



FY 2011 First Quarter Earnings Presentation

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February 1, 2011

ArvinMeritorTM

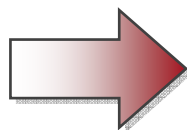
Forward-Looking Statements

This press release contains statements relating to future results of the company (including certain projections and business trends) that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are typically identified by words or phrases such as “believe,” “expect,” “anticipate,” “estimate,” “should,” “are likely to be,” “will” and similar expressions. Actual results may differ materially from those projected as a result of certain risks and uncertainties, including but not limited to global economic and market cycles and conditions, including the recent global economic crisis; the demand for commercial, specialty and light vehicles for which the company supplies products; risks inherent in operating abroad (including foreign currency exchange rates and potential disruption of production and supply due to terrorist attacks or acts of aggression); whether our liquidity will be affected by declining vehicle production volumes in the future; reduced production for certain military programs and the return of volumes of selected long-term military contracts to more normalized levels; availability and sharply rising cost of raw materials, including steel and oil; OEM program delays; demand for and market acceptance of new and existing products; successful development of new products; reliance on major OEM customers; labor relations of the company, its suppliers and customers, including potential disruptions in supply of parts to our facilities or demand for our products due to work stoppages; the financial condition of the company’s suppliers and customers, including potential bankruptcies; possible adverse effects of any future suspension of normal trade credit terms by our suppliers; potential difficulties competing with companies that have avoided their existing contracts in bankruptcy and reorganization proceedings; successful integration of acquired or merged businesses; the ability to achieve the expected annual savings and synergies from past and future business combinations and the ability to achieve the expected benefits of restructuring actions; the ability to achieve anticipated or continued cost savings from reduction actions; success and timing of potential divestitures; potential impairment of long-lived assets, including goodwill; potential adjustment of the value of deferred tax assets; competitive product and pricing pressures; the amount of the company’s debt; the ability of the company to continue to comply with covenants in its financing agreements; the ability of the company to access capital markets; credit ratings of the company’s debt; the outcome of existing and any future legal proceedings, including any litigation with respect to environmental or asbestos-related matters; the outcome of actual and potential product liability and warranty and recall claims; rising costs of pension and other post-retirement benefits and possible changes in pension and other accounting rules; as well as other risks and uncertainties, including but not limited to those detailed from time to time in filings of the company with the SEC. These forward-looking statements are made only as of the date hereof, and the company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by law.

All earnings per share amounts are on a diluted basis. The company's fiscal year ends on the Sunday nearest Sept. 30, and its fiscal quarters end on the Sundays nearest Dec. 31, March 31 and June 30. All year and quarter references relate to the company's fiscal year and fiscal quarters, unless otherwise stated.

Transformation Complete

- Completed sale of Body Systems to an affiliate of Inteva Products, LLC on January 3, 2011
- Purchase price at closing was \$27 million ⁽¹⁾
 - \$12 million in cash at closing (adjusted for estimated balances in working capital and other items at the time of the closing), and further subject to adjustment for actual balances in working capital and other items
 - \$15 million promissory note, principal repaid equally over the next five years
 - ArvinMeritor will also receive cash held at the time of the sale by Body Systems entities operating in China and Brazil of approximately \$32 million (net of applicable taxes and other withholdings) at the time it becomes available for distribution
- Now focused solely on the commercial vehicle and industrial markets and planning name change to Meritor, Inc. at the end of March, along with NYSE ticker symbol change

ArvinMeritor**MERITOR**

(1) Excludes \$12 million in outside advisory fees paid in connection with closing.

Sequential Performance⁽¹⁾

(in millions except EPS)

	2010 Q4	2011 Q1	Comments
Sales	\$956	\$971	Increased 2% quarter-over-quarter
Adjusted EBITDA ⁽¹⁾	\$70	\$62	\$7M pension curtailment gain in 2010 Q4
Adjusted Income (Loss) from Cont. Ops. ⁽²⁾	\$8	(\$6)	Pension curtailment gain and mix of earnings effect on taxes
Adjusted EPS from Cont. Ops. ⁽²⁾	\$0.08	(\$0.07)	Pension curtailment gain and mix of earnings effect on taxes
Free Cash Flow ⁽¹⁾⁽²⁾	\$42	(\$74)	Working capital, variable compensation, and discontinued operations

(1) See Appendix – “Non-GAAP Financial Information.”

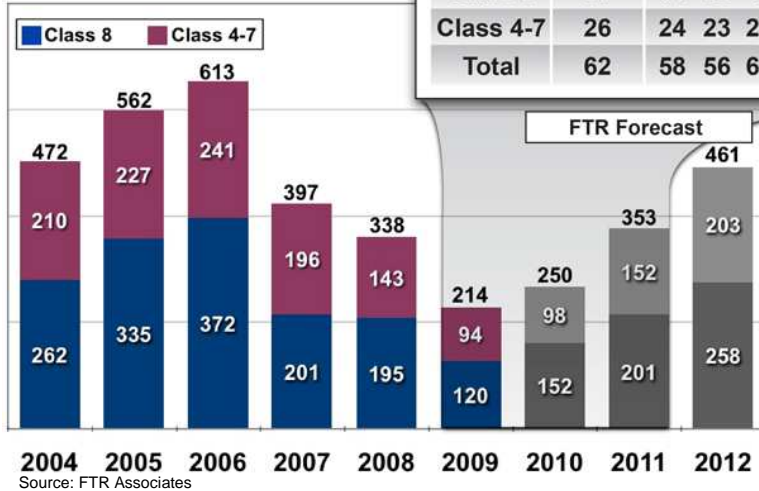
(2) GAAP net income/(loss) was \$2 million for Q4 2010 and (\$2) million for Q1 2011. GAAP income/(loss) from continuing operations was \$1 million for Q4 2010 and (\$9) million for Q1 2011. GAAP diluted income/(loss) per share from continuing operations was \$0.01 for Q4 2010 and (\$0.10) for Q1 2011. Cash flow provided by (used for) operations was \$72 million for Q4 2010 and (\$49) million for Q1 2011.

Commercial Truck

North America

Class 8 & 4-7 Production (000)
Calendar Year

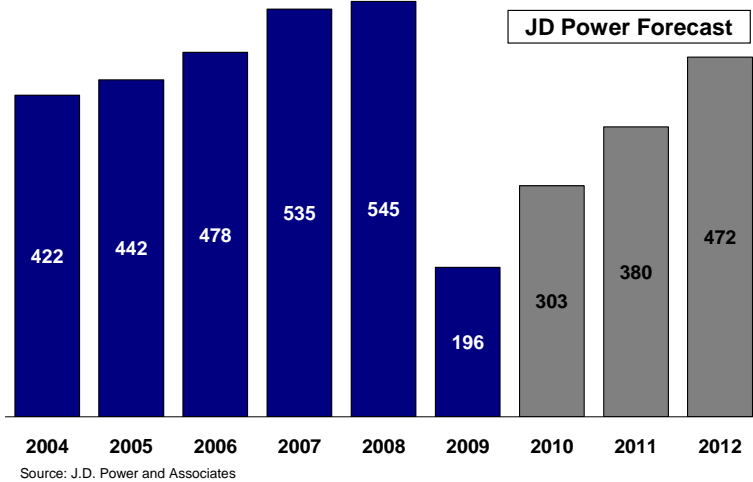
	2009	2010				2011				FY11 191k
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Class 8	36	34	33	41	45	46	48	52	55	
Class 4-7	26	24	23	23	28	32	38	40	41	
Total	62	58	56	64	73	78	86	92	96	



- N.A. recovery underway
 - FY11 Cl. 8 estimates range from ~190-220k
- Continued strengthening expected in Europe despite sovereign debt concerns
- Brazil continues at strong volumes

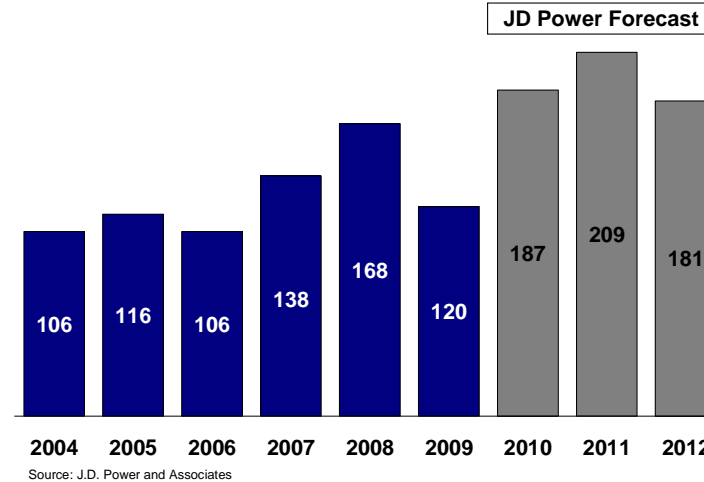
Western Europe

Med. & Heavy Production GVW>6t (000)
Calendar Year



South America

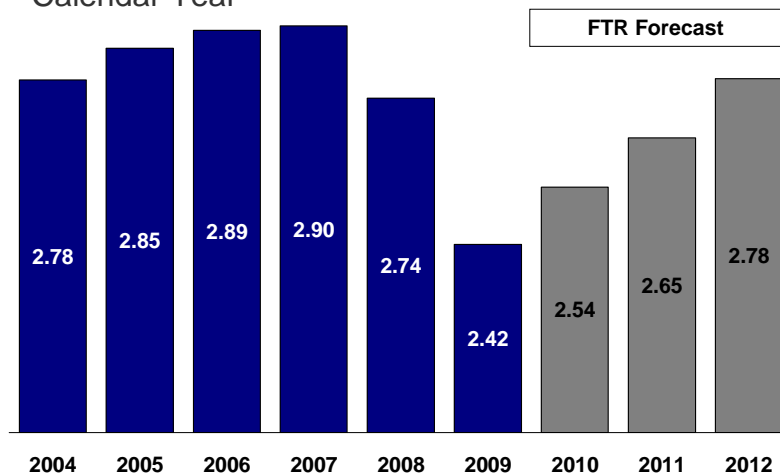
Med. & Heavy Production GVW>6t (000)
Calendar Year



Aftermarket and Trailer

U.S. Truck Freight Ton Miles

Seasonally Adjusted (Trillions)
Calendar Year

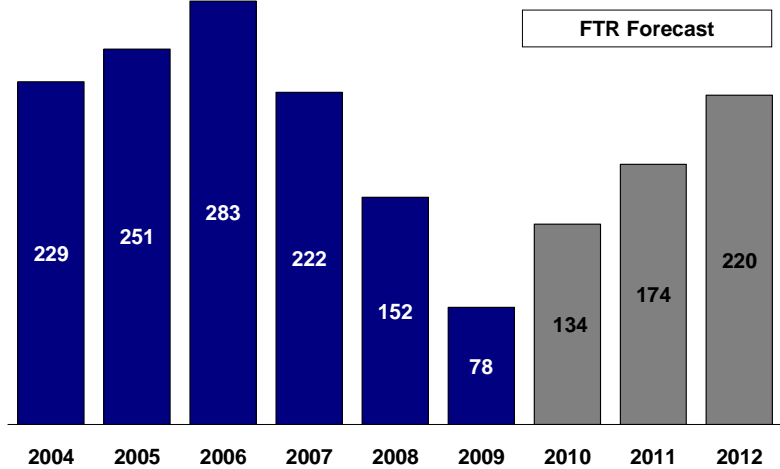


Source: FTR Associates

- Strong growth expected in FY11
 - Tempered by reduction in defense sales
 - Remanufacturing continues to outpace industry growth
- Announced formation of new business aimed at commercial / industrial 3PL market
- Increasing freight and aging fleet in N.A. driving demand for replacement parts

North America

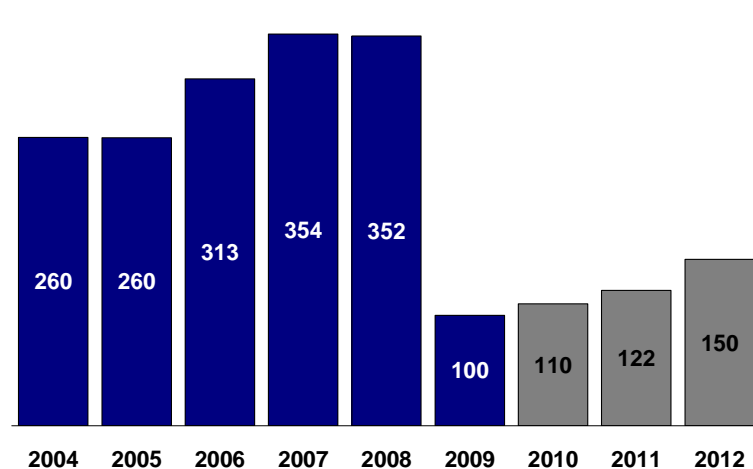
Trailer Production (000)
Calendar Year



Source: FTR Associates

Europe

Trailer Production (000)
Calendar Year

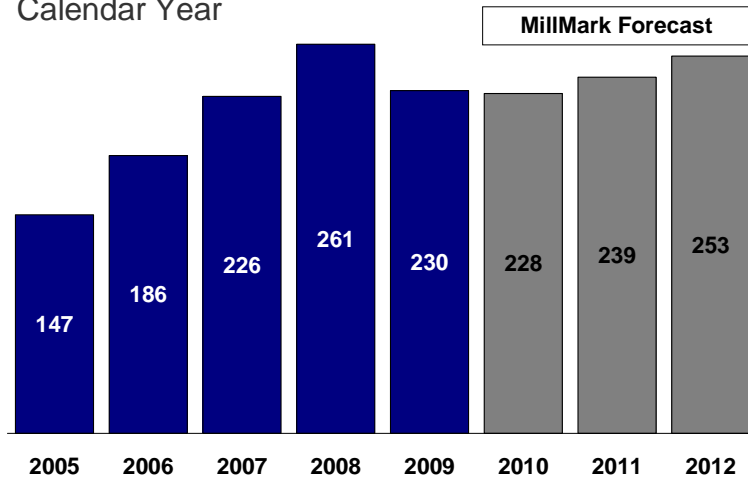


Source: 2004-2008 CLEAR data; 2009-12 blended data

Industrial and Asia Pacific

China

Construction Production (000)
Calendar Year

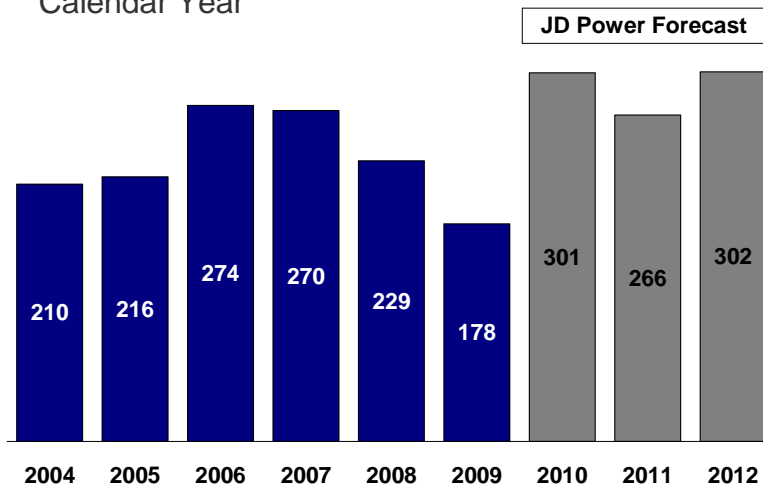


Source: MillMark and Associates

- China off-highway production expected to remain strong due to infrastructure improvements
- India truck production expected to grow through FY11

India

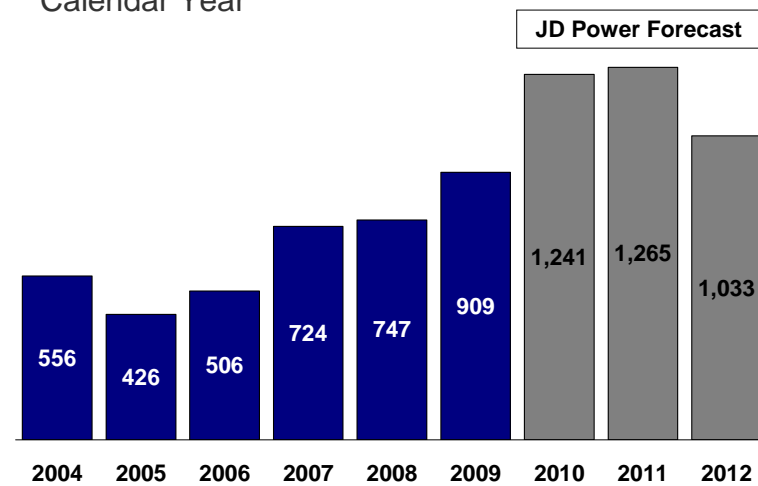
Truck Production GVW>6t (000)
Calendar Year



Source: J.D. Power and Associates

China

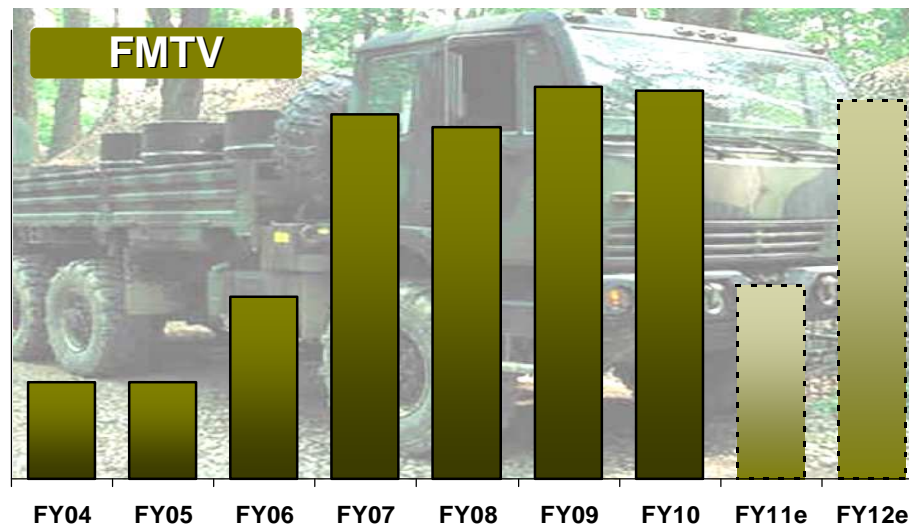
Truck Production GVW>6t (000)
Calendar Year



Source: J.D. Power and Associates






Expected Increase in Defense Volumes

- Lower FMTV volumes expected in near-term as production shifts to new prime contractor; however, prior year production levels expected to return in FY 12
- Working on several new programs and products
 - MRAP upgrades
 - Awarded 1,700 BAE Caiman MRAP vehicle retrofits with open option for approximately 1,000 additional vehicles in FY12 utilizing the Meritor ProTec™ series 50 High Mobility Independent Suspension (HMIS)
 - Joint Light Tactical Vehicle (JLTV)
 - HMMWV recap



First Quarter 2011 Results Comparisons⁽¹⁾

Earnings reflect Continuing Operations; FCF Total Company

(in millions)	FY 2010 Q4 Actual	FY 2011 Q1 Outlook	FY 2011 Q1 Actual
Sales	\$956	Flat	\$971 
Adjusted EBITDA ⁽¹⁾	\$70	Slightly Lower (non-recurrence of pension curtailment gain)	\$62 
Adjusted Income / (Loss) from Cont. Ops.	\$8	Slightly Negative	(\$6) 
FCF before Factoring and Restructuring	\$34 (including \$29M Voluntary Pension Contribution)	Negative	(\$190) 
Free Cash Flow	\$42 (including \$29M Voluntary Pension Contribution)	Negative	(\$74) 

(1) See Appendix – “Non-GAAP Financial Information.”

First Quarter Income Statement from Continuing Operations

(in millions, except per share amounts)

	Three Months Ended December 31,			
	2010	2009 ⁽³⁾	Better/(Worse)	
			\$	%
Sales	\$ 971	\$ 800	\$ 171	21%
Cost of Sales	(867)	(711)	(156)	-22%
Gross Margin	104	89	15	17%
SG&A	(72)	(66)	(6)	-9%
Restructuring Costs	(3)	-	(3)	*
Operating Income	29	23	6	26%
Equity in Earnings of Affiliates	13	9	4	44%
Interest Expense, Net	(27)	(23)	(4)	-17%
Income Before Income Taxes	15	9	6	67%
Provision for Income Taxes	(20)	(10)	(10)	-100%
Loss From Continuing Operations	(5)	(1)	(4)	-400%
Noncontrolling Interests	(4)	(3)	(1)	-33%
Loss From Continuing Operations	\$ (9)	\$ (4)	\$ (5)	-125%
Adjustments				
Restructuring Costs	3	-	3	*
Adjusted Loss From Continuing Operations ⁽¹⁾	\$ (6)	\$ (4)	\$ (2)	-50%
DILUTED ADJUSTED LOSS PER SHARE⁽¹⁾⁽²⁾	\$ (0.07)	\$ (0.06)	\$ (0.01)	-17%
Diluted Shares Outstanding	93.3	72.7	20.6	28%

(1) See Appendix – “Non-GAAP Financial Information.”

(2) GAAP diluted income (loss) per share from continuing operations was (\$0.10) for Q1 2011 and (\$0.06) for Q1 2010.

(3) Amounts have been recast to reflect LVS as discontinued operations.

Q1 Segment EBITDA and Adjusted EBITDA

(in millions)

	Three Months Ended December 31,			
	2010	2009	Better/(Worse)	
			\$	%
Segment EBITDA				
Commercial Truck	\$ 33	\$ 13	\$ 20	154%
Industrial	17	24	(7)	-29%
Aftermarket & Trailer	13	17	(4)	-24%
Segment EBITDA	<u>63</u>	<u>54</u>	9	17%
Unallocated Corporate Costs	(1)	(3)	2	67%
Adjusted EBITDA ⁽¹⁾	<u>\$ 62</u>	<u>\$ 51</u>	<u>\$ 11</u>	22%
Segment EBITDA Margins				
Commercial Truck	5.7%	3.0%	2.7 pts	
Industrial	7.4%	10.6%	-3.2 pts	
Aftermarket & Trailer	5.8%	7.7%	-1.9 pts	
Adjusted EBITDA Margins ⁽¹⁾	6.4%	6.4%	- pts	

(1) ArvinMeritor uses Segment EBITDA as the primary basis for the chief operating decision maker to evaluate the performance of each of the company's reportable segments. Adjusted EBITDA margin equals Adjusted EBITDA divided by sales. See appendix for consolidation and comparison to GAAP measures.

Margins vs. Prior Quarter

Adjusted EBITDA Margin⁽¹⁾

	EBITDA Margin ⁽¹⁾
Q4 2010	7.3%
Non-recurring pension curtailment gain in Q4	(0.7)
SG&A – primarily normalized variable compensation	0.6
Americas Truck production volume & mix	(0.6)
Europe Truck production volume & mix	0.1
Aftermarket & Trailer volume & mix	(0.5)
Net material economics and other	0.2
Q1 2011	6.4%

(1) See Appendix – “Non-GAAP Financial Information.”

Conversion Scorecard

(in millions)	Sales	Adj. EBITDA ⁽¹⁾
Q4 2010	\$956	\$70
Conversion on sales	\$15	(\$1)
Pension curtailment gain		(\$7)
Q1 2011	\$971	\$62

- Slightly negative conversion on essentially flat sales due to:
 - Seasonal sales decreases in Aftermarket & Trailer and Americas Truck
 - Negative Europe Truck mix on additional sales
 - Expected trough in Defense volumes

(1) See Appendix – “Non-GAAP Financial Information.”

First Quarter 2011 GAAP Income Tax Expense

Continuing Operations

(in millions)	PBT Inc./ (Exp.)	Inc. Tax Exp	Effective Rate
Income not subject to VA	\$ 66	\$ 18	27.3%
Income subject to VA ⁽¹⁾	(51)	-	
Other ⁽²⁾	-	2	
Total	\$ 15	\$ 20	

(1) Expected ~\$15 million benefit on losses (approx. 30% statutory rate) not realized in Q1 2011 due to valuation allowances established in fiscal year 2009.

(2) Relates to tax contingencies and other tax adjustments.

Free Cash Flow⁽¹⁾

(in millions)

**Three Months Ended
December 31,**

2010

2009⁽⁴⁾

Loss From Continuing Operations	\$ (5)	\$ (1)
Net Spending (D&A less Capital Expenditures)	(3)	5
Pension and Retiree Medical Net of Expense	1	4
Performance Working Capital⁽²⁾	(141)	(69)
Discontinued Operations⁽³⁾	(26)	9
Other	(16)	5
Free Cash Flow Before Restructuring and Off-Balance Sheet Securitization & Factoring	\$ (190)	\$ (47)
Restructuring Payments	(7)	(5)
Off-Balance Sheet Securitization & Factoring	123	54
Free Cash Flow	\$ (74)	\$ 2
Memo: Cash Flow Provided by (used for) Operations⁽⁴⁾	\$ (49)	\$ 27

(1) See Appendix – “Non-GAAP Financial Information.”

(2) Change in payables less changes in receivables, inventory and customer tooling .

(3) Before restructuring payments of \$3 million and \$2 million in Q1 2011 and Q1 2010, respectively. Before factoring of \$4 million and \$1 million in Q1 2011 and Q1 2010, respectively.

(4) Amounts have been recast to reflect LVS as discontinued operations.

2011 Planning Assumptions⁽¹⁾

Fiscal Year Basis

Continuing Operations

(in millions)	Full Year Est.
Capital Expenditures	\$75 - \$90 ✓
Interest Expense	\$100 - \$110 ✓
Cash Interest	\$85 - \$95 ✓
Income Tax Expense	\$70 - \$90 ✓
Cash Income Taxes	\$50 - \$70 ✓

(1) Based on management's current planning assumptions and other factors. Actual results may differ materially from projections as a result of risks and uncertainties. Please see slide "Forward Looking Statements."

Second Quarter Outlook⁽¹⁾⁽²⁾

Continuing Operations

(in millions)	FY 2011 Q1 Actual	FY 2011 Q2 Outlook ⁽¹⁾
Sales	\$971	\$1,125 - \$1,175
Adjusted EBITDA	\$62	\$85 - \$95
Adjusted Income from Cont. Ops.	(\$6)	\$5 - \$15
Free Cash Flow	(\$74)	Around Breakeven

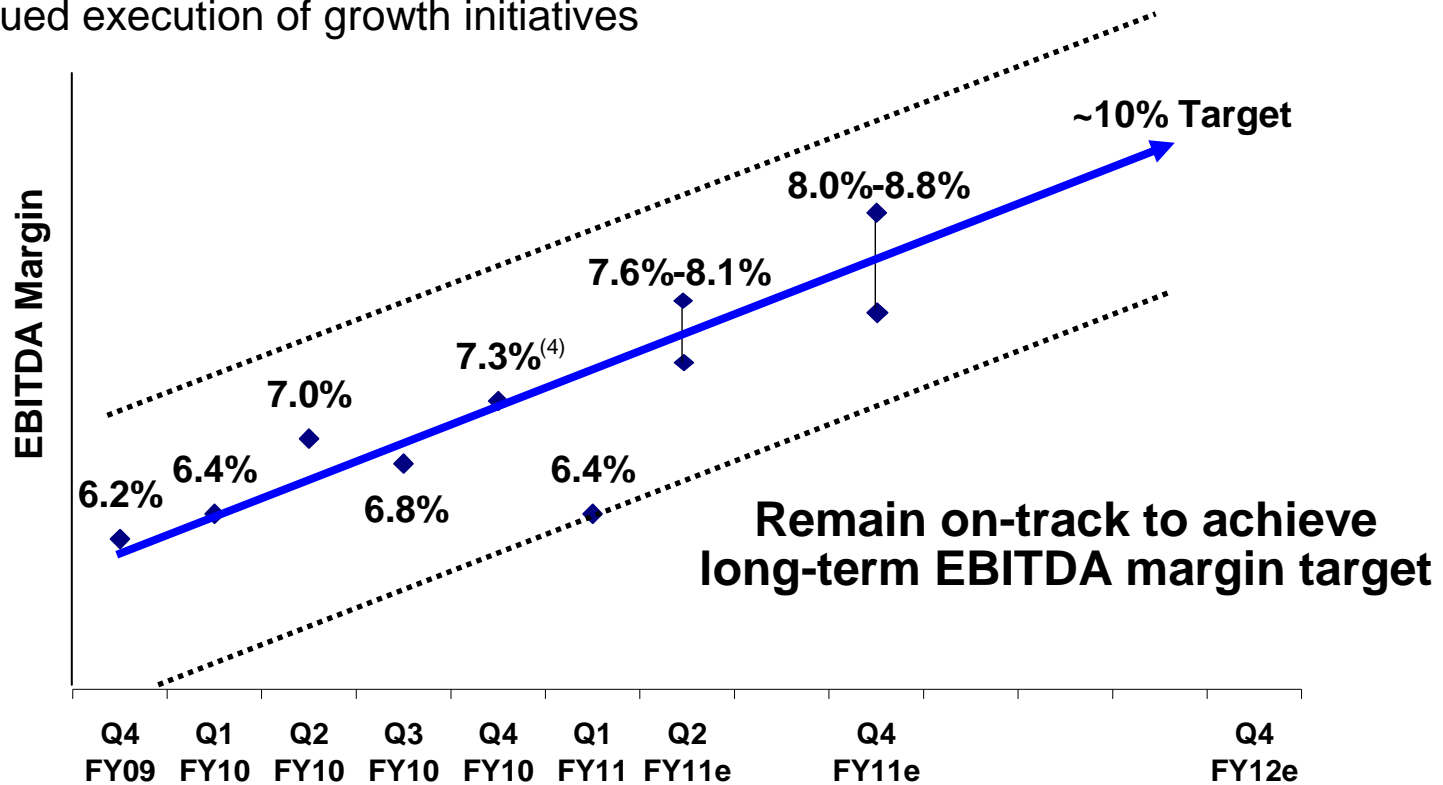
(1) Based on management's current planning assumptions and other factors. Actual results may differ materially from projections as a result of risks and uncertainties. Please see slide "Forward Looking Statements."

(2) See Appendix – "Non-GAAP Financial Information."

Path to Long-Term EBITDA Margin Target⁽¹⁾⁽²⁾⁽³⁾

Requirements to Achieve Target

- Recovery of global commercial vehicle markets to reasonable levels of demand
- Maintain structural cost reductions as commercial vehicle industries rebound
- Continued execution of growth initiatives



Sales:	\$697	\$800	\$868	\$966	\$956	\$971	\$1,125- \$1,175	\$1.1-\$1.2B	~\$1.3B
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(1) See Appendix – “Non-GAAP Financial Information.”

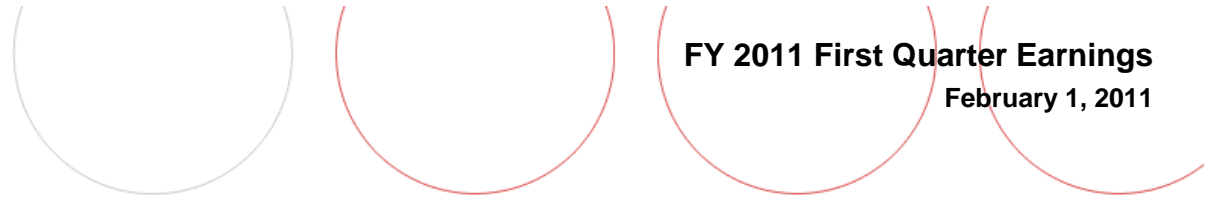
(2) Adjusted EBITDA target of 10% average through the cycle; based on management’s long-term planning assumptions. Actual results may differ materially from projections as a result of risks and uncertainties. Please see slide “Forward Looking Statements.”

(3) Amounts have been recast to reflect LVS as discontinued operations.

(4) Q4 2010 includes \$7 million pension curtailment gain.

2011 Priorities

- Achieve EBITDA margin targets and sustain momentum of cash flow conversion
- Successfully execute as global markets recover
- Drive innovation – accelerating new products and advanced fuel efficient technologies
- Maintain focus on sustainable profitable growth
- Continue focus on strengthening the balance sheet



Appendix

Use of Non-GAAP Financial Information

In addition to the results reported in accordance with accounting principles generally accepted in the United States (“GAAP”) included throughout this press release, the company has provided information regarding Adjusted income or loss from continuing operations, Adjusted diluted earnings per share from continuing operations, Adjusted EDITDA, Free cash flow and Free cash flow before restructuring payments and changes in off-balance sheet accounts receivable factoring and securitization, which are non-GAAP financial measures.

Adjusted income (loss) from continuing operations and Adjusted diluted earnings (loss) per share from continuing operations are defined as reported income or loss from continuing operations and reported diluted earnings or loss per share from continuing operations before restructuring expenses, asset impairment charges and other special items as determined by management. Adjusted EBITDA is defined as income (loss) from continuing operations before interest, income taxes, depreciation and amortization, non-controlling interests in consolidated joint ventures, loss on sale of receivables, restructuring expenses, asset impairment charges and other special items as determined by management. Free cash flow is defined as cash flows provided by (used for) operating activities less capital expenditures.

Management believes that the non-GAAP financial measures used in this press release are useful to both management and investors in their analysis of the company's financial position and results of operations. In particular, management believes that Adjusted EBITDA is a meaningful measure of performance as it is commonly utilized by management and the investment community to analyze operating performance in our industry. Further, management uses Adjusted EBITDA for planning and forecasting in future periods. Management believes that Free cash flow and Free cash flow before restructuring payments and changes in off-balance sheet accounts receivable factoring and securitization are useful in analyzing our ability to service and repay debt.

Adjusted income (loss) from continuing operations, Adjusted diluted earnings (loss) per share from continuing operations and Adjusted EBITDA should not be considered a substitute for the reported results prepared in accordance with GAAP and should not be considered as an alternative to net income as an indicator of our operating performance or to cash flows as a measure of liquidity. Free cash flow and Free cash flow before restructuring payments and changes in off-balance sheet accounts receivables factoring and securitization should not be considered a substitute for cash provided by (used for) operating activities, or other cash flow statement data prepared in accordance with GAAP, or as a measure of financial position or liquidity. In addition, these non-GAAP cash flow measures do not reflect cash used to service debt or cash received from the divestitures of businesses or sales of other assets and thus do not reflect funds available for investment or other discretionary uses. These non-GAAP financial measures, as determined and presented by the company, may not be comparable to related or similarly titled measures reported by other companies.

Set forth on the following pages are reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.

Non-GAAP Financial Information

EBITDA Reconciliation

	Three Months Ended December 31, 2010	Three Months Ended December 31, 2009 ⁽¹⁾	Three Months Ended September 30, 2010
Adjusted EBITDA	\$ 62	\$ 51	\$ 70
Loss on Sale of Receivables	(1)	(1)	(1)
Depreciation and Amortization	(16)	(18)	(16)
Interest Expense, Net	(27)	(23)	(25)
Restructuring Costs	(3)	-	(5)
Asset Impairment Charges	-	-	(2)
Provision for Income Taxes	(20)	(10)	(17)
Non-controlling Interests	(4)	(3)	(3)
Income (Loss) From Continuing Operations			
Attributable to ArvinMeritor, Inc.	(9)	(4)	1
Income (Loss) From Discontinued Operations			
Attributable to ArvinMeritor, Inc.	7	4	1
Net Income (Loss) Attributable to ArvinMeritor, Inc.	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ 2</u>
Income (Loss) From Continuing Operations			
Attributable to ArvinMeritor, Inc.	(9)	(4)	1
Adjustments:			
Restructuring Costs	3	-	5
Asset Impairment Charges	-	-	2
Adjusted Income (Loss) From Continuing Operations	<u>\$ (6)</u>	<u>\$ (4)</u>	<u>\$ 8</u>
Adjusted Earnings (Loss) Per Share			
From Continuing Operations	<u>\$ (0.07)</u>	<u>\$ (0.06)</u>	<u>\$ 0.08</u>
Diluted Shares Outstanding	93.3	72.7	96.5

(1) Amounts have been recast to reflect LVS as discontinued operations.

Non-GAAP Financial Information

Free Cash Flow

	Three Months Ended		
	December 31, 2010	December 31, 2009	September 30, 2010
Cash provided by (used for) operating activities	\$ (49)	\$ 27	\$ 72
Capital expenditures - continuing operations	(19)	(13)	(23)
Capital expenditures - discontinued operations	(6)	(12)	(7)
Free cash flow	<u>\$ (74)</u>	<u>\$ 2</u>	<u>\$ 42</u>
Free cash flow	\$ (74)	\$ 2	\$ 42
Restructuring payments - continuing operations	4	3	3
Restructuring payments - discontinued operations	3	2	1
Changes in receivables securitization and factoring ⁽¹⁾	<u>(123)</u>	<u>(54)</u>	<u>(12)</u>
Free cash flows from operations before restructuring and changes in off-balance sheet factoring and securitization	<u>\$ (190)</u>	<u>\$ (47)</u>	<u>\$ 34</u>

(1) Includes changes in receivables securitization and factoring for December 31, 2010, December 31, 2009, and September 30, 2010 of (\$127) million, (\$55) million and (\$5) million for continuing operations, respectively and \$4 million, \$1 million and (\$7) million for discontinued operations, respectively.



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