

Linamar Announces Second Quarter Cash Generation of \$80 Million; Adjusted Net Loss of \$10.1 Million; and Increases Content per Vehicle.

- Reported a net loss of \$48.4 million or \$0.75 per share for the second quarter of 2009;
- Incurred unusual charges of \$38.3 million after tax including capital asset impairments, severance costs and facility amalgamation costs;
- North American content per vehicle up 9.2% from the second quarter of 2008;
- Reduced debt net of cash by \$100 million from December 31, 2008, which will save approximately \$1.0 million in interest for the remainder of 2009;
- Over \$60 million in cash generated in the second quarter through reductions in non-cash working capital;
- Capital investment down almost \$30 million from the same quarter a year ago as the Company took advantage of its plant clustering and flexible asset strategy;
- Awarded a contract by a major European auto manufacturer which will exceed \$200 million in annualized volume at full production;
- Awarded over \$250 million in takeover and quick start contracts; and
- Production of the engines to be used in the SES solar energy contract moved successfully into the prototype stage.

	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
<i>(in millions of dollars, except earnings per share figures)</i>				
Sales	\$ 378.0	\$ 625.4	\$ 802.9	\$ 1,240.0
Operating Earnings (Loss)				
Powertrain/Driveline	(52.6)	38.1	(51.0)	69.3
Industrial	(10.4)	14.2	(10.9)	33.0
	\$ (63.0)	\$ 52.3	\$ (61.9)	\$ 102.3
Net Earnings (Loss)	(48.4)	32.0	(61.0)	61.5
Earnings (Loss) per Share	(0.75)	0.48	(0.94)	0.90
Net Earnings (Loss) – Adjusted	(10.1)	32.0	(10.7)	59.7
Earnings (Loss) per Share - Adjusted	(0.16)	0.48	(0.17)	0.88
	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
<i>(in millions of dollars, except per share figures)</i>				
Net Earnings (Loss)	\$ (48.4)	\$ 32.0	\$ (61.0)	\$ 61.5
Adjustments due to unusual items				
Taxable Items before Tax				
1) Severance related to the slow down in the Automotive Industry	5.4	-	9.8	-
2) Capital asset impairments due to market conditions	46.3	-	46.3	-
3) Ontario Capital Tax - eliminated retroactively to Jan 1, 2007	-	-	-	(4.4)
4) Program specific asset write down	-	-	-	4.7
	51.7	-	56.1	0.3
Tax Impact	(14.9)	-	(19.0)	(0.1)
	36.8	-	37.1	0.2
Non-Taxable Items				
5) Goodwill Impairments	-	-	11.7	-
6) Intangible Asset Impairments	1.5	-	1.5	-
7) Foreign Exchange loss (gain) on Hungarian Forints held in Escrow	-	-	-	(2.0)
Adjusted Net Earnings (Loss)	\$ (10.1)	\$ 32.0	\$ (10.7)	\$ 59.7
As a percentage of Sales	(2.7%)	5.1%	(1.3%)	4.8%
Change over Prior Year	(131.6%)		(117.9%)	
Earnings (Loss) per Share	(0.16)	0.48	(0.17)	0.88

INTERIM REPORT

August 13, 2009, Guelph, Ontario, Canada – Linamar Corporation (TSX:LNR) is a diversified global manufacturing company of highly engineered products. The company's Powertrain and Driveline focused divisions are world leaders in the collaborative design, development and manufacture of precision metallic components, modules and systems for global vehicle and power generation markets. The company's Industrial division is a world leader in the design and production of innovative mobile industrial equipment, notably its class-leading aerial work platforms and telehandlers. With more than 9,000 employees in 37 manufacturing locations, 5 R&D centers and 11 sales offices in Canada, the US, Mexico, Germany, Hungary, the UK, China, Korea and Japan, Linamar generated sales of over \$2.2 Billion in 2008. For more information about Linamar Corporation and its industry leading products and services, visit www.linamar.com.

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2009	2008	2009	2008
	\$	\$	\$	\$
Sales	378,028	625,438	802,902	1,239,954
Gross Margin	(36,267)	86,491	(12,513)	166,869
Selling, general and administrative	26,746	34,154	49,342	64,595
Operating Earnings	(63,013)	52,337	(61,855)	102,274
Earnings from Continuing Operations	(48,380)	31,974	(49,274)	61,461
Net Earnings (Loss)	(48,380)	31,974	(60,992)	61,461
Unusual Items	38,289	-	50,326	-
Net Earnings (Loss) - Adjusted	(10,091)	31,974	(10,666)	61,461
Diluted Earnings (Loss) per Share				
from Continuing Operations	(0.75)	0.48	(0.76)	0.90
Diluted Earnings (Loss) per Share	(0.75)	0.48	(0.94)	0.90
Diluted Earnings (Loss) per Share - Adjusted	(0.16)	0.48	(0.17)	0.90

Second Quarter Operating Highlights

Sales for the second quarter of 2009 were \$378.0 million, down \$247.4 million from \$625.4 million for the second quarter of 2008:

- Sales for the Powertrain/Driveline segment decreased by \$150.4 million, or 31.7% in the second quarter to \$324.3 million compared to \$474.7 million in the second quarter of 2008. The decrease was driven by significant volume reductions in global vehicle markets.
- Industrial segment sales decreased 64.4% or \$97.0 million for the quarter from \$150.7 million in the second quarter of 2008 to \$53.7 million in the second quarter of 2009. The sales for the second quarter of 2009 differed from the corresponding period in 2008 due to significant global volume reductions as a result of uncertainty in the market and restricted customer credit availability on a global basis.

The company's operating loss for the second quarter of 2009 was \$9.8 million after adjusting for unusual items in the quarter. This compares to \$52.3 million adjusted operating earnings for the second quarter of 2008, a decrease of \$62.1 million:

- The decrease was driven by:
 - under absorption of fixed costs due to the significant volume reductions in global markets in both segments; and
 - the capital asset impairments related to the bankruptcy filings of General Motors and Chrysler in the Powertrain/Drivelines segment.
- Second quarter adjusted operating earnings for the Powertrain/Driveline segment were lower by \$38.7 million or 101.7% to a loss of \$0.6 million over the same quarter of 2008 where adjusted operating earnings were \$38.1 million.
- The adjusted operating losses for the Industrial segment were \$9.2 million in second quarter of 2009, a decrease of \$23.4 million or 164.5% over the first quarter of 2008.

Taking into account the unusual items of the second quarters of each year, adjusted net loss for the second quarter of 2009 was \$10.1 million (\$0.16 net loss per share) versus a profit of \$32.0 million (\$0.48 net earnings per share) in the second quarter of 2008.

The company generated \$88.4 million in operational cash flow, \$61.7 million of which was from reductions in working capital. At June 30, 2009 the amount available under the company's syndicated revolving credit facility was \$201.5 million, down \$48.1 million from March 31, 2009. On April 16, 2009 the company withdrew \$100 million CAD from the syndicated revolving credit facility which were held in short-term investments until June 5, 2009, at which time, the company used these funds to repay the Series A Private Placement Notes that were due in October 2009. As a result, net debt decreased by \$81.2m since March 31, 2009.

"Despite the toll that excessive production shutdowns took on our sales and earnings this quarter, we are very pleased by the excellent level of cash generated, indicative of our ability to aggressively reallocate capital from existing lines to new programs and continue to grow despite low cash investment" said Linamar CEO Linda Hasenfratz. "We also had a fantastic quarter in terms of new business both takeover and longer term, lining us up for continued growth in the coming months and year"

Dividends

The Board of Directors today declared an eligible dividend in respect to the quarter ended June 30, 2009 of CDN\$0.03 per share on the common shares of the company, payable on or after September 15, 2009 to shareholders of record on August 28, 2009.

Risk and Uncertainties (forward looking statements)

Linamar no longer provides a financial outlook.

Certain information provided by Linamar in these unaudited interim financial statements, MD&A and other documents published throughout the year that are not recitation of historical facts may constitute forward-looking statements. The words "estimate", "believe", "expect" and similar expressions are intended to identify forward-looking statements. Persons reading this report are cautioned that such statements are only predictions and the actual events or results may differ materially. In evaluating such forward-looking statements, readers should specifically consider the various factors that could cause actual events or results to differ materially from those indicated by such forward-looking statements.

Such forward-looking information may involve important risks and uncertainties that could materially alter results in the future from those expressed or implied in any forward-looking statements made by, or on behalf of, Linamar. Some risks and uncertainties may cause results to differ from current expectations. The factors which are expected to have the greatest impact on Linamar include but are not limited to (in the various economies in which Linamar operates): the extent of OEM outsourcing, industry cyclicality, trade and labour disruptions, pricing concessions and cost absorptions, delays in program launches, the company's dependence on certain engine and transmission programs and major OEM customers, currency exposure, and technological developments by Linamar's competitors.

A large proportion of the company's cash flows are denominated in foreign currencies. The movement of foreign currency exchange rates against the Canadian dollar has the potential to have a negative impact on financial results. The company has employed a hedging strategy as appropriate to attempt to mitigate the impact but cannot be completely assured that the entire exchange effect has been offset.

Other factors and risks and uncertainties that could cause results to differ from current expectations are discussed in the MD&A and include, but are not limited to: fluctuations in interest rates, environmental emission and safety regulations, governmental, environmental and regulatory policies, and changes in the competitive environment in which Linamar operates. Linamar assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements.

Conference Call Information

Q2 Conference Call Information

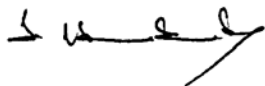
Linamar will hold a conference call on August 13, 2009 at 5:00 pm. EST to discuss its second quarter results. The numbers for this call are (416) 640-5933 (local/overseas) or (866) 399-6716 (North America) confirmation number 25944777, with a call-in required 10 minutes prior to the start of the conference call. The conference call will be chaired by Linda Hasenfratz, Linamar's Chief Executive Officer. A copy of the company's full quarterly financial statements, including the Management's Discussion & Analysis will be available on the company's website after 4 p.m. EST on August 13, 2009 and at www.sedar.com by the start of business on August 14, 2009. A taped replay of the conference call will also be made available starting at 11:00 p.m. on August 13, 2009 for seven days. The number for replay is (647) 436-0148 or (888) 203-1112, Replay Passcode 25944777. The conference call can also be accessed by web cast at www.linamar.com, by accessing the investor relations/events menu, and will be available for a 7 day period.

Q3 Conference Call Information

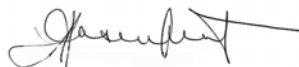
Linamar will hold a conference call on November 12, 2009 at 5:00 p.m. EST to discuss its third quarter results. The numbers for this call are (647) 427-3420 (local/overseas) or (888) 300-0053 (North America) confirmation number 17906931, with a call-in required 10 minutes prior to the start of the conference call. The conference call will be chaired by Linda Hasenfratz, Linamar's Chief Executive Officer. A copy of the company's full quarterly financial statements, including the Management's Discussion & Analysis will be available on the company's website after 4 p.m. EST on November 12, 2009 and at www.sedar.com by the start of business on November 13, 2009. A taped replay of the conference call will also be made available starting at 11:00 p.m. on November 12, 2009 for seven days. The number for replay is (800) 766-3735, Conference ID 17906931. The conference call can also be accessed by web cast at www.linamar.com, by accessing the investor relations/events menu, and will be available for a 7 day period.

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For further information regarding this release please contact Linda Hasenfratz at (519) 836-7550.



Frank Hasenfratz
Chairman of the Board



Linda Hasenfratz
Chief Executive Officer

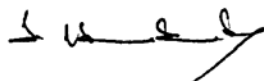
Guelph, Ontario
August 13, 2009

LINAMAR CORPORATION
CONSOLIDATED BALANCE SHEETS

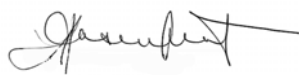
As at June 30, 2009 with comparatives as at December 31, 2008 (Unaudited)
(in thousands of dollars)

	June 30 2009 \$	December 31 2008 \$
ASSETS		
Current Assets		
Cash	102,196	89,535
Accounts receivable	285,042	351,515
Inventories (Note 3)	257,961	317,988
Prepaid expenses	5,639	7,627
Income taxes recoverable	29,280	28,928
Current portion of long-term receivables	761	871
Future income taxes	5,643	8,787
	<u>686,522</u>	<u>805,251</u>
Deferred Charges	1,071	1,996
Long-Term Receivables	2,134	2,369
Goodwill and Other Intangibles (Note 5)	46,183	61,564
Property, Plant and Equipment	833,379	927,264
Future Income Taxes	45,592	43,159
	<u>1,614,881</u>	<u>1,841,603</u>
LIABILITIES		
Current Liabilities		
Unpresented cheques	10,893	6,039
Short-term bank borrowings	96,917	81,090
Accounts payable and accrued liabilities	288,056	337,903
Derivative financial instruments	6,829	15,167
Current portion of long-term debt	66,896	170,324
	<u>469,591</u>	<u>610,523</u>
Long-Term Debt	222,813	222,126
Derivative Financial Instruments	13,715	25,765
Future Income Taxes	56,165	66,944
Non-Controlling Interests	35,809	37,923
	<u>798,093</u>	<u>963,281</u>
SHAREHOLDERS' EQUITY		
Capital Stock (Note 6)	108,215	108,215
Retained Earnings	783,426	848,300
Contributed Surplus	3,026	3,026
Accumulated Other Comprehensive Loss (Note 7)	(77,879)	(81,219)
	<u>816,788</u>	<u>878,322</u>
	<u>1,614,881</u>	<u>1,841,603</u>

On behalf of the Board of Directors:



Frank Hasenfratz
Director



Linda Hasenfratz
Director

LINAMAR CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS

For the six months ended June 30, 2009 and June 30, 2008 (Unaudited)
(in thousands of dollars, except per share figures)

	Three Months Ended		Six Months Ended	
	2009	June 30 2008	2009	June 30 2008
	\$	\$	\$	\$
Sales	378,028	625,438	802,902	1,239,954
Cost of Sales (Note 4)	370,152	495,768	726,335	984,086
Amortization	44,143	43,179	89,080	88,999
Gross Margin	(36,267)	86,491	(12,513)	166,869
Selling, general and administrative (Note 5)	26,746	34,154	49,342	64,595
Earnings Before the Following:	(63,013)	52,337	(61,855)	102,274
Other Income (Expense)				
Interest on long-term debt	(4,997)	(4,029)	(9,970)	(8,052)
Other interest expense	(542)	(1,165)	(948)	(2,630)
Interest earned	250	413	526	1,225
Other income	203	465	625	635
	(68,099)	48,021	(71,622)	93,452
Provision for (Recovery of) Income Taxes				
Current	(4,096)	11,950	(6,065)	27,815
Future	(15,570)	3,229	(16,847)	2,575
	(19,666)	15,179	(22,912)	30,390
	(48,433)	32,842	(48,710)	63,062
Non-Controlling Interests	(53)	868	564	1,601
Earnings (Loss) from Continuing Operations	(48,380)	31,974	(49,274)	61,461
Goodwill Impairment (Note 5)	-	-	(11,718)	-
Net Earnings (Loss) for the Period	(48,380)	31,974	(60,992)	61,461
Earnings (Loss) per Share (Note 12)				
From Continuing Operations				
Basic	(0.75)	0.48	(0.76)	0.90
Diluted	(0.75)	0.48	(0.76)	0.90
From Net Earnings (Loss)				
Basic	(0.75)	0.48	(0.94)	0.90
Diluted	(0.75)	0.48	(0.94)	0.90

LINAMAR CORPORATION
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

For the six months ended June 30, 2009 and June 30, 2008 (Unaudited)
(in thousands of dollars)

	Three Months Ended		Six Months Ended	
	2009	June 30 2008	2009	June 30 2008
	\$	\$	\$	\$
Balance – Beginning of Period	835,688	843,465	848,300	851,515
Net Earnings (Loss) for the Period	(48,380)	31,974	(60,992)	61,461
Dividends	(3,882)	(4,024)	(3,882)	(8,108)
Excess over assigned value of common shares purchased and cancelled (Note 6)	-	(1,716)	-	(35,169)
Balance – End of Period	783,426	869,699	783,426	869,699

LINAMAR CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

For the six months ended June 30, 2009 and June 30, 2008 (Unaudited)
(in thousands of dollars)

	Three Months Ended		Six Months Ended	
	2009	June 30 2008	2009	June 30 2008
	\$	\$	\$	\$
Net Earnings (Loss) for the Period	(48,380)	31,974	(60,992)	61,461
Other Comprehensive Earnings (Loss)				
Unrealized gains (losses) on translating financial statements of self-sustaining foreign operations	243	9,620	(10,042)	36,479
Change in unrealized gains (losses) of derivative instruments designated as cash flow hedges (net of income taxes of \$6,568 and \$8,454 year to date, 2008 - \$335 and \$3,032 year to date)	15,516	794	16,603	(6,372)
Reclassification to earnings of gains (losses) on cash flow hedges (net of income taxes of \$270 and \$1,447 year to date, 2008 - \$587 and \$875)	600	1,219	(3,221)	1,817
	16,359	11,633	3,340	31,924
Comprehensive Earnings (Loss) for the Period (Note 7)	(32,021)	43,607	(57,652)	93,385

LINAMAR CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended June 30, 2009 and June 30, 2008 (Unaudited)
(in thousands of dollars)

	Three Months Ended		Six Months Ended	
	2009	June 30 2008	2009	June 30 2008
	\$	\$	\$	\$
Cash Provided By (Used In)				
Operating Activities				
(Loss) earnings from continuing operations	(48,380)	31,974	(49,274)	61,461
Non-cash charges (credits) to earnings:				
Amortization of property, plant and equipment	42,868	41,812	86,457	86,188
Amortization of other intangible assets	1,275	1,367	2,623	2,811
Future income taxes	(15,570)	3,229	(16,847)	2,575
Non-controlling interests	(53)	868	564	1,601
Unrealized exchange loss (gain) on debt	(2,602)	942	(2,873)	265
Net loss (gain) on disposal of property, plant and equipment	(273)	1,070	(368)	1,456
Asset impairment (Notes 4 and 5)	47,849	-	47,849	4,739
Stock-based compensation	-	561	-	1,123
Other	1,498	617	2,292	1,589
	26,612	82,440	70,423	163,808
Changes in non-cash working capital:				
Decrease (increase) in accounts receivable	50,751	18,715	66,339	(44,634)
Decrease (increase) in inventories	33,107	(12,011)	58,389	(18,656)
Decrease (increase) in prepaid expenses	850	(910)	2,025	(3,090)
Increase (decrease) in income taxes payable	398	(8,486)	(333)	(22,610)
(Decrease) increase in accounts payable and accrued liabilities	(23,368)	(15,499)	(35,710)	18,062
Cash flow – continuing operations	88,350	64,249	161,133	92,880
Cash flow – discontinued operations	-	(473)	-	(514)
	88,350	63,776	161,133	92,366
Financing Activities				
Proceeds from (repayments of) short-term bank borrowings	49,034	10,008	16,460	(22,908)
Proceeds from long-term debt	-	2,522	-	2,522
Repayment of long-term debt	(106,295)	(1,232)	(108,029)	(3,236)
Repurchase of shares (Note 6)	-	(1,949)	-	(39,783)
Decrease in long-term receivables	769	8	349	1,103
Dividends to shareholders	(3,882)	(4,024)	(3,882)	(8,108)
	(60,374)	5,333	(95,102)	(70,410)
Investing Activities				
Payments for purchase of property, plant and equipment	(19,343)	(47,670)	(59,510)	(83,392)
Proceeds of disposal of property, plant and equipment	394	1,903	1,093	2,786
Business acquisitions (Note 15)	-	(6,083)	(1,227)	(6,083)
	(18,949)	(51,850)	(59,644)	(86,689)
	9,027	17,259	6,387	(64,733)
Effect of Translation Adjustment	3,536	474	1,420	2,279
Increase (Decrease) in Cash Position	12,563	17,733	7,807	(62,454)
Cash Position - Beginning of Period	78,740	23,558	83,496	103,745
Cash Position - End of Period	91,303	41,291	91,303	41,291
Comprised of:				
Cash	102,196	66,868	102,196	66,868
Unpresented cheques	(10,893)	(25,577)	(10,893)	(25,577)
	91,303	41,291	91,303	41,291

LINAMAR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended June 30, 2009 and June 30, 2008 (Unaudited)

1. Significant Accounting Policies

Management prepared these interim consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") using the same accounting policies and methods of their application as the most recent annual consolidated financial statements, except as noted below. These interim consolidated financial statements do not include all the information and footnotes as required in the annual consolidated financial statements and as such should be read in conjunction with the company's most recent audited annual consolidated financial statements. These interim consolidated financial statements and the notes thereto have not been reviewed by the company's external auditors pursuant to a review engagement applying review standards set out in the Canadian Institute of Chartered Accountants ("CICA") Handbook.

Changes in accounting policies

Effective January 1, 2009, the company adopted the CICA Handbook Section 3064 - Goodwill and Intangible Assets ("CICA 3064"). CICA 3064 replaces Section 3062 – Goodwill and Other Intangible Assets and Section 3450 – Research and Development Costs. CICA 3064 section applies to fiscal periods beginning on or after October 1, 2008 and establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets.

In January 2009 the Emerging Issues Committee issued EIC-173 – Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. The Committee concluded that the company's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities as under CICA Handbook Section 3855 – Financial Instruments-Recognition and Measurement. The application of the EIC is for interim and annual financial statements for periods ending on or after the date of issuance of the EIC.

The adoption of these new accounting standards did not impact the company's net earnings or financial position.

The following accounting pronouncements will be adopted by the company effective for the annual financial statements, December 31, 2009 and for subsequent periods

Effective for the annual financial statements, December 31, 2009, the company will adopt the amended CICA Handbook Section 3862 – Financial Instruments-disclosures ("CICA 3862"). CICA 3862 has been amended to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure requirements. The company is currently evaluating the impact of the amended Section on the consolidated financial statements.

Effective for interim and annual financial statements January 1, 2011, the company will adopt the amended CICA Handbook Section 3855 – Financial Instruments–recognition and measurement ("CICA 3855"). CICA 3855 has been amended to clarify the effective interest method after a debt instrument has been impaired and to clarify when an embedded prepayment option is separated from its host debt instrument for accounting purposes. The company is currently evaluating the impact of the amended Section on the consolidated financial statements.

Effective for interim and annual financial statements January 1, 2010, the company will adopt the amended CICA Handbook Section 1506 – Accounting Changes ("CICA 1506"). CICA 1506 was amended to exclude from its scope changes in accounting policies upon the complete replacement of the company's primary basis of accounting. It is not anticipated that this Section will be applicable to the company which will change standards beginning on January 1, 2011 when Canadian GAAP for publicly accountable enterprises will be converged with International Financial Reporting Standards (IFRS).

2. Foreign Exchange (in thousands of dollars)

Included as part of selling, general and administrative expenses are gains and (losses) resulting from foreign exchange as follows:

	Three Months Ended		Six Months Ended	
	2009	June 30 2008	2009	June 30 2008
	\$	\$	\$	\$
Foreign Exchange Gain/(Loss)	(1,898)	(1,394)	2,190	2,315

3. Inventories (in thousands of dollars)

	June 30, 2009	December 31, 2008
	\$	\$
Raw materials	145,643	176,310
Work-in-process	51,853	57,089
Finished goods	60,465	84,589
	257,961	317,987

In the quarter ending June 30, 2009 the company recognized write-downs of slow moving and obsolete material of \$328 in comparison to a reversal of \$197 in write downs in the same quarter last year. Lower of cost or market adjustments are made on a regular basis and have no material effect on the financial statements.

4. Capital Asset Impairment (in thousands of dollars)

In response to the bankruptcy induced production disruptions at Chrysler and GM during the second quarter of the year, the company performed an impairment test on the capital assets related to Chrysler and GM programs. These asset groups are part of the Powertrain / Driveline segment. For any asset group that failed the cash flow recoverability test, the fair value of the asset group was determined using the current appraisal value of similar equipment. As a result of this impairment test, management estimated the carrying value of its machinery and equipment exceeded its fair value by \$46,347 as at June 30, 2009, which is included in the costs of sales.

5. Goodwill and Other Intangible Asset Impairment (in thousands of dollars)

Historically, the annual goodwill impairment analysis is completed in the fourth quarter of each year. In the fourth quarter of 2008, the company determined that the McLaren reporting unit could potentially be impaired. The reporting units of the Company have been defined as the component of an operating segment level based on the level at which discrete financial information is available and for which segment management regularly reviews the operating results of that component. In certain cases the components are aggregated when they have similar economic characteristics.

With respect to the McLaren reporting unit, while it has been determined that the carrying amount of this reporting unit exceeds its fair value, the impairment test was not completed and a reasonable estimate of the impairment, if any, could not be determined in the fourth quarter of 2008. Fair value must be determined with reference to the most current forecasts, and in light of the high level of volatility and uncertainty of the global vehicles markets, these forecasts are constantly changing. Furthermore this reporting unit, which aggregates a number of components within the Powertrain/Driveline operating segment comprises a significant portion of the Company's overall operations and as such it took some time to reasonably determine the implied fair value of goodwill as if the Company had acquired this very large reporting unit as at year end. The Company completed the impairment test of the McLaren reporting unit during the first quarter of 2009 and it was determined that the goodwill and other intangible assets attributable to this reporting unit was fully impaired. As a result, goodwill and other intangible asset impairment charges of \$11,718 and \$1,502, respectively, were recorded in 2009.

6. Capital Stock (in thousands of dollars except for share figures)

During the first quarter of 2008, the company purchased shares for cancellation under its normal course issuer bid. The company repurchased 37,800 shares for total consideration of \$640 subsequent to December 31, 2007 until January 30, 2008. The normal course issuer bid, which permitted the company to acquire up to 5,083,839 of its outstanding common shares, expired on January 30, 2008.

The company renewed its normal course issuer bid on January 29, 2008, expiring January 30, 2009, which permitted the company to acquire up to 5,084,699 of its outstanding common shares and expired on January 30, 2009. The company has repurchased 5,084,600 shares for total consideration of \$65,533 subsequent to January 31, 2008.

On February 5, 2009, the company renewed its normal course issuer bid. The current bid permits the company to acquire up to 3,791,858 of its outstanding common shares and expires on February 8, 2010. As of June 30, 2009 the company has not repurchased any shares under this bid. The company has 64,701,876 common shares issued and outstanding as of June 30, 2009 with no options outstanding.

7. Accumulated Other Comprehensive Loss (in thousands of dollars)

	Three Months Ended		Six Months Ended	
	2009	2008	2009	2008
	\$	\$	\$	\$
Balance – Beginning of Period	(94,238)	(59,694)	(81,219)	(79,985)
Other comprehensive earnings (loss) for the period	16,359	11,633	3,340	31,924
Balance – End of Period	(77,879)	(48,061)	(77,879)	(48,061)

8. Pension Costs (in thousands of dollars)

The company has various contributory and non-contributory defined contribution pension plans which cover most employees. Current service pension costs are charged to earnings as they accrue. The following was expensed during the quarter and year to date periods.

	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
	\$			\$
Government sponsored	4,036	6,052	8,099	11,939
Company sponsored	2,471	2,645	4,529	5,262

9. Contingent Liabilities and Commitments (in thousands of dollars)

The company is involved in certain lawsuits and claims. Management believes that adequate provisions have been recorded in the accounts. Although it is not possible to estimate the potential costs and losses, if any, management is of the opinion that there will not be any significant additional liability other than amounts already provided for in these financial statements.

As at June 30, 2009, outstanding commitments for capital expenditures under purchase orders and contracts amounted to approximately \$65,062. Of this amount, \$63,489 relates to the purchase of manufacturing equipment and \$1,573 relates to general contracting and construction costs in respect of plant construction. The majority of these commitments are due within the next twelve months.

10. Related Party Transactions (in thousands of dollars)

Included in the purchase of property, plant and equipment are the construction of buildings, building additions and building improvements in the aggregate amount of \$275 paid to a company owned by the spouse of an officer and director. In addition, the company has a commitment of \$70 to the same entity. Included in cost of sales, are maintenance costs of \$27 paid to the same company. The maintenance and construction costs and the commitment represent general contracting and construction activities related to plant construction, improvements, additions and maintenance for a number of facilities. Included in sales is \$24 related to equipment and services sold to the same company.

The company has designed an independent process to ensure building construction and improvements are transacted at fair value. Other transactions have been recorded at the exchange amount.

11. Capital Disclosures (in thousands of dollars)

The company's capital management objectives are to ensure the stability of its capital so as to support continued operations, provide an adequate return to shareholders and generate benefits for other stakeholders. The company's capital is composed of shareholders' equity, and is not subject to any capital requirements imposed by a regulator.

The company's private placement note holders do require the company to maintain a minimum book value of shareholders' equity of \$450,000. Linamar is in compliance with this covenant. Book value of shareholders' equity as at June 30, 2009 was \$816,788 (Dec 31, 2008 - \$878,322).

The company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the company may attempt to issue or re-acquire shares, acquire or dispose of assets, and adjust the amount of cash and cash equivalents balances. There were no changes in the company's capital risk management strategy during the period.

12. Earnings Per Share (in thousands of dollars except for per share figures)

	Three Months Ended June 30		Six Months Ended June 30	
	2009 \$	2008 \$	2009 \$	2008 \$
Earnings from Continuing Operations	(48,380)	31,974	(49,274)	61,461
Net Earnings for the Period	(48,380)	31,974	(60,992)	61,461
Weighted average common shares	64,701,876	67,071,530	64,701,876	68,076,267
Earnings Per Share from Continuing Operations				
Basic	(0.75)	0.48	(0.76)	0.90
Diluted	(0.75)	0.48	(0.76)	0.90
Earnings Per Share from Net Earnings				
Basic	(0.75)	0.48	(0.94)	0.90
Diluted	(0.75)	0.48	(0.94)	0.90

Earnings per share are calculated using the weighted daily average number of shares outstanding during the period.

13. Segmented Sales and Earnings Information (from Continuing Operations in thousands of dollars)

The company has two operational segments – Powertrain/Driveline and Industrial. Corporate headquarters and other small operating entities are allocated to the Powertrain/Driveline and Industrial operational segments accordingly.

The company operates in five geographic segments – Canada, United States, Mexico, Europe and Asia Pacific.

The company accounts for inter-segment sales and transfers at current market rates. The company ensures that the measurement and policies are consistently followed among the company's reportable segments for earnings from continuing operations, net earnings and assets. The company's three largest customers account for 23.95%, 12.75% and 6.63% (2008 – 13.1%, 11.7%, and 9.7%) of total segmented sales and are all part of the Powertrain/Driveline segment.

Geographic	Three Months Ended June 30		Six Months Ended June 30	
	2009 \$	2008 \$	2009 \$	2008 \$
Sales to external customers				
Canada	227,992	398,790	493,550	810,394
United States	34,586	66,646	72,715	134,860
Asia Pacific	10,881	9,896	17,839	15,211
Mexico	27,856	52,857	67,482	104,935
Europe	76,713	97,249	151,316	174,554
Total	378,028	625,438	802,902	1,239,954

Operational	Three months ended June 30, 2009			Six months ended June 30, 2009			Assets from Continuing Operations \$
	Sales to external customers \$	Inter- segment sales \$	Operating earnings (loss) \$	Sales to external customers \$	Inter- segment sales \$	Operating earnings (loss) \$	
Powertrain / Driveline	324,310	2,250	(52,579)	697,809	4,870	(50,919)	1,308,924
Industrial	53,718	122	(10,434)	105,093	202	(10,936)	305,957
Total	378,028		(63,013)	802,902		(61,855)	1,614,881

Operational	Three months ended June 30, 2008			Six months ended June 30, 2008			Assets from Continuing Operations \$
	Sales to external customers \$	Inter- segment sales \$	Operating earnings (loss) \$	Sales to external customers \$	Inter- segment sales \$	Operating earnings (loss) \$	
Powertrain / Driveline	474,754	9,239	38,145	958,902	13,076	69,322	1,493,975
Industrial	150,684	141	(14,192)	281,052	132	32,952	390,061
Total	625,438		52,337	1,239,954		102,274	1,884,036

14. Guarantees (in thousands of dollars)

The company has guaranteed the lease payments of Eagle Manufacturing LLC for the full term of the lease which ends in 2011. As at the quarter end, the maximum potential amount of future payments is \$10,178 over the remaining lease term, of which \$9,437 is recorded in capital leases.

The company has various other guarantees for a maximum potential future payment of \$23,427 over various terms of 4 to 5 years. The company has estimated recourse, in the form of equipment, in the amount of \$14,192.

15. Business Acquisitions (in thousands of dollars)

On January 30, 2009, the company acquired the remaining 40% interest in Eagle Manufacturing II, LLC, a machining facility in Florence, Kentucky. The joint venture was established in June 1998, with the original ownership interest of 60% owned by Linamar and 40% owned by Navistar. This acquisition was accounted for using the purchase method with the results of operations included in these financial statements from the effective date of acquisition. Total consideration for the acquisition of the remaining 40% interest has amounted to \$1,227 as of the end of the quarter. Due to the timing of the close and complexities associated with this transaction, the purchase price allocation is subject to further adjustments pending the finalization of the value of certain assets.

16. Comparative Figures

Certain comparative figures have been reclassified in accordance with the current quarter's presentation.

LINAMAR CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Quarter Ended June 30, 2009

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Linamar Corporation ("Linamar" or the "company") should be read in conjunction with its consolidated financial statements for the quarter ended June 30, 2009 and related notes thereto.

This MD&A has been prepared as at August 13, 2009.

Additional information regarding Linamar, including copies of its continuous disclosure materials such as its annual information form, is available on its website at www.linamar.com or through the SEDAR website at www.sedar.com.

OVERALL CORPORATE PERFORMANCE

Overview of the Business

Linamar Corporation (TSX:LNR) is a diversified global manufacturing company of highly engineered products. The company's Powertrain and Driveline focused divisions are world leaders in the collaborative design, development and manufacture of precision metallic components, modules and systems for global vehicle and power generation markets. The company's Industrial division is a world leader in the design and production of innovative mobile industrial equipment, notably its class-leading aerial work platforms and telehandlers. With more than 9,000 employees in 37 manufacturing locations, 5 R&D centers and 11 sales offices in Canada, the US, Mexico, Germany, Hungary, the UK, China, Korea and Japan, Linamar generated sales of over \$2.2 Billion in 2008. For more information about Linamar Corporation and its industry leading products and services, visit www.linamar.com.

Overall Corporate Results

The following table sets out certain highlights of the company's performance in the second quarter of 2009 and 2008:

<i>(in millions of dollars, except content per vehicle numbers)</i>	Three Months Ended June 30				Six Months Ended June 30			
	2009	2008	+/-	%	2009	2008	+/-	%
Sales	\$378.0	\$625.4	(\$247.4)	(39.6%)	\$802.9	\$1,240.0	(\$437.1)	(35.3%)
Gross Margin	(36.3)	86.5	(122.8)	(142.0%)	(12.5)	166.9	(179.4)	(107.5%)
Operating Earnings (Loss)	(63.0)	52.3	(115.3)	(220.5%)	(61.9)	102.3	(164.2)	(160.5%)
Earnings (Loss) from Continuing Operations	(48.4)	32.0	(80.4)	(251.3%)	(49.3)	61.5	(110.8)	(180.2%)
Net Earnings (Loss)	\$ (48.4)	\$ 32.0	(80.4)	(251.3%)	\$ (61.0)	\$ 61.5	(122.5)	(199.2%)
Unusual Items	38.3	-	38.3		50.3	(1.8)	52.1	
Net Earnings (Loss) - Adjusted	\$ (10.1)	\$ 32.0	(42.1)	(131.6%)	\$ (10.7)	\$ 59.7	(70.4)	(117.9%)
Content per Vehicle								
– North America	\$111.98	\$102.50	\$9.48	9.2%	\$136.18	\$103.91	\$32.27	31.1%
Content per Vehicle								
– Europe	\$6.64	\$8.12	(\$1.48)	(18.2%)	\$6.28	\$8.44	(\$2.16)	(25.6%)
Content per Vehicle								
– Asia Pacific	\$2.62	\$1.23	\$1.39	113.0%	\$2.07	\$1.17	\$0.90	76.9%

The changes in these financial highlights are discussed in detail in the following sections of this analysis.

Certain unusual items affected earnings in both the second quarter of 2009 and 2008 as noted in the table below:

(in millions of dollars, except per share figures)	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
Net Earnings (Loss)	\$ (48.4)	\$ 32.0	\$ (61.0)	\$ 61.5
Adjustments due to unusual items				
Taxable Items before Tax				
1) Severance related to the slow down in the Automotive Industry	5.4	-	9.8	-
2) Capital asset impairments due to market conditions	46.3	-	46.3	-
3) Ontario Capital Tax - eliminated retroactively to Jan 1, 2007	-	-	-	(4.4)
4) Program specific asset write down	-	-	-	4.7
	<u>51.7</u>	<u>-</u>	<u>56.1</u>	<u>0.3</u>
Tax Impact	<u>(14.9)</u>	<u>-</u>	<u>(19.0)</u>	<u>(0.1)</u>
	36.8	-	37.1	0.2
Non-Taxable Items				
5) Goodwill Impairments	-	-	11.7	-
6) Intangible Asset Impairments	1.5	-	1.5	-
7) Foreign Exchange loss (gain) on Hungarian Forints held in Escrow	-	-	-	(2.0)
Adjusted Net Earnings (Loss)	<u>\$ (10.1)</u>	<u>\$ 32.0</u>	<u>\$ (10.7)</u>	<u>\$ 59.7</u>
As a percentage of Sales	(2.7%)	5.1%	(1.3%)	4.8%
Change over Prior Year	(131.6%)		(117.9%)	
Earnings per Share	(0.16)	0.48	(0.17)	0.88

1) During the first and second quarters of 2009, the company incurred certain expenses related to the release of employees as the company adjusted to new sales volumes.

2) In the second quarter of 2009, the company assessed the recoverability of the carrying cost of its property, plant and equipment based largely on the bankruptcy filings of General Motors and Chrysler and the reduced production volumes that existed in the quarter and the expectation that volumes will remain suppressed in 2009. As a result, the company identified asset groups, on specific programs, where the carrying value was impaired and the appropriate write down was taken in the quarter.

3) In the 2007 Economic Outlook and Fiscal Review, the Government of Ontario proposed to eliminate the Capital Tax effective January 1, 2008, for Ontario companies primarily engaged in manufacturing and resource activities. In the March 2008 Budget, the Government committed to retroactively eliminate the Capital Tax one year earlier, effective January 1, 2007, for Ontario companies primarily engaged in manufacturing and resource activities.

4) In the first quarter of 2008, the company re-assessed the fair value of a specific asset that was not meeting performance requirements as committed to by the vendor. The company's attempts to correct the performance issues have had limited success. The company was required to invest in additional equipment to ensure that customer delivery and quality was not compromised. Accordingly, the original equipment has been written down to its fair value.

5) The Company completed the fourth quarter 2008 impairment test of the McLaren reporting unit during the first quarter of 2009. It was determined that the goodwill attributable to this reporting unit was fully impaired. As a result, an impairment charge of \$11.7 million was recorded in the first quarter of 2009. Refer to the Goodwill section of this analysis for more details.

6) As part of the impairment tests of the McLaren reporting unit, the company determined in the second quarter of 2009 that the intangible assets of the McLaren reporting unit were fully impaired.

7) On February 26, 2007, the company announced its public purchase offer for the balance of the outstanding shares of its consolidated subsidiary Linamar Hungary Nyrt. The offer expired in May of 2007. During the offer period, the company purchased 981,727 of the shares that it did not already own for \$16.7 million to bring its ownership total to 70.1%. On January 22, 2008, the company announced the repatriation of the remaining funds that were held in escrow in Hungary that were intended for the purchase. The money was repatriated at the same exchange rate at which it was placed in escrow which resulted in a foreign exchange gain in the first quarter of 2008. Currently, the company owns 70.3% of Linamar Hungary Nyrt.

