



Fortress Balance Sheet

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FORTRESS BALANCE SHEET

Progress to Date...

Minimize
Debt

\$5.6B



De-risk
U.S. Pension
Plans

Asset/Liability Match
Limit Plan Growth
Lump Sums to Retirees
Annuitization

In process



Prudent
Liquidity
Reserves

\$31.6B Cash/Mkt. Sec
\$11.0B Facility



Note: All data as of 9/30/2012

FOCUS ON FURTHER STRENGTHENING

1

Improve Margins

2

Improve Cash Conversion

▸ Relentless working capital management

3

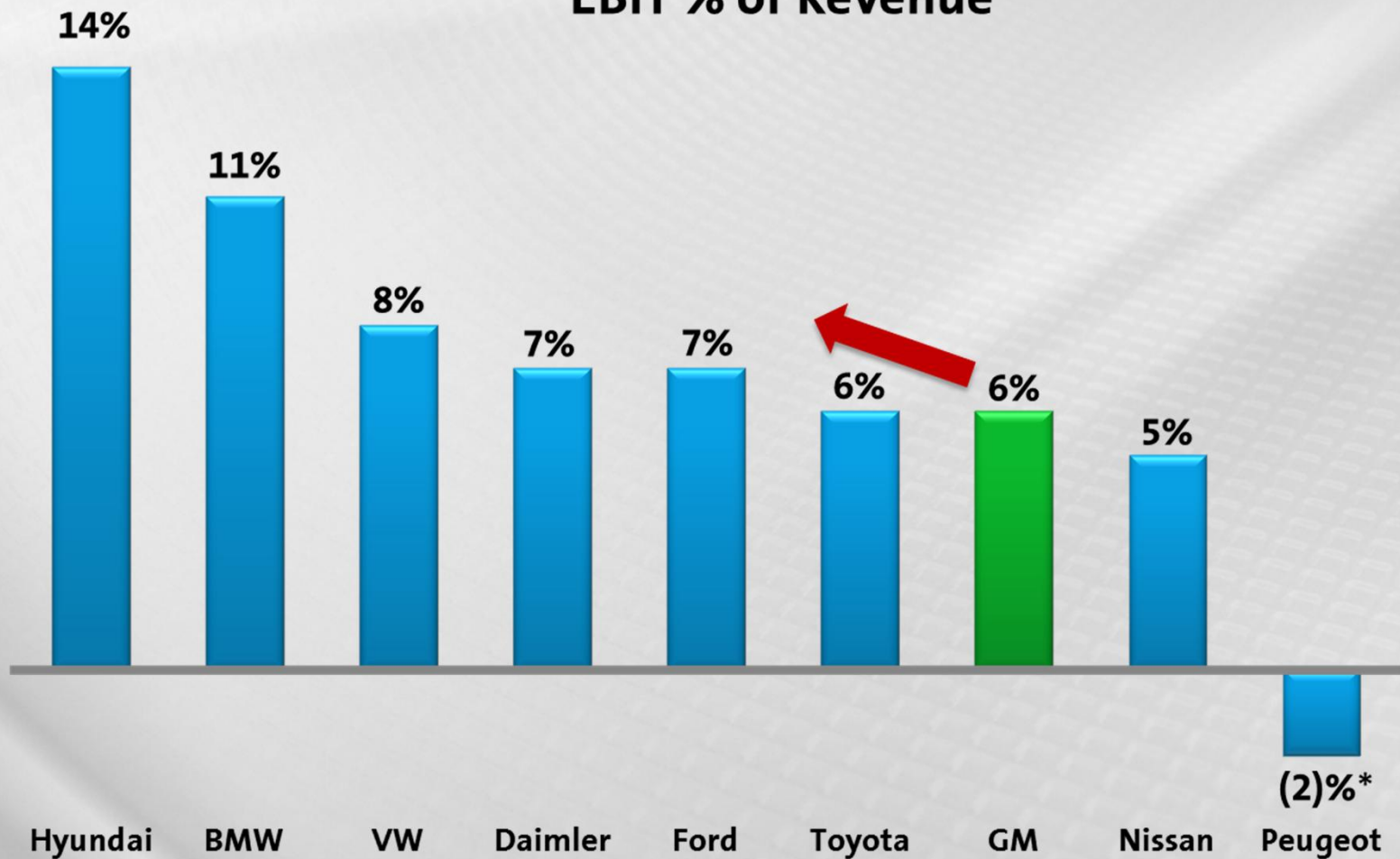
Reduce pension/financial debt



IMPROVE MARGINS

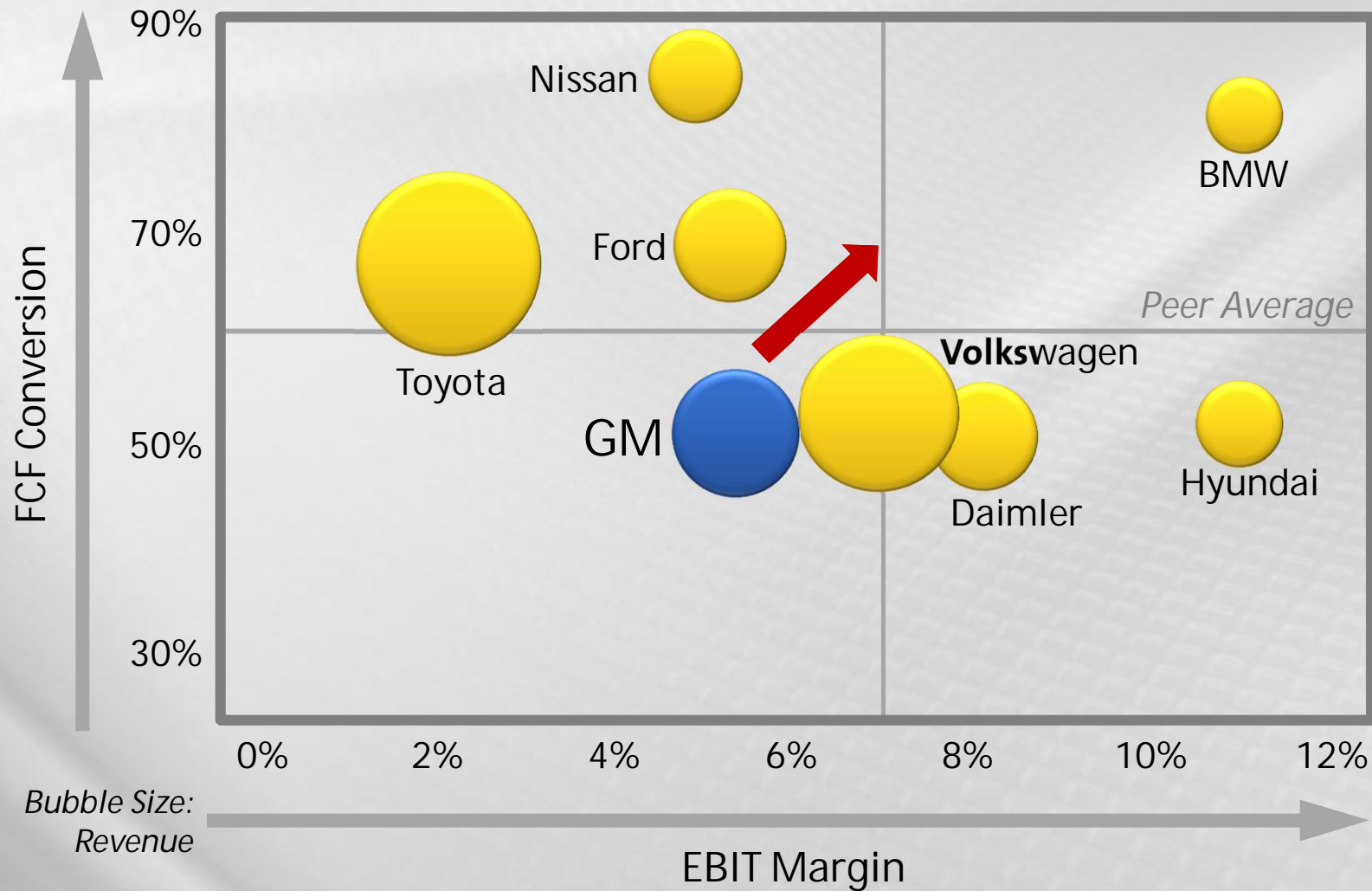
2012 Q3 YTD

EBIT % of Revenue



* YTD Q2 2012

IMPROVE CASH CONVERSION



2011 Actuals for all except for Hyundai (2010 Actuals used)

STRENGTHEN BALANCE SHEET – PENSION

Actions to Date...

U.S. Defined Benefit Plans

Asset/Liability Matching



Close Plan to New Participants



Offer Actives Lump-Sums at Retirement*



Transition Actives to Defined Contribution Plan*



Retiree Lump Sums*



Annuitization*



* Salary Plan Actions Only

REDUCING PENSION EXPOSURE

Lump Sums and Annuitizations

	Est. \$ Billions
Reduction in Pension Obligation	28.7
Reduction in Pension Assets	30.8
Cost to Settle	107%
Cash	(2.6)
P&L – One Time (Pre-tax)	(2.9)
Lump Sum Take Rate	~30%

RATIONALE FOR NEW \$11B FACILITY

- ¶ Create sustainable, investment grade style structure
 - Bring capacity in line with peers
 - Reduce refinancing risk
 - Setup mechanics for ease of use and renewal
 - Create flexible source of opportunistic/strategic funding
 - Ensure adequate liquidity backstop
 - Centralize bilateral agreements (Letters of Credit)
- ¶ Reaffirm bank relationships and establish new partnerships
- ¶ Positive messaging to rating agencies and capital markets



USE OF CASH PRIORITIES

- ¶ Reinvesting in the Business
 - “Straight line” capital re-investment at peer group levels
 - Strategic M&A
- ¶ Fortress Balance Sheet
 - Liquidity buffer to absorb shocks
 - Minimal debt, de-risk pensions and fund over time
- ¶ Return to Shareholders



SUMMARY

- ¶ Strong progress to date on fortifying balance sheet
- ¶ Intense focus on next steps to further enhance
- ¶ Priorities on use of cash remain consistent



Questions...





EVERYTHING BEGINS AND ENDS WITH GREAT PRODUCTS

