ARVINMERITOR INC
Form DEF 14A
December 15, 2008

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [x]
Filed by a Party other than the Registrant [_]

Check the appropriate box:
[_] Preliminary Proxy Statement
[_] Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
[x] Definitive Proxy Statement
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ARVINMERITOR, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):
[x] No fee required.
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1) Amount previously paid:

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3) Filing Party:

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Letter to Shareowners Notice of 2009 Annual Meeting and Proxy Statement

December 15, 2008

Dear Shareowner:

You are cordially invited to attend the 2009 annual meeting of shareowners of ArvinMeritor, Inc.

The meeting will be held at ArvinMeritor's World Headquarters in Troy, Michigan, on Friday, January 30, 2009, at 9 a.m. At the meeting there will be a current report on the activities of the Company followed by discussion and action on the matters described in the Proxy Statement. Shareowners will have an opportunity to comment on or to inquire about the affairs of the Company that may be of interest to shareowners generally.

If you plan to attend the meeting, please indicate your intention to attend when voting by Internet or telephone or mark the box on your proxy card.

We hope that as many shareowners as can conveniently attend will do so.

Sincerely yours,

Charles G. McClure, Jr.
Chairman of the Board, Chief Executive Officer and President

ARVINMERITOR, INC.
2135 West Maple Road
Troy, Michigan 48084-7186

Notice of 2009 Annual Meeting of Shareowners

To the Shareowners of ARVINMERITOR, INC.:

Notice is Hereby Given that the 2009 Annual Meeting of Shareowners of ArvinMeritor, Inc. (the Company) will be held at the Companys World Headquarters at 2135 West Maple Road, Troy, Michigan 48084, on Friday, January 30, 2009, at 9 a.m. (Eastern Standard Time) for the following purposes:

(1) to elect three members of the Board of Directors of the Company with terms expiring at the Annual Meeting in 2012;

(2) to consider and vote upon a proposal to approve the selection by the Audit Committee of the Board of Directors of the firm of Deloitte & Touche LLP as auditors of the Company; and

(3) to transact such other business as may properly come before the meeting.

Only shareowners of record at the close of business on November 24, 2008 will be entitled to notice of, and to vote at, the meeting.

By order of the Board of Directors.

Barbara Novak
Secretary

December 15, 2008

PROXY STATEMENT

The 2009 Annual Meeting of Shareowners of ArvinMeritor, Inc. (the Company or ArvinMeritor) will be held on January 30, 2009, for the purposes set forth in the accompanying Notice of 2009 Annual Meeting of Shareowners. The Board of Directors of ArvinMeritor is soliciting proxies to be used at the Annual Meeting and any adjournment, and is furnishing this proxy statement in connection with its solicitation.

As permitted by Securities and Exchange Commission ("SEC") rules, ArvinMeritor is making this proxy statement, the proxy card and the annual report to shareowners (the "proxy materials") available to you electronically via the Internet. On December 15, 2008, we mailed to our shareowners a notice (the "Notice") containing instructions on how to access and review the proxy materials and how to vote online. If you received a Notice by mail, you will not receive a printed copy of the proxy materials in the mail unless you request it. If you would like a printed copy of the proxy materials, follow the instructions for requesting them that are included in the Notice.

Shareowners of record may vote in any of three ways: (a) via the Internet; (b) by calling a toll-free telephone number; or (c) if you received your proxy materials by mail, by executing and returning a proxy card. Instructions for Internet voting are included on the Notice, and instructions for telephone and Internet voting are included on the proxy card. If you vote by telephone or Internet, it is not necessary to return a proxy card. If you properly give a proxy (including a written proxy or a proxy via telephone or Internet), your shares will be voted as you specify in the proxy. If no specification is made, the shares will be voted in accordance with the recommendations of the Board of Directors. You may revoke your proxy prior to its exercise by delivering written notice of revocation to the Secretary of the Company, by giving a valid, later dated proxy, by voting via telephone or Internet at a later date than the date of the proxy, or by attending the meeting and voting in person.

If your shares are held in "street name" by a bank, broker or other nominee holder on your behalf, you must follow the directions that you receive from your bank, broker or other nominee holder in order to direct the vote or change the vote of your shares. If you wish to vote in person at the meeting, you must obtain a legal proxy from the nominee holding your ArvinMeritor shares.

Our policy is to keep confidential proxy cards, ballots and voting tabulations that identify individual shareowners. However, exceptions to this policy may be necessary in some instances to comply with legal requirements and, in the case of any contested proxy solicitation, to verify the validity of proxies presented by any person and the results of the voting. Inspectors of election and any employees associated with processing proxy cards or ballots and tabulating the vote must acknowledge their responsibility to comply with this policy of confidentiality.

VOTING SECURITIES

Only shareowners of record at the close of business on November 24, 2008 are entitled to receive notice of, and to vote at, the meeting. On November 24, 2008, we had outstanding 73,945,849 shares of Common Stock, par value $1 per share, of ArvinMeritor ("Common Stock"). Each holder of Common Stock is entitled to one vote for each share held.

As of November 24, 2008, T. Rowe Price Trust Company, as directed trustee under the ArvinMeritor savings plans for its participating employees, owned the following shares of Common Stock:

Name and address	Number of Shares	Percent of Outstanding Common Stock
T. Rowe Price Trust Company 4555 Painters Mill Road Owings Mills, MD 21117	2,430,520	3.29%

If you are a participant and hold shares of Common Stock in ArvinMeritor's savings plans, your Internet or telephone vote or your proxy card will also serve as a voting instruction for the trustee with respect to shares held in your account. Shares held on account of participants in these plans will be voted by the trustee in accordance

with instructions from the participants (either in writing or by means of telephone or Internet voting procedures). Where no instructions are received, shares will be voted by the trustee in the same manner and proportion as shares for which instructions are received.

In addition, the following entities reported beneficial ownership of more than 5% of the outstanding shares of ArvinMeritor Common Stock as of the dates noted below. This information is based on Schedules 13G and 13G/A that were filed with the SEC.

Name and Address	Number of Shares	Percent of Outstanding Common Stock
Glenhill Advisors, LLC, Glenn J. Krevlin and Glenhill Capital Management, LLC 598 Madison Avenue, 12th Floor, New York, NY 10022	6,145,288	8.4% (as of 12/31/07)
Dimensional Fund Advisors LP 1299 Ocean Avenue, Santa Monica, CA 90401	5,965,185	8.21% (as of 12/31/07)
Denver Investment Advisers LLC 1225 17th Street, 26th Floor Denver, Colorado 80202	5,229,529	7.2% (as of 12/31/07)
Glenview Capital Management, LLC and Lawrence M. Robbins 767 Fifth Avenue, 44th Floor New York, NY 10153	4,809,047	6.53% (as of 3/25/08)
Lord, Abbett & Co. LLC 90 Hudson Street Jersey City, NJ 07302	4,637,383	6.38% (as of 12/31/07)
AXA Assurances I.A.R.D Mutuelle and AXA Assurances Vie Mutuelle, 26, rue Drouot 75009 Paris, France, AXA Courtage Assurance Mutuelle, 26, rue Drouot 75009 Paris, France as a group, AXA, 25, avenue Matignon 75008 Paris, France, and AXA Financial, Inc., 1290 Avenue of the Americas, New York, New York 10104	3,802,328	5.2% (as of 12/31/07)

ELECTION OF DIRECTORS

Our Restated Articles of Incorporation provide that the Board of Directors consists of three classes of directors with overlapping three-year terms, and that the three classes should be as nearly equal in number as possible. One class of directors is elected each year with terms extending to the Annual Meeting of Shareowners held three years later.

The Company's Board of Directors currently consists of nine members – three directors in Class III, with terms expiring at the 2009 Annual Meeting; three directors in Class I, with terms expiring at the Annual Meeting of Shareowners in 2010; and three directors in Class II, with terms expiring at the Annual Meeting of Shareowners in 2011.

Three directors are standing for re-election at the 2009 Annual Meeting as Class III directors, for terms expiring at the Annual Meeting of Shareowners in 2012. The three directors in Class I and the three directors in Class II continue to serve terms expiring at the Annual Meeting of Shareowners in 2010 and 2011, respectively.

Proxies will be voted at the meeting (unless authority to do so is withheld) for the election as directors of the nominees specified in *Class III – Nominees for Director with Terms Expiring in 2012*, under the heading *Information as to Nominees for Director and Continuing Directors* below. If for any reason any of the nominees is not a candidate (which is not expected) when the election occurs, it is likely that either (a) proxies would be voted for the election of the other nominees and a substitute nominee, or (b) the Board of Directors would reduce the number of directors.

No director of ArvinMeritor was selected pursuant to any arrangement or understanding between him or her and any person other than ArvinMeritor. There are no family relationships, as defined in Item 401 of Regulation S-K, between any executive officer, director or person nominated to become a director or executive officer of

ArvinMeritor. No person who has served as a director or executive officer of ArvinMeritor at any time since October 1, 2007 has any substantial interest, direct or indirect, in any matter to be acted on at the 2009 Annual Meeting, other than election of directors to office.

INFORMATION AS TO NOMINEES FOR DIRECTOR AND CONTINUING DIRECTORS

The following information, as reported to us as of the date of this proxy statement, is shown below for each nominee for director and each continuing director: name, age and principal occupation; period during which he or she has served as a director of ArvinMeritor and its predecessor, Meritor Automotive, Inc. (Meritor), which merged with Arvin Industries, Inc. (Arvin) into ArvinMeritor on July 7, 2000 (the merger); position, if any, with ArvinMeritor; business experience; other directorships held; and the standing committees of the Board of Directors on which the nominee or continuing director serves.

CLASS III NOMINEES FOR DIRECTOR WITH TERMS EXPIRING IN 2012

DAVID W. DEVONSHIRE
Retired Executive Vice President and Chief Financial Officer, Motorola, Inc. (Communications Technologies and Electronics Products)

Age 63

Mr. Devonshire, a director since July 2004, is a member of the Audit Committee. He was Executive Vice President and Chief Financial Officer of Motorola, Inc. from 2002 to March 2007, and Executive Vice President of Motorola from March 2007 until his retirement in December 2007. He had previously served as Executive Vice President and Chief Financial Officer for Ingersoll-Rand Company (industrial components) from 1998 to 2002; Senior Vice President and Chief Financial Officer for Owens Corning, Inc. (building materials and fiberglass composites) from 1993 to 1998; Corporate Vice President of Finance for Honeywell (diversified manufacturing and technology) from 1992 to 1993; and Corporate Vice President and Controller for Honeywell from 1990 to 1992. Prior to that, Mr. Devonshire served in financial positions with Mead Corporation (forest products), Baxter International, Inc. (medical devices and biotechnology) and KPMG (public accounting), where he began his career in 1968. Mr. Devonshire serves on the boards of Roper Industries, Arbitron Inc. and Career Education and the advisory boards of CFO Magazine and LEK Consulting, and is a member of the Board of Trustees of the John G. Shedd Aquarium of Chicago.

VICTORIA B. JACKSON
President, Victoria Bellé, Inc. (Design, Manufacturing and Marketing of Specialty Retail Products)

Age 53

Ms. Jackson, a director since July 2000 and a director of Meritor from July 1999 until the merger, is a member of the Audit Committee and the Environmental and Social Responsibility Committee. She currently serves as President of Victoria Bellé, Inc., a designer, manufacturer and marketer of specialty retail products. She was President and Chief Executive Officer of DSS/Prodiesel, Inc. (transportation components) from 1979 until 1998, when the company was sold to TransCom USA. She served as a consultant to TransCom USA from 1998 to February 2000. Ms. Jackson is a member of the Advisory Board of Stratco Global.

JAMES E. MARLEY
Retired Chairman of the Board, AMP Inc. (Electrical and Electronics Components and Cabling Products)

Age 73

Mr. Marley, a director since July 2000 and a director of Meritor from April 1999 until the merger, is Chair of the Compensation and Management Development Committee and a member of the Environmental and Social Responsibility Committee. He is the retired Chairman of the Board of AMP Inc., serving in that position from 1993 to 1998. He served AMP as President and Chief Operating Officer from 1990 to 1992, as President from 1986 to 1990, and in a variety of engineering and executive positions from 1963, when he joined AMP, until 1986.

He is a director of a number of business, educational and civic organizations, and is a member of a number of engineering and management professional associations.

The Board recommends that you vote FOR the election of these nominees, which is presented as item (1).

CLASS II CONTINUING DIRECTORS WITH TERMS EXPIRING IN 2011

JOSEPH B. ANDERSON, JR.
Chairman of the Board and Chief Executive Officer, TAG Holdings LLC (Automotive Components)

Age 65

Mr. Anderson, a director since July 2000 and a director of Meritor from September 1997 until the merger, is a member of the Corporate Governance and Nominating Committee and the Environmental and Social Responsibility Committee. He has served as Chairman of the Board and Chief Executive Officer of TAG Holdings LLC since 2003, and of its subsidiaries, Vibration Control Technologies, LLC since 2002; A&D Technologies, LLC and North American Assemblies, LLC since 2003; and Great Lakes Assemblies, LLC since 2005. He was Chairman of the Board and Chief Executive Officer of Chivas Industries LLC (and its predecessor, Chivas Products, Ltd.) (automotive components) from October 1994 until March 2002. From December 1992 to July 1993, Mr. Anderson was President and Chief Executive Officer of Composite Energy Management Systems, Inc. (automotive components). Mr. Anderson served in a variety of positions, primarily in manufacturing, with General Motors Corporation (automotive) from 1979 until December 1992. He also served as an assistant to the U.S. Secretary of Commerce from 1977 to 1979. Mr. Anderson is a director of Quaker Chemical Corporation, Rite Aid Corporation, Sierra Pacific Resources and Valassis Communications, Inc.

RHONDA L. BROOKS
President, R. Brooks Advisors, Inc. (Business Consultant)

Age 56

Ms. Brooks, a director since July 2000 and a director of Meritor from July 1999 until the merger, is Chair of the Environmental and Social Responsibility Committee and a member of the Corporate Governance and Nominating Committee. She is currently the President of R. Brooks Advisors, Inc., a consultant for start-up firms and an advisor for a private equity company. She served Owens Corning, Inc. (building materials and fiberglass composites) as President of the Exterior Systems Business from June 2000 to July 2002; as President of the Roofing Systems Business from December 1997 to June 2000; as Vice President, Investor Relations from January to December 1997; and as Vice President-Marketing of the Composites Division from 1995 to 1996. She served as Senior Vice President and General Manager of PlyGem Industries, Inc. (building and remodeling products) from 1994 to 1995, and as Vice President Oral Care and New Product Strategies, and Vice President Marketing and Sales of Warner Lambert Company (pharmaceuticals and consumer products) from 1990 to 1994. She was with General Electric Company from 1976 to 1990. She is a director of Menasha Corporation.

STEVEN G. ROTHMEIER
Chairman and Chief Executive Officer, Great Northern Capital (Investment Management Firm)

Age 62

Mr. Rothmeier, a director of ArvinMeritor since November 2004, is Chair of the Audit Committee and a member of the Corporate Governance and Nominating Committee. He is the Chairman and Chief Executive Officer of Great Northern Capital. He founded the St. Paul, Minnesota investment management firm in 1993, after serving as president of a Twin Cities venture capital and merchant banking firm from 1990 to 1993. Mr. Rothmeier began his career with Northwest Airlines, Inc. in 1973 as a corporate financial analyst and served in a number of positions of increasing leadership, including Director of Economic Planning in the Regulatory

Proceedings Division; Vice President of Finance and Treasurer; Executive Vice President of Finance and Administration; Chief Financial Officer; and President and Chief Operating Officer. He was named Chairman and Chief Executive Officer of NWA, Inc. and the airline in 1985 and served in that position until 1989. He is also a director of Precision Castparts, Inc. and Waste Management, Inc. He is a Trustee of the University of Chicago and serves on the boards of a number of civic, business and charitable organizations.

CLASS I CONTINUING DIRECTORS WITH TERMS EXPIRING IN 2010

IVOR J. EVANS
Retired Vice Chairman, Union Pacific Corporation (Railroad Company)

Age 66

Mr. Evans, a director since May 2005, is a member of the Audit Committee and the Compensation and Management Development Committee. He served as Vice Chairman of Union Pacific Corporation from January 2004 until his retirement in March 2005, and served as a member of the Union Pacific board of directors from 1999 to 2005. He had served as President and Chief Operating Officer of Union Pacific Railroad from 1998 until January 2004. From 1989 to 1998, he served in various executive positions at Emerson Electric Company (technology and engineering applications), including Senior Vice President, Industrial Components and Equipment. Prior to that, he was President of Blackstone Corp. (automotive components and systems) from 1985 to 1989 and, prior to that, spent 20 years serving in key operations roles for General Motors Corporation (automotive). He is also a director of Textron Inc., Cooper Industries and Spirit AeroSystems and an operating partner of Thayer Capital Partners.

CHARLES G. McCLURE, JR.
Chairman of the Board, Chief Executive Officer and President of ArvinMeritor

Age 55

Mr. McClure has been a director since August 2004 when he was elected to his current position. Prior to joining the Company, he served Federal-Mogul Corporation (automotive supplier) as Chief Executive Officer and a member of the Board of Directors from July 2003 to July 2004, and as President and Chief Operating Officer and a member of the Board of Directors from January 2001 to July 2003. He served Detroit Diesel Corporation (designer and manufacturer of diesel engines) as President, Chief Executive Officer and a member of the Board of Directors from 1997 to December 2000, and held a number of management positions with Johnson Controls, Inc. (automotive supplier) from 1983 to 1997, including President of the Americas Region; Vice President and Managing Director of European Operations; and Vice President and General Manager of Joint Ventures. From 1983 to 1985, Mr. McClure was employed at Hoover Universal (which was acquired by Johnson Controls in 1985) as Operations Director of Material Handling Products. Before that, he spent four years at Ford Motor Company (automotive) as a heavy-duty truck sales engineer and field service engineer. He served as a lieutenant (jg) on a U.S. Navy destroyer from 1975 to 1979. Mr. McClure is a director of R. L. Polk & Company and serves on the boards of various business and civic organizations.

WILLIAM R. NEWLIN
Chairman, Newlin Investment Company, LLC (Investment Management Firm)

Age 68

Mr. Newlin, a director since July 2003, is the Board s Presiding Director, Chair of the Corporate Governance and Nominating Committee and a member of the Compensation and Management Development Committee. He is currently the Chairman of Newlin Investment Company, LLC. He served Dick s Sporting Goods, Inc. (sporting goods) as Executive Vice President and Chief Administrative Officer from October 2003 until his retirement in March 2007. He served as Chairman and CEO of Buchanan Ingersoll Professional Corporation (law firm) from 1980 to

October 2003. Mr. Newlin is a director of Kennametal Inc. and Calgon Carbon Corporation.

BOARD OF DIRECTORS AND COMMITTEES

The Board of Directors manages or directs the management of the business of ArvinMeritor. In fiscal year 2008, the Board of Directors held five regularly scheduled meetings and four special meetings (held by teleconference). Each director attended at least 75% (including five directors who attended 100%) of the aggregate number of meetings of the Board and the standing and special committees on which he or she served in fiscal year 2008. ArvinMeritor encourages each director to attend the Annual Meeting of Shareowners. All of the current directors attended the 2008 Annual Meeting.

The Board of Directors has established independence standards for directors, which are set forth in the Company's Guidelines on Corporate Governance and are identical to the standards prescribed in the corporate governance rules of the New York Stock Exchange. The Board determined that Ms. Brooks, Ms. Jackson, and Messrs. Anderson, Devonshire, Evans, Marley, Newlin, and Rothmeier (as well as Mr. Schindler, who retired in January 2008) have no material relationship with ArvinMeritor, either directly or as a partner, shareholder or officer of an organization that has a relationship with ArvinMeritor, and are therefore independent within the meaning of the Guidelines on Corporate Governance and the New York Stock Exchange listing standards. In addition, although Mr. Devonshire serves on the audit committee of more than three publicly traded companies, the Board of Directors determined that such simultaneous service does not impair his ability to serve on ArvinMeritor's Audit Committee. There were no transactions, relationships or arrangements involving the Company and any director in fiscal year 2008 that were considered by the Board in determining the independence of these directors under the Guidelines on Corporate Governance and the New York Stock Exchange listing standards.

The Board has established four standing committees (Audit; Compensation and Management Development; Corporate Governance and Nominating; and Environmental and Social Responsibility) the principal functions of which are briefly described below. The charters of these committees are posted on our website, www.arvinmeritor.com, in the section headed "Investors – Corporate Governance," and paper copies will be provided upon request to the Office of the Secretary, ArvinMeritor, Inc., 2135 West Maple Road, Troy, MI 48084. The Board also establishes special committees from time to time for specific limited purposes or duration.

Audit Committee. ArvinMeritor has a separately designated standing audit committee established in compliance with applicable provisions of the Securities Exchange Act of 1934, as amended ("Exchange Act"). The Audit Committee is currently composed of four non-employee directors, Steven G. Rothmeier (chair), David W. Devonshire, Ivor J. Evans and Victoria B. Jackson, each of whom meets the criteria for independence specified in the listing standards of the New York Stock Exchange. The Board of Directors has determined that the Company has at least two individuals who qualify as an "audit committee financial expert" (as defined by the SEC), David W. Devonshire and Steven G. Rothmeier, serving on the Audit Committee. The Board of Directors has adopted a written charter for the Audit Committee, which is reviewed and reassessed annually for compliance with rules of the New York Stock Exchange. The Audit Committee held five regularly scheduled meetings in fiscal year 2008.

The Audit Committee is charged with monitoring the integrity of the Company's financial statements, compliance with legal and regulatory requirements, and the independence, qualifications and performance of the Company's internal audit function and independent accountants. The Audit Committee has sole authority to select and employ (subject to approval of the shareowners), and to terminate and replace where appropriate, the independent public accountants for the Company and also has authority to:

- approve and cause the Company to pay all audit engagement fees;
- review the scope of and procedures used in audits and reviews of the Company's financial statements by the independent public accountants;
- review the Company's annual and quarterly financial statements before their release;
- review any significant issues related to the audit activities of the independent public accountants and oversee the resolution of any disagreements between them and management;

- review at least annually a report from the independent public accountants describing the firms internal quality control procedures;
- review and approve in advance the scope and extent of any non-audit services performed by the independent public accountants and the fees charged for these services, and receive and evaluate at least annually a report by the independent public accountants as to their independence;
- review significant internal control matters, the adequacy of the Companys system of internal controls and recommendations of the independent public accountants with respect to internal controls;
- review the internal audit charter, the scope of the annual internal audit plan and the results of internal audits;
- consult with management as to the appointment and removal of the internal auditor charged with auditing and evaluating the Companys system of internal controls;

- review in advance the type and presentation of financial information and earnings guidance provided to analysts and rating agencies;
- monitor matters related to compliance by employees with the Companys standards of business conduct policies;
- monitor policies with respect to risk assessment and risk management and initiatives to control risk exposures;
- review any disclosure made in connection with annual and quarterly certifications by the chief executive officer and chief financial officer in filed documents;
- consult with the Companys general counsel regarding significant contingencies that could impact the financial statements and regarding legal compliance matters;
- review any findings by regulatory agencies with respect to the Companys activities;
- investigate matters brought to its attention within the scope of its duties;
- engage outside consultants, independent counsel or other advisors;
- establish procedures for the receipt, retention and handling of complaints regarding accounting, internal controls or auditing matters, including procedures for the confidential and anonymous submission by employees of concerns regarding accounting or auditing matters;
- establish the Companys policies with respect to hiring former employees of the independent public accountants;
- consult with management on the structure and composition of the finance organization; and
- review annually the Committees performance.

As part of each regularly scheduled meeting, the Audit Committee meets in separate executive sessions with the independent public accountants, the internal auditors and senior management, and as a Committee without members of management.

Compensation and Management Development Committee. The three members of the Compensation and Management Development Committee (the Compensation Committee), James E. Marley (chair), Ivor J. Evans and William R. Newlin, are non-employee directors who meet the criteria for independence specified in the listing standards of the New York Stock Exchange and are not eligible to participate in any of the plans or programs that are administered by the Committee. The Compensation Committee held five regularly scheduled meetings in fiscal year 2008 and one telephonic meeting. Under the terms of its charter, the Compensation Committee has the authority to:

- review and approve the goals and objectives relevant to the Chief Executive Officers compensation, evaluate his performance against these goals and objectives, and set his compensation accordingly;
- fix salaries of all of the Companys other officers and review the salary plan for other Company executives;
- evaluate the performance of the Companys senior executives and plans for management succession and development;
- review the design and competitiveness of the Companys compensation plans and medical benefit plans, and make recommendations to the Board of Directors;
- administer the Companys incentive, deferred compensation, stock option and long-term incentives plans;
- review all material amendments to the Companys pension plans and make recommendations to the Board concerning these amendments;
- hire outside consultants and independent counsel; and
- review annually the Committees performance.

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See *Executive Compensation - Compensation Discussion and Analysis* below for further information on the scope of authority of the Compensation Committee and the role of management and compensation consultants in determining or recommending the amount or form of executive compensation.

Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee is currently composed of four non-employee directors, William R. Newlin (chair), Joseph B. Anderson, Jr., Rhonda L. Brooks, and Steven G. Rothmeier, all of whom meet the criteria for independence specified in the listing standards of the New York Stock Exchange. The Corporate Governance and Nominating Committee held four regularly scheduled meetings in fiscal year 2008. Under the terms of its charter, this Committee has the authority to:

- screen and recommend to the Board qualified candidates for election as directors of the Company;
- periodically prepare and submit to the Board for adoption the Committees selection criteria for director nominees;
- recommend to the Board and management a process for new Board member orientation;
- periodically assess the performance of the Board;
- consider matters of corporate governance and Board practices and recommend improvements to the Board;
- review periodically the Companys charter and by-laws in light of statutory changes and current best practices;
- review periodically the charter, responsibilities, membership and chairmanship of each committee of the Board and recommend appropriate changes;
- review periodically outside directors compensation and make recommendations to the Board;
- review director independence, conflicts of interest, qualifications and conduct and recommend to the Board removal of a director when appropriate;
- engage search firms and other consultants and independent counsel; and
- review annually the Committees performance.

See Nominating Procedures below for further information on the nominating process.

In discharging its duties with respect to review of director compensation, the Corporate Governance and Nominating Committee retains a compensation consultant to provide information on current trends, develop market data and provide objective recommendations as to the amount and form of director compensation. In fiscal year 2008, the consultant was Hewitt Associates and in fiscal year 2007 was Towers Perrin. Management has no role in determining or recommending the amount or form of director compensation.

Environmental and Social Responsibility Committee. The Environmental and Social Responsibility Committee is composed of four non-employee directors, Rhonda L. Brooks (chair), Joseph B. Anderson, Jr., Victoria B. Jackson and James E. Marley. This Committee held two regularly scheduled meetings in fiscal year 2008. Under the terms of its charter, the Committee reviews and assesses the Companys policies and practices in the following areas and recommends revisions as appropriate: employee relations, with emphasis on equal employment opportunity and advancement; the protection and enhancement of the environment and energy resources; product integrity and safety; employee health and safety; and community and civic relations, including programs for and contributions to health, educational, cultural and other social institutions. The Committee also reviews its performance annually.

NOMINATING PROCEDURES

As described above, ArvinMeritor has a standing nominating committee, the Corporate Governance and Nominating Committee, currently composed of four non-employee directors who meet the criteria for independence in the listing standards of the New York Stock Exchange. The Corporate Governance and Nominating Committees charter is posted on our website, www.arvinmeritor.com, in the section headed Investors Corporate Governance.

The Board has adopted membership guidelines that outline the desired composition of the Board and the criteria to be used in selecting directors. These guidelines provide that the Board should be composed of directors with a variety of experience and backgrounds who have high-level managerial experience in a complex organization and who represent the balanced interests of shareowners as a whole rather than those of special interest groups. Other important factors in Board composition include diversity, age, international background and experience, and specialized expertise. A significant majority of the Board should be directors who are not past or present employees of the Company or of a significant shareowner, customer or supplier.

In considering candidates for the Board, the Corporate Governance and Nominating Committee considers the entirety of each candidates credentials and does not have any specific minimum qualifications that must be met by a Board nominee. The Committee is guided by the membership guidelines set forth above, and by the following basic selection criteria: highest character and integrity; experience with and understanding of strategy and policy-setting; reputation for working constructively with others; sufficient time to devote to Board matters; and no conflict of interest that would interfere with performance as a director. With respect to nomination of continuing directors for re-election, the individuals contributions to the Board, as reflected in results of the most recent peer review of individual director performance, are also considered.

The Committee has the authority under its charter to hire and pay a fee to consultants or search firms to assist in the process of identifying and evaluating candidates. In fiscal year 2008, the Committee did not pay any fees to any search firm to assist in locating Board candidates, but reimbursed Heidrick & Struggles for approximately $2,800 in connection with travel expenses incurred in consideration of possible Board candidates.

Shareowners may recommend candidates for consideration by the Committee by writing to the Secretary of the Company at its headquarters in Troy, Michigan, giving the candidates name, biographical data and qualifications. A written statement from the candidate, consenting to be named as a candidate and, if nominated and elected, to serve as a director, should accompany any such recommendation. No candidates for Board membership have been put forward by large long-term security holders or groups of security holders for election at the 2009 Annual Meeting.

DIRECTOR COMPENSATION

The following table reflects compensation for the fiscal year ended September 30, 2008* awarded to, earned by or paid to each non-employee director who served during the fiscal year. Mr. McClure did not receive any compensation for his service as a director.

Name	Fees Earned or Paid in Cash[1] ($)	Stock Awards[2,4] ($)	Option Awards[3,4] ($)	All Other Compensation[5] ($)	Total ($)
Joseph B. Anderson, Jr.	$74,000	$135,448	0	$7,271	$216,719
Rhonda L. Brooks	79,000	135,448	0	7,271	221,719
David W. Devonshire	74,750	73,217	0	6,377	154,344
Ivor J. Evans	77,750	61,388	0	12,552	151,690
Victoria B. Jackson	68,000	135,448	0	7,271	210,719
James E. Marley	80,500	73,217	0	7,271	160,988
William R. Newlin	96,500	73,217	0	8,318	178,035
Steven G. Rothmeier	87,000	64,327	0	8,085	159,412
Andrew J. Schindler[6]	29,750	104,650	0	2,340	136,740

* Please note that the Company's fiscal year ends on the Sunday nearest September 30. For example, fiscal year 2008 ended on September 28, 2008, fiscal year 2007 ended on September 30, 2008 and fiscal year 2006 ended on October 1, 2006. For ease of presentation, September 30 is utilized consistently throughout this Proxy Statement to represent the fiscal year end.

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1 This column includes cash amounts deferred for future payment pursuant to the Deferred Compensation Policy for Non-Employee Directors.

2 This column includes the amount of compensation cost that was recognized for financial reporting purposes for fiscal year 2008 for restricted share units, restricted shares and shares of common stock, in accordance with FAS 123R. These amounts include costs recognized with respect to awards made in fiscal year 2008 and earlier,

adjusted to eliminate estimates of forfeitures related to service-based vesting conditions. None of the restricted shares or restricted share units reported in this column have been forfeited. Information on the assumptions used in valuation of the grants is included in Note 19 of the Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2008 ("Form 10-K"), which is incorporated herein by reference. These amounts may not reflect the actual value realized upon settlement or vesting.

An award of 6,607 shares of common stock, restricted stock or restricted share units was made to each non-employee director in fiscal year 2008. The grant date fair value of each director's grant, computed in accordance with FAS 123R, was $80,011. Information on the assumptions used in valuation of the grants is included in Note 19 of the Notes to Consolidated Financial Statements in the Form 10-K, which is incorporated herein by reference.

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In accordance with FAS 123R, the Company recognizes compensation cost with respect to the unvested portion of stock options. All stock options issued by the Company under the 1997 Directors Stock Plan vested over a three year period. The Company has not granted stock options to non-employee directors since fiscal year 2003, and therefore no expense was recorded in fiscal year 2008.

4 The non-employee directors held the following restricted shares of Common Stock, restricted share units and options to purchase Common Stock, granted under the 1997 Directors Stock Plan or the 2004 Directors Stock Plan, as applicable, at September 30, 2008. Some restricted share units and restricted shares reported in the table below (for Ms. Jackson and Messrs. Anderson, Devonshire, Marley and Newlin) were granted in lieu of annual stock grants or cash retainer fees, at the election of the director, in periods prior to fiscal year 2008.

Name	**Restricted Shares**	**Restricted Share Units**	**Stock Options**
Joseph B. Anderson, Jr.	750	15,900	11,437
Rhonda L. Brooks	0	15,900	12,938
David W. Devonshire	6,607	15,934	0
Ivor J. Evans	0	18,982	0
Victoria B. Jackson	1,000	15,900	12,938
James E. Marley	6,316	15,900	13,500
William R. Newlin	11,818	18,054	2,250
Steven G. Rothmeier	0	20,707	0
Andrew J. Schindler	0	0	0

5 This column includes: (a) dividends paid on outstanding restricted shares of Common Stock, (b) dividend equivalents accrued with respect to outstanding restricted share units and (c) payments made during fiscal 2008 under the Company's matching gifts program, which has been discontinued. Perquisites did not exceed a value of $10,000 for any director in fiscal year 2008 and therefore are not included in this column.

6 This director retired from Board service on January 25, 2008.

Narrative Description of Director Compensation

Only non-employee directors receive compensation for Board service. Directors who are also employees of ArvinMeritor or a subsidiary do not receive compensation for serving as a director. The following types of compensation were earned by or paid to non-employee directors in fiscal year 2008.

Retainer Fees. Non-employee directors of ArvinMeritor receive a cash retainer at the rate of $75,000 per year for Board service (increased from $55,000 per year effective for the quarter ended June 30, 2008). The chairs of the four standing Board committees receive additional cash retainers in the following amounts per year: Audit Committee - $10,000; Compensation Committee - $7,000; and Corporate Governance and Nominating Committee and Environmental and Social Responsibility Committee - $5,000 (increased from $3,000 effective January 1, 2007). The Presiding Director receives an additional annual retainer, which was increased from $10,000 to $20,000 in September 2008.

Committee Meeting Fees. Non-employee directors receive fees of $1,500 for attendance at each standing and special committee meeting ($750 for each telephone meeting).

Equity-Based Awards. In fiscal year 2008, immediately after the Annual Meeting of Shareowners, each non-employee director received an equity grant under the 2004 Directors Stock Plan intended to equal a value of approximately $80,000, in the form of 6,607 shares of common stock, restricted stock or restricted share units, at the director's discretion. The restricted shares vest three years from the date of grant. The restricted share units vest upon the earliest of (a) six years from the date of grant, (b) ten days after the director retires after reaching age 72 and having served at least three years as a director, or (c) the date the director resigns or ceases to be a director under circumstances the Board determines not to be adverse to the best interests of the Company. Upon vesting, the holder is entitled to one share of Common Stock for each unit. Upon vesting of restricted share units, non-employee directors generally are entitled to receive a cash payment for dividend equivalents plus interest accrued during the vesting period. The grant for fiscal 2009 is expected to deplete the remaining shares available under the 2004 Directors Stock Plan and consist of a grant of 3,500 shares per director. Accordingly, the difference between the fair market value on the date of grant of the 3,500 shares and $80,000 (the intended value of the equity award) will be paid in cash. The Company currently expects to submit a plan covering director equity grants for shareholder approval prior to the 2010 annual grant.

Deferrals. A director may elect to defer payment of all or part of the cash retainer and meeting fees to a later date, with interest on deferred amounts accruing quarterly at a rate equal to 120% of the Federal long-term rate set each month by the Secretary of the Treasury. Each director also has the option each year (provided sufficient shares are available under a plan covering director equity grants to accommodate this deferral option at the time of its election) to defer all or any portion of the cash retainer and meeting fees by electing to receive restricted shares of Common Stock or restricted share units that could be forfeited if certain conditions are not satisfied. The restricted shares or restricted share units in lieu of the cash retainer and meeting fees are valued at the closing price of ArvinMeritor Common Stock on the New York Stock Exchange — Composite Transactions reporting system (the "NYSE Closing Price") on the date the fee payment would otherwise be made in cash. In fiscal year 2008, one director deferred one quarter of his cash payments to a later date, and no directors elected to receive restricted shares or restricted share units in lieu of cash payments.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

For the period from October 1, 2007 through September 30, 2008, there were no transactions or currently proposed transactions, in which the Company was or is to be a participant and the amount involved exceeds $120,000, and in which any director, officer or member of their immediate family had or will have a direct or indirect material interest.

Various means are employed to solicit information about relationships or transactions involving officers and directors that could raise questions of conflict of interest. Annual questionnaires solicit information from directors and officers regarding transactions and relationships that could trigger SEC rules on disclosure of related person transactions, as well as relationships and transactions that could impair a director's independence under the rules of the New York Stock Exchange. Directors and officers have a continuing duty to update the information should any changes occur during the year. In addition, all salaried employees, including officers, and directors have a duty to report any known conflicts of interest that would violate the Company's code of ethics (including policies regarding standards of business conduct and conflicts of interest; see *Code of Ethics* below). A toll-free employee Helpline is available for that purpose. Salaried employees, including officers, are also required to complete an annual certification that they are unaware of, or have reported, any such conflict of interest.

We have no written policy regarding review, approval or ratification of related person transactions. The Business Standards Compliance Committee (which is made up of management personnel) and the Audit Committee have responsibility for review of compliance by officers and other employees with the code of ethics, including conflict of interest provisions, and the Corporate Governance and Nominating Committee has similar responsibility with respect to compliance by directors. If a transaction or relationship involving an officer or director were to be reported through the employee Helpline, annual compliance certifications, questionnaires or otherwise, the appropriate Committee would investigate and consider all relevant facts and circumstances, including the nature, amount and terms of the transaction; the nature and amount of the related person's interest in the transaction; the importance of the transaction to the related person and to the Company; whether the transaction would impair the judgment of a director or officer to act in the Company's best interest; and any other facts involving the transaction that the Committee deems significant, and would then take appropriate action. Transactions will not be approved under the code of ethics if they are not in the Company's best interests. Any Committee member who is a related person in connection with a transaction would not participate in the Committee's consideration.

CORPORATE GOVERNANCE AT ARVINMERITOR

ArvinMeritor is committed to good corporate governance. The foundation of our corporate governance principles and practices is the independent nature of our Board of Directors and its primary responsibility to ArvinMeritor's shareowners. Our corporate governance guidelines have been in place since the Company's creation in 1997. The guidelines are reviewed periodically by the Corporate Governance and Nominating Committee and changes are recommended to the Board for approval as appropriate. We will continue to monitor developments and review our guidelines periodically, and will modify or supplement them when and as appropriate. Our current Guidelines on Corporate Governance are posted on our website, www.arvinmeritor.com, in the section headed "Investors – Corporate Governance," and paper copies will be provided upon request to the Office of the Secretary, ArvinMeritor, Inc., 2135 West Maple Road, Troy, MI 48084. Our policies and practices are summarized below.

Board Independence

- Independent directors must comprise at least a majority of the Board and, as a matter of policy, a substantial majority of the Board should be independent directors. The Board has adopted criteria for independence based on the definition used in the listing requirements of the New York Stock Exchange.
- The Corporate Governance and Nominating Committee reviews the independence of each director annually.
- Only independent directors serve on the Board's standing committees.

Board Composition

- Board nominees are screened and recommended by the Corporate Governance and Nominating Committee and approved by the full Board (see *Nominating Procedures* above for information on Board selection criteria).
- Committee membership is reviewed periodically to assure that each committee has the benefit of both experience and fresh perspectives.
- Committee chairs are normally rotated at least once every four years. A director usually serves on a committee at least 12 months before becoming its chair, and a former chair normally serves on a committee for at least 12 months after retiring as chair. Exceptions are made in appropriate circumstances.
- The Board has established term limits that provide that each director shall serve no more than 12 consecutive years, beginning the later of his initial election to the Board or the date of adoption of the provision (November 12, 2003). The Board, by affirmative vote of at least 2/3 of the directors, may make exceptions to this provision in appropriate cases.
- Directors should not serve on the boards of more than three other public companies, unless the Board has determined that such service does not impair the ability of the director to serve effectively.
- The Guidelines on Corporate Governance establish the following expectations regarding director tenure:

- Non-employee directors are required to offer not to stand for re-election if they are age 70 at the time of re-election or will reach age 70 during their new term. The Corporate Governance and Nominating Committee decides whether continued Board service is appropriate and, if so, the length of the next term.
- Directors whose job responsibilities change significantly during their Board service, or who retire from the position they held when elected to the Board, are required to offer to resign. The Corporate Governance and Nominating Committee reviews the appropriateness of continued Board membership.
- When the Chief Executive Officer retires or resigns from that position, he is expected to offer his resignation from the Board. The Board and the successor Chief Executive Officer determine whether continued Board service is desirable and appropriate.

- Under the Company's majority vote policy, any nominee for director who receives a greater number of "withheld" votes than "for" votes in an uncontested election is required to tender his resignation after the certification of the shareholder vote. The Corporate Governance and Nominating Committee considers the resignation and recommends to the Board what action should be taken. The Board is required to take action and publicly disclose the decision and its underlying rationale within 90 days of certification of the shareholder vote.

Key Responsibilities of the Board

- The Company's long-term strategic goals and plans are discussed in depth by the Board at least annually.
- The non-management directors select the Chief Executive Officer of the Company and meet at least annually to evaluate the Chief Executive Officer's performance against long-term goals and objectives established by the Compensation Committee.
- Management development and succession plans are reviewed annually, including CEO succession plans.

Board and Committee Meetings

- The Board has appointed a Presiding Director to chair executive sessions, serve as liaison with the chief executive officer and participate in development of meeting agenda.
- Board and committee meeting agendas are developed through discussions with management and the Presiding Director, and are focused on business performance and strategic issues, leadership, and recent developments.
- Presentation materials are generally made available to Board and committee members for review in advance of each meeting.
- Directors are expected to attend, prepare for and participate in meetings. The Corporate Governance and Nominating Committee monitors each director's attendance and addresses issues when appropriate.
- Non-management directors meet in private executive sessions during each regular Board meeting. The Presiding Director chairs these meetings and communicates the results of the sessions to the Chief Executive Officer.
- Minutes of each committee meeting are provided to each board member, and the chair of each committee reports at Board meetings on significant committee matters.
- Information and data important to understanding of the business, including financial and operating information, are distributed regularly to the Board.

Board Performance and Operations

- The Corporate Governance and Nominating Committee, which is composed solely of independent directors, is responsible for corporate governance and Board practices, and formally evaluates these areas periodically.
- Each Board committee has a detailed charter outlining its responsibilities, as described above under the heading *Board of Directors and Committees.*
- The Board and its committees have the authority to hire such outside counsel, advisors and consultants as they choose with respect to any issue related to Board activities. Directors also have full access to Company officers and employees and the Company's outside counsel and auditors.
- To enhance Board effectiveness, the Corporate Governance and Nominating Committee conducts annual self-evaluations of the Board's performance. In addition, informal reviews of individual performance are conducted periodically. Results are shared with the Board, and action plans are formulated to address any areas for improvement.

Director Education

- Each new director is provided a program of orientation to the Company's business, which includes discussions with each business and functional head, background materials on the Company's financial condition and business, and a facility tour.
- The continuing education process for Board members includes extensive informational materials, meetings with key management and visits to Company facilities.
- Meeting agenda regularly include discussions of business environment, outlook, performance and action plans for the various business segments.
- Board members may request presentations on particular topics and specific facility visits to educate them and update their knowledge as to the Company, its industry and markets, the responsibilities of

directorship, and other topics of interest.
- Each director is encouraged to attend educational seminars and conferences to enhance his or her knowledge of the role and responsibilities of directors.
- In each fiscal year, at least one director is required to attend a director education seminar accredited by Institutional Shareholder Services. In fiscal year 2008, two directors attended such accredited seminars.

Alignment with Shareowner Interests

- A portion of director compensation is equity-based and therefore tied to the Companys stock performance. Directors can also elect to receive their cash retainer fees in the form of restricted shares of Common Stock or restricted share units.
- The Compensation Committee and the Board oversee employee compensation programs to assure that they are linked to performance and increasing shareowner value. The Compensation Committee also monitors compliance by Company executives with stock ownership guidelines. (See *Compensation Discussion and Analysis* below.)
- Senior management meets regularly with major institutional investors and shareholders and reports to the Board on analyst and shareholder views of the Company.
- The Board has adopted stock ownership guidelines for non-employee directors, which are expressed in terms of a dollar amount of the value of the shares of Common Stock, rather than in terms of the number of shares of Common Stock. Given the erratic stock climate of the past year, the Board is reevaluating its stock ownership guidelines with a view to expressing the requirements in terms of number of shares, as is consistent with the stock ownership guidelines for executives.

CODE OF ETHICS

All ArvinMeritor employees, including our chief executive officer, chief financial officer, controller and other executive officers, are required to comply with our corporate policies regarding Standards of Business Conduct and Conflicts of Interest. These policies have been in place since the Company was formed in a spin-off from Rockwell International Corporation (now Rockwell Automation, Inc. and referred to in this proxy statement as Rockwell) in 1997. The purpose of these corporate policies is to ensure to the greatest possible extent that our business is conducted in a consistently legal and ethical manner. The Audit Committee has oversight responsibility with respect to compliance by employees. The Board of Directors is also required to comply with these policies, and the Corporate Governance and Nominating Committee is responsible for monitoring compliance by directors.

Employees may submit concerns or complaints regarding ethical issues on a confidential basis to our Helpline, by means of a toll-free telephone call or e-mail. The Office of the General Counsel investigates all concerns and complaints. Employees may also contact the Board of Directors directly on these issues. See *Communications with the Board of Directors* below.

ArvinMeritors ethics manual, including the text of the policies on Standards of Business Conduct and Conflicts of Interest, is posted in the section headed Investors Corporate Governance on our website, www.arvinmeritor.com, and paper copies will be provided upon request to the Office of the Secretary, ArvinMeritor, Inc., 2135 West Maple Road, Troy, MI 48084. We will post on our website any amendment to, or waiver from, a provision of our policies that applies to our chief executive officer, chief financial officer or controller, and that relates to any of the following elements of these policies: honest and ethical conduct; disclosure in reports or documents filed by the Company with the SEC; compliance with applicable laws, rules and regulations; prompt internal reporting of code violations; and accountability for adherence to the policies.

OWNERSHIP BY MANAGEMENT OF EQUITY SECURITIES

The following table shows the beneficial ownership, reported to us as of October 31, 2008, of ArvinMeritor Common Stock of (a) each director, (b) each executive officer listed in the table under *Executive Compensation - Summary Compensation Table* below and (c) such persons and other executive officers as a group. See *Voting Securities* above for information on beneficial holders of more than 5% of outstanding ArvinMeritor Common Stock.

Beneficial Ownership as of October 31, 2008

Name	Number of Shares[1][2]	Percent of Outstanding Common Stock[3]
Joseph B. Anderson, Jr.	22,232[4][5]	*
Rhonda L. Brooks	23,857[5]	*
David W. Devonshire	6,607[4][5]	*
Ivor J. Evans	0[5]	*
Victoria B. Jackson	23,857[4][5]	*
James E. Marley	34,129[4][(5]	*
Charles G. McClure, Jr.	609,073[4][6]	*
William R. Newlin	24,093[4][5][7]	*
Steven G. Rothmeier	3,000[5]	*
Jeffrey A. Craig	70,023[4]	*
James D. Donlon, III	130,683[4][6]	*
Vernon G. Baker, II	270,848[4][6]	*
Philip R. Martens	104,176[4]	*
Carsten J. Reinhardt	88,363[4]	*
All of the above and other executive officers as a group 17 persons)	1,652,342(4)(5)(6)(7)	2.26%

* Less than one percent.

(1) Each person has sole voting and investment power with respect to the shares listed unless otherwise indicated.

(2) In accordance with Rule 13d-3(d)(1) under the Exchange Act, the number of shares owned includes the following numbers of shares of Common Stock which may be acquired upon exercise of options that were exercisable or would become exercisable within 60 days: 11,437 shares for Mr. Anderson; 12,938 shares for each of Ms. Brooks and Ms. Jackson; 0 shares for each of Messrs. Devonshire, Evans and Rothmeier; 13,500 shares for Mr. Marley; 2,250 shares for Mr. Newlin; 100,000 shares for Mr. McClure; 153,000 for Mr. Baker; 3,000 shares for Mr. Donlon; and 0 shares for Messrs. Craig, Martens and Reinhardt, respectively; and 370,402 shares for all directors and executive officers as a group.

(3) For purposes of computing the percentage of outstanding shares beneficially owned by each person, the number of shares owned by that person and the number of shares outstanding include shares as to which such person has a right to acquire beneficial ownership within 60 days (for example, through the exercise of stock options, conversions of securities or through various trust arrangements), in accordance with Rule 13d-3(d)(1) under the Exchange Act.

(4) Includes restricted shares of Common Stock awarded under the directors stock plans or the Company's long-term incentive plans, as applicable. Restricted shares are held by the Company until certain conditions are satisfied.

(5) Does not include the following restricted share units granted under the directors stock plans and held as of October 31, 2008: 15,900 units for each of Ms. Brooks, Ms. Jackson, and Messrs. Anderson and Marley; 15,934 units for Mr. Devonshire; 18,982 units for Mr. Evans; 18,054 units for Mr. Newlin; 20,707 units for Mr. Rothmeier; and 189,277 units for all directors and executive officers as a group.

(6) Includes shares beneficially owned under the Company's Savings Plans. Does not include 18,357 share equivalents held for Mr. Baker and 25,392 share equivalents for all directors and executive officers as a group under the Company's supplemental savings plan on October 31, 2008.

(7) Includes 700 shares held in the name of Mr. Newlin's spouse and 6,860 shares held by a trust of which Mr. Newlin's spouse is beneficiary. Mr. Newlin disclaims beneficial ownership of these shares.

EXECUTIVE COMPENSATION

COMPENSATION COMMITTEE REPORT

The Compensation and Management Development Committee has reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K, and based on such review and discussions, recommended to the Board of Directors that such Compensation Discussion and Analysis be included in this proxy statement.

Compensation and Management Development Committee

James E. Marley, *Chairman*
Ivor J. Evans
William R. Newlin

COMPENSATION DISCUSSION AND ANALYSIS

The purpose of this section of the proxy statement is to provide the information you need to understand our compensation policies and how they relate to the compensation of the Named Executive Officers. You should read this section in combination with the detailed compensation tables and other data included in this proxy statement.

Administration of Executive Compensation Program

The Compensation Committee has overall responsibility for executive compensation, including administration of equity compensation plans. (See *Board of Directors and Committees* above for information on the Compensation Committee's members, charter and meetings in fiscal year 2008.) As part of this responsibility, the Compensation Committee evaluates the performance of the Chief Executive Officer and determines his compensation in light of the goals and objectives of the Company and the executive compensation program.

In discharging its duties, the Compensation Committee retains a compensation consultant (the "consultant"). The consultant provides information on current compensation trends, develops competitive market data and provides objective recommendations as to design of the compensation program, including the form and mix of award vehicles and the nature and level of performance criteria and targets. The Compensation Committee directly engages the consultant. In fiscal year 2008, the consultant was Hewitt Associates L.L.C. Management also retained Hewitt Associates L.L.C. in fiscal year 2008 to provide actuarial and administrative services with respect to pensions and retiree medical benefits.

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The Committee seeks and considers input from senior management in many of its decisions, and the consultant confers and collaborates with senior management in developing its compensation recommendations. Senior management regularly participates in the Committee's activities in the following specific respects:

- The Chief Executive Officer reports to the Compensation Committee with respect to his evaluation of the performance of the Company's senior executives, including the other Named Executive Officers. Together with the Senior Vice President and General Counsel, who has responsibility for overseeing the Human Resources department, the Chief Executive Officer makes recommendations as to compensation decisions for these individuals, including base salary levels and the amount and mix of incentive awards.

- The Senior Vice President and General Counsel participates in the development of the compensation program, including formulation of performance objectives and targets for incentive compensation, and oversees its implementation and interpretation, in each case carrying out the direction of the Compensation Committee and the recommendations of the consultant. He also assists the Chairman of the Compensation Committee in developing meeting agenda and oversees preparation and distribution of pre-meeting informational materials on the matters to be considered.
- The Chief Financial Officer is responsible for evaluating the tax, financial and accounting aspects of compensation decisions. He participates in developing financial objectives and targets for performance-based incentive compensation, and oversees calculation of payout and vesting levels, in accordance with plan design and the direction of the Compensation Committee.

Executive Compensation Philosophy and Objectives

The Compensation Committees compensation philosophy is to pay for performance. The fundamental objectives of the Companys executive compensation program are: (1) to attract, retain and motivate the quality of employees necessary for ArvinMeritors leadership and growth; (2) to recognize individual and team achievement of Company goals; and (3) to foster the creation of shareowner value through close alignment of the financial interests of executives with those of ArvinMeritors shareowners.

The Compensation Committee uses several basic practices and policies to carry out its philosophy and to meet the objectives of ArvinMeritors executive compensation program:

- *Competitive Compensation Packages.* In order to attract and retain talented individuals, the Compensation Committee designs total compensation packages to be competitive with those of other companies with which ArvinMeritor competes for talent, using benchmarking studies to determine market levels of compensation, as described below.
- *Performance-Based Compensation.* A significant portion of each Named Executive Officers total potential compensation is at risk because it is contingent on achieving strategic and operating plan goals that are intended to improve shareowner return. These goals are established to recognize business group and company performance against specified targets. For grants made in fiscal year 2008, a significant portion of the target annual compensation of the Named Executive Officers is made up of performance-based compensation, with the remainder comprised of base salary and service-based restricted shares.
- *Equity Awards and Stock Ownership Requirements.* A significant portion of incentive compensation for executives is comprised of equity and equity-based awards, or is tied to metrics that reward creation of shareowner value, which is intended to align the interests of the Companys executives with those of shareowners. In addition, senior executives are required under the Companys stock ownership guidelines to own a specified number of shares of ArvinMeritor Common Stock.

Market Analysis and Benchmarking

The Compensation Committee assesses the competitiveness of ArvinMeritors compensation program, using data and studies compiled and provided by the consultant. The consultant provides a detailed competitive pay study every other year, with limited updates in the intervening years. As part of the assessment process, the Committee compares the amount of each component and the total amount of direct compensation (defined below)

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for each executive officer with that of other companies in the durable goods manufacturing sector, including companies in the automotive sector, which have executive officer positions comparable to the Companys and with which the Company may compete for talented executives. The peer group for the competitive analysis in fiscal year 2008 included the following 35 companies (peer group):

AGCO Corporation	Ingersoll-Rand Company Limited
American Axle & Manufacturing Holdings, Inc.	ITT Corporation
BorgWarner Inc.	Johnson Controls, Inc.
Caterpillar Inc.	Joy Global

Cummins Inc.
Dana Corporation
Danaher Corporation
Deere & Company
Delphi Corporation
Donaldson Co Inc.
Dover Corporation
Eaton Corporation
Federal-Mogul Corporation
Federal Signal Corporation
Fleetwood Enterprises, Inc.
Flowserve Corporation
Hayes-Lemmerz International, Inc.
Kennametal Inc.
Lear Corporation
Modine Manufacturing Company
Navistar International Corporation
Oshkosh Truck Corporation
PACCAR Inc.
Parker-Hannifin Corporation
Rockwell Automation, Inc.
Sauer-Danfoss Inc.
Tenneco Inc.
Terex Corporation
The Timken Company
TRW Automotive Holdings Corporation
Visteon Corporation

See Elements of the ArvinMeritor Compensation Program Overview and Analysis below for information on how the Compensation Committee uses this peer group data in setting compensation.

The Compensation Committee (or the Board of Directors, as appropriate) may also consider practices at other companies with respect to other elements of compensation, such as perquisites, retirement plans and health and welfare benefits, in assessing the competitiveness and cost effectiveness of the Companys programs. Any such studies are done on a case-by-case basis, as needed, and may use a group of comparator companies identified at the time by the consultant or other advisors.

Elements of the ArvinMeritor Compensation Program

Overview and Analysis

The primary components of ArvinMeritors executive compensation program are base salary, annual incentives and long-term incentives (direct compensation). Each of these components, and the relative levels of equity and non-equity compensation that comprise direct compensation, are generally set in relation to competitive market rates among peer group companies, as described above, with subsequent adjustments to take into account individual performance and characteristics and internal pay equity, as described below. There is no particular target proportion among these components or between equity and non-equity awards. However, the program contemplates that a significant portion of each executives direct compensation is performance-based and therefore is at risk. Performance-based awards, whether in the form of equity or non-equity, are tied to achievement of goals that are intended to improve, or reflect improvements in, shareowner value (see the performance-based awards described under the heading Components below).

Base salaries and target incentive awards are intended to compensate executives at levels competitive with other companies. As a result, the Compensation Committee began its analysis by initially identifying, for each officer position, the level of each of these components that represented the revenue-adjusted median, or 50th percentile, of the peer group. After identifying these levels, the Compensation Committee adjusted the market rates to arrive at actual salaries and awards for each individual based on the following factors:

- The Committee approved variations from peer group median base salary levels for some individuals based on their responsibilities, experience, expertise and performance. In addition, when recruiting new executives, base salary is often set at a premium above the median of the peer group, in order to attract outstanding candidates.

- The Compensation Committee believes that individuals should have an opportunity to earn above-market rewards for superior performance over the longer term. Therefore, while the Committee looked at the median of the peer group in terms of the target long-term incentive award for each position, it identified a maximum potential payout for each position that would be significantly above-market. The range of potential payouts on long-term incentives is described below, under the heading Components Long-Term Incentives.

- In establishing the levels of annual and long-term incentive awards, the Committee divided executive officers into four separate bands. A band consists of officers in one or more salary grades who are grouped together for incentive compensation purposes and receive the same target incentive awards. These target awards represent a blend of the market rates for the positions within the band. The chief executive officer (Mr. McClure) is in the first band; the executive vice president and the business segment heads (Messrs. Donlon, Martens and Reinhardt) are in the second band; and the general counsel (Mr. Baker) and chief financial officer (Mr. Craig) are in the third band. One purpose of the salary bands is to equalize incentive opportunities for individuals with similar levels of responsibility, regardless of their salary grades. This practice is intended to improve internal pay equity among the officer group. Considerations of internal pay equity among officers are also factored into the consultants studies and the market data with respect to direct compensation.

The Compensation Committee reviewed tally sheets, representing each element and the total of each officers compensation, in late fiscal year 2006 and early fiscal year 2007. The primary purpose of the review was to consider possible modifications to change of control provisions and separation pay applicable to the officers and other salaried employees of the Company (see the discussion under the heading *Potential Payments Upon Termination of Employment or Change of Control Termination of Employment Upon Change of Control* below). The Committee did not specifically consider the tally sheets or discuss the effect of prior years compensation in conjunction with setting 2008 compensation. However, the Committee was aware of the potential value of outstanding long-term incentives, including the likelihood of their payout and vesting (based on achievement of performance objectives to date and on levels of payout and vesting of past awards), and this information was also implicit in the overall plan design used by the consultants in making recommendations for 2008 compensation.

In addition to direct compensation, special hiring or retention incentives have been put in place for certain executives, to motivate them to join the Company or to continue their employment. Executive officers also receive health and welfare benefits and are entitled to participate in the Companys defined benefit pension plans and savings plans on substantially the same basis as other employees.

Each component of the executive compensation program is discussed below.

Components

Base Salary. The Compensation Committee generally reviews base salaries for executive officers (including the Named Executive Officers) at the beginning of each fiscal year. Annual salary increases, which are generally effective on February 1 of each year, are based on evaluation of each individuals performance and on his level of pay compared to that for similar positions at peer group companies, as indicated by the consultants reports and survey data. Executive officer base salary increases for 2008 were deferred until April 1, 2008 or May 1, 2008, as indicated below. The Compensation Committee also reviews and adjusts base salaries for executive officers at the time of any promotion or change in responsibilities.

For fiscal year 2008, the Compensation Committee reviewed the Named Executive Officer compensation in April 2008 and again in July 2008 and approved base salary increases of approximately 4.5% for Mr. McClure, 2% for Mr. Donlon, 11.6% for Mr. Craig, 10% for Mr. Reinhardt, 9% for Mr. Martens and 5% for Mr. Baker, effective May 1, 2008 (April 1 for Mr. Donlon).

Annual Incentives. Under the Incentive Compensation Plan, as amended (ICP), which was approved by the Companys shareowners in 1997 and 2005, executives (including the Named Executive Officers) can earn annual bonuses based on Company and business segment performance against goals established by the Compensation Committee at the beginning of the fiscal year.

The annual incentive goals for fiscal year 2008 were based on the levels of EBITDA and free cash flow from continuing operations that are achieved for the year, measured against target levels specified in the Company's annual operating plan ("AOP"). EBITDA is defined as earnings before interest, taxes, depreciation and amortization, and free cash flow is defined as net cash provided by operating activities minus capital expenditures. The Compensation Committee chose these measures because they are commonly used by the investment community to analyze operating performance and entity valuation and, as such, they are factors in the value of shareowners' investment in the Company. The EBITDA and free cash flow targets are tied to the AOP, rather than to prior periods' results, to provide incentives that are primarily driven by actual performance and not by the effect of industry cycles. On a Company-wide basis, our 2008 annual operating performance target for EBITDA was $410 million and target free cash flow was $25 million. The target EBITDA for the Light Vehicle Systems business segment was $120 million and target free cash flow was $21 million. The target EBITDA for the Commercial Vehicle Systems business segment was $329 million and target free cash flow was $129 million.

The Compensation Committee also established target awards, stated as a percentage of base salary, for key employees, including the Named Executive Officers. The percentage applicable to a Named Executive Officer, and other executive officers, is determined by his salary band (as discussed above under "Overview and Analysis"). Based on these salary bands, target awards for fiscal year 2008 were 100% of base salary for Mr. McClure; 65% for Messrs. Donlon, Martens and Reinhardt; and 55% for Messrs. Baker and Mr. Craig.

For participants employed by a business segment, potential annual incentive bonuses are comprised of four components: one-fourth of potential payments is dependent on each of (a) the level of company-wide achievement of EBITDA targets in the AOP, (b) the level of company-wide achievement of free cash flow targets in the AOP; (c) the level of business segment achievement of EBITDA targets in the AOP; and (d) the level of business segment achievement of free cash flow targets in the AOP. For participants with corporate-wide responsibilities (including Messrs. McClure, Donlon, Craig and Baker), awards are based on only the first two components, (a) and (b), which are equally weighted.

To determine the amounts that are paid as bonuses, performance is measured against AOP goals for each of the applicable components of the award calculation. No payouts are made with respect to any part of the calculation in which performance is less than 70% of AOP goals. For each part of the calculation for which performance exceeds that threshold, the portion of an individual's target award that is paid out is dependent on, and increases with, the percentage of the AOP goal that is achieved. The calculated award for an individual cannot exceed 200% of his target award. The following chart summarizes payout calculations for each portion of the incentive payment:

	Performance as a Percentage of Annual Operating Plan	**Payout as a Percentage of Target**
Threshold for Payment	70%	25%
	80	50
	90	75
Target Payment	100	100
	110	150
Maximum Payment	120 or higher	200

The Committee also has discretion to adjust any award (either upward or downward +/- 50%), or to make an additional award, to reflect individual performance or special achievements. However, any discretionary increase in an award, or special award, to a Named Executive Officer could have tax consequences under Section 162(m) of the Internal Revenue Code of 1986, as amended ("IRC"), as described below.

The Compensation Committee made annual incentive bonus awards to the Named Executive Officers, based on the achievement of the above performance objectives, with respect to fiscal year 2008. The Committee adjusted the award calculations to exclude costs relating to a potential separation of the Company's Light Vehicle Systems business and a working capital adjustment relating to a past divestiture, and to eliminate the effects of restructuring programs (which has been the Committee's practice in past years).

See the table under the heading *Grants of Plan-Based Awards* for information on the target and maximum awards for each Named Executive Officer for fiscal year 2008, and see the column headed Non-Equity Incentive Plan Compensation and the related footnote in the table under *Summary Compensation Table* for information on

actual annual incentive bonus payments made with respect to fiscal year 2008. Total payouts of annual incentive bonuses for fiscal year 2008, as a percentage of base salary, were approximately 139% for Mr. McClure; 90% for Mr. Donlon; 46% for Mr. Martens; 86% for Mr. Reinhardt; 77% for Mr. Craig; and 77% for Mr. Baker.

In addition to the annual incentive as calculated above, the Compensation Committee awarded an additional amount of $25,025 to Mr. Reinhardt for fiscal year 2008, which represents an averaging of the percentage amount by which the Corporation and Commercial Vehicle Systems performance both exceeded their targets. This is included in the column entitled bonus in the *Summary Compensation* table below. It has been the practice in prior years for the Compensation Committee to also provide a pool of $500,000 to be awarded by the Chief Executive Officer to individual employees on the basis of outstanding performance or significant achievements. However, such a pool was not utilized for 2008.

Under the terms of the Company s Deferred Compensation Plan, an executive may elect to defer receipt of all or a portion of payouts of his annual incentive bonus. Deferred bonuses accrue interest during the deferral period and are paid out either in a lump sum or in not more than ten annual installments, as elected by the executive, beginning the year after termination of employment. None of the Named Executive Officers has elected to defer his 2008 annual incentive bonus.

Long-Term Incentives

Overview. The Compensation Committee provides long-term incentives to key employees, including the Named Executive Officers, that are tied to various performance or service objectives over three-year cycles. Each year, the Compensation Committee considers the types of award vehicles to be used and the performance or service objectives and targets on which payout of each type of award depends. Long-term incentive awards were made in fiscal year 2006 and 2007 under the Company s 1997 Long-Term Incentives Plan, as amended (1997 LTIP), which was approved by the Company s shareowners in 1997 and 2005, and Stock Benefit Plan, as amended. These two plans were terminated as of January 26, 2007, when the Company s shareowners approved the 2007 Long-Term Incentive Plan to govern awards going forward. Long-term incentive awards made in fiscal year 2008 were made under the 2007 Long-Term Incentive Plan.

The Compensation Committee selects the types and mix of awards for long-term incentives each year after reviewing the consultant s report and survey data on peer group compensation, market practices, shares available for grant under the Company s long-term incentive plans, and goals to be achieved. The Compensation Committee has used a combination of three types of awards in the past three years, as described below. Each type of award is either equity-based or is tied to metrics that reward creation of shareowner value, which is intended to align management s interests with those of shareowners.

- <u>Performance Shares</u>. Performance shares are units valued by reference to a designated number of shares of Common Stock. For years in which performance shares are granted, the Compensation Committee grants a target number of performance shares and establishes performance objectives that, for recent grants, have been based on the Company s return on invested capital (ROIC) over a three-year performance period. ROIC is defined to mean the sum of the Company s net income for the three fiscal years in the performance cycle (before cumulative effect of accounting changes, gains and losses on sale of businesses, minority interest, tax-effected interest expense and tax-effected restructuring expense) divided by the sum of the average invested capital (total debt, including preferred capital securities, minority interests and shareowners equity) for the three fiscal years in the performance period. The Compensation Committee selected this performance measure because ROIC improvement was a key corporate focus, which was communicated to investors and analysts on a regular basis. Improvements in ROIC are believed to help the Company achieve higher margins, stronger cash flow and debt reduction.

Participants earn awards at the end of the three-year performance period based on actual performance against target levels of ROIC. Award payments can vary from 0% to 200% of the target award of shares, and no awards will be earned unless the Company's return on invested capital is at least a stated threshold percentage over the period. No dividends or dividend equivalents are paid or accrued prior to payout of the performance shares. The value of the earned award may be paid out in the form of Common Stock, cash or any combination thereof, in the discretion of the Compensation Committee. The following chart summarizes

the potential payouts at different levels of ROIC for grants made for the performance periods beginning in 2006 and 2007, as set forth below:

	ROIC over Performance Period ending September 30, 2008	ROIC over Performance Period ending September 30, 2009	% of Award Earned and Paid Out
Threshold for Payout	9%	10%	50%
Target Payout	11.5%	12.5%	100%
Maximum Payout	14% or higher	15% or higher	200%

- Awards under Cash Performance Plans. When the Compensation Committee establishes a performance plan, it designates a three-year performance period and establishes performance objectives for the plan. Objectives for performance periods beginning in 2006 and 2007 were based on the Company's total shareholder return ("TSR") over the performance period compared to that of a selected group of other automotive suppliers. TSR is defined to reflect cumulative stock price appreciation plus dividends paid over the period. The Compensation Committee chose TSR as a performance measure because it assesses the Company's shareowner value creation relative to other companies in the same industry. The application of the stock price multiplier, as described below, further ties payments to stock price appreciation. Objectives for the performance cycle beginning in 2008 were based on ROIC, which as discussed above is believed to help the Company achieve higher margins, stronger cash flow and debt reduction.

The Compensation Committee also establishes target awards, stated as dollar amounts, for each of the Named Executive Officers under each performance cycle. Participants can earn awards at the end of the three-year performance period, which may vary from 0% to 300% of target awards (200% in the case of the 2008-2010 performance period), based on actual performance against specified levels. No awards under this plan may be earned unless the Company's TSR over the period is at or above the 35th percentile relative to the comparator group of automotive suppliers. If TSR is negative, the maximum earned award is 100% of the target award. The award payments are further multiplied by the percentage change in the price of ArvinMeritor Common Stock over the three-year performance period, which may increase the payment finally awarded up to a maximum of 200% of the original amount or reduce it down to a minimum of 50% of the original amount. No earnings are accrued or paid on these awards. At the discretion of the Compensation Committee, payments may be made wholly or partly by delivering shares of Common Stock valued at the fair market value on the last trading day of the week preceding the day the Compensation Committee determines to make payments in the form of shares. The following chart summarizes the potential payouts at different levels of performance of the applicable objective:

ROIC over Performance Period ending September 30, 2010	% of Award Earned and Paid Out	Range of Possible Percentages Earned After Giving Effect to Stock Price Multiplier

Threshold for Payout	8%	50%	25 – 100%
Target Payout	10.5%	100%	50 – 200%
Maximum Payout	13% or higher	200%	100 – 400%

	TSR Relative to the Comparator Group over the Performance Period	Percentage of Target Award Earned and Paid Out	Range of Possible Percentages Earned After Giving Effect to Stock Price Multiplier
Threshold for Payout	35th percentile	25%	12.5 – 50%
Target Payout	50th percentile	100%	50 – 200%
	75th percentile	200%	100 – 400%
Maximum Payout	90th percentile or higher	300%	150 – 600%

- Restricted Shares. The Compensation Committee grants restricted shares of Common Stock that are subject to forfeiture if the grantee does not continue as an employee of ArvinMeritor or a subsidiary or affiliate for a restricted period of at least three years (subject to certain exceptions in the event of death or retirement). Restricted shares have all the attributes of outstanding shares during the restricted period, including voting

and dividend rights, except that the shares are held by the Company and cannot be transferred by the grantee. Cash dividends during the restricted period are reinvested in additional restricted shares of Common Stock, which will vest or be forfeited at the same time as the underlying shares.

The amount of the target award under cash incentive plans, and the number of performance and restricted shares awarded to each Named Executive Officer, is determined based on his salary band, as described above under “Overview and Analysis.”

Fiscal Year 2008 Payouts. In fiscal year 2006, the Compensation Committee provided long-term incentives to Messrs. McClure, Craig, Baker and Donlon under the 1997 LTIP in the form of grants of performance shares and target awards under a three-year cash performance plan for the period ended September 30, 2008. Each type of grant represented one-half of the total value of the long-term incentive opportunity awarded to the individual in that year, based on an assumed share price of $20 per share. The allocation among the two types of grants was intended to equally reward achievement with respect to the two types of performance objectives.

At the time of their hire in fiscal year 2006, Messrs. Martens and Reinhardt were granted *pro rata* target awards under the 2005-2007 and 2006-2008 cash performance plan, based on the portion of the three-year performance period during which they were employed. At the time of his hire, Mr. Craig was granted full participation in the 2006-2008 cycle.

After the end of fiscal year 2008, the Compensation Committee reviewed achievement of objectives and approved payouts with respect to these long-term incentives as follows:

- Performance Shares. The Compensation Committee reviewed the Company’s ROIC over the performance and adjusted it to exclude costs relating to a potential separation of the Company’s Light Vehicle Systems business and to eliminate the effects of a non-cash income tax charge (primarily related to repatriation of earnings) and restructuring. The Compensation Committee approved payout of 57% of each grant of performance shares. ROIC for the performance period was 9.4%, which is between two of the listed percentages, and straight line interpolation was used to determine the percentage of the award of performance shares that was earned and paid out. The remainder of each target grant of performance shares was forfeited. Payouts were in the form of one share of Common Stock for each performance share earned, rounded to the nearest full share. The shares delivered in payment of performance shares in fiscal year 2008 are included in the table under the heading *Options Exercised and Stock Vested* below.

- Cash Performance Plans. The Compensation Committee reviewed the Company's TSR for the performance period compared to those of the comparator group, and made cash awards in accordance with this performance. TSR was 17.3%, which is in the 50th percentile of the peer group, resulting in an award payment at target or 100%. Application of the stock price multiplier decreased the amounts paid to 76.3% of the award payment, resulting in an actual payout at 76.3% of target. Payments were made in cash. See the column headed "Non-Equity Incentive Plan Compensation" and the related footnote in the table under *Summary Compensation Table* for information on actual cash payments made under the 1997 LTIP with respect to fiscal year 2008 for each Named Executive Officer. The comparator group of companies for this grant includes American Axle & Manufacturing, Inc., Borg Warner Inc., Caterpillar Inc., Cooper Tire & Rubber Co., Cummins Inc., Deere & Company, Dana Corporation, Dura Automotive Systems, Inc., Eaton Corporation, GenCorp Inc., Goodyear Tire & Rubber Co., Johnson Controls, Inc., Lear Corporation, Modine Manufacturing Co., Navistar International Corporation, PACCAR Inc., Tenneco Inc., The Timken Company, TRW Automotive Holdings Corporation and Visteon Corporation.

Fiscal Year 2008 Awards. In fiscal year 2008, long-term incentives were provided to the Named Executive Officers in the form of grants of restricted shares of Common Stock and target awards under cash performance plans, as described below. The equity grant represents one-half, and the cash performance plan represents one-half, of the total value of the long-term incentive opportunity for the individual in that year, based on an assumed share price of $10.90 per share.

- Restricted Shares. The Compensation Committee awarded restricted shares of Common Stock to the Named Executive Officers that will vest upon the grantee's continued employment with ArvinMeritor through the end of the three-year restricted period, which will end on January 2, 2011. Pursuant to the terms of the grant, cash dividends on these restricted shares during the restricted period are reinvested in additional restricted shares of Common Stock, which will vest or be forfeited at the same time as the underlying shares.

- Cash Performance Plans. The Compensation Committee established a performance plan with a three-year performance period ending September 30, 2010, granted target awards, expressed as cash payments, to the Named Executive Officers and established performance objectives for the plan based on the Company's ROIC, as described above. No earnings are accrued or paid on these awards. See the table under the heading *Grants of Plan-Based Awards* for information on the specific grants of restricted shares and cash awards under performance plans to each of the Named Executive Officers in fiscal year 2008.

The Compensation Committee's practice in recent years with respect to timing of annual equity-based awards has been to establish December 1 as the standard grant date, whenever possible. Since long-term incentive grants for the 2008-2010 cycle were not approved by the Compensation Committee until its meeting held on December 14, 2007, all equity-based long-term incentive awards for the 2008-2010 cycle were granted at the Compensation Committee's December meeting and effective January 2, 2008. The timing of the grant date does not impact the terms of the grant of restricted shares or performance shares. However, under SFAS No. 123R, the Company measures the fair value of stock-based awards, which is recognized in the Company's financial statements, based on the market value of the Common Stock on the grant date. The purpose of establishing a standard grant date for the Company's annual grant of equity-based long-term incentive awards is to avoid any issue of whether a grant precedes or follows public disclosure of material information. The Company normally announces its fiscal year earnings in mid-November, and use of December 1 as a standard grant date (or as soon thereafter as possible) provides the market sufficient time to absorb and reflect the information, whether positive or negative, prior to measurement of fair value for accounting purposes.

Pension and Retirement Plans. The Company maintains a tax-qualified defined contribution savings plan, as well as a supplemental savings plan that provides for contributions without regard to the limitations imposed by the IRC on qualified defined contribution plans. All of the Named Executive Officers may participate in the Company's qualified and supplemental savings plans on the same basis as other eligible employees.

Under the qualified savings plan, a participant can defer up to 20% of his eligible pay, on a before-tax or after-tax basis, subject to annual IRC limits, and the Company matches deferrals at the rate of 100% on the first 3% and 50% on the next 3% of eligible pay. "Eligible pay" includes base salary and annual bonus under the ICP. If an executive elects to participate in the supplemental savings plan, he can continue to contribute on a before-tax basis, even though his qualified savings plan contributions or his eligible pay have reached the annual IRC limits. Both participant contributions and Company matching contributions to the qualified and supplemental savings plans are always 100% vested.

The Named Executive Officers participate in both the qualified and supplemental savings plans. Employee contributions made by Named Executive Officers to the savings plans in fiscal year 2008 are included in the column headed "Salary", and the Company's matching contributions are included in the column headed "All Other Compensation," in each case in the table under *Summary Compensation Table* below.

The Company maintains a tax-qualified, non-contributory defined benefit pension plan that covers eligible employees hired before October 1, 2005, and a supplemental pension plan that provides benefits to the participants without regard to the limitations imposed by the IRC on qualified pension plans. Messrs. McClure, Donlon and Baker participate in these plans on the same basis as other employees, except that, pursuant to the terms of his employment agreement, Mr. McClure earns two years of pension service for each year he is employed. The present value of accumulated pension benefits for these Named Executive Officers is reported in the table under the heading *Pension Benefits* below.

Employees hired on or after October 1, 2005, including Messrs. Craig, Martens and Reinhardt, are not eligible to participate in the defined benefit pension plans, and the Company instead makes additional contributions each year (ranging from 2% to 4% of base salary plus annual bonus, depending on age) to their accounts in the Company's qualified and supplemental savings plans. The amounts contributed by the Company to the savings plans on behalf of Messrs. Craig, Martens and Reinhardt as pension contributions are included in the column headed "All Other Compensation" in the table under *Summary Compensation Table* below.

Benefits under the Company's defined benefit pension plans were frozen, beginning January 1, 2008, and replaced with additional annual Company contributions (ranging from 2% to 4% of base salary plus annual bonus, depending on age) to the savings plans and supplemental savings plans for the accounts of eligible employees, including Messrs. McClure, Baker and Donlon. See *Pension Benefits* below for further information on this change.

In order to compensate Mr. McClure for the elimination of the special service credit under the defined benefit program, the Compensation Committee approved additional contributions on his behalf under the supplemental savings plan of four times the regular amount.

Perquisites. In fiscal year 2006, the Compensation Committee determined to phase out most perquisite programs (including company cars, club memberships, and reimbursement for financial services) and related gross-ups for payment of income taxes, and replace them with uniform cash payments (see the column headed "All Other Compensation" in the table under *Summary Compensation Table* below). As a result, the only perquisites that were received by the Named Executive Officers in fiscal year 2008 were: (a) Company-paid executive physicals for Messrs. McClure, Donlon and Martens; (b) Company-paid excess liability insurance policies for officers; and (c) very limited spousal travel, each as reported under the column headed "All Other Compensation" and the related footnote in the table under *Summary Compensation Table* below.

Health and Welfare Benefits. The Company maintains health and welfare benefits, including medical, dental, vision, disability and life insurance programs, and the Named Executive Officers are entitled to participate in these programs on the same basis as other employees. Providing these benefits is necessary for the Company to remain competitive with other employers.

Employment Agreements and Retention Awards. The Compensation Committee believes it is appropriate to enter into agreements with executive officers relating to certain terms of their employment (including the effects of termination without cause), and in some cases to make special retention awards of service-based restricted shares of Common Stock. The purpose of these agreements and awards is to provide incentives to attract candidates for officer positions and to motivate key individuals to continue their services. The current employment agreements with the Named Executive Officers are described below under the heading *Employment Agreements*. Special retention awards of restricted shares of Common Stock made to the Named Executive Officers are reported in the table under *Outstanding Equity Awards at Fiscal Year-End 2008.*

In addition, on July 25, 2008, the Board of Directors of ArvinMeritor, at its regularly scheduled meeting, approved a special retention grant to Mr. McClure of 150,000 shares of restricted stock and 300,000 options. The restricted stock and options vest three years from the date of grant. The options will be exercisable upon vesting at the closing price on the date of grant. The restricted stock and options vest 100% upon death, disability or change of control. In the event of any other termination, the awards are forfeited to the extent unvested. See the table under the heading *Grants of Plan-Based Awards* for information on this special retention grant of options and restricted shares to Mr. McClure in 2008.

Stock Ownership Guidelines

As noted above, alignment of the financial interests of ArvinMeritor's key executives with those of its shareowners is a fundamental objective of the Compensation Committee's program and helps to carry out its "pay for performance" philosophy. Accordingly, it has set minimum ownership guidelines that require each officer and other executive to own the following number of shares of ArvinMeritor Common Stock:

	Minimum Number of Shares Owned
• Chief Executive Officer	250,000
• Business Presidents and Executive Vice President	75,000
• Other Executive Officers in Salary Grades 25 and above (including the Chief Financial Officer)	50,000
• Other Executive Officers	25,000
• Other Executives subject to the guidelines	10,000

Shares owned directly (including restricted shares of Common Stock) or through savings plans of ArvinMeritor are considered in determining whether an executive meets the ownership guidelines. Shares subject to unexercised stock options are not considered. Unearned performance shares are included to the extent of 50% of target awards.

The ownership guidelines provide a transition period during which executives may achieve compliance. In general, this period ends as of the date that is five years after the date the ownership guidelines become applicable to the executive. As of October 31, 2008, all of the Named Executive Officers have satisfied their ownership requirements.

Tax Deductibility of Executive Compensation

Section 162(m) of the IRC generally limits the deductibility of compensation paid to each Named Executive Officer to $1,000,000 per year. An exception to this rule exists for any compensation that is "performance based," as defined in the IRC. Annual and long-term incentive awards are designed to be "performance based" for purposes of Section 162(m) and would not be subject to the deductibility limit. However, salaries, service-based restricted shares, special employment and retention incentives, and special annual bonus payments do not qualify as "performance based" compensation for this purpose.

Although the Compensation Committee's policy is to structure compensation arrangements when possible in a manner that will avoid limits on deductibility, it is not a primary objective of the Company's compensation program. In the view of the Committee, meeting the objectives stated above is more important than the ability to deduct the compensation for tax purposes.

Cautionary Statement

The information appearing in this *Compensation Discussion and Analysis*, and elsewhere in this proxy statement, as to performance metrics, objectives and targets relates only to incentives established for the purpose of motivating executives to achieve results that will help to enhance shareowner value. This information is not related to the Company’s expectations of future financial performance, and should not be mistaken for or correlated with any guidance issued by the Company regarding its future earnings, free cash flow or other financial measures.

SUMMARY COMPENSATION TABLE

The information set forth below reflects compensation, from all sources, awarded to, earned by or paid to our chief executive officer, chief financial officer, former chief financial officer, and the other three most highly compensated executive officers of the Company (“Named Executive Officers”) for the fiscal years ended September 30, 2007 (except as noted) and September 30, 2008. The compensation reported below is for services rendered in all capacities to ArvinMeritor and its subsidiaries.

Name and Principal Position[1]	Fiscal Year	Salary[2] ($)	Bonus[3] ($)	Stock Awards[4] ($)	Option Awards[5] ($)	Non-Equity Incentive Plan Compensation[6] ($)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings[7] ($)	All Oth Compensa ($)
Charles G. McClure, Jr.	2008	$1,120,833	$ 0	$1,279,603	$ 78,333	$2,743,000	$ 30,633	$338,7
Chairman of the Board, Chief Executive Officer and President (principal executive officer)	2007	1,083,333	0	1,368,507	192,500	1,652,000	467,312	162,5
Jeffrey A. Craig Senior Vice President, Chief Financial Officer and Acting Controller (principal financial officer)	2008	398,833	0	326,660	0	453,101	0	87,5
Vernon G. Baker, II	2008	485,417	0	485,451	0	611,150	5,147	95,9
Senior Vice President and General Counsel	2007	454,250	75,000	467,606	9,500	395,463	96,104	91,4
Philip R. Martens	2008	570,833	0	449,519		540,050	0	130,9
Senior Vice President and President, Light Vehicle Systems	2007	550,000	0	266,115	0	494,799	0	95,3
Carsten J. Reinhardt	2008	520,833	25,025	396,566		738,950	0	105,4
Senior Vice President and President, Commercial Vehicle Systems	2007	500,000	0	213,163	0	297,150	0	330,9
James D. Donlon, III	2008	696,900	0	564,482	0	1,017,383	35,122	123,9
Executive Vice President and Acting Chief Financial Officer, Light Vehicle Systems (former principal financial officer)	2007	653,500	0	513,967	0	663,945	178,804	90,8

1 The table reflects the positions held with ArvinMeritor at September 30, 2008. Prior to May 2008, Mr. Donlon served as Executive Vice President and Chief Financial Officer and Mr. Craig served as Senior Vice President and Controller. Mr. Craig was not a Named Executive Officer in fiscal year 2007. Accordingly, his compensation information for that year is not included.

2 This column includes amounts contributed by the Named Executive Officers to the Company's tax-qualified 401(k) savings plan and the related nonqualified supplemental savings plan (see *Non-qualified Deferred Compensation* below).

3 This column includes special awards made to Mr. Reinhardt and Mr. Baker, respectively, in recognition of a special achievement during the fiscal year. See *Compensation Discussion and Analysis* above.

4 This column includes the amount of compensation cost that was recognized for financial reporting purposes for fiscal year 2007 and 2008 for performance shares and restricted shares of Common Stock, in accordance with FAS 123R. These amounts include costs with respect to awards made in the current and prior fiscal years, adjusted to eliminate estimates of forfeitures related to service-based vesting conditions. A portion of the performance shares granted in fiscal years 2005 and 2006, representing 22% and 43%, respectively, of each target award, was forfeited after the end of the three-year performance period. These forfeitures are not reflected in the amount reported in this column. See *Grants of Plan-Based Awards and Outstanding Equity Awards at Fiscal Year-End 2008* below for further information. Information on the assumptions used in valuation of the grants is included in Note 19 of the Notes to Consolidated Financial Statements in the Form 10-K, which is incorporated herein by reference. These amounts may not reflect the actual value realized upon vesting or settlement.

5 In accordance with FAS 123R, the Company recognizes compensation cost with respect to the unvested portion of stock options. All stock options issued by the Company vest over a three year period. Information on the assumptions used in valuation of the grants is included in Note 19 of the Notes to Consolidated Financial Statements in the Form 10-K, which is incorporated herein by reference. These amounts may not reflect the actual value realized upon exercise, if any.

6 This column includes cash payouts under (a) a cash performance plan established pursuant to the 1997 LTIP with respect to three-year performance periods ended September 30, 2007 and 2008, and (b) the ICP with respect to annual bonuses for fiscal year 2007 and 2008, in the following amounts:

Name	**2008 LTIP Payout**	**2008 ICP Payout**
Charles G. McClure, Jr.	$ 1,144,500	$ 1,598,500
Jeffrey A. Craig	125,895	327,206
Vernon G. Baker, II	228,900	382,250
Philip R. Martens	267,050	273,000
Carsten J. Reinhardt	267,050	471,900
James D. Donlon, III	381,500	635,883

Name	2007 LTIP Payout	2007 ICP Payout
Charles G. McClure, Jr.	$ 1,245,000	$ 407,000
Vernon G. Baker, II	298,800	96,663
Philip R. Martens	174,300	320,499
Carsten J. Reinhardt	174,300	122,850
James D. Donlon, III	498,000	165,945

No earnings were paid or accrued on outstanding awards during the fiscal year. All payouts were in the form of cash. (See *Compensation Discussion and Analysis* above and *Grants of Plan-Based Awards* below for information on long-term incentive target awards made in fiscal year 2008 for the three-year performance period ending in fiscal year 2010 and annual bonus targets for fiscal year 2008.)

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7 This column includes the change in actuarial present value of accumulated pension benefits of the Named Executive Officers under all defined benefit and actuarial pension plans accrued during the period between the pension plan measurement dates used for financial statement reporting purposes (June 30) for the reported fiscal year and the prior year. There were no above-market or preferential earnings on compensation that was deferred on a basis that is not tax-qualified during the fiscal year for the Named Executive Officers. See *Pension Benefits* below for information on years of service and accumulated pension benefits for Messrs. McClure, Donlon and Baker under the Company s tax-qualified and non-qualified defined benefit retirement plans. Messrs. Craig, Martens and Reinhardt are not eligible to participate in these plans.

8 This column includes the following amounts for 2008: (a) amounts contributed by the Company to the accounts of the Named Executive Officers under the employee savings plan and related supplemental savings plan, including additional amounts contributed in lieu of participation in the Company s defined benefit retirement plans (see *Pension Benefits* below); (b) cash allowances in lieu of perquisites (see *Compensation Discussion and Analysis Elements of the ArvinMeritor Compensation Program Components Perquisites* above); (c) the value of perquisites; (d) any amounts reimbursed to the Named Executive Officers for the payment of income taxes on the value of perquisites (gross-ups); and (e) dividends on unvested restricted shares that were not factored into the grant date fair value reported in the table under the heading *Grants of Plan-Based Awards*; in each case, in the amounts disclosed in the table below:

Type of Compensation	McClure	Craig	Baker	Martens	Reinhardt	Donlon
Employer savings plan contributions	$ 216,773	$ 35,682	$ 39,027	$ 66,850	$ 48,276	$ 59,804
Cash allowances in lieu of perquisites	$ 34,000	$ 27,000	$ 27,000	$ 27,000	$ 27,000	$ 26,909
Perquisites*:						
• Group excess liability insurance premium	$ 3,000	1,188	1,188	1,188	1,188	1,188
• Spousal use of company aircraft	938	0	0	0	0	0
• Company-paid physical examination	278	0	0	865	0	1,050
Total perquisites	$ 4,216	$ 1,188	$ 1,188	$ 2,053	$ 1,188	$ 2,238
Gross-ups	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Dividends on unvested restricted shares	$ 83,800	$ 23,700	$ 28,700	$ 35,000	$ 29,000	$ 35,000

* Spousal use of company aircraft involves spouses accompanying Named Executive Officers on business-related trips. If a commercial flight is used, then this is valued at the actual cost of the airfare. In the case of a charter aircraft already flying to the same destination for a business purpose, only the direct variable costs associated with the additional passenger (for example, catering) are included in

determining the aggregate cost of the use to the Company. Each other perquisite is valued at its actual cost to the Company. The Compensation Committee has determined to phase out most perquisite programs and related gross-ups. See *Compensation Discussion and Analysis* above.

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GRANTS OF PLAN-BASED AWARDS

The Compensation Committee made the following grants to the Named Executive Officers under the ICP and the 2007 Long-Term Incentive Plan (2007 LTIP) in fiscal year 2008. No consideration was paid by the Named Executive Officers for these awards.

					Estimated Future Payouts Under Non-Equity Incentive Plan Awards1						
Name	**Plan Name**	**Grant Date**	**Date of Compensation Committee Action**	**Type of Award**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**All Other Stock Awards (# of shares)2**	**All Other Option Awards: Number of Securities Underlying Options (#)3**	**Exercise or Base Price of Option Awards (S/Sh)3**	**Gr Date Valu Stock Op Awa**
Charles G. McClure, Jr.	2007 LTIP	7/25/08	7/25/08	Option shares					300,000	$12.78	$1,41
	2007 LTIP	7/25/08	7/25/08	Restricted shares				150,000			$1,91
	2007 LTIP	1/2/08	12/14/07	Restricted shares				156,000			$1,75
	2007 LTIP			Cash perfor-mance plan targets	0	1,500,000	3,000,000				
	ICP			Annual incentive plan targets	0	1,150,000	2,300,000				
Jeffrey A. Craig	2007 LTIP	1/2/08	12/14/07	Restricted shares				31,000			$ 34
	2007 LTIP			Cash perfor-mance plan targets	0	300,000	600,000				
	ICP			Annual incentive plan targets	0	235,400	470,800				
Vernon G. Baker, II	2007 LTIP	1/2/08	12/14/07	Restricted shares				31,000			$ 34
	2007 LTIP			Cash perfor-mance plan targets	0	300,000	600,000				
	ICP			Annual incentive plan targets	0	275,000	550,000				
Philip R. Martens	2007 LTIP	1/2/08	12/14/07	Restricted shares				52,000			$ 58
	2007			Cash perfor-	0	500,000	1,000,000				

	LTIP			mance plan targets							
	ICP			Annual incentive plan targets	0	390,000	780,000				
Carsten J. Reinhardt	2007 LTIP	1/2/08	12/14/07	Restricted shares				52,000			$ 58
	2007 LTIP			Cash perfor- mance plan targets	0	500,000	1,000,000				
	ICP			Annual incentive plan targets	0	357,500	715,000				
James D. Donlon, III	2007	1/2/08	12/14/07	Restricted shares							