

**Automotive Parts Remanufacturers Association
APRA MEGA Clinic**

**Breakfast
with Jack Stack**

Friday, June 4, 2010



Our Story...



Prepare For The Worst,
Hope for the Best

People
Positive Cash Flow
Profits
Positioning



Positioning

- Markets
- Customers

Markets

Mining

Postal Services

Military

Natural Gas Power Systems

Turbo Technology

Electronic Control Modules

Rail


Reverse Logistics Transportation

Brake Shoes

Gear Pumps (Hydraulics)

Customers

**United States Post Office – Axiom
Komatsu
EMD
AGCO
Sunborn
BioZyme
EJI
Europump
Impco
AB Gensets
MTU**



High Involvement Planning 2010 – 2020

Market Analysis

Market Competitive Data

Customer Survey Results

Our Strategy to Accomplish Growth

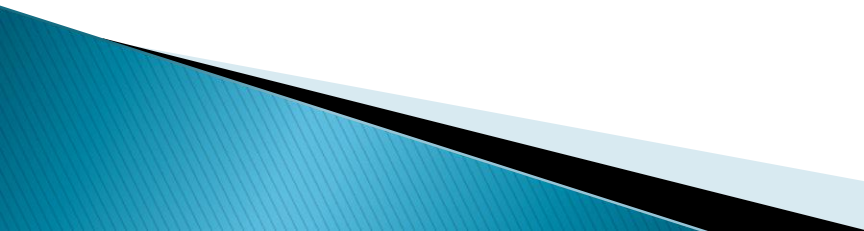
Sales and Marketing Investments

Forecast for 12 Months and Beyond

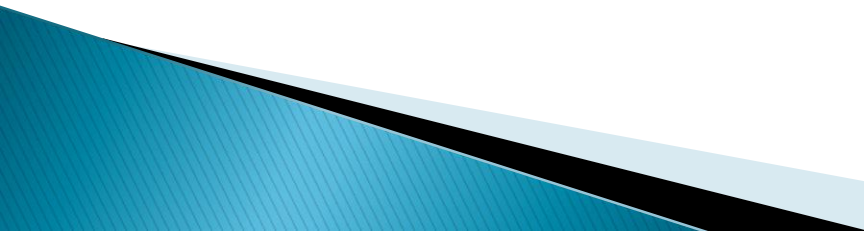
Contingencies

Employee Buy-In

Market Analysis

- Recovery has Begun
 - Consumers have Saved - will Spend
 - Inflation is Coming
 - Credit will be Tight
 - Cash will become the 11th Commandment
 - Weak Dollar
 - High Interest Rates (20 years)
 - Solid 10 Year Run for Experienced
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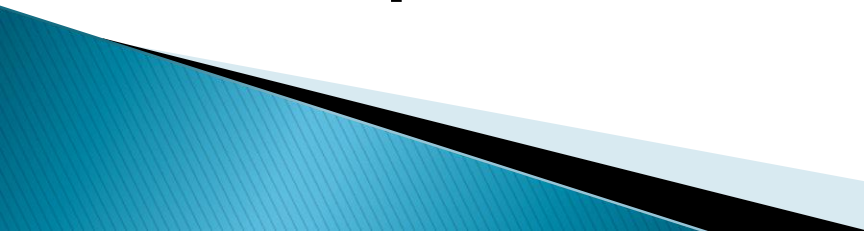
Market Competitive Data

- Stayed in the Game
 - Survived the Tsunami
 - A Second Dip would have been a Knockout Blow
 - Surprising Evaluations
 - Ready for a Fight
 - Loss of Tribal Knowledge
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Customer Survey Results

- **Good News**
 - **Global Production Up**
 - **Looking for Growth**
 - **Introducing New Product Lines**
 - **Shopping for Opportunities**
 - **Relationship Building**
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Our Strategy to Accomplish Growth

- Borrow at Long-Term Fixed Rates Now**
 - Hire Top People**
 - Drive Efficiencies**
 - Clear Roles**
 - Clear Goals**
 - Clear Communications**
 - Complete ESOP Objectives**
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Sales and Marketing Investments

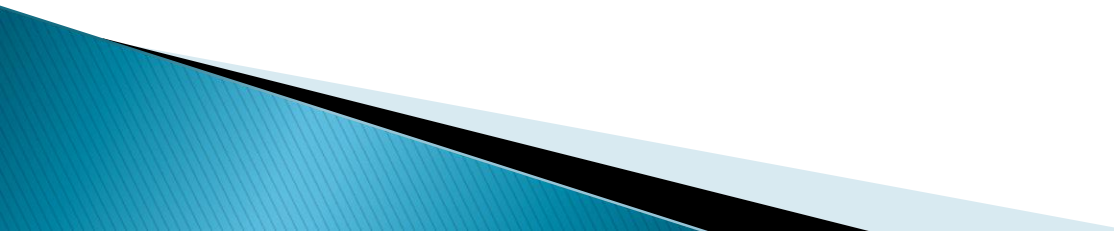
- Promote Competitive Advantage**
 - Increase Sales Promotions**
 - Be the One-Stop Shop**
 - Maximize Joint Ventures**
 - Use Pessimism to our Advantage**
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Forecast for 12 Months and Beyond

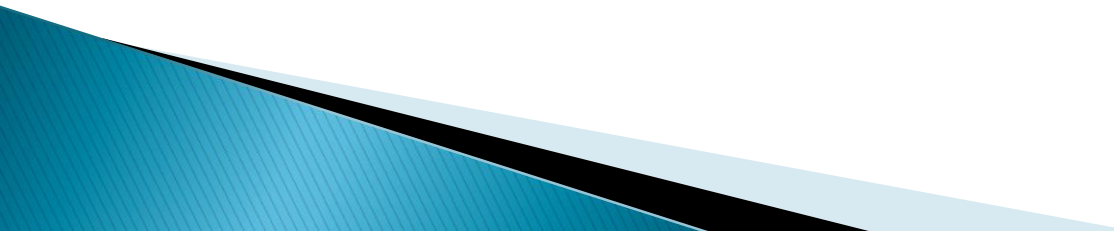
Dull because
of D.C.

- 2010 – Recovery Has Begun
- 2011 – Economy Up
- 2012 – Economy Still Up
- 2013 – Economy Flat
- 2014 – Mild Recession
- 2015 – Nice Recovery
- 2016 – Record Level of Activity
- 2017 – Record Level of Activity
- 2018 – Watch Out
- 2019 – Watch Out
- 2020 – OH NO!

Contingencies

- Enter into Long-Term Leases/Contracts
 - Raise Prices Now!
 - Phase Out Marginal Opportunities
 - Prepare Training Programs
 - Determine Capital Needs and Place Orders
 - Food – Energy – Medical
 - Look for Acquisitions
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Employee Buy-In

- **Beware of Associate Stress**
 - **Invest in Financial Training**
 - **Invest in Communications**
 - **Define our Critical Number and
Align our Bonus Plans to
Accommodate our Needs**
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Execution!

Execution!

Execution!

Lead with optimism

Expedite / Expedite / Expedite

“Can-Do” attitude