

Linamar Posts Another Strong Quarter in Sales and Earnings Growth and Continued Margin Improvement

November 14, 2012, Guelph, Ontario, Canada (TSX: LNR)

- Sales increase 6.6% over the third quarter of 2011 ("Q3 2011") to reach \$773.4 million;
- Net earnings up 56.8% over Q3 2011 to reach \$33.7 million;
- EPS is up 57.6% over Q3 2011 to reach \$0.52;
- New business wins continue to be strong, launch book at close to \$2.4 billion;
- Industrial segment sales up 14.2% and operating earnings up 153.3%;
- Powertrain/Driveline segment sales up 5.5% and operating earnings up 4.9%;
- Return on Capital Employed improved by 26.3% from Q3 2011 to reach 12.4%;
- Return on Equity increased 44.6% from Q3 2011 to 13.5%; and
- Total Debt levels reduced and Debt to Total Capitalization continues to improve reaching 40.1% since Q2 2012

(in millions of dollars, except earnings per share figures)	Three Months Ended September 30		Six Months Ended September 30	
	2012 \$	2011 \$	2012 \$	2011 \$
Sales	773.4	725.6	2,465.4	2,143.5
Operating Earnings (Loss)				
Powertrain/Driveline	47.1	44.9	147.9	126.4
Industrial	0.8	(1.5)	22.3	(3.0)
Operating Earnings (Loss)	47.9	43.4	170.2	123.4
Unusual Items	-	(2.2)	-	(2.2)
Operating Earnings (Loss) – Adjusted	47.9	41.2	170.2	121.2
Net Earnings Attributable to Shareholders of the Company	33.7	21.5	115.4	74.4
Unusual Items	-	3.6	(1.2)	3.6
Net Earnings (Loss) Attributable to Shareholders of the Company – Adjusted	33.7	25.1	114.2	78.0
Net Earnings per Share	0.52	0.33	1.78	1.15
Net Earnings (Loss) per Share – Adjusted	0.52	0.39	1.77	1.21
Unusual Items				
Taxable Items before Tax				
1) Exchange loss (gain) on the 2017 and 2021 Private Placement Notes	-	7.9	(1.6)	7.9
Tax Impact	-	(2.1)	0.4	(2.1)
Non-Taxable Items				
2) Bargain purchase gain on Famer acquisition	-	(2.2)	-	(2.2)
Total Unusual Items	-	3.6	(1.2)	3.6

Operating Highlights

Sales for the third quarter of 2012 ("Q3 2012") were \$773.4 million, up \$47.8 million from \$725.6 million in Q3 2011.

Sales for the Powertrain/Driveline segment increased by \$35.1 million, or 5.5% in Q3 2012 to \$671.4 million compared to \$636.3 million in Q3 2011. The sales increase in the third quarter was impacted by:

- additional sales from new and expanded facilities;
- higher volumes on increased consumer demand in the US;
- significant levels of newly launched programs in each of Canada, Mexico and Asia from the Company's substantial book of launch business; offset by:
- decreased consumer demand in Europe.

Industrial segment sales increased 14.2%, or \$12.7 million from Q3 2011 to \$102.0 million. The sales increase was:

- primarily due to increases in demand in the access equipment markets resulting from fleet replacement initiatives;
- increases in demand in the agricultural equipment markets serviced by the European Fabrication Division; and
- to a lesser extent due to increases in the energy programs that were awarded and now have started to launch.

The company's operating earnings for Q3 2012 were \$47.9 million. This compares to adjusted operating earnings of \$41.2 million in Q3 2011, an increase of \$6.7 million.

Q3 2012 operating earnings of \$47.1 million for the Powertrain/Driveline segment were higher by \$4.4 million from adjusted operating earnings of \$42.7 million in Q3 2011. The segment experienced the following in Q3 2012:

- improved margins as production volumes increased on launching and mature programs;
- lower amount of start-up costs in comparison to the level of start-up activity in Q3 2011; and
- the bargain purchase gain recognized on the Famer Group acquisition in Q3 2011.

The Q3 2012 operating earnings for the Industrial segment were \$0.8 million, a 153.3% improvement from operating losses of \$1.5 million in Q3 2011. The Industrial operating earnings were predominantly driven by:

- margin improvements on the increased volumes in the access equipment market;
- margin improvements on the increased volumes in the agricultural equipment markets; and
- a favourable mix towards higher margin sales; partially offset by:
- the weakening US dollar and EUR against other currencies in the quarter compared to the same period in 2011 that resulted in a foreign exchange loss in Q3 2012 as compared to a foreign exchange gain in Q3 2011;
- continued investment in labour and fixed overhead costs at Skyjack to support the future growth in the market; and
- to a lesser extent, launch costs associated with the energy programs.

"We are very pleased to see another strong quarter in Q3 in both sales and earnings growth," said Linamar CEO Linda Hasenfratz. "Earnings growth continues to outpace sales growth by a significant factor, leverage ratios continue to improve and we continue to see great improvements in ROCE and ROE. Our substantial launch book is driving great growth in the near term, and our competitive strength and an opportunistic market is helping us build for long term sustainable growth at Linamar."

Dividends

The Board of Directors today declared an eligible dividend in respect to the quarter ended September 30, 2012 of CDN\$0.08 per share on the common shares of the company, payable on or after December 7, 2012 to shareholders of record on November 26, 2012.

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 2012 Conference Call Information

Linamar will hold a conference call on November 14, 2012 at 5:00 p.m. EST to discuss its third quarter results. The numbers for this call are (647) 427-3382 (local/overseas) or (888) 424-9894 (North America) confirmation number 12303441, 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 quarterly financial statements, including the Management's Discussion & Analysis will be available on the company's website after 4 p.m. EST on November 14, 2012 and at www.sedar.com by the start of business on November 15, 2012. A taped replay of the conference call will also be made available starting at 11:00 p.m. on November 14, 2012 for seven days. The number for replay is (855) 859-2056, Conference ID 12303441. 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.

Audio only streaming of the conference call available. Follow this link to connect <http://www.meetview.com/linamar20121114>

Q4 2012 Conference Call Information

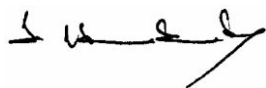
Linamar will hold a conference call on March 6, 2013 at 5:00 p.m. EST to discuss its fourth quarter/year end results. The numbers for this call are (647) 427-3383 (local/overseas) or (888) 424-9894 (North America) confirmation number 61988753, with a call-in required 10 minutes prior to the start of the conference call. The conference call will be chaired by Linda Hasenfratz, Linamar's Chief Executive Officer. A copy of the company's quarterly/year end financial statements, including the Management's Discussion & Analysis will be available on the company's website after 4 p.m. EST on March 6, 2013 and at www.sedar.com by the start of business on March 7, 2013. A taped replay of the conference call will also be made available starting at 11:00 p.m. on March 6, 2013 for seven days. The number for replay is (855) 859-2056, Conference ID 61988753. 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.

Audio only streaming of the conference call available. Follow this link to connect <http://www.meetview.com/linamar20130306>


Linamar Corporation (TSX:LNR) is a diversified global manufacturing Company of highly engineered products powering vehicles, motion, work and lives. The Company is made up of 2 operating segments – the Powertrain/Driveline segment and the Industrial segments which are further divided into 4 key divisions – Manufacturing, Driveline, Industrial Commercial Energy ("ICE") and Skyjack, all world leaders in the design, development and production of highly engineered products. The Company's Manufacturing and Driveline divisions focus on precision metallic components, modules and systems for engine, transmission and driveline systems designed for passenger vehicle markets. The ICE group concentrates on similar products for on and off highway vehicle, energy and other industrial markets. The Company's Skyjack division is noted for its innovative, high quality mobile industrial equipment, notably its class-leading aerial work platforms and telehandlers. With more than 16,700 employees in 39 manufacturing locations, 5 R&D centers and 15 sales offices in 12 countries in North America, Europe and Asia, Linamar generated sales of more than \$2.8 Billion in 2011. 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 14, 2012

LINAMAR CORPORATION**Consolidated Statements of Financial Position**

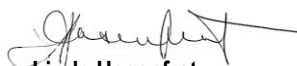
As at September 30, 2012 with comparatives as at December 31, 2011 (Unaudited)

(in thousands of Canadian dollars)

	September 30 2012 \$	December 31 2011 \$
ASSETS		
Cash and cash equivalents	59,148	99,129
Accounts and other receivables (Note 5)	551,896	509,416
Inventories	416,398	380,274
Income taxes recoverable	7,872	12,971
Current portion of long-term receivables	8,714	5,753
Other current assets	12,558	7,354
Total Current Assets	1,056,586	1,014,897
Long-term receivables	29,276	18,132
Property, plant and equipment	1,230,408	1,110,284
Deferred tax assets	44,372	40,654
Goodwill	22,967	23,409
Intangible assets	12,046	13,812
Total Assets	2,395,655	2,221,188
LIABILITIES		
Accounts payable and accrued liabilities	575,352	577,590
Provisions	20,053	14,913
Income taxes payable	15,775	4,444
Derivative financial instruments (Note 6)	535	1,779
Current portion of long-term debt (Note 7)	898	910
Total Current Liabilities	612,613	599,636
Long-term debt (Note 7)	706,912	654,772
Derivative financial instruments (Note 6)	2,168	2,108
Deferred tax liabilities	66,665	54,782
Total Liabilities	1,388,358	1,311,298
EQUITY		
Capital stock	108,215	108,215
Retained earnings	950,671	850,755
Contributed surplus	17,771	16,022
Accumulated other comprehensive loss	(69,360)	(65,102)
Equity Attributable to Shareholders of the Company	1,007,297	909,890
Total Liabilities and Equity	2,395,655	2,221,188

The accompanying Notes are an integral part of these consolidated interim financial statements.

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, 2012 and September 30, 2011 (Unaudited)

(in thousands of Canadian dollars, except per share figures)

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2012	2011	2012	2011
	\$	\$	\$	\$
Sales	773,354	725,550	2,465,441	2,143,473
Cost of Sales	681,619	651,561	2,171,778	1,920,408
Gross Margin	91,735	73,989	293,663	223,065
Selling, general and administrative	40,595	37,110	120,377	106,812
Other income and (expenses)	(3,236)	6,490	(3,113)	7,111
Operating Earnings	47,904	43,369	170,173	123,364
Finance expenses (Note 8)	7,719	17,478	21,756	28,121
	40,185	25,891	148,417	95,243
Provision for (Recovery of) Income Taxes				
Current	7,568	(2,318)	30,915	1,931
Deferred	(1,114)	6,691	2,058	18,940
	6,454	4,373	32,973	20,871
Net Earnings for the Period	33,731	21,518	115,444	74,372
Net Earnings Attributable to:				
Shareholders of the Company	33,731	21,508	115,444	74,348
Non-Controlling Interests	-	10	-	24
	33,731	21,518	115,444	74,372
Net Earnings Per Share:				
Basic	0.52	0.33	1.78	1.15
Diluted	0.52	0.33	1.78	1.15

The accompanying Notes are an integral part of these consolidated interim financial statements.

LINAMAR CORPORATION**Consolidated Statements of Comprehensive Earnings**

For the nine months ended September 30, 2012 and September 30, 2011 (Unaudited)

(in thousands of Canadian dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
	\$	\$	\$	\$
Net Earnings for the Period	33,731	21,518	115,444	74,372
Other Comprehensive Earnings (Loss)				
Unrealized gains (losses) on translating financial statements of foreign operations	(17,100)	5,827	(7,416)	20,480
Change in unrealized gains (losses) on derivative instruments designated as cash flow hedges	(10,187)	9,536	(2,011)	1,569
Tax impact of change in unrealized gains (losses) on derivative instruments designated as cash flow hedges	2,738	(2,529)	624	(440)
Reclassification to earnings of gains (losses) on cash flow hedges	12,079	(8,991)	6,213	(2,988)
Tax impact of reclassification to earnings of gains (losses) on cash flow hedges	(3,206)	2,395	(1,668)	806
	(15,676)	6,238	(4,258)	19,427
Comprehensive Earnings for the Period	18,055	27,756	111,186	93,799
Comprehensive Earnings Attributable to:				
Shareholders of the Company	18,055	27,629	111,186	93,606
Non-Controlling Interests	-	127	-	193
	18,055	27,756	111,186	93,799

The accompanying Notes are an integral part of these consolidated interim financial statements.

LINAMAR CORPORATION

Consolidated Statements of Changes in Equity

As at September 30, 2012 with comparatives as at September 30, 2011 (Unaudited)

(in thousands of Canadian dollars)

	Capital stock \$	Retained earnings \$	Contributed surplus \$	Cumulative translation adjustment \$	Hedging reserves \$	Equity Attributable to Shareholders of the Company \$	Non- controlling Interests \$	Total Equity \$
Balance at January 1, 2012	108,215	850,755	16,022	(63,705)	(1,397)	909,890	-	909,890
Net earnings	-	115,444	-	-	-	115,444	-	115,444
Other comprehensive earnings (loss)	-	-	-	(7,416)	3,158	(4,258)	-	(4,258)
Comprehensive Earnings (Loss)	-	115,444	-	(7,416)	3,158	111,186	-	111,186
Share-based compensation	-	-	1,749	-	-	1,749	-	1,749
Dividends	-	(15,528)	-	-	-	(15,528)	-	(15,528)
Balance at September 30, 2012	108,215	950,671	17,771	(71,121)	1,761	1,007,297	-	1,007,297
	Capital stock \$	Retained earnings \$	Contributed surplus \$	Cumulative translation adjustment \$	Hedging reserves \$	Equity Attributable to Shareholders of the Company \$	Non- controlling Interests \$	Total Equity \$
Balance at January 1, 2011	108,215	770,063	13,561	(37,612)	462	854,689	503	855,192
Net earnings	-	74,348	-	-	-	74,348	24	74,372
Other comprehensive earnings (loss)	-	-	-	20,435	(1,053)	19,382	45	19,427
Comprehensive Earnings (Loss)	-	74,348	-	20,435	(1,053)	93,730	69	93,799
Share-based compensation	-	-	2,360	-	-	2,360	-	2,360
Dividends	-	(15,528)	-	-	-	(15,528)	-	(15,528)
Acquisition of non-controlling interests	-	-	139	(125)	-	14	(572)	(558)
Balance at September 30, 2011	108,215	828,883	16,060	(17,302)	(591)	935,265	-	935,265

The accompanying Notes are an integral part of these consolidated interim financial statements.

LINAMAR CORPORATION

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2012 and September 30, 2011 (Unaudited)

(in thousands of Canadian dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
	\$	\$	\$	\$
Cash provided by (used in)				
Operating Activities				
Net earnings for the period	33,731	21,518	115,444	74,372
Non-cash charges (credits) to earnings:				
Amortization of property, plant and equipment	49,889	44,340	139,402	131,034
Amortization of other intangible assets	564	603	1,696	1,986
Deferred income taxes	(727)	6,691	2,058	18,940
Unrealized exchange loss (gain) on debt	(593)	8,644	(2,391)	8,116
Net loss (gain) on disposal of property, plant and equipment	1,803	515	1,801	(443)
Share-based compensation	583	714	1,749	2,360
Finance expense	793	904	2,286	1,287
Other	(1,671)	(3,319)	(4,514)	(4,181)
	84,372	80,610	257,531	233,471
Changes in non-cash working capital				
(Increase) decrease in accounts and other receivables	28,844	10,500	(49,494)	(143,593)
(Increase) decrease in inventories	(21,144)	(25,678)	(38,380)	(63,969)
(Increase) decrease in other current assets	(4,331)	(1,912)	(5,196)	(2,611)
Increase (decrease) in income taxes	11,768	(8,150)	19,709	(24,071)
Increase (decrease) in accounts payable and accrued liabilities	(25,694)	(15,456)	49,529	78,722
Increase (decrease) in provisions	2,663	1,638	5,140	3,518
	(7,895)	(39,058)	(18,692)	(152,004)
Cash generated from (used in) continuing operations	76,478	41,552	238,839	81,467
Financing Activities				
Proceeds from long-term debt	7,767	64,959	59,800	239,520
Repayment of long-term debt	(21,287)	(349)	-	(3,518)
Acquisition of non-controlling interest	-	(971)	-	(971)
(Increase) decrease in long-term receivables	(5,955)	(881)	(14,264)	(9,240)
Dividends to shareholders	(5,176)	(5,176)	(15,528)	(15,528)
Interest received (paid)	(10,292)	(9,789)	(25,164)	(20,062)
	(34,943)	47,793	4,844	190,201
Investing Activities				
Payments for purchase of property, plant and equipment	(89,599)	(87,549)	(283,297)	(255,316)
Proceeds on disposal of property, plant and equipment	579	5,781	961	10,871
Business acquisitions (Note 12)	-	(3,504)	-	(30,068)
	(89,020)	(85,272)	(282,336)	(274,513)
	(47,485)	4,073	(38,653)	(2,845)
Effect of translation adjustment	(1,893)	2	(1,328)	955
Increase (decrease) in cash and cash equivalents	(49,378)	4,075	(39,981)	(1,890)
Cash and cash equivalents - Beginning of Period	108,526	72,942	99,129	78,907
Cash and cash equivalents - End of Period	59,148	77,017	59,148	77,017
Comprised of:				
Cash and cash equivalents	74,552	91,618	74,552	91,618
Unpresented cheques	(15,404)	(14,601)	(15,404)	(14,601)
	59,148	77,017	59,148	77,017

The accompanying Notes are an integral part of these consolidated interim financial statements.

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the nine months ended September 30, 2012 and September 30, 2011 (Unaudited)
(in thousands of Canadian dollars, except where otherwise noted)

1 General Information

Linamar Corporation (the "Company") is a diversified global manufacturing company of highly engineered products. The Company is an Ontario, Canada corporation with common shares listed on the Toronto Stock Exchange. The registered office is located at 287 Speedvale Avenue West, Guelph, Ontario, Canada.

2 Significant Accounting Policies

The Company has prepared these unaudited consolidated interim financial statements ("interim financial statements") using the same accounting policies and methods as those used in the Company's audited consolidated annual financial statements ("annual financial statements") for the year ended December 31, 2011, except as described in Note 3. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of Presentation

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting. Accordingly, certain information and footnotes as required in the annual financial statements have been omitted or condensed and as such these interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2011.

These consolidated financial statements were prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value.

3 Changes in Accounting Policies

New Standards Adopted

IFRS 7 Financial Instruments: Disclosures

Effective for interim and annual financial statements relating to fiscal years beginning on or after July 1, 2011 the IASB issued amendments regarding disclosure requirements relating to transfers of financial assets.

IAS 12 Income Taxes

Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2012 the IASB issued amendments regarding deferred taxes arising from non-depreciable assets measured using the revaluation model in IAS 16 Property Plant and Equipment and from investment property that is measured using the fair value model in IAS 40 Investment Property.

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

New Standards and Interpretations Not Yet Adopted

At the date of authorization of these interim financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements. Information on new standards, amendments and interpretations not previously discussed that are expected to be relevant to the Company's financial statements is provided below.

IFRS 7 Financial Instruments: Disclosures

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the nine months ended September 30, 2012 and September 30, 2011 (Unaudited)
(in thousands of Canadian dollars, except where otherwise noted)

Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2013, the IASB issued further disclosures required that will enable users of financial statements to evaluate the effect or potential effect of netting arrangements including rights of set-off associated with an entity's recognized financial assets and recognized financial liabilities, on the entity's financial position. The Company does not anticipate a significant impact to the financial statements related to these amendments.

IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

IFRS 9 was a previously issued new standard to partially replace IAS 39 Financial Instruments: Recognition and Measurement. Originally it was to be effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2013, but the IASB has changed the mandatory effective date and included additional disclosures about its initial adoption. The mandatory effective date of IFRS 9 has been changed to annual periods beginning on or after January 1, 2015. Disclosures that illustrate the effect of adopting IFRS 9 have been added to IFRS 7. The amendments to IFRS 7 have been incorporated into Appendix C of IFRS 9. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

Management is currently assessing the impact that this amendment will have on the financial statements of the Company. However, they do not expect to implement the amendments until all chapters of the IAS 39 replacement have been published and they can comprehensively assess the impact of all changes.

IAS 32 Financial Instruments: Presentation

Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2014, the IASB amended this standard in regards to offsetting financial assets and financial liabilities to clarify the meaning of the offsetting criterion "currently has a legally enforceable right to set off" and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. The Company does not anticipate a significant impact to the financial statements related to these amendments.

IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities

Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2013, the IASB issued amendments to clarify the transition guidance for IFRS 10 and to provide additional transition relief in IFRS 10, IFRS 11 and IFRS 12. The amendments will limit the requirement to provide adjusted comparative information to only the preceding comparative period. The Company does not anticipate a significant impact to the financial statements related to these amendments.

The following standards have been amended to reflect Annual Improvements 2009-2011 Cycle, issued by the IASB in May 2012:

IFRS 1 First-time Adoption of International Financial Reporting Standards

Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2013, the IASB issued amendments to allow for the repeat application of IFRS 1. The Company does not anticipate the application of this standard and its amendments.

IAS 1 Presentation of Financial Statements

Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2013, the IASB amended this standard to clarify the requirements for providing comparative information in the financial statements. The Company does not anticipate a significant impact to the financial statements related to these amendments.

IAS 16 Property, Plant and Equipment

Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2013, the IASB amended this standard to clarify classification requirements for servicing equipment. The Company does not anticipate a significant impact to the financial statements related to this amendment.

IAS 32 Financial Instruments: Presentation

Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2013, the IASB amended this standard to clarify the income tax consequences of distributions to holders of an equity instrument and of transaction costs of an equity transaction. The Company does not anticipate a significant impact to the financial statements related to this amendment.

IAS 34 Interim Financial Reporting

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the nine months ended September 30, 2012 and September 30, 2011 (Unaudited)
(in thousands of Canadian dollars, except where otherwise noted)

Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2013, the IASB amended this standard to clarify the requirements on segment information for total assets and liabilities for each reporting segment. The standard was also amended to require disclosures about fair value of financial instruments. The Company is currently evaluating the impact of the amended standard to the financial statements.

4 Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgements about the future. Estimates and judgements are continually evaluated and are based on the historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates under different assumptions or conditions. Management's most critical estimates and assumptions in determining the value of assets and liabilities and most critical judgements in applying accounting policies have been set out in Note 5 of the Company's annual financial statements for the year ended December 31, 2011.

5 Sale of Receivables

During the second quarter of 2012, the Company entered into an agreement to sell certain accounts receivable with one customer without recourse, on a continuous basis to a third-party factoring company in exchange for cash. Under the agreement, which can be terminated by either party at any time, receivables are sold on a fully serviced basis, where the Company continues to administer the collection of such receivables, but receives no administration fee. The Company receives payment from the factoring company at a discount calculated from the date the receivables are sold to either the customer's due date or a specified number of days thereafter. All the risks and rewards of the trade receivables subject to this arrangement are transferred to the factoring company, and accordingly, \$25,865 of trade receivables were derecognised as at September 30, 2012. Included in finance expenses are discount fees incurred of \$126 for the three months ended September 30, 2012 and \$177 for the nine months ended September 30, 2012.

6 Foreign Exchange Risk Management

During 2010, the Company completed the placement of USD \$130 million of senior unsecured Notes due in 2017. During the first quarter of 2011, the Company entered into a long-dated forward exchange contract to lock in the exchange rate on the principal repayment component upon maturity of the Notes and to hedge the effective changes in exchange rates. The long-dated forward exchange contracts have been designated as cash flow hedges for accounting purposes. As such, gains of \$1,820 for the three months ended September 30, 2012 and gains of \$4,607 for the nine months ended September 30, 2012 (gains of \$9,224 for the three months ended September 30, 2011 and gains of \$5,440 for the nine months ended September 30, 2011) reflecting the change in the fair value and the amortization of forward points of these contracts were recorded in other comprehensive earnings.

The Company also entered into a series of forward exchange contracts to lock in the exchange rate on the semi-annual coupon payments on the USD \$130 million of senior unsecured Notes due in 2017. The forward exchange contracts have been designated as cash flow hedges for accounting purposes. As such, losses of \$1,003 for the three months ended September 30, 2012 and losses of \$688 for the nine months ended September 30, 2012 (gains of \$3,051 for the three months ended September 30, 2011 and gains of \$1,471 for the nine months ended September 30, 2011) reflecting the change in the fair value of these contracts were recorded in other comprehensive earnings, along with a reclassification to earnings of foreign exchange losses of \$65 and interest expense recovery of \$16 for the three months ended September 30, 2012 and foreign exchange losses of \$77 and interest expense recovery of \$24 for the nine months ended September 30, 2012 (foreign exchange gains of \$127 and interest expense recovery of \$145 for the three months ended September 30, 2011 and foreign exchange gains of \$107 and interest expense of \$50 for the nine months ended September 30, 2011).

During 2011, the Company completed the placement of additional USD \$130 million of senior unsecured Notes due in 2021. During the first quarter of 2012, the Company entered into a long-dated forward exchange contract to lock in the exchange rate on the principal repayment component upon maturity of the Notes and to hedge the effective changes in exchange rates. The long-dated forward exchange contracts have been designated as cash flow hedges for accounting purposes. As such, gains of \$2,318 for the three months ended September 30, 2012 and gains of \$1,079 for the nine months ended September 30, 2012

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the nine months ended September 30, 2012 and September 30, 2011 (Unaudited)
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reflecting the change in the fair value and the amortization of forward points of these contracts were recorded in other comprehensive earnings.

The Company also entered into a series of forward exchange contracts to lock in the exchange rate on the semi-annual coupon payments on the USD \$130 million of senior unsecured Notes due in 2021. The forward exchange contracts have been designated as cash flow hedges for accounting purposes. As such, losses of \$1,307 for the three months ended September 30, 2012 and losses of \$864 for the nine months ended September 30, 2012 reflecting the change in the fair value of these contracts were recorded in other comprehensive earnings, along with a reclassification to earnings of foreign exchange losses of \$28 and interest expense recovery of \$12 for the three months ended September 30, 2012 and foreign exchange losses of \$1 and income expense of \$16 for the nine months ended September 30, 2012.

7 Long-Term Debt

	September 30 2012 \$	December 31 2011 \$
Senior unsecured notes	309,747	316,071
Bank borrowings	373,394	328,962
Obligations under finance leases	2,979	3,743
Government borrowings	21,690	6,906
	707,810	655,682
Less: current portion	898	910
	706,912	654,772

In March 2011, the Company completed the renewal of a four year \$600 million bank revolving credit facility expiring March 2015. The facility is unsecured and is guaranteed by material subsidiaries as defined in the credit agreement. The bank facility agreement requires the Company to maintain certain financial ratios and imposes limitations on specified activities. In March 2012, the Company exercised the \$100 million accordion feature on this credit facility to increase the facility amount to \$700 million. This exercise of this feature does not impact any other terms or conditions within the credit facility including the term or covenant requirements of the agreement. As of September 30, 2012, \$323,012 was available under the credit facility.

In September 2011, the Company completed a private placement of USD \$130 million aggregate principle amount of senior unsecured notes. The Notes are comprised of USD \$130 million at ten (10) year term bearing interest at 4.84% per annum. The net proceeds from the sale of the Notes will be used for general corporate purposes.

8 Finance Expenses

	Three Months Ended		Nine Months Ended	
	September 30 2012 \$	September 30 2011 \$	September 30 2012 \$	September 30 2011 \$
Interest on long-term debt	4,813	6,204	14,372	15,555
Translation adjustments related to foreign currency borrowings	(114)	8,419	(1,568)	8,028
Changes in fair value of fair value hedges	(188)	953	(484)	820
Changes in fair value of cash flow hedges	93	207	77	127
Other interest and finance charges	3,115	1,695	9,359	3,591
	7,719	17,478	21,756	28,121

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the nine months ended September 30, 2012 and September 30, 2011 (Unaudited)
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9 Commitments

As at September 30, 2012, outstanding commitments for capital expenditures under purchase orders and contracts amounted to approximately \$156,630 (\$221,853 at September 30, 2011). Of this amount, \$138,238 (\$182,060 at September 30, 2011) relates to the purchase of manufacturing equipment and \$18,392 (\$39,793 at September 30, 2011) relates to land and general contracting and construction costs in respect of plant construction. All of these commitments are due within the next twelve months. Of the outstanding commitments, \$11,587 (\$37,446 at September 30, 2011) represents amounts committed to a company owned by the spouse of an officer and director.

10 Related Party Transactions

Included in the costs of property, plant and equipment is the construction of buildings, building additions and building improvements in the aggregate amount of \$10,661 at September 30, 2012 (\$6,718 at September 30, 2011) paid to a company owned by the spouse of an officer and director. Included in the cost of sales is maintenance costs and rent of \$214 for the three months ended September 30, 2012 and \$596 for the nine months ended September 30, 2012 (\$121 for three months ended September 30, 2011 and \$668 for the nine months ended September 30, 2011) paid to the same company. The maintenance and construction costs represent general contracting and construction activities related to plant construction, improvements, additions and maintenance for a number of facilities. Amounts owed to the same company at September 30, 2012 were \$284 (\$1,277 at September 30, 2011).

11 Segmented Information

Management has determined the operating segments based on the reports reviewed by the senior executive group that are used to make strategic decisions.

Powertrain/Driveline Segment derives revenues primarily from the collaborative design, development and manufacture of precision metallic components, modules and systems for global vehicle and power generation markets.

Industrial Segment is a world leader in the design and production of innovative mobile industrial equipment, notably its class-leading aerial work platforms and telehandlers.

The segments are differentiated by the products that each produces and reflects how the senior executive group manages the business. Corporate headquarters and other small operating entities are allocated to the Powertrain/Driveline and Industrial operating segments accordingly.

The Company accounts for inter-segment sales and transfers as arm's length transactions at current market rates. The Company ensures that the measurement and policies are consistently followed among the Company's reportable segments for sales, operating earnings, net earnings and assets.

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the nine months ended September 30, 2012 and September 30, 2011 (Unaudited)
(in thousands of Canadian dollars, except where otherwise noted)

	Three Months Ended September 30, 2012			Nine Months Ended September 30, 2012			
	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Sales to external customers	Inter-segment sales	Operating Earnings (loss)	Assets from Continuing Operations
	\$	\$	\$	\$	\$	\$	\$
Powertrain/Driveline	671,329	69	47,128	2,073,501	141	147,864	2,045,136
Industrial	102,025	887	776	391,940	2,417	22,309	350,519
Total	773,354	956	47,904	2,465,441	2,558	170,173	2,395,655

	Three Months Ended September 30, 2011			Nine Months Ended September 30, 2011			
	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Sales to external customers	Inter-segment sales	Operating Earnings (loss)	Assets from Continuing Operations
	\$	\$	\$	\$	\$	\$	\$
Powertrain/Driveline	636,262	953	44,846	1,887,909	2,598	126,321	1,970,262
Industrial	89,288	42	(1,477)	255,564	1,494	(2,957)	283,817
Total	725,550	995	43,369	2,143,473	4,092	123,364	2,254,079

12 Business Acquisitions

On February 15, 2011, the Company acquired certain assets of the Famer Group's commercial and industrial components business to expand its global footprint to France. The assets acquired consist of three facilities which manufacture cylinder heads, blocks, gears and other engine and transmission parts for large engines, off-highway and automotive applications and are located in St Romain en Gier, St Etienne and Montfaucon, France.

The preliminary purchase price was \$26,564, however during the third quarter of 2011 the purchase price allocation was finalized resulting in a purchase price of \$30,068.

The following table summarizes the consideration paid for Famer Group's acquired assets, and the fair value of the assets acquired and liabilities assumed recognized at the acquisition date.

	February 15 2011 \$
Cash	29,197
Liability to Famer Group	185
Contingent consideration	686
Total consideration	30,068

LINAMAR CORPORATION

Notes to Consolidated Financial Statements

For the nine months ended September 30, 2012 and September 30, 2011 (Unaudited)
(in thousands of Canadian dollars, except where otherwise noted)

Recognized amounts of identifiable assets acquired and liabilities assumed:

	Fair value \$
Accounts and other receivables	4,923
Inventory	9,076
Property, plant and equipment	21,812
Intangibles	2,106
Total assets acquired	37,917
Accounts payable and accrued liabilities	2,289
Long term debt	2,508
Deferred tax liability	850
Total liabilities assumed	5,647
Net assets acquired	32,270
Gain recognized due to bargain purchase	2,202

A gain of \$2,202 was recognized in cost of sales as the fair value of the assets acquired exceeded the value of consideration paid. This transaction resulted in a gain due to the recognition of consumables and maintenance inventory and the recognition of a beneficial lease intangible due to the fair value of net assets acquired in excess of the purchase price and in particular due to the possession of a building lease at favorable terms.

LINAMAR CORPORATION

Management's Discussion and Analysis

For the Quarter Ended September 30, 2012

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 interim financial statements for the quarter ended September 30, 2012 and related notes thereto, which have not been reviewed by the Company's external auditors, and in conjunction with the Company's annual MD&A for the year ended December 31, 2011. This MD&A has been prepared as at November 14, 2012.

The financial information presented herein has been prepared on the basis of International Financial Reporting Standards ("IFRS") for interim financial statements.

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 powering vehicles, motion, work and lives. The Company is made up of 2 operating segments – the Powertrain/Driveline segment and the Industrial segments which are further divided into 4 key divisions – Manufacturing, Driveline, Industrial Commercial Energy ("ICE") and Skyjack, all world leaders in the design, development and production of highly engineered products. The Company's Manufacturing and Driveline divisions focus on precision metallic components, modules and systems for engine, transmission and driveline systems designed for passenger vehicle markets. The ICE group concentrates on similar products for on and off highway vehicle, energy and other industrial markets. The Company's Skyjack division is noted for its innovative, high quality mobile industrial equipment, notably its class-leading aerial work platforms and telehandlers. With more than 16,700 employees in 39 manufacturing locations, 5 R&D centers and 15 sales offices in 12 countries in North America, Europe and Asia, Linamar generated sales of more than \$2.8 Billion in 2011. 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 2012 ("Q3 2012") and 2011 ("Q3 2011"):

(in millions of dollars, except content per vehicle numbers)	Three Months Ended September 30				Nine Months Ended September 30			
	2012 \$	2011 \$	+/- \$	+/- %	2012 \$	2011 \$	+/- \$	+/- %
Sales	773.4	725.6	47.8	6.6%	2,465.4	2,143.5	321.9	15.0%
Gross Margin	91.7	74.0	17.7	23.9%	293.7	223.1	70.6	31.6%
Operating Earnings (Loss)	47.9	43.4	4.5	10.4%	170.2	123.4	46.8	37.9%
Earnings (Loss) from Continuing Operations Attributable to Shareholders of the Company	33.7	21.5	12.2	56.7%	115.4	74.4	41.0	55.1%
Net Earnings (Loss) Attributable to Shareholders of the Company	33.7	21.5	12.2	56.7%	115.4	74.4	41.0	55.1%
Net Earnings (Loss) per Share	0.52	0.33	0.19	57.6%	1.78	1.15	0.63	54.8%
Unusual items ⁽¹⁾	-	3.6	(3.6)	(100.0%)	(1.2)	3.6	(4.8)	(133.3%)
Net Earnings (Loss) – Adjusted ⁽¹⁾	33.7	25.1	8.6	34.3%	114.2	78.0	36.2	46.4%
Net Earnings (Loss) per Share – Adjusted ⁽¹⁾	0.52	0.39	0.13	33.3%	1.77	1.21	0.56	46.3%
Content per Vehicle – North America	129.66	131.79	(2.13)	(1.6%)	123.76	130.01	(6.25)	(4.8%)
Content per Vehicle – Europe	12.77	13.03	(0.26)	(2.0%)	11.5	11.43	0.07	0.6%
Content per Vehicle – Asia Pacific	4.03	3.87	0.16	4.1%	3.97	3.84	0.13	3.4%

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

¹ "Unusual Items", "Net Earnings (Loss) – Adjusted" and "Earnings (Loss) per Share – Adjusted" are Non-GAAP measures and do not appear in the Company's consolidated financial statements and are provided as the Company believes these Non-GAAP measures provide more useful information to the reader in understanding the Company's results.

Certain unusual items affected earnings in Q3 2012 and Q3 2011 as noted in the table below:

(in millions of dollars, except per share figures)	Three Months Ended September 30		Nine Months Ended September 30	
	2012 \$	2011 \$	2012 \$	2011 \$
Net Earnings (Loss) Attributable to Shareholders of the Company	33.7	21.5	115.4	74.4
Net Earnings (Loss) per Share	0.52	0.33	1.78	1.15
Adjustments due to unusual items				
Taxable Items before Tax				
1) Exchange loss (gain) on the Private Placement Notes	-	7.9	(1.6)	7.9
Tax Impact	-	(2.1)	0.4	(2.1)
		5.8	(1.2)	5.8
Non-Taxable Items				
2) Bargain purchase gain on Famer acquisition	-	(2.2)	-	(2.2)
Adjusted Net Earnings (Loss) Attributable to Shareholders of the Company	33.7	25.1	114.2	78.0
As a percentage of Sales	4.4%	3.5%	4.6%	3.6%
Change over Prior Year	34.3%		46.4%	
Adjusted Earnings (Loss) per Share	0.52	0.39	1.77	1.21

- 1) The weakening US dollar against the Canadian dollar in the first quarter of 2012 ("Q1 2012") resulted in a foreign exchange gain on the translation of the USD \$130 million of private placement senior unsecured notes ("the 2021 Notes") that were issued on September 15, 2011. During Q1 2012, the Company entered into a series of forward exchange contracts to lock in the exchange rate related to these Notes.
- 2) The purchase in the first quarter of 2011 ("Q1 2011") of the three new automotive manufacturing facilities, formerly part of the Famer Group, in France resulted in a bargain purchase gain that was recognized during the third quarter of 2011 ("Q3 2011"). The purchase price allocation method used for accounting determined that the fair value of assets were in excess of the purchase price. This difference is considered to be a bargain purchase gain which is required to be reported in the income statement under IFRS. The purchase price accounting for this acquisition was finalized in the third quarter of 2011.

BUSINESS SEGMENT REVIEW

The Company reports its results of operations in two business segments: Powertrain/Driveline and Industrial. The segments are differentiated by the products that each produces and reflects how the chief decision makers of the Company manage the business. The following should be read in conjunction with Note 11 to the Company's consolidated interim financial statements for the quarter ended September 30, 2012.

(in millions of dollars)	Three Months Ended September 30 2012			Three Months Ended September 30 2011		
	Powertrain/Driveline \$	Industrial \$	Linamar \$	Powertrain/Driveline \$	Industrial \$	Linamar \$
Sales	671.4	102.0	773.4	636.3	89.3	725.6
Operating Earnings (Loss)	47.1	0.8	47.9	44.9	(1.5)	43.4
Unusual Items	-	-	-	(2.2)	-	(2.2)
Operating Earnings (Loss) – Adjusted	47.1	0.8	47.9	42.7	(1.5)	41.2

(in millions of dollars)	Nine Months Ended September 30 2012			Nine Months Ended September 30 2011		
	Powertrain/Driveline \$	Industrial \$	Linamar \$	Powertrain/Driveline \$	Industrial \$	Linamar \$
Sales	2,073.5	391.9	2,465.4	1,887.9	255.6	2,143.5
Operating Earnings (Loss)	147.9	22.3	170.2	126.4	(3.0)	123.4
Unusual Items	-	-	-	(2.2)	-	(2.2)
Operating Earnings (Loss) – Adjusted	147.9	22.3	170.2	124.2	(3.0)	121.2

Powertrain/Driveline Highlights

(in millions of dollars)	Three Months Ended September 30				Nine Months Ended September 30			
	2012 \$	2011 \$	+/- \$	+/- %	2012 \$	2011 \$	+/- \$	+/- %
Sales	671.4	636.3	35.1	5.5%	2,073.5	1,887.9	185.6	9.8%
Operating Earnings (Loss)	47.1	44.9	2.2	4.9%	147.9	126.4	21.5	17.0%
Unusual items:								
Bargain purchase gain on Famer acquisition	-	(2.2)	2.2		-	(2.2)	2.2	
Operating Earnings (Loss) – Adjusted	47.1	42.7	4.4	10.3%	147.9	124.2	23.7	19.1%

Sales for the Powertrain/Driveline segment (“Powertrain/Driveline”) increased by \$35.1 million, or 5.5% in Q3 2012 compared with Q3 2011. The sales increase in Q3 2012 was impacted by:

- additional sales from new and expanded facilities;
- higher volumes on increased consumer demand in the US;
- significant levels of newly launched programs in each of Canada, Mexico and Asia from the Company’s substantial book of launch business; offset by:
- decreased consumer demand in Europe.

Year to date (“YTD”) sales for Powertrain/Driveline increased by \$185.6 million, or 9.8% compared with YTD Q3 2011. The same factors that impacted Q3 2012 also impacted the YTD results.

Q3 2012 operating earnings for Powertrain/Driveline were higher by \$2.2 million or 4.9% over Q3 2011. The Powertrain/Driveline segment experienced the following in Q3 2012:

- improved margins as production volumes increased on launching and mature programs;
- lower amount of start-up costs in comparison to the level of start-up activity in Q3 2011; and
- the bargain purchase gain recognized on the Famer Group acquisition in Q3 2011.

The YTD operating earnings increased by \$21.5 million or 17.0% compared with YTD Q3 2011. The same factors that impacted Q3 2012 also impacted the YTD results.

Industrial Highlights

(in millions of dollars)	Three Months Ended September 30				Nine Months Ended September 30			
	2012 \$	2011 \$	+/- \$	+/- %	2012 \$	2011 \$	+/- \$	+/- %
Sales	102.0	89.3	12.7	14.2%	391.9	255.6	136.3	53.3%
Operating Earnings (Loss)	0.8	(1.5)	2.3	153.3%	22.3	(3.0)	25.3	843.3%

The Industrial segment (“Industrial”) product sales increased 14.2% or \$12.7 million to \$102.0 million in Q3 2012 from Q3 2011. The sales increase was:

- primarily due to increases in demand in the access equipment markets resulting from fleet replacement initiatives;
- increases in demand in the agricultural equipment markets serviced by the European Fabrication Division; and
- to a lesser extent due to increases in the energy programs that were awarded and now have started to launch.

YTD sales for Industrial increased by \$136.3 million, or 53.3% compared with YTD Q3 2011. The same factors that impacted Q3 2012 also impacted the YTD results.

Operating earnings in Q3 2012 increased \$2.3 million or 153.3% over Q3 2011. The increase in Industrial operating earnings was predominantly driven by:

- margin improvements on the increased volumes in the access equipment market;
- margin improvements on the increased volumes in the agricultural equipment markets; and
- a favourable mix towards higher margin sales; partially offset by:
- the weakening US dollar and EUR against other currencies in the quarter compared to the same period in 2011 that resulted in a foreign exchange loss in Q3 2012 as compared to a foreign exchange gain in Q3 2011;

- continued investment in labour and fixed overhead costs at Skyjack to support the future growth in the market; and
- to a lesser extent, launch costs associated with the energy programs.

The YTD operating earnings increased by \$25.3 million or 843.3% compared with YTD Q3 2011. The same factors that impacted Q3 2012 also impacted the YTD results.

AUTOMOTIVE SALES AND CONTENT PER VEHICLE¹

Automotive sales by region in the following discussion are determined by the final vehicle production location and, as such, there are differences between these figures and those reported under the geographic segment disclosure, which are based primarily on the Company's location of manufacturing and include both automotive and non-automotive sales. These differences are the result of products being sold directly to one continent, and the final vehicle being assembled on another continent. It is necessary to show the sales based on the vehicle build location to provide accurate comparisons to the production vehicle units for each continent.

In addition to automotive OEMs, the Company sells powertrain parts to a mix of automotive and non-automotive manufacturers that service various industries such as power generation, construction equipment, marine and automotive. The final application of some parts sold to these manufacturers is not always clear; however the Company estimates the automotive portion of the sales for inclusion in its content per vehicle calculations. The allocation of sales to regions is based on vehicle production volume estimates from industry sources, published closest to the quarter-end date. As these estimates are updated, the Company's sales classifications can be impacted. For informational purposes, the tables below present content per vehicle calculations with the automotive sales allocations for 2012 and 2011, updated where applicable.

			Three Months Ended				Nine Months Ended	
	2012	2011	September 30		2012	2011	September 30	
			+/-	+/-			+/-	+/-
North America								
Vehicle Production Units ²	3.66	3.29	0.37	11.2%	11.88	9.99	1.89	18.9%
Automotive Sales ³	\$ 475.1	\$ 433.6	\$ 41.5	9.6%	\$ 1,470.4	\$ 1,299.5	\$ 170.9	13.2%
Content Per Vehicle	\$ 129.66	\$ 131.79	\$ (2.13)	(1.6%)	\$ 123.76	\$ 130.01	\$ (6.25)	(4.8%)
Europe								
Vehicle Production Units ²	4.19	4.55	(0.36)	(7.9%)	14.45	15.35	(0.90)	(5.9%)
Automotive Sales ³	\$ 53.5	\$ 59.3	\$ (5.8)	(9.8%)	\$ 166.1	\$ 175.5	\$ (9.4)	(5.4%)
Content Per Vehicle	\$ 12.77	\$ 13.03	\$ (0.26)	(2.0%)	\$ 11.50	\$ 11.43	\$ 0.07	0.6%
Asia Pacific								
Vehicle Production Units ²	9.24	8.70	0.54	6.2%	28.64	25.31	3.33	13.2%
Automotive Sales ³	\$ 37.2	\$ 33.6	\$ 3.6	10.7%	\$ 113.8	\$ 97.2	\$ 16.6	17.1%
Content Per Vehicle	\$ 4.03	\$ 3.87	\$ 0.16	4.1%	\$ 3.97	\$ 3.84	\$ 0.13	3.4%

North American automotive sales increased \$41.5 million or 9.6% to \$475.1 million in a market that saw 11.2% increase in production volumes compared to Q3 2011. As a result, content per vehicle in Q3 2012 decreased from \$131.79 in Q3 2011 to \$129.66. Q3 2012 saw a disproportionate level of production increase in comparison to Q3 2011 for Japanese OEM's in North America (reflecting recovery from the natural disasters in 2011) with whom Linamar has limited content. This tempered Content Per Vehicle growth, offsetting Content Per Vehicle gains made due to new programs launching. Production growth of key customers in North America was up approximately 6.8% over last year compared to the Company's more than 9% sales growth, a better reflection of the Company's penetration in the North American OEM market.

European automotive sales decreased \$5.8 million or 9.8% in a market that decreased 7.9% compared to Q3 2011. As a result, the content per vehicle decreased 2.0% to \$12.77 from \$13.03 in Q3 2011. The decrease is primarily due to the negative impact of the Euro weakening from Q3 2011 to Q3 2012, which was partially offset by significant increases on launching programs in Europe.

¹ Measured as the amount of the Company's automotive sales dollars per vehicle, not including tooling sales.

² Vehicle production units are derived from industry sources and are shown in millions of units. North American vehicle production units used by the Company for the determination of the Company's content per vehicle include medium and heavy truck volumes. European and Asia Pacific vehicle production units exclude medium and heavy trucks and the off-road (heavy equipment) market. All vehicle production volume information is as regularly reported by industry sources. Industry sources release vehicle production volume estimates based on the latest information from the Automotive Manufacturers and update these estimates as more accurate information is obtained. The Company will, on a quarterly basis, update Content per Vehicle for the current fiscal year in its MD&A as these volume estimates are revised by the industry sources. The Content per Vehicle figures in this MD&A reflect the volume estimates that were published closest to the quarter end date by the industry sources. These updates to vehicle production units have no effect on the Company's financial statements for those periods.

³ Automotive sales are shown in millions of dollars.

Asia Pacific automotive sales increased \$3.6 million or 10.7% to \$37.2 million as compared to Q3 2011. Vehicle production volumes increased 0.54 million to 9.24 million, a 6.2% increase, and as a result, content per vehicle increased 4.1% to \$4.03 from \$3.87 in Q3 2011. Although Q3 2012 saw a disproportionate level of production increase in comparison to Q3 2011 for Japanese OEM's in Asia as well (reflecting recovery from the natural disasters in 2011) with whom the Company has limited content, content per vehicle still increased due to launching programs and increased volumes on existing programs.

RESULTS OF OPERATIONS

Gross Margin

(in millions of dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
Sales	\$773.4	\$725.6	\$2,465.4	\$2,143.5
Cost of sales before amortization	631.6	607.1	2,031.7	1,788.8
Amortization	50.1	44.5	140.0	131.6
Gross Margin	\$91.7	\$74.0	\$293.7	\$223.1
Gross Margin Percentage	11.9%	10.2%	11.9%	10.4%

Gross margin percentage increased to 11.9% in Q3 2012 from 10.2% in Q3 2011. Cost of sales before amortization as a percentage of sales decreased in Q3 2012 to 81.7% compared to 83.7% for the same quarter of last year.

The decrease in cost of sales before amortization as a percentage of sales is a result of the items discussed earlier in this analysis such as:

- improved margins as production volumes increased on mature and launching programs in both the Powertrain/Driveline segment and the Industrial segment; and
- reduced launch costs.

Q3 2012 amortization increased to \$50.1 million from \$44.5 million in Q3 2011 due to the heavy capital spending associated with the significant number of programs that have been launching over the past year. Amortization as a percentage of sales increased to 6.5% of sales as compared to 6.1% in Q3 2011, as a result.

YTD Q3 2012, Gross Margin increased to 11.9% from 10.4% in the same period of 2011. The increase in the YTD Gross Margin was a result of the same factors that impacted Q3 2012.

Selling, General and Administration

(in millions of dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
Selling, general and administrative	\$40.6	\$37.1	\$120.4	\$106.8
SG&A Percentage	5.2%	5.1%	4.9%	5.0%

Selling, general and administrative ("SG&A") costs increased to \$40.6 million from Q3 2011, and increased slightly as a percentage of sales to 5.2% in Q3 2012 when compared to 5.1% in Q3 2011. Included in SG&A costs for the quarter were the following impacts:

- an investment in fixed labour and overhead costs to support the launches and future growth in the markets; and
- additional costs from new and expanded facilities.

On an YTD basis, SG&A costs reflected a similar pattern of higher dollar costs due to new facilities but decreasing slightly as a percent of sales moving from 5.0% in Q3 2011 to 4.9% in Q3 2012.

Finance Expense and Income Taxes

(in millions of dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2012 \$	2011 \$	2012 \$	2011 \$
Operating Earnings (Loss)	47.9	43.4	170.2	123.4
Finance Expenses	7.7	17.5	21.8	28.2
Provision for (Recovery of) Income Taxes	6.5	4.4	33.0	20.8
Earnings (Loss) from Continuing Operations	33.7	21.5	115.4	74.4
Net Earnings (Loss) Attributable to Shareholders of the Company	33.7	21.5	115.4	74.4

Finance Expenses

Finance costs during Q3 2012 decreased \$9.8 million over Q3 2011 to \$7.7 million and decreased \$6.4 million YTD Q3 2012 over YTD Q3 2011 to \$21.8 million. The significant contributors to the decrease in the quarter and year to date periods was the hedge of the 2021 Notes that was put in place during Q1 2012 and the expiration of interest rate swaps that fixed a portion of debt at higher rates. This decrease was offset by increased debt levels and higher interest rates due to the placement of long-term debt.

Interest on long-term debt during Q3 2012 increased \$0.4 million over Q3 2011 to \$8.8 million. Interest on long-term debt in the quarter was:

- increased due to increased borrowing levels;
- increased due to the issuance of the 2021 Notes that were in place for the full quarter in Q3 2012; partially offset by:
- the expiration in Q4 2011 of a fixed-for-floating interest rate swap on \$100 million of revolver debt; and
- decreased due to the marked-to-market adjustment on the ineffective interest rate swap.

Interest on long-term debt during YTD Q3 2012 increased \$5.1 million over YTD Q3 2011 to \$25.8 million. The same factors that impacted Q3 2012 also impacted the YTD results.

The consolidated effective interest rate for Q3 2012 decreased to 4.6% (4.5% YTD Q3 2012) compared to 6.6% for Q3 2011 (5.8% YTD Q3 2011). Without the impacts of the ineffective portion of the interest rate swaps, the effective rate would have been 4.7% for Q3 2012 (4.7% YTD Q3 2012) and 5.6% for Q3 2011 (5.5% YTD Q3 2011).

The foreign exchange gain on debt and derivatives during Q3 2012 increased \$9.8 million over Q3 2011 to \$0.2 million. Foreign exchange gains on debt and derivatives were higher in Q3 2012 versus Q3 2011 due primarily to the hedge of the 2021 Notes that was put in place during Q1 2012.

The foreign exchange gain on debt and derivatives during YTD Q3 2012 increased \$10.9 million over YTD Q3 2011 to \$2.0 million. Foreign exchange gains on debt and derivatives in the YTD period were impacted by the same factors that impacted the Q3 2012 period.

Provision for Income Taxes

The effective tax rate for Q3 2012 was 16.1%, a decrease from the 16.9% rate in the same quarter of 2011. The effective tax rate in Q3 2012 was:

- decreased by the 1.5% reduction in the combined provincial and federal Canadian income tax rate, effective for 2012;
- decreased due to a favourable mix of foreign tax rates relative to the prior year;
- decreased by adjustments recognized in the quarter in relation to the tax of prior years; and
- increased because the Q3 2012 valuation allowance reversal, related to certain Canadian and German operations, was less than the reversal in Q3 2011.

YTD, the effective tax rate was 22.2% compared to 21.9% in 2011. The YTD effective tax rate in 2012 was:

- decreased by the 1.5% reduction in the combined provincial and federal Canadian income tax rate;
- decreased due to a favourable mix of foreign tax rates relative to the prior year;
- increased by adjustments recognized in the year in relation to the tax of prior years; and
- increased because the 2012 valuation allowance reversal was less than the reversal in 2011.

EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY

Book value per share¹ increased to \$15.57 per share at September 30, 2012, as compared to \$14.06 per share at December 31, 2011.

During the quarter no options expired unexercised, and no options were exercised.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares, of which 64,701,876 common shares were outstanding as of November 14, 2012. As of November 14, 2012, there were 1,787,002 options outstanding and 4,650,000 options still available to be granted under the Company's share option plan. No options were exercised in the quarter.

On August 23, 2011, the option holders surrendered 249,999 of the options granted on August 26, 2009 and 196,750 of the options granted on August 26, 2010. The remaining options for both series were outstanding at the end of the quarter which represents 1,340,252 options.

On December 14, 2011, 446,750 options were granted with an average exercise price of \$14.70 per option. The options vest at 20% on each of the next five consecutive anniversary dates of grant.

SUMMARY OF QUARTERLY RESULTS OF OPERATIONS

The following table sets forth unaudited information for each of the eight quarters ended December 31, 2010 through September 30, 2012. This information has been derived from our unaudited consolidated financial statements which, in the opinion of management, have been prepared on a basis consistent with the audited consolidated financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for fair presentation of our financial position and results of operations for those periods.

	Dec 31 2010	Mar 31 2011	Jun 30 2011	Sep 30 2011	Dec 31 2011	Mar 31 2012	Jun 30 2012	Sep 30 2012
(in millions of dollars, except per share figures)	\$	\$	\$	\$	\$	\$	\$	\$
Sales	593.7	675.2	742.7	725.6	718.0	839.8	852.3	773.4
Earnings (Loss) from Continuing Operations Attributable to Shareholders of the Company	21.4	24.8	28.0	21.5	27.0	39.6	42.1	33.7
Net Earnings (Loss) Attributable to Shareholders of the Company	21.4	24.8	28.0	21.5	27.0	39.6	42.1	33.7
Earnings (Loss) per Share from Continuing Operations:								
Basic	0.33	0.38	0.43	0.33	0.42	0.61	0.65	0.52
Diluted	0.33	0.38	0.43	0.33	0.42	0.61	0.65	0.52
Net Earnings (Loss) per Share:								
Basic	0.33	0.38	0.43	0.33	0.42	0.61	0.65	0.52
Diluted	0.33	0.38	0.43	0.33	0.42	0.61	0.65	0.52

The quarterly results of the Company are impacted by the seasonality of certain operational units. Earnings in the second quarter are generally positively impacted by the high selling season for the aerial work platform, other industrial and agricultural businesses. The third and fourth quarters are generally negatively impacted by the scheduled shutdowns at automotive customers and seasonal slowdowns in the aerial work platform and agricultural businesses. The Company takes advantage of shutdowns for maintenance activities that would otherwise disrupt normal production schedules.

Effective January 1, 2011, the Company has adopted IFRS. As part of the adoption to IFRS, the Company has restated the 2010 comparative financial results under IFRS.

¹ "Book Value Per Share", as used by the chief operating decision makers and management, indicates the value of the Company based on the carrying value of the Company's net assets. For more information refer to the "Non-IFRS Measures" section of this MD&A.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

(in millions of dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2012 \$	2011 \$	2012 \$	2011 \$
Cash provided by (used in):				
Operating Activities	76.4	41.5	238.8	81.4
Financing Activities	(34.9)	47.8	4.8	190.2
Investing Activities	(89.0)	(85.2)	(282.3)	(274.5)
Effect of Translation Adjustment	(1.9)	-	(1.3)	1.0
Net Increase/(Decrease) in Cash Position	(49.4)	4.1	(40.0)	(1.9)
Cash and Cash Equivalents – Beginning of Period	108.5	72.9	99.1	78.9
Cash and Cash Equivalents – End of Period	59.1	77.0	59.1	77.0
Comprised of:				
Cash and Cash Equivalents	74.5	91.6	74.5	91.6
Unpresented Cheques	(15.4)	(14.6)	(15.4)	(14.6)
	59.1	77.0	59.1	77.0

The Company's cash and cash equivalents (net of unpresented cheques) at September 30, 2012 was \$59.1 million, a decrease of \$17.9 million compared to Q3 2011.

Cash provided by operating activities was \$76.4 million, \$34.9 million more than was provided in Q3 2011 due to less cash being used to fund non-cash working capital than in Q3 2011, and an increase in earnings adjusted for non-cash items. YTD cash provided by operating activities was \$238.8 million, \$157.4 million more than was provided YTD Q3 2011 due to the same factors as Q3 2012.

During the quarter, financing activities used \$34.9 million for the payment of dividends and interest payments. YTD financing activities provided \$4.8 million which was also used for the same purpose offset by some proceeds from long-term debt which was used to fund the purchase of property, plant and equipment.

Q3 2012 investing activities used \$89.0 million mainly for the purchase of property, plant and equipment. YTD investing activities used \$282.3 million for the same purpose.

Operating Activities

(in millions of dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2012 \$	2011 \$	2012 \$	2011 \$
Net earnings (loss) for the period	33.7	21.5	115.4	74.4
Non-cash charges to earnings	50.7	59.1	142.1	159.0
	84.4	80.6	257.5	233.4
Changes in non-cash working capital	(8.0)	(39.1)	(18.7)	(152.0)
Cash provided (used) from operating activities	76.4	41.5	238.8	81.4

Cash provided by continuing operations before the effect of changes in non-cash working capital increased \$84.4 million in Q3 2012 compared to \$80.6 million in Q3 2011. YTD cash provided by continuing operations before the effect of changes in non-cash working capital increased to \$257.5 million in YTD Q3 2012 compared to \$233.4 million YTD Q3 2011.

Non-cash working capital for Q3 2012 increased \$8.0 million, compared to an increase of \$39.1 million in Q3 2011. Non-cash working capital has increased as a result of decreases in accounts payable related to the payment of purchases of property, plant and equipment, and building inventory levels during the quarter partially offset by significant improvement in accounts receivable. The improvement in accounts receivable is primarily due to a new sale of receivables agreement the Company entered into during Q2 2012, which is favourable to the Company in terms of improved cash flow but also in terms of a net interest expense savings.

YTD non-cash working capital increased \$18.7 million, compared to a \$152.0 million increase in YTD Q3 2011. YTD Q3 2012 non-cash working capital increased as a result of significant volume increases that occurred during the year.

Financing Activities

(in millions of dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2012 \$	2011 \$	2012 \$	2011 \$
Proceeds from long-term debt	7.8	65.0	59.8	239.5
Repayment of long-term debt	(21.3)	(0.3)	-	(3.5)
Acquisition of non-controlling interest	-	(1.0)	-	(1.0)
(Increase) decrease in long-term receivables	(6.0)	(0.9)	(14.3)	(9.2)
Dividends to shareholders	(5.2)	(5.2)	(15.5)	(15.5)
Interest received (paid)	(10.2)	(9.8)	(25.2)	(20.1)
Cash provided (used) from financing activities	(34.9)	47.8	4.8	190.2

Financing activities for Q3 2012 used \$34.9 million of cash compared to providing \$47.8 million in Q3 2011. YTD financing activities provided \$4.8 million of cash compared to \$190.2 million in YTD 2011.

As at September 30, 2012, \$323.0 million in credit was available under the facility.

On July 29, 2011, the Company entered into a binding agreement for the private placement of USD \$130 million of senior unsecured notes ("the 2021 Notes"). The 2021 Notes are comprised of USD \$130 million at a ten (10) year term bearing interest at a rate of 4.84% per annum. The net proceeds from the sale of the 2021 Notes will be used for general corporate purposes.

Investing Activities

(in millions of dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2012 \$	2011 \$	2012 \$	2011 \$
Payments for purchase of property, plant and equipment	(89.6)	(87.5)	(283.3)	(255.3)
Proceeds from disposal of property, plant and equipment	0.6	5.8	1.0	10.9
Business acquisitions	-	(3.5)	-	(30.1)
Cash used for investing activities	(89.0)	(85.2)	(282.3)	(274.5)

Cash spent on investing activities for Q3 2012 was \$89.0 million, increased slightly from Q3 2011 of \$85.2 million. In both quarters, capital expenditures were significant due to the significant increase in program launches, uplift program awards and launch accelerations.

YTD cash spent on investing activities was \$282.3 million compared to \$274.5 million in 2011. YTD Q3 2012 capital expenditures were higher due to the significant increase in program launches, uplift program awards and launch accelerations. In Q1 2011, Linamar acquired certain assets of the Famer Group, a privately-owned French manufacturer of powertrain components for the off-highway market. The preliminary purchase price was \$26.6 million, however during Q3 2011 the purchase price allocation was finalized resulting in a purchase price of \$30.1 million.

At September 30, 2012, outstanding commitments for capital expenditures under purchase orders and contracts amounted to \$156.6 million (September 30, 2011 - \$221.9 million) which relates to the purchase of manufacturing equipment and buildings. The majority of these commitments are due within the next twelve months.

Financing Resources

At September 30, 2012, cash on hand was \$59.1 million, with unpresented cheques of \$15.4 million. At September 30, 2012, the Company's syndicated revolving facility had available credit of \$323.0 million.

Contractual Obligations

Please see the December 31, 2011 annual MD&A for a table summarizing the contractual obligations by category. Such obligations have not changed significantly during 2012.

Foreign Currency Activities

The Company pursues a strategy of balancing its foreign currency cash flows, to the largest extent possible, in each region in which it operates. The Company's foreign currency outflows for the purchases of materials and capital equipment denominated in foreign currencies are naturally hedged when contracts to sell products are denominated in those same foreign currencies. To manage the residual exposure, the Company employs hedging programs, where rate-appropriate, through the use of forward exchange contracts. The contracts are purchased based on the projected net foreign cash flows from operations.

The amount and timing of forward contracts is dependent upon a number of factors, including anticipated production delivery schedules, anticipated customer payment dates, anticipated foreign currency costs, and expectations with respect to future foreign exchange rates. The Company is exposed to credit risk from potential default by counterparties on its foreign exchange contracts and attempts to mitigate this risk by dealing only with relationship banks in our credit facility. Despite these measures, significant long-term movements in relative currency values could affect the Company's results of operations. The Company does not hedge the business activities of its foreign subsidiaries and, accordingly, results of operations could be further affected by a significant change in the relative values of the Canadian dollar, U.S. dollar, Euro, British pound, Hungarian forint, Mexican peso, Chinese renminbi, Japanese yen, Australian dollar, South Korean won and Swedish krona.

The Company is committed to long-dated forward contracts to buy U.S. dollars to hedge the changes in exchange rates on the principal portion of the U.S. \$130 million 2017 Notes that were placed during 2010 and the U.S. \$130 million 2021 Notes that were placed during 2011. These forward exchange contracts qualify for accounting as cash flow hedges and any fair value unrealized gains and losses are included in other comprehensive earnings with reclassifications to net earnings for the effective portion to match the net earnings impact of the principal portion.

The Company is committed to a series of forward exchange contracts to lock in the exchange rate on the semi-annual coupon payments related to the U.S. \$130 million 2017 Notes that were placed during 2010 and the U.S. \$130 million 2021 Notes that were placed during 2011. These forward exchange contracts qualify for accounting as cash flow hedges and any fair value unrealized gains and losses are included in other comprehensive earnings with reclassifications to net earnings for the effective portion to match the net earnings impact of the coupon portion.

The Company is committed to long-dated forward contracts to buy U.S. dollars to hedge the changes in exchange rates on the principal portion of the U.S. \$40 million 2014 Notes that were placed during 2004. These forward exchange contracts qualify for accounting as fair value hedges and any fair value unrealized gains and losses are included in net earnings.

Off Balance Sheet Arrangements

The Company leases transport trucks and trailers through its subsidiaries Linamar Transportation Inc. and Linamar Transportation USA, Inc. The Company currently leases approximately 149 trailers, 96 trucks. The amounts due under these operating leases are reflected under the heading "Operating Leases" in the table set out in the "Contractual Obligations" section of the December 31, 2011 Annual MD&A. Should the arrangements be terminated, the Company would be responsible for the balance of the amount owing under the leases.

The Company also has various operating leases for office equipment, computers, fork trucks, and other such items.

Please see Note 27 of the December 31, 2011 consolidated financial statements.

Guarantees

The Company is a party to certain financial guarantees and contingent liabilities as discussed in Notes 3, 17, 18 and 27 of the December 31, 2011 consolidated financial statements.

Transactions with Related Parties

Included in the costs of property, plant and equipment is the construction of buildings, building additions and building improvements in the aggregate amount of \$10.7 million at September 30, 2012 (September 30, 2011 - \$6.7) paid to a company owned by the spouse of an officer and director. Included in the YTD cost of sales is maintenance costs and rent of \$0.6 million (YTD Q3 2011 - \$0.7 million) paid to the same company. The maintenance and construction costs represent general contracting and construction activities related to plant construction, improvements, additions and maintenance for a number of facilities. Amounts owed to this company at September 30, 2012 were \$0.3 million (September 30, 2011 - \$1.3 million).

The Company has designed an independent process to ensure building construction and improvements are transacted at estimated fair value.

RISK MANAGEMENT

Financial and Capital Management Risk

Capital and Liquidity Risk

The amount of financial resources available to invest in a Company's growth is dependent upon its size and willingness to utilize debt and issue equity. The Company has fewer financial resources than some of its principal competitors. If the Company deviates from its growth expectations, it may require additional debt or equity financing. There is no assurance that the Company will be able to obtain additional financial resources that may be required to successfully compete in its markets on favourable commercial terms. Failure to obtain such financing could result in the delay or abandonment of certain strategic plans for product manufacturing or development.

The Company's current credit facility, the 2014 Notes, the 2017 Notes and the 2021 Notes require the Company to comply with certain financial covenants, including the following:

Revolving credit facility key covenants:

- (1) Net Funded Debt¹ ("NFD") to EBITDA² must be not more than 2.75 for the trailing four quarters on a rolling basis; and
- (2) EBITDA must be not less than 3.0 times interest expense for the trailing four quarters on a rolling basis.

	Dec 31 2010	Mar 31 2011	Jun 30 2011	Sep 30 2011	Dec 31 2011	Mar 31 2012	Jun 30 2012	Sep 30 2012
NFD/EBITDA	1.3	1.6	1.7	1.9	1.8	1.9	1.7	1.7
Interest Coverage	17.2	16.6	14.6	13.4	12.4	11.8	12.0	12.6

¹ "Net Funded Debt" is defined in the respective agreement (the credit facility agreement or the Private Placement Note (2017 and 2021) agreements) as applicable and means, in summary, all indebtedness of the consolidated Company net of cash and cash equivalents.

² "EBITDA" is defined in the respective agreement (the credit facility agreement or the Private Placement Note (2017 and 2021) agreements) as applicable and means, in summary, Net Income of the consolidated Company before deduction of interest expense, taxes, depreciation, amortization and non-cash extraordinary items less any cash payments on previously provided extraordinary items made during such period, determined on a consolidated basis in accordance with GAAP.

The 2014 Notes key covenants:

- (1) Book value of Consolidated Shareholders' Equity¹ must be not less than \$450.0 million; and
- (2) Consolidated Debt² to Consolidated Capitalization³ must be not greater than 50%.

(in millions of dollars)	Dec 31 2010	Mar 31 2011	Jun 30 2011	Sep 30 2011	Dec 31 2011	Mar 31 2012	Jun 30 2012	Sep 30 2012
Consolidated Shareholders' Equity	\$ 854.8	\$ 888.1	\$ 912.0	\$ 935.3	\$ 959.0	\$ 998.6	\$ 1,030.3	\$ 1,058.9
Consolidated Debt to Consolidated Capitalization	34.1%	38.7%	40.4%	42.6%	41.7%	42.8%	42.1%	40.8%

The 2017 Notes key covenants:

- (1) Net Funded Debt⁴ to EBITDA⁵ must be not more than 2.75 for the trailing four quarters on a rolling basis; and
- (2) EBITDA must be not less than 2.5 times interest expense for the trailing four quarters on a rolling basis.

(in millions of dollars)	Dec 31 2010	Mar 31 2011	Jun 30 2011	Sep 30 2011	Dec 31 2011	Mar 31 2012	Jun 30 2012	Sep 30 2012
NFD/EBITDA	1.3	1.6	1.7	1.9	1.8	1.9	1.7	1.7
Interest Coverage	17.2	16.6	14.6	13.4	12.4	11.8	12.0	12.6

The 2021 Notes key covenants:

- (1) Net Funded Debt to EBITDA must be not more than 2.75 for the trailing four quarters on a rolling basis; and
- (2) EBITDA must be not less than 2.5 times interest expense for the trailing four quarters on a rolling basis.

(in millions of dollars)	Dec 31 2010	Mar 31 2011	Jun 30 2011	Sep 30 2011	Dec 31 2011	Mar 31 2012	Jun 30 2012	Sep 30 2012
NFD/EBITDA	-	-	-	1.9	1.8	1.9	1.7	1.7
Interest Coverage	-	-	-	13.4	12.4	11.8	12.0	12.6

The investment agreement between the Company and the Ontario government (Ontario Automotive Investment Strategy – "OAIS") provides for a conditional grant of up to \$44.5 million. The grant is dependent upon the Company satisfying various program investment criteria and achieving a cumulative job target over the term of the agreement. To the extent the investment and/or job targets are not met, a pro-rata clawback arrangement exists. The term of the agreement is January 14, 2005 through January 14, 2018. There is no assurance the Company can meet the terms of this agreement and the Company therefore may be subject to the clawback provision.

Other Company credit facilities and instruments become due from time to time. There can be no assurance of the Company's ability to continue to comply with its financial covenants, to appropriately service its debt or to obtain continued commitments from debt providers or additional equity capital given current or future conditions or events in the economy or markets in general or in the Company's Powertrain/Driveline and Industrial segments in particular.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

There were no changes in the company's internal control over financial reporting during the quarter ended September 30, 2012, which has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.

¹ "Consolidated Shareholders' Equity" is defined in the Private Placement Notes (2014) and means, in summary, the amount of the capital stock accounts plus the surplus in retained earnings of the Company and its designated Restricted Subsidiaries on a consolidated basis in accordance with GAAP.

² "Consolidated Debt" is defined in the Private Placement Notes (2014) and means, in summary, all liabilities for borrowed money including capital leases, guarantees and letters of credit for the consolidated Company.

³ "Consolidated Capitalization" is defined in the Private Placement Notes (2014) and means, in summary, the Consolidated debt plus Consolidated Shareholders' Equity less the capital of any unrestricted subsidiaries.

⁴ "Net Funded Debt" is defined in the respective agreement (the credit facility agreement or the Private Placement Note (2017 and 2021) agreements) as applicable and means, in summary, all indebtedness of the consolidated Company net of cash and cash equivalents.

⁵ "EBITDA" is defined in the respective agreement (the credit facility agreement or the Private Placement Note (2017 and 2021) agreements) as applicable and means, in summary, Net Income of the consolidated Company before deduction of interest expense, taxes, depreciation, amortization and non-cash extraordinary items less any cash payments on previously provided extraordinary items made during such period, determined on a consolidated basis in accordance with GAAP.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgements about the future. Estimates and judgements are continually evaluated and are based on the historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates under different assumptions or conditions. Please refer to the "Critical Accounting Estimates" section of our 2011 Annual MD&A for additional information. Since the date of our 2011 Annual MD&A, there have not been any significant changes to our critical accounting estimates and judgements.

RECENT ACCOUNTING CHANGES AND EFFECTIVE DATES

Refer to Note 4 to the consolidated financial statements for the year ended December 31, 2011 that are hereby incorporated by reference herein for information pertaining to accounting changes effective in 2012 and for information on issued accounting pronouncements that will be effective in future fiscal years.

NON-IFRS MEASURES

The following measures used by the Company do not have a standardized meaning under International Financial Reporting Standards and, therefore are unlikely to be comparable to similar measures presented by other issuers.

Book Value per Share

This measure, as used by the chief operating decision makers and management, indicates the value of the Company based on the carrying value of the Company's net assets. Book value per share is calculated by the Company as equity attributable to shareholders of the Company divided by shares outstanding at year-end.

(in millions of dollars except share and per share figures)	September 30 2012	December 31 2011
Equity attributable to shareholders of the company	\$1,007.3	\$909.9
Shares outstanding at the end of the period	64,701,876	64,701,876
Book value per share	\$15.57	\$14.06

Debt to Total Capitalization

This measure, as used by the chief operating decision makers and management, indicates the Company's reliance on debt and its financial flexibility. This measure is not the same as the measure previously discussed in terms of the Company's debt covenants. Debt to total capitalization is calculated by the Company as the sum of short-term bank borrowings, current portion of long-term debt, and long-term debt divided by the sum of this total, capital stock and retained earnings.

(in millions of dollars)	September 30 2012	December 31 2011
Current portion of long-term debt	0.9	0.9
Long-term debt	706.9	654.8
Total Debt	\$707.8	\$655.7
Capital Stock and Retained Earnings	\$1,058.9	\$959.0
Debt to Total Capitalization	40.1%	40.6%

SUMMARY OF CONTENT PER VEHICLE BY QUARTER

Estimates as of September 30, 2012

	Three Months Ended		Year to Date	
	March 31 2012	June 30 2012	March 31 2012	June 30 2012
<i>North America</i>				
Vehicle Production Units	4.10	4.12	4.10	8.22
Automotive Sales	\$ 496.2	\$ 499.0	\$ 496.2	\$ 995.2
Content Per Vehicle	\$ 121.08	\$ 121.17	\$ 121.08	\$ 121.13
<i>Europe</i>				
Vehicle Production Units	5.25	5.00	5.25	10.25
Automotive Sales	\$ 59.1	\$ 53.5	\$ 59.1	\$ 112.6
Content Per Vehicle	\$ 11.25	\$ 10.69	\$ 11.25	\$ 10.98
<i>Asia Pacific</i>				
Vehicle Production Units	9.88	9.52	9.88	19.40
Automotive Sales	\$ 36.3	\$ 40.2	\$ 36.3	\$ 76.6
Content Per Vehicle	\$ 3.68	\$ 4.23	\$ 3.68	\$ 3.95

Estimates as of June 30, 2012

	Three Months Ended		Year to Date	
	March 31 2012	June 30 2012	March 31 2012	June 30 2012
<i>North America</i>				
Vehicle Production Units	4.08	4.02	4.08	8.10
Automotive Sales	\$ 496.2	\$ 494.8	\$ 496.2	\$ 991.0
Content Per Vehicle	\$ 121.55	\$ 123.10	\$ 121.55	\$ 122.32
<i>Europe</i>				
Vehicle Production Units	5.21	4.79	5.21	10.00
Automotive Sales	\$ 59.1	\$ 53.5	\$ 59.1	\$ 112.6
Content Per Vehicle	\$ 11.35	\$ 11.15	\$ 11.35	\$ 11.25
<i>Asia Pacific</i>				
Vehicle Production Units	9.85	9.40	9.85	19.25
Automotive Sales	\$ 36.3	\$ 43.2	\$ 36.3	\$ 79.6
Content Per Vehicle	\$ 3.69	\$ 4.60	\$ 3.69	\$ 11.25

Changes in Estimates from Prior Quarter

	Three Months Ended		Year to Date	
	March 31 2012	June 30 2012	March 31 2012	June 30 2012
<i>North America</i>				
Vehicle Production Units	+/-	+/-	+/-	+/-
Vehicle Production Units	0.02	0.10	0.02	0.12
Automotive Sales	-	\$ 4.2	-	\$ 4.2
Content Per Vehicle	\$ (0.47)	\$ (1.93)	\$ (0.47)	\$ (1.19)
<i>Europe</i>				
Vehicle Production Units	0.04	0.21	0.04	0.25
Automotive Sales	-	-	-	-
Content Per Vehicle	\$ (0.10)	\$ (0.46)	\$ (0.10)	\$ (0.27)
<i>Asia Pacific</i>				
Vehicle Production Units	0.03	0.10	0.03	0.15
Automotive Sales	-	\$ (3.0)	-	\$ (3.0)
Content Per Vehicle	\$ (0.01)	\$ (0.37)	\$ (0.01)	\$ (0.18)

OUTLOOK

Since 2006, the Company determined it was not appropriate to provide outlook guidance.

FORWARD LOOKING INFORMATION

Certain information provided by Linamar in this MD&A, in the Annual Report and other documents published throughout the year which are not recitation of historical facts may constitute forward-looking statements. The words “may”, “would”, “could”, “will”, “likely”, “estimate”, “believe”, “expect”, “plan”, “forecast” and similar expressions are intended to identify forward-looking statements. Readers 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 of the factors and risks and uncertainties that cause results to differ from current expectations discussed in this MD&A and elsewhere in the Annual Report include, but are not limited to, changes in the various economies in which Linamar operates, fluctuations in interest rates, environmental emission and safety regulations, the extent of OEM outsourcing, industry cyclicalities, trade and labour disruptions, world political events, 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, technological developments by Linamar's competitors, governmental, environmental and regulatory policies and changes in the competitive environment in which Linamar operates.

The foregoing is not an exhaustive list of the factors that may affect Linamar's forwarding looking statements. These and other factors should be considered carefully and readers should not place undue reliance on Linamar's forward-looking statements. 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.