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*250 Years of Exceptional Engineering*

**Sir Kevin Smith – Chief Executive**

## Today's presentation

- > Review of 2008 divisional performance
- > Detailed financial presentation on 2008 results
- > Outlook and explanation of actions taken to position for 2009
- > Summary of key points
- > Questions

## 2008 – Highlights

### Winning New Business

- Driveline secures 77% of available driveshafts business
- New driveline products winning substantial new orders
- Over \$3 billion of new business secured by Aerospace

### Building the Future

- Filton acquisition major step in development of Aerospace
- New plants open in China, India, Argentina and Turkey

### Resilience from end market diversity

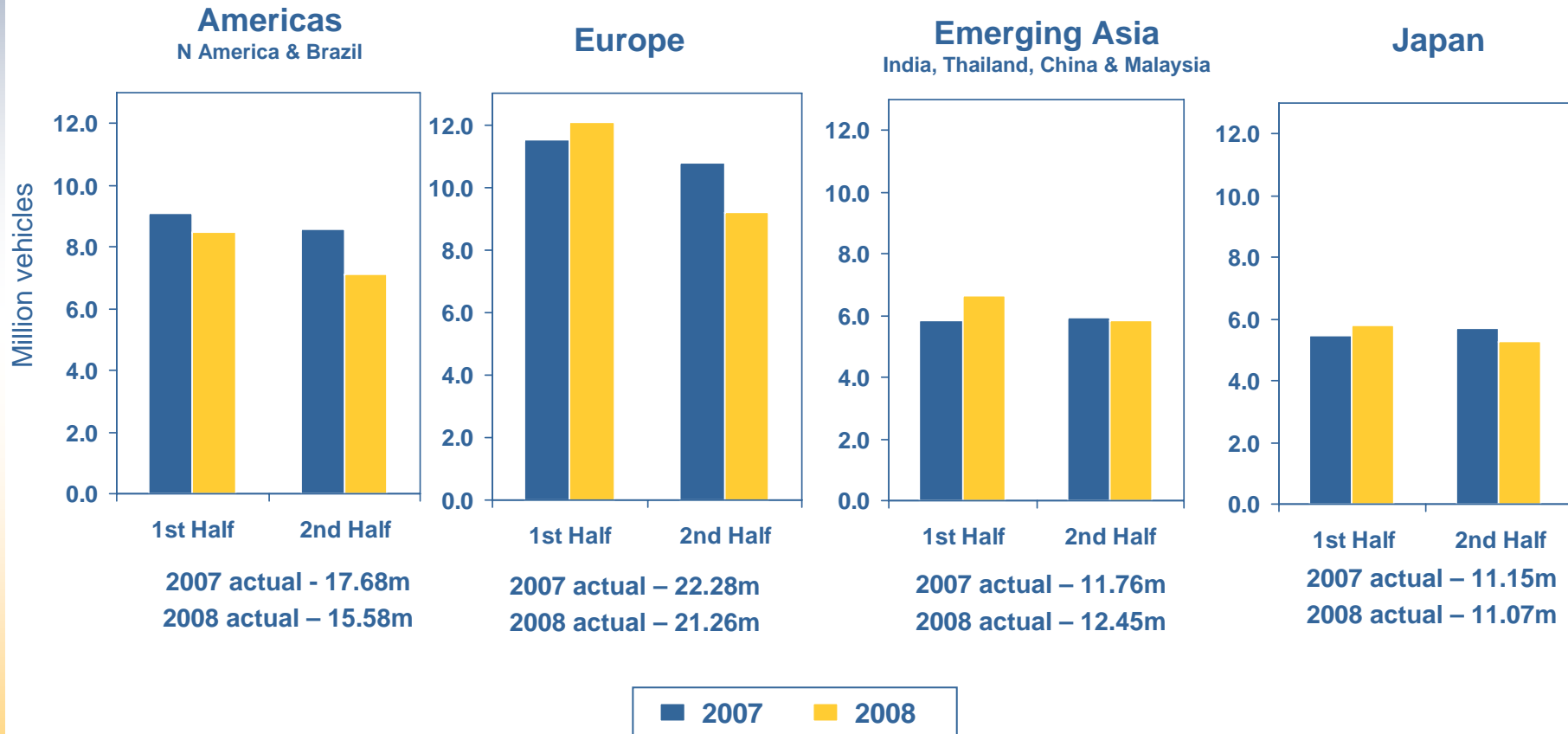
- OffHighway delivers record results
  - Sales up 32% Profits up £11m
- Aerospace growth story continues
  - Sales up 22% Profits up £22m

## Results summary

	2008			2007 £m	Change £m
	1st Half £m	2nd Half £m	Total £m		
Sales (subsidiaries and JVs)*	2,402	2,215	4,617	4,100	517
Trading profit	161	60	221	309	(88)
Profit before tax	131	36	167	255	(88)
Cash generated from operations	159	169	328	299	29
Net debt	(529)	(708)	(708)	(506)	(202)
Dividend per share (p)	4.5	-	4.5	13.5	(9.0)

\* Excludes Sheepbridge Stokes

# Light Vehicle Production



Source: Global Insight

**EXPECT > MORE**

## 2008 Light Vehicle Production

➤ Rapid global 4<sup>th</sup> quarter decline

Year on year	September YTD %	December QTD %	December Month %
Western Europe	(1)	(28)	(39)
Japan	6	(18)	(37)
China	15	(11)	(22)
Brazil	26	(40)	(56)

➤ Moved swiftly to minimise impact on operations

## Driveline

Subsidiaries & JVs (constant currency)	2008 £m	2007 £m	Increase/ (Decrease) %
Sales	2,268	2,336	(3)
Trading profit	88	198	(56)

- Driveline underlying sales down £68m (3%)
  - Last quarter sales decrease £156m (24%)
  - Decline in all global regions
- Driveline headline profits down £78m
  - Last quarter profits decrease £69m
- Rapid action in response
  - Over 1,700 personnel released, extensive short time working, 450 unscheduled plant shutdown days

## Driveline - Developing the future

- > Driveline wins 77% of all available sideshafts business
  - > Last 3 year average 78% – increasing market share
  - > Curtailed new programme development – significant value in incumbency
  
- > New products securing substantial business
  - > Countertrack™ secures 32 vehicle programmes for launch over next three years – 3 million vehicle sets by 2011
  - > First application in 2009 of small car low cost joints in China and India – 2m vehicle sets by 2012



Tata Nano



Chery S21

## Driveline

- New products securing substantial business
  - 1st European application next generation mild hybrid electric axle



Electric Drive Axle for new  
PSA Peugeot Citroën HYbrid4  
Technology

- Resilience from extensive global footprint, market leading technology and diverse customer base

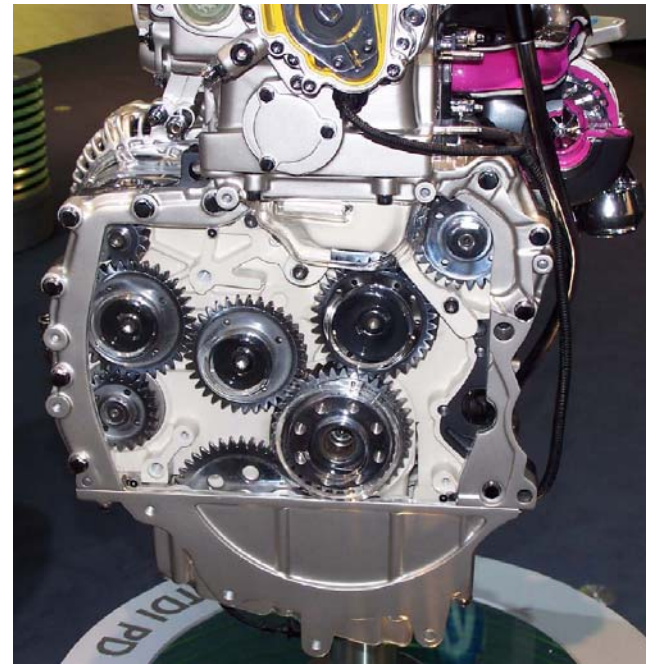
## Powder Metallurgy

Subsidiaries (constant currency)	2008 £m	2007 £m	(Decrease) %
Sales	618	670	(8)
Trading profit	(2)	35	-

- > Powder Metallurgy underlying sales decline by £52m (8%)
  - > North America softens throughout year - sharp 4<sup>th</sup> quarter decline in Europe and RoW
- > Headline profits down £31m - £2m loss in year
  - > Last quarter sales down 26%, profits down £23m
- > Rapid action in response
  - > 1,200 personnel released, extensive short time working and 414 unscheduled plant shut down days

# Powder Metallurgy

- New programme wins driven by new automotive technologies
  - Electric Power Steering, Variable Valve Timing, engine gears
- Priority to drive down costs and position for market recovery



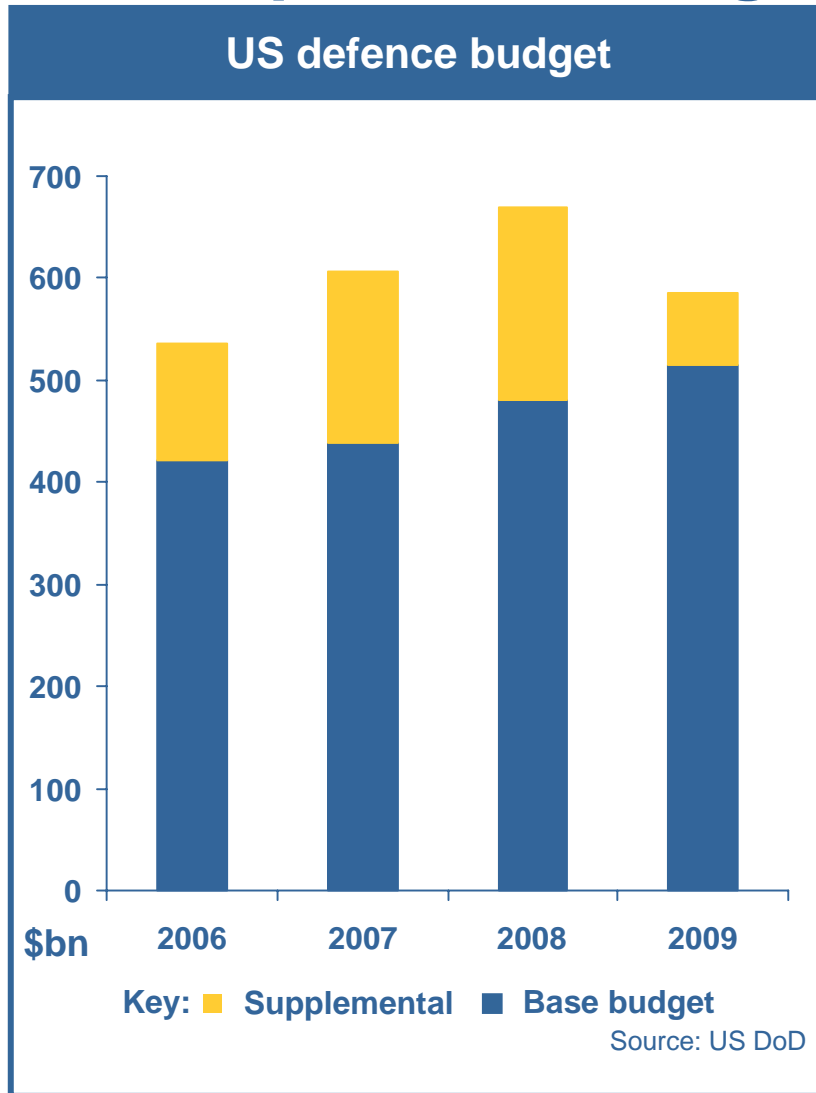
Timing gear train - VW

# OffHighway

Subsidiaries & JVs (constant currency)	2008 £m	2007 £m	Increase %
Sales	553	473	17
Trading profit	40	34	18

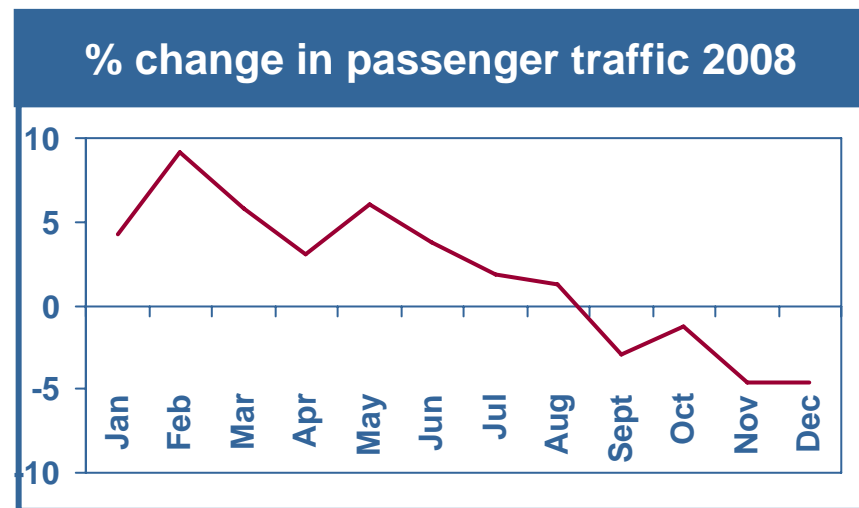
- > Strong agricultural, heavy construction and mining equipment markets support excellent performance
  - > Light construction and industrial segments weaken throughout the year
  - > Headline sales increase by 32% - underlying 17%
  - > Profits improve by £11m with strong contribution from Wheels and Driveline operations
- > Substantial new business wins deliver market share gains
  - > Rockford **Mechanics<sup>®</sup>Driveshafts** first applications in Japan and Europe
  - > Long term global supply agreement with John Deere for wheels – potential £200m of business
- > Action taken to overcome 4<sup>th</sup> quarter softening and prepare for weaker end markets in 09
  - > Staff reduction of 230 people in December

# Aerospace market grows strongly in 2008



### Civil Aircraft Backlog 2008

Orders	2007	2008	2008 Backlog
Airbus	1,341	1,023	3,715
Boeing	1,413	674	3,714
<b>Total</b>			<b>7,429</b>



# Aerospace

Subsidiaries & JVs (constant currency)	2008 £m	2007 £m	Increase %
Sales	1,002	870	15
Trading profit	105	88	19

- > Aerospace delivers excellent 2008 performance
  - > Headline sales increase 22% and top £1billion – underlying 10% increase
  - > Profits increase by £22m and move over £100m
  - > Teleflex makes solid contribution to sales and profits
- > Major programme wins provide over \$3bn of new business
  - > Nacelle system for Honeywell HTF 7000 on Embraer platforms
  - > Main spar and trailing edge assembly packages for A350
  - > Multi-year buy on C-130J – 5 year extension from USG
  - > New multi-year buy on Sikorsky Blackhawk from USG

## Aerospace

- Filton acquisition completed on 5<sup>th</sup> January - life of programme partnership across all Airbus products
  - Some underpinning of A380 production volumes
  - Full recovery of A400M non recurring investment
- Site integration going to plan
  - £350m plus revenues, 5 to 7% operating margin and strong cash flow
- Significant progress on partnership arrangement with major customers
  - Joint venture with Rolls-Royce for composite fan blades
  - Northrop Grumman roll out first UCAS-D demonstrator

# **“Sea Change in Stealth” – Northrop Grumman UCAS-D**

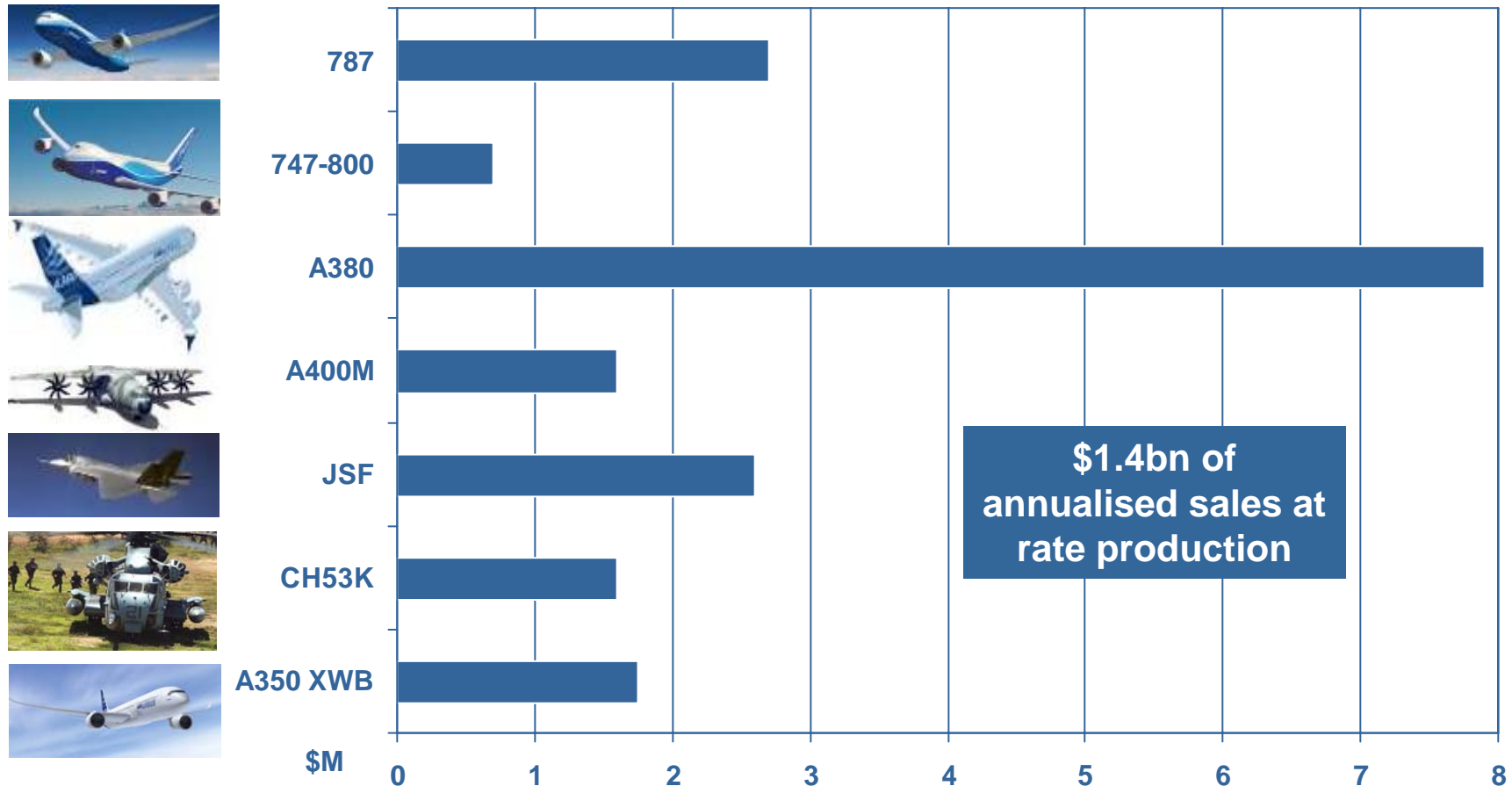
**Aviation Week December 2008**



**GKN Aerospace produce around 80%  
of total aircraft structure**

# GKN position on new programmes

## Shipset values - \$m



- > Aerospace well positioned to develop and grow as new programmes move into production



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**Bill Seeger – Finance Director**

## Opening Key Points

- > First half vs second half
- > Aerospace and OffHighway deliver strong performance
- > PBT at higher end of guidance range
- > Cash generation and liquidity

# Results Summary

	2008 £m	2007 £m	Increase/ (decrease)	% Change
Sales (subsidiaries)	4,376	3,869	507	13%
Trading profit (subsidiaries)	201	277	(76)	(27)%
Profit before tax <sup>1</sup>	167	255	(88)	(35)%
Earnings per share <sup>1</sup>	23.8p	35.1p	(11.3)p	
Book Tax Rate	(2)%	3%		

## Subsidiaries & JVs

Sales	4,617	4,122	495
Trading profit	221	309	(88)
Margin	4.8%	7.5%	(2.7)%

(1) See note on page 22 for definition of terms

# Income Statement

	2008 £m	2007 £m
<b>Sales (subsidiaries)</b>	4,376	3,689
<b>Trading profit</b>	201	277
<i>Restructuring and impairment charges</i>	(153)	(31)
<i>Amortisation of non-operating intangibles arising on business combinations</i>	(10)	(8)
<i>Profits and losses on sale or closure of businesses</i>	-	(7)
<i>Change in value of derivative &amp; other financial instruments</i>	(124)	(10)
<b>Operating profit/(loss)</b>	(86)	221
<i>Post-tax JV earnings before impairment charges</i>	16	24
<i>Impairment charges, post-tax</i>	(10)	-
Post-tax JV earnings	6	24
<i>Interest (net)</i>	(47)	(43)
<i>Other financing charges</i>	(3)	(3)
<b>Net financing costs</b>	(50)	(46)
<b>Profit/(loss) before tax</b>	<u>(130)</u>	<u>199</u>

# Income Statement

## Alternative presentation showing performance

	2008 £m	2007 £m
<b>Sales (subsidiaries)</b>	<b>4,376</b>	<b>3,689</b>
<b>Trading profit</b>	<b>201</b>	<b>277</b>
<i>Restructuring and impairment charges</i>		
<i>Amortisation of non-operating intangibles arising on business combinations</i>		
<i>Profits and losses on sale or closure of businesses</i>		
<i>Change in value of derivative &amp; other financial instruments</i>		
<b>Operating profit<sup>1</sup></b>	<b>201</b>	<b>277</b>
Post-tax JV earnings, before impairment charges	16	24
<i>Interest (net)</i>	<b>(47)</b>	<b>(43)</b>
<i>Other financing charges</i>	<b>(3)</b>	<b>(3)</b>
<b>Net financing costs</b>	<b>(50)</b>	<b>(46)</b>
<b>Profit before tax<sup>1</sup></b>	<b>167</b>	<b>255</b>

(<sup>1</sup>) Before restructuring and impairment charges, amortisation of non-operating intangible assets arising on business combinations, profits and losses on sale or closure of businesses changes in value of derivative and other financial instruments

## Impact of Currency

- > Translational - £ has weakened against major currencies

	Full Year average		Change %	Effect on	
	2008	2007		Sales £m	Trading profit £m
	US \$	1.85		2.00	7.5
Euro	1.26	1.46	13.7	228	28
Yen	192	236	18.6	68	4
Other	-	-	-	69	8
<b>Impact (subs &amp; JVs)</b>				<b>469</b>	<b>51</b>

- > Transactional - £8m adverse impact in 2008
- > Translational impact on 2008 annual trading profit (including JVs):
  - > 1% move in Euro = £1.2m
  - > 1% move in USD = £0.8m

# Automotive/Powder Metallurgy Business Profile

	2008		Full Year	
	H1 £m	H2 £m	2008 £m	2007 £m
Sales	1,523	1,302	2,825	2,633
Trading Profit	80	(13)	67	175
Margin %	5.3%	(1.0)%	2.4%	6.6%

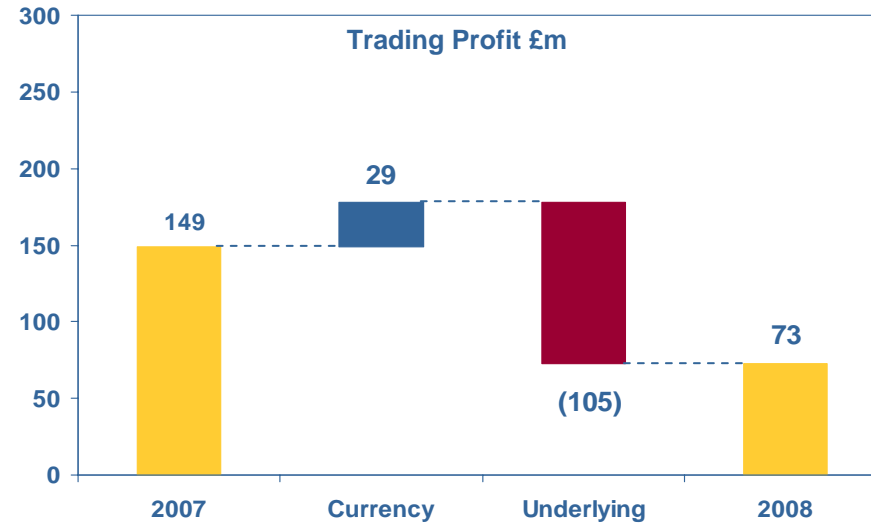
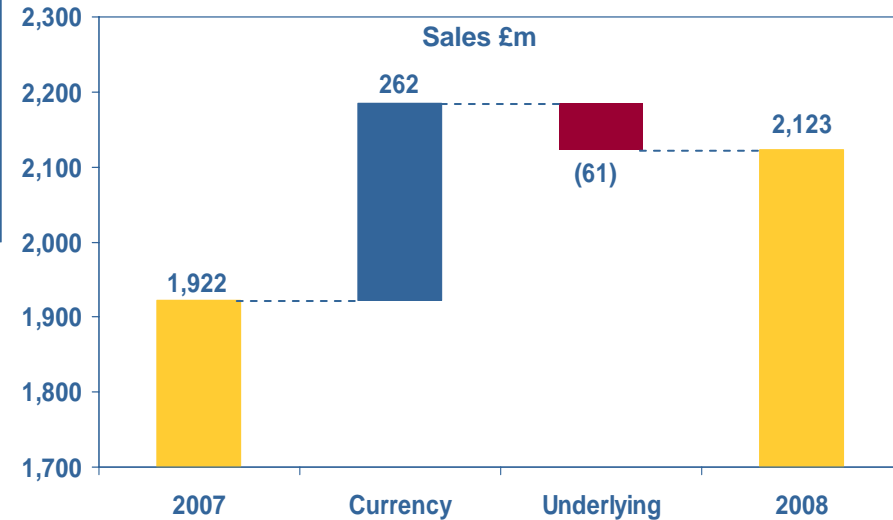
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- > H1 to H2 sales very different
- > Annualised production fell from 72m vehicles in H1 to 59m vehicles in Q4
- > Auto & Powder Met were loss making in Q4

## Driveline subsidiaries sales and trading profit

	2008	2007	Underlying change
Sales - £m	2,123	1,922	(2.8)%
Trading profit - £m	73	149	(59.0)%
Margin	3.4%	7.8%	

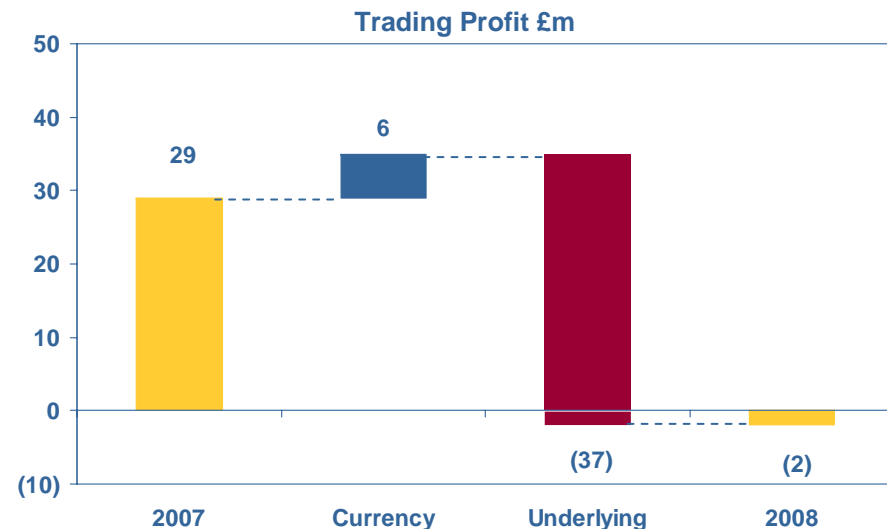
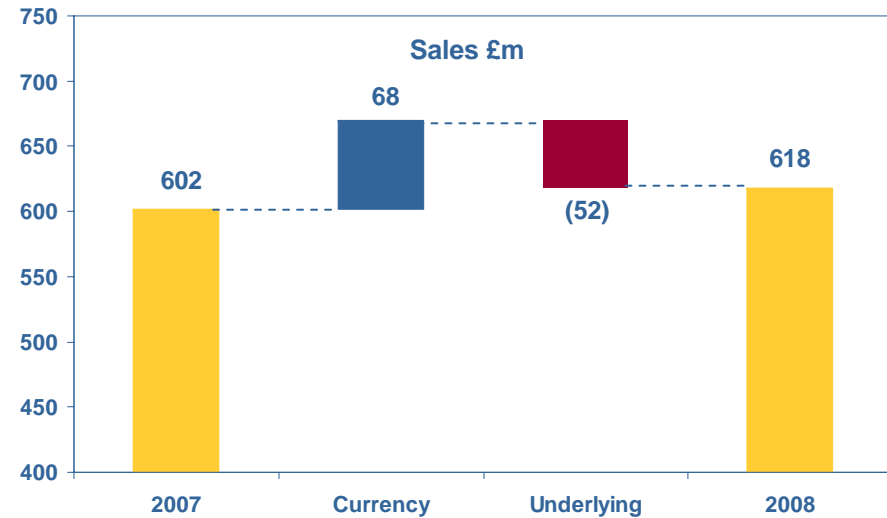
- > Underlying sales: H1 +7%; Q3 +2%; Q4 -24%
- > Largest falls in H2 were NA, Western Europe, Japan
- > Underlying profit: £(105)m due to volume & lag in material recovery
- > Q4 loss making



# Powder Metallurgy subsidiaries sales and trading profit

	2008	2007	Underlying change
Sales - £m	618	602	(7.8)%
Trading profit - £m	(2)	29	N/A
Margin	(0.3)%	4.8%	

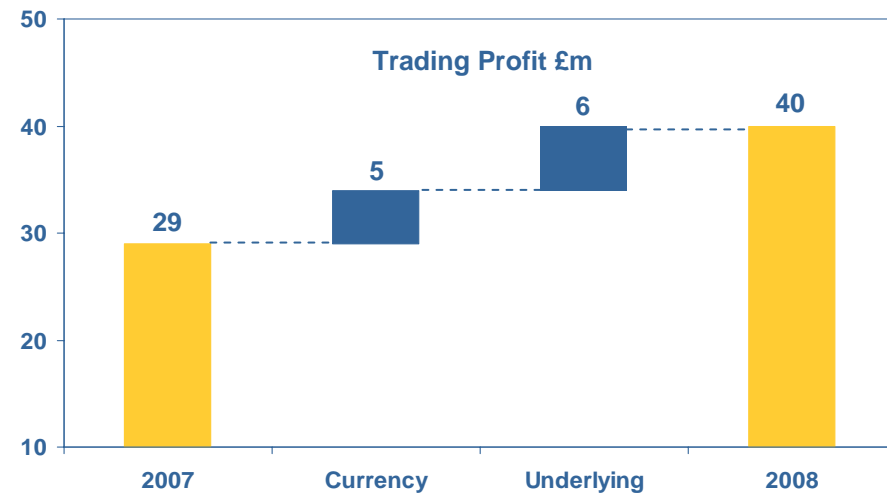
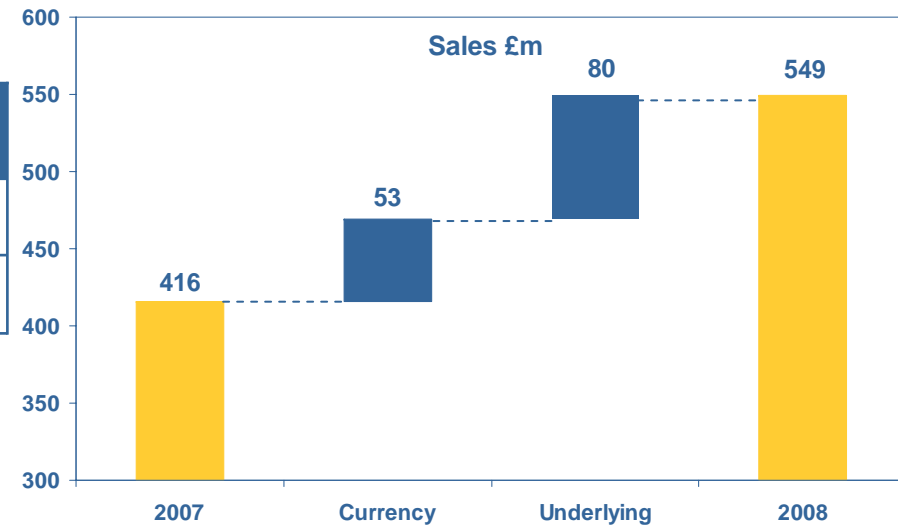
- > Underlying sales: H1 +1%; Q3 -6%; Q4 -26%
- > NA: Change in mix, American Axle strike, drop in Detroit 3. NA posted a loss in '08
- > Europe: H1 volume +5%; H2 down -18%. Margins remain strong
- > Loss for the year of £2m



# OffHighway subsidiaries sales and trading profit

	2008	2007	Underlying change
Sales - £m	549	416	17.1%
Trading profit - £m	40	29	17.6%
Margin	7.3%	7.0%	

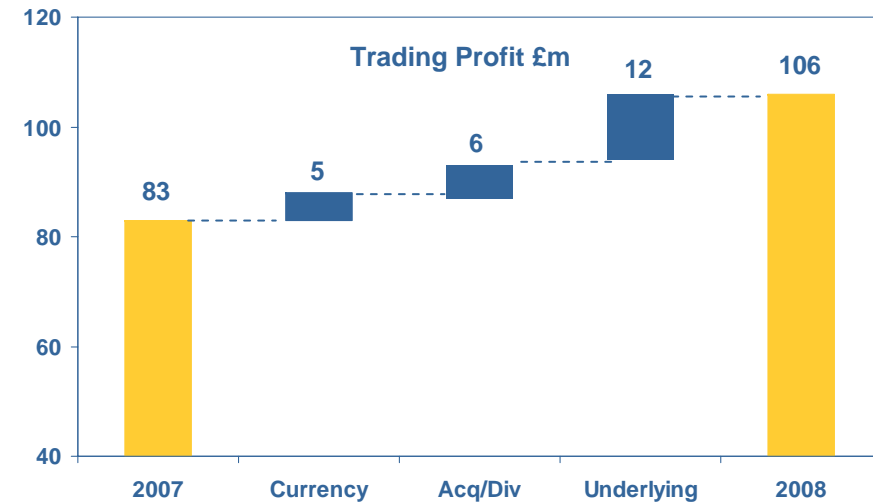
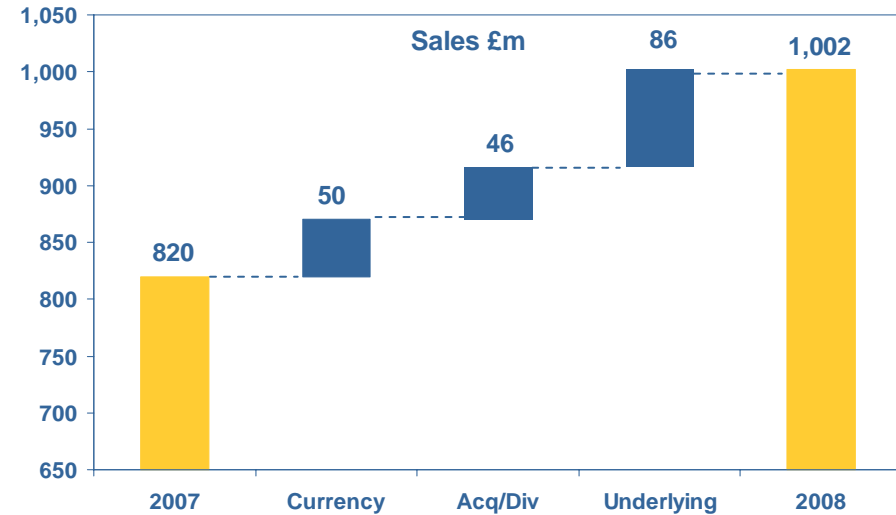
- > Sales up 32% overall to record level
- > Margin improved to 7.3%
- > Strong demand in agriculture, heavy construction and mining
- > Driveline Systems +22%, Wheels +18% driven by agricultural OEMs
- > Industrial and light construction softened as the year progressed



# Aerospace subsidiaries sales and trading profit

	2008	2007	Underlying change
Sales - £m	1,002	820	9.9%
Trading profit - £m	106	83	13.6%
Margin	10.6%	10.1%	

- > Sales +22% overall to record £1B
- > Margins improved to 10.6%
- > Broad based growth ... Fighters (F18/F22), Transport (C17), Helicopters (Blackhawk)
- > Delays in B787 & Boeing strike reduced sales
- > Strong backlog



## Joint Ventures

	2008 £m	2007 £m
Sales	241	253
Trading profit	20	32
Taxation	(4)	(8)
Share of post-tax earnings, before impairments	16	24

Includes Driveline's Chinese JVs, Emitec, Chassis Systems and other smaller JVs

- > **Driveline's Chinese JVs volume down 6% underlying**
- > **Emitec sales and profits down due to fall in German retrofit market (filters)**
- > **Chassis Systems volume reduction (Land Rover)**

## Trading Profit - Summary

Subsidiaries	2008		2008	2007
	H1 £m	H2 £m	FY £m	FY £m
Driveline	71	2	73	149
Other Automotive	(2)	(2)	(4)	(3)
Powder Metallurgy	11	(13)	(2)	29
OffHighway	25	15	40	29
Aerospace	47	59	106	83
Corporate	(6)	(6)	(12)	(10)
<b>Trading Profit</b>	<b>146</b>	<b>55</b>	<b>201</b>	<b>277</b>

Q3 and Q4 both profitable

## Group Restructuring Initiatives

	2008 £m	2007 £m	Cash based '08 charges	
2008 programme			Redundancies	(13)
- Impairment (subs)	(129)	-	Reorganisation	(4)
- Impairment (JVs)	(10)	-	Short time work	(2)
- Cash based charge	(20)	-	Pension	(1)
<b>Total 2008 programme</b>	<b>(159)</b>	<b>-</b>	<b>Total</b>	<b>(20)</b>
2004 programme	(4)	(31)		
<b>Total Restructuring and Impairment</b>	<b>(163)</b>	<b>(31)</b>		

- > Powder Met impairment £100m: primarily North American assets
- > Auto UK £21m: plant consolidation (Driveline) & Autostructures assets
- > £10m Joint Venture charge

## Net Financing Costs

	2008 £m	2007 £m
Net interest payable	(47)	(43)
Post-employment financing charges	(3)	(3)
Net financing costs	(50)	(46)
EBITDA/Net interest ratio	8.0x	10.0x

- > Increase driven by full year of acquisition cost, higher average borrowings, offset by lower interest rates
- > Final payment received on AgustaWestland JV
- > EBITDA/Net interest ratio of 8.0x well above UK banking debt covenant of 3.5x

## Tax charge analysed by “Cash Tax”

<u>Tax Analysis</u>	<u>2008</u>	<u>2007</u>	
> Weighted average of tax rates in major countries in which we operate	30%	33%	Stable within +/-3% range
> Benefits of GKN tax profile – tax losses and other timing differences	(15)%	(16)%	Driven by profit profile & available tax losses
> “Cash Tax” rate	15%	17%	Stable – remaining below 20%
> Net deferred tax/provision movement	3%	(14)%	DT asset recognition/usage and tax settlement volatility
> Tax loss utilisation on FX Gains	(20)%	0%	Sterling movement against Euro/\$
> Book Tax rate	(2)%	3%	Continued volatility due to DT asset recognition/tax settlements

## Operating Cash Flow

	2008 £m	2007 £m
Trading profit (subs)	201	277
Depreciation and amortisation	176	151
Change in working capital and provisions	(4)	(45)
Strategic restructuring	(28)	(40)
Post-employment obligation	(25)	(33)
Other	8	(11)
<b>Subtotal</b>	<b>328</b>	<b>299</b>
Proceeds from sale of fixed assets	7	21
Capital expenditure (tangible and intangible)	(204)	(192)
<b>Operating cash flow</b>	<b>131</b>	<b>128</b>

## Free Cash Flow

	2008 £m	2007 £m
Operating cash flow	131	128
Interest	(48)	(44)
Tax	(45)	(28)
Dividends Paid (including minorities)	(100)	(92)
Dividends Received (joint ventures)	24	13
<b>Free cash flow</b>	<b>(38)</b>	<b>(23)</b>
Acquisitions	(1)	(71)
AgustaWestland final proceeds	18	-
Close out of balance sheet hedges	(230)	(12)
Currency & Other	49	26
<b>Net movement in borrowings</b>	<b>(202)</b>	<b>(80)</b>
<b>Net borrowings</b>	<b>(708)</b>	<b>(506)</b>

## Capital Investments

	2008 £m	2007 £m
Tangible expenditure	191	172
Depreciation	166	142
Ratio (times)	1.2	1.2

	2008 £m	2007 £m
Intangible expenditure	13	20
Amortisation	10	9

Total expenditures	204	192
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- > Capex/depreciation ratio 1.2x
- > Capex in Driveline focussed on manufacturing equipment in emerging markets
- > Investment in Aerospace on A350, B767 and B787
- > 2009 target 0.7x capex/depreciation ratio

## Net Assets & Net Borrowings

	2008 £m	2007 £m
Net operating assets	2,709	2,159
Current & deferred tax	(109)	(121)
Post-employment obligations	(834)	(331)
Net borrowings	(708)	(506)
Forward and commodity contracts, and embedded derivatives	(130)	(5)
<b>Net assets</b>	<b>928</b>	<b>1,196</b>
Return on average invested capital	9.4%	15.1%

# Post Employment Obligations Accounting

## Deficit - UK

<b>2007 £m</b>	Assets	2,248
	Liabilities	(2,264)
	Deficit	(16)

<b>2008 £m</b>	Assets	1,759
	Liabilities	(2,043)
	Deficit	(284)

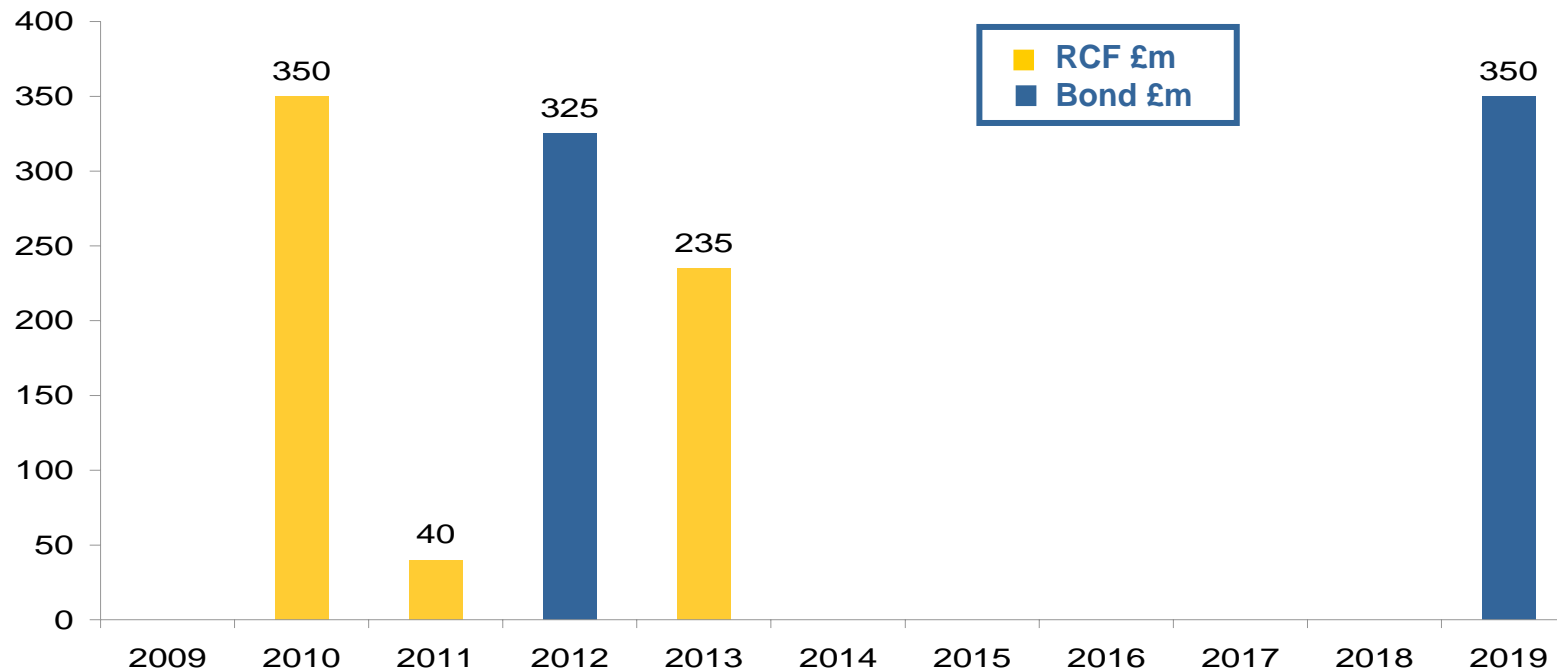
### Accounting

- > Deficit increased by £268m in 2008
- > Equity markets declined significantly, while discount rate increased and inflation was down

### Funding

- > Next scheduled funding valuation April 2010 (3 year cycle)
- > No deficit funding required in 2009

## Funding – Maturity Profile



- **Headroom £402m at Dec '08**
- **Revolving Credit Facility (RCF) matures July 2010**
- **Repayable Launch Investment – letter of intent**
- **New RCF (£235m) - 5 year facility in place**

# Results Summary

	2008 £m	2007 £m	Increase/ (decrease)
<b>Sales (subsidiaries)</b>	<b>4,376</b>	<b>3,869</b>	<b>507</b>
<b>Trading profit (subsidiaries)</b>	<b>201</b>	<b>277</b>	<b>(76)</b>
<b>Profit before tax<sup>1</sup></b>	<b>167</b>	<b>255</b>	<b>(88)</b>
<b>Free cashflow</b>	<b>(38)</b>	<b>(23)</b>	<b>(15)</b>
<b>Net debt</b>	<b>(708)</b>	<b>(506)</b>	<b>(202)</b>

(1) See note for definition of terms on Slide 4

# 2009 Outlook

## Markets

- > Global recession will severely impact demand in most businesses
- > Light vehicle output of 55 to 59 million vehicles (decline of 12-20%)
- > OffHighway markets expected to decline substantially
- > Aerospace mixed: military solid; civil to decline

## GKN's business

- > Automotive and Powder Metallurgy – some improvement from 2<sup>nd</sup> Qtr onwards
- > OffHighway sales and profits expected to fall sharply
- > Strong growth in Aerospace sales and profits as Filton is consolidated
- > Major restructuring programme launched Qtr 4 2008 – to continue in 2009

# Preparing for 2009 – Key Assumptions

## Automotive and Powder Metallurgy

- > Global light vehicle production declines from 67 million to 56 million (16%)
- > Major market movements

	2008	2009	Change
China and India	10.6	9.5	(10%)
North America and Brazil	15.6	12.6	(19%)
Japan	11.0	8.5	(23%)
Europe	21.3	17.0	(20%)

## Aerospace

- > Defence markets stay robust through 2009 and into 2010
- > Large Civil Aircraft start to soften 2<sup>nd</sup> half – build rates down 20% by year end

## OffHighway

- > All end markets soften through 1<sup>st</sup> half – 25% down through 2<sup>nd</sup> half

## Positioning for 2009 – 2008 Restructuring Actions

- 3,450 personnel leave Group – temporary and agency, permanent
  - 2,800 in Qtr 4 – annualised savings £45m
- Asset write downs and impairments - £139m
  - Depreciation reduction £12m
- Short time working arrangements negotiated – implementation January 2009 – Germany, Italy, Japan, UK, USA

## Preparing for 2009 – Restructuring actions and costs and benefits - 2008 Average Exchange Rates

Group wide plant closures, workforce reductions and short time working	2009	
	Cash Cost £m	Cash Benefit £m
<b>Driveline</b> 1,500 redundancies globally 2,000 equivalent personnel short time working	} 72	86
<b>Powder Metallurgy</b> 360 redundancies globally 300 equivalent personnel short time working	} 14	26
<b>Aerospace, OffHighway and Other</b> 600 redundancies globally 75 equivalent personnel short time working	} 24	18
<b>Total</b>	<b>110</b>	<b>130</b>

## Summary of planned actions and benefits in 2009

2008 Average Exchange Rates

Restructuring Actions	Workforce reduction	Cost £m	Benefit £m
2008 cost reduction actions	2,800	-	45
2009 cost reduction actions	2,460	86	74
Short time working programme (STW)	2,375 (equiv)	24	56
<b>Total</b>		<b>110</b>	<b>175</b>

**Note:** STW would unwind fully in 2010 with production rates of approx 62 million vehicles

## Summary of Key Messages

- 2009 a very challenging year – outlook uncertain
- Solid operating plan focused on liquidity and cost reduction
  - Liquidity position sound
    - Cash improvement from capex, working capital and dividend
    - Extended facilities improve headroom
    - £350m revolver matures in 2010
  - Cost reduction aggressive and real
    - £45m of annualised savings from 2008
    - 2009 plans deliver £130m savings
- Aerospace to continue to grow strongly
  - Filton acquisition, earnings accretive and cash generative

## Summary of Key Messages

- > High quality businesses crucial to industrial structure
  - > Aerospace supplies high tech products to 45 aircraft programmes – positioned on all major new platforms
  - > Driveline supplies to almost half all light vehicles produced globally
- > Quality of businesses and management action – see through recession and position for strong recovery



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*250 Years of Exceptional Engineering*

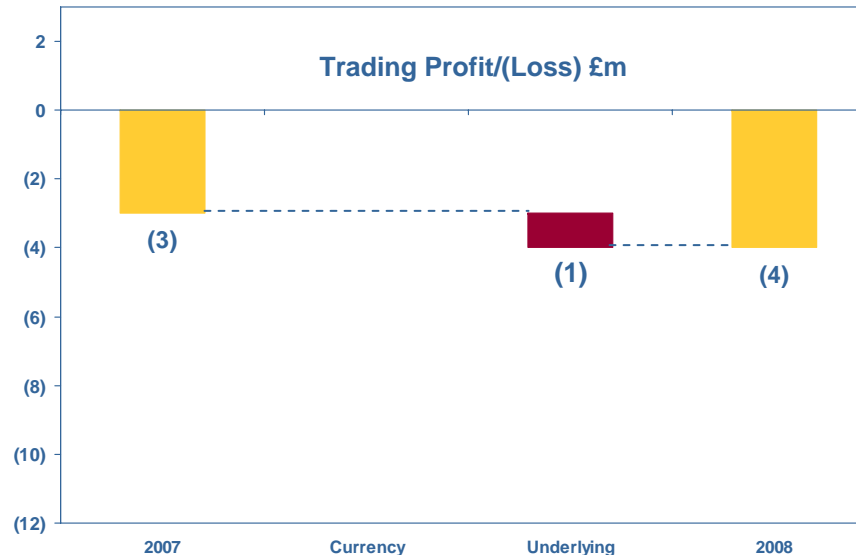
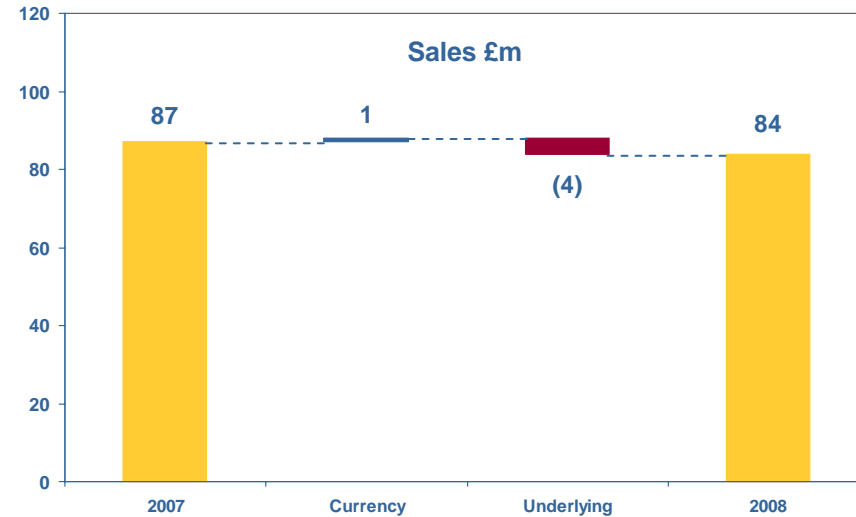
## **Appendix**

# Other Automotive subsidiaries sales and trading profit

	2008	2007	Underlying change
Sales - £m	84	87	(4.5)%
Trading profit - £m	(4)	(3)	(33.3)%
Margin	(4.8)%	(3.4)%	

\*Figures exclude Sheepbridge UK sales of £22m in 2007

- > Weakness in UK Autostructures – Ford Transit, Toyota, Land Rover
- > China cylinder liner business now profitable



# Trading Profit Margins – Subsidiaries & JVs

	2008 %	2007 %	Target range %
Driveline	3.9	8.1	8-10
Other Automotive <sup>1</sup>	1.1	5.8	6-10
Powder Metallurgy	(0.3)	4.8	8-10
OffHighway	7.2	6.9	7-10 ✓
Aerospace	10.5	10.1	10-12 ✓
<b>Group <sup>1&amp;2</sup></b>	<b>4.8</b>	<b>7.5</b>	<b>8-10</b>

1. Excluding Sheepbridge UK
2. Including corporate costs

**Target ranges not changed**

# Post employment obligations – Accounting Deficit

	UK £m	Americas £m	RoW £m	Europe £m	Total £m
<b>2007 Year End</b>					
Assets	2,248	212	14	21	2,495
Liabilities	(2,264)	(270)	(24)	(268)	(2,826)
Deficit	(16)	(58)	(10)	(247)	(331)
<b>2008 Year End</b>					
Assets	1,759	202	19	29	2,009
Liabilities	(2,043)	(401)	(46)	(353)	(2,843)
Deficit	(284)	(199)	(27)	(324)	(834)
Movement in deficit	(268)	(141)	(17)	(77)	(503)

## Taxation – derivation of “Cash tax” rate

	2008 £m	2007 £m
<b>Current Tax – total</b>	<b>(10)</b>	<b>36</b>
<b>Remove: Net movement on provisions for uncertain tax positions</b>	<b>-</b>	<b>(4)</b>
<b>Remove tax credit on FX gains through equity</b>	<b>29</b>	<b>-</b>
<b>Remove: Current Tax – restructuring and impairment</b>	<b>3</b>	<b>7</b>
<b>“Cash tax” charge</b>	<b>22</b>	<b>39</b>
<b>Profit before taxation of subsidiaries<sup>1</sup></b>	<b>151</b>	<b>231</b>
<b>“Cash tax” rate on normal trading</b>	<b>15%</b>	<b>17%</b>

(1) See note on ‘Income Statement – alternative presentation’ slide for definition

# Dividends

	2008	2007
Full year dividend per share	4.5p	13.5p
Dividend cover* - actual	5.3	2.6
- cash tax rate	4.4	2.3
Cash cost	£32m	£95m

\* Earnings before restructuring charges, amortisation of non-operating intangible arising on business combinations, profits on sale or closures of businesses and changes in the fair value of derivative financial instruments

# Restructuring Programme

	Charges			Cash Spend Profile		
	Impairment £m	Cash £m	Total £m	2008 £m	2009 £m	2010 £m
Automotive <sup>1</sup>	36-40	85-90	121-130	3	77	10
PM/OffHighway	100-105	35-40	135-145	1	38	1
Aerospace	3-5	10-12	13-17	-	10	2
Central	-	2-3	2-3	-	3	-
<b>Group <sup>2</sup></b>	<b>139-150</b>	<b>132-145</b>	<b>271-295</b>	<b>4</b>	<b>128</b>	<b>13</b>

£145m

1. Automotive covers Driveline (subsidiaries and joint ventures) and Other Automotive (subsidiaries and joint ventures)
2. Restructuring estimates above make an allowance for anticipated exchange rates in the relevant period

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