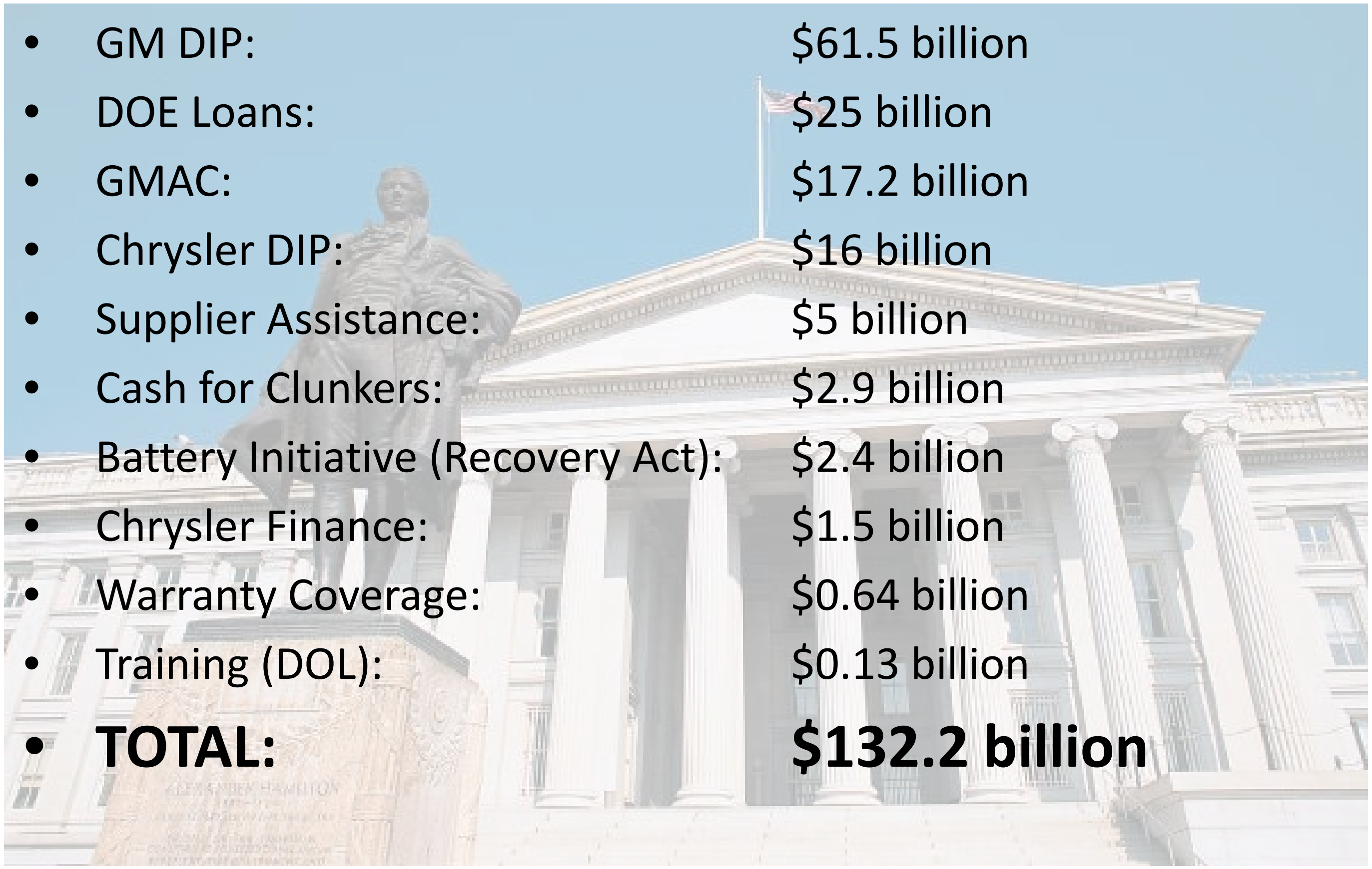


	2007	2008	2009	2010	2011	2012
Vehicle Production	10,485,000	8,456,000	5,589,000	7,477,000	8,202,000	9,141,000
Automotive Employment	827,900	735,100	561,200	607,886	666,829	743,170

Source: IHS Global Insight; CAR Research

So Why Walk Away?

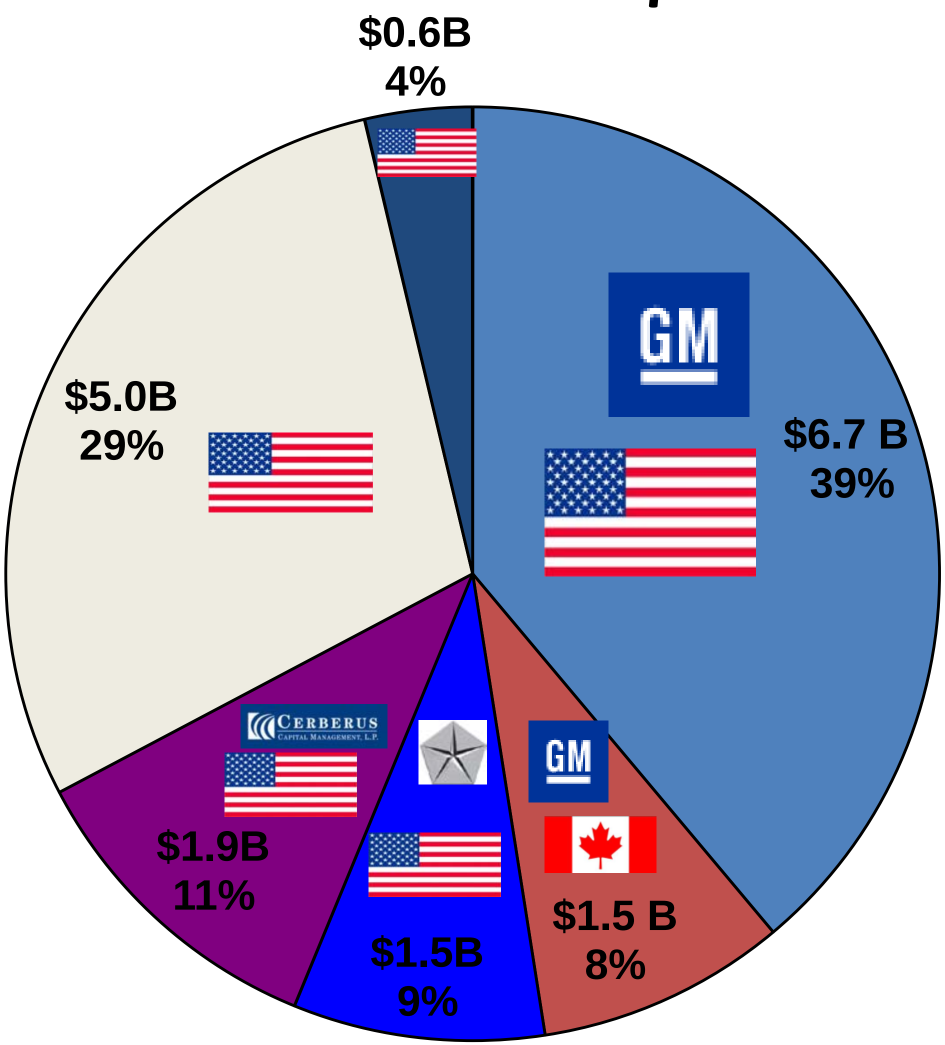
The US/CAN/ONT Government's Auto Investment: We Should Not Waste It



• GM DIP:	$61.5 billion
• DOE Loans:	$25 billion
• GMAC:	$17.2 billion
• Chrysler DIP:	$16 billion
• Supplier Assistance:	$5 billion
• Cash for Clunkers:	$2.9 billion
• Battery Initiative (Recovery Act):	$2.4 billion
• Chrysler Finance:	$1.5 billion
• Warranty Coverage:	$0.64 billion
• Training (DOL):	$0.13 billion
• **TOTAL:**	**$132.2 billion**

***** CAR estimates that the government intervention resulting in successful bankruptcies at Chrysler and General Motors avoided $113.8 billion in additional personal income loss, government transfer payments and forgone social security and personal income tax receipts in the first two years, and more in succeeding years.

Auto Bailout Money Getting Paid Back: $17.2 Billion



39% $6.7B GM to U.S. Govt.

29% $5.0B Supplier Assistance U.S. Govt.

11% $1.9B Chrysler Holding to U.S. Govt.

9% $1.5B Chrysler Financial to U.S. Govt.

8% $1.5B GM to CAN Govt.

4% $0.6B Warranty Program: U.S. Govt.

Source: CAR Research, U.S. Executive Office Reports

U.S. and Canadian Announced Automaker Investments: 1/10 – 7/10

- GM $2 B
- Chrysler $400 M + SHAP
- Ford $1.6 B
- Other Automakers $2.3 B
- Total $7.6 B +

U.S. & Canadian Govt. Assets from Auto Bailout: Don't Cash It In Too Quick . . .

U.S. Govt. Assets	CAN Govt. Assets
New GM Equity 60.8%	New GM 11.7% of Equity
$2.1B in New GM Preferred Stock	New Chrysler 2.46% of Equity
GMAC (ALLY) Equity 56.3%	
New Chrysler Outstanding Loans $7.1B	
New Chrysler Equity 9.85%	

Total U.S./CAN Outlays to GM Minus Repayments: $53.3B

Total U.S./CAN Outlays to Chrysler Minus Repayment: $14.1B

Will assets be enough to make the tax payer whole?

As of July 30, 2010

Source: CAR Research, U.S. Executive Office Reports

Why Walk Away?

- **Many communities and states are reconsidering their commitment to auto manufacturing – "Anything But Auto ... It Will Never Come Back . . . We give up!"**
- **Educators and elitist pundits in particular are harsh in their evaluation of manufacturing jobs – "only 'knowledge jobs' for college grads in the future." "Manufacturing is old knowledge at best."**
- **Federal and some state governments are betting big on new mandated and subsidized Green markets for which there is little or no consumer demand . . . Or sign of it. Is this diversification or political hype?**
- **Yet the U.S./Canadian governments have invested $132 Billion in auto manufacturing in the last 12 months – More is coming – and improvements have been made in the last 12 months that make up for 30 years of shortcomings . . .**
- **So why walk away from the industry now???**

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