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“Metaldyne’s Solution to the Global Revolution”
Steve Dickerson
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Thank you

I’m a bit of a ‘60s rock and roll buff and I like quoting rock and roll music. While I was driving up to Traverse City an interesting thought crossed my mind ...

There are people out there who would say the titles of several of those songs fit the current state of our industry:

- I Can’t Get No Satisfaction
- You’ve Lost that Lovin’ Feeling
- Purple Haze
- Where Did Our Love Go
- Wishin’ and Hopin’ and Thinkin’ and Prayin’

I don’t agree. I think two singles sum it up ... Papa’s Got A Brand New Bag and the Beatles hit Revolution.

In the words of the Beatles “You say you want a revolution ... Well, you know we all want to change the world.”

At Metaldyne we are working hard to change the world, internally and externally.

No doubt many of you have heard about our recent acquisition by Asahi Tec of Japan. We believe this merger creates a new business model that will position our company for growth in today's global economy.

As part of the integration process we are combining our technical expertise and global footprint. As a result we are well positioned to benefit from growth in emerging markets in Asia as well as North America and Europe.

Our customers already see the benefits the innovation of our combined companies brings to their products.

We booked \$1 billion in new business since we merged in January. These awards are based on the expected length of agreements and the annual business revenue and represent powertrain and chassis business from our Asian, European and North American customers.

The world today is very competitive and we believe our ability to win this business underscores our customers' support for the fundamental strategic, technical and financial strength of our merger.

We are pleased with our progress but there is still more to the journey.

A big part of that growth strategy is to integrate the strengths, desires and challenges of Metaldyne and Asahi Tec and allows us to quickly incorporate best practices company wide.

Our ultimate goal is to create a single Asahi Tec Operating System that incorporates all we do.

Before we merged with Asahi Tec Metaldyne was well on the way to creating a "One Metaldyne" system. We've had some good success.

Last year we launched 32 new products on 16 vehicle platforms on time and without incident.

Between 2004 and 2006, one of our product lines with 15 production modules worldwide achieved a 13 percent increase in production output. That brought \$22 million of additional sales into our company with minimal additional investment.

Between 2000 and 2006, we decreased Metaldyne's employee accident rate by 66 percent.

By melding our best practices with Asahi Tec's we have been able to rapidly move toward a single system that will increase efficiency and productivity for our combined company.

The Asahi Tec Operating System is comprised of five distinct pillars – each with wide-ranging impact.

The first pillar – Leadership, Planning and Culture – is vital. We know success starts with our people. We have a leadership commitment to build self-confidence and help develop and maintain an attitude of respect and trust.

The goal of creating "One Asahi Tec" starts here – with a philosophy of taking ownership, being effective, creating value, staying focused, moving fast, being accountable and measuring results.

The second pillar, Asahi Tec Launch Process, is a start-to-finish approach that incorporates five individual stages – beginning with initial quote development and progressing through product design and prototyping, product and process verification, production readiness and final production.

The third pillar is the Asahi Tec Production System. It incorporates a company-wide philosophy to eliminate waste and unnecessary costs by optimizing time, human resources, physical assets and productivity – all while improving the quality levels of our products and services.

Quality is measured using standardized metrics including visual display and control, total productive maintenance, level production and shop floor management.

The Asahi Tec Environment, Health and Safety System ensures that every facility in every country uses a common-sense system that supports environmentally responsible stewardship as well as the health and safety of our workers.

Our final pillar is the Asahi Tec Quality Management System. Our metrics include on-time delivery, productivity, inventory turns, scrap and safety.

Metaldyne University brings our five pillars together. Here, our employees worldwide are trained on the latest systems, technologies and customer requirements – and are taught leadership skills through our web-based programs.

We just launched a pilot program at our Asahi Tec plant in Bangpakong, Thailand through Metaldyne University that we believe will improve productivity and integrate our cultures. We are working to reduce scrap and defects by using current MU training programs that have proven successful at our other operations. After an intense kaizen in July the Bangpakong team set aggressive goals to reduce scrap by 50 percent within 60 days and reduce non-value add time by two days.

We are very pleased with our pillar strategy but we want to make sure our pillars don't become silos. To accomplish that, we need a common software link.

We have to speak a common "Metaldynese" language globally ... at all our plants and through all of our functions. We have to tap quickly into our corporate, institutional knowledge and foster continuous learning ... and we have to be proactive, rather than reactive for our customers.

What we need is ... for lack of a better term ... a Metaldyne wikipedia ... a playbook that brings all we know and all we do into a seamless information database.

One of the elements we use to pull our company together into a single operating system is a suite of web-based modules from Plexus, called Plexus Online.

Mark Symonds, president of Plexus, will tell you more about this system in a few minutes. For now, I'd like to take a few minutes and tell you how we are using Plexus Online.

So far, we have seen some positive results.

The Plexus Online Problem Control module is currently used in most of our facilities. It helps us record and manage problem solving activities. This puts everyone on notice that there is a

problem and forces you to work together to get it resolved because you can't close the problem until it is fixed.

For example, at our New Castle plant in Indiana, the team has been able to track the number of days it takes to resolve a problem. They took that information and put it into a bar chart that showed they needed to work much faster to resolve and close issues. Using that information they have significantly improved the average number of days taken to reach a resolution. Today it takes 15-20 days to reach a solution compared with 81 before.

In addition, the Plexus system helps us gather data on the ball joint assemblies we build at New Castle. This data gives us our ball joint torque and end play, which helps reduce warranty costs and makes the part traceable.

Our St. Marys plant in Pennsylvania uses the Tool Tracking module. This keeps an inventory and a status log of tools and helped St. Marys reduce outside tooling purchases by 65 percent.

That plant also has more than 200 active customer part numbers, which would normally drive the need to create tools that support more than 30,000 part numbers. With Plexus we were able to reduce the number of redundancies across the system and block unauthorized tool builds.

Our New Castle plant uses the Control Panel module with on-line check sheets to keep track of the PM / MK machining. It has nine machines producing front knuckles for a major customer.

Let me tell you, keeping track of nine machines on the plant floor is difficult at best, but with Plexus we can track all machines. So if the quality on one spindle slides we can zero in and fix it without sorting through the entire system to find the error.

It also allowed New Castle to move nine people who used to inspect at the machines to other jobs where they are more productive.

Other plants are linking Plexus to our Product Lifecycle Management System, Agile, and to our existing ERP systems. It simplifies transferring information such as bill of materials because the information is only entered once resulting in less re-work and fewer errors.

Our vision is for all Metaldyne locations ... and ultimately our supply chain ... to effectively and consistently use a selected group of Plexus Online modules.

However, because we need to learn to crawl before we can walk, we are making the move to Plexus strategically and are in the early stages of implementation. We are well aware that careful planning of the design and rollout is crucial before we make a large investment in software and licensing fees across the company.

Plexus can help us reach our version of nirvana. Nirvana for Metaldyne is a world governed by a dynamic exchange of information via human databases that speak "Metaldynese" and have an updated company "wikipedia."

Our culture then becomes knowledge-based where information is shared bottom up and top down through Plexus.

Using this system our vice presidents and general managers will have the same information as an operator on the plant floor.

The first plant ... our pilot if you will ... to launch our complete vision for Plexus Online will be our new operation in Suzhou, China. That plant will use the Gage Control, APQP, Shop Floor Control (SPC), Problem Control and Tool Management modules.

Since Plexus is a web-based system, and we have the ability to provide intra-plant access, these modules have already helped us as we move some of our tooling from our Twinsburg, Ohio, plant to Suzhou to build valve bodies.

In addition, by using the Shop Floor Control module from Plexus, St. Marys can monitor what's happening at Suzhou as it gets up to speed in production, and provide process control feedback and training to our people in Suzhou.

We have great buy-in to our vision across our plants. Everyone wants to be next to sign up for the program. The only catch is how fast we can roll it out. Luckily we have Metaldyne University, which is already providing common training online for the Plexus system.

We have always been a company that looks for new revolutionary ways to do things. As Bob Dylan once sang, The Times They Are A'Changin'.

Well, at Metaldyne we believe in morphing and changing so we can meet new trends and industry changes head-on. That's why we did the Asahi Tec deal and why our vision is to take Plexus company-wide and drive it in to our supply chain for even greater value stream improvement and efficiency.

Like the song says ... "You say you want a revolution ... Well, you know we all want to change the world."

We're trying.

Thank you.