Agenda

• Introduction to ArvinMeritor
• Managing the downturn
  – Transformation through the crisis
• Managing the upturn
  – The true business of IT transformation: business value creation
Introduction
Introduction to ArvinMeritor

- $4.1 billion global supplier to the motor vehicle industry
- Approximately 13,200 employees in 25 countries
- Headquarters in Troy, MI
- Global supplier of a broad range of integrated systems, modules and components to the transportation and industrial sectors
- Serves commercial truck, trailer and specialty original equipment manufacturers and certain aftermarkets, and light vehicle manufacturers
- ArvinMeritor marked its centennial anniversary in 2009
- New York Stock Exchange symbol: ARM
- www.arvinmeritor.com
Broad Product Portfolio

Servicing off-highway, bus and coach, fire and rescue, truck, trailer, and aftermarket customers

Braking Systems
- Cam brakes
- Air disc brakes
- Hydraulic disc brakes
- Parking brakes
- Automatic slack adjusters
- Hubs, drums and rotors
- Steel and Stainless Clad Wheels

Axles, Drivelines and Suspensions
- Front steer and drive axles
- All-wheel drive axles
- Single and tandem rear drive axles
- Tag/pusher axles
- Drivelines, universal joints and yokes
- Transfer cases

Stopping and Safety Systems
- Anti-lock braking Systems
- Stability enhancement
- Hydraulic power brake and clutch control systems
- Automatic traction control
- OnGuard collision safety systems

Trailer Air Suspension Systems
- Air ride suspensions
- Axles and brakes
- Wheel-end systems
- Meritor Tire Inflation System by P.S.I.

Alternative Powered Drivetrains
- Hybrid Class 8 – diesel electric
- Alternative powered
- Independent suspension
- Ultra-low floor axles
- Hybrid-specific axles

Aftermarket and Remanufacturing
- Original equipment service parts
- All-makes programs
- Remanufactured parts
- Mascot Truck Parts
- Trucktechnic

Bringing the Vision to life.
### IS Strategic Context Assessment

#### Characteristics of four operating models*

<table>
<thead>
<tr>
<th>Business Process Standardization</th>
<th>Coordination</th>
<th>Unification</th>
</tr>
</thead>
</table>
| Low                              | • Shared customers, products or suppliers  
  • Operationally unique businesses | • Shared customers and suppliers  
  • Globally integrated business processes supported by enterprise-wide systems  
  • Business units with similar or overlapping operations  
  • Single global ERP instance |
| High                             |              |             |

<table>
<thead>
<tr>
<th>Business Process Integration</th>
<th>Diversification</th>
<th>Replication</th>
</tr>
</thead>
</table>
| Low                              | • Few, if any, shared customers, products or suppliers  
  • Operationally unique businesses  
  • Autonomous business management  
  • Business process design and IT decisions made within the business unit | • Few is any shared customers, products or suppliers  
  • Operationally similar businesses  
  • Centralized control over business process design  
  • Standardized data definition but data locally owned with some aggregation at corporate  
  • Centrally managed IT services |
| High                             |                 |             |

*Source: MIT Sloan Center for Information Systems Research

ARM is in transition to a **Unification operating model**, consisting of globally leveraged processes, data definitions, applications and infrastructure.
Previous Lack of Execution Excellence and Credibility

Revenue Strong…but Margins Weak
“To date, past restructurings have yielded little margin improvement despite the strength of the first leg of the commercial vehicle cycle. ARM will outline the new restructuring plan at its December analyst day…We can’t help but feel a little skeptical.”
- Peter Nesvold, Bear Stearns
November 15, 2006

Repositioning Too Late for Downturn
“…We are cautious over the near-term as ARM does not have a good track record of managing the sharp cyclicality of commercial vehicle demand.”
- Brian Johnson, Lehman Brothers
January 24, 2007

Over Promise, Under Deliver has Lead to Low Expectations
“…Expectations are extremely low as management has recently over promised and under delivered throughout 2007, and anything better than a downward revision including neutral to positive news will drive a pop in the stock.”
- John Murphy, Merrill Lynch
December 5, 2007

No Indication of ARM Further Narrowing Focus
“We view ARM as a collection of businesses built through acquisitions, which brought together arguably unrelated [businesses] under one umbrella. In our view, the 2000 merger of Arvin and Meritor was a marriage…with few real synergies in our view.”
- Brian Johnson, Lehman Brothers
December 12, 2007

A Transformation on the Horizon
“We are impressed by the new direction laid out by the Performance Plus plan for the company. We believe the strategy has the potential to create considerable value for shareholders over the next three to five years…Beyond this improvement, continued creations of shareholder value will require a sustainable competitive advantage, which we believe the company presently lacks…”
- David Leiker, Baird
December 8, 2006

Still a “Show Me” Story
“Our broader concern is still low confidence in ARM’s strategic vision and management’s ability to execute it. That view stems from two CYTD guidance cuts, the recent about-face on emissions…two large back-to-back restructurings, apparent uncertainty on the right level of CVS production to outsource, and reversing the planned Gabriel sale.”
- Robert Barry, Goldman Sachs
May 2, 2007

Would Like…Solution to the “Goldilocks” Margins in CVS
“ARM appears to need ‘Goldilocks’ levels of commercial vehicle volumes to have decent margins. If industry build is too high (as in Europe this quarter or North America last year), ARM margins decline due to the cost of freight, overtime, etc. Conversely, should volumes fall below optimal levels (as in NA this quarter), ARM suffers negative operating leverage.”
- Brian Johnson, Lehman Brothers
December 10, 2007
Performance Plus Milestone Decisions

- **IT September 2007 milestone decision:**
  - Centralize and outsource infrastructure and transform back end technology and security to tier 4 hardened environment (processing speed, power, real time replication and reduced company risk)
  - Convert to a Demand/Supply model from a maintenance and support organization and transform the organizational structure

- **Global Operations November 2007 milestone decision:**
  - Transform from decentralized, duplicative value streams to a centralized, transparent global value chain engine
  - Implement Oracle ASCP, Demantra and OTM applications as Supply Chain global drivers of transformation
FY08 Transformation – IS Infrastructure

- Consolidated four regional data centers from around the globe to one consolidated global data center in Auburn Hills
  - 262 servers and 315 applications consolidated in 10 months
  - 143 servers virtualized to 9 physical servers
  - Hardware costs reduced by 30%
  - Processing speed improved by 25%
  - Four Exchange environments consolidated to one
  - Scalability and reliability increased
  - 24x7 support

- IS Transformation Business Value Delivered
  - Real time data replication delivered reduction in data loss from 24 hours to zero hours
  - ERP recovery time reduced from 48 to less than 4 hours
  - Development 100% off-shored
  - Two mainframes retired
  - Efficiency and performance of email services improved through enhanced processing and centralized management
  - OTM freight savings and inventory reduction
  - Enterprise risk through improved compliance and controls
Transformation – Organizational Structure “As Is” – 2007

- CIO
- VP Infrastructure
- VP Truck
- VP Light Vehicle
- VP Operations
- Sr Director Shared Services
- Sr Director Integrated Offices
- Director IT

INDEPENDENT SILOS
IS Transformation to Demand/Supply Model

Governance/Strategy

- CEO
- Presidents
- Sr Officers
- Vice Presidents
  - Business
  - Functions
- General Managers

CEO Staff Reviews
Business Strategy Reviews
Business/Functional Staff Meetings
IS Executive Steering Committee

Demand – Business Solutions

CIO

Enterprise Architect

Director Project Management Office

Director, Europe

Director, Asia Pacific

Director Access Security Compliance

Embedded IS

- CRM
- Engineering
- Operations
- Procurement
- Financial Shared Services
- Quality
- Warranty

Supply – Service Delivery
Applications/Infrastructure

Sr Director, Service Delivery Applications

Managed Services Development

Outsourced Infrastructure Partner

Sr Director, Service Delivery Infrastructure

Strong Global Matrix – “Diversity”
IS Transformation Technology Roadmap 1-5 years

1. IPv6, Remote Eng., Mobile VoIP, Video Conf., Smart Phones, Gigabit NT, PLM Software
2. RFID, SOA - Dependence on Business Process Maps, Consolidated reporting
3. PaaS, Server Platform Refresh, Cloud Storage, Oracle Fusion, SAML, PKI, Video Tele-presence
5. WSS, MS Search for Imagine, Single SignOn, Windows 2003 Active Directory, VS 2008

- Blue - Already Implemented
- Black - Architecturally Recommended
- Work in progress or looking actively

- Consolidate WebFocus Environments, Upgrade Citrix
- Unified Communication 1-Mailbox, 64 bit laptop, Intel vPro, Consolidate WebFocus Environments, Upgrade Citrix
- Basic Web Services in XP+, Virtualization Win Srvs, SaaS Used in Concur, Saba, Upgrading Jaros and Oracle 10/11g
Managing the Downturn
Managing the Downturn
FY09: Focus on Business Value Generation

- Feature based EDI specification auto-configuration Product Configurator tool created 804 axle specifications with no human interaction, saving 3,145 hours for work for spec engineering
- New Bangalore Technical Center infrastructure delivered on time and budget: critical to innovation strategy
- Transformed manufacturing with consolidation of 23 plants to Oracle 11.5.10
- Software vendor negotiations generated $1.6M of savings in FY09 and $4.5M over the life of the contract
- Thirty percent less power consumption with server consolidation and virtualization
- Retired 17 servers, the last mainframe, 19 applications, 9,000 licenses
- WAN carriers reduced to 2, with FY09 retroactive savings and FY10 contract savings for local site budgets
- Outsourcing yielded $900k in infrastructure licensing savings and $504k in storage savings

$25M in value to the bottom line
Managing the Upturn
Managing the Upturn
2010-11 Company 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
Information Systems
Key Initiatives – FY2011

• Execute Aftermarket Transformation – Brampton, Plainfield, Europe Oracle ERP and Brampton, Florence WMS (five projects)
• Implement enterprise Hyperion Financial Management
• Implement enterprise Engineering PLM Windchill
• Standup new Nanjing site and implement Nanjing Oracle
• Divest LVS
• Initiate Global Manufacturing Execution Systems, Brazil as POC
• Prepare for Windows 7 upgrade and remediate applications
• Continue ITAR/EAR/ML6 security compliance
• Implement Avomar solution for plant backup and de-duplication
**Global IS Global Project List**

**IS Executive Steering Committee**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A0P</td>
<td></td>
<td></td>
<td>G1</td>
<td>G2</td>
<td>G3</td>
<td>G4</td>
<td>G5</td>
<td>G6</td>
<td>G7</td>
<td>G8</td>
<td>G9</td>
<td>G10</td>
<td>G11</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>EXP</td>
<td>CAP</td>
<td>EXP</td>
<td>CAP</td>
<td>EXP</td>
<td>CAP</td>
<td>EXP</td>
<td>CAP</td>
<td>EXP</td>
<td>CAP</td>
<td>EXP</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**New & Carry Over IS Projects for FY 2011**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**变得具体化**

**Corporate Total**

| 10,492          | 7,840    | 6,480    |

**Total**

| $14,342          | $12,318  | $9,880   |

**Global IS Global Project List**

**IS Executive Steering Committee**

**INFORMATION SYSTEMS - MASTER PROJECT PORTFOLIO - FY 2011 - AOP *** FINAL ***

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**New & Carry Over IS Projects for FY 2011**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**变得具体化**

**Corporate Total**

| 10,492          | 7,840    | 6,480    |

**Total**

| $14,342          | $12,318  | $9,880   |

**Global IS Global Project List**

**IS Executive Steering Committee**

**INFORMATION SYSTEMS - MASTER PROJECT PORTFOLIO - FY 2011 - AOP *** FINAL ***

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**New & Carry Over IS Projects for FY 2011**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**变得具体化**

**Corporate Total**

| 10,492          | 7,840    | 6,480    |

**Total**

| $14,342          | $12,318  | $9,880   |

**Global IS Global Project List**

**IS Executive Steering Committee**

**INFORMATION SYSTEMS - MASTER PROJECT PORTFOLIO - FY 2011 - AOP *** FINAL ***

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**New & Carry Over IS Projects for FY 2011**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**变得具体化**

**Corporate Total**

| 10,492          | 7,840    | 6,480    |

**Total**

| $14,342          | $12,318  | $9,880   |
Managing the Upturn
FY10-11 IS Transformation

$Millions

1.7% of Revenue (Based on $4 Billion)

Represents a 11% reduction from 2008

ArvinMeritor
Investing in Advanced Systems

Harmonize Global Systems to Facilitate Growth

- eCommerce Systems
- Reman & Core Planning
- Advanced Forecasts
- Global Order Processing
- Global Dashboards
- Integrated Financials
- Life Cycle Pricing
- Voice Directed Order Processing
Managing the Upturn
Expanding in Asia Pacific

**ASEAN / Australia**
- Standalone Aftermarket footprint
- Expand distribution scale
- Launch remanufactured product portfolio
- North America/European
- Total logistics provider
- Hiring resources
- Sales
- Marketing
- Cataloging
- Operations
- Material / Supply Chain

**India**
- Customer/Technical Service
- Product portfolio
- Sales organization
- Distribution center
- Marketing
- Quality
- Kitting
- Remanufacturing

**China**
- Service centers
- Customer/Technical Service
- Product Portfolio/Procurement
- Sales organization
- Distribution center
- Marketing
- Quality
- Kitting
- Distribution expansion
Managing the Upturn

- Debt maturity profile
  - New maturity profile gives the company clear runway until the revolver matures in January 2014
  - Liquidity improved $178 million since December 2009
- Free cash flow
  - Stable and consistent results

Five consecutive quarters of positive free cash flow
Regained Financial and Execution Credibility

Positive Momentum Building

“Management has made significant progress in: 1) shifting product portfolio away from light vehicle, toward global commercial vehicle market; 2) investing in growth opportunities in emerging markets such as Brazil, China, India; 3) Restructuring the manufacturing footprint, implementing a common production system; 4) right-sizing the cost structure, modernizing internal administrative processes.”

- David Leiker, Baird
  February 3, 2010

Business Model Strengths

“The key strengths of the business model include: 1) a strong management team brought in from outside the company and comprised of individuals with substantial industry experience such as the CEO and COO; 2) a diversified revenue mix, where light vehicle is only 25% of revenue; 3) growing exposure to key markets in China, India, Eastern Europe, and South America; and 4) changing corporate culture introduced by Chip McClure and exemplified by the Performance Plus plan.”

- David Leiker, Baird
  February 23, 2010

Increased Conviction in Investment Thesis

“Growth is indicative of strength in the emerging markets and in aftermarket sales...EBITDA margins in the Company’s core business have increased sequentially for the last several quarters...and we continue to believe that ARM can reach and potentially exceed its EBITDA margin target of 10%.”

- Brett Hoselton, KeyBanc
  May 5, 2010

Strongly Leveraged to a Truck Rebound

“We have often written we believe that ARM’s target of low-teens EBITDA margins is achievable in a normalized production environment...In commercial axles and drivelines...ARM made strides in reengineering their manufacturing operations and supply chains, implementing the principles of lean manufacturing that prior managements had apparently ignored.”

- Brian Johnson, Barclays
  February 3, 2010

Growth Prospects Undervalued

“We continue to see ARM as having among the best growth prospects in our coverage. The company is already benefiting from substantial sales growth in its emerging markets truck business...driven by robust China/India/Brazil domestic activity and government sponsored infrastructure programs.”

- Patrick Archambault, Goldman Sachs
  May 4, 2010

Business transformation/modernization that began 6 years ago effectively completed

“Management has transformed the business into a single, leaner global entity with common business practices and protocols from a highly decentralized organization...We believe the company is nearing an inflection point with a transformed business model poised to deliver higher financial returns over the next commercial vehicle cycle.”

- David Leiker, Baird
  May 10, 2010