

Linamar Restores Profitability on Rebounding Sales; Continues to Generate Cash and Grow Automotive Market Share in North America

- Sales increase 11.4% over the second quarter of 2009;
- Reported adjusted net earnings of \$1.1 million or \$0.02 per share;
- Powertrain/Driveline segment operating earnings increased \$7.2 million from the third quarter of 2008
- New business wins YTD with start of production by mid 2010 now close to \$300 million;
- North American content per vehicle up 10% from the second quarter of 2009 and 25% from the third quarter of 2008; and
- Debt net of cash reduced by a further \$15.2 million from June 30, 2009 for a total YTD reduction of \$115.6 million.

	Three Months Ended		
	Sep 30 2009	Jun 30 2009	Sep 30 2008
(in millions of dollars, except earnings per share figures)	\$	\$	\$
Sales	\$ 421.1	\$ 378.0	\$ 540.4
Operating Earnings (Loss)			
Powertrain/Driveline	12.0	(52.6)	4.8
Industrial	(8.5)	(10.4)	2.4
Operating Earnings (Loss)	\$ 3.5	\$ (63.0)	\$ 7.2
Unusual Items	2.3	53.2	3.9
Operating Earnings (Loss) – Adjusted	\$ 5.8	\$ (9.8)	\$ 11.1
Net Earnings (Loss)	\$ (0.5)	\$ (48.4)	\$ 12.0
Unusual Items	1.6	38.3	2.7
Net Earnings (Loss) – Adjusted	1.1	(10.1)	14.7
Earnings (Loss) per Share	(0.01)	(0.75)	0.17
Earnings (Loss) per Share - Adjusted	0.02	(0.16)	0.22
Unusual Items			
Taxable Items before Tax			
1) Severance related to the global economic slow down	\$ 2.3	\$ 5.4	\$ 3.9
2) Capital asset impairments due to market conditions	-	46.3	-
	2.3	51.7	3.9
Tax Impact	(0.7)	(14.9)	(1.2)
	1.6	36.8	2.7
Non-Taxable Items			
3) Intangible Asset Impairments	-	1.5	-
Total Unusual Items after Tax	\$ 1.6	\$ 38.3	\$ 2.7

Operating Highlights

Sales for the third quarter of 2009 were \$421.1 million, up \$43.1 million from \$378.0 million from the second quarter of 2009:

- Sales for the Powertrain/Driveline segment increased by \$54.9 million, or 16.0% in the third quarter to \$379.2 million compared to \$324.3 million in the second quarter of 2009. The increase was a result of improved Powertrain volumes driven from General Motors and Chrysler resuming production after the extended shutdowns in the second quarter of 2009;
- Industrial segment sales decreased 22.0% or \$11.8 million for the quarter from \$53.7 million in the second quarter of 2009 to \$41.9 million in the third quarter of 2009. The sales decrease in the third quarter of 2009 was due to the seasonality of the Consumer Products, the Industrial Fabrication and the Access Equipment Divisions.

The company's operating earnings for the third quarter of 2009 was \$5.8 million after adjusting for unusual items in the quarter. This compares to \$9.8 million adjusted operating loss for the second quarter of 2009, an increase of \$15.6 million:

- The increase was driven by the better absorption of fixed costs due to the improved volume in global markets in Powertrain/Driveline and by the continued overhead and fixed cost reduction program executed in the quarter in both segments;
- Third quarter adjusted operating earnings for the Powertrain/Driveline segment were higher by \$14.3 million from \$0.6m in the second quarter of 2009;
- The adjusted operating losses for the Industrial segment were \$7.9 million in third quarter of 2009, an increase of \$1.3 million or 14.1% over the second quarter of 2009.

Taking into account the unusual items in the respective quarters, adjusted net earnings for the third quarter of 2009 was \$1.1 million or \$0.02 net earnings per share versus \$10.1 million or \$0.16 per share in the second quarter of 2009.

The company generated \$64.4 million in operational cash flow, \$24.4 million of which was from reductions in non-cash working capital. The company generated \$21.9 million in Free Cashflow¹.

At September 30, 2009 the amount available under the company's syndicated revolving credit facility was \$207.4 million, up \$5.9 million from June 30, 2009.

"After a very challenging first 6 months we are very pleased to see production and sales levels picking up and a return to profitability," said Linamar CEO Linda Hasenfratz, "We continue to execute strongly on every aspect of our action plan, from strong market share growth to continued cash generation and cost improvement, and look optimistically towards continuing to enjoy the benefits of those results in the future."

Dividends

The Board of Directors today declared an eligible dividend in respect to the quarter ended September 30, 2009 of CDN\$0.03 per share on the common shares of the company, payable on or after December 11, 2009 to shareholders of record on November 26.

¹ "Free Cashflow" is defined as Cash from Operating Activities, Payments for purchase of property, plant and equipment and Dividends to shareholders as present on the company's Consolidated Statements of Cash Flows

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

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 Hasenfrazz, 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.

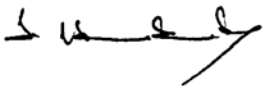
Q4 Conference Call Information

Linamar will hold a conference call on March 4, 2010 at 5:00 p.m. EST to discuss its fourth quarter results. The numbers for this call are (647) 427-3420 (local/overseas) or (888) 300-0053 (North America) confirmation number 38693646, 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 March 4, 2010 and at www.sedar.com by the start of business on March 5, 2010. A taped replay of the conference call will also be made available starting at 11:00 p.m. on March 4, 2010 for seven days. The number for replay is (800) 642-1687, Conference ID 38693646. 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.

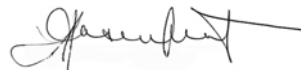
Linamar Corporation (TSX:LNR) is a diversified global manufacturing company of highly engineered products. The company's Powertrain and Driveline focused divisions are world leaders in the collaborative design, development and manufacture of precision metallic components, modules and systems for global 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 9,200 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.

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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

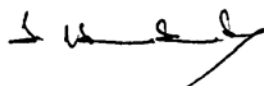
Guelph, Ontario
November 12, 2009

LINAMAR CORPORATION
CONSOLIDATED BALANCE SHEETS

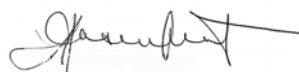
As at September 30, 2009 with comparatives as at December 31, 2008 (Unaudited)
(in thousands of dollars)

	September 30 2009 \$	December 31 2008 \$
ASSETS		
Current Assets		
Cash	108,704	89,535
Accounts receivable	336,114	351,515
Inventories (Note 2)	236,444	317,988
Prepaid expenses	8,692	7,627
Income taxes recoverable	15,769	28,928
Current portion of long-term receivables	777	871
Future income taxes	2,992	8,787
Derivative financial instruments	362	-
	709,854	805,251
Deferred Charges	952	1,996
Long-Term Receivables	2,080	2,369
Goodwill and Other Intangibles (Note 3)	44,191	61,564
Property, Plant and Equipment (Note 4)	809,867	927,264
Future Income Taxes	48,206	43,159
	1,615,150	1,841,603
LIABILITIES		
Current Liabilities		
Unpresented cheques	6,963	6,039
Short-term bank borrowings	91,064	81,090
Accounts payable and accrued liabilities	333,725	337,903
Derivative financial instruments	-	15,167
Current portion of long-term debt	65,951	170,324
	497,703	610,523
Long-Term Debt	220,127	222,126
Derivative Financial Instruments	6,955	25,765
Future Income Taxes	57,148	66,944
Non-Controlling Interests	34,973	37,923
	816,906	963,281
SHAREHOLDERS' EQUITY		
Capital Stock (Note 5)	108,215	108,215
Retained Earnings	780,992	848,300
Contributed Surplus	4,581	3,026
Accumulated Other Comprehensive Loss (Note 6)	(95,544)	(81,219)
	798,244	878,322
	1,615,150	1,841,603

On behalf of the Board of Directors:



Frank Hasenfratz
Director



Linda Hasenfratz
Director

LINAMAR CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2009 \$	2008 \$	2009 \$	2008 \$
Sales	421,128	540,360	1,224,030	1,780,314
Cost of Sales (Note 4)	351,428	456,545	1,077,763	1,440,631
Amortization	41,018	43,627	130,098	132,626
Gross Margin	28,682	40,188	16,169	207,057
Selling, general and administrative (Note 3)	25,188	32,957	74,530	97,552
Earnings Before the Following:	3,494	7,231	(58,361)	109,505
Other Income (Expense)				
Interest on long-term debt	(3,700)	(4,074)	(13,670)	(12,126)
Other interest expense	(524)	(1,322)	(1,472)	(3,952)
Interest earned	400	761	926	1,986
Other income	882	911	1,507	1,546
	552	3,507	(71,070)	96,959
Provision for (Recovery of) Income Taxes				
Current	2,431	(3,634)	(3,634)	24,181
Future	(1,880)	2,667	(18,727)	5,242
	551	(967)	(22,361)	29,423
	1	4,474	(48,709)	67,536
Non-Controlling Interests	494	1,129	1,058	2,730
(Loss) Earnings from Continuing Operations	(493)	3,345	(49,767)	64,806
Goodwill Impairment (Note 3)	-	-	(11,718)	-
(Loss) Earnings before Extraordinary Items	(493)	3,345	(61,485)	64,806
Extraordinary item, net of tax (Note 9)	-	8,139	-	8,139
Net (Loss) Earnings for the Period	(493)	11,484	(61,485)	72,945
(Loss) Earnings per Share (Note 10)				
From Continuing Operations				
Basic	(0.01)	0.05	(0.77)	0.96
Diluted	(0.01)	0.05	(0.77)	0.96
From Net (Loss) Earnings				
Basic	(0.01)	0.17	(0.95)	1.08
Diluted	(0.01)	0.17	(0.95)	1.08

LINAMAR CORPORATION
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2009 \$	2008 \$	2009 \$	2008 \$
Balance – Beginning of Period	783,426	869,699	848,300	851,515
Net (Loss) Earnings for the Period	(493)	11,484	(61,485)	72,945
Dividends	(1,941)	(3,969)	(5,823)	(12,077)
Excess over assigned value of common shares purchased and cancelled (Note 5)	-	(19,249)	-	(54,418)
Balance – End of Period	780,992	857,965	780,992	857,965

LINAMAR CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2009 \$	2008 \$	2009 \$	2008 \$
Net (Loss) Earnings for the Period	(493)	11,484	(61,485)	72,945
Other Comprehensive (Loss) Earnings				
Unrealized (losses) gains on translating financial statements of self-sustaining foreign operations	(27,381)	(11,634)	(37,423)	24,845
Change in unrealized gains (losses) of derivative instruments designated as cash flow hedges (net of income taxes of \$3,359 and \$11,813 year to date, 2008 - \$1,309 and \$4,341 year to date)	7,767	(2,822)	24,370	(9,194)
Reclassification to earnings of gains (losses) on cash flow hedges (net of income taxes of \$875 and \$572 year to date, 2008 - \$229 and \$576)	1,949	(622)	(1,272)	1,195
	(17,665)	(15,078)	(14,325)	16,846
Comprehensive (Loss) Earnings for the Period (Note 6)	(18,158)	(3,594)	(75,810)	89,791

LINAMAR CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
	\$	\$	\$	\$
Cash Provided By (Used In)				
Operating Activities				
(Loss) earnings from continuing operations	(493)	3,345	(49,767)	64,806
Non-cash charges (credits) to earnings:				
Amortization of property, plant and equipment	39,871	42,405	126,328	128,593
Amortization of other intangible assets	1,147	1,222	3,770	4,033
Future income taxes	(1,880)	2,667	(18,727)	5,242
Non-controlling interests	494	1,129	1,058	2,730
Unrealized exchange (gain) loss on debt	(834)	(70)	(3,707)	195
Net loss (gain) on disposal of property, plant and equipment	64	(36)	(304)	1,420
Asset impairment (Notes 3 and 4)	-	-	47,849	4,739
Stock-based compensation	1,555	1,471	1,555	2,594
Other	257	(799)	2,549	790
	40,181	51,334	110,604	215,142
Changes in non-cash working capital:				
(Increase) decrease in accounts receivable	(77,175)	35,141	(10,836)	(9,493)
Decrease (increase) in inventories	17,233	12,013	75,622	(6,643)
(Increase) decrease in prepaid expenses	(3,183)	(954)	(1,158)	(4,044)
Increase (decrease) in income taxes payable	11,332	(13,253)	10,999	(35,863)
Increase (decrease) in accounts payable and accrued liabilities	76,159	(24,801)	40,449	(6,739)
Cash flow – continuing operations	64,547	59,480	225,680	152,360
Cash flow – discontinued operations	-	3	-	(511)
	64,547	59,483	225,680	151,849
Financing Activities				
(Repayments of) proceeds from short-term bank borrowings	(5,286)	28,755	11,174	5,847
Proceeds from long-term debt	-	41	-	2,563
Repayment of long-term debt	(1,752)	(953)	(109,781)	(4,189)
Repurchase of shares (Note 5)	-	(22,531)	-	(62,314)
Decrease in long-term receivables	9	76	358	1,179
Dividends to shareholders	(1,941)	(3,969)	(5,823)	(12,077)
	(8,970)	1,419	(104,072)	(68,991)
Investing Activities				
Payments for purchase of property, plant and equipment	(40,783)	(52,581)	(100,293)	(135,973)
Proceeds of disposal of property, plant and equipment	20	550	1,113	3,336
Business acquisitions (Note 9)	-	(5,740)	(1,227)	(11,823)
Extraordinary item (Note 9)	-	(1,671)	-	(1,671)
	(40,763)	(59,442)	(100,407)	(146,131)
	14,814	1,460	21,201	(63,273)
Effect of Translation Adjustment				
	(4,376)	(290)	(2,956)	1,989
Increase (Decrease) in Cash Position	10,438	1,170	18,245	(61,284)
Cash Position - Beginning of Period	91,303	41,291	83,496	103,745
Cash Position - End of Period	101,741	42,461	101,741	42,461
Comprised of:				
Cash	108,704	63,055	108,704	63,055
Unpresented cheques	(6,963)	(20,594)	(6,963)	(20,594)
	101,741	42,461	101,741	42,461

LINAMAR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2009 and September 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. Inventories (in thousands of dollars)

	September 30, 2009	December 31, 2008
	\$	\$
Raw materials	135,664	176,310
Work-in-process	55,364	57,089
Finished goods	45,416	84,589
	<u>236,444</u>	<u>317,988</u>

In the quarter ending September 30, 2009 the company recognized write-downs of slow moving and obsolete material of \$443 in comparison to \$1,227 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.

3. 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.

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. 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 September 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 September 30, 2009.

On August 26, 2009, 999,999 options were granted with an average exercise price of \$12.89 per option. 333,333 of the options vested 50% on the grant date with the remaining vesting on the next anniversary date of the grant. The remaining 666,666 options vested 10% on the date of grant with additional 10% vesting on each of the next nine consecutive anniversary dates of grant.

The weighted average fair value of share options granted, and the weighted average assumptions used in the fair value estimation at the time of grant, using the Black-Scholes model, are as follows

Share option fair value (per share)	\$6.15
Risk free interest rate	3.39%
Expected life (years)	10.0
Expected volatility	52.71%
Dividend yield	2.49%

The risk free interest rate used in determining the fair value of the options granted is based on a Government of Canada 10 year zero coupon yield that was current at the time of the grant. The expected life is the maximum term of the share options. The expected volatility considers the historical volatility of company's shares. The dividend yield is the annualized dividend current at the date of grant divided by the average exercise price.

6. Accumulated Other Comprehensive (Loss) Earnings (in thousands of dollars)

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2009	2008	2009	2008
	\$	\$	\$	\$
Balance – Beginning of Period	(77,879)	(48,061)	(81,219)	(79,985)
Other comprehensive (loss) earnings for the period	(17,665)	(15,078)	(14,325)	16,846
Balance – End of Period	(95,544)	(63,139)	(95,544)	(63,139)

7. 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 September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
	\$	\$	\$	\$
Government sponsored	3,627	4,642	11,727	16,581
Company sponsored	2,813	3,724	7,343	9,346

8. 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 September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
	\$	\$	\$	\$
Foreign Exchange (Loss)/Gain	(2,576)	(628)	(386)	1,687

9. Business Acquisitions (in thousands of dollars)**a) Eagle Manufacturing II, LLC**

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 September 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.

	Eagle Mfg \$
Cash	-
Accounts receivable	5,745
Inventory	2,450
Prepaid expenses	34
Income taxes recoverable	55
Property, plant and equipment	6,240
Future income tax asset	632
Total assets acquired	15,156
Accounts payable	6,320
Long term debt	7,609
Total liabilities assumed	13,929
Total cash consideration	1,227

b) Visteon Swansea Limited

On July 7, 2008, the company acquired 100% of the issued and outstanding shares of Visteon Swansea Limited, subsequently named Linamar Automotive Systems Swansea Company Limited (LASSCo), an automotive manufacturing facility based in Wales, United Kingdom. LASSCo is the sister plant of the company's recently acquired Power Transfer Units business in Nuevo Laredo, Mexico.

This acquisition was accounted for using the purchase method, with results of operations included in the consolidated financial statements from the acquisition date. The net purchase price of \$1,671 was allocated based on the fair value of the net identifiable assets acquired. This allocation resulted in an excess of the fair value of the net identifiable assets over the cost of the purchase, which is sometimes referred to as negative goodwill. The negative goodwill was allocated to the fair value of the long-term assets acquired and the remaining excess of \$8,139 as of September 30, 2008 was recognized as an extraordinary gain.

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2009 \$	2008 \$	2009 \$	2008 \$
(Loss) Earnings from Continuing Operations	(493)	3,345	(49,767)	64,806
Net (Loss) Earnings for the Period	(493)	11,484	(61,485)	72,945
Weighted average common shares	64,701,876	66,370,431	64,701,876	67,522,913
(Loss) Earnings Per Share from Continuing Operations				
Basic	(0.01)	0.05	(0.77)	0.96
Diluted	(0.01)	0.05	(0.77)	0.96
(Loss) Earnings Per Share from Net (Loss) Earnings				
Basic	(0.01)	0.17	(0.95)	1.08
Diluted	(0.01)	0.17	(0.95)	1.08

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

11. 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 24.79%, 14.05% and 7.25% (2008 – 13.4%, 13.1%, and 8.2%) of total segmented sales and are all part of the Powertrain/Driveline segment.

Geographic	Three Months Ended September 30		Nine Months Ended September 30	
	2009 \$	2008 \$	2009 \$	2008 \$
Sales to external customers				
Canada	261,151	327,504	754,243	1,137,898
United States	35,904	42,929	108,619	177,789
Asia Pacific	15,615	10,517	33,454	25,728
Mexico	39,596	42,571	107,078	147,506
Europe	68,862	116,839	220,636	291,393
Total	421,128	540,360	1,224,030	1,780,314

Operational	Three months ended September 30, 2009			Nine months ended September 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	379,247	2,648	12,021	1,077,056	7,518	(38,898)	1,315,976
Industrial	41,881	172	(8,527)	146,974	374	(19,463)	299,174
Total	421,128		3,494	1,224,030		(58,361)	1,615,150

	Three months ended September 30, 2008			Nine months ended September 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	432,436	4,040	4,876	1,391,338	23,861	74,198	1,503,642
Industrial	107,924	359	2,355	388,976	609	35,307	354,679
Total	540,360		7,231	1,780,314		109,505	1,858,321

12. 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 September 30, 2009, outstanding commitments for capital expenditures under purchase orders and contracts amounted to approximately \$31,543. Of this amount, \$30,980 relates to the purchase of manufacturing equipment and \$563 relates to general contracting and construction costs in respect of plant construction. The majority of these commitments are due within the next twelve months.

13. Guarantees (in thousands of dollars)

The company has guaranteed the lease payments of Eagle Manufacturing II, 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 \$8,021 over the remaining lease term, of which \$7,498 is recorded in capital leases.

The company has various other guarantees for a maximum potential future payment of \$21,627 over various terms of 4 to 5 years. The company has estimated recourse, in the form of equipment, in the amount of \$13,945.

14. Related Party Transactions (in thousands of dollars)

The company has a commitment of \$70 to a company owned by the spouse of an officer and director. Included in cost of sales, are maintenance costs of \$93 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 \$5 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.

15. 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 September 30, 2009 was \$798,244 (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.

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 September 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 September 30, 2009 and related notes thereto.

This MD&A has been prepared as at November 12, 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 9,200 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 third quarter of 2009 and 2008:

<i>(in millions of dollars, except content per vehicle numbers)</i>	Three Months Ended September 30				Nine Months Ended September 30			
	2009	2008	+/-	%	2009	2008	+/-	%
Sales	\$ 421.1	\$ 540.4	\$ (119.3)	(22.1%)	\$ 1,224.0	\$ 1,780.3	\$ (556.3)	(31.2%)
Gross Margin	28.7	40.2	(11.5)	(28.6%)	16.2	207.1	(190.9)	(92.2%)
Operating Earnings (Loss)	3.5	7.2	(3.7)	(51.4%)	(58.4)	109.5	(167.9)	(153.3%)
Earnings (Loss) from Continuing Operations	(0.5)	3.4	(3.9)	(114.7%)	(49.8)	64.8	(114.6)	(176.9%)
Net Earnings (Loss)	\$ (0.5)	\$ 12.0	\$ (12.5)	(104.2%)	\$ (61.5)	\$ 72.9	\$ (134.4)	(184.4%)
Unusual Items	1.6	2.7	(1.1)		51.9	0.9	51.0	
Net Earnings (Loss) - Adjusted	\$ 1.1	\$ 14.7	\$ (13.6)	(92.5%)	\$ (9.6)	\$ 73.8	\$ (83.4)	(113.0%)
Content per Vehicle – North America	\$ 123.14	\$98.23	\$ 24.91	25.4%	\$ 131.09	\$ 102.21	\$ 28.88	28.3%
Content per Vehicle – Europe	\$ 8.45	\$10.24	\$ (1.79)	(17.5%)	\$ 6.96	\$ 8.99	\$ (2.03)	(22.6%)
Content per Vehicle – Asia Pacific	\$ 2.33	\$2.55	\$ (0.22)	(8.6%)	\$ 1.91	\$ 1.47	\$ 0.44	29.9%

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 third quarter of 2009 and 2008 as noted in the table below:

(in millions of dollars, except per share figures)	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
Net Earnings (Loss)	\$ (0.5)	\$ 12.0	\$ (61.5)	\$ 72.9
Adjustments due to unusual items				
Taxable Items before Tax				
1) Severance related to the global economic slow down	2.3	3.9	12.1	3.9
2) Capital asset impairments due to market conditions	-	-	46.3	-
3) Program specific asset write down	-	-	-	4.7
4) Ontario Capital Tax - eliminated retroactively to Jan 1, 2007	-	-	-	(4.4)
	<u>2.3</u>	<u>3.9</u>	<u>58.4</u>	<u>4.2</u>
Tax Impact	<u>(0.7)</u>	<u>(1.2)</u>	<u>(19.7)</u>	<u>(1.3)</u>
	1.6	2.7	38.7	2.9
Non-Taxable Items				
5) Goodwill Impairments	-	-	11.7	-
6) Intangible Asset Impairments	-	-	1.5	-
7) Foreign Exchange loss (gain) on Hungarian Forints held in Escrow	-	-	-	(2.0)
Adjusted Net Earnings (Loss)	<u>\$ 1.1</u>	<u>\$ 14.7</u>	<u>\$ (9.6)</u>	<u>\$ 73.8</u>
As a percentage of Sales	0.3%	2.7%	(0.8%)	4.1%
Change over Prior Year	(92.5%)		(113.0%)	
Adjusted Earnings (Loss) per Share	\$ 0.02	\$ 0.22	\$ (0.15)	\$ 1.09

1) During the first three 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, 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 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.

4) 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.

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.

