

FY 2010 Second Quarter Earnings Presentation

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May 4, 2010

ArvinMeritorTM

Forward-Looking Statements

This presentation 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. There are risks and uncertainties relating to the company’s announced plans to divest the Body Systems business of LVS and any of the strategic options under which to pursue such divestiture. In the case of any sale of all or a portion of the business, these risks and uncertainties include the timing and certainty of completion of any sale, the terms upon which any purchase and sale agreement may be entered into (including potential substantial costs) and whether closing conditions (some of which may not be within the company’s control) will be met. In the case of any shut down of portions of the business, these risks and uncertainties include the amount of substantial severance and other payments as well as the length of time we will continue to have to operate the business, which is likely to be longer than in a sale scenario. There is also a risk of loss of customers of this business due to the uncertainty as to the future of this business. In addition, 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; 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.

Continued Year-over-Year Improvement⁽¹⁾

(in millions except EPS)

	2009 Q2	2010 Q2	Comment
Sales	\$962	\$1,207	Up \$245M or 25% year-over-year
Adjusted EBITDA ⁽¹⁾	\$32	\$64	Doubled compared to prior year
Adjusted Income (Loss) from Cont. Ops.	\$(11)	\$15	Up \$26M year-over-year
Adjusted EPS from Cont. Ops. ⁽²⁾⁽³⁾	\$(0.15)	\$0.18	Achieved positive adjusted EPS from continuing operations
FCF before Factoring and Restructuring ⁽¹⁾	\$74	\$66	Strong performance despite volume increase
Free Cash Flow ⁽¹⁾⁽²⁾	\$(138)	\$45	Fourth consecutive quarter of positive performance

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

(2) GAAP net income/(loss) was \$13 million for Q2 2010 and \$(49) million for Q2 2009. GAAP income/(loss) from continuing operations was \$16 million for Q2 2010 and \$(48) million for Q2 2009. GAAP diluted income/(loss) per share from continuing operations was \$0.20 for Q2 2010 and \$(0.66) for Q2 2009. Cash flow provided by (used for) operations was \$65 million for Q2 2010 and \$(102) million for Q2 2009

(3) Amounts for prior period have been restated for the adoption of FASB guidance on convertible debt

Continued Sequential Improvement⁽¹⁾

(in millions except EPS)

	2010 Q1	2010 Q2	Comment
Sales	\$1,146	\$1,207	Up \$61M or 5% quarter-over-quarter
Adjusted EBITDA ⁽¹⁾	\$ 56	\$64	Up 14% quarter-over-quarter
Adjusted Income from Cont. Ops.	\$ -	\$15	Up \$15M
Adjusted EPS from Cont. Ops. ⁽²⁾⁽³⁾	\$ -	\$0.18	Achieved positive EPS from continuing operations
FCF before Factoring and Restructuring ⁽¹⁾	\$(47)	\$66	Strong performance despite volume increase
Free Cash Flow ⁽¹⁾⁽²⁾	\$2	\$45	Fourth consecutive quarter of positive performance

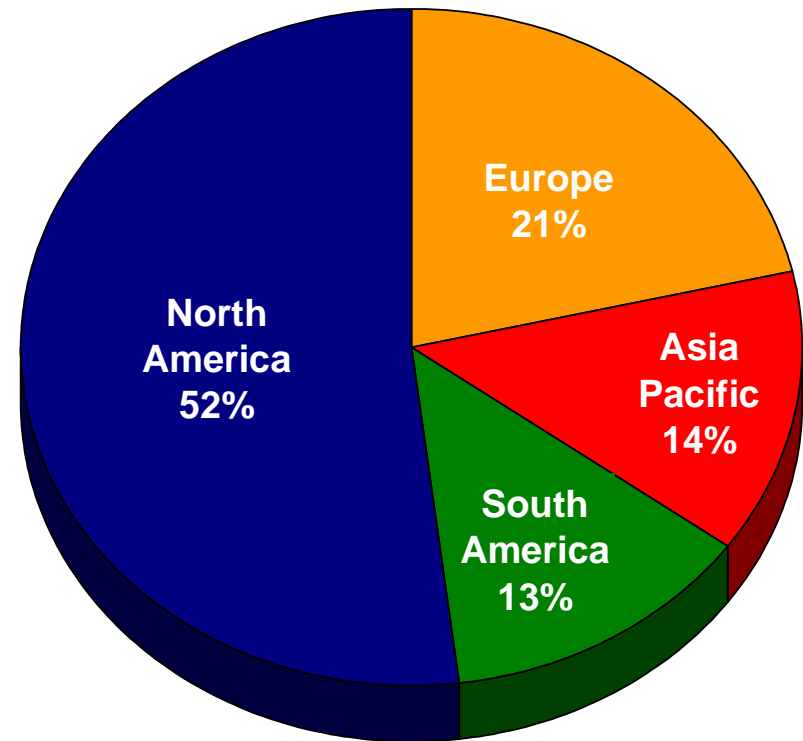
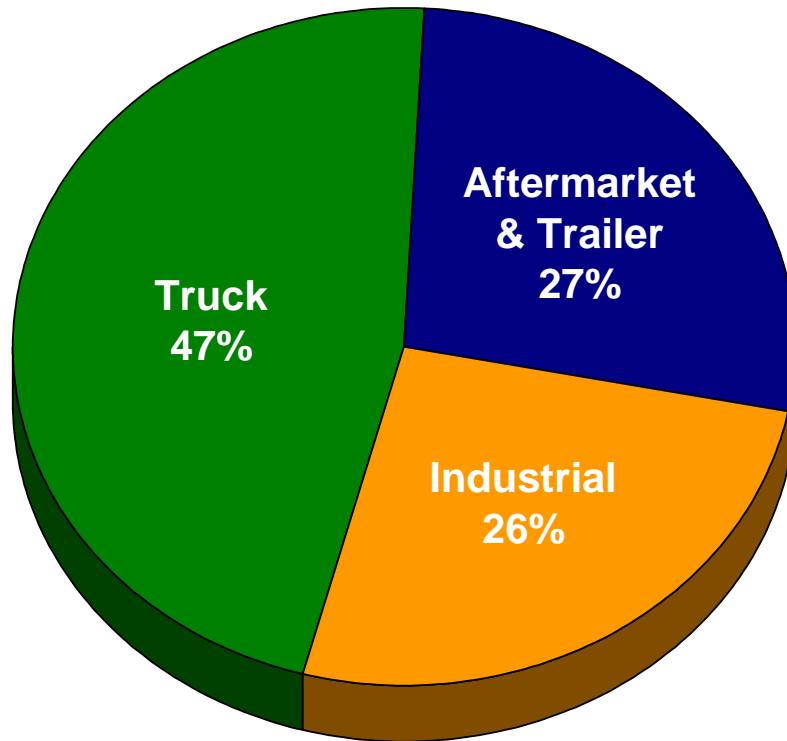
(1) See Appendix – “Non-GAAP Financial Information”

(2) GAAP net income was \$13 million for Q2 2010 and \$0 for Q1 2010. GAAP income/(loss) from continuing operations was \$16 million for Q2 2010 and \$(2) million for Q1 2010. GAAP diluted income/(loss) per share from continuing operations was \$0.20 for Q2 2010 and \$(0.03) for Q1 2010. Cash flow provided by operations was \$65 million for Q2 2010 and \$27 million for Q1 2010

(3) Amounts for prior period have been restated for the adoption of FASB guidance on convertible debt

Geographic and Segment Mix – Core Business

Based on FY 2010 YTD External Sales

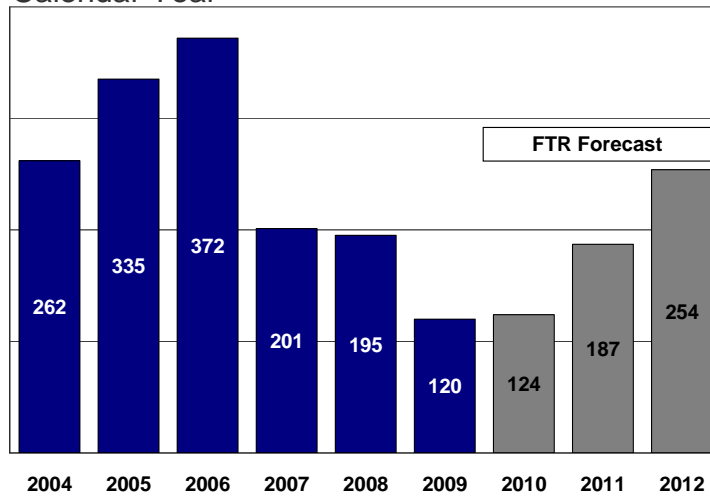


FY 2010 YTD Core Business Sales: \$1.7 billion

Commercial Truck

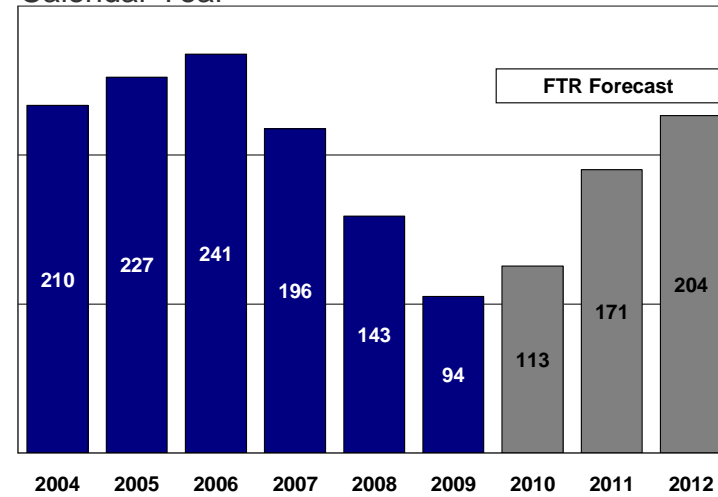
North America

Class 8 Production (000)
Calendar Year



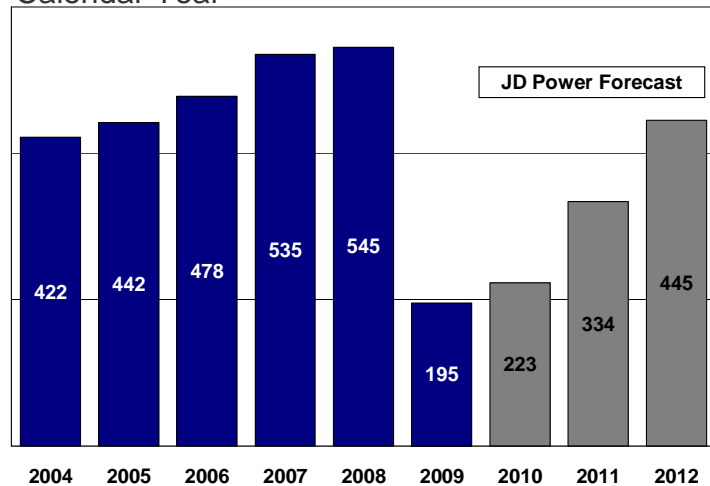
North America

Class 4-7 Production (000)
Calendar Year



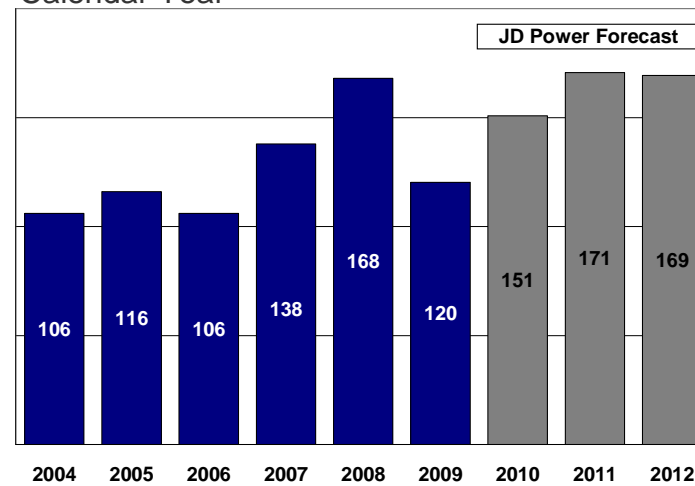
Western Europe

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

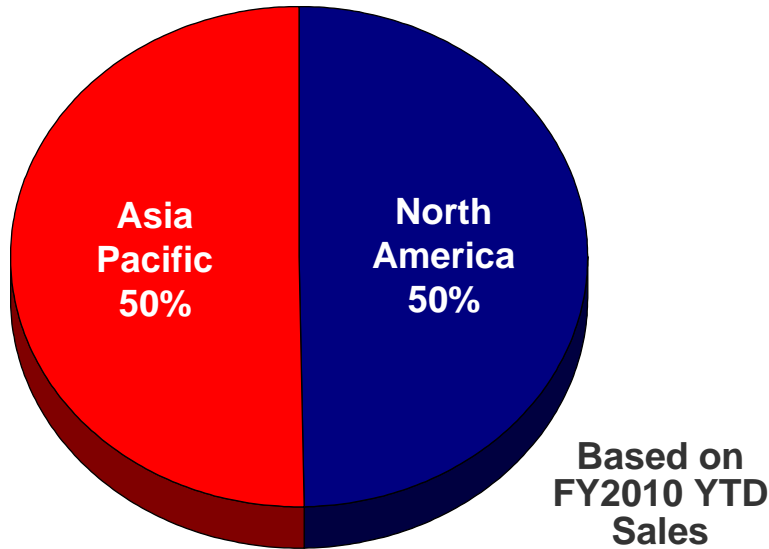


South America

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



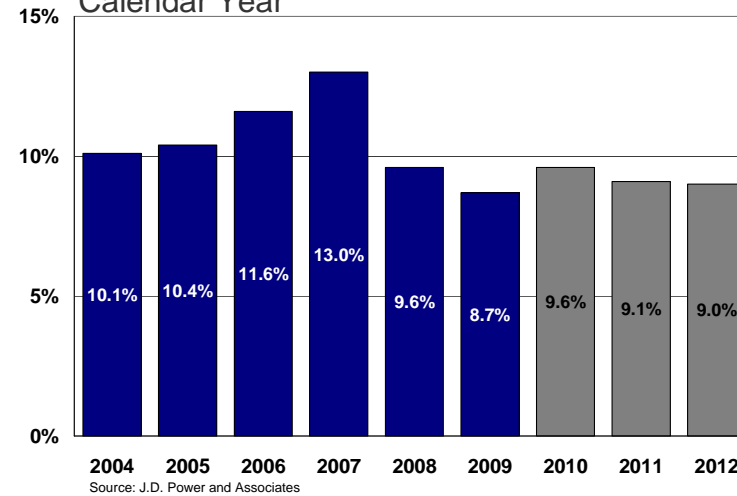
Industrial and Asia Pacific



China

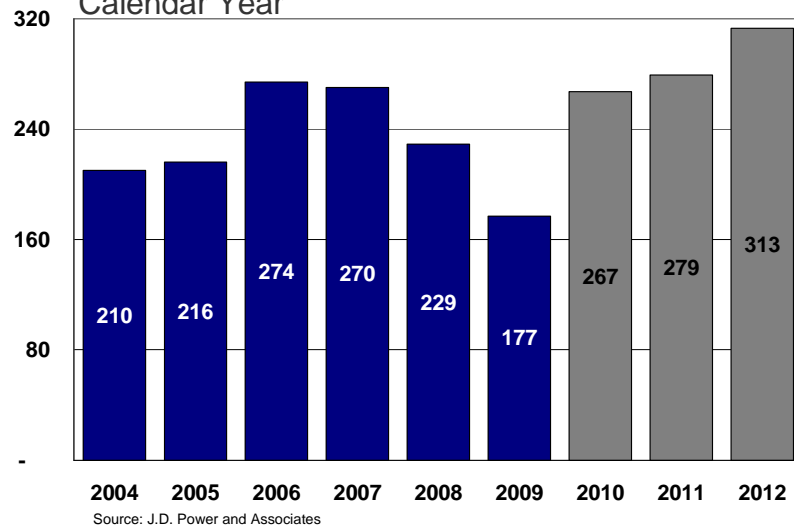
GDP Growth (%)
Calendar Year

Represents relative strength
in Off-Highway market



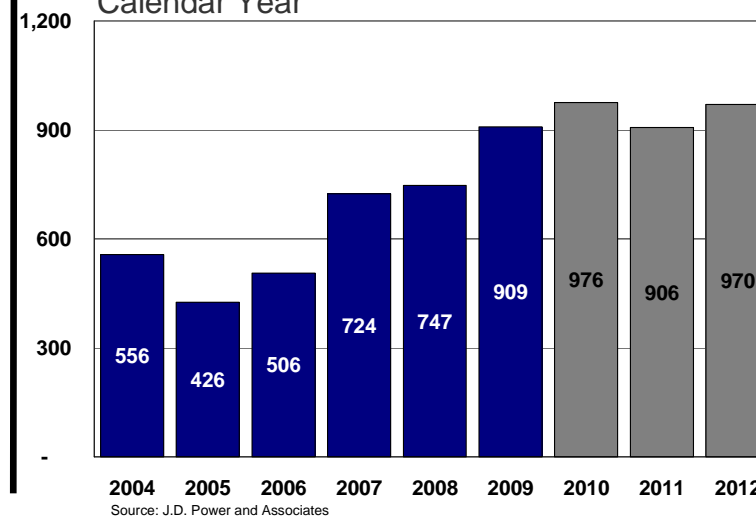
India

Truck Production GVW>6t (000)
Calendar Year



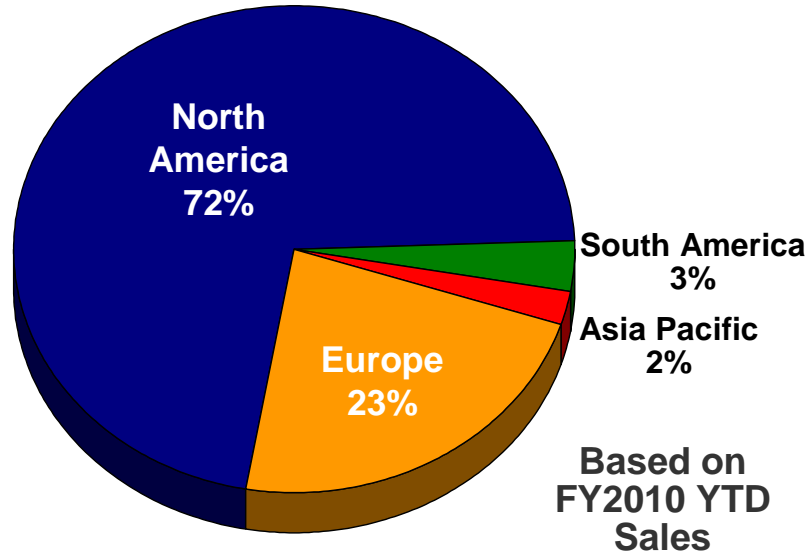
China

Truck Production GVW>6t (000)
Calendar Year



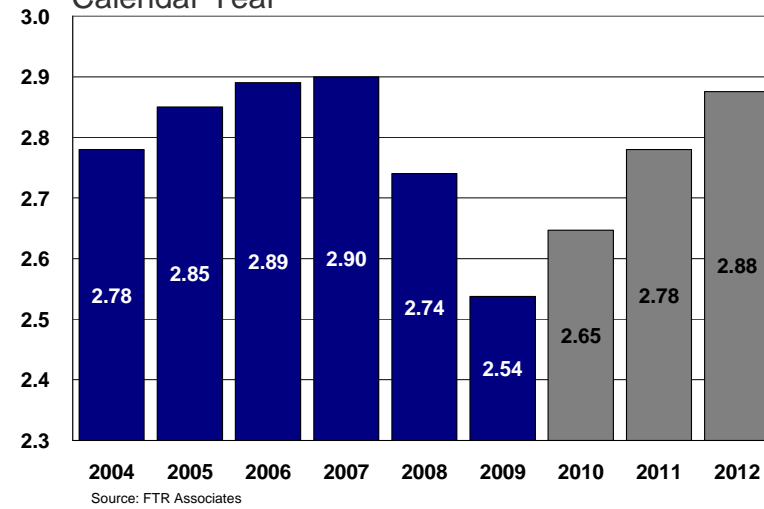
ArvinMeritor Aftermarket and Trailer

FY 2010 Second Quarter Earnings
May 4, 2010



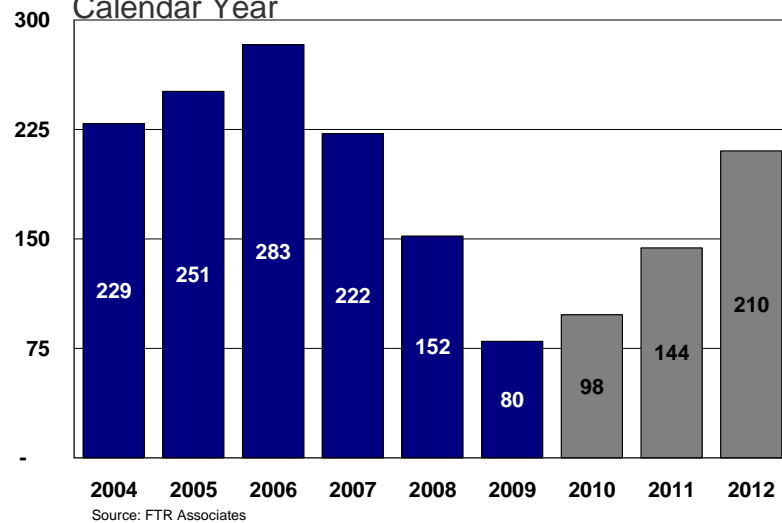
U.S. Truck Freight Ton Miles

Seasonally Adjusted (Millions)
Calendar Year



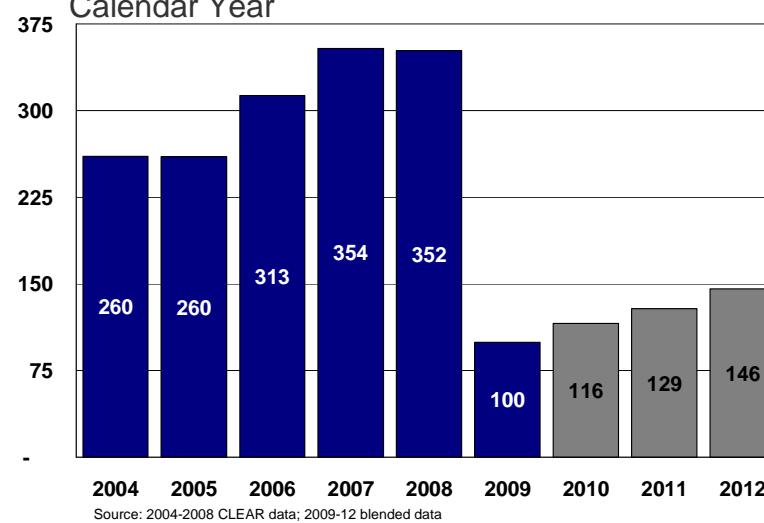
North America

Trailer Production (000)
Calendar Year



Europe

Trailer Production (000)
Calendar Year



Second Quarter 2010 Results Comparisons⁽¹⁾

(in millions)

	FY 2010 Q1 Actual	FY 2010 Q2 Outlook	FY 2010 Q2 Actual
Sales	\$1,146	Flat	\$1,207
Adjusted EBITDA	\$56	Flat	\$64
Adjusted Income from Cont. Ops.	\$ -		\$15
FCF before Factoring and Restructuring	\$(47)	Flat (Bond Interest Payment)	\$66
FCF	\$2	Slightly Negative (Bond Interest Payment)	\$45

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

Second Quarter Income Statement from Continuing Operations

(in millions, except per share amounts)

	Three Months Ended March 31,			
	2010	2009	Better/(Worse)	
			\$	%
Sales	\$ 1,207	\$ 962	\$ 245	25%
Cost of Sales	(1,083)	(885)	(198)	-22%
Gross Margin	124	77	47	61%
SG&A	(89)	(59)	(30)	-51%
Restructuring Costs	-	(46)	46	*
Other Operating Expenses	-	(1)	1	*
Operating Income (Loss)	35	(29)	64	*
Equity in Earnings of Affiliates	11	(3)	14	*
Other Income	1	-	1	*
Interest Expense, Net	(31)	(24)	(7)	-29%
Income (Loss) Before Income Taxes	16	(56)	72	*
Benefit from Income Taxes	4	9	(5)	-56%
Income (Loss) From Continuing Operations	20	(47)	67	*
Noncontrolling Interests	(4)	(1)	(3)	-300%
Income (Loss) From Continuing Operations	\$ 16	\$ (48)	\$ 64	*
Adjustments				
Restructuring Costs	-	46	(46)	*
Gain on Settlement of Note Receivable	(6)	-	(6)	*
Loss on Debt Extinguishment	13	-	13	*
LVS Separation Costs	-	2	(2)	*
Income Taxes	(8)	(11)	3	27%
Adjusted Income (Loss) From Continuing Operations ⁽¹⁾	\$ 15	\$ (11)	\$ 26	*
DILUTED ADJUSTED INCOME (LOSS) PER SHARE ^{(1) (2)} \$	0.18	\$ (0.15)	\$ 0.33	*
Diluted Shares Outstanding	83.1	72.6	10.5	14%

(1) See Appendix for discussion of "Non-GAAP Financial Information"

(2) GAAP diluted income (loss) per share from continuing operations was \$0.20 for Q2 2010 and \$(0.66) for Q2 2009.

Second Quarter 2010 GAAP Income Tax Expense Continuing Operations

(in millions)

	PBT Inc (Loss)	Inc. Tax Exp (Benefit)	Effective Rate
Income not subject to VA	\$ 62	\$ 16	25.8%
Income subject to VA ⁽¹⁾	(46)	-	
Reversal of Valuation Allowances ⁽²⁾	-	(8)	
Other ⁽³⁾	-	(12)	
Total	\$ 16	\$ (4)	

- (1) Expected ~\$14 million benefit on losses (approx. 30% statutory rate) not realized due to valuation allowances established in fiscal year 2009.
- (2) Excluded from adjusted income from continuing operations, as shown on slide 10.
- (3) Primarily favorable adjustments associated with certain tax contingencies.

Q2 Segment EBITDA and Adjusted EBITDA

(in millions)

	Three Months Ended March 31,			
	2010	2009	Better/(Worse)	
			\$	%
Segment EBITDA				
Commercial Truck	\$ 15	\$ (28)	\$ 43	*
Industrial	27	44	(17)	-39%
Aftermarket & Trailer	17	36	(19)	-53%
Light Vehicle Systems	8	(17)	25	*
Segment EBITDA	<u>67</u>	<u>35</u>	<u>32</u>	91%
Unallocated Corporate Costs	<u>(3)</u>	<u>(3)</u>	<u>-</u>	-%
Adjusted EBITDA ⁽¹⁾	<u><u>\$ 64</u></u>	<u><u>\$ 32</u></u>	<u><u>\$ 32</u></u>	100%
Segment EBITDA Margins				
Commercial Truck	3.3%	-8.0%	11.3 pts	
Industrial	10.9%	19.3%	-8.4 pts	
Aftermarket & Trailer	7.1%	14.4%	-7.3 pts	
Light Vehicle Systems	2.4%	-7.6%	10.0 pts	
Adjusted EBITDA Margins	5.3%	3.3%	2.0 pts	

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

Margins vs. Prior Quarter

Adjusted EBITDA Margin⁽¹⁾

	EBITDA⁽¹⁾ Margin
Q1 2010	4.9%
North America production volume & mix	0.3
Europe & South America production volume & mix	0.5
Performance Plus and other cost savings	0.3
Temporary Cost Reductions ⁽²⁾	(0.6)
Other	(0.1)
Core Business Subtotal	5.3%
LVS	-
Q2 2010	5.3%

(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.

(2) Includes full 2nd quarter vs. partial 1st quarter effect of reinstatement of temporary salary reductions and variable compensation programs.

Continuing to Convert on Incremental Sales

Total Company

	Sales	Adj. EBITDA ⁽¹⁾
Q1 2010	\$1,146	\$56
Conversion on Incremental Sales	\$61	\$15
Add back: Temporary Cost Reductions ⁽²⁾		(\$7)
Q2 2010	\$1,207	\$64

~25%

(1) Continuing operations before special items. See appendix – “Non-GAAP Financial Information.”

(2) Includes full 2nd quarter vs. partial 1st quarter effect of reinstatement of temporary salary reductions and variable compensation programs.

Free Cash Flow⁽¹⁾

(In millions)

	Quarter Ended March 31,	
	2010	2009
Income (Loss) From Continuing Operations Attributable to ArvinMeritor, Inc	\$ 16	\$ (48)
Net Spending (D&A less Capital Expenditures)	-	(19)
Pension and Retiree Medical Net of Expense	-	8
Performance Working Capital ⁽²⁾	25	202
Interest Proceeds on Note Receivable	12	-
Discontinued Operations ⁽³⁾	(10)	(13)
Other	23	(56)
Free Cash Flow Before Restructuring and Off-Balance Sheet Securitization & Factoring	\$ 66	\$ 74
Restructuring Payments	(8)	(29)
Off-Balance Sheet Securitization & Factoring	(13)	(183)
Free Cash Flow	\$ 45	\$ (138)
Memo: Cash Flow Provided by (used for) Continuing Operations:	\$ 65	\$ (102)

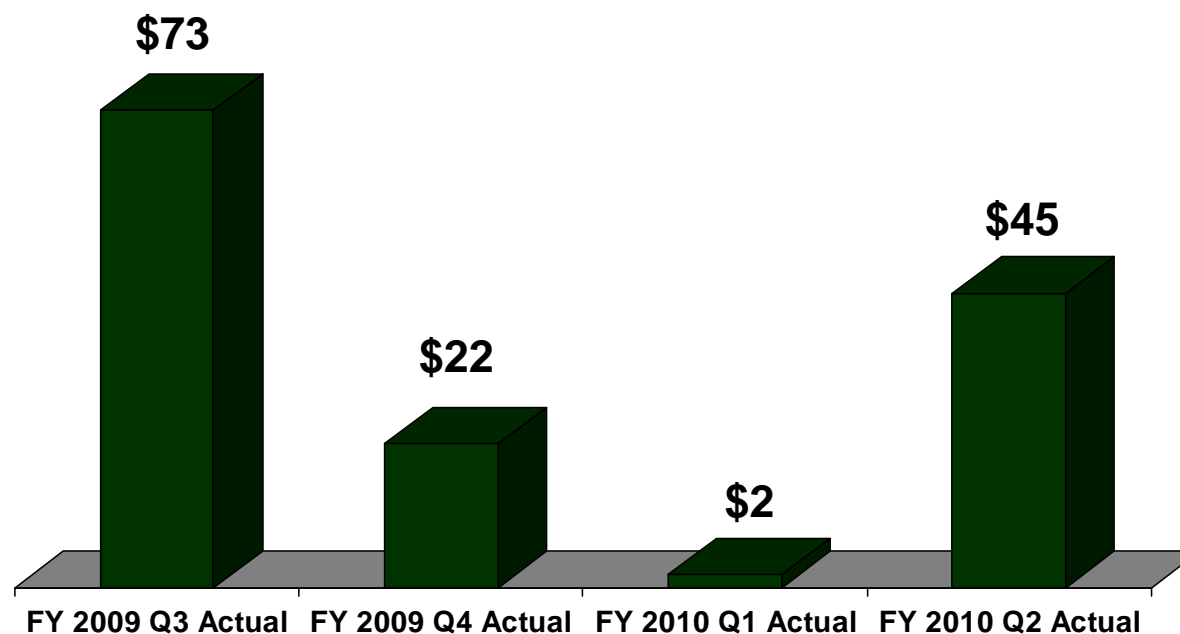
(1) See Appendix – “Non-GAAP Financial Information.”

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

(3) Before restructuring payments of \$1 million in Q2 2010 and \$10 million in Q2 2009.

Stable Cash Flow Results⁽¹⁾⁽²⁾

- Realized four consecutive quarters of positive Free Cash Flow
 - First time to achieve since June 2002



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

(2) GAAP cash flow provided by (used for) operating activities was \$65 million for fiscal year 2010 second quarter, \$27 million for fiscal year 2010 first quarter, \$46 million for fiscal year 2009 fourth quarter, and \$99 million for fiscal year 2009 third quarter.

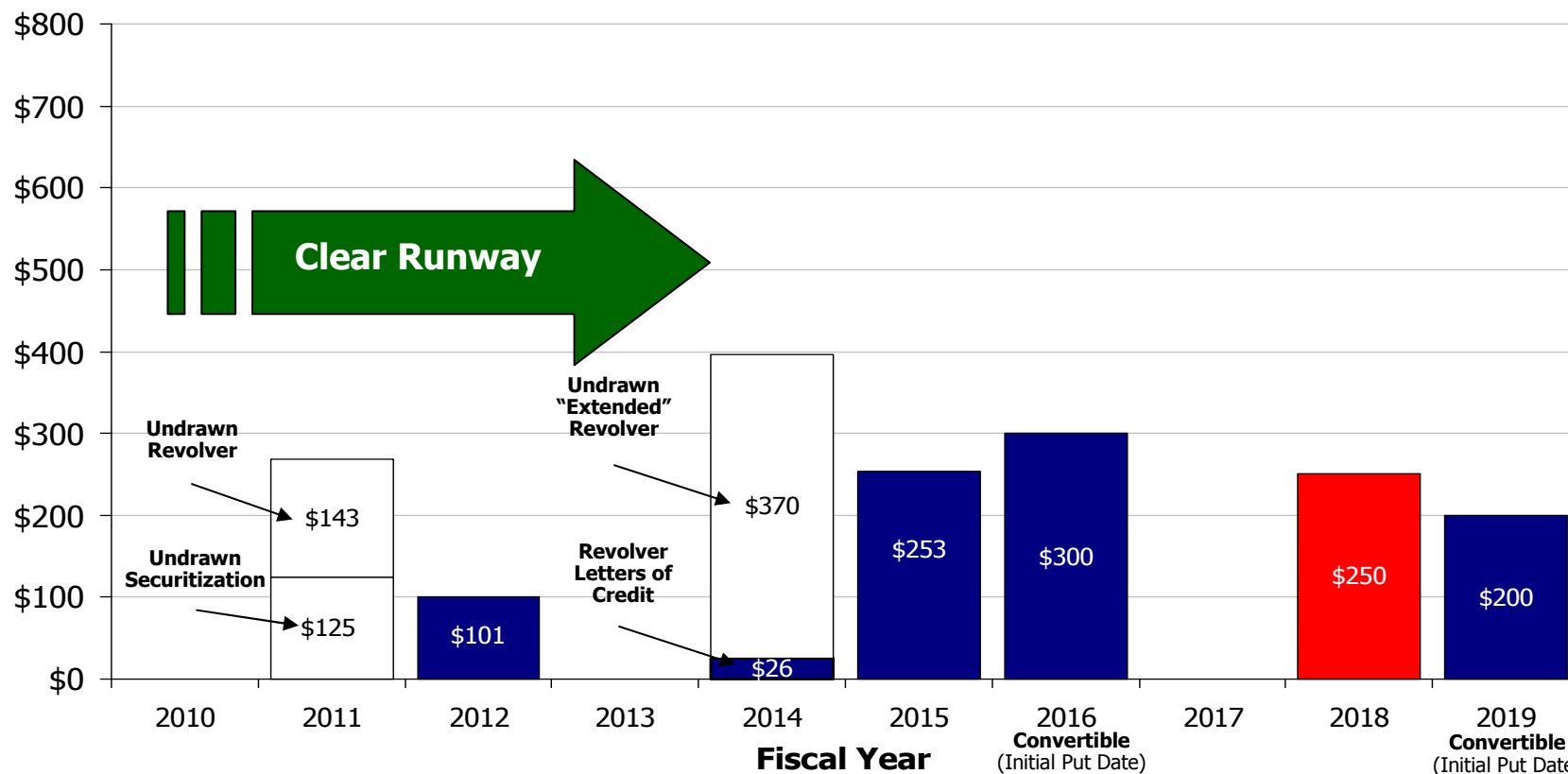
Capital Markets Transactions

- **In Q2, we completed a series of liquidity enhancing and balance sheet restructuring transactions:**
 - Revolver: Extended maturity date to January 2014. Facility size reduced to \$539 million through June 2011 and then reduced to \$396 million thereafter
 - Equity: Issued ~20 million shares of common stock at \$10.50 per share (~\$200 million of net proceeds)
 - Debt: Issued \$250 million of unsecured debt at 10.625% maturing in March 2018
 - Tender Offer: Re-purchased \$175 million of 2012 unsecured debt

Debt Maturity Profile

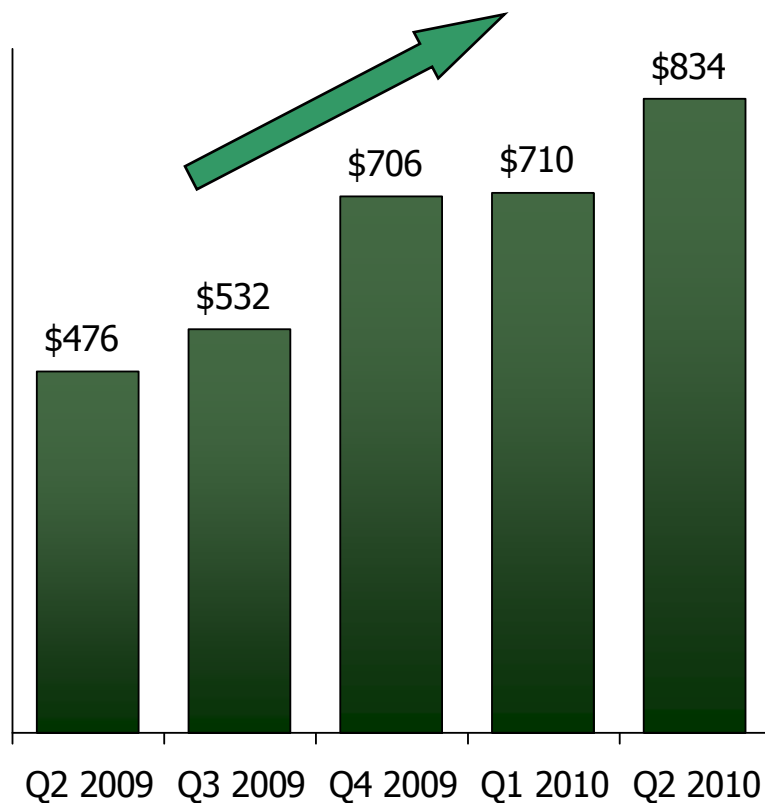
- New maturity profile gives the company relatively clear runway until the revolver matures in January 2014
 - Liquidity improved \$124 million since December 2009

Millions as of March 31, 2010

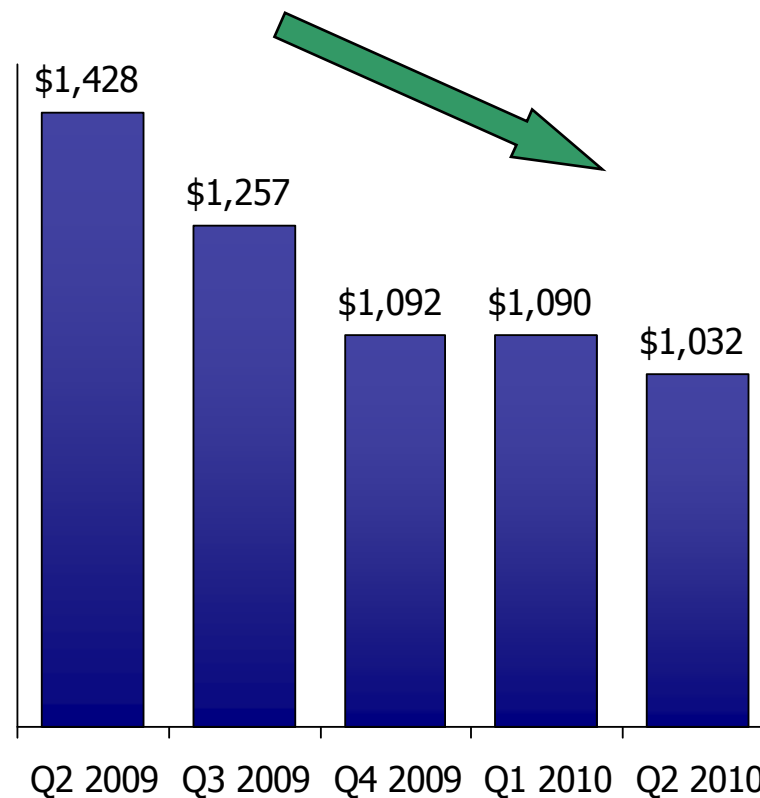


Improving Liquidity⁽¹⁾ and Declining Debt

(in millions)



Liquidity⁽¹⁾



Debt

(1) Cash balances and unused, readily-available commitments under revolving credit and U.S. accounts receivable securitization facilities (without regard to financial covenants restricting availability only on the final day of the quarter).

2010 Planning Assumptions⁽¹⁾

Fiscal Year Basis

(in millions)	1 st Half Actual	Full Year Est.
Capital Expenditures	\$42	\$90 - \$110
Interest Expense	\$54	\$95 - \$110
Income Tax Expense	\$10	\$50 - \$70 ⁽²⁾
Cash Income Taxes	\$19	\$30 - \$50

Reassessed for
Capital Market
Transactions

Updated Tax Planning Assumptions

- (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) Excludes adjustments such as valuation allowance adjustments, as listed on slide 10.

Third Quarter Outlook⁽¹⁾

	FY 2010 Q2 Actual⁽²⁾	FY 2010 Q3 Outlook⁽¹⁾
Sales	\$1,207	Flat
Adjusted EBITDA	\$64	Flat
Adjusted Income from Cont. Ops.	\$15	Lower (Higher Tax Expense)
FCF before Factoring and Restructuring	\$66	Around Breakeven
FCF	\$45	Slightly Positive

(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."

2010 Priorities

- Remain focused on rigorous cost management to realize improved operating leverage
- Continue transformation to focus the company on global commercial and industrial markets
- Drive innovation – accelerating new products and advanced fuel efficient technologies
- Maintain focus on sustainable profitable growth
- Successfully execute as global markets recover
- Continue focus on balance sheet management

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 EBITDA, 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, 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 March 31, 2010	Three Months Ended December 31, 2009	Three Months Ended March 31, 2009
Adjusted EBITDA	\$ 64	\$ 56	\$ 32
Loss on Sale of Receivables	(1)	(1)	(2)
Depreciation and Amortization	(20)	(18)	(15)
Interest Expense, Net ⁽¹⁾	(31)	(23)	(24)
Restructuring Costs	-	(2)	(46)
LVS Separation Costs	-	-	(2)
Benefit (Provision) for Income Taxes	4	(14)	9
Income (Loss) From Continuing Operations			
Attributable to ArvinMeritor, Inc	16	(2)	(48)
Income (Loss) From Discontinued Operations			
Attributable to ArvinMeritor, Inc	(3)	2	(1)
Net Income (Loss) Attributable to ArvinMeritor, Inc.	\$ 13	\$ -	\$ (49)

(1) Amounts for prior period have been restated for the adoption of FASB guidance on convertible debt

Non-GAAP Financial Information

Free Cash Flow

	Three Months Ended				
	March 31, 2010	March 31, 2009	December 31, 2009	September 30, 2009	June 30, 2009
Cash provided by (used for) operating activities	\$ 65	\$ (102)	\$ 27	\$ 46	\$ 99
Capital expenditures - continuing operations	(20)	(34)	(22)	(17)	(22)
Capital expenditures - discontinued operations	-	(2)	(3)	(7)	(4)
Free cash flow	<u>\$ 45</u>	<u>\$ (138)</u>	<u>\$ 2</u>	<u>\$ 22</u>	<u>\$ 73</u>
Free cash flow	\$ 45	\$ (138)	\$ 2		
Restructuring payments - continuing operations	7	19	5		
Restructuring payments - discontinued operations	1	10	-		
Changes in receivables securitization and factoring	<u>13</u>	<u>183</u>	<u>(54)</u>		
Free cash flows from operations before restructuring and changes in off-balance sheet factoring and securitization	<u>\$ 66</u>	<u>\$ 74</u>	<u>\$ (47)</u>		



ArvinMeritorTM