



Continental Huntsville Plant Update

CONTINENTAL AUTOMOTIVE ANNOUNCES CLOSURE OF HUNTSVILLE, ALABAMA COMPONENTS PLANT

Auburn Hills, Mich – August 31, 2009 -- Today, Continental Automotive Systems U.S., Inc. announced that the company will close its automotive components manufacturing facility in Huntsville, Alabama by December 31, 2010. The product lines currently manufactured at the Huntsville facility will be relocated to other Continental automotive facilities located in Seguin, Texas and Nogales and Cuautla, Mexico. Product development operations will be relocated to other Continental facilities located in Auburn Hills, Michigan, Deer Park, Illinois and Guadalajara, Mexico. The Huntsville facility employs approximately 1281 salaried and hourly employees, which includes approximately 300 employees currently on layoff with recall rights.

“The relocation of manufacturing and product development to other locations will improve the Company’s regional manufacturing performance, maximize utilization of equipment and resources and achieve significant cost savings.” according to Continental’s spokeswoman Kathryn Blackwell. “The Huntsville facility has the highest manufacturing costs of any Continental automotive electronics plant in North America and we were unsuccessful in reducing these costs through labor negotiations with United Automobile Workers (UAW) union and other cost reductions in capital, equipment, overhead and expenses.”

On July 28, 2009, Continental informed the UAW’s bargaining committee that Continental’s automotive business has been negatively impacted by adverse market conditions in the automotive industry and invited the UAW to work together with the Company to reduce labor costs at the Huntsville facility. On August 11, 2009, Continental was informed by the UAW that union members at the Huntsville facility voted overwhelmingly to reject the Company’s request to negotiate over labor cost



Media Statement

reductions. Continental announced the decision after completing a comprehensive evaluation of manufacturing and product development operations at the site.

The closure of the Huntsville facility will be implemented in several phases. Continental expects to complete the relocation of all manufacturing and product development operations by December 31, 2010. Continental has provided formal notice of the plant closure to the City of Huntsville, the State of Alabama and the UAW as required by the federal Worker Adjustment and Retraining Notification Act. The company plans to provide severance and outplacement assistance to salaried employees affected by the plant closure. Continental has also contacted the UAW to begin negotiations with respect to the impact of this plant closure decision on salaried and hourly employees represented by the union.

“Obviously, this is a very difficult day for our employees,” said Joe Fadool, Continental’s Vice President, Operations. “During the past twelve months, our employees have implemented over 1,000 cost reduction ideas. However, the collapse of the North American automotive market has compelled the company to take aggressive measures to respond to adverse market conditions. Continental sincerely regrets the impact that this decision will have on our employees and their families.”

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