

Frank Huerter, Commercial Director Aftermarket Germany, Austria and Switzerland

Good morning and thank you for joining Federal-Mogul within our exhibit at Automechanika.

I am Frank Huerter, Commercial Director for Germany, Austria and Switzerland. Due to an unfortunate sports accident, Martin Hendricks, Federal-Mogul's V-P EMEA Aftermarket cannot be with us while he is in recovery from damage to his knee. He sends you all his best personal regards for a successful show.

We are today planning to review several news items in Europe and other regions. Our President and CEO, José Maria Alapont will share with you Federal-Mogul's sustainable global profitable growth business strategy. Following Mr. Alapont, Jay Burkhart, Senior Vice President, Global Aftermarket will also share some thoughts about current trends in the automotive aftermarket and how Federal-Mogul is helping customers to benefit from market opportunities.

Now, I am pleased to introduce José Maria Alapont, Federal-Mogul President and Chief Executive Officer.

José Maria Alapont, Federal-Mogul President and Chief Executive Officer

Thanks Frank and good morning. Federal-Mogul has been an innovator in the automotive markets for 111 years. We are a leading supplier of powertrain and vehicle safety technologies for all major original equipment manufacturers and we offer these products through globally recognized brands within the worldwide aftermarket. Our sustainable global profitable growth strategy guides our leadership team and our technology, global markets, manufacturing and financial performance strategies so that we deliver value to our customer, shareholders and employees.

We have a long history in the industry, yet I realize it is possible that some people in the audience may not be familiar with Federal-Mogul today, so I will cover a few highlights.

The company was founded in Detroit, Michigan in 1899. We recorded about \$6 billion in total revenue over the last four quarterly reporting periods - from June 2009 to June 2010.

Federal-Mogul's current employment is over 43,000 employees and we operate in 34 countries with over 150 manufacturing, engineering and distribution facilities.

We have four operating units. Three units are responsible for engineering, manufacturing and delivery of our products to original equipment manufacturers and to Federal-Mogul's global aftermarket unit. The fourth unit, the global aftermarket has strong expertise in developing the aftermarket product portfolio, plus branding, marketing, distribution and customer service.

Federal-Mogul is a very diverse company. We generate approximately 60% of our revenue from OE sales and 40% from the independent aftermarket. With this kind of balance, it is clear that the global aftermarket is a strategic business for Federal-Mogul. We have the product portfolio, global diversification and deep market expertise to grow this important segment of our business even further. From a regional perspective, we have a significant presence in Europe with about 40% of revenue derived from this market. We have a similar scale of business in the U.S. and Canada. Finally, we have a rapidly growing business in the BRIC and other markets and have grown faster than the overall market in China and India, which are two of the main countries fueling growth. We participate in three main market segments. Our light vehicle business in the last twelve months represented over 70% of our revenue, with the commercial vehicle business at 18% and our Energy, Industrial and Transport market category representing almost 10%.

Over the past twelve months we have enjoyed profitable financial performance and have continued to generate strong cash flow. We have earned more than \$640 million in EBITDA, recorded \$117 million in net income and generated \$400 million in positive cash flow during the last four quarters. Our strong liquidity is offering Federal-Mogul the opportunity to make strategic acquisitions that support the company's growth by targeting companies with specialized technology to strengthen our portfolio. We have over \$1 billion in cash and another \$0.5 billion in undrawn revolver available to support our acquisition strategy. Our performance, cash and sustainable global profitable growth strategy positions Federal-Mogul to enhance both the OE and aftermarket areas of our business.

Today, I want to discuss the main trends in the OE market and automotive aftermarket, and explain how Federal-Mogul is addressing these opportunities.

In the original equipment part of our business, the story is all about improving fuel economy, reducing emissions and improving vehicle safety through leading technology and innovation. For powertrains, there are two main themes around engine efficiency: The first category is highly-optimized petrol or diesel engines. The other, is the proliferation of alternative powertrains like hybrids, electrification, natural gas, bio-mass, fuel cells and other emerging vehicle powertrains.

We have introduced in the last two years a long list of enabling technologies to allow boosted, high-output, small displacement gasoline and diesel engines and new alternative fuel engines to deliver fuel efficiency and lower emissions while maintaining or improving overall vehicle performance. Federal-Mogul's Durabowl piston, IROX lead-free engine bearings, LKZ piston rings, MicroTorq crankshaft seal, LEM gasket technology and many other recently introduced products allow engines to operate at never-before-experienced combustion pressures, temperatures and mechanical stresses.

In the vehicle products categories, we are offering other technology solutions that improve performance and contribute to reduced energy requirements. We are perfecting new brake pad formulations that eliminate environmentally sensitive chemicals and have reduced brake dust emissions, lower noise and more stable and predictable pedal feel and stopping performance. We are developing new interior and exterior lighting solutions using the tremendous customization and lighting control parameters offered by LED light sources.

Federal-Mogul's value to the original equipment and aftermarket segments is based on having the right technology to meet customer requirements in line with current market trends. For the aftermarket, this is clearly part of our offering, but we go a few steps further. As I have outlined, it is clear that Federal-Mogul's market leadership places us in a strong position to support the aftermarket as it services complex OE technology in the repair bay in the future. Considering the growing number of makes, models and platforms, the aftermarket needs the technical expertise and design knowledge of the OE supplier.

The aftermarket needs a company that can offer OE technology and quality while also making the necessary shifts in the portfolio, merchandising, programming and distribution techniques to drive more efficient inventory management, better fill rates and more effective technical support and customer service.

The global markets are often different, but recently there are some common challenges emerging due to the current economic situation. In the European market and also in the U.S., a larger portion of the market includes a new price sensitive consumer that is demanding a lower price point for vehicle repairs. Federal-Mogul is addressing this dynamic through major strategies to leverage our extensive global presence, customized according to specific regional market differences. Let me share a couple of examples.

In Europe, the market was traditionally dominated by the original equipment repair channel with a few major pan-European independent aftermarket distribution networks. More recently and due to the impact of the global financial crisis, the European independent aftermarket is evolving to three main market segments. At the top, premium OE replacement brands offer equivalent or better OE fit, performance and durability. Slightly below premium, there is a fast-growing mid-range market segment with consumers demanding a recognized brand with dependable quality at an affordable price. Finally, there is an entry-priced product category that may be a low cost imported part without brand recognition.

I mentioned the strategic importance of the aftermarket within Federal-Mogul. This year at Automechanika, we are announcing major initiatives in all categories of our European aftermarket portfolio. These initiatives demonstrate our strong commitment to building further our aftermarket business in Europe. For example, our response to the increasing shift toward mid-range priced

products in the European friction market is Federal-Mogul's introduction of Wagner, the world's best selling aftermarket friction brand to European distributors.

In the premium category, our market leading Ferodo original equipment brake friction product line will remain positioned as the product of choice for the automotive enthusiast or person choosing to invest in the best. Our well-known Wagner brake friction line will be introduced in January 2011 to customers in the EMEA region as an alternative brake repair solution, offering the great performance and name recognition that made it the most popular choice in the U.S., yet at a price point that will be tailored to the needs of customers that want to invest less in their total repair bill. Jay Burkhart will come to the podium in a few minutes to give you more news about this important announcement, but I think it is an effective illustration of Federal-Mogul's ability to leverage its global automotive scale and extensive global product line to respond to regional market needs.

In the U.S. market we have a similar dynamic. Customers in the U.S. are also seeking a lower cost solution for many basic repairs as they tighten spending and demonstrate their concerns about the fragile economic recovery. First, Federal-Mogul is addressing this trend by leveraging our extensive product portfolio and global manufacturing network to develop for our largest customers a tailored program of repair products. This offers our customers and Federal-Mogul the opportunity to participate in the mid-range segment and offers customers a dependable product at an affordable price. We expect this segment of our US business to increase over the next few years, as distribution channels continue to consolidate.

Another important dynamic in US, European and other markets is the shift from domestic vehicles in operation to a heavier mix of imported nameplate vehicles in operation. In the US just 20 years ago, over 70 percent of vehicles sold and 70 percent of vehicles in operation were U.S. domestic brand models. This domestic preference has steadily declined over the past 20 years and beginning in 2008 more imported brands were sold than domestic brands. In Europe, a similar dynamic is occurring with the number of non-European brands in the market growing from 8 to 24 over the last 20 years.

This phenomenon is expected to continue throughout the world's markets as Chinese, Indian, Russian and other non-EU manufacturers announce plans to offer vehicles for sale throughout all major markets.

The impact of this trend on the aftermarket is tremendous and it presents either opportunity or threat depending upon how well the aftermarket distributors and retailers effectively partner with companies like Federal-Mogul with a broad OE product and customer portfolio. No single customer represents more than 5 percent of Federal-Mogul's global revenue and we serve a very diverse list of customers in every regional market – both domestic and imported manufacturers. This means we are prepared to support the increasingly complicated and diverse aftermarket of the future.

Federal-Mogul 's Aftermarket chassis program is a good example of a response to evolving needs of global market. MOOG has long been the leading brand of chassis parts in North America through problem-solving innovations and more robust designs to meet the needs of the large population of domestic cars, light trucks and SUVs there. However, the vehicle mix is shifting in the US to smaller vehicles with foreign nameplates. We are bringing into the US the European MOOG program, featuring a broader vehicle range and a more OE style quality to meet the needs of this growing segment of the vehicle population. This is a great example of using the global power of Federal-Mogul to meet regional market needs.

The last example of leveraging for the global markets involves our activities in the Asia-Pacific region. In all the main countries in the region, there is a strong opportunity for aftermarket growth with leading Federal-mogul technologies. Our strategy is to address these market opportunities with increased distribution points, enhanced portfolio and marketing support, plus excellent technical training and support for technicians. The best example of this opportunity exists in China.

China is booming for the OE business and will soon become a tremendous aftermarket business opportunity. Our OE sales growth in China has been increasingly much faster than the overall market growth. In the first half of 2010, we increased OE sales by 91% versus China market sales increase of 36%.

We have a strong presence in China. In total, Federal-Mogul has over 5,000 employees in China with 11 plants, covering our complete portfolio, and we recently opened world-class technical center in Shanghai.

In the last five years, sales of personal cars and the rate of private car ownership has been growing at double digit rates in China. In 2005, there were 24 new models available in the market. In 2010, there were more than 80 new models. The Chinese car parc alone has grown from about 19 million in 2005 to 46 million in 2010 a compound annual growth rate of 9%. Forecasts from J.D. Power & Associates point to a total car parc of 97 million by 2015, an 18% compound annual growth rate.

The Chinese economic and automotive expansion of the last 5 years has generated a significant base of used cars that are coming into the market. These 5 year and older vehicles are a major and growing opportunity for the Chinese aftermarket and this wave of second owners with vehicles out of factory warranty will serve as the market driver for independent aftermarket growth. Federal-Mogul will expand its distribution locations in China, launch global aftermarket brands, and use best practices in training and technical support to establish a commanding position in the emerging Chinese aftermarket.

In other growth markets such as India and South America, Federal-Mogul is using its strong OE position to develop an increased presence in the aftermarket. In India, where the market has grown an average of 15% annually, Federal-Mogul has a strong OE presence and this is helping us to build our Indian aftermarket position. We also have a strong two-wheeler repair parts presence in line with

growth in this segments of the Indian market. We are differentiating Federal-Mogul from local parts distributors by offering an broad portfolio and extensive technician training.

In South America, we are experiencing the same globalization phenomena, creating increased complexity and technical difficulty for the aftermarket. Again our technical support and comprehensive knowledge is a key benefit for distributors aligned with Federal-Mogul.

Federal-Mogul has a leading and dynamic original equipment and aftermarket presence in the global automotive markets. Our customer, product and market diversity is a strength that can be leveraged by our customers to increase their competitiveness and response to market trends. No more than 5% of our annual revenue comes from any single customer. Federal-Mogul products are present on over 250 vehicle platforms and 700 powertrains currently in production. We are financially strong, prepared for the future and ready to support our leading customers as they embrace the complexity of future vehicles and powertrains, both foreign and domestic, in stable and mature markets, and in the developing BRIC and other markets.

In summary, F-M is a world-class, leading and diversified company capable to generate Sustainable Global Profitable Growth, with our strong global presence, extensive portfolio and deep technical capability. Now, it is time to discuss Federal-Mogul's new product launches and other developments in the region.

Jay Burkhart will come to the podium to bring you up to date on other developments in the aftermarket strategy for Europe. Jay?

Jay Burkhart, Senior Vice President, Federal-Mogul Aftermarket

Thank you José Maria. We have just heard about our strategies in each of the major regional markets. I'd like to take just a moment to quickly introduce members of my team responsible for each of the major markets.

First, Ed Szubielski, Vice President Global Commercial Vehicles Aftermarket;

Eike Merz, General Manager Aftermarket, China;

also Madhur Aneja, General Manager Aftermarket, India;

and Marcello Gabriel, Director Aftermarket, South America.

Several members of the Federal-Mogul Strategy Board are with us in the audience today. Thanks to all of you for joining us.

Our strategy to develop sustainable global profitable growth is enabling Federal-Mogul to respond effectively to customer's requirements for the right technology, channel and market strategies. As José Maria mentioned, we are announcing several developments in each product category offered to European customers.

First, let's start with braking. Our strategy is to make sure that we are offering the information and support to ensure that our customers are able to capture every brake repair opportunity.

To be successful, we are strengthening Ferodo brake positioning in the premium segment and in January 2011 we will launch the Wagner brand line of brake products to target the mid-range price segment.

The market leading Ferodo brand will implement an identity repositioning. We have analyzed all the stakeholders in the value chain from Federal-Mogul to the end consumer. Our new message is that in addition to having a powerful and widely recognized brand, we will support our customers with the knowledge, expertise and technical support to increase their business, correctly diagnose and quickly repair brake problems, so they are 'IN CONTROL' of every brake repair opportunity. We are moving to a new Ferodo tagline.....'YOU'RE IN CONTROL'.....that reinforces our menu of support for distributors with business critical information to develop and expand their Ferodo business. 'YOU'RE IN CONTROL' means workshops and garages will be provided a portfolio of high-quality technical information in key brake performance issues, plus other support information to enhance the selling process all the way to the end customer. The repositioning will further reinforce Ferodo as the premium brake repair choice and the market leader for portfolio and customer service.

For the mid-range market segment for brake repairs, the well-respected Wagner brand will be launched in Europe in January 2011. Wagner will offer an excellent product range for customers who are price sensitive, but still require a high quality repair. The Wagner line has a strong technical rating, with more

than 20 advanced friction formulations and over 150 patents covering almost every component within the braking system.

In addition to braking, our capability to tailor our global portfolio to European customer needs for both premium and mid-range product lines is also demonstrated by our new Champion Easyvision Flat Blade windshield wiper replacement program. In 2008, we launched the premium Champion Contact line of wiper blades with the patented Master Connector. This year, Easyvision is entering the market as the first compact range of wiper blades to address both OE equipment and retro-fit sales opportunities at a more economical price point targeted at the mid-price market demographic. The product line comprises 14 stock numbers will cover approximately 85 percent of the European car parc.

While offered at a lower price point, Easyvision will still contain very competitive features including a variable geometry spoiler which self-adjusts to different wind speeds and a Master Connector system that connects to virtually any type of wiper arm used on vehicles today.

In another exciting development, Federal-Mogul's engine repair portfolio gains another 'expert' engine brand with a new repositioning program for the well-respected Payen brand of sealing products. To date, Federal-Mogul has offered a catalog of sealing solutions under the Goetze and Payen brands. In 2010, Payen joins AE, Glyco, Goetze and Nural as an 'expert' engine brand in the Federal-Mogul portfolio. We will significantly broaden the Payen brand sealing product range and eliminate unnecessary overlap with the Goetze brand portfolio. Payen, in the future, will be the catalog of sealing products available throughout Europe for all vehicle brands, while Goetze sealing products will be limited to distribution throughout Europe, but for German OEM branded vehicles only. This action will focus resources and ensure that the Payen range is complete, with accelerated new product introductions for late-model applications, enhanced fill rates and an easy to use web catalog.

The Payen product line includes Multi-layer steel head gaskets for today's high temperature, high output engines. For more complex joints, Payen-branded Liquid Elastomer Molded gaskets feature topographic sealing beads for easier fit and service. These designs can accommodate up to 30 percent more flange distortion than conventional gasket technologies. For higher temperature sealing challenges, Payen includes a High Temperature Alloy gasket technology which can withstand up to 1000 degrees celsius. These award winning gasket solutions demonstrate Federal-Mogul's extensive materials, coatings and surface chemistry capabilities.

Another significant development for the European aftermarket team is the introduction of a comprehensive range of premium MOOG replacement wheel-end bearings and hub assemblies to be introduced in EMEA. The new and very extensive product range will feature all-premium steels and world-class designs for an extensive list of applications. Again, a great example of leveraging the global power of Federal-Mogul to benefit the customer.

As mentioned, Federal-Mogul is strongly committed to the Aftermarket as a key operating segment supporting our global sustainable profitable growth strategy. Our strong original equipment position naturally reinforces our leading market share with aftermarket products in many categories, but our commitment goes beyond merely bringing the OE portfolio to the aftermarket. When appropriate we specially engineer our products for aftermarket applications, as demonstrated by the Master Connector in our Champion Contact and Easy Vision wiper blade line. Many of our repair parts also benefit from Federal-Mogul's design and development expertise to make them better than original, to solve field problems that emerge well after the model has been launched.

At this year's Automechanika, we have demonstrated the power of our global portfolio to respond to new market challenges for the benefit of our customer. The Ferodo "You're in Control" repositioning, the Wagner Launch, the EasyVision launch, the Payen and Goetze expert level branding, and the MOOG chassis launch all show that Federal-Mogul's strategy for global sustainable profitable growth is working to drive the right solutions to help our customers develop their business within the regional markets. These products, and others found throughout the exhibit demonstrate Federal-Mogul's capability to drive OE technology and aftermarket solutions. I encourage you to visit each category exhibit and learn more about our market leading portfolio of products, solutions and brands.

The Aftermarket initiatives as just described together with the continuous growth of our OEM market position are key to realize our strategy:

- Driving the future as a reliable world-class, diversified and leading global company
- Generating Sustainable Global Profitable Growth to satisfy customers, shareholders and employees

Thanks for your attention.

As Frank mentioned, we have several members of the Federal-Mogul aftermarket and corporate leadership with us today.

José Maria and I, along with other corporate and aftermarket executives will remain here for a few minutes after if you wish to further discuss any of our news.

Thanks for your interest and have a great show!

The speech and the presentation can be downloaded from www.federalmogul.com/en/media