

MBS

2007



# Growing the Revenue Line: The OEM's and Suppliers' Joint Interest in Commercializing Innovation

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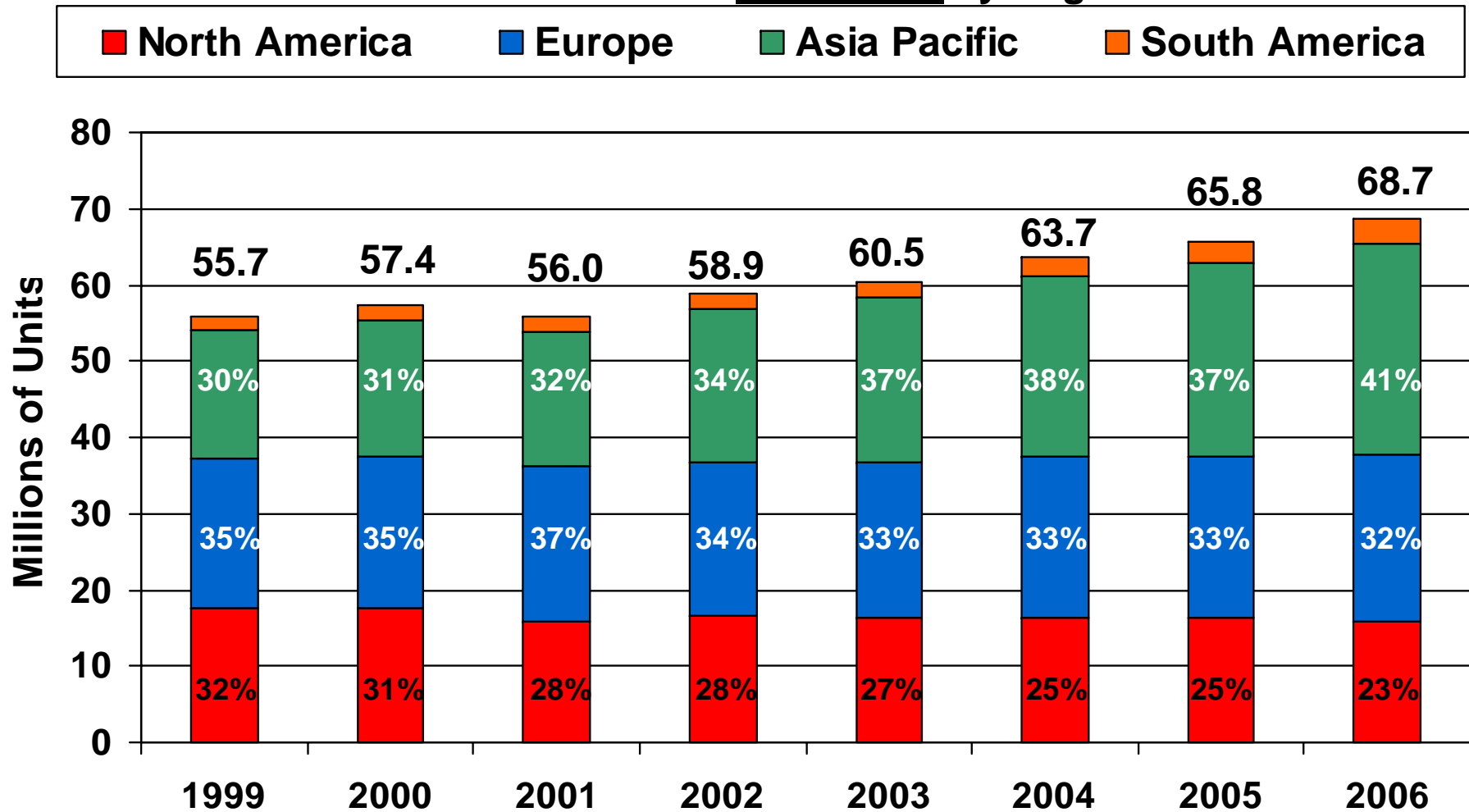
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Vice President, Industry Analysis  
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Original Equipment Suppliers Association

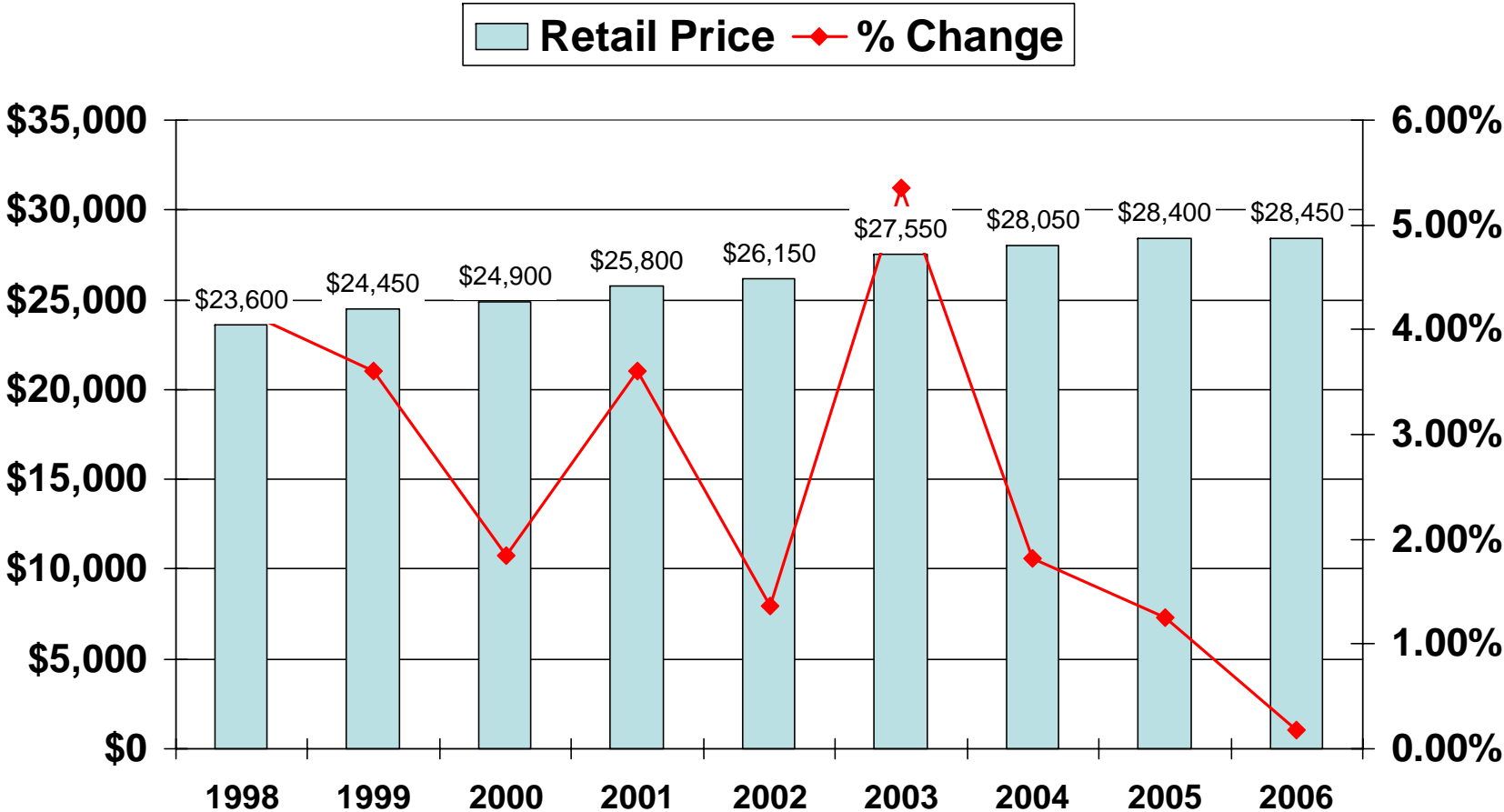
# The Global Auto Industry is in a Long-Term Pattern of Growth and Expansion

Global Automotive Production by Region



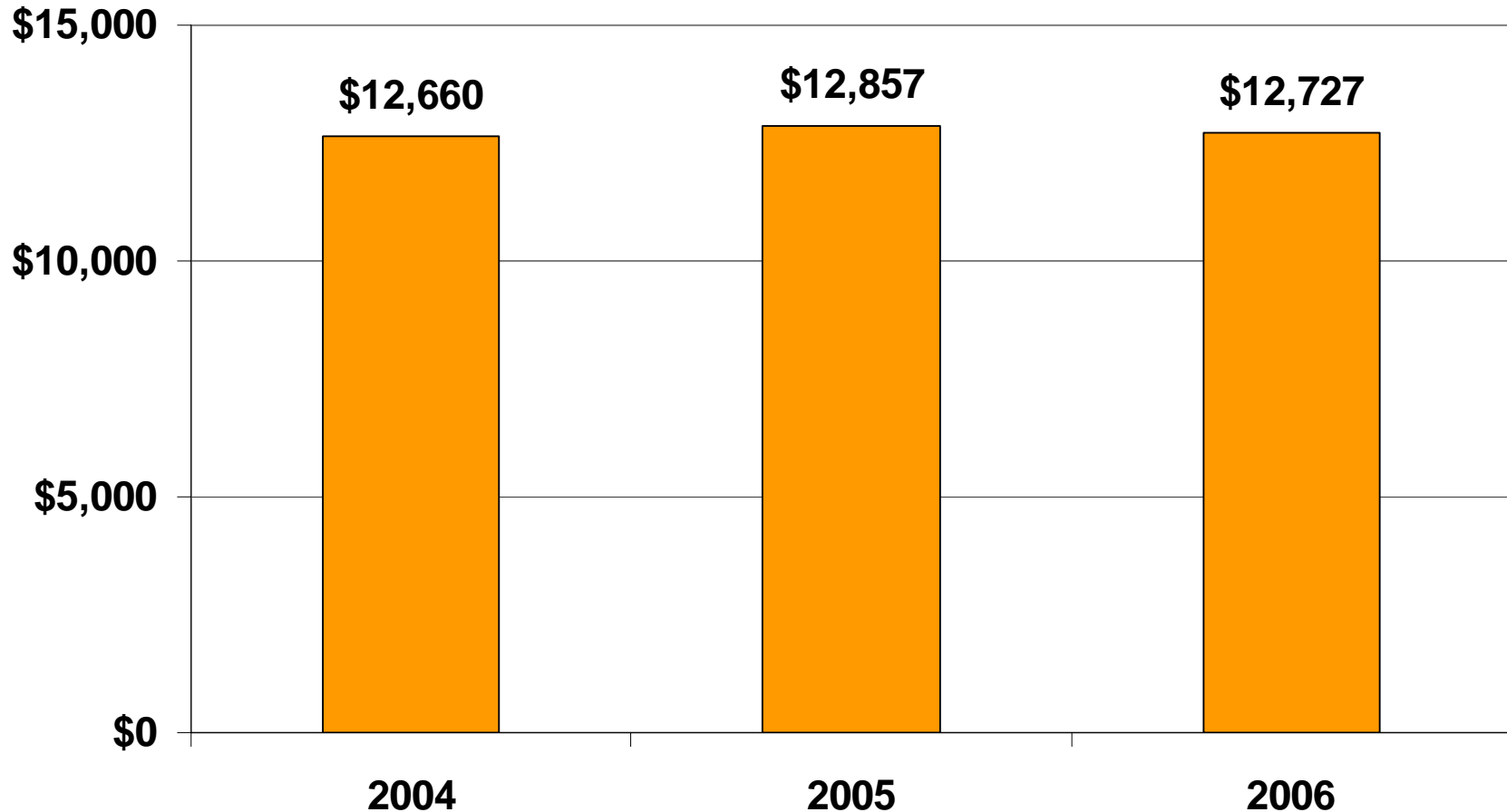
Source: Ward's Automotive Year Book, World Vehicle Production in Major Countries

# New Vehicle Retail Selling Price 1998 - 2006



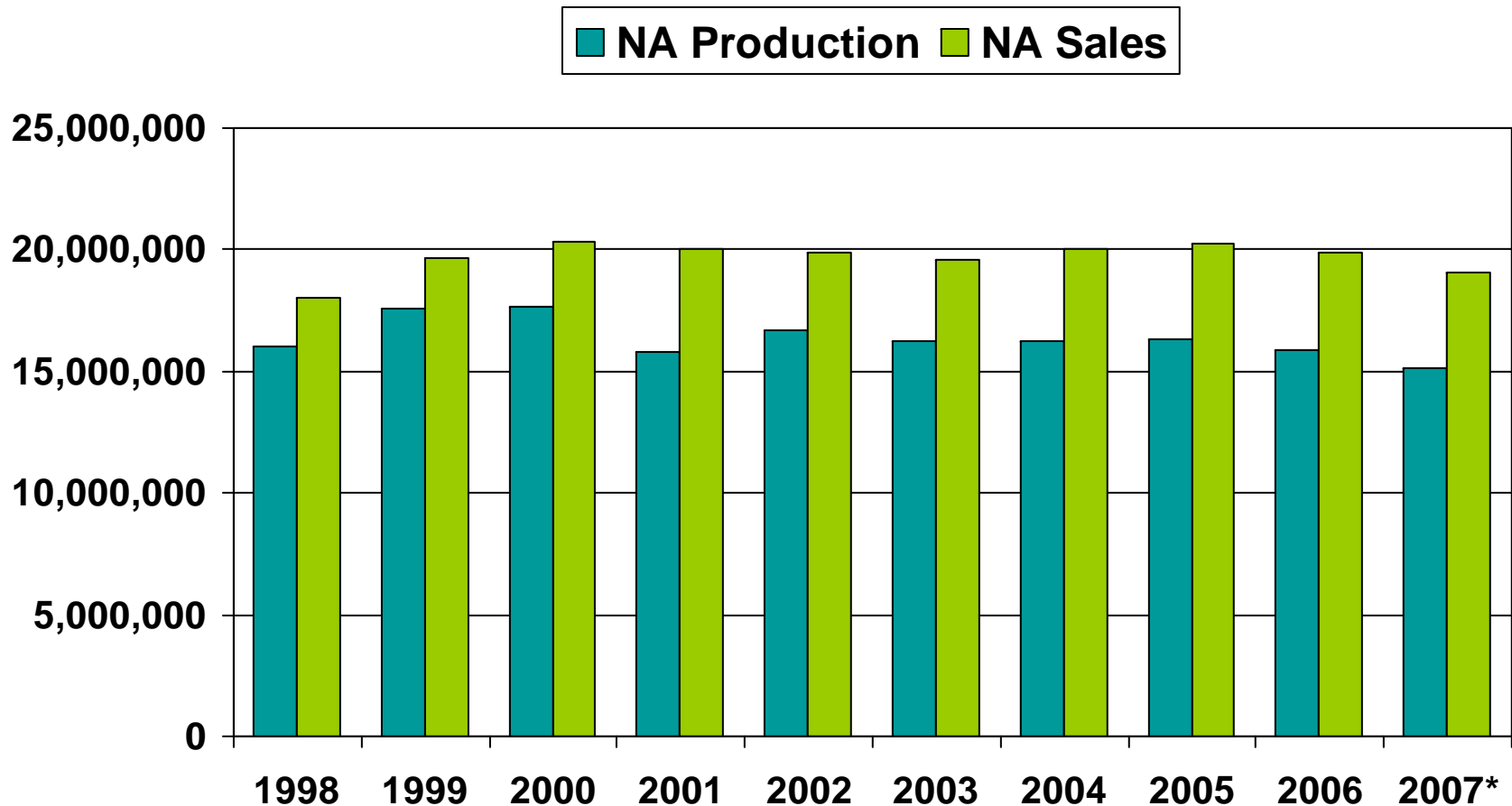
Source: NADA Data 2007

# Top 150 North American Supplier Revenue Per Unit of North American Production



Source: Automotive News, CAR Research

# North America Vehicle Sales and Production 1998-2007



Source: Ward's Auto; CSM  
\* Estimates

## Between 1998 and 2007\*

	<b>1998</b>	<b>2007*</b>	<b>% Change</b>
<b>CPI-All Items</b>	163.0	205.7	+26.2%
<b>CPI-NV</b>	143.4	136.8	-4.6%
<b>PPI-LV</b>	136.8	131.5	-3.9%
<b>PPI-Parts</b>	114.7	117.7	+2.6%

Source: BLS

\* as of June 2007

# The Supplier Table of Pain

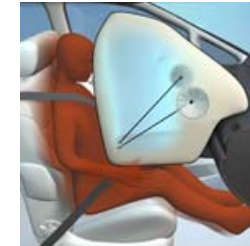
Industry PPI/CPI/ECI	1998-2007 YTD % Change
<b>New Cars and Trucks CPI</b>	<b>-4.9%</b>
<b>Motor Vehicles Manufacturing Price Index PPI</b>	<b>-3.9%</b>
<b>Motor Vehicle Parts PPI-Commodities</b>	<b>+2.2%</b>
<b>Rolled Steel PPI-Commodities</b>	<b>+47.8%</b>
<b>Primary Aluminum PPI</b>	<b>+66.5%</b>
<b>Plastic Materials &amp; Resins PPI</b>	<b>+54.8%</b>
<b>Refinery Gases (Feedstock) PPI</b>	<b>+265.0%</b>
<b>Petroleum Refineries PPI</b>	<b>+253.2%</b>
<b>BLS Health Cost</b>	<b>+44.9%</b>

Source: BLS-April 2007

# Supplying Innovation



- Getrag dual clutch transmissions for Chrysler
- Autolive Safety-Vent airbags
- Gentex multi-function mirrors
- Microheat windshield de-icing system
- TechnoCom computer for connected vehicle communications



In position



Out of position

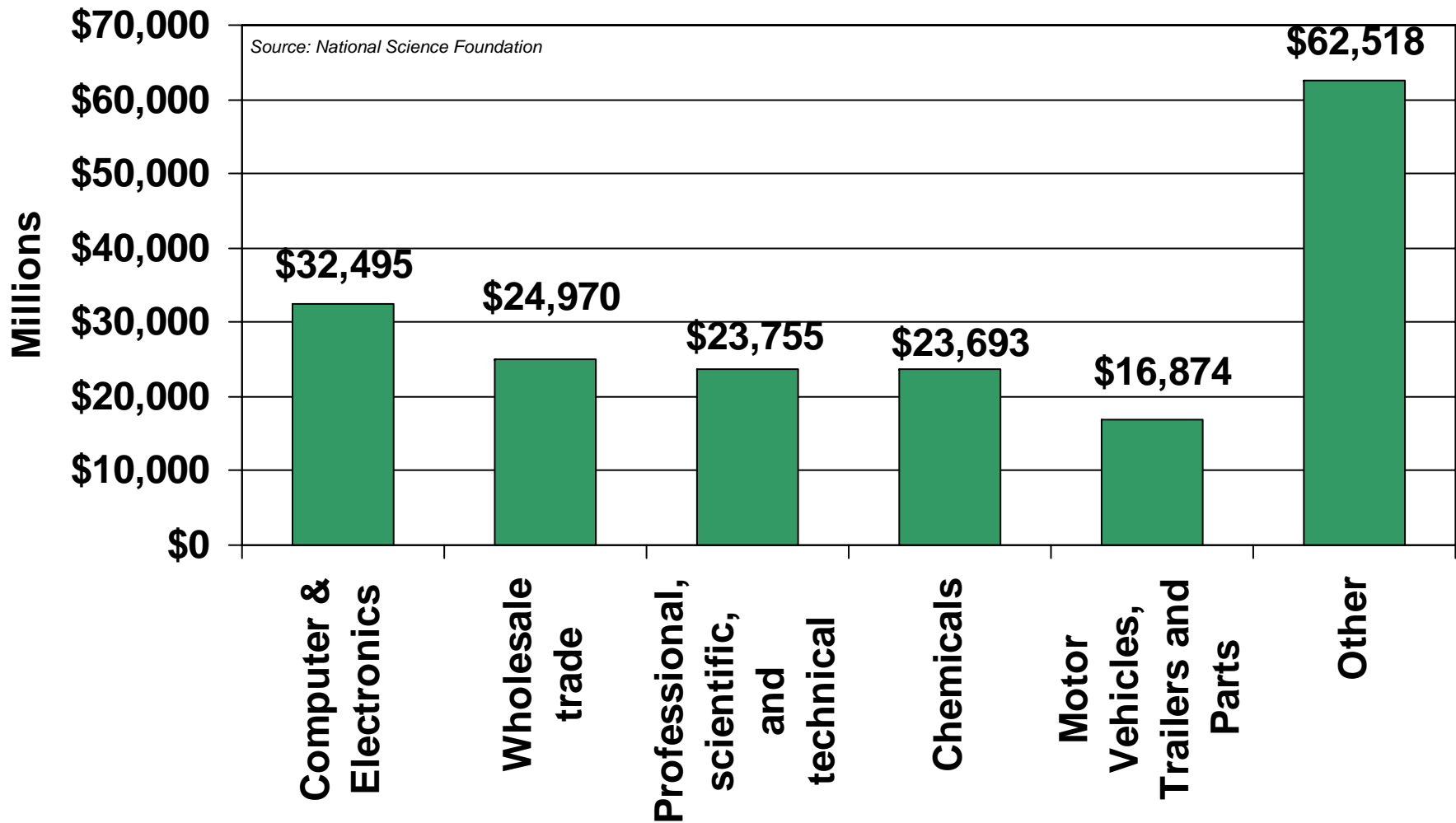


# Supplying Innovation

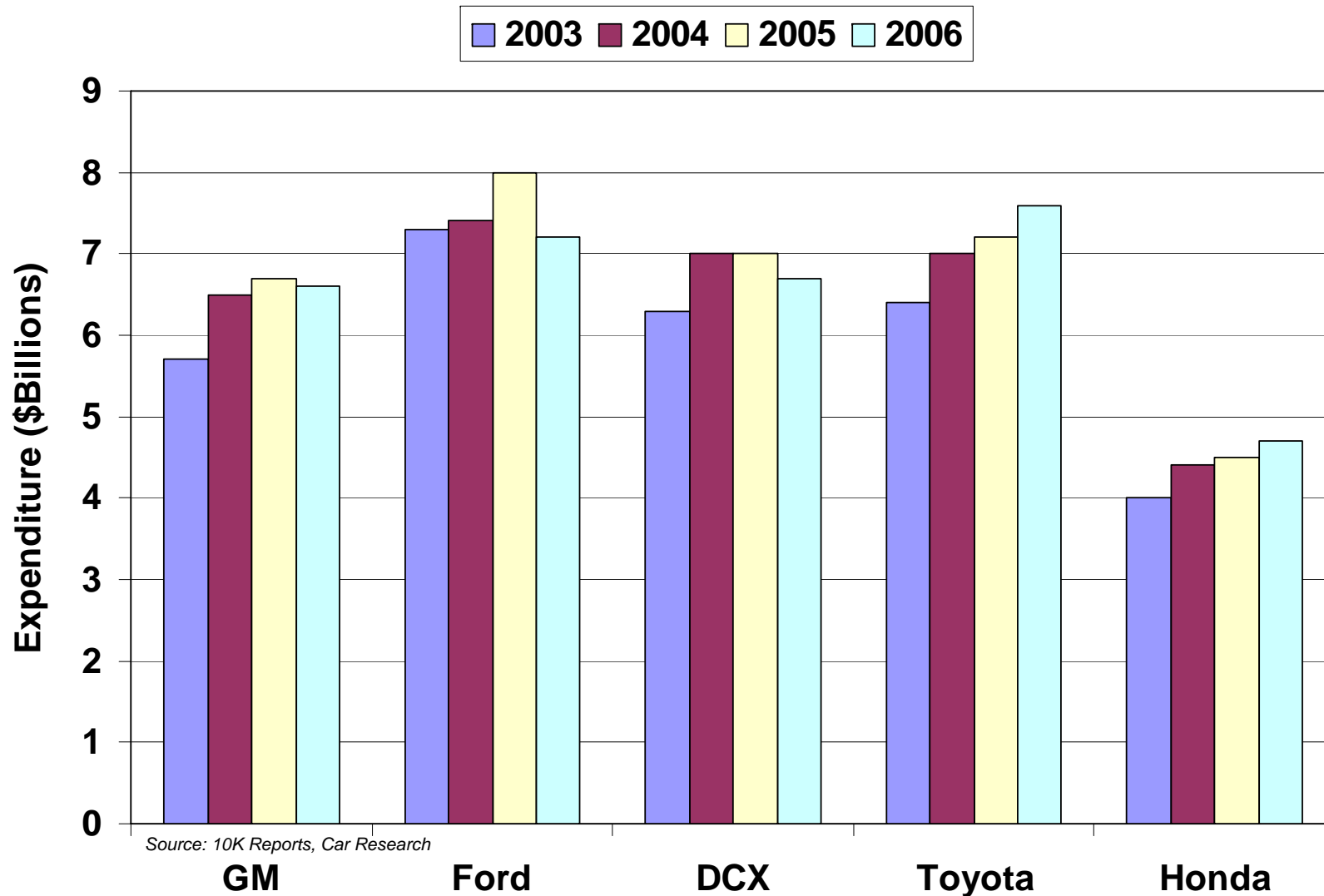
- Federal-Mogul Monosteel piston for high-efficiency diesel engines
- OSRAM Color on Demand dashboard illumination
- ITW Shakeproof BosScrew fastener
- Valeo StARS Microhybrid system



# U.S. R&D by Industry, 2003

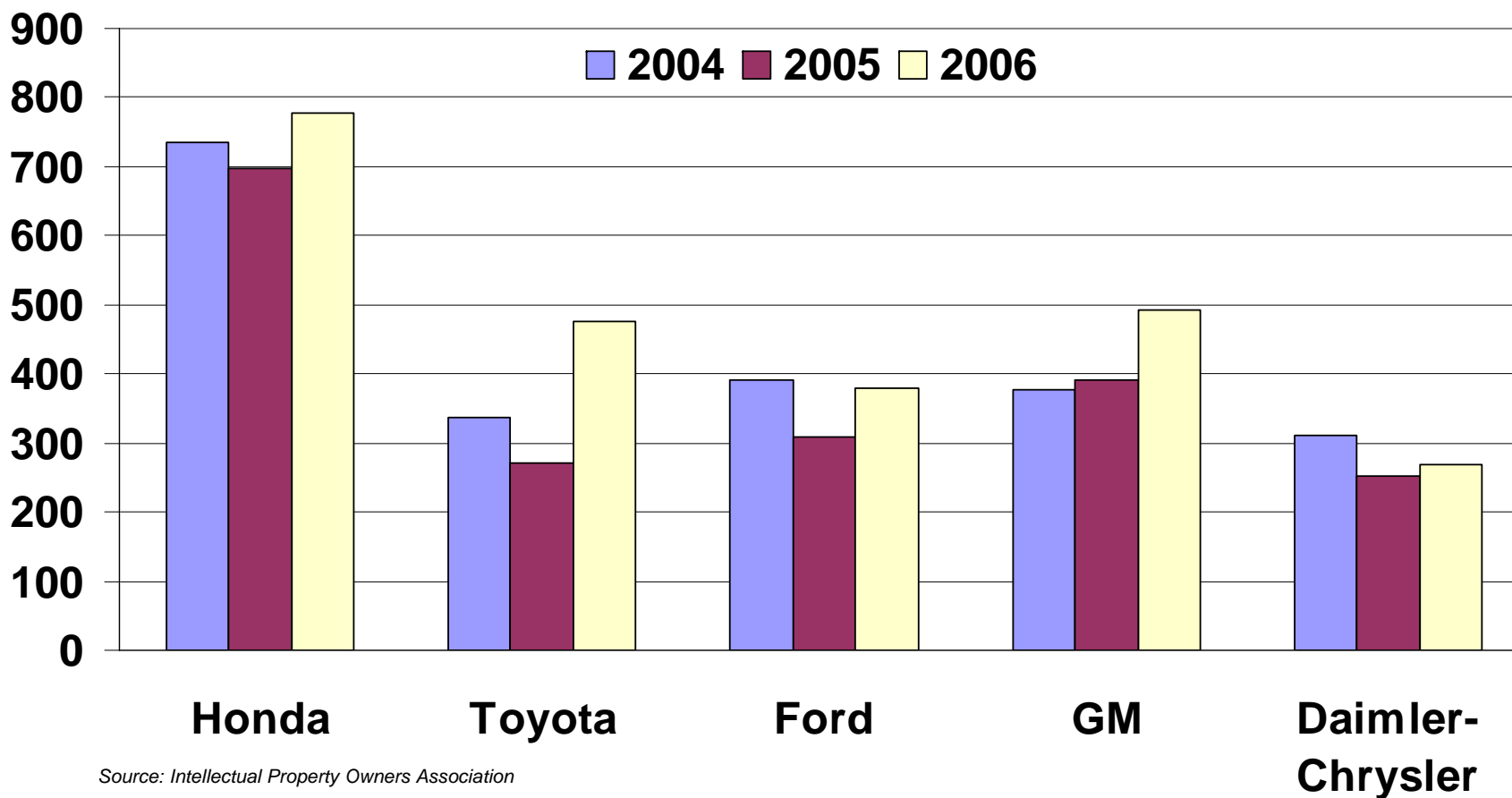


# Big 5 Research & Development Expenditure

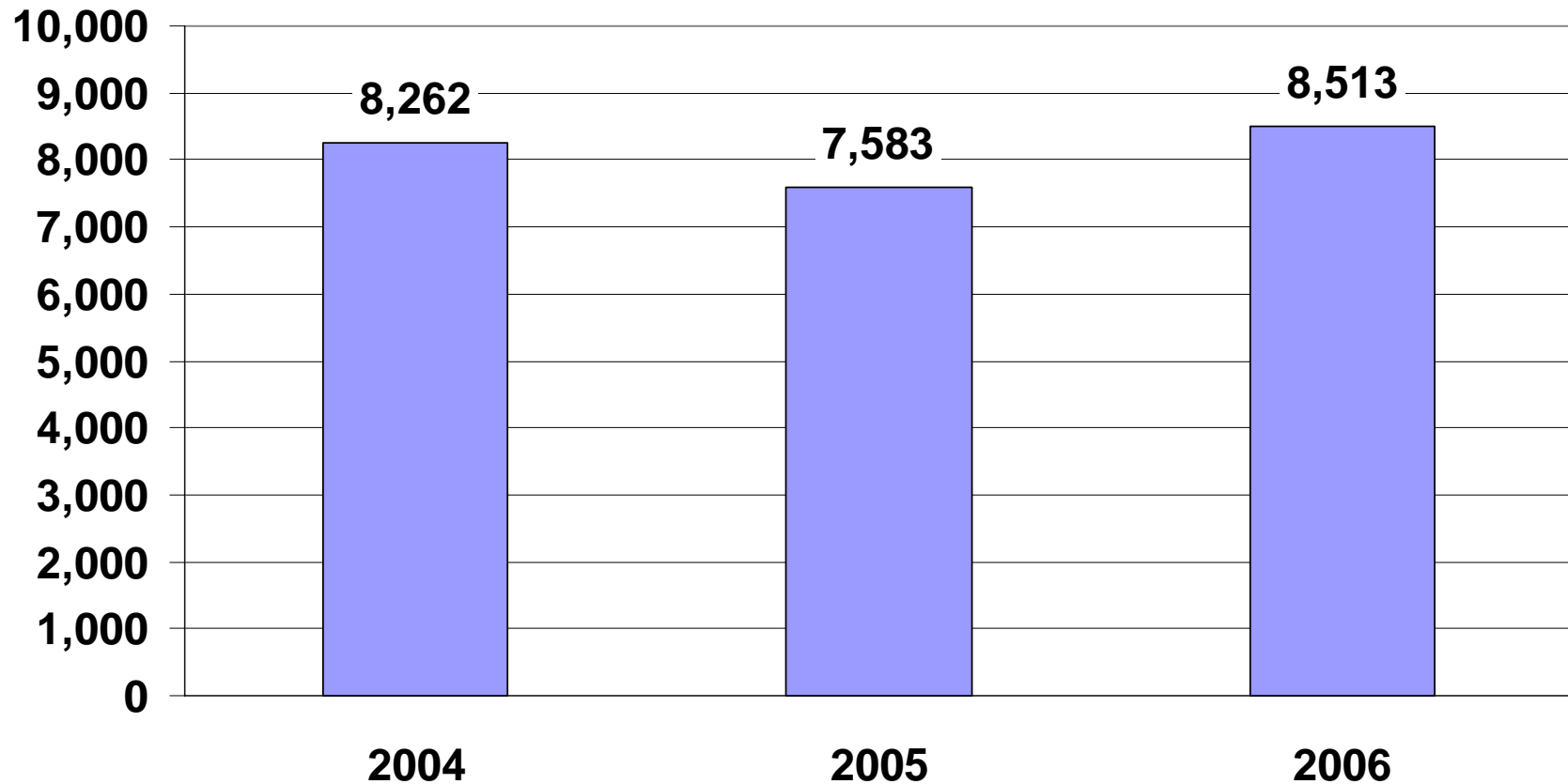


Source: 10K Reports, Car Research

# U.S. Patents Owned by Vehicle Manufacturer

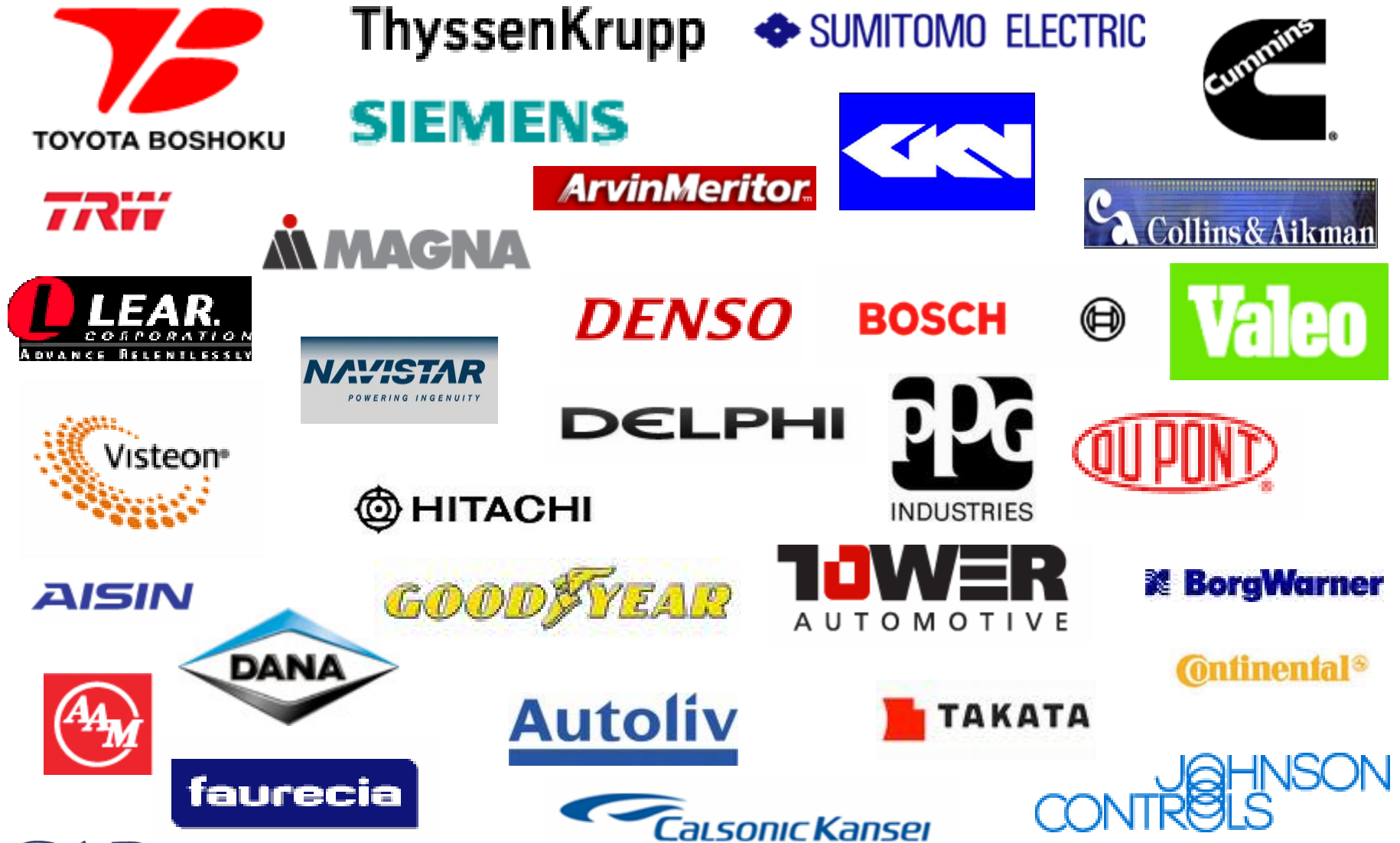


# Total Number of US Patents Owned by Top 150 US Auto Suppliers



Source: Automotive News; Intellectual Property Owners Association

# Top North American Suppliers



## Our Panel Includes . . .

- OEM product planning
- OEM product engineering
- OEM purchasing
- Multi-sector supplier representatives.

# Ask questions to get a perspective

- How best to approach a value proposition for new innovation
- How to build multi-points of entry into the OEMs
- How best to create and present new technology value proposals, etc.
- The variation between companies on these issues