

The MAHLE logo is displayed in a bold, red, sans-serif font.

*Driven by performance*

## Benefits that Fit Your Future

Highlights of the MAHLE Industries, Inc. Retirement Program  
for U.S. employees, effective April 1, 2007

PISTON SYSTEMS  
CYLINDER COMPONENTS



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MAHLE's continued success and long-term growth depend on sound fiscal decisions, and investment in our employees through equitable pay and attractive benefits. The two components of our retirement program – the **MAHLE Industries Inc. Retirement Plan** (“Pension Plan”) and the **MAHLE 401(k) Asset Accumulation Plan** (“401(k) Plan”) – provide competitive benefits for our employees, designed to help them meet their future financial needs. In order to maintain this competitiveness, the Company-paid portion of our program must be provided within an appropriate cost structure – one which balances our employees' future financial needs with MAHLE's ability to achieve our long-term objectives.

With this in mind, MAHLE is announcing changes to our retirement program, effective April 1, 2007. Further details about these changes – and about an important choice you must make as a Pension Plan participant – are found in this brochure.

## What's Changing

### Revised Pension Plan Formula

MAHLE is revising the formula that will be used to calculate pension benefits earned after April 1, 2007. The revised formula will not affect benefits earned prior to that date; however, after the effective date of the change, future benefits will accrue at a reduced rate.

This brochure includes several illustrations of projected benefits under the current and revised Pension Plan formulas. While it is unlikely that your individual pay and service history will be reflected precisely, the examples should provide a reasonable estimate of your projected benefits for someone at a similar point in their MAHLE career.

**In March, you will receive a Personalized Statement of Retirement Benefits that includes projections of your estimated pension and 401(k) benefits, based on your actual pay and service information.**

### Retirement Plan Choice

Due to this change in the Pension Plan, MAHLE is offering you a choice in how you prepare for your retirement. You can either:

- Stay in the **revised Pension Plan with the current 401(k) Plan**, or
- Move to the **enhanced 401(k) Plan**, previously only available to employees hired on or after January 1, 2004.

As you consider your options, keep in mind that any accrued, vested benefit you have earned as of April 1, 2007, is protected by law and cannot be reduced. If you are not fully vested in your benefit when the revised formula takes effect, your continued MAHLE service will count toward the vesting requirement.

You will need to make your decision between March 19 and April 17, 2007, and your choice will take effect May 1, 2007. For more details about your choice, see the section entitled “Your Retirement – Your Choice” on page 7.

### The two components of your MAHLE retirement program are:

#### ***The MAHLE Industries, Inc. Retirement Plan*** (“Pension Plan”)

Entirely Company-funded, the Pension Plan provides a fixed benefit to vested participants. Your benefit is calculated using a formula that considers your Final Average Earnings and years of MAHLE service.

#### ***The MAHLE 401(k) Asset Accumulation Plan*** (“401(k) Plan”)

Your benefit from this account-based plan is made up of your own contributions, matching contributions from MAHLE and investment return on those contributions. The size of your benefit at retirement is determined by the value of the account at that time.

## Terms to Know

Several important terms related to your retirement benefits are used throughout this brochure. You may find it helpful to refer to this glossary when you come across an unfamiliar term.

### **Accrued, Vested Plan Benefit**

Your accrued Plan benefit is the pension benefit you have earned as of a particular date. Your accrued, vested Plan benefit as of April 1, 2007, is protected by law and cannot be reduced. (See Vesting below.)

### **Covered Compensation, and Covered Compensation Limit**

Social Security Covered Compensation is an annually-adjusted average of the Social Security taxable wage bases in effect over a rolling 35-year period (for example, the 2006 limit would be the average of wage bases in effect since 1971). The Covered Compensation limit that applies to you is the 35-year average in effect during the year in which you reach age 65. If your earnings at age 65 exceed the Covered Compensation limit in effect at that time, an additional 1.525 percent of your earnings in excess of that limit will be added to your pension calculation.

### **Earnings**

This is your gross earnings reported on your W-2 (Box 1), plus amounts you elect to defer into the 401(k) Plan and any other pre-tax savings plans. Reimbursable expenses are not included.

### **Enhanced 401(k) Plan**

This term refers to the 401(k) Plan option that features an increased Company match of 100 percent up to the first 3.5 percent of earnings you contribute. If you choose to exit the Pension Plan, you will move to the enhanced 401(k) Plan with the increased Company match.

### **Final Average Earnings**

Final Average Earnings are used to calculate your Pension Plan benefit. Under the current pension formula, Final Average Earnings are equal to the average of your earnings during the highest five of the last 10 years of service with MAHLE or Participating Employers. Future calculations under the revised pension formula will use Final Average Earnings as of December 31, 2006. (See "The Revised Pension Formula" on page 4 for more information).

### **Participating Employers**

A Participating Employer is any MAHLE company that has adopted the Plan to provide benefits for its eligible employees.

### **Service**

Service refers to the portion of your employment with MAHLE or Participating Employers that is used to determine your eligibility to earn a Pension Plan benefit. Generally, Service is credited in whole years and full months; however, if you work fifteen or more days during the months in which your employment begins or ends, you will receive full-month credit for the partial month worked.

### **Vesting**

Vesting is the process of owning your Pension Plan benefits by continuing to work for MAHLE or a Participating Employer. You become vested in the Pension Plan after five years of service with MAHLE or a Participating Employer. You are immediately vested in your 401(k) savings and Company match.

## Why the Program is Changing

Many businesses across a variety of industries have made changes to their retirement programs in recent years. Much of the related media coverage has focused on companies that find themselves unable to meet financial obligations to their vested pension plan participants and have made drastic cuts to future benefits – or eliminated their pension plans altogether – in reaction to a difficult situation.

It's important to realize that the change to MAHLE's pension formula is not a reactive measure. As an international leader in our selected markets, we feel the same financial pressures as our peers – and the same drive to deliver for our leaders, our employees and our shareholders. But instead of *reacting* to these pressures, we're taking *proactive* steps to ensure we can meet our future pension obligations. Our commitment to providing benefits to vested participants has not wavered. And, revising our pension formula rather than eliminating our plan puts MAHLE in the best position to continue to offer competitive benefits.

## Your Pension Plan Benefits

The Pension Plan provides a monthly benefit that grows with increases in service, earnings and age. These variables are factors in the formula used to calculate your benefits.

MAHLE is introducing a revised formula for calculating pension benefits earned after April 1, 2007. Under the revised formula, future benefits will accrue at a slower rate than they do under the current formula if your future annual earnings increases exceed an average of 2 percent. This means that beginning April 1, 2007, the portion of your total post-retirement income that MAHLE will provide via your Pension Plan benefits will be smaller than what would have been provided if the current formula had remained in effect.

Remember that the changes announced in this brochure will not affect any benefits you have already earned and in which you have become vested. The revised Pension Plan formula only affects the way in which **future** benefits will be earned, beginning April 1, 2007.

### A Word about Vesting

Vesting is the process through which you increase ownership of your Pension Plan benefits, by continuing to work for MAHLE or a Participating Employer. You are always 100 percent vested in your contributions to the 401(k) Plan as well as the Company match and any earnings. As a participant in MAHLE's Pension Plan, your benefits are subject to a five-year "cliff vesting" period. This means that upon reaching five years of service, you become 100 percent vested in (or, you "own" 100 percent of) the benefits you have earned up to that point, as well as 100 percent vested in any benefits you may continue to earn with additional MAHLE service and Pension Plan participation.

"Cliff vesting" means that the vesting occurs all at once after you reach the five-year milestone. Up until that point, you are not considered to be vested in any pension benefits.

**"If I'm not vested in my pension benefit by April 1, 2007, and I choose to stop accruing future pension benefits (by leaving the Pension Plan), what will happen to my pension benefit?"**

If you choose to exit the Pension Plan and you are not yet vested in a benefit, your future years of MAHLE service will count toward the Pension Plan's five-year vesting requirement. After reaching five years of service, you would become 100 percent vested in your accrued pension benefit as of April 1, 2007 (the effective date of the revised pension formula).

## The Current Pension Formula

Currently, your pension benefit is calculated using a percentage of your Final Average Earnings, which includes base salary, incentives and other types of pay as detailed in the Plan document. To calculate your Final Average Earnings, MAHLE reviews your most recent 10 years of service (at MAHLE or a Participating Employer), and averages your earnings from the five years during which they were highest. (These years do not need to be consecutive.)

When you elect to retire or to take payment of your pension benefit after retirement, under the current formula your projected pension benefit would be equal to:

- Final Average Earnings as of your retirement date or your termination date, if earlier, (up to the Covered Compensation limit) multiplied by 0.9% for each year of service (up to a 30-year maximum),

**plus**

- Final Average Earnings as of your retirement date or your termination date, if earlier, (in excess of the Covered Compensation limit) multiplied by 1.525% for each year of service (up to a 30-year maximum).

(A minimum monthly benefit amount applies, equal to \$6.50 multiplied by your years of service up to a 30-year maximum.)

Now, let's look at the revised formula effective April 1, 2007.

## The Revised Pension Formula

Under the revised pension formula effective April 1, 2007, your pension benefit will consider your Final Average Earnings as of December 31, 2006, adjusted annually by a maximum of 2 percent, and service as of your retirement date or termination date, if earlier, as illustrated below:

### Revised Calculation

Final Average Earnings as of December 31, 2006, compounded by a maximum of 2% for each year of additional service after 2006, up to the Covered Compensation limit, multiplied by 0.9% for each year of service (up to a 30-year maximum),

**plus**

Final Average Earnings as of December 31, 2006, compounded by a maximum of 2% for each year of additional service after 2006, in excess of the Covered Compensation limit, multiplied by 1.525% for each year of service (up to a 30-year maximum)

## A Closer Look at the Revised Pension Plan Formula

When pension benefits are calculated at the end of 2007, MAHLE will use your 2006 Final Average Earnings, *plus* a 2 percent increase, (based on the average wage increase announced by MAHLE in December of 2006), as a factor in the Pension Plan formula, *instead of* using your actual Final Average Earnings for 2007.

Since the increases compound each year, calculations at the end of 2008 will consider the “Final Average Earnings *plus* 2 percent” used to calculate benefits in 2007, *plus* an additional maximum increase of 2 percent. Again, the actual increase percentage will be based on the average wage increase announced each year.

**Note that the maximum increase of 2 percent each year relates only to the “Final Average Earnings” factor in the Pension Plan formula, and does not predict or limit any actual increases in your gross or take-home earnings.**

### A Word about Compounding

Assuming a fictional employee’s Final Average Earnings were \$50,000 at the end of 2006, here’s an illustration of how the compounding of annual adjustments to the Final Average Earnings factor\* would affect the amount used in this employee’s pension calculation from year to year.

The assumed Final Average Earnings of \$50,000 represent the “starting point” for the illustration. Column B shows the maximum 2 percent factor which is used in the revised pension calculation each year. For each year shown, Column C is the sum of Columns A and B, and this sum becomes the starting point for the following year’s calculation.

### Example

|      | <b>Column A</b><br>Final Average Earnings |   | <b>Column B</b><br>Illustrative annual increase,<br>% of Column A (\$USD) |   | <b>Column C</b><br>Final Average Earnings<br>for following year’s<br>calculation |
|------|---|---|---|---|--|
| 2006 | \$50,000.00                               | + | 2.0% (\$1,000.00)   | = | \$51,000.00  |
| 2007 | \$51,000.00                               | + | 2.0% (\$1,020.00)   | = | \$52,020.00  |
| 2008 | \$52,020.00                               | + | 2.0% (\$1,040.40)   | = | \$53,060.40  |
| 2009 | \$53,060.40                               | + | 2.0% (\$1061.20)  | = | \$54,121.60  |

\* The adjustments shown in Column B of this table are for illustrative purposes only, and should not be interpreted as predictions or guarantees of future adjustments to the Final Average Earnings factor in the Pension Plan formula.

## The 401(k) Plan

Current trends in retirement research show that most U.S. employees want more than a pension plan's promise of future Company-paid benefits. They're also looking for control over their retirement savings, portability of assets, and a competitive employer-paid matching contribution.

In the MAHLE 401(k) Plan, a variety of MassMutual investment funds offer the chance for personal involvement in retirement savings – and the increased Company match offered by the enhanced 401(k) Plan could help you save even faster. Unlike a pension plan, there are no formulas or calculations involved in determining the final benefit amount – your benefit at retirement is equal to the balance in the account when you retire and/or you begin to withdraw money from the account. And, unlike your pension benefits, your 401(k) assets are portable; this means that in the event you leave MAHLE before retirement, you can move your Plan assets into another employer's plan or into an Individual Retirement Account (IRA) and continue to save.

Remember that although the value of your 401(k) Plan account can increase as your investments experience positive returns, your investments can also lose money – and the value of your account can decrease. MAHLE and MassMutual have teamed to provide a number of tools and resources to help you choose your investments wisely, and to monitor their performance over time to ensure they continue to help you meet your unique financial goals. (See page 16 for details.)

### The Company Match

Both the current and enhanced 401(k) Plans allow you to contribute between 1 percent and 25 percent of your own earnings on a pre-tax basis (subject to IRS limits set for highly compensated employees), via automatic payroll deduction. MAHLE will match all or a portion of the earnings you contribute. The match rates and limits vary as follows:

- If you choose to continue participating in the revised Pension Plan and the current 401(k) Plan, MAHLE will contribute 50 cents for every dollar up to the first 3 percent of earnings you contribute to your 401(k) Plan account.
- If you choose to exit the Pension Plan and move to the enhanced 401(k) Plan, MAHLE will provide a dollar-for-dollar match up to the first 3.5 percent of earnings you contribute to your 401(k) Plan account.

### Save on taxes in two ways with the 401(k) Plan

#### 1. Pre-tax contributions

You won't pay federal income taxes on your contributions or the Company match until the money is withdrawn from your account.

#### 2. Earnings grow tax-deferred

Investment earnings on your Plan account assets also are not taxable until you withdraw funds from the account.

### Consider maximizing the match

Whichever plan you choose, it makes sense to consider contributing at least enough to receive the full Company match. Otherwise, you'll be passing up money MAHLE provides for your retirement.

### Current and Enhanced 401(k) Plans, At-A-Glance

| Plan Feature                             | Current 401(k) Plan  | Enhanced 401(k) Plan                                  |
|--|--|---|
| Eligibility to participate               | Participants must be full-time employees with three months of service with MAHLE or a Participating Employer                       |   |
| Pre-tax contribution limit               | Between 1% and 25% of earnings, via payroll deduction (subject to limits for highly compensated employees)                         |   |
| Company match on earnings you contribute | 50% match up to the first 3%   | 100% ("dollar-for-dollar") match up to the first 3.5% |
| Maximum Company match                    | A contribution equal to 1.5% of your earnings  | A contribution equal to 3.5% of your earnings         |
| Vesting                                  | You are vested immediately in the value of your own contributions, MAHLE's Company match contributions and any investment earnings |   |

## Your Retirement – Your Choice

To help address the impact of the change to the Pension Plan formula, MAHLE is offering you a choice between our two retirement programs. As a Pension Plan participant, you have the opportunity to either:

### ■ Continue participating in the revised Pension Plan AND the current 401(k) Plan

- Your future pension benefits will be calculated using the revised formula. You will keep any accrued, vested pension benefits earned before April 1, 2007 (under the old formula).
- In the current 401(k) Plan, MAHLE's Company match is equal to 50 percent up to the first 3 percent of earnings you contribute.

or

### ■ Receive your future retirement benefits through the enhanced 401(k) Plan only

- If you choose this option, accrual of future pension benefits will stop. You will keep any pension benefits earned before May 1, 2007, and future service will continue to count towards becoming vested in those benefits. Once you are vested, these accrued benefits are payable at retirement.
- In the enhanced 401(k) Plan, MAHLE's increased Company match is equal to 100 percent up to the first 3.5 percent of earnings you contribute.

## Key Dates in the Choice Process

Although the Pension Plan change will be effective April 1, 2007, MAHLE recognizes that you need time to learn about and understand your options.

- You will have until **April 17, 2007** to submit your Retirement Program Election Form.
- Your choice will take effect on **May 1, 2007**.

### **“How will my retirement benefits be credited to me between the April 1 pension change effective date, and the May 1 Choice effective date?”**

**Pension Plan:** If you elect to remain in the Pension Plan, there will be no interruption in accrual of your pension benefits. If you elect to exit the Pension Plan, your pension benefit will stop accruing as of May 1, 2007. Note that in both cases, your benefits for the month of April will accrue under the revised formula.

**401(k) Plan:** If you elect to remain in the Pension Plan, you will continue to participate in the current 401(k) Plan. Your contributions for April and beyond will be matched at the current rate. If you elect to exit the Pension Plan and enroll in the enhanced 401(k) Plan, beginning May 1, 2007, you will receive the increased Company match on any contributions you make to the plan (up to 3.5 percent of earnings).

## Your Choice is Confidential

When you submit your Retirement Program Election Form for processing by MAHLE and MassMutual, please be assured that your election will remain confidential. It is unlawful for MAHLE or MassMutual to record or interpret your decision for any purpose other than proper administration of your benefits, and your choice will not influence any aspect of your pay or career progression.

### More Information Will Follow

The projected benefit illustrations in this brochure represent a wide variety of employee pay, service and age combinations. It's unlikely that any one matches you specifically, but you should find one that's close enough to give you an idea of how the change could affect you. In March, you will receive a Personalized Statement of Retirement Benefits that includes estimates of your benefit under both plan options, based on your actual pay and service information.

This brochure and the Personalized Statement of Retirement Benefits you will receive are designed to help you make a well-informed decision. You should take time to carefully consider which plan will help you meet your specific retirement needs. To provide additional support, MAHLE will hold employee meetings to further discuss the retirement program change and choice, and MassMutual will have customer service representatives available by phone to answer your questions.

### **Please submit a Retirement Program Election Form, regardless of your choice**

Remember that you must submit your Retirement Program Election Form to your human resources representative no later than April 17, 2007. Even if you plan to continue participating in the revised Pension Plan and the current 401(k) Plan, you must submit a form.

### What You Need to Do

- 1 CONSIDER** which one of the two retirement program options presented in this brochure will allow you to attain the financial goals you have set for your retirement years. Remember that if you are vested in a benefit in the Pension Plan, or become vested by working at least five years, the benefit you have earned as of April 1, 2007, is protected by law and cannot be reduced – regardless of which retirement program option you choose.
- 2 ASK** questions. Your human resources representative has received information about both the Pension Plan change and the Retirement Choice Period, and may be able to answer your questions about the choice process. You should also plan to attend an informational meeting at your work site, which will include a question and answer period. You can also call MassMutual at 1-800-743-5274 to speak with a customer service representative.
- 3 CHOOSE** how you will accumulate your future retirement benefits.  
You can choose to:
  - Continue participating in the revised Pension Plan, AND the current 401(k) Plan,
  - or**
  - Move to the enhanced 401(k) Plan, which features an increased Company match.
- 4 ELECT** your future retirement program option by submitting a Retirement Program Election Form to your human resources representative no later than April 17, 2007. Keep a copy of the completed form for your records.

## Illustrations of Projected Benefits

Now that you have seen how each plan will work after April 1, 2007, you may have a general idea about which option might be a better fit for you. There are advantages to both:

- Staying in the Pension Plan means you can predict more about your future retirement income, since MAHLE has already promised to pay a fixed benefit to vested Pension Plan participants.
- By enrolling in the enhanced 401(k), you'll get an increased Company match and the control and flexibility in saving for your financial future that the Pension Plan doesn't permit. You'll retain, or continue to vest in, the pension benefits you've already earned.

The benefit projections on the following pages are for illustrative purposes only. They are intended to help you see how the changes might affect fictional employees at different stages of their MAHLE careers. Like you, they'll consider different unique factors when deciding which retirement program option is right for them.

### About the Assumptions Used for These Projections

Because benefits in the Pension Plan are paid as **life annuities**, and 401(k) Plan benefits are expressed as **lump sum** values, the following examples show the value of your lifetime pension annuity as a financially equivalent lump sum amount. We based this "annuity to lump sum" conversion on general assumptions about the life expectancies of the overall U.S. population, and also on the assumption that the lump sum amount would return 7% annual interest in the future.

Please note that we provide this value to assist you in making your choice between the two programs, and for illustrative purposes only. **The Pension Plan does not pay benefits in a lump sum form.**

These examples also assume a rate of investment return on these fictional employees' 401(k) Plan accounts. You should review the past performance of your individual portfolio before making your retirement plan choice, but also remember that past performance is not an indicator of future performance.

## Illustrations of Projected Benefits – Example 1

First, let's look at the impact of the revised Pension Plan formula on an employee who joined MAHLE "mid-career" (at age 40), and is now 55 with 15 years of service.

### Assumptions

|  |          |
|--|----------|
| Current age.....   | 55       |
| Current service at 12/31/2006 .....  | 15       |
| Retirement age, and years of service at retirement .....                                 | 65 / 25  |
| Retirement date.....   | 1/1/2017 |
| Final average earnings as of 12/31/2006 .....  | \$60,000 |
| Final average earnings at age 65, assuming annual earnings increases of 3% .....         | \$80,635 |
| Final average earnings at retirement with 2% (max.) increase, compounded each year ..... | \$73,140 |
| 401(k) savings rate .....  | 5%       |
| 401(k) growth rate .....   | 7%       |

### Future Pension Benefits Under Current vs. Revised Pension Plan

| Projected Benefit at Age 65 Under the <b>Current</b> Pension Plan           |                  | Projected Benefit at Age 65 Under the <b>Revised</b> Pension Plan           |                  |
|---|------------------|---|------------------|
| <b>Pension annuity (annual)</b>   | \$18,143         | <b>Revised Pension annuity (annual)</b>                                     | \$16,456         |
| <b>Present Value of Pension*</b>  | \$182,500        | <b>Present Value of Revised Pension*</b>                                    | \$165,536        |
| <b>Accumulated future employee contributions to the current 401(k) Plan</b> | \$51,032         | <b>Accumulated future employee contributions to the current 401(k) Plan</b> | \$51,032         |
| <b>Accumulated future Company match</b>                                     | \$15,310         | <b>Accumulated future Company match</b>                                     | \$15,310         |
| <b>Total Company-paid benefit**</b>   | <b>\$197,810</b> | <b>Total Company-paid benefit**</b>   | <b>\$180,846</b> |

\* Please note that lump sum payments are not available in the current or revised Pension Plan. The benefit amounts shown are the present value of the annuity payable at the participant's Normal Retirement Date, and are shown for illustrative purposes.

\*\* "Company-paid benefit" totals do not include employee contributions to the 401(k) Plan.

This employee's final pension benefit under the revised formula (effective April 1, 2007), will be smaller than it would have been if the current formula remained in effect.

Next, let's compare this employee's total projected retirement benefits as a whole, under both of the Retirement Choice options available.

### Future Total Benefits Under Retirement Choice Option 1 and Option 2

| <b>Option 1:</b> Projected Benefit at Age 65 Under the Revised Pension Plan with Current 401(k) |                  | <b>Option 2:</b> Projected Benefit at Age 65 Under the <b>Enhanced</b> 401(k) |                  |
|---|------------------|---|------------------|
| <b>Revised Pension annuity (annual)</b>   | \$16,456         | <b>Accrued benefit at 4/1/07, annuity (annual)</b>                            | \$8,100          |
| <b>Present Value of Revised Pension*</b>  | \$165,536        | <b>Present Value of accrued benefit at 4/1/07, annuity * (annual)</b>         | \$81,478         |
| <b>Accumulated future employee contributions to the current 401(k) Plan</b>                     | \$51,032         | <b>Accumulated future employee contributions to the enhanced 401(k) Plan</b>  | \$51,032         |
| <b>Accumulated future Company match</b>   | \$15,310         | <b>Accumulated future Company match</b>                                       | \$35,723         |
| <b>Total Company-paid benefit**</b>   | <b>\$180,846</b> | <b>Total Company-paid benefit**</b>   | <b>\$117,201</b> |

\*\* "Company-paid benefit" totals do not include employee contributions to the 401(k) Plan.

## Illustrations of Projected Benefits – Example 2

Now, let's evaluate the impact of the changes on an employee who is currently age 45, with 20 years of service.

### Assumptions

|  |          |
|--|----------|
| Current age .....  | 45       |
| Current service at 12/31/2006 .....  | 20       |
| Retirement age, and years of service at retirement .....                                 | 65 / 45  |
| Retirement date.....   | 1/1/2027 |
| Final average earnings as of 12/31/2006 .....  | \$45,000 |
| Final average earnings at age 65, assuming annual earnings increases of 3% .....         | \$81,275 |
| Final average earnings at retirement with 2% (max.) increase, compounded each year ..... | \$66,868 |
| 401(k) savings rate .....  | 5%       |
| 401(k) growth rate .....   | 7%       |

### Future Pension Benefits Under Current vs. Revised Pension Plan

| Projected Benefit at Age 65 Under the <b>Current</b> Pension Plan           |                  | Projected Benefit at Age 65 Under the <b>Revised</b> Pension Plan           |                  |
|---|------------------|---|------------------|
| <b>Pension annuity (annual)</b>   | \$21,944         | <b>Revised Pension annuity (annual)</b>                                     | \$18,054         |
| <b>Present Value of Pension*</b>  | \$220,739        | <b>Present Value of Revised Pension*</b>                                    | \$181,609        |
| <b>Accumulated future employee contributions to the current 401(k) Plan</b> | \$126,729        | <b>Accumulated future employee contributions to the current 401(k) Plan</b> | \$126,729        |
| <b>Accumulated future Company match</b>                                     | \$38,019         | <b>Accumulated future Company match</b>                                     | \$38,019         |
| <b>Total Company-paid benefit**</b>   | <b>\$258,758</b> | <b>Total Company-paid benefit**</b>   | <b>\$219,628</b> |

\* Please note that lump sum payments are not available in the current or revised Pension Plan. The benefit amounts shown are the present value of the annuity payable at the participant's Normal Retirement Date, and are shown for illustrative purposes.

\*\* "Company-paid benefit" totals do not include employee contributions to the 401(k) Plan.

Similarly, the revised Pension Plan formula provides a smaller benefit than the current formula. As you review the comparison of this employee's Retirement Choice options in the table below, note the impact of the increased Company match in the enhanced 401(k) Plan.

### Future Total Benefits Under Retirement Choice Option 1 and Option 2

| <b>Option 1:</b> Projected Benefit at Age 65 Under the Revised Pension Plan with Current 401(k) |                  | <b>Option 2:</b> Projected Benefit at Age 65 Under the <b>Enhanced</b> 401(k) |                  |
|---|------------------|---|------------------|
| <b>Revised Pension annuity (annual)</b>   | \$18,054         | <b>Accrued benefit at 4/1/07, annuity (annual)</b>                            | \$6,075          |
| <b>Present Value of Revised Pension*</b>  | \$181,609        | <b>Present Value of accrued benefit at 4/1/07, annuity * (annual)</b>         | \$61,109         |
| <b>Accumulated future employee contributions to the current 401(k) Plan</b>                     | \$126,729        | <b>Accumulated future employee contributions to the enhanced 401(k) Plan</b>  | \$126,729        |
| <b>Accumulated future Company match</b>   | \$38,019         | <b>Accumulated future Company match</b>                                       | \$88,710         |
| <b>Total Company-paid benefit**</b>   | <b>\$219,628</b> | <b>Total Company-paid benefit**</b>   | <b>\$149,819</b> |

\*\* "Company-paid benefit" totals do not include employee contributions to the 401(k) Plan.

## Illustrations of Projected Benefits – Example 3

Here's how the formula affects retirement benefits for an employee who is 50 years of age with 10 years of service

### Assumptions

|  |          |
|--|----------|
| Current age.....   | 50       |
| Current service at 12/31/2006 .....  | 10       |
| Retirement age, and years of service at retirement .....                                 | 65 / 25  |
| Retirement date.....   | 1/1/2022 |
| Final average earnings as of 12/31/2006 .....  | \$40,000 |
| Final average earnings at age 65, assuming annual earnings increases of 3% .....         | \$62,319 |
| Final average earnings at retirement with 2% (max.) increase, compounded each year ..... | \$53,835 |
| 401(k) savings rate .....  | .5%      |
| 401(k) growth rate .....   | .7%      |

### Future Pension Benefits Under Current vs. Revised Pension Plan

| Projected Benefit at Age 65 Under the <b>Current</b> Pension Plan           |                  | Projected Benefit at Age 65 Under the <b>Revised</b> Pension Plan           |                  |
|---|------------------|---|------------------|
| <b>Pension annuity (annual)</b>   | \$14,022         | <b>Revised Pension annuity (annual)</b>                                     | \$12,113         |
| <b>Present Value of Pension*</b>  | \$141,045        | <b>Present Value of Revised Pension*</b>                                    | \$121,844        |
| <b>Accumulated future employee contributions to the current 401(k) Plan</b> | \$65,564         | <b>Accumulated future employee contributions to the current 401(k) Plan</b> | \$65,564         |
| <b>Accumulated future Company match</b>                                     | \$19,669         | <b>Accumulated future Company match</b>                                     | \$19,669         |
| <b>Total Company-paid benefit**</b>   | <b>\$160,714</b> | <b>Total Company-paid benefit**</b>   | <b>\$141,513</b> |

\* Please note that lump sum payments are not available in the current or revised Pension Plan. The benefit amounts shown are the present value of the annuity payable at the participant's Normal Retirement Date, and are shown for illustrative purposes.

\*\* "Company-paid benefit" totals do not include employee contributions to the 401(k) Plan.

The revised Pension Plan formula provides a smaller pension benefit than the current formula. As you review the comparison of this employee's Retirement Choice options in the table below, note the impact of the increased Company match in the enhanced 401(k) Plan.

### Future Total Benefits Under Retirement Choice Option 1 and Option 2

| <b>Option 1:</b> Projected Benefit at Age 65 Under the Revised Pension Plan with Current 401(k) |                  | <b>Option 2:</b> Projected Benefit at Age 65 Under the <b>Enhanced</b> 401(k)       |                 |
|---|------------------|---|-----------------|
| <b>Revised Pension annuity (annual)</b>   | \$12,113         | <b>Accrued benefit at 4/1/07, annuity (annual)</b>                                  | \$3,600         |
| <b>Present Value of Revised Pension*</b>  | \$121,844        | <b>Present Value of accrued benefit at 4/1/07, annuity * (annual)</b>               | \$36,213        |
| <b>Accumulated future employee contributions to the current 401(k) Plan</b>                     | \$65,564         | <b>Accumulated future employee contributions to the <u>enhanced</u> 401(k) Plan</b> | \$65,564        |
| <b>Accumulated future Company match</b>   | \$19,669         | <b>Accumulated future Company match</b>   | \$45,895        |
| <b>Total Company-paid benefit**</b>   | <b>\$141,513</b> | <b>Total Company-paid benefit**</b>   | <b>\$82,108</b> |

\*\* "Company-paid benefit" totals do not include employee contributions to the 401(k) Plan.

## Illustrations of Projected Benefits – Example 4

This example shows the impact of the changes on a relatively young employee who, like the others in these illustrations, is assumed to work for MAHLE until retirement.

### Assumptions

|  |          |
|--|----------|
| Current age .....  | 30       |
| Current service at 12/31/2006 .....  | 10       |
| Retirement age, and years of service at retirement .....                                 | 65 / 45  |
| Retirement date.....   | 1/1/2042 |
| Final average earnings as of 12/31/2006 .....  | \$30,000 |
| Final average earnings at age 65, assuming annual earnings increases of 3% .....         | \$84,416 |
| Final average earnings at retirement with 2% (max.) increase, compounded each year ..... | \$59,997 |
| 401(k) savings rate .....  | .5%      |
| 401(k) growth rate .....   | .7%      |

### Future Pension Benefits Under Current vs. Revised Pension Plan

| Projected Benefit at Age 65 Under the <b>Current</b> Pension Plan           |                  | Projected Benefit at Age 65 Under the <b>Revised</b> Pension Plan           |                  |
|---|------------------|---|------------------|
| <b>Pension annuity (annual)</b>   | \$22,792         | <b>Revised Pension annuity (annual)</b>                                     | \$16,199         |
| <b>Present Value of Pension*</b>  | \$229,269        | <b>Present Value of Revised Pension*</b>                                    | \$162,948        |
| <b>Accumulated future employee contributions to the current 401(k) Plan</b> | \$321,911        | <b>Accumulated future employee contributions to the current 401(k) Plan</b> | \$321,911        |
| <b>Accumulated future Company match</b>                                     | \$96,573         | <b>Accumulated future Company match</b>                                     | \$96,573         |
| <b>Total Company-paid benefit**</b>   | <b>\$325,842</b> | <b>Total Company-paid benefit**</b>   | <b>\$259,521</b> |

\* Please note that lump sum payments are not available in the current or revised Pension Plan. The benefit amounts shown are the present value of the annuity payable at the participant's Normal Retirement Date, and are shown for illustrative purposes.

\*\* "Company-paid benefit" totals do not include employee contributions to the 401(k) Plan.

The revised Pension Plan formula provides a smaller pension benefit than the current formula. As you review the comparison of this employee's Retirement Choice options in the table below, note the impact of the increased Company match in the enhanced 401(k) Plan.

### Future Total Benefits Under Retirement Choice Option 1 and Option 2

| <b>Option 1:</b> Projected Benefit at Age 65 Under the Revised Pension Plan with Current 401(k) |                  | <b>Option 2:</b> Projected Benefit at Age 65 Under the <b>Enhanced</b> 401(k)       |                  |
|---|------------------|---|------------------|
| <b>Revised Pension annuity (annual)</b>   | \$16,199         | <b>Accrued benefit at 4/1/07, annuity (annual)</b>                                  | \$1,800          |
| <b>Present Value of Revised Pension*</b>  | \$162,948        | <b>Present Value of accrued benefit at 4/1/07, annuity * (annual)</b>               | \$18,106         |
| <b>Accumulated future employee contributions to the current 401(k) Plan</b>                     | \$321,911        | <b>Accumulated future employee contributions to the <u>enhanced</u> 401(k) Plan</b> | \$321,911        |
| <b>Accumulated future Company match</b>   | \$96,573         | <b>Accumulated future Company match</b>   | \$225,338        |
| <b>Total Company-paid benefit**</b>   | <b>\$259,521</b> | <b>Total Company-paid benefit**</b>   | <b>\$243,444</b> |

\*\* "Company-paid benefit" totals do not include employee contributions to the 401(k) Plan.

## Illustrations of Projected Benefits – Example 5

Please note that the next two examples assume a more aggressive rate of investment return (“401(k) growth rate”) than the other examples: nine percent, as opposed to seven. We’ve adjusted this assumption to illustrate that the performance of the investments you choose significantly affects the value of your 401(k) Plan account. Let’s examine the impact on an employee who is 50 years of age, with 10 years of service.

### Assumptions

|  |          |
|--|----------|
| Current age .....  | 50       |
| Current service at 12/31/2006 .....  | 10       |
| Retirement age, and years of service at retirement .....                                 | 65 / 25  |
| Retirement date.....   | 1/1/2022 |
| Final average earnings as of 12/31/2006 .....  | \$40,000 |
| Final average earnings at age 65, assuming annual earnings increases of 3% .....         | \$62,319 |
| Final average earnings at retirement with 2% (max.) increase, compounded each year ..... | \$53,835 |
| 401(k) savings rate .....  | .5%      |
| 401(k) growth rate .....   | .9%      |

### Future Pension Benefits Under Current vs. Revised Pension Plan

| Projected Benefit at Age 65 Under the <b>Current</b> Pension Plan           |                  | Projected Benefit at Age 65 Under the <b>Revised</b> Pension Plan           |                  |
|---|------------------|---|------------------|
| <b>Pension annuity (annual)</b>   | \$14,022         | <b>Revised Pension annuity (annual)</b>                                     | \$12,113         |
| <b>Present Value of Pension*</b>  | \$141,045        | <b>Present Value of Revised Pension*</b>                                    | \$121,844        |
| <b>Accumulated future employee contributions to the current 401(k) Plan</b> | \$75,861         | <b>Accumulated future employee contributions to the current 401(k) Plan</b> | \$75,861         |
| <b>Accumulated future Company match</b>                                     | \$22,758         | <b>Accumulated future Company match</b>                                     | \$22,758         |
| <b>Total Company-paid benefit**</b>   | <b>\$163,803</b> | <b>Total Company-paid benefit**</b>   | <b>\$144,602</b> |

\* Please note that lump sum payments are not available in the current or revised Pension Plan. The benefit amounts shown are the present value of the annuity payable at the participant’s Normal Retirement Date, and are shown for illustrative purposes.

\*\* “Company-paid benefit” totals do not include employee contributions to the 401(k) Plan.

Consistent with the other examples, the revised Pension Plan formula yields a smaller Pension Plan benefit than would have been provided under the current formula.

### Future Total Benefits Under Retirement Choice Option 1 and Option 2

| <b>Option 1:</b> Projected Benefit at Age 65 Under the Revised Pension Plan with Current 401(k) |                  | <b>Option 2:</b> Projected Benefit at Age 65 Under the <b>Enhanced</b> 401(k)       |                 |
|---|------------------|---|-----------------|
| <b>Revised Pension annuity (annual)</b>   | \$12,113         | <b>Accrued benefit at 4/1/07, annuity (annual)</b>                                  | \$3,600         |
| <b>Present Value of Revised Pension*</b>  | \$121,844        | <b>Present Value of accrued benefit at 4/1/07, annuity * (annual)</b>               | \$36,213        |
| <b>Accumulated future employee contributions to the current 401(k) Plan</b>                     | \$75,861         | <b>Accumulated future employee contributions to the <u>enhanced</u> 401(k) Plan</b> | \$75,861        |
| <b>Accumulated future Company match</b>   | \$22,758         | <b>Accumulated future Company match</b>   | \$53,102        |
| <b>Total Company-paid benefit**</b>   | <b>\$144,602</b> | <b>Total Company-paid benefit**</b>   | <b>\$89,315</b> |

\*\* “Company-paid benefit” totals do not include employee contributions to the 401(k) Plan.

## Illustrations of Projected Benefits – Example 6

In this example, a relatively young and shorter-tenured MAHLE employee experiences a nine percent rate of return on 401(k) Plan investments. Again, this more aggressive assumption is meant to illustrate that the performance of the investments you choose significantly affects the value of your 401(k) Plan account.

### Assumptions

|  |          |
|--|----------|
| Current age .....  | 30       |
| Current service at 12/31/2006 .....  | 10       |
| Retirement age, and years of service at retirement .....                                 | 65 / 45  |
| Retirement date.....   | 1/1/2042 |
| Final average earnings as of 12/31/2006 .....  | \$30,000 |
| Final average earnings at age 65, assuming annual earnings increases of 3% .....         | \$84,416 |
| Final average earnings at retirement with 2% (max.) increase, compounded each year ..... | \$59,997 |
| 401(k) savings rate .....  | .5%      |
| 401(k) growth rate .....   | .9%      |

### Future Pension Benefits Under Current vs. Revised Pension Plan

| Projected Benefit at Age 65 Under the <b>Current</b> Pension Plan           |                  | Projected Benefit at Age 65 Under the <b>Revised</b> Pension Plan           |                  |
|---|------------------|---|------------------|
| <b>Pension annuity (annual)</b>   | \$22,792         | <b>Revised Pension annuity (annual)</b>                                     | \$16,199         |
| <b>Present Value of Pension*</b>  | \$229,269        | <b>Present Value of Revised Pension*</b>                                    | \$162,948        |
| <b>Accumulated future employee contributions to the current 401(k) Plan</b> | \$480,383        | <b>Accumulated future employee contributions to the current 401(k) Plan</b> | \$480,383        |
| <b>Accumulated future Company match</b>                                     | \$144,115        | <b>Accumulated future Company match</b>                                     | \$144,115        |
| <b>Total Company-paid benefit**</b>   | <b>\$373,384</b> | <b>Total Company-paid benefit**</b>   | <b>\$307,063</b> |

\* Please note that lump sum payments are not available in the current or revised Pension Plan. The benefit amounts shown are the present value of the annuity payable at the participant's Normal Retirement Date, and are shown for illustrative purposes.

\*\* "Company-paid benefit" totals do not include employee contributions to the 401(k) Plan.

Consistent with the other examples, the revised Pension Plan formula yields a smaller Pension Plan benefit than would have been provided under the current formula.

### Future Total Benefits Under Retirement Choice Option 1 and Option 2

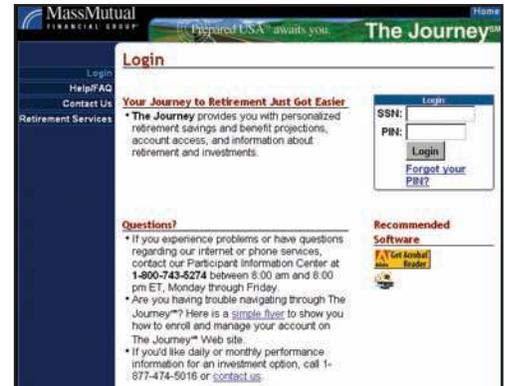
| <b>Option 1:</b> Projected Benefit at Age 65 Under the Revised Pension Plan with Current 401(k) |                  | <b>Option 2:</b> Projected Benefit at Age 65 Under the <b>Enhanced</b> 401(k)       |                  |
|---|------------------|---|------------------|
| <b>Revised Pension annuity (annual)</b>   | \$16,199         | <b>Accrued benefit at 4/1/07, annuity (annual)</b>                                  | \$1,800          |
| <b>Present Value of Revised Pension*</b>  | \$162,948        | <b>Present Value of accrued benefit at 4/1/07, annuity * (annual)</b>               | \$18,106         |
| <b>Accumulated future employee contributions to the current 401(k) Plan</b>                     | \$480,383        | <b>Accumulated future employee contributions to the <u>enhanced</u> 401(k) Plan</b> | \$480,383        |
| <b>Accumulated future Company match</b>   | \$144,115        | <b>Accumulated future Company match</b>   | \$336,268        |
| <b>Total Company-paid benefit**</b>   | <b>\$307,063</b> | <b>Total Company-paid benefit**</b>   | <b>\$354,374</b> |

\*\* "Company-paid benefit" totals do not include employee contributions to the 401(k) Plan.

## Tools You Can Use, from MAHLE and MassMutual

Since your retirement program election is an important decision, you'll want to use all of the decision-making tools available to you from MAHLE and MassMutual, including:

- **Print Materials:** Carefully review this brochure. In a few weeks, you will receive a Personalized Statement of Retirement Benefits, which includes estimates using your personal information, and a Retirement Choice Election Form. The statement will provide detailed examples of both your projected pension and 401(k) benefits (under the current and enhanced plans). You will use the Election Form to choose your future retirement program.
- **MassMutual Customer Service Representatives Available:** A MassMutual customer service representative can answer your pension and 401(k) questions to help you understand your choice. A representative can also help you model different scenarios and discuss the investment funds available in your 401(k) Plan. Call **1-800-743-5274**.
- **Web Site:** By logging on to [www.MassMutual.com/retire](http://www.MassMutual.com/retire), you'll find a wealth of educational information and financial calculators to help you fine-tune your retirement savings strategy. You'll also have access to a powerful, personalized retirement modeling tool for MAHLE employees called "The Journey<sup>SM</sup>".



## Timeline

### March 2007

- Personalized Statement of Retirement Benefits mailed to your home
- Informational meetings held
- MassMutual customer service representatives available by phone
- Retirement Choice Period begins

### April 2007

- Revised Pension Plan formula takes effect, 4/1
- Retirement Choice Period ends, 4/17

### May 2007

- Retirement program takes effect, in accordance with your election, 5/1

**Please retain this brochure for your records**

*Benefits that Fit Your Future* is provided in accordance, and intended to comply, with the requirements of Section 204(h) of the Employee Retirement Income Security Act of 1974 (ERISA) as amended and Section 4980F(e) of the Internal Revenue Code. The brochure contains important information about the MAHLE Industries Inc. Retirement Plan (the "Pension Plan") and the MAHLE Industries, Inc. 401(k) Asset Accumulation Plan (the "401(k) Plan"), and it should be kept with your retirement planning materials.

In the event of any conflict between this brochure (and/or the accompanying cover letter) and the legal documents governing either of these Plans (the "Plan documents"), the Plan documents shall prevail. *Benefits that Fit Your Future* does not cover all details of the Plans or their operation, nor is it intended to be a Summary Plan Description. MAHLE Industries, Inc. reserves the right to amend, modify or terminate each of its retirement plans.

# MAHLE

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