

Riding Out the Storm in a Proactive Manner TO WIN



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EXPERTS PREDICT LOS ANGELES LAKERS IN 5 GAMES!

- GUESS WHAT!
- DETROIT PISTONS WIN IN 5 GAMES



- WHY? WHAT'S YOUR OPINION?
- MY OPINION, "TEAMWORK"
- FROM TOP TO BOTTOM

PISTONS 2004

- **BEGAN WITH LEADERSHIP AND TEAM WORK OF:**

- **OWNER**
- **GENERAL MANAGER**
- **COACH**
- **PLAYERS**
- **SUPPORT TEAM**



AUTOMOTIVE ANALYST REPORT

- **U.S. AUTOMAKERS LOOSING FUTURE MARKET SHARE**
- **SUPPLIERS SHIFTING ATTENTION TO JAPANESE OEM'S**
- **INVESTORS RELUCTANT TO INVEST IN AUTO SECTOR**

WHAT DO WE DO?

- WE CAN DO NOTHING AND LET IT HAPPEN

OR

- WE CAN TURN THIS AROUND AND INCREASE MARKET SHARE IF WE ALL WORK TOGETHER AS A TEAM IN A SYNCHRONOUS COOPERATIVE WAY

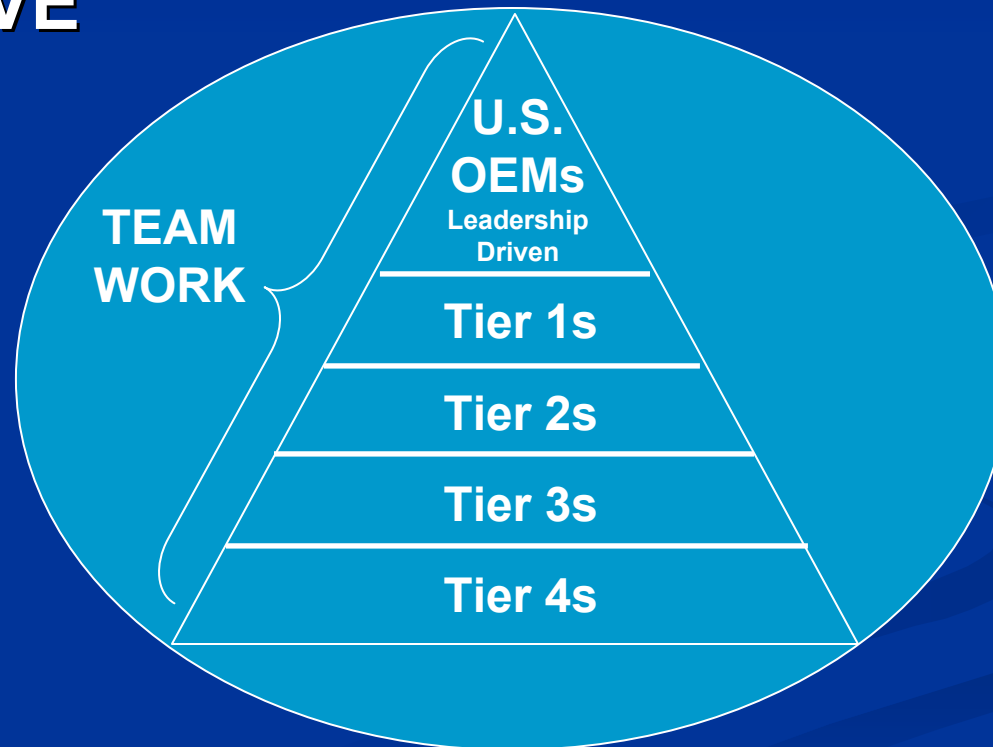
LEADERSHIP

- **MUST BEGIN AT THE TOP (OEM)**
- **WE MUST HAVE A COMMON SET OF VALUES**
- **OPERATE SYNCHRONOUSLY WITH A COMMON SET OF RULES**
- **WE MUST WORK TOGETHER AS A TEAM**



TEAM WORK

- OEM'S THROUGH TIER 4'S MUST COOPERATE AS A TEAM TO ACHIEVE A COMMON WINNING OBJECTIVE



WHY SYSTEMS APPROACH?

- WE MUST TAKE A TOTAL SYSTEMS APPROACH IN THE AUTOMOTIVE DELIVERY SYSTEM FROM RAW MATERIALS TO CUSTOMER SERVICE IN ORDER TO REDUCE TOTAL SYSTEM COST AND PROVIDE BENEFITS TO ALL PARTICIPANTS IN THE BUSINESS CHAIN



KEY COMMON ISSUES

- **COST OF CAPITAL**
- **COMMON TERMS AND CONDITIONS**
- **WARRANTY SHARING**
- **INTELLECTUAL PROPERTY PROTECTION**
- **RAW MATERIAL PRICE BENEFITS**
- **CANCELLATION COST AND TIMING**
- **TOOLING COST AND OWNERSHIP**
- **MANDATED PRICE REDUCTIONS**

EXAMPLES OF WORKING TOGETHER TO WIN

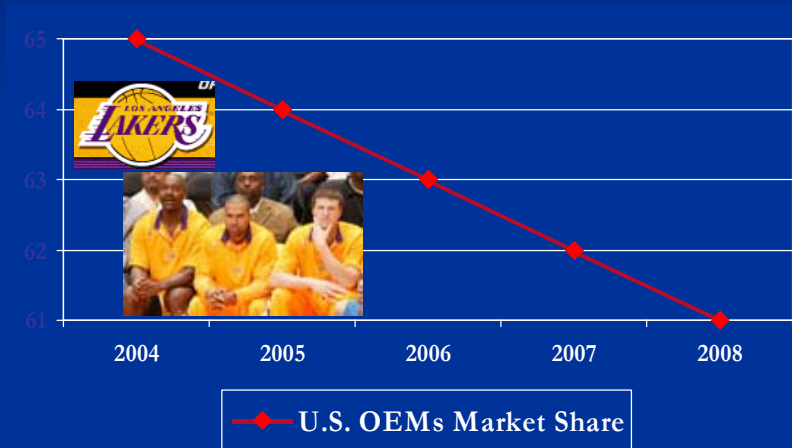
- COMMON SET OF RULES (T's & C's) THROUGHOUT THE COMPLETE SUPPLY CHAIN (IE: QS9000)
- 30 DAY PAYABLE TERMS THROUGHOUT THE SUPPLY CHAIN. OEMS AND TIER 1'S HAVE A LOWER COST OF CAPITAL THAN THE TIER 3'S AND TIER 4'S
- SHARED WARRANTY COST BY VALUE OF COMPONENT PRICE WITH A MAXIMUM EXPOSURE
- OEM RAW MATERIAL PRICING FOR SUPPLY CHAIN
- COMMON NON DIFFERENTIATED COMPONENTS

BENEFITS OF WORKING TOGETHER

- A MORE PREDICTABLE FINANCIAL MODEL
- BUSINESS CONSISTENCY
- INVESTOR INTEREST IN SECTOR
- LESS WASTED TIME FOR DAY TO DAY NON VALUE ADDED EFFORTS
- REDUCED COST IN TOTAL BUSINESS CHAIN
- QUANTIFIABLE RISK FACTORS
- INCREASED MARKET SHARE!!!!!!

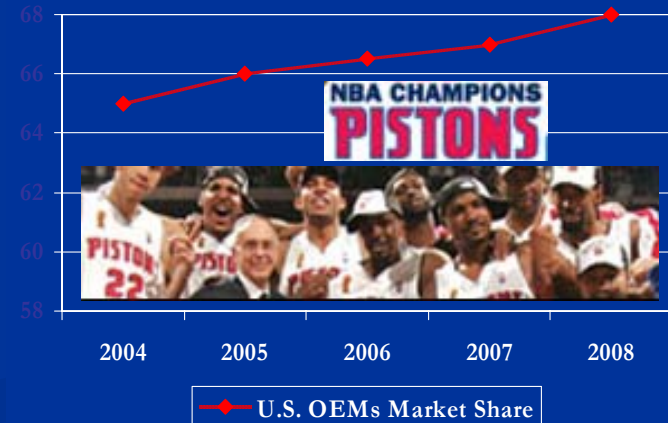
SO WHAT IS OUR FUTURE?

■ WILL THE AUTO ANALYSTS BE CORRECT?



OR

■ WILL THE U.S. AUTO INDUSTRY WIN IN 5?



RIDING OUT THE STORM

**IF WE WORK AS A TEAM,
WE CAN RIDE OUT THE STORM
AND WIN TOGETHER**

