

FY 2010 Fourth Quarter and Full-Year Earnings Presentation

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November 16, 2010

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. There are risks and uncertainties relating to the company’s announced plans to sell the Body Systems business of LVS, including the timing and certainty of completion of any sale and the fulfillment of closing conditions, some of which may not be within the company’s control. Until the closing of any sale, the company will be responsible for the operation of this business. Therefore, it is possible that an extended process could result in operating losses and cash requirements for which the company would be responsible, especially if economic conditions begin again to destabilize. In addition, although the company currently expects to sell the entire business, if the company fails to do so, the company may consider other available options, including restructurings and multiple sales of portions of the business (which may involve substantial costs and the potential to lose new or replacement customer awards due to the uncertainty as to the future of the 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; 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.

2010 Financial Highlights⁽¹⁾⁽²⁾⁽³⁾

(in millions except EPS)

	Q3 Recast	Q4	Full Year	FY Comments
Sales	\$966	\$956	\$3,590	Increased 17% from 2009
Adjusted EBITDA ⁽¹⁾⁽⁴⁾	\$66	\$70	\$248	Increased 42% from 2009
Adjusted Income (Loss) from Cont. Ops. ⁽²⁾	\$(6)	\$8	\$4	\$34 million improvement compared to 2009
Adjusted EPS from Cont. Ops. ⁽²⁾	\$(0.06)	\$0.08	\$0.05	Achieved positive earnings per share for 2010
FCF before Factoring and Restructuring ⁽¹⁾	\$17	\$34	\$70	\$159 million improvement compared to 2009
Free Cash Flow ⁽¹⁾⁽²⁾	\$33	\$42	\$122	\$551 million improvement compared to 2009

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

(2) GAAP net income/(loss) was \$2 million for Q4 2010 and \$(3) million for Q3 2010. GAAP income/(loss) from continuing operations was \$1 million for Q4 2010 and \$(6) million for Q3 2010. GAAP diluted income/(loss) per share from continuing operations was \$0.01 for Q4 2010 and \$(0.06) for Q3 2010. Cash flow provided by (used for) operations was \$72 million for Q4 2010 and \$47 million for Q3 2010. GAAP net income/(loss) was \$12 million for FY 2010. GAAP income/(loss) from continuing operations was \$(2) million for FY 2010. GAAP diluted income/(loss) per share from continuing operations was \$(0.02) for FY 2010. Cash flow provided by (used for) operations was \$211 million for FY 2010.

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

(4) Adjusted for noncontrolling interest in consolidated joint ventures.

2010 Business Highlights

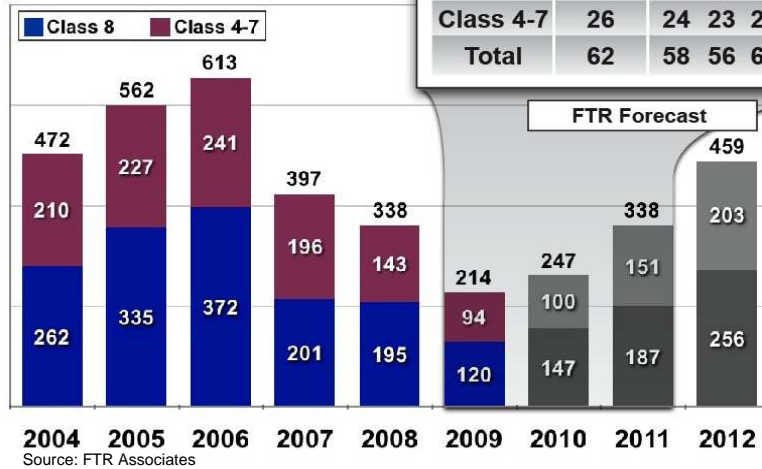
- Achieved strong operational and financial performance
- Received numerous customer satisfaction awards
- Launched all-new Meritor 14X tandem drive axle
- Introduced all-new off-highway product lineup
- Introduced Meritor ProTec high mobility independent suspension for tactical and combat wheeled military vehicles
- Announced significant European foundation brake investment
- Announced Meritor LogixDrive concept
- Strengthened presence in emerging markets
 - Held groundbreaking on state-of-the-art technical center in Nanjing, China
 - Expanded off-highway business in China, as well as aftermarket presence in China and India
 - Initiated major investments to increase capacity in Brazil

Commercial Truck

North America

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

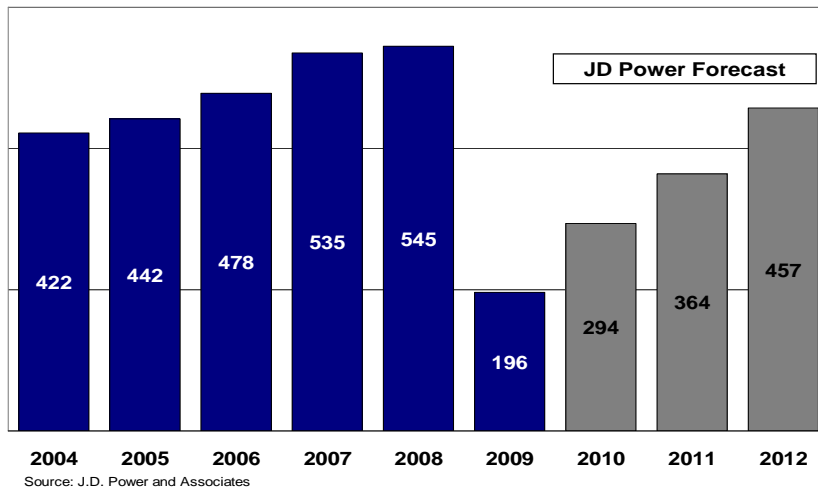
	2009	2010				2011				FY11 177k
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Class 8	36	34	33	40	40	42	46	49	51	
Class 4-7	26	24	23	23	29	33	38	40	39	
Total	62	58	56	63	69	75	84	89	90	



- N.A. recovery slowly progresses
 - FY11 Cl. 8 estimates range from ~180-200k
- Continued growth in Europe despite sovereign debt concerns
- Brazil continues at strong volumes

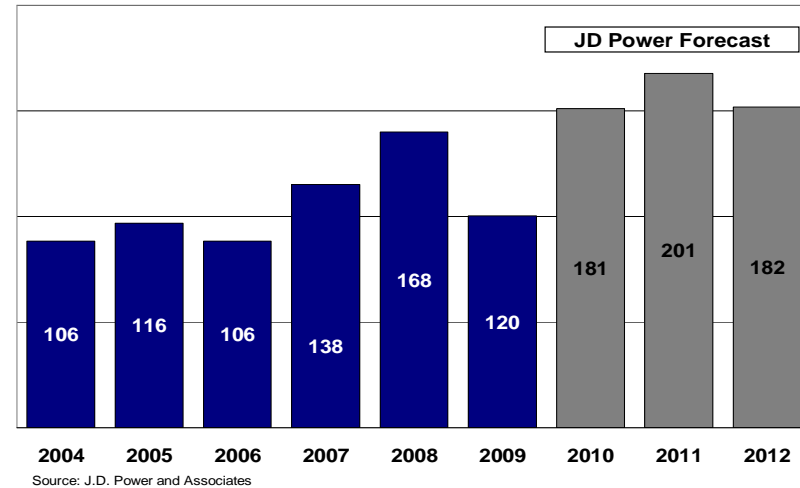
Western Europe

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



South America

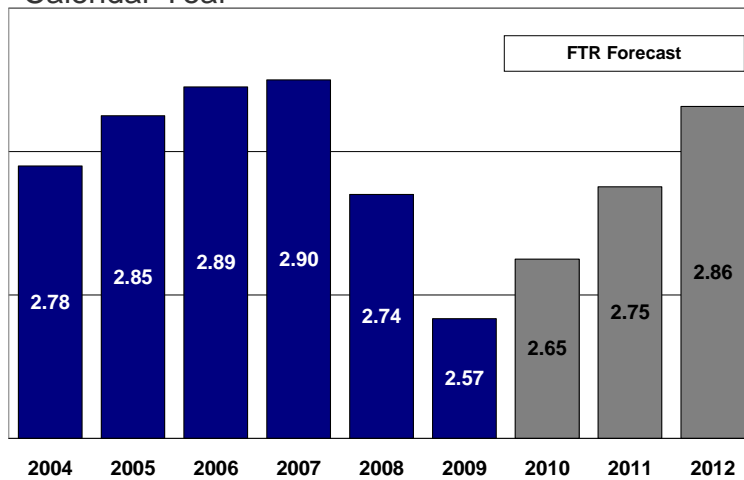
Med. & Heavy Production GVW>6t (000)
Calendar Year



Aftermarket and Trailer

U.S. Truck Freight Ton Miles

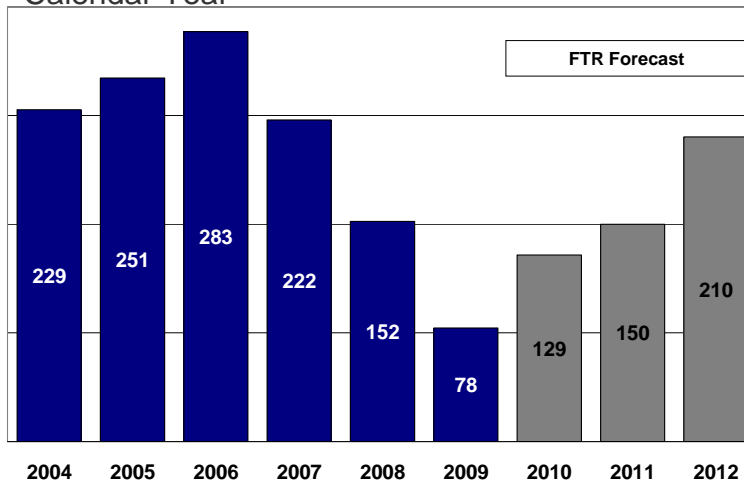
Seasonally Adjusted (Trillions)
Calendar Year



- Slow recovery in N.A. and Europe
- Aging fleet in N.A. expected to drive demand for replacement parts
- Remanufacturing continues to grow

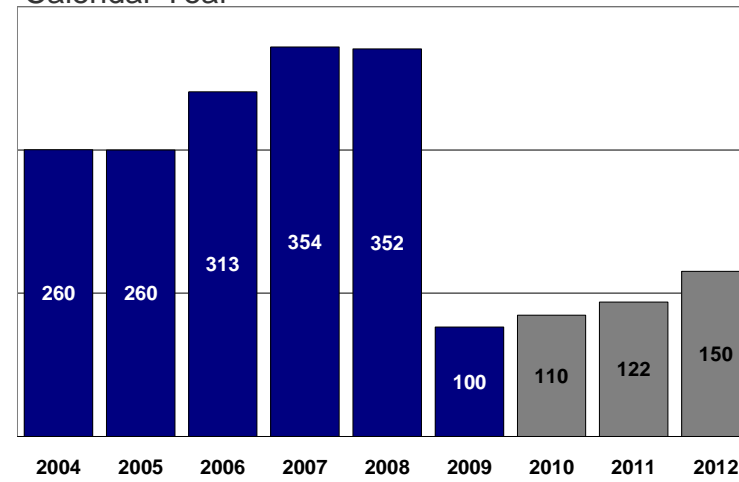
North America

Trailer Production (000)
Calendar Year



Europe

Trailer Production (000)
Calendar Year

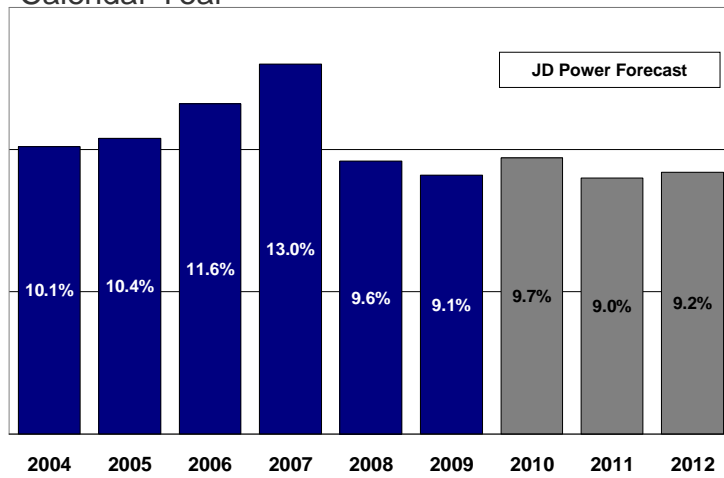


Industrial and Asia Pacific

China

GDP Growth (%)
Calendar Year

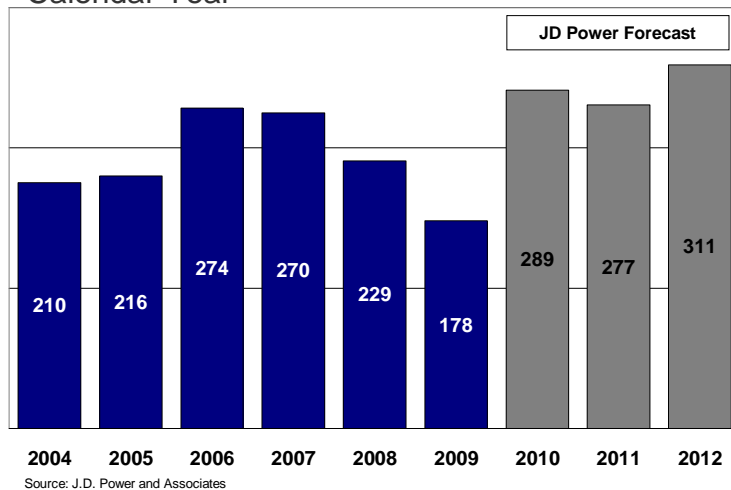
Represents relative strength
in off-highway market



- China off-highway production expected to remain strong due to infrastructure improvements
- Several years of strong India truck production expected

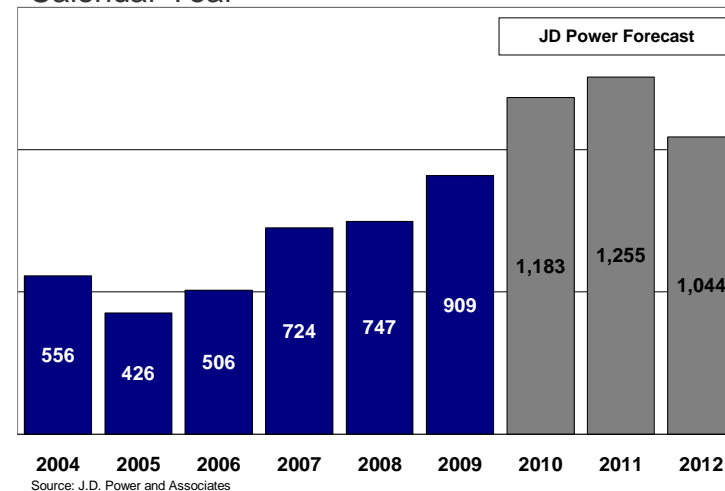
India

Truck Production GVW>6t (000)
Calendar Year



China

Truck Production GVW>6t (000)
Calendar Year




Near-term Headwind in Defense Volumes

- Lower Family of Medium Tactical Vehicles (FMTV) volumes expected in near-term as production shifts to new prime contractor and returns to more normalized volumes
 - Signed a five-year agreement with Oshkosh Corporation to provide drive axles, trailer axles, brakes, and drivelines
- However, partially offset by recently announced retrofit of Caiman Mine Resistant Ambush Protected (MRAP) multi-terrain vehicles (MTV) with BAE Systems
 - 1,700 vehicles with initial production deliveries expected to begin in Q1
 - Enabled by all-new line-up of Meritor ProTec™ High Mobility Independent Suspension (HMIS) and AWD Systems
- Additional future opportunities
 - Joint Light Tactical Vehicle (JLTV)
 - HMMWV recap



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 
- 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 balance sheet management 

Once again we delivered on our commitments

Fourth Quarter 2010 Results Comparisons⁽¹⁾

Earnings reflect Continuing Operations, excluding LVS; FCF Total Company

	FY 2010 Q3 Actual As Presented⁽²⁾	FY 2010 Q3 Actual Recast⁽³⁾	FY 2010 Q4 Outlook	FY 2010 Q4 Actual
Sales	\$1,275	\$966	Slightly Lower	\$956
Adjusted EBITDA ⁽⁴⁾	\$76	\$66	Slightly Lower	\$70
Adjusted Income / (Loss) from Cont. Ops.	\$2	(\$6)	Slightly Lower	\$8
FCF before Factoring and Restructuring	\$17	\$17	Slightly Negative (Bond interest payment)	\$34 (including \$29M voluntary pension contribution)
Free Cash Flow	\$33	\$33	Slightly Negative (Bond interest payment)	\$42 (including \$29M voluntary pension contribution)



(1) See Appendix – “Non-GAAP Financial Information.”
 (2) As presented during the 3rd Quarter earnings call, including LVS.
 (3) Amounts have been recast to reflect LVS as discontinued operations.
 (4) Adjusted for noncontrolling interest in consolidated joint ventures.

Fourth Quarter Income Statement from Continuing Operations⁽³⁾

(in millions, except per share amounts)

	Three Months Ended September 30,			
	2010	2009	Better/(Worse)	
			\$	%
Sales	\$ 956	\$ 697	\$ 259	37%
Cost of Sales	(840)	(627)	(213)	-34%
Gross Margin	116	70	46	66%
SG&A	(78)	(53)	(25)	-47%
Restructuring Costs	(5)	(6)	1	17%
Asset Impairments	(2)	-	(2)	*
Operating Income (Loss)	31	11	20	182%
Equity in Earnings of Affiliates	15	7	8	114%
Interest Expense, Net	(25)	(23)	(2)	-9%
Income (Loss) Before Income Taxes	21	(5)	26	*
Provision for Income Taxes	(17)	(27)	10	37%
Income (Loss) From Continuing Operations	4	(32)	36	*
Noncontrolling Interests	(3)	(4)	1	25%
Income (Loss) From Continuing Operations	\$ 1	\$ (36)	\$ 37	*
Adjustments				
Restructuring Costs	5	6	(1)	*
Asset Impairments	2	-	2	*
Income Taxes	-	19	(19)	*
Adjusted Income (Loss) From Continuing Operations ⁽¹⁾	\$ 8	\$ (11)	\$ 19	*
DILUTED ADJUSTED INCOME (LOSS) PER SHARE ^{(1) (2)} \$	0.08	\$ (0.16)	\$ 0.24	*
Diluted Shares Outstanding	96.5	72.7	23.8	33%

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

(2) GAAP diluted income (loss) per share from continuing operations was \$0.01 for Q4 2010 and \$(0.50) for Q4 2009.

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

Q4 Segment EBITDA and Adjusted EBITDA

(in millions)

Three Months Ended September 30, 2010
Better/(Worse)
Segment EBITDA

	2010	2009	\$	%
Commercial Truck	\$ 32	\$ 1	\$ 31	*
Industrial	14	28	(14)	-50%
Aftermarket & Trailer	17	18	(1)	-6%
Segment EBITDA	<u>63</u>	<u>47</u>	<u>16</u>	<u>34%</u>
Unallocated Corporate Costs	7	(4)	11	*
Adjusted EBITDA ⁽¹⁾	<u>\$ 70</u>	<u>\$ 43</u>	<u>\$ 27</u>	<u>63%</u>

Segment EBITDA Margins

Commercial Truck	5.9%	0.3%	5.6 pts
Industrial	6.4%	12.7%	-6.3 pts
Aftermarket & Trailer	6.7%	8.2%	-1.5 pts
Adjusted EBITDA Margins ⁽¹⁾	7.3%	6.2%	1.1 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 ⁽¹⁾ Margin
Q3 2010	6.8%
Americas Truck production volume & mix	1.0
Europe Truck production volume & mix – seasonality	(0.2)
Industrial – lower Defense & seasonal Off-highway volume	(1.1)
Aftermarket & Trailer volume & mix	(0.3)
Material economics net of Performance Plus	(0.6)
Environmental	0.6
Pension curtailment gain	0.7
Other	0.4
Q4 2010	7.3%

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

Continuing to Convert on Incremental Sales

	Sales	Adj. EBITDA⁽¹⁾
Q3 2010⁽²⁾	\$966	\$66
Conversion on sales	(\$10)	(\$3)
Pension curtailment gain		\$7
Q4 2010	\$956	\$70

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

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

Full Year Segment EBITDA and Adjusted EBITDA

(in millions)

	Twelve Months Ended September 30,			
	2010	2009	Better/(Worse)	
			\$	%
Segment EBITDA				
Commercial Truck	\$ 85	\$ (38)	\$ 123	*
Industrial	94	135	(41)	-30%
Aftermarket & Trailer	71	89	(18)	-20%
Segment EBITDA	250	186	64	34%
Unallocated Corporate Costs	(2)	(11)	9	82%
Adjusted EBITDA ⁽¹⁾	\$ 248	\$ 175	\$ 73	42%
Segment EBITDA Margins				
Commercial Truck	4.3%	-2.4%	6.7 pts	
Industrial	9.9%	15.2%	-5.3 pts	
Aftermarket & Trailer	7.3%	9.3%	-2.0 pts	
Adjusted EBITDA Margins ⁽¹⁾	6.9%	5.7%	1.2 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.

2010 GAAP Income Tax Expense

Continuing Operations

(in millions)

Q410	PBT Inc./ (Exp.)	Inc. Tax Exp	Effective Rate
Income not subject to VA	\$ 56	\$ 13	23.2%
Income subject to VA ⁽¹⁾	(35)	-	
Other ⁽²⁾	-	4	
Total	\$ 21	\$ 17	

FY10	PBT Inc./ (Exp.)	Inc. Tax Exp	Effective Rate
Income not subject to VA	\$ 206	\$ 57	27.7%
Income subject to VA ⁽³⁾	(146)	-	
Other ⁽²⁾	-	(9)	
Total	\$ 60	\$ 48	

(1) Expected ~\$11 million benefit on losses (approx. 30% statutory rate) not realized in Q4 2010 due to valuation allowances established in fiscal year 2009.

(2) Primarily relates to discrete adjustments to tax contingencies.

(3) Expected ~\$44 million benefit on losses (approx. 30% statutory rate) not realized in FY 2010 due to valuation allowances established in fiscal year 2009.

New Adjusted EBITDA Methodology – Q4 & FY2010

Adjusted for Noncontrolling Interest⁽¹⁾

- The new definition for Adjusted EBITDA better reflects the performance of the Industrial segment by retaining the entire EBITDA associated with consolidated joint ventures:

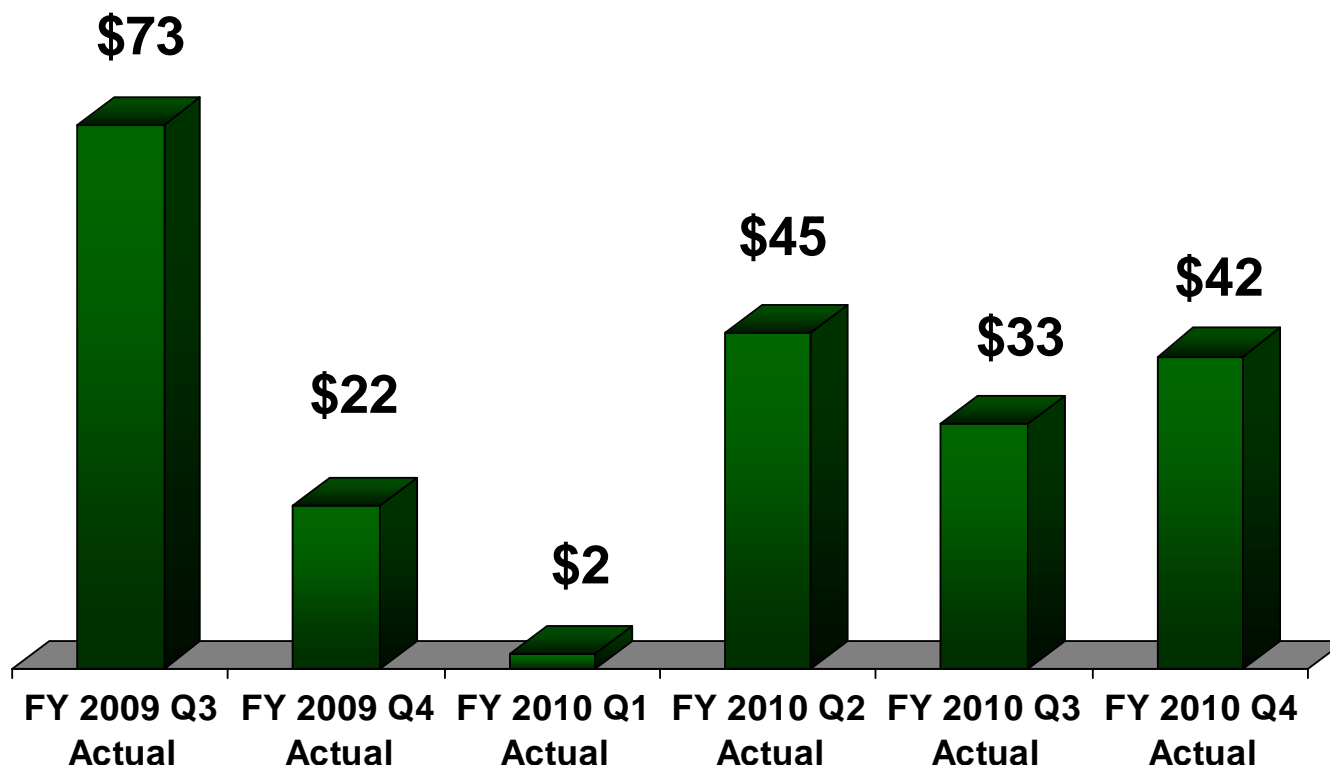
	Prior Method	New Method
Sales	Consolidated JV Revenue	Consolidated JV Revenue
EBITDA	Consolidated JV EBITDA less Noncontrolling Interests	Consolidated JV EBITDA

(in millions)

	Q4 FY 2010				Full Year FY 2010			
	Prior Method		New Method		Prior Method		New Method	
	EBITDA	Margin	EBITDA	Margin	EBITDA	Margin	EBITDA	Margin
Commercial Truck	\$ 32	5.9%	\$ 32	5.9%	\$ 84	4.3%	\$ 85	4.3%
Industrial	11	5.0%	14	6.4%	81	8.5%	94	9.9%
Aftermarket & Trailer	17	6.7%	17	6.7%	71	7.3%	71	7.3%
Unallocated Corporate	<u>7</u>		<u>7</u>		<u>(2)</u>		<u>(2)</u>	
Total	\$ 67	7.0%	\$ 70	7.3%	\$ 234	6.5%	\$ 248	6.9%
Noncontrolling Interest Impact			\$ 3	0.3%			\$ 14	0.4%

(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.

Stable Cash Flow Results⁽¹⁾⁽²⁾



Six consecutive quarters of positive Free Cash Flow

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

(2) GAAP cash flow provided by (used for) operating activities was \$72 million for fiscal year 2010 fourth quarter, \$47 million for fiscal year 2010 third quarter, \$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.

Free Cash Flow⁽¹⁾

(in millions)

	Quarter Ended September 30,		Year Ended September 30,	
	2010	2009	2010	2009
Income (Loss) From Continuing Operations Attributable to ArvinMeritor, Inc	\$ 1	\$ (36)	\$ (2)	\$ (747)
Net Spending (D&A less Capital Expenditures)	(7)	12	14	(12)
Pension and Retiree Medical Net of Expense	(37)	(5)	(36)	(27)
Performance Working Capital ⁽²⁾	19	49	(49)	231
Discontinued Operations⁽³⁾	40	15	35	(129)
Other	18	12	108	595
Free Cash Flow Before Restructuring and Off-Balance Sheet Securitization & Factoring	\$ 34	47	\$ 70	\$ (89)
Restructuring Payments	(4)	(10)	(22)	(65)
Off-Balance Sheet Securitization & Factoring	12	(15)	74	(275)
Free Cash Flow	\$ 42	\$ 22	\$ 122	\$ (429)
Memo: Cash Flow Provided by (used for) Continuing Operations⁽⁴⁾	\$ 19	\$ 22	\$ 137	\$ (163)

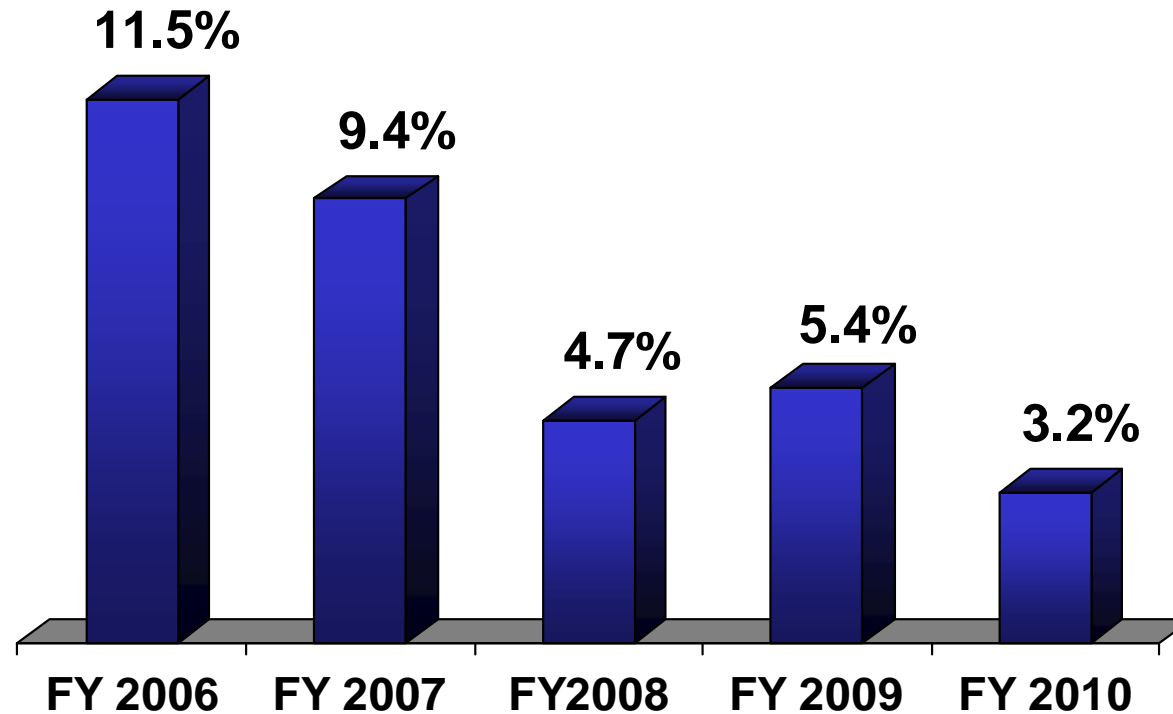
(1) See Appendix – “Non-GAAP Financial Information.”

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

(3) Before restructuring payments of \$1 million and \$5 million in Q4 10 and Q4 09, respectively and \$8 million and \$37 million in FY 10 and FY 09, respectively. Before factoring of \$(7) million and \$3 million in Q4 10 and Q4 09, respectively and \$(14) million and \$18 million in FY 10 and FY 09, respectively.

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

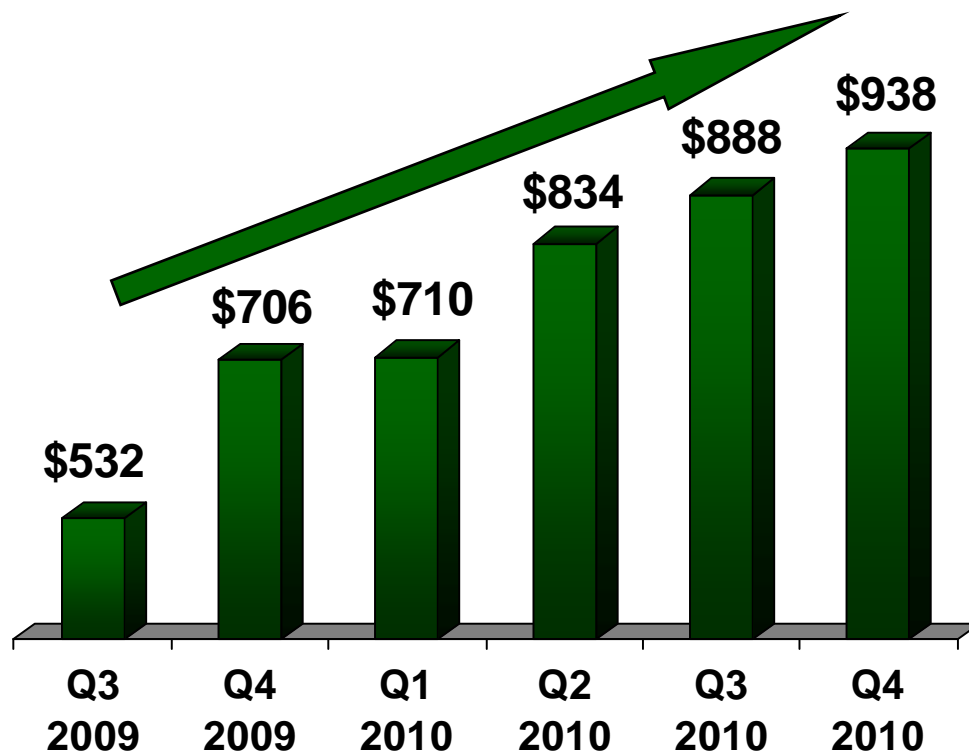
Improving Past Due Accounts Receivable Performance



Collection of past due accounts receivable has progressively improved over the last five fiscal years and current past due % is below industry benchmark levels

Improving Liquidity⁽¹⁾

(in millions)



- Extended U.S. Securitization facility to October 2013
 - Maintained \$125 million capacity and improved pricing
- New two-year customer sponsored off-balance sheet U.S factoring facility

(1) Cash balances and unutilized, 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).

Pension and OPEB Tailwinds in 2011

- U.S. and global pension plans were under funded by (\$609) million at September 30, 2010
 - Funded status moderately deteriorated primarily due to further declines in discount rates
 - Declined with corporate bond index causing PBO to increase
 - Asset returns improved during the fiscal year
 - Made \$29 million in voluntary pension contributions
 - Pension expense is expected to be \$4 million lower in FY 2011
 - Required pension funding has been determined for FY 2011 at approx. \$54 million

- OPEB expense is expected to be \$12 million lower in FY 2011 due to changes in actuarial assumptions although actual contributions are expected to be relatively consistent with FY 2010

Continuing Operations, excludes LVS

	FY 2010	FY 2011E
Pension Expense – US	\$ 20	\$ 24
Pension Expense – ROW	9	1
Total Pension Expense⁽¹⁾	\$ 29	\$ 25
Pension Contributions – US	\$ 43	\$ 23
Pension Contributions – ROW	31	31
Total Pension Contributions	\$ 74	\$ 54
OPEB Expense	\$ 59	\$ 47
OPEB Contributions	\$ 43	\$ 45

(1) Excluding \$7 million U.K. pension curtailment gain.

2011 Planning Assumptions⁽¹⁾

Fiscal Year Basis

Continuing Operations, excludes LVS

(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."

First Quarter Outlook⁽¹⁾

Continuing Operations, excludes LVS

	FY 2010 Q4 Actual⁽²⁾	FY 2011 Q1 Outlook⁽¹⁾
Sales	\$956	Flat
Adjusted EBITDA	\$70	Slightly Lower (non-recurrence of pension curtailment gain)
Adjusted Income from Cont. Ops.	\$8	Slightly Lower
FCF before Factoring and Restructuring	\$34 (including \$29M voluntary pension contribution)	Negative
FCF	\$42 (including \$29M voluntary pension contribution)	Negative

(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."

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

Full Year 2010 Income Statement from Continuing Operations⁽³⁾

(in millions, except per share amounts)

	Twelve Months Ended September 30,			
	2010	2009	Better/(Worse)	
			\$	%
Sales	\$ 3,590	\$ 3,075	\$ 515	17%
Cost of Sales	(3,171)	(2,780)	(391)	-14%
Gross Margin	419	295	124	42%
SG&A	(289)	(209)	(80)	-38%
Restructuring Costs	(6)	(61)	55	90%
Other Operating Expenses	(8)	(15)	7	47%
Operating Income (Loss)	116	10	106	1,060%
Equity in Earnings of Affiliates	48	15	33	220%
Other Income	2	-	2	*
Interest Expense, Net	(106)	(93)	(13)	-14%
Income (Loss) Before Income Taxes	60	(68)	128	*
Provision for Income Taxes	(48)	(670)	622	93%
Income (Loss) From Continuing Operations	12	(738)	750	*
Noncontrolling Interests	(14)	(9)	(5)	-56%
Income (Loss) From Continuing Operations	\$ (2)	\$ (747)	\$ 745	100%
Adjustments				
Restructuring Costs	6	61	(55)	90%
Gain on Settlement of Note Receivable	(6)	-	(6)	*
Loss on Debt Extinguishment	13	-	13	*
Asset Impairments	2	14	(12)	86%
Tax Effect	(9)	642	(651)	*
Adjusted Income (Loss) From Continuing Operations ⁽¹⁾	\$ 4	\$ (30)	\$ 34	*
DILUTED ADJUSTED INCOME (LOSS) PER SHARE ^{(1) (2)}	\$ 0.05	\$ (0.42)	\$ 0.47	*
Diluted Shares Outstanding	87.6	72.5	15.1	21%

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

(2) GAAP diluted income (loss) per share from continuing operations was \$(0.02) for FY 2010 and \$(10.31) for FY 2009.

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

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, 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⁽²⁾

	Three Months Ended September 30, 2010	Three Months Ended June 30, 2010	Twelve Months Ended September 30, 2010	Twelve Months Ended September 30, 2009	Three Months Ended September 30, 2009
Adjusted EBITDA	\$ 70	\$ 66	\$ 248	\$ 175	\$ 43
Loss on Sale of Receivables	(1)	(1)	(4)	(5)	-
Depreciation and Amortization	(16)	(18)	(70)	(70)	(19)
Interest Expense, Net ⁽¹⁾	(25)	(27)	(106)	(93)	(23)
Restructuring Costs	(5)	(1)	(6)	(61)	(6)
Asset Impairment Charges	(2)	-	(2)	(14)	-
Non-controlling Interests	(3)	(4)	(14)	(9)	(4)
Benefit (Provision) for Income Taxes	(17)	(21)	(48)	(670)	(27)
Income (Loss) From Continuing Operations					
Attributable to ArvinMeritor, Inc	1	(6)	(2)	(747)	(36)
Income (Loss) From Discontinued Operations					
Attributable to ArvinMeritor, Inc	1	3	14	(441)	22
Net Income (Loss) Attributable to ArvinMeritor, Inc.	\$ 2	\$ (3)	\$ 12	\$ (1,188)	\$ (14)

(1) Amounts for fiscal year 2009 have been restated for the adoption of FASB guidance on convertible debt.

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

Non-GAAP Financial Information

Free Cash Flow

	Three Months Ended				
	September 30, 2010	September 30, 2009	June 30, 2010	March 31, 2009	December 31, 2009
Cash provided by (used for) operating activities	\$ 72	\$ 46	\$ 47	\$ 65	\$ 27
Capital expenditures - continuing operations	(23)	(7)	(9)	(11)	(13)
Capital expenditures - discontinued operations	(7)	(17)	(5)	(9)	(12)
Free cash flow	<u>\$ 42</u>	<u>\$ 22</u>	<u>\$ 33</u>	<u>\$ 45</u>	<u>\$ 2</u>
Free cash flow	\$ 42	\$ 22	\$ 33		
Restructuring payments - continuing operations	3	5	3		
Restructuring payments - discontinued operations	1	5	2		
Changes in receivables securitization and factoring	(12)	15	(21)		
Free cash flows from operations before restructuring and changes in off-balance sheet factoring and securitization	<u>\$ 34</u>	<u>\$ 47</u>	<u>\$ 17</u>		

(1) Includes changes in receivables securitization and factoring for September 30, 2010, September 30, 2009, and June 30, 2010 of \$(5), \$12 and \$(15) for continuing operations, respectively and \$(7), \$3 and \$(6) for discontinued operations, respectively.

Non-GAAP Financial Information

Free Cash Flow

	Twelve Months Ended	
	September 30, 2010	September 30, 2009
Cash provided by (used for) operating activities	\$ 211	\$ (295)
Capital expenditures - continuing operations	(56)	(82)
Capital expenditures - discontinued operations	(33)	(52)
Free cash flow	<u>\$ 122</u>	<u>\$ (429)</u>
Free cash flow	\$ 122	\$ (429)
Restructuring payments - continuing operations	14	28
Restructuring payments - discontinued operations	8	37
Changes in receivables securitization and factoring (1)	(74)	275
Free cash flows from operations before restructuring and changes in off-balance sheet factoring and securitization	<u>\$ 70</u>	<u>\$ (89)</u>

(1) Includes changes in receivables securitization and factoring for September 30, 2010 and September 30, 2009 of \$(60) and \$257 for continuing operations, respectively and \$(14) and \$18 for discontinued operations, respectively.



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