

SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549

FORM S-3
 Registration Statement
 Under
 The Securities Act of 1933

ARVINMERITOR, INC.

(Exact name of registrant as specified in its charter)

Indiana 38-3354643
 (State or other jurisdiction of (I.R.S. employer
 incorporation or organization) identification number)

2135 West Maple Road
 Troy, Michigan 48084-7186
 (248) 435-1000
 (Address, including zip code, and telephone number,
 including area code, of registrant's principal executive offices)

Vernon G. Baker, II
 Senior Vice President, General Counsel and Secretary
 ArvinMeritor, Inc.
 2135 West Maple Road
 Troy, Michigan 48084-7186
 (248) 435-1000
 (Name, address, including zip code, and telephone number,
 including area code, of agent for service)

With a copy to:
 Frederick L. Hartmann
 Schiff Hardin & Waite
 6600 Sears Tower
 Chicago, Illinois 60606-6473
 (312) 258-5000

Approximate Date of Commencement of Proposed Sale to the Public:
 From time to time after the Registration Statement becomes effective.

If the only securities being registered on this Form are being
 offered pursuant to dividend or interest reinvestment plans, please
 check the following box. []

If any of the securities being registered on this Form are to be
 offered on a delayed or continuous basis pursuant to Rule 415 under
 the Securities Act of 1933, other than securities offered only in
 connection with dividend or interest reinvestment plans, check the
 following box. [x]

If this Form is filed to register additional securities for an
 offering pursuant to Rule 462(b) under the Securities Act, please
 check the following box and list the Securities Act registration
 statement number of the earlier effective registration statement for
 the same offering. []

If this Form is a post-effective amendment filed pursuant to Rule
 462(c) under the Securities Act, check the following box and list the
 Securities Act registration statement number of the earlier effective
 registration statement for the same offering. []

If delivery of the prospectus is expected to be made pursuant to
 Rule 434, please check the following box. []

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per share (1)	Proposed maximum aggregate offering price (1)	Amount of registration fee
Common Stock, \$1 par value (including associated preferred share purchase rights)	14,000	\$15.72	\$220,080	\$59

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(1) Based upon \$15.72 per share, the average of the high and low sales prices of the Common Stock as reported on the New York Stock Exchange on August 1, 2000. (See Rules 457(c) and 457(h) of the Securities Exchange Act of 1933).

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement will thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission acting pursuant to said Section 8(a) may determine.

SUBJECT TO COMPLETION - DATED AUGUST __, 2000

PROSPECTUS

ARVINMERITOR, INC.

14,000 Shares
Common Stock, \$1 Par Value

ARVINMERITOR, INC. EMPLOYEE SAVINGS PLAN

This Prospectus relates to shares of common stock of ArvinMeritor, Inc. which may be offered and sold under the ArvinMeritor, Inc. Employee Savings Plan to Plan participants who ceased to be employees of Arvin Industries, Inc. and its subsidiaries on or prior to July 7, 2000.

Our common stock is traded on the New York Stock Exchange under the symbol "ARM". On August 1, 2000, the closing sale price of the common stock on the New York Stock Exchange was \$15.50 per share.

The mailing address and telephone number of ArvinMeritor's principal executive offices are: 2135 West Maple Road, Troy, Michigan 48084-7186; telephone: (248) 435-1000.

This Prospectus should be retained for future reference.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this Prospectus is August __, 2000

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

You should rely only on the information provided or incorporated by reference in this Prospectus. The information in this Prospectus is accurate as of the date on these documents, and you should not assume that it is accurate as of any other date.

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ARVINMERITOR, INC.

On July 7, 2000, Arvin Industries, Inc. ("Arvin") and Meritor Automotive, Inc. ("Meritor") merged to form a new company, ArvinMeritor, Inc. (the "Company").

Meritor was a global manufacturer and supplier of a broad range of components and systems for commercial, specialty and light vehicle original equipment manufacturers and the aftermarket, with 68 manufacturing facilities located in 23 countries. Meritor had approximately 19,000 employees engaged in manufacturing, research, sales and administration activities at facilities located around the world. In its fiscal year ended September 30, 1999, Meritor had total

sales of approximately \$4.5 billion.

Arvin was a focused international manufacturer and supplier of automotive parts with 53 manufacturing facilities and six technical centers located in 16 countries, excluding non-consolidated businesses. Arvin had approximately 17,500 employees worldwide. In its fiscal year ended January 2, 2000, Arvin had total sales of approximately \$3.1 billion.

Upon completion of the merger on July 7, 2000, the corporate existence of each of Meritor and Arvin terminated, and the business of the Company is the combined businesses previously conducted by Meritor and Arvin. The fiscal year of the Company will end on September 30 of each year.

The Company is an Indiana corporation with its corporate headquarters in Troy, Michigan and operating headquarters around the world. The Company intends to become a premier global supplier of a broad range of integrated systems, modules and components for light vehicle, commercial truck trailer and specialty original equipment manufacturers and related aftermarkets.

In the merger, each share of Arvin common stock was converted into the right to receive one share of Common Stock of the Company, plus \$2.00 in cash. Accordingly, each share of Arvin common stock held in the Arvin Common Stock Fund under the Plan has been converted into one share of Company Common Stock, plus \$2.00 in cash. The cash consideration received as part of the merger consideration that is attributable to Arvin common stock held in Matching Contributions Accounts has been invested in additional shares of Company Common Stock. The cash consideration received as part of the merger consideration that is attributable to Arvin common stock held in Tax-Deposit Accounts and Rollover Deposit Accounts has been invested in additional shares of the Company Common Stock, but may be reinvested in other investment funds pursuant to a participant's investment election.

AS A RESULT OF THE MERGER, THE ARVIN EMPLOYEE SAVINGS PLAN WAS RENAMED THE ARVINMERITOR, INC. EMPLOYEE SAVINGS PLAN. ALL REFERENCES

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IN THE PLAN AND THE SUMMARY PLAN DESCRIPTION TO ARVIN ARE NOW REFERENCES TO THE COMPANY AND ALL REFERENCES IN THE PLAN AND SUMMARY PLAN DESCRIPTION TO ARVIN COMMON STOCK ARE NOW REFERENCES TO COMMON STOCK OF THE COMPANY, PAR VALUE \$1 PER SHARE ("COMMON STOCK"). EXCEPT AS DESCRIBED BELOW, ALL OF THE TERMS OF THE PLAN WILL CONTINUE TO APPLY.

WHERE YOU CAN FIND MORE INFORMATION

The Company files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC's public reference rooms in Washington, D.C., New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to the public at the SEC's web site at <http://www.sec.gov>.

The SEC allows us to "incorporate by reference" into this prospectus the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and later information that we file with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings made with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until our offering is completed:

1. The Annual Report on Form 10-K of Meritor for the fiscal year ended September 30, 1999;
2. The Quarterly Reports on Form 10-Q of Meritor for the quarterly periods ended December 31, 1999 and March 31, 2000;
3. The Current Reports on Form 8-K of Meritor dated April 14, 2000 and June 15, 2000;
4. The Current Report on Form 8-K of the Company dated July 10, 2000;
5. The description of our common stock contained in our Registration Statement on Form S-4/A (File No. 333-35448); and
6. The description of our Rights contained in our Registration

You may request a copy of these filings at no cost, by writing to or telephoning us at the following address:

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ArvinMeritor, Inc.
One Noblitt Plaza, Box No. 3000
Columbus, Indiana 47202-3000
Tel: (812) 379-3000
Attn: Director, Compensation and Benefits

You should rely only on the information incorporated by reference or provided in this prospectus. We have not authorized anyone else to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus is accurate as of any date other than the date on the front of the document.

ARVINMERITOR, INC. EMPLOYEE SAVINGS PLAN PROSPECTUS

The prospectus for the ArvinMeritor, Inc. Employee Savings Plan includes (i) the Appendix dated July 19, 2000 to the Employee Savings Plan Prospectus and Summary Plan Description dated September 12, 1997, (ii) the Appendix dated September 6, 1997 to the Employee Savings Plan Prospectus and Summary Plan Description dated September 12, 1997, and (iii) the Employee Savings Plan Prospectus and Summary Plan Description dated September 12, 1997.

NOTE: REFERENCES IN THE APPENDIX DATED SEPTEMBER 6, 1997 AND THE SEPTEMBER 12, 1997 EMPLOYEE SAVINGS PLAN PROSPECTUS AND SUMMARY PLAN DESCRIPTION TO ARVIN AND ARVIN COMMON STOCK NOW REFER TO THE COMPANY AND THE COMPANY'S COMMON STOCK.

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APPENDIX

THIS DOCUMENT CONSTITUTES PART OF A SECTION 10(A) PROSPECTUS COVERING SECURITIES THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933

ARVINMERITOR, INC. EMPLOYEE SAVINGS PLAN
(Formerly the Arvin Employee Savings Plan)

Appendix dated July 19, 2000

This Appendix provides certain current and updated information regarding the Plan identified above, which is fully described in the Prospectus and Summary Plan Description to which this Appendix relates. Capitalized terms in this Appendix have the same meaning assigned in the Prospectus and Summary Plan Description.

Merger

Effective July 7, 2000, Meritor Automotive, Inc. ("Meritor") and Arvin Industries, Inc. ("Arvin") merged to form a new company, ArvinMeritor, Inc. (the "Company"). As a result of the merger, the Arvin Employee Savings Plan was renamed the ArvinMeritor Employee Savings Plan. All references in the Plan and the Summary Plan Description to Arvin common stock are now references to common stock of the Company, par value \$1 per share ("Common Stock"). Except as described below, all of the terms of the Plan will continue to apply.

In the merger, each share of Arvin common stock was converted into the right to receive one share of Common Stock of the Company, plus \$2.00 in cash. Accordingly, each share of Arvin common stock held in the Arvin Common Stock Fund under the Plan has been converted into one share of Company Common Stock, plus \$2.00 in cash. The cash consideration received as part of the merger consideration that is attributable to Arvin common stock held in Matching Contributions Accounts has been invested in additional shares of Company Common Stock. The cash consideration received as part of the merger consideration that is attributable to Arvin common stock held in Tax-Deposit Accounts and Rollover Deposit Accounts has been invested in additional shares of Company Common Stock, but may be reinvested in other investment funds pursuant to the participant's investment election.

Financial Information

Certain information regarding the performance of the Funds described below has been extracted from materials provided to Arvin and the

Company by the Funds. Neither Arvin nor the Company has made any independent review of the accuracy of this information and, accordingly, makes no warranty or representation concerning this information. Performance information related to an investment in the Funds will be updated periodically and can be obtained from the ArvinMeritor Retirement Service Center.

Stable Value Fund

The Fund has experienced annual returns, after deduction for Fund expenses and asset based fees, of 6.5%, 6.3%, 6.2% and 1.5% for 1997, 1998, 1999 and year to date through March 31, 2000; respectively. Additional information is included in its annual report and product description, copies of which can be obtained from the ArvinMeritor Retirement Service Center.

Dodge & Cox Balanced Fund

The Fund has experienced annual returns, after deduction for Fund expenses and asset based fees, of 21.4%, 6.7%, 12.0% and 1.3% for 1997, 1998, 1999 and year to date through March 31, 2000; respectively. Additional information is included in its annual report and prospectus, copies of which can be obtained from the ArvinMeritor Retirement Service Center.

S&P 500 Stock Index Fund

The Fund has experienced annual returns, after deduction for Fund expenses and asset based fees, of 33.5%, 28.5%, 21.0% and 2.3% for 1997, 1998, 1999 and year to date through March 31, 2000; respectively. Additional information is included in its annual report and prospectus, copies of which can be obtained from the ArvinMeritor Retirement Service Center.

Franklin Small Cap Growth Fund

The Fund has experienced annual returns, after deduction for Fund expenses and asset based fees, of 15.8%, -0.2%, 96.9% and 13.7% for 1997, 1998, 1999 and year to date through March 31, 2000; respectively. Additional information is included in its annual report and prospectus, copies of which can be obtained from the ArvinMeritor Retirement Service Center.

Templeton Foreign I Fund

The Fund has experienced annual returns, after deduction for Fund expenses and asset based fees, of 6.7%, -4.8%, 39.3% and -5.7% for

1997, 1998, 1999 and year to date through March 31, 2000; respectively. Additional information is included in its annual report and prospectus, copies of which can be obtained from the ArvinMeritor Retirement Service Center.

Common Stock Fund

The Fund, based on Arvin Common Stock, has experienced annual returns, after deduction for Fund expenses and asset based fees and inclusion of dividends, of 38.2%, 27.8%, -30.3% and -19.3% for 1997, 1998, 1999 and year to date through March 31, 2000; respectively. Effective as of July 7, 2000, the Fund performance will be based on the Company Common Stock.

AVAILABLE INFORMATION

The Company has filed a Registration Statement on Form S-3 (the "Registration Statement") with the Securities and Exchange Commission covering up to 14,000 shares of its Common Stock, to be offered and sold under the Plan to Plan participants who ceased to be employees of Arvin and its subsidiaries on or prior to July 7, 2000.

The Company will provide, without charge, to each person eligible to participate in the Plan, upon written or oral request, (i) a copy of any of the documents which are incorporated by reference in the Registration Statement, other than the exhibits to such documents (unless such exhibits are specifically incorporated by reference into the information that the Registration Statement incorporates) and (ii) a copy of its Annual Report to Shareholders for its most recent fiscal year. The documents incorporated by reference in the Registration Statement are hereby specifically incorporated by reference in this Prospectus. Request for copies of such documents should be directed to the Director, Compensation and Benefits, at ArvinMeritor, Inc. One Noblitt Plaza, Box No. 3000, Columbus, Indiana 47202-3000, telephone (812) 379-3000.

GENERAL INFORMATION ABOUT THE PLAN

Name of Plan: ArvinMeritor, Inc. Employee Savings Plan

Name and addresses of employers employees are covered by the plan: ArvinMeritor, Inc.
One Noblitt Plaza
Box No. 3000
Columbus, Indiana 47202-3000

A list of participating subsidiaries, including addresses and employer identification numbers, may be obtained from the Plan Administrator.

Employer identification number of ArvinMeritor, Inc. 38-3354643

Plan number: 007

Type of plan: Defined Contribution Savings Plan

Fiscal year of the plan (the plan year): January 1 through December 31

Plan Administrator: Administrative Committee
ArvinMeritor, Inc.
One Noblitt Plaza
Box No. 3000
Columbus, Indiana 47202-3000

Plan Trustee: Northern Trust Company
50 South LaSalle Street
Ninth Floor
Chicago, Illinois 60675

Agent for legal services: Service of legal process may be
made upon the plan administrator or
the plan trustee.

NOTE: REFERENCES IN THIS APPENDIX TO THE SEPTEMBER 12, 1997
EMPLOYEE SAVINGS PLAN PROSPECTUS AND SUMMARY PLAN DESCRIPTION TO ARVIN
AND ARVIN COMMON STOCK NOW REFER TO THE COMPANY AND THE COMPANY'S
COMMON STOCK.

APPENDIX

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES
THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933.

ARVIN EMPLOYEE SAVINGS PLAN

Appendix dated September 6, 1997
to
Prospectus and Summary Plan Description dated
September 12, 1997

This Appendix provides certain current information regarding the
Plan identified above, which is fully described in the Prospectus and
Summary Plan Description to which this Appendix relates. Capitalized
terms in this Appendix have the same meaning assigned in the
Prospectus and Summary Plan Description.

Financial Information

Certain information regarding the performance of the Funds described
below has been extracted from materials prepared by and supplied to
Arvin by the Funds. Arvin has not made any independent review of the
accuracy of this information and, accordingly, makes no warranty or
representation concerning this information. Performance information
related to an investment in the Funds will be updated periodically and
can be obtained from the Plan Administrator.

Stable Value Fund

The Fund has experienced annual returns, after deduction for Fund
expenses and asset based fees, of 6.9%, 6.9%, 6.0% and 3.2% for 1994,

1995, 1996 and year to date through June 30, 1997; respectively. Additional information is included in its annual report, a copy of which can be obtained from the Plan Administrator.

Dodge & Cox Balanced Fund

The Fund has experienced annual returns, after deduction for Fund expenses and asset based fees, of 2.0%, 28.1%, 14.9% and 12.2% for 1994, 1995, 1996 and year to date through June 30, 1997; respectively. Additional information is included in its annual report, a copy of which can be obtained from the Plan Administrator.

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S&P 500 Stock Index Fund

The Fund has experienced annual returns, after deduction for Fund expenses and asset based fees, of 1.1%, 37.2%, 22.8% and 20.3% for 1994, 1995, 1996 and year to date through June 30, 1997; respectively. Additional information is included in its annual report, a copy of which can be obtained from the Plan Administrator.

Franklin Small Cap Growth Fund

The Fund has experienced annual returns, after deduction for Fund expenses and asset based fees, of 9.0%, 39.6%, 27.1% and 7.9% for 1994, 1995, 1996 and year to date through June 30, 1997; respectively. Additional information is included in its annual report, a copy of which can be obtained from the Plan Administrator.

Templeton Foreign I Fund

The Fund has experienced annual returns, after deduction for Fund expenses and asset based fees, of 0.4%, 11.2%, 18.0% and 11.2% for 1994, 1995, 1996 and year to date through June 30, 1997; respectively. Additional information is included in its annual report, a copy of which can be obtained from the Plan Administrator.

Arvin Common Stock Fund

The Fund has experienced annual returns, after deduction for Fund expenses and asset based fees and inclusion of dividends, of -25.8%, -26.3%, 55.2% and 16.3% for 1994, 1995, 1996 and year to date through June 30, 1997; respectively. Additional information is included in its annual report, a copy of which can be obtained from the Plan Administrator.

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NOTE: REFERENCE IN THIS DOCUMENT TO ARVIN AND ARVIN COMMON STOCK NOW REFER TO THE COMPANY AND THE COMPANY'S COMMON STOCK

ARVINMERITOR, INC. EMPLOYEE SAVINGS PLAN PROSPECTUS AND SUMMARY PLAN DESCRIPTION

Dated September 12, 1997

1. INTRODUCTION

The Employee Savings Plan is for hourly employees of Arvin and Arvin's participating affiliates and subsidiaries. It was first introduced in 1991. Since that time it has been amended to make its provisions more responsive to your savings needs.

The Employee Savings Plan encourages you to save a part of your pay for long-range financial goals, such as additional retirement income. As you save, your employer will also contribute money for your future, with some distinct tax advantages not possible if you were paid the additional money as part of your normal wages. All money in the Employee Savings Plan is invested by professional investment managers - again with some tax advantages you might not enjoy if you were handling the investments by yourself

In short, the Employee Savings Plan helps you save for your future with some benefits not available through a personal savings program, such as a bank savings account or a credit union.

PARTICIPATION IN THE EMPLOYEE SAVINGS PLAN IS ENTIRELY VOLUNTARY. IN CONSIDERING WHETHER OR NOT TO PARTICIPATE IN THE EMPLOYEE SAVINGS PLAN, ELIGIBLE EMPLOYEES SHOULD KEEP IN MIND THAT INVESTING IN SECURITIES INVOLVES A CERTAIN RISK OF LOSS. THE VALUE OF ANY COMMON STOCK OR OTHER SECURITIES TO BE PURCHASED WITH EMPLOYEE SAVINGS PLAN CONTRIBUTIONS MAY GO DOWN AS WELL AS UP, AND ARVIN CANNOT AND DOES NOT ASSUME ANY RESPONSIBILITY FOR POSSIBLE LOSSES BECAUSE OF SUCH PRICE FLUCTUATIONS.

2. ELIGIBILITY

You become eligible to participate in the Employee Savings Plan when you become employed as a hourly employee of Arvin or by any of the participating subsidiaries and divisions.

3. DEPOSITS

What deposits are made into my Employee Savings Plan accounts?

3.1 Regular Deposits

The first type of deposit, a Regular Deposit, comes directly from your paychecks. After you determine what your savings needs are, you decide whether to deposit 1%, 2%, 3%, 4%, 5%, or 6% of your

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pay into your account. Your deposits will automatically be deducted from your paychecks.

For purposes of the Employee Savings Plan, your pay includes wages, salary, commissions, bonuses, and overtime. It does not include reimbursed or nonreimbursed expenses and extraordinary nonrecurring income nor does it include compensation earned before a merger or consolidation with the Company by a person who becomes an employee because of the merger or consolidation.

3.2 Optional Deposits

If you want to save more than 6% of your pay through the Employee Savings Plan, you may make Optional Deposits. Optional Deposits, like Regular Deposits, are automatically deducted from your paychecks. You decide the value of Optional Deposits as well. They may be from 1% to 10% of your yearly pay (in whole percent increments). When Optional Deposits are combined with Regular Deposits, they allow you to save a total of up to 16% of your pay through the Employee Savings Plan.

If you authorize something less than 10% of your pay as Optional Deposits, once a year you may make a lump sum payment to bring your total Optional Deposits year-to-date to the maximum 10% allowed by the plan subject to IRS regulations or limitations on maximum contributions, provided that under no circumstances can the lump sum payment (when aggregated with your other deposits and Company contributions) exceed 25% of your adjusted Employee Savings Plan year compensation.

3.3 Matching Contributions

Each calendar quarter the Company will match your Regular Deposits (but not Optional Deposits) at the rate of 25%. Thus, for example, if you contribute 6%, the Company will match with 1.5%.

You are eligible for a quarterly Matching Contribution from the

Company in every calendar quarter in which you make Regular Deposits, as long as the deposits have not been withdrawn as of the last day of the same quarter. You will also receive a Matching Contribution for such calendar quarter in which you retire, die or become disabled even if you are not employed on the last day of the same quarter. Matching Contributions are credited to your account as of the last day of the quarter. Matching contributions are invested in Arvin Common Stock.

3.4 Rollover Contributions

If you participated in another qualified savings plan before enrolling in the Employee Savings Plan, you may be permitted to make rollover contributions from that plan to the Employee

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Savings Plan. For more information, you should check with the Plan Administrator.

3.5 Starting, Changing or Stopping Deposits

When you decide to enroll in the Employee Savings Plan, you decide what percentage of your pay your Regular Deposits will be. You may choose to make Optional Deposits at this time as well, or you can wait and have them start at the beginning of a later payroll period. To start your Optional Deposits later, you must give your personnel office written notice of your decision before the start of the payroll period in which you want the change to take place.

You may change the percentage of your Regular Deposits and Optional Deposits as of the beginning of a payroll period. You may stop making Regular Deposits altogether as of the beginning of a payroll period. If you do, your Optional Deposits will stop at the same time. You may also stop just your Optional Deposits, and your Regular Deposits will continue. To make any of these changes, you must follow the procedures established by the Plan Administrator.

If you want to resume Regular Deposits or Optional Deposits, you must follow the procedures established by the Plan Administrator.

4. ACCOUNTS

What accounts are my deposits put in?

4.1 Taxed Deposits Account & Tax-Deferred Deposits Account

You may elect for your Regular Deposits and/or Optional Deposits to be made before income tax ("Before Tax Contributions") or to be made after being subject to income taxes ("After Tax Contributions").

If your Regular Deposits and/or your Optional Deposits are After Tax Contributions, they will be deposited in your Taxed Deposits Account. If your Regular Deposits and/or your Optional Contributions are Before Tax Contributions, they will be deposited in your Tax-Deferred Deposits Account. As long as the money remains deposited in your Tax-Deferred Deposits Account, you do not pay taxes on it or on its earnings (subject to certain distribution requirements more fully described in Section 7). You do, however, pay taxes on the money when you choose to withdraw it from your Tax-Deferred Deposits Account.

You decide if your Regular and Optional Deposits are Before Tax Contributions, After Tax Contributions or a combination of the two. Also, if you choose to make a yearly lump sum Optional Deposit instead of or in addition to having Optional Deposits deducted from your paychecks, that one yearly Optional Deposit

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must be an After Tax Contribution. For more information, check with the Plan Administrator.

4.2 Matching Contributions Account

The Matching Contributions that the Company makes are deposited into your Matching Contributions Account.

4.3 Rollover Deposits Account

If you are permitted to make rollover contributions to the Employee Savings Plan from another tax qualified plan, these deposits are made into your Rollover Deposits Account. For more information, you should check with the Plan Administrator.

5. INVESTMENTS

How is my money invested once it is deposited into my accounts?

5.1 Investment of Taxed Deposits, Tax-Deferred Deposits, and Rollover Deposits Accounts

Your Taxed Deposits, Tax-Deferred Deposits, and Rollover Deposits Accounts will be invested in one or more of a number of investment funds chosen by the Administrative Committee.

You decide how your Deposits are to be invested. You can allocate your investment in 5% increments among the funds made available by the Company. You decide how you want all of your currently existing Accounts to be invested and how you want all of your future Deposits to be invested. You will receive a quarterly statement updating you on the status of your accounts.

For more information about your investment fund options, contact the Plan Administrator.

5.2 Changing Investment Allocations

You can change the way your various Deposit Accounts are invested by filing an election form with the Plan Administrator. You can choose to transfer 5% increments (up to 100%) of each of your Deposit Accounts from any fund to any other fund or funds.

You can change, in 5% increments, the way your future Deposits are invested. By following the Employee Savings Plan procedures, you may elect to have future Deposits to your Taxed Deposits and Tax-Deferred Deposits Accounts invested in any of the investment funds in 5% increments or exclusively in one of the funds.

5.3 Investment of Matching Contributions

All of the Company's deposits in your Matching Contributions Account will be invested in Arvin Common Stock as part of the

Arvin Common Stock Fund. The value of the Matching Contributions Account will depend on the market value of the Arvin Common Stock. Because the price of the Arvin Common Stock can go up or down, the value of your Matching Contributions Account may go up or down also.

5.4 Special Rules for Arvin Stock

After you reach age 60, you will be permitted to transfer amounts invested in the Arvin Common Stock to another fund by notifying the Administrative Committee. The amount which may be transferred is limited to the following amount:

First Year	20%
Second Year	25%
Third Year	33 1/3%
Fourth Year	50%
Fifth Year	100%

As a holder of Arvin Common Stock, you have the right to tell the trustee how to vote the shares of Arvin Common Stock in your Matching Contributions Account on each matter brought before an annual or special stockholders meetings of Arvin. The trustee will give you a proxy before the meeting so that you can make your voting election. The trustee is required to keep your voting instructions in strict confidence and may not divulge them to anyone, including officers or employees of Arvin.

5.5 Savings Plan Trust

Your Deposits and Matching Contributions are held in the Arvin Savings Plan Trust. The trustee currently, the Northern Trust Company, invests your Deposits as you direct, in the multiple investment funds offered through the Employee Savings Plan. The trustee invests Matching Contributions in Arvin Common Stock. The value of your Accounts will vary from time to time, not only because of additional deposits and contributions that are made to

them, but also because of the investment activity of the trust fund. In other words, your investments can earn gains and suffer losses. Your Accounts in the Employee Savings Plan are credited with your share of investment gains and losses.

5.6 Description of Investment Funds

The Employee Savings Plan offers a number of investment options (or "Funds") for your Before Tax and After Tax Contributions, each offering varying degrees of risk. You can spread your Before Tax and After Tax Contributions and Matching Contributions among the investment Funds in any combination of five percent (5%) multiples that you choose. A description of the Funds is set forth below:

Stable Value Fund

This Fund's primary goal is the stability and safety of principal, with a secondary goal of achieving a high current rate of return. The Fund invests in fixed income securities including, but not limited to, U.S. Treasury and Agency Securities, asset-backed securities and guaranteed investment contracts. Since stability of principal is the primary objective, this Fund is considered to have a low risk profile.

Dodge & Cox Balanced Fund

This Fund seeks to balance the multiple objectives of regular income, conservation of principal and an opportunity for long-term growth of principal. The term "balanced fund" refers to the allocation of investments between equity and fixed income securities (excluding any securities issued by Arvin Industries, Inc.). The Fund is considered to have a moderate risk profile.

S&P 500 Stock Index Fund

The objective of the Fund is to mirror the investment returns of the Standard & Poor's 500 Index Fund. While this Fund invests solely in common stock, it is reasonably well diversified. As such, the Fund exhibits moderate to high risk characteristics.

Franklin Small Cap Growth Fund

The objective of this Fund is to attain long-term capital growth by investing in equity securities of small capitalization growth companies. The conditions which give these companies high growth potential also make them more risky. Thus, this Fund is considered a high risk investment.

Templeton Foreign I Fund

This Fund seeks primarily long term capital growth by investment outside the United States. While the Fund invests primarily in common stock, it may also invest in preferred stock and fixed income securities. Since the Fund's assets are spread over multiple countries and currencies, the investment profile is one of a well diversified equity portfolio. As such, this Fund is considered a moderate to high risk investment.

Arvin Common Stock Fund

The goal of this Fund is to buy and hold common stock of Arvin Industries, Inc. with dividends reinvested. Since this Fund invests solely in the equity of one company, it is expected to

exhibit more volatility than a diversified equity portfolio and is therefore considered a high risk investment.

More detailed information about performance of each investment option is contained in the Appendix to this Summary Plan Description and in each Fund's prospectus or annual report. You should read these documents carefully before making any decisions about investing in the Funds.

5.7 Growth Potential

To give you an idea of how much your investments in the Employee Savings Plan could grow, the following example has been developed, using the following assumptions:

- Your Regular Deposits total \$1,000 per year.
- The Company matches those Regular Deposits at 25%, or \$250 per year.
- Your investment returns average 7% per year.
- You invest in the Employee Savings Plan for 40 years.

Year	Starting Balance	+	Regular Deposit	+	Matching Deposit	=	Year End Total	+	Interest	=	Total with Interest
1	--	+	\$1,000.00	+	\$250.00	=	\$1,250.00	+	\$43.75	=	\$1,293.75
2	\$1,293.75	+	\$1,000.00	+	\$250.00	=	\$2,543.75	+	\$134.31	=	\$2,678.06
3	\$2,678.06	+	\$1,000.00	+	\$250.00	=	\$3,928.06	+	\$231.21	=	\$4,159.28
4	\$4,159.28	+	\$1,000.00	+	\$250.00	=	\$5,409.28	+	\$334.90	=	\$5,744.18
5	\$5,744.18	+	\$1,000.00	+	\$250.00	=	\$6,994.18	+	\$445.84	=	\$7,440.02
10	\$15,496.52	+	\$1,000.00	+	\$250.00	=	\$16,746.52	+	\$1,128.51	=	\$17,875.03
15	\$29,174.69	+	\$1,000.00	+	\$250.00	=	\$30,424.69	+	\$2,085.98	=	\$32,510.67
20	\$48,359.04	+	\$1,000.00	+	\$250.00	=	\$49,609.04	+	\$3,428.88	=	\$53,037.92
25	\$75,266.07	+	\$1,000.00	+	\$250.00	=	\$76,516.07	+	\$5,312.37	=	\$81,828.44
30	\$113,004.57	+	\$1,000.00	+	\$250.00	=	\$114,254.57	+	\$7,954.07	=	\$122,208.64
35	\$165,934.78	+	\$1,000.00	+	\$250.00	=	\$167,184.78	+	\$11,659.18	=	\$178,843.96
40	\$240,172.13	+	\$1,000.00	+	\$250.00	=	\$241,422.13	+	\$16,855.80	=	\$258,277.93

In this example, even though only \$40,000 of the employee's pay was deposited into the employee's accounts, the Company's Matching Contributions and investments allowed those savings to grow to over \$258,000. OF COURSE, THERE IS NO GUARANTEE THAT THE RETURN WILL BE 7%. RETURNS COULD BE HIGHER OR LOWER, AND THERE COULD EVEN BE INVESTMENT LOSSES.

5.8 Vesting in Your Accounts

From the first day of your Plan participation, you always have the full right to the value of your Taxed Deposits, Tax-Deferred Deposits, Rollover Deposits and Matching Contributions Accounts. This means you are fully vested in your deposits, plus or minus investment gains or losses. However, all contributions are subject to the withdrawal restrictions for active employees discussed in Section 8: WITHDRAWALS.

6. DISTRIBUTION UPON TERMINATION

When do I receive the money in my Arvin Employee Savings Plan accounts?

6.1 Entitlement to 100% Distribution

You (or your beneficiary) will become immediately entitled to distribution of 100% of your Taxed Deposits, Tax-Deferred Deposits, Rollover Deposits and Matching Contributions Accounts if any of the following events happen:

- * you leave the Company before your retirement age,
- * you reach age 60 and retire or leave the Company
- * if the Administrative Committee determines that you have become disabled because of a mental or physical incapacity resulting from personal injury or sickness, and you are unable to perform work at your regular job, or you die.

The Administrative Committee will make a final determination on questions of disability, after reviewing medical evidence it

considers necessary.

The government requires that distribution begin no later than the April 1st following the later of the calendar year in which your employment is terminated or in which you reach age 70-1/2.

6.2 Payment Methods

If you want to name someone other than your spouse as your beneficiary, your spouse must give consent by signing the election form in the presence of an authorized Employee Savings Plan representative or notary. If you die while you are still actively employed, your beneficiary will receive the amounts held in your Accounts. The normal form of distribution because of death is a lump sum.

When you leave the Company for any reason other than death, you will receive your Taxed Deposits, Tax-Deferred Deposits, and Matching Contributions Accounts in single lump sum distribution

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as soon as practicable after your termination. However, distribution will not be made before you reach age 70-1/2 without your prior consent if the value of your Accounts exceeds \$3,500 or, beginning January 1, 1998, \$5,000. If the value of your account is less than \$3,500, or, if applicable, \$5,000, your Accounts will be distributable as soon as practicable after your termination of employment.

If you either retire or become disabled and you do not want payments to be made by the normal method, you may reject it in writing and choose another method. During a reasonable period of time before you become eligible for benefits, you will have the opportunity to discuss the different methods of payment available to you.

The balance held in the Arvin Common Stock Fund will be paid to you in cash or shares of Common Stock in accordance with your election.

6.3 Rollovers

In most cases, you will be permitted to have the taxable portion of your distribution transferred to another tax qualified retirement plan and/or individual retirement account. More information will be provided to you by your personnel department before your Employee Savings Plan distributions begin.

7. WITHDRAWALS

Can I withdraw money from my accounts before I leave the Company or retire?

7.1 Withdrawal Guidelines

The Employee Savings Plan is intended for long-term savings. It is not a bank or credit union. The IRS requires penalties on withdrawals from savings plans such as this one in return for the tax advantages you get by being able to defer taxes on earnings, Before Tax Contributions and Matching Contributions.

If you want to make a withdrawal, you must apply for the withdrawal in accordance with procedures established by the Administrative Committee. Payment will be made promptly after the application is received and if it is approved. A maximum of two withdrawals is allowed in any calendar year. Also, if you make a withdrawal, the Company will not make Matching Contributions of your Regular Deposits for the quarter in which the withdrawal is made.

7.2 Withdrawals for Participants Over Age 59-1/2

If you are an employee over age 59-1/2 you may withdraw deposits and earnings from both your Taxed Deposits Account and Tax-

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Deferred Deposits Account. If you withdraw Tax-Deferred Deposits

and! or earnings, you must pay taxes on those earnings for the year in which you receive the money. Taxes cannot be postponed to retirement.

7.3 Withdrawals from Taxed Deposits and Rollover Deposits Accounts - Under 59-1/2

If you are an employee under age 59-1/2, you may withdraw deposits from your Taxed Deposits and Rollover Deposits Account. Withdrawal amounts will be charged against your Taxed Deposits Account first and against your Rollover Deposits Account second. Also, early withdrawal of your Rollover Deposits Account may result in the penalties described in Section 8.5 below.

7.4 Withdrawals from Tax-Deferred Deposits Account - under 59-1/2

If you are under age 59-1/2, you may make withdrawals from your Tax-Deferred Deposits (but not earnings) in your Tax-Deferred Deposits Account in cases of "financial hardship". You will be asked to document the reasons for this type of withdrawal, and it must be approved by the Administrative Committee that acts according to IRS regulations.

The Administrative Committee considers you to be in a state of "financial hardship" if you have an immediate and heavy financial need as a result of:

- * Post-secondary tuition expenses for the next twelve months for you, your spouse, or your dependent child.
- * Unreimbursed medical expense for you, your spouse, or your dependent child.
- * Purchase of your primary residence.
- * The need to prevent your eviction from your principal residence or foreclosure on the mortgage of your principal residence. In determining the amount available for withdrawal, the Administrative Committee can take into account the tax consequences of the distribution.

7.5 Tax Penalty for Withdrawal

When you receive a withdrawal from your Tax-Deferred Deposits Account, you will owe income taxes on the full value of the amount paid out of your Tax-Deferred Account. In addition to ordinary income tax, tax laws generally require that you pay a 10% Penalty Tax if you receive all or part of your Tax-Deferred Deposits Account before:

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- * age 59-1/2
- * retirement or termination on or after age 55;
- * disability; or
- * death.

However, the 10% penalty tax does not apply to life-expectancy installment payments, rollovers into IRAs or other qualified plans, distributions for medical expenses over 7.5% of your income, and qualified domestic relations order payments.

7.6 Withdrawals from Matching Contributions Account

No withdrawals are permitted from your Matching Contributions Account.

7.7 Is the Withdrawal Necessary?

Clearly, you should think very carefully before withdrawing any money from the Employee Savings Plan.

- * Remember, the Employee Savings Plan is primarily designed to help you save for long term financial goals. Money withdrawn from the Employee Savings Plan has no chance to grow through trust investment.
- * If you make a withdrawal, the Company will not make a Matching Contribution for the quarter in which the withdrawal was made.

- * If you withdraw any Before Tax Contributions or earnings from the Employee Savings Plan, you must pay taxes on those amounts in the year in which you receive the money.
- * In certain cases, tax laws impose a 10% penalty tax on withdrawals in addition to regular income taxes.

8. ENROLLMENT

How do I enroll in the Employee Savings Plan?

If you want to participate in the Employee Savings Plan, your personnel office has enrollment forms, on which you must authorize your automatic payroll deductions for Regular Deposits and, if you wish, for Optional Deposits. You will be asked at the same time to name a beneficiary - the person to whom you would like your accounts paid if you should die after you begin saving through this plan but before you become eligible for final payments. If you have been married for at least 120 days, your spouse automatically is your beneficiary. If you want to name someone other than your spouse as your beneficiary, your spouse must give consent by signing the beneficiary designation in the

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presence of an authorized Employee Savings Plan representative or notary. If you are single, you may name anyone as your beneficiary, and you may change your beneficiary at a later date.

If you do not enroll when you first become eligible, you may do so as of the first date of any subsequent payroll period.

9. CLAIMING BENEFITS

What do I do if I think I have a right to a benefit that the Company is denying me?

9.1 The Original Claim

You (or your beneficiary) may file a claim for a benefit you feel you are entitled to receive. The claim must be in writing (preferably on a form provided by your personnel office) and filed with your personnel office.

9.2 If the Claim is Denied

You or your beneficiary will be notified in writing if a claim has been denied in whole or in part, within 90 days after it is received (unless an extension of up to 90 additional days is needed for processing). The notice will explain the reasons for the denial, referring to the pertinent Employee Savings Plan provisions on which the denial is based and describing any additional information needed to reevaluate the claim. Information will also be included to explain how to appeal the denial. If you are not satisfied with the explanations given in the denial, you, or your beneficiary, or an authorized representative, may appeal the decision and, within 60 days after receipt of the denial, make a written request to the Administrative Committee for a review. You, your beneficiary, or your representative may examine pertinent Employee Savings Plan documents and submit issues and comments in writing to the Administrative Committee. The notice of its decision within 60 days after it receives the request for a review (unless an extension of time, not to exceed 60 additional days, is needed). This notice will explain the reason or reasons for the Administrative Committee's final decision and refer to the pertinent Employee Savings Plan provisions on which the decision is based.

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10. OTHER PLAN FACTS

What else do I need to know about the Employee Savings Plan?

10.1 Limits on Deposits

As required by law, there is a limit on your deposits to the Employee Savings Plan. For the most part, these limits apply to higher-paid employees. You will be notified if they affect you.

The Internal Revenue Code sets a maximum that you can save through Before Tax Contributions. The limitation in 1997 is \$9,500, and it is subject to change every year.

10.2 Transfers

If you are transferred to salary status, or if you are transferred (in any employment status) to a subsidiary or a division that does not participate in the Employee Savings Plan, you will not be able to make Regular or Optional Deposits to the Plan, and the Company will not make Matching Contributions. Your existing Account balances, however, will continue to share in the investment earnings on a tax-deferred basis.

10.3 Qualified Domestic Relations Orders

When your benefit is paid to you, it is yours to use as you wish. Until that time, though, you may not sell, transfer, or promise to another person any part of your interest in your accounts. However, if you become divorced or separated, certain court orders could require that part of your benefit be paid to someone else - your spouse or children, for example. This is known as a qualified domestic relations order. As soon as you are aware of any court proceedings which may affect your Employee Savings Plan benefit, contact the Plan Administrator. Similarly, the Company may not use any of the money in the trust fund for any purpose other than the sole benefit of participants and their beneficiaries.

10.4 Mental Incompetence

If you are declared mentally incompetent and unable to handle your own affairs, the Administrative Committee will make benefit payments to your legal representative or to a relative who is able to act on your behalf.

10.5 Arvin's Right to Amendment, Modification, or Termination

Arvin expects the Employee Savings Plan to be permanent, but reserves the right to amend, modify, or terminate the plan at any time. The Employee Savings Plan might be merged or consolidated or plan assets be transferred to another plan. You will continue to have full rights to all of your Accounts and, if your employer

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is still a participating employer, your participation will continue. However, if you are not employed by a participating employer after the merger, consolidation or transfer, your Employee Savings Plan participation will end.

10.6 Non-applicability of PBGC Guarantee

Benefits provided by the Employee Savings Plan are not insured under the plan termination insurance provision of the Employee Retirement Income Security Act of 1974 (ERISA). ERISA established the Pension Benefit Guaranty Corporation (PBGC) to guarantee a certain level of benefit payments if a plan covered by the insurance is terminated. The PBGC insures only defined benefit plans, plans which promise a definite amount of retirement benefit according to a formula. Defined contribution plans, such as this one, are ones in which final benefits are determined by the amounts of contributions to, and the investment activity of your accounts in the trust fund, not by a formula. For that reason, PBGC coverage is not applicable to the Employee Savings Plan.

10.7 "Top-heavy" provisions

Special plan provisions go into effect if the Employee Savings Plan becomes "top-heavy". This means more than 60% of the Savings Plan's assets are for "key employees," such as certain company officers or owners. It is unlikely that this will happen. If it does, you will be notified if it affects you.

10.8 Military Leave

The Administrative Committee will apply the provisions of the Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA") with respect to any participant who is reemployed after completing covered military service in a manner consistent with the USERRA and all other applicable law and regulations. You should contact the personnel department as to your rights following military service.

10.9 Plan Participation not Guarantee of Employment

Nothing in the Employee Savings Plan says or implies that participation is a guarantee or assurance of continued employment with the Company.

10.10 ERISA

Other than the funding provisions and Title IV of ERISA, the Savings Plan is subject to all the provisions of ERISA, including the participation, vesting, fiduciary responsibility and reporting and disclosure provisions which require that each participant in the Employee Savings Plan be provided with a

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summary plan description. The funding provisions, which provide for minimum contributions to fund accrued pension benefits, and Title IV, which provides federal guarantees for certain pension benefits, are not applicable to profit-sharing plans, such as the Employee Savings Plan, that have individual accounts for each participant, because the interest of each participant is always measured by the balance of his account, rather than in terms of a fixed predetermined pension benefit. The Employee Savings Plan is an "individual account plan" because the interest of each individual is accounted for separately in the records of the Employee Savings Plan.

11. WHAT ARE THE FEDERAL TAX CONSEQUENCES ASSOCIATED WITH THE PLAN?

11.1 Tax Consequences of Contributions to the Plan

Under existing federal income tax laws, Before Tax Contributions contributed to the Employee Savings Plan by a Participant are not includible in the Participant's income for federal income tax purposes at the time such amounts are contributed. Similarly, any Matching Contributions made by the Company to a Participant's Accounts under the Employee Savings Plan and any earnings (including dividends, interest income, etc.) credited to a Participant's Accounts under the Employee Savings Plan are not included in a Participant's income for federal income tax purposes at the time such amounts are contributed or credited under the Employee Savings Plan.

11.2 Limitation on Before Tax Contributions.

The Internal Revenue Code imposes limits on the annual amount of Before Tax Contributions that may be made by a Participant under the Employee Savings Plan (or any other tax qualified plan) in a calendar year. The annual limit for 1997 is nine thousand five hundred dollars (\$9,500). Participants will be informed annually of any increase in the annual limit due to the inflation adjustment permitted by the Internal Revenue Service. To the extent a Participant's Before Tax Contributions exceed the annual limit, the excess amount will be included in the Participant's gross income for the calendar year to which the Before Tax Contribution relates. If a Participant with excess Before Tax Contributions is a Participant in more than one (1) tax qualified retirement plan that permits before tax contributions, the Participant must notify each plan as to the portion of the excess to be allocated with respect to each such plan.

11.3 In-Service Withdrawals.

A Participant who makes a withdrawal that does not qualify as a lump sum distribution (see Section 11.4) below for the definition of a "lump sum distribution") will be taxed at ordinary income tax rates on the amount by which: (i) the amount of cash and the

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fair market value of the Arvin Common Stock distributed to the Participant exceeds (ii) the sum of: (A) and that the amount of the After Tax Contributions that are deemed withdrawn under the "pro-rata recovery rules" described below; and (B) the excess of the fair market value of the Arvin Common Stock that is distributed to the Participant and is attributable to such Participant's After Tax Contributions (other than income on such After Tax Contributions) over the cost or other basis thereof to the Employee Savings Plan. Under the pro-rata recovery rules, any After Tax Contributions withdrawn are allocated proportionately between the After Tax Contributions and investment earnings attributable to After Tax Contributions. If a Participant makes a withdrawal before 2000 that qualifies as a lump sum distribution, it will be eligible for the favorable tax consequences described in paragraph (d)(v) below. The amount of a withdrawal may also be subject to a ten percent (10%) penalty tax, as described in Section 11.3 below, and will generally be subject to the mandatory federal income tax withholding rules described below.

11.4 Distribution of a Participant's Entire Account Balance.

(a) General Rules.

In general, a distribution (other than of amounts deemed to consist of After Tax Contributions as discussed above in Section 11.2) to a Participant (or a Participant's beneficiary) of his Account balance under the Employee Savings Plan will be taxable as ordinary income in the year of receipt and may be subject to an additional ten percent (10%) penalty tax (see below). As described below, if a distribution qualifies as an "eligible rollover distribution," a Participant (or a deceased Participant's spouse) may defer current taxation of all or a part of the distribution by rolling over the taxable portion of the distribution into an eligible retirement plan. A distribution before 2000 that qualifies as a lump-sum distribution or includes Arvin Common Stock is subject to special tax rules, as described below.

The Committee is required to withhold as federal income tax twenty percent (20%) of the amount of an "eligible rollover distribution" (as defined below) made to a Participant (or spouse of a deceased Participant) unless that Participant transfers the eligible rollover distribution in a "direct rollover" to another qualified employee retirement plan that accepts rollover contributions or to an IRA. Under current law, all distributions and withdrawals from the Employee Savings Plan to a Participant or spouse of a deceased Participant (or the former spouse of a Participant pursuant to a qualified domestic relations order) generally will be treated as "eligible rollover distributions," except for:

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(A) amounts representing After Tax Contributions; (B) certain required minimum distributions beginning at age seventy and one-half (70-1/2); (C) periodic payments made over the Participant's lifetime, the lifetimes of the Participant and beneficiary or a period of ten (10) years or more; or (D) certain corrective distributions of Before Tax Contributions made to employees in order to comply with limits imposed by the Code.

A Participant (or spouse) may avoid the twenty percent (20%) federal income tax withholding on an eligible rollover distribution by electing to have that eligible rollover distribution transferred by direct rollover to another qualified employee retirement plan that is a defined contribution plan and that accepts rollovers or to an IRA. On the other hand, a Participant (or spouse) who elects to receive directly an eligible rollover distribution will generally receive only eighty percent (80%) of the gross amount of that distribution. The net amount received may then be rolled over (see subparagraph (iii) below) into an IRA or another qualified employee retirement plan that accepts rollover contributions; however, in order to avoid current federal income tax on the gross amount of the eligible rollover distribution, the Participant or spouse would need to supply from his or her personal funds an amount equal to the twenty percent (20%) federal income tax that was withheld.

There are several detailed rules that apply to direct

rollovers of eligible rollover distributions. Each Participant (or spouse) who becomes entitled to an eligible rollover distribution will be provided with a more detailed written explanation of the federal income tax consequences of eligible rollover distributions and the circumstances in which direct rollovers, can be made.

(b) Lump-sum Distributions.

In general, a lump-sum distribution is a distribution of a Participant's entire Account balances under the Employee Savings Plan (and any other tax qualified savings or thrift plan sponsored by the Company) within a single calendar year that is made on account of termination of employment, death or after the Participant attained age fifty-nine and one-half (59-1/2) or became disabled.

(c) Rollovers.

A Participant (or the spouse of a deceased Participant or a Participant's former spouse who is an alternate payee under a qualified domestic relations order) may avoid current taxation on any portion of an eligible rollover distribution

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that is rolled over into an IRA or another qualified employee retirement plan that accepts rollover contributions.

A tax-free rollover is accomplished by transferring the amount being rolled over to the IRA or qualified plan not later than sixty (60) calendar days after receipt of the distribution. The rollover may include shares of Arvin Common Stock received in the distribution if the Participant (or an alternate payee spouse or the spouse of a deceased Participant) so desires. In lieu of rolling over shares of Arvin Common Stock, a Participant (or an alternate payee spouse or a deceased Participant's spouse) may sell all or a portion of such Arvin Common Stock and roll over the proceeds instead of the Arvin Common Stock, provided the rollover occurs within sixty (60) calendar days of the distribution. Even if the sales price of the Arvin Common Stock differs from the fair market value of the Arvin Common Stock on the date of distribution, no gain or loss is recognized to the extent the sales proceeds are rolled over. In certain circumstances where less than all of the proceeds from the sale of Arvin Common Stock are rolled over, it may be advantageous for tax purposes to designate the Arvin Common Stock to which the proceeds that are rolled over are attributable. Distributions to spouses of deceased Participants may only be rolled over into IRAs.

(d) Five (5) Year and Ten (10) Year Averaging.

If a Participant's distribution qualifies as a lump-sum distribution and the Participant has been a Participant in the Employee Savings Plan for at least five (5) years (the five (5) year participation requirement does not apply to beneficiaries of deceased Participants), it may qualify for tax treatment called "five (5) year averaging," which may result in significant tax savings. In general, in order to be eligible for five (5) year averaging, the Participant with respect to whom the distribution is made must have attained age fifty-nine and one-half (59-1/2) on or before the date of the distribution. The five (5) year averaging rule may be used only once with respect to a Participant. Except for the transitional rule described in the next paragraph, the special five (5) year averaging rules will no longer be available after 1999.

There is an exception to the general rule that special treatment for lump-sum distributions is only available with respect to Participants who have attained age fifty-nine and one-half (59-1/2). If a Participant attained age fifty (50) by January 1, 1986, the Participant (or the Participant's beneficiary) may, in general, elect to use either the five (5) year averaging provisions (using the tax rates in effect

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in the year of distribution) or special ten (10) year averaging provisions (using the 1986 tax rates). Only one election is available with respect to a Participant and, if made, eliminates the ability to elect five (5) year (or ten (10) year) averaging after age fifty-nine and one-half (59-1/2).

Amounts rolled over into an IRA are not eligible for five (5) year or ten (10) year averaging upon distribution from the IRA. In addition, if any part of the lump-sum distribution is rolled over into an IRA or another qualified employee retirement plan, the remainder of the distribution is not eligible for five (5) year or ten (10) year averaging.

(e) Special Rules Applicable to Common Stock.

If a distribution to a Participant or beneficiary that qualifies as a lump-sum distribution (as described above) includes Arvin Common, an amount equal to the excess (if any) of the fair market value of the Arvin Common Stock on the date of the distribution over the cost or other basis of the Arvin Common Stock to the Plan (the excess is referred to as "net unrealized appreciation") is not includible in the income of the Participant or beneficiary, unless the Participant or beneficiary elects otherwise on his income tax return.

If net unrealized appreciation on Arvin Common Stock is excluded from the taxable income of a Participant or beneficiary under the rules described above for lump-sum distributions, the tax basis of the shares for determining taxable gain or loss upon a subsequent sale or exchange of the Arvin Common Stock is the cost or other basis of the shares to the Employee Savings Plan. Any gain on the subsequent sale or exchange of such Arvin Common Stock is taxed as a short-term, mid-term or long-term capital gain (depending on the total time period in which the distributed shares of Arvin Common Stock was held by the Employee Savings Plan and by the Participant or beneficiary) to the extent of, and not to exceed, any net unrealized appreciation at the time of distribution. Any additional gain in excess of the amount of net unrealized appreciation at the time of distribution is taxed as a long-term, mid-term or short-term capital gain depending on the holding period of the shares solely in the hands of the Participant or beneficiary. Any loss on a subsequent sale of Arvin Common Stock is taxed as short-term mid-term or long-term capital loss depending on the holding period of the shares in the hands of the Participant or beneficiary.

11.5 Additional Taxes.

If a Participant receives a distribution or makes a withdrawal before the Participant attains age fifty-nine and one-half (59-1/2), a ten percent (10%) additional penalty tax is imposed on the taxable portion of the distribution or withdrawal, unless the distribution or withdrawal is attributable to the disability of the Participant or occurs after the death of the Participant or after the Participant terminates his employment after attaining age fifty-five (55). The ten percent (10%) penalty tax does not apply to the extent a distribution or withdrawal does not exceed the amount of certain deductible medical expenses. The ten percent (10%) penalty tax does not apply to that part of a distribution or withdrawal that is deemed under the federal income tax laws to be After Tax Contributions. The ten percent (10%) penalty tax also will not apply if the distribution is rolled over in a timely manner, as described above.

11.6 Special Situations.

Special rules with respect to eligibility for five (5) year and ten (10) year averaging apply in certain circumstances to Participants whose Accounts under the Employee Savings Plan are subject to qualified domestic relations orders or who return to work for an Employer after receiving a distribution and become vested in previously forfeited benefits under the Plan. You should contact the Administrative Committee if you think these rules may apply to you.

11.7 Tax Consequences to the Company.

The Company is entitled to a federal income tax deduction with respect to amounts contributed by the Company to the Plan.

11.8 Federal Estate Taxes.

The balance in a Participant's Accounts attributable to Before Tax Contributions, After Tax Contributions, Matching Contributions and earnings must be included in the gross estate of the Participant for federal estate tax purposes upon his or her death. If the distributee is the Participant's spouse, to the extent of the amount included in the Participant's gross estate, an unlimited marital deduction may be available.

11.9 Employees Should Consult Their Tax Advisors.

THE DISCUSSION OF FEDERAL TAX CONSEQUENCES IS ONLY A SUMMARY, DOES NOT PURPORT TO BE COMPLETE AND, AMONG OTHER THINGS, DOES NOT COVER STATE AND LOCAL TAX TREATMENT OF PARTICIPATION IN THE EMPLOYEE SAVINGS PLAN. IN ADDITION, THE RULES REGARDING TAXATION OF DISTRIBUTION AND WITHDRAWALS ARE COMPLICATED AND CHANGE PERIODICALLY, AND DIFFERENCES IN PARTICIPANTS' FINANCIAL

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SITUATIONS MAY CAUSE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF PARTICIPATION IN THE EMPLOYEE SAVINGS PLAN TO VARY. THEREFORE, EACH PARTICIPANT IN THE EMPLOYEE SAVINGS PLAN SHOULD CONSULT HIS OWN ACCOUNTANT, LEGAL COUNSEL OR OTHER FINANCIAL ADVISOR REGARDING THE TAX CONSEQUENCES OF PARTICIPATION IN THE EMPLOYEE SAVINGS PLAN.

12. YOUR RIGHTS UNDER ERISA

As a Participant in the Employee Savings Plan, you are entitled to certain rights and protections under ERISA. ERISA provides that all Employee Savings Plan Participants are entitled to:

Examine, without charge, at the Administrative Committee's office and at other specified locations such as worksites, all Employee Savings Plan documents, including copies of all Employee Savings Plan documents filed by the Administrative Committee with the U.S. Department of Labor, such as detailed annual reports.

Obtain copies of all Employee Savings Plan documents and other Employee Savings Plan information upon written request to the Administrative Committee. The Administrative Committee may make a reasonable charge for the copies.

Receive a summary of the Employee Savings Plan's annual financial report. The Administrative Committee is required by law automatically to furnish each participant with a copy of this summary annual report at no charge.

In addition, each Participant will automatically receive:

A summary of any material changes made to the Employee Savings Plan, within 210 days after the end of the Employee Savings Plan year in which the changes are made.

A completely updated summary description of the Employee Savings Plan every five years, if changes in the Employee Savings Plan are made after the date of this Prospectus.

A complete summary description of the Employee Savings Plan every ten years, even if no changes are made.

In addition to creating rights for Employee Savings Plan Participants, ERISA imposes duties upon the people who are responsible for the operation of employee benefit plans. The people who operate the Employee Savings Plan, called "fiduciaries" of the Employee Savings Plan, have a duty to do so prudently and in the interest of you and the other Employee Savings Plan Participants and your spouse or other beneficiaries. No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you

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from obtaining a vested Employee Savings Plan benefit or exercising your rights under ERISA. If your written claim for a Employee Savings Plan benefit is denied in whole or in part, you must receive a written explanation of the reasons for the denial. You have the right to have the Administrative Committee review and reconsider your written claim.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request in writing materials from the Administrative Committee and do not receive them within thirty (30) days after the Administrative Committee received your written request, you may file suit in a federal court. In such a case, the court may require the Administrative Committee to provide the materials and pay you up to one hundred dollars (\$100) a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrative Committee. If you have a written claim for Employee Savings Plan benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. If it should happen that Employee Savings Plan fiduciaries misuse the Employee Savings Plan's money or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful in your lawsuit, the court may order the person you have sued to pay these costs and fees. If you lose the lawsuit, the court may, under certain circumstances, order you to pay these costs and fees (for example, if it finds your claim is frivolous or without merit).

If you have any questions about your Employee Savings Plan, you should contact the Administrative Committee. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest Area Office of the U.S. Labor-Management Services Administration, Department of Labor.

13. GENERAL INFORMATION ABOUT THE PLAN

Name of Plan:	Employee Savings Plan
Name and addresses of employers whose employees are covered by the plan:	Arvin Industries, Inc. One Noblitt Plaza Box Number 3000 Columbus, Indiana 47202-3000
	A list of participating subsidiaries, including addresses and employer identification numbers, may be obtained from the Plan Administrator.

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Employer identification number of Arvin Industries, Inc.:	35-0550190
Plan number:	007
Type of plan: Fiscal year of the plan (the plan year):	Defined Contribution Savings Plan January 1 through December 31
Plan Administrator:	Administrative Committee Arvin Industries, Inc. One Noblitt Plaza Box Number 3000 Columbus, Indiana 47202-3000 (812) 379-3000
Plan Trustee:	Northern Trust Company 50 South LaSalle Street Ninth Floor Chicago, Illinois 60675
Agent for legal services:	Service of legal process may be made upon the plan administrator or the plan trustee.

LIMITATION OF LIABILITY

Neither the Company, Arvin, Meritor, nor any of their agents (including Arvin or Meritor if it is acting as such) in administering the Plan shall be liable for any act done in good faith or for the good faith omission to act in connection with the Plan. However, nothing contained herein shall affect a Participant's right to bring a cause of action based on alleged violations of federal securities laws.

USE OF PROCEEDS

The Company does not anticipate that it will realize any net proceeds from the issuance of its common stock under the Plan.

PLAN OF DISTRIBUTION

The common stock being offered hereby is offered pursuant to the Plan, the terms of which provide for the issuance of common stock in connection with investment of participant and employer contributions to the Plan.

DESCRIPTION OF COMMON STOCK

The Company's certificate of incorporation authorizes the issuance of 500,000,000 shares of Common Stock. The description of the Common Stock is incorporated by reference into this Prospectus. See "Where You Can Find More Information" for information on how to obtain a copy of this description.

EXPERTS

The consolidated financial statements of Arvin as of January 2, 2000 and January 3, 1999 and for each of the three years in the period ended January 2, 2000 set forth in the Company's Current Report on Form 8-K dated July 10, 2000 have been incorporated by reference in this document in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm, as experts in auditing and accounting. The consolidated financial statements of Meritor as of September 30, 1999 and 1998 and for each of the three years in the period ended September 30, 1999 and the related financial statement schedule incorporated by reference in this registration statement from Meritor's Annual Report on Form 10-K for the fiscal year ended September 30, 1999 have been audited by Deloitte & Touche LLP, independent auditors, as stated in their reports, which are incorporated by reference, and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

LEGAL MATTERS

Certain legal matters in connection with the Company's common stock offered hereby have been passed upon for the Company by Schiff Hardin & Waite, Chicago, Illinois.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution.

The estimated expenses in connection with the offering are as follows:

Registration fee under the Securities Act	\$59
Legal fees and expenses	\$15,000
Accounting fees and expenses	\$ 5,000
Miscellaneous	\$15,000

Total	\$35,059

Item 15. Indemnification of Directors and Officers.

The Indiana Business Corporation Law permits indemnification of officers, directors, employees and agents against liabilities and expenses incurred in proceedings if the person acted in good faith and reasonably believed that (1) in the case of conduct in the person's official capacity with the corporation, that the person's conduct was in the corporation's best interests, and (2) in all other cases, that the person's conduct was at least not opposed to the corporation's

best interests. In criminal proceedings, the person must either have reasonable cause to believe the conduct was lawful or must have had no reasonable cause to believe the conduct was unlawful. Unless the articles of incorporation provide otherwise, indemnification is mandatory in two instances: (1) a director successfully defends himself in a proceeding to which the director was a party because the director is or was a director of the corporation, or (2) it is court ordered.

Section 8.06 of the Company's Restated Articles of Incorporation contain provisions authorizing, to the extent permitted under the Indiana Business Corporation Law and the Company's By-Laws, indemnification of directors and officers, including payment in advance of expenses in defending an action and maintaining liability insurance on such directors and officers. Specifically, the Company's By-Laws provide that the Company shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil or criminal, administrative or investigative, formal or informal (an "Action"), by reason of the fact that such person is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee, agent, partner, trustee or member or in another authorized capacity of or for another corporation, unincorporated association, business trust, estate, partnership, trust, joint venture, individual or other legal entity, whether or not organized or formed for profit,

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against expenses (including attorneys' fees) and judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such Action. The Company also shall pay, in advance of the final disposition of an Action, the expenses reasonably incurred in defending such action by a person who may be entitled to indemnification. Article 8 of the Company's By-Laws and the appendix thereto entitled "Procedures for Submission and Determination of Claims for Indemnification Pursuant to Article 8 of the By-Laws" set forth particular procedures for submission and determination of claims for indemnification.

The Company's directors and officers are insured against certain liabilities for actions taken in such capacities, including liabilities under the Securities Act.

Item 16. Exhibits.

The Exhibits filed herewith are set forth on the Exhibit Index filed as part of this Registration Statement.

Item 17. Undertakings.

The Company hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

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PROVIDED, HOWEVER, that paragraphs (1)(i) and (1)(ii) do not apply if the registration statement is on Form S-3 or Form S-8, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial BONA FIDE offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The Company hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Company's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses incurred or paid by a director, officer or controlling person of the Company in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Company certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Troy, State of Indiana, on July 10, 2000.

ARVINMERITOR, INC.
(Registrant)

By: /s/ Vernon G. Baker, II

Vernon G. Baker, II
Senior Vice President, General
Counsel and Secretary

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the date indicated.

Signature -----	Title -----	Date -----
/s/ Larry D. Yost* ----- Larry D. Yost	Chairman of the Board and Chief Executive Officer (principal executive officer)	July 10, 2000
/s/ V. William Hunt* ----- V. William Hunt	Vice Chairman and President and Director	July 10, 2000
/s/ Thomas A. Madden* ----- Thomas A. Madden	Senior Vice President and Chief Financial Officer (principal financial officer)	July 10, 2000
/s/ William M. Lowe* ----- William M. Lowe	Vice President and Controller (principal accounting officer)	July 10, 2000
----- Joseph B. Anderson, Jr.	Director	
----- Donald R. Beall	Director	
/s/ Steven C. Beering* ----- Steven C. Beering	Director	July 10, 2000
/s/ Rhonda L. Brooks* ----- Rhonda L. Brooks	Director	July 10, 2000
/s/ John J. Creedon* ----- John J. Creedon	Director	July 10, 2000
/s/ Joseph P. Flannery* ----- Joseph P. Flannery	Director	July 10, 2000
/s/ Robert E. Fowler, Jr.* ----- Robert E. Fowler, Jr.	Director	July 10, 2000
/s/ William D. George, Jr.* ----- William D. George, Jr.	Director	July 10, 2000
----- Ivan W. Gorr	Director	
/s/ Richard W. Hanselman* ----- Richard W. Hanselman	Director	July 10, 2000
/s/ Charles H. Harff* ----- Charles H. Harff	Director	July 10, 2000

/s/ Don J. Kacek* ----- Don J. Kacek	Director	July 10, 2000
/s/ Victoria B. Jackson* ----- Victoria B. Jackson	Director	July 10, 2000
/s/ James E. Marley* ----- James E. Marley	Director	July 10, 2000
/s/ James E. Perella* ----- James E. Perella	Director	July 10, 2000
/s/ Harold A. Poling* ----- Harold A. Poling	Director	July 10, 2000
/s/ Martin D. Walker* ----- Martin D. Walker	Director	July 10, 2000

*By /s/ Vernon G. Baker, II

Vernon G. Baker, II
Attorney-in-Fact

INDEX TO EXHIBITS

Exhibit Number -----	Description -----
2*	Agreement and Plan of Reorganization dated as of April 6, 2000, By and Among Meritor Automotive, Inc., Mu Sub, Inc. and Arvin Industries, Inc. (incorporated by reference to Appendix A of the Joint Proxy Statement-Prospectus contained in the Company's Registration Statement on Form S-4/A (File No. 333-365448), filed with the Commission on June 2, 2000).
4.1	Form of ArvinMeritor, Inc. Employee Savings Plan (as Successor to the Arvin Industries, Inc. Savings Plan).
4.2*	Rights Agreement, dated as of July 3, 2000, between the Company and EquiServe Trust Company, N.A. (incorporated by reference to Exhibit 1 of the Company's Registration Statement on Form 8-A12B (Reg. No. 001-15983), filed with the Commission on July 10, 2000).

- 5 Opinion of Schiff Hardin & Waite.
- 23.1 Consent of PricewaterhouseCoopers LLP.
- 23.2 Consent of Deloitte & Touche LLP.
- 23.3 Consent of Schiff Hardin & Waite (included in its opinion filed as Exhibit 5).
- 24 Power of Attorney.

* Incorporated by reference.

EMPLOYEE SAVINGS PLAN
 (Restated Effective January 1, 1997)

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EMPLOYEE SAVINGS PLAN
(Restated Effective January 1, 1997)

ARTICLE I. PREAMBLE

1.1 THE PLAN. Effective January 1, 1991, Arvin Industries, Inc., an Indiana corporation with principal offices located at Columbus, Indiana, adopted the Employee Savings Plan for the benefit of its eligible employees.

Effective August 1, 1996, Arvin Industries, Inc. amended and restated the Plan in its entirety to reflect the change to daily valuation and other administrative changes.

Effective January 1, 1997, the Plan is amended and restated to provide, in its entirety, as follows:

1.2 PURPOSE. It is intended that this Plan, together with the Trust Agreement, meet all the requirements of the Employee Retirement Income Security Act of 1974 and section 401(k) of the Internal Revenue Code and the Plan shall be interpreted, wherever possible, to comply with the terms of the Act and section 401(k) and all formal

regulations and rulings issued under such Act and section 401(k).

1.3 APPLICABILITY OF THE PLAN. Except as otherwise provided in this Plan or as provided by statute or regulation, the provisions of this Plan are applicable to Employees who are credited with an Hour of Service on or after August 1, 1996. The rights and benefits, if any, of persons who terminated, retired, or died before that date shall be determined under prior statements of the Plan, except as provided elsewhere in this Plan or as provided by statute or regulation.

1.4 RIGHTS AGAINST THE EMPLOYERS. Neither the establishment of the Plan, nor of the Trust, nor any modification thereof, nor any distributions shall be construed as giving to any Member or any person whomsoever any legal or equitable rights against the Administrative Committee, any Employer, or the officers, directors, or shareholders as such of any Employer, or as giving any Employee or Member the right to be retained in the employ of the Employers. All benefits payable under the Plan shall be paid or provided for solely from the Trust Fund, and the Employers shall have no liability or responsibility for benefit distributions other than to make contributions to the Trust Fund as herein provided.

ARTICLE II. DEFINITIONS AND CONSTRUCTION

2.1 DEFINITIONS. Whenever used in the Plan, the following terms shall have the respective meanings set forth below unless otherwise expressly provided.

- (a) "ACCOUNT" means a Member's Matching Contributions Account, Tax-Deferred Deposits Account, Taxed Deposits

Account and Rollover Deposits Account, collectively or individually as the context indicates.

- (b) "ACTIVE PARTICIPANT" means an Employee who is making Regular or Optional Deposits under the Plan.
- (c) "ADMINISTRATIVE COMMITTEE" means the individuals serving under the Plan from time to time pursuant to appointment by the Chief Executive Officer of the Company in accordance with the provisions of the Plan, which Administrative Committee shall be responsible for the general administration of the Plan set forth in the provisions of the Plan on behalf of the Company and any Participating Subsidiaries.
- (d) "CODE" means the Internal Revenue Code of 1986, as now in effect or as amended from time to time.
- (e) "COMPANY" means Arvin Industries, Inc.
- (f) "COMPENSATION" means--

(1) amounts actually paid during the Plan Year which are the Participant's wages, salary, fees for personal services actually rendered in the course of reemployment with the Employer or a Subsidiary, including amounts described in Treasury regulation 1.415-2(d)(1) but excluding contributions to a plan of deferred compensation to the extent they are not includible in the Participant's gross income for the taxable year in which contributed, and other amounts which receive special tax benefits such as premiums for group-term life insurance (to the extent not includible in gross income), and

(2) if elected by the Employer, amounts contributed by the Employer pursuant to a pay reduction agreement pursuant to Code section 125 or 402(a)(8).

(3) For the period before January 1, 1994, no more than \$200,000 of Compensation or Pay shall be taken into account under this Plan for each Plan Year (as adjusted by the Secretary of the Treasury under Code section 415(d)). In addition to other applicable limitations set forth in this Plan and notwithstanding any other provision of this Plan to the contrary, for Plan Years beginning on or after January 1, 1994, the Compensation of each Employee taken into account under this Plan in any Plan Year shall not exceed the OBRA 93 Annual Compensation Limit. The OBRA '93 Annual

Compensation Limit is one hundred and fifty thousand dollars (\$150,000), as adjusted by the Commissioner for increases in the cost of living in accordance with Section 401(a)(17)(B) of the Code. The cost-of-living adjustment in effect for a Plan Year applies to any period, not exceeding twelve (12) months, over which Compensation is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than twelve (12) months, the OBRA '93 Annual Compensation Limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is twelve (12). For Plan Years beginning on or after January 1, 1994, any reference in this Plan to the limitation under Section 401(a)(17) of the Code shall mean the OBRA '93 Annual Compensation Limit set forth in this provision.

- (4) The Employer may elect an alternative method of determining Compensation pursuant to regulations issued by the Internal Revenue Service.
- (5) For purposes of Section 4.7, Compensation shall include in any Plan Year beginning after December 31, 1997 amounts not included in income by reason of Code sections 125 and 401(k).
- (g) "ELIGIBLE EMPLOYEE" means a regular Employee employed by an Employer on an hourly basis, except that an Employee shall not be an Eligible Employee if he is (1) covered under a collective bargaining agreement where retirement benefits were the subject of good faith bargaining, unless the agreement provides for participation in this Plan, or (2) a Leased Employee.
- (h) "EMPLOYEE" means (1) a common-law employee of an Employer or an Affiliate or (2) a Leased Employee of an Employer or an Affiliate to the extent required by Code section 414(n).
- (i) "EMPLOYER" means Maremont Corporation and its wholly owned subsidiaries. It also means an Affiliate which is participating in the Plan pursuant to section 3.4.
- (j) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.
- (k) "FIVE-PERCENT OWNER" means a "5-percent owner" within the meaning of Code section 416(i)(1)(B).

- (l) "FUND" means the Funds described in section 6.1, collectively or individually as the context indicates.
- (m) "FUND A" means that portion of the Trust Fund described in section 6.1(b) which is comprised of investment funds to which a Member may direct contributions.
- (n) "FUND B" means that portion of the Trust Fund which is not held under Fund A.
- (o) "HIGHLY COMPENSATED EMPLOYEE" means for each Plan Year beginning on or after January 1, 1997 and shall include any Employee described in Section 414(q) of the Code who:
 - (1) is a five percent (5%) or more owner (as then defined in Section 416(i)(1) of the Code) of an Employer or Subsidiary at any time during that Plan Year or the immediately preceding Plan Year; or

(2) received more than eighty thousand dollars (\$80,000), as automatically adjusted pursuant to sections 414(q)(1) and 415(d) of the Code without the necessity of any amendment to the Plan, of Compensation from the Employers and Subsidiaries in the immediately preceding Plan Year and was in the Top Paid Group for that immediately preceding Plan Year.

For purposes of determining whether an Employee is a Highly Compensated Employee and notwithstanding anything else contained in this Section, the following rules shall apply:

- (3) A former Employee shall be treated as a Highly Compensated Employee if he was a Highly Compensated Employee in the Plan Year during which his employment with the Employer and Subsidiaries terminated or in any Plan Year during which occurs or commencing after his fifty-fifth (55th) birthday.
- (4) An Employee shall only be deemed to be a Highly Compensated Employee to the extent then required by the Code.

(p) "HOURS OF SERVICE" means the hours for which an Employee shall receive credit for purposes of the Plan, as follows:

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- (1) For each hour for which he is directly or indirectly paid, or entitled to payment, by the Company or Subsidiary for the performance of duties during the applicable computation period, he shall be credited with one hour. These hours shall be credited to the Employee for the computation period or periods in which the duties were performed and shall include hours for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by the Company or Subsidiary, with no duplication of credit for hours.
- (2) For each hour, in addition to the hours in paragraph (1) above, for which he is directly or indirectly paid, or entitled to payment, by the Company or Subsidiary, for reasons other than for the performance of duties during the applicable computation period, he shall be credited with one hour. These hours shall be counted in the computation period in which either payment is actually made or amounts payable to the Employee come due.
- (3) For each week during which an Employee is absent from work because of occupational injury or disease incurred in the course of his employment by the Company or Subsidiary, provided he would otherwise have been scheduled to work, he shall be credited, at the rate of 40 hours for each such week; provided, however, that no such credit shall be given for hours for a number of weeks in excess of the number of weeks for which he actually receives Workmen's Compensation or Occupational Disease benefits plus the one-week statutory waiting period if it is incurred.
- (4) For the period or periods of service in the Armed Forces of the United States for which the Company or Subsidiary, at the time the Employee is reemployed by the Company or Subsidiary, is required by law to give an employee credit for seniority and status purposes, he shall be credited at the rate of 170 hours for each 36 days of such military leave. If the Employee fails to return to the Company's or Subsidiary's employ under circumstances which entitle him as a matter of law to reemployment with full accumulated rights he shall not receive credit for Hours of Service for such military leave.

- (5) For the period or periods of continuous absence from work because of layoff or leave of absence for which the Employee was not compensated by the Company or Subsidiary, he shall be credited at the rate of 40 hours for each such week, but the amount of each such absence prior to the Effective Date in excess of three months shall not be counted, and the amount of each such absence on and after the Effective Date in excess of two months shall not be counted.

There shall be no duplication of Hours of Service under paragraphs (1) through (5) above.

When no time records are available, the Employee shall be given credit for Hours of Service based upon the number of normally scheduled work hours for each week he is on the Company's or Subsidiary's payroll, as determined in accordance with reasonable standards and policies from time to time adopted by the Administrative Committee under the Act prescribed by the Secretary of Labor.

- (q) "LEASED EMPLOYEE" means a person who is not a common law employee of an Employer or a Subsidiary but who provides services to an Employer or a Subsidiary (recipient organization) and-
- (1) such services are provided pursuant to an agreement (written or oral) between the recipient organization and any other person ("leasing organization"),
 - (2) such person has performed such services for the recipient organization on a substantially full-time basis for a period of at least one year, and
 - (3) such services are performed under the primary direction or control of the recipient organization by Employees.

A person shall not be deemed a Leased Employee if such person is covered by a plan maintained by a leasing organization if, with respect to such person, such plan is a money purchase plan with a nonintegrated employer contribution rate of at least 10 percent, and provides for immediate participation and for full and immediate vesting. The preceding sentence shall not be applicable if Leased Employees constitute more than 20 percent of the recipient organization's nonhighly

compensated work force (as defined in Code section 414(n)(5)).

- (r) "MATCHING CONTRIBUTIONS ACCOUNT" means that portion of the Member's Account which evidences the value of the Matching Contributions which have been credited to a Member's Account under the Plan and including the net worth of the Trust Fund attributable thereto.
- (s) "MATCHING CONTRIBUTIONS" means the contributions described in section 4.3.
- (t) "MEMBER" means a person with an amount credited to his Account.
- (u) "NON-HIGHLY COMPENSATED EMPLOYEE" means an Employee who is not a Highly Compensated Employee.
- (v) "NORMAL RETIREMENT AGE" means an Employee's sixty-fifth birthday.

- (w) "OPTIONAL DEPOSITS" means the unmatched contributions described in section 4.2.
- (x) "PAY" means an Employee's regular base compensation from his Employer without regard to any Tax Deferred Deposits, including overtime pay, bonuses, Compensation reductions to a Code Section 125 plan and other special cash compensation. For the period before January 1, 1994, no more than \$200,000 (as adjusted for increases in the cost of living pursuant to rules of the Internal Revenue Service) of Pay shall be taken into account. In addition to other applicable limitations set forth in this Plan and notwithstanding any other provision of this Plan to the contrary, for Plan Years beginning on or after January 1, 1994, the Pay of each Employee taken into account under this Plan in any Plan Year shall not exceed the OBRA '93 Annual Compensation Limit. The OBRA '93 Annual Compensation Limit is one hundred and fifty thousand dollars (\$150,000), as adjusted by the Commissioner for increases in the cost of living in accordance with Section 401(a)(17)(B) of the Code. The cost-of-living adjustment in effect for a Plan Year applies to any period, not exceeding twelve (12) months, over which Pay is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than twelve (12) months, the OBRA '93 Annual Compensation Limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is twelve (12). For Plan Years beginning on or after January 1, 1994,

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any reference in this Plan to the limitation under Section 401(a)(17) of the Code shall mean the OBRA '93 Annual Compensation Limit set forth in this provision.

- (y) "PLAN" means the Employee Savings Plan.
- (z) "PLAN YEAR" means the calendar year.
- (aa) "PRIOR YEAR'S NON-HIGHLY COMPENSATED EMPLOYEE" means, with respect to any Plan Year beginning on or after January 1, 1997, each individual who was in the immediately preceding Plan Year:
- (1) an Employee eligible to participate in this Plan; and
 - (2) not a Highly Compensated Employee, as determined in accordance with the definition of "Highly Compensated Employee" in effect with respect to such immediately preceding Plan Year.
- An individual may be a Prior Year's Non-Highly Compensated Employee even though he is not an Employee or Participant in the current Plan Year or even though he would be treated as a Highly Compensated Employee based on the individual's circumstances and the definition of "Highly Compensated Employee" in the current Plan Year.
- (bb) "REGULAR DEPOSITS" means the matched contributions described in 4.1.
- (cc) "REQUIRED BEGINNING DATE" means the date described in section 5.1(b)(3).
- (dd) "ROLLOVER DEPOSITS" means the contributions made pursuant to section 4.2(c).
- (ee) "ROLLOVER DEPOSITS ACCOUNT" means that portion of a Member's Account which evidences the value of the Rollover Deposits made by a Participant including the net worth of the Trust Fund attributable thereto.
- (ff) "SUBSIDIARY" means
- (1) a corporation which is a member of the same controlled group of corporations as an Employer as determined under Code sections 414(b) and section 1563(a), but determined without regard to section 1563(a)(4) and (e)(3)(C);

- (2) a trade or business (whether or not incorporated) which is under common control with an Employer as determined under Code section 414(c); and
- (3) to the extent required by law-
 - (A) an organization which is a member of the same affiliated service group as an Employer as determined under Code section 414(m), and
 - (B) an organization which is required to be treated as a Subsidiary pursuant to Code section 414(o).

For the purposes of section 4.7 (relating to limitation on annual additions), paragraph (1) shall be applied by replacing the phrase "at least 80 percent" in Code section 1563(a)(1) with the phrase "more than 50 percent" each place it appears.

Except as otherwise provided, provisions of the Plan shall be applied separately with respect to each group of Employers and Subsidiaries which are related within the meaning of paragraphs (1), (2), and (3).

- (gg) "TAX-DEFERRED DEPOSITS" means the Regular or Optional Deposits that are made on a before-tax basis pursuant to section 4.1 or section 4.2.
- (hh) "TAX-DEFERRED DEPOSITS ACCOUNT" means that portion of the Member's Account which evidences the value of the Tax-Deferred Deposits made by the Employer for the Member under the Plan including the net worth of the Trust Fund attributable thereto. Tax-Deferred Deposits shall comply with Code section 401(k).
- (ii) "TAXED DEPOSITS" means the Regular or Optional Deposits that are made on an after-tax basis pursuant to section 4.1 or section 4.2.
- (jj) "TAXED DEPOSITS ACCOUNT" means that portion of the Member's Account which evidences the value of a Participant's Taxed Deposits under the Plan including the net worth of the Trust Fund attributable thereto.
- (kk) "TERMINATION OF SERVICE" means the termination of an Employee's employment, with all Employers and all Subsidiaries. A transfer of employment from one Employer to another Employer or Subsidiary, shall not constitute a Termination of Service for purposes of this Plan. A sale of a subsidiary or a trade or

business of an Employer shall not constitute a Termination of Service except where expressly stated.

- (ll) "TOP PAID GROUP" means in a Plan Year the Employees who are in the top twenty percent (20%) of the Employees of the Employers and Subsidiaries in terms of Compensation for such Plan Year; PROVIDED, HOWEVER, that for purposes of determining the number of Employees to be included in the Top Paid Group, the following Employees shall be excluded to the extent permitted by section 414(q)(4) of the Code:
 - (1) Employees who have not completed six (6) months of service;
 - (2) Employees who normally work less than seventeen and one-half (17 1/2) hours per week or less than six (6) months during a Plan Year;

- (3) Employees who have not attained age twenty-one (21);
- (4) except as provided by regulations promulgated under the Code, Employees who are covered by a collectively bargained agreement; and
- (5) Employees who are non-resident aliens and who receive no earned income (within the meaning of Section 911(d)(2) of the Code) from the Employers and Subsidiaries which constitutes income from sources in the United States (within the meaning of section 861(a)(3) of the Code).
- (mm) "TRUST" means the agreement establishing a trust, which forms part of the Plan, to receive, hold, invest, and dispose of the Trust Fund.
- (nn) "TRUSTEE" means the corporate trustee selected by the Company to hold and administer the Trust Fund, or any successor thereto or co-Trustee selected by the Administrative Committee.
- (oo) "TRUST FUND" means the assets held under the Trust Agreement by the Trustee.
- (pp) "VALUATION DATE" means each business day.

2.2 GENDER AND NUMBER. Except when otherwise indicated by the context, any masculine terminology shall also include the feminine, and the definition of any term in the singular shall also include the plural.

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2.3 APPLICABLE LAW. To the extent not preempted by the laws of the United States, the laws of the State of Indiana shall be the controlling law in all matters relating to the Plan.

2.4 SEVERABILITY. If a provision of this Plan shall be held illegal or invalid, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included in this Plan.

2.5 HEADINGS. The headings of this Plan are inserted for convenience or reference only and are not to be considered in the construction or the interpretation of the Plan.

ARTICLE III. ELIGIBILITY AND PARTICIPATION

3.1 PARTICIPATION. Each person who is an Eligible Employee or who becomes an Eligible Employee shall become an Active Participant on the first payday of the calendar quarter following the latest to occur of the following:

- (a) the date he becomes an Eligible Employee,
- (b) the date he is credited with one year of Eligibility Service,
- (c) the Effective Date, and
- (d) he is not a Leased Employee;

provided, however, that to the extent provided by a collective bargaining agreement covering the employment of an Eligible Employee, such otherwise Eligible Employee may only become an Active Participant if such Eligible Employee elects to participate in the Choice Benefits Plan for Employees of Arvin Industries, Inc.

3.2 ELIGIBILITY SERVICE.

- (a) DEFINITION. An Employee shall be credited with one year of Eligibility Service on each anniversary of the date he becomes an Eligible Employee, provided he is still an Eligible Employee on such anniversary date. Eligibility Service shall include an Employee's employment with KYB Industries, Inc. and WorldSource Coil Coating, Inc.
- (b) CANCELLATION OF ELIGIBILITY SERVICE. If an Employee who has incurred a one-year break in service returns to

employment with an Employer or a Subsidiary, he shall be recredited with his prior Eligibility Service effective as of his reemployment date unless (1) at the

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time he terminated employment he did not have an Account in this Plan and (2) the number of his one-year breaks in service equals or exceeds the greater of five or the number of his years of credited Eligibility Service at his termination of employment.

3.3 DURATION. A Participant shall cease to be an Active Participant if he is no longer an Eligible Employee, fails to meet the other requirements described in Section 3.1 or if he ceases to make Taxed Deposits or Taxed Deferred Deposits.

3.4 ADOPTION OF PLAN BY AFFILIATED COMPANIES. The Chief Executive Officer of the Company shall have the right to certify to the Trustee that a Subsidiary shall participate under the terms of this Plan as an Employer. An Employer is deemed to have designated the Company as its agent with respect to the Plan. An Employee of an Affiliate shall not be eligible to become an Active Participant pursuant to section 3.1 prior to the date the Affiliate becomes an Employer.

ARTICLE IV. CONTRIBUTIONS

4.1 REGULAR DEPOSITS.

(a) IN GENERAL. An Active Participant may elect to deposit under the Plan by payroll deduction 1 percent of his Pay on each pay day or any greater whole percentage not in excess of 6 percent ("Regular Deposits").

The Regular Deposits for the Active Participant shall be deducted from his Pay each pay day. Regular Deposits for each Active Participant shall be paid over to the Trustee for deposit in Fund A of the Trust Fund as soon as administratively practicable but not later than the end of the month following the month in which the deduction from the Active Participant's Pay was made. An Active Participant may elect to have his Regular Deposits credited as a Tax-Deferred Deposit or a Taxed Deposit. Crediting of Regular Deposits shall be made at such times as the Administrative Committee shall deem advisable or necessary; provided, however, as of each Valuation Date a Member's Employee Taxed and Tax-Deferred Deposits Accounts shall reflect all Regular Deposits theretofore deducted from his Pay.

(b) CHANGES IN DEDUCTIONS.

(1) An Active Participant may adjust or stop his Regular Deposits effective as of the first day of the payroll period that begins after the Participant has notified the Administrative

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Committee in the manner and within the time prescribed by the Administrative Committee.

(2) An Active Participant shall have his Regular Deposits completely discontinued as of the date he ceases to be an Eligible Employee.

4.2 OTHER EMPLOYEE DEPOSITS.

(a) OPTIONAL DEPOSITS.

(1) An Active Participant who is making Regular Deposits equal to 6 percent of his Pay may elect to deposit under the Plan each pay day by payroll deduction 1 percent of his Pay on each pay day or any greater whole percentage not in excess of 10 percent of his Pay. Optional Deposits for each

Participant shall be paid over to the Trustee for deposit in Fund A of the Trust Fund as soon as administratively practicable but not later than the end of the month following the month in which the deduction from the Active Participant's pay was made. Subject to rules established by the Administrative Committee from time to time and applicable anti-discrimination tests, an Active Participant may elect to have his Optional Deposits contributed as a Tax-Deferred Deposit or a Taxed Deposit or a combination of the two. Optional Deposits shall be credited to an Active Participant's Accounts in the Plan at such times as the Administrative Committee shall deem advisable or necessary; provided, however, as of each Valuation Date, a Member's accounts shall reflect all Optional Deposits theretofore deducted from his Pay.

- (2) An Active Participant may elect to make additional Optional Deposits under the Plan once each calendar year by a single Taxed Deposit to the Trustee, in accordance with uniform rules adopted therefor by the Administrative Committee, so that the aggregate Optional Deposits under this section 4.2 do not exceed 10 percent of his aggregate Pay after the date he became an Active Participant.

(b) CHANGE IN OPTIONAL CONTRIBUTIONS.

- (1) An Active Participant may adjust or stop his Optional Deposits effective as of the first day of the payroll period that begins after the Participant has notified the Administrative Committee in the manner and within the time prescribed by the Administrative Committee.

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- (2) An Active Participant shall have his Optional Deposits completely discontinued as of the date he ceases to be an Eligible Employee.

(c) ROLLOVER DEPOSIT. A Participant may make a Rollover Deposit of--

- (1) a distribution after December 31, 1992, which is an eligible rollover distribution within the meaning of Code section 402 or 403(a) or an amount distributed from an individual retirement plan described in Code section 408(d)(3)(A)(ii), or
- (2) an amount directly transferred after December 31, 1992 from another qualified plan pursuant to the Participant's election under the provisions of Code section 401(a)(31).

A Rollover Deposit shall be credited to the Rollover Deposits Account. The Administrative Committee may adopt rules concerning such deposits as it deems advisable.

The Administrative Committee may adopt rules concerning such deposits as it deems advisable.

4.3 MATCHING CONTRIBUTIONS.

(a) CONTRIBUTION MATCH. Subject to the limitations of this Article, the Employer shall contribute an amount on behalf of each Active Participant:

- (i) who is an Employee of the Employer or a Subsidiary on the last day of the calendar quarter,
- (ii) who Terminates Service during the calendar quarter after the attainment of the Retirement Age or on account of a Disability, or
- (iii) who died during the calendar quarter

equal to one-quarter of the Regular Deposits made by, or on behalf of, the Participant.

Payment of the regular Matching Contribution for each calendar quarter shall be paid to the Trustee for

deposit in Fund B of the Trust Fund at such time as may be convenient to the Employer, but in no event later than 30 days after the last day of that calendar quarter.

Matching Contributions shall be credited to the Participant's Matching Contribution Account as of the

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Valuation Date that the Matching Contributions relate. The Matching Contribution Account shall be invested in the Arvin Stock Fund and shall reflect its allocable share of investment earnings, gains, and losses (realized and unrealized).

- (b) FORM OF MATCHING CONTRIBUTIONS. Matching Contributions to the Trust under the Plan shall be made either in Common Shares, par value \$2.50 per share, of the Company ("Shares"), or in cash, as the Company, in its sole discretion, shall determine. In the event that Matching Contributions shall comprise Shares, then for purposes of determining the amount to be contributed pursuant to this Article IV, the fair market value of the Shares shall be an amount equal to the average of the high and low prices as compiled by the Consolidated Tape Association of the New York Stock Exchange for the most recent trading day preceding the day on which the Matching Contribution is made.

4.4 SECTION 402 LIMIT ON PAY REDUCTION CONTRIBUTIONS.

- (a) IN GENERAL. Notwithstanding section 4.1 or 4.2, an Employer may not make Tax Deferred Deposits for any calendar year on behalf of a Participant in excess of \$9,500 (as adjusted by the Secretary of the Treasury to reflect increases in the cost of living). This limit shall be applied by aggregating all plans and arrangements maintained by the Employer and Subsidiaries that provide for elective deferrals as defined in Code section 402(g).
- (b) CORRECTION OF EXCESS. Amounts in excess of the limitation of subsection (a) (adjusted for gains and losses as provided by regulations) shall be paid to the Member not later than April 15 of the taxable year which follows the taxable year in which the excess amount arises. The amount to be distributed shall be reduced by any amounts previously distributed to the Member under section 4.7 (relating to limitation on annual additions) with respect to the Plan Year which begins with or within the taxable year in which the excess arose. Matching Contributions related to amounts which are repaid to a Member shall be forfeited and used as a Matching Employer Contribution in the Plan Year in which the repayment is made.

Tax-Deferred Deposits which are repaid under this section shall not be treated as Annual Additions for the purpose of section 4.7. Tax-Deferred Deposits which are repaid under this section shall be taken into account for the purpose of section 4.5 if they are repaid to a Highly Compensated Employee.

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4.5 SECTION 401(K) LIMIT ON TAX-DEFERRED DEPOSITS.

- (a) IN GENERAL. For Plan Years beginning on or after January 1, 1997 and unless the Administrative Committee properly elects at such time and in such manner as prescribed by the Secretary of the Treasury to apply the Current Year ADP Method (as defined in Subsection (b) of this Section) instead, if after making the adjustments required by Section 4.4 the average of the Actual Deferral Percentages for the group of Highly Compensated Employees who are eligible to be Participants in a Plan Year would be more than the greater of:

- (1) the average of the immediately preceding Plan Year's Actual Deferral Percentages of all Prior Year's Non-Highly Compensated Employees multiplied by one and one-fourth (1-1/4th), or
- (2) the lesser of:
 - (A) two percent (2%) plus the immediately preceding Plan Year's Actual Deferral Percentage of all Prior Year's Non-Highly Compensated Employees, or
 - (B) the immediately preceding Plan Year's Actual Deferral Percentage of all Prior Year's Non-Highly Compensated Employees multiplied by two (2),

the Tax-Deferred Deposits of the Highly Compensated Employees shall be reduced to the extent necessary so that the Actual Deferral Percentage for the group of Highly Compensated Employees is not more than the greater of Subsection (1) or (2) above.

Reduction of Tax-Deferred Deposits shall be accomplished first by determining the maximum deferral for the group of Highly Compensated Employees permitted by Subsection (1) or (2) above and then reducing the Tax-Deferred Deposits of the Highly Compensated Employees with the highest Actual Deferral Percentages to lower percentages in one-tenth percent (0.1%) increments until the limitations in this Section are not exceeded; PROVIDED, HOWEVER, that a lesser than one-tenth percent (0.1%) reduction shall be made if such lesser reduction causes the limitations in this Section not to be exceeded.

For Plan Years beginning on or after January 1, 1997, correction of excess Tax-Deferred Deposits shall be accomplished as follows. First, the Administrative

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Committee shall calculate the total dollar amount of the Tax-Deferred Deposits of Highly Compensated Employees that would otherwise be reduced as the result of the reduction of the Tax-Deferred Deposit on the basis of percentages (the "Total Excess Contributions") without attributing any such dollar reduction to a particular Highly Compensated Employee. The Tax-Deferred Deposits of the Highly Compensated Employee with the highest dollar amount of Tax-Deferred Deposits shall then be reduced by the amount required to cause that Highly Compensated Employee's Tax-Deferred Deposits to equal the dollar amount of the Tax-Deferred Deposits of the Highly Compensated Employee with the next highest dollar amount of Tax-Deferred Deposits. If the total amount of the reductions of Tax-Deferred Deposits in the preceding sentence is less than the Total Excess Contributions, the process in the preceding sentence shall be repeated. In no event shall the reductions required under the preceding two sentences exceed the Total Excess Contributions. The amount by which each Highly Compensated Employee's Tax-Deferred Deposit is reduced, plus any income allocated to such reduced Tax-Deferred Deposit and attributable to the Plan Year to which such reduction relates, shall be returned to that Participant no later than the end of the Plan Year immediately following the Plan Year for which the excess Tax-Deferred Deposits were made.

Except as otherwise provided below, the remainder of this Subsection (a) of this Section shall apply to Plan Years beginning both before and on or after January 1, 1997. The amount of excess Tax-Deferred Deposits to be refunded shall be reduced by any excess Tax-Deferred Deposits previously refunded with respect to that Plan Year. The refund of excess Tax-Deferred Deposits shall in all cases include the income allocable thereto. The income allocable to excess Tax-Deferred Deposits shall include only income for the Plan Year for which the excess Tax-Deferred Deposits were made.

Any Matching Contributions attributable to excess Tax-Deferred Deposits shall be treated as a mistaken

contribution, shall be credited to and held in a suspense account and shall be applied to reduce the amount of Matching Contributions otherwise required of the Employer for the next following Plan Year(s) until exhausted. The income attributable to excess Matching Contributions shall include only income for the Plan Year for which the Matching Contributions were made.

Tax-Deferred Deposits shall be taken into account in determining an Employee's Actual Deferral Percentage for a Plan Year only if they relate to Compensation

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that either would have been received by the Employee in that Plan Year (but for his election to make Tax-Deferred Deposits) or are attributable to services performed by the Employee in that Plan Year and would have been received by the Employee within two and one-half (2 1/2) months after the close of that Plan Year (but for his election to make Tax-Deferred Deposits).

Tax-Deferred Deposits shall be taken into account in determining an Employee's Actual Deferral Percentage for a Plan Year only if they are allocated to the Employee as of a date within that Plan Year. For this purpose, Tax-Deferred Deposits shall be considered allocated as of a date within a Plan Year only if the allocation is not contingent on participation or performance of services after that date and the Tax-Deferred Deposits are actually paid to the Trust Fund no later than twelve (12) months after the Plan Year to which the Tax-Deferred Deposits relate.

To the extent permitted by the Code, the Committee shall have the authority to apply this Section by aggregating this Plan with any other tax-qualified retirement plan sponsored and maintained by the Employers and Subsidiaries.

For Plan Years beginning on or after January 1, 1997, to the extent this Plan satisfies the minimum coverage requirements of Section 410(b) of the Code separately with respect to those Employees who are less than twenty-one (21) years of age or who have less than one (1) year of service, the Administrative Committee may elect to apply this Section 4.5 by excluding from consideration those Employees (other than Highly Compensated Employees) who have not yet reached age twenty-one (21) or who have less than one (1) year of service by July 1 of the Plan Year in question. Any election by the Administrative Committee under the preceding sentence shall be made in accordance with the Code and any applicable rulings promulgated by the Internal Revenue Service.

This section shall be applied separately with respect to those Tax-Deferred Deposits which are treated as a separate plan pursuant to the mandatory disaggregation rules of the Internal Revenue Service.

(b) DEFINITIONS.

- (1) ACTUAL DEFERRAL PERCENTAGE. The Actual Deferral Percentage for a specified group of Employees for a Plan Year shall be the average of the ratios

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(calculated separately for each Employee in such group) of--

- (A) the amount of the Tax-Deferred Deposits actually paid over to the Trust on behalf of each such Employee for such Plan Year, to
- (B) the Employee's Compensation for such Plan Year.

Such ratios and the Actual Deferral Percentage shall be calculated to the nearest one-hundredth of 1 percent of an Eligible Employee's Compensation.

- (2) CURRENT YEAR ADP METHOD. The term Current Year ADP Method shall mean, with respect to a Plan Year, the calculation of the Actual Deferral Percentage for all Employees who are eligible to be Participants in that Plan Year, other than Highly Compensated Employees, based on the Tax-Deferred Deposits of and the Compensation earned by each such Employee during the Plan Year to which such calculation relates.
- (3) PRIOR YEAR ADP METHOD. The term Prior year ADP Method shall mean, with respect to a Plan Year, the calculation of the Actual Deferral Percentage for all Prior Year's Non-Highly Compensated Employees, based on the Tax-Deferred Deposits of and the Compensation earned by each Prior Year's Non-Highly Compensated Employees during the immediately preceding Plan Year.

- (c) MISCELLANEOUS. To the extent allowed by Treasury regulations, the Company may elect to calculate the Actual Deferral Percentages by taking into account Matching Contributions.

If this Plan is combined with another plan which contains a cash or deferred arrangement within the meaning of Code section 401(k) for the purposes of Code section 401(a)(4) or 410(b), the elective contributions under both plans shall be combined for the purposes of this subsection.

If a Highly Compensated Employee is a participant in two or more plans maintained by an Employer and its Subsidiaries containing a cash or deferred arrangement within the meaning of Code section 401(k), for purposes of determining the deferral percentage with respect to such Employee, all such cash or deferred arrangements shall be treated as one cash or deferred arrangement.

- (d) REDUCTIONS DURING PLAN YEAR. If the Company determines prior to the end of a Plan Year that the limitation of subsection (a) might not be satisfied, the Company may reduce the future Tax-Deferred Deposits of the Highly

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Compensated Employees (and the amount of the Pay reductions) in order to comply with these Code requirements.

- (e) ADDITIONAL CONTRIBUTION. If the Company determines that the limitation of subsection (a) has been or may be exceeded and to the extent permitted by regulations of the Internal Revenue Service, the Employer may make an additional contribution on behalf of Non-Highly Compensated Employees to satisfy the limitation of subsection (a). Such contribution shall be fully and immediately nonforfeitable and may not be withdrawn pursuant to section 5.3 (relating to in-service withdrawals).

4.6 SECTION 401(M) LIMIT ON TAXED DEPOSITS AND MATCHING EMPLOYER CONTRIBUTIONS.

- (a) IN GENERAL. For Plan Years beginning on or after January 1, 1997 and unless the Administrative Committee properly elects at such time and in such manner as prescribed by the Secretary of the Treasury to apply the Current Year ACP Method (as defined in Subsection (b) of this Section) instead, if after making the adjustments required by Section 4.5 the Actual Contribution Percentages for the group of Highly Compensated Employees in a Plan Year would be more than the greater of:
 - (1) the product of 1.25 and the preceding Plan Year's Actual Contribution Percentage for the Prior Year's Non-Highly Compensated Employees who are Eligible Employees, or
 - (2) the lesser of-
 - (A) the product of two and the preceding Plan Year's Actual Contribution Percentage for the Prior Year's Non-Highly Compensated Employees who are Eligible Employees, or

(B) the preceding Plan Year's Actual Contribution Percentage for the Prior Year's Non-Highly Compensated Employees who are Eligible Employees plus two percentage points,

the Matching Contributions of the Highly Compensated Employees shall be reduced to the extent necessary so that the Actual Contribution Percentage for the group of Highly Compensated Employees is not more than the greater of Subsection (1) or (2) above. If this Plan is combined with another plan for the purposes of Code section 410(b), both plans shall be combined for the purposes of this subsection.

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This section shall be applied separately with respect to Taxed Deposits and Matching Contributions which are treated as a separate plan pursuant to the mandatory disaggregation rules of the Internal Revenue Service.

Reduction of excess Matching Contributions shall be accomplished first by determining the maximum average percentage for the group of Highly Compensated Employees permitted by Subsection (1) or (2) above and then reducing the Matching Contributions of the Highly Compensated Employees with the highest Actual Contribution Percentage so that their Actual Contribution Percentage is reduced by one-tenth of one percent (0.1%). If after making the above reduction the limitations are still exceeded, the Actual Contribution Percentages of the Highly Compensated Employees shall be further reduced in one-tenth of one percent (0.1%) increments until the limitations are not exceeded. If a lesser than one-tenth percent (0.1%) reduction would cause the limitations of this Section not to be exceeded, such lesser reduction shall be made.

For Plan Years beginning on or after January 1, 1997, the amount of excess Matching Contributions to be corrected with respect to a Highly Compensated Employee shall be determined as follows. First, the Administrative Committee shall calculate the total dollar amount of the Matching Contributions of Highly Compensated Employees that would otherwise be reduced as the result of the reduction of Actual Contribution Percentages in accordance with this Section (the "Total Excess Aggregate Contributions") without attributing any such dollar reduction to a particular Highly Compensated Employee. The Matching Contributions of the Highly Compensated Employee with the highest dollar amount of Matching Contributions shall then be reduced by the amount required to cause that Highly Compensated Employee's Matching Contributions to equal the dollar amount of the Matching Contributions of the Highly Compensated Employee with the next highest dollar amount of Matching Contributions. If the total amount of the reductions of Matching Contributions in the preceding sentence is less than the Total Excess Aggregate Contributions, the process in the preceding sentence shall be repeated. In no event shall the reductions required under the preceding two sentences exceed the Total Excess Aggregate Contributions.

For Plan Years beginning both before and on or after January 1, 1997, any Matching Contributions which may not be allocated to the Matching Contribution Account of a Participant because of limitations imposed by this Section plus any earnings (or, if applicable, less any losses) allocated to such amounts shall be credited to and held in a suspense account and shall be applied to reduce the amount of Matching Contributions otherwise required of the Company for the next following Plan Year(s) until exhausted. The income attributable to excess Matching Contributions shall include only income for the Plan Year for which the Matching Contributions were made.

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After application of Section 4.5 and Subsection (a) of this Section, if the average of the Actual Contribution Percentages for the group of Highly Compensated Employees who are eligible to participate in the Plan exceeds the limits prescribed by Subsection (1) above and the Actual Deferral Percentage for the

group of Highly Compensated Employees who are eligible to participate in the Plan exceeds the limits prescribed by Section 4.5(a)(1) then the following "Multiple Use Test" shall apply under which the sum of:

- (3) the average of the Actual Contribution Percentages in such Plan Year for the group of Highly Compensated Employees who are eligible to participate in the Plan, and
- (4) the Actual Deferral Percentage in such Plan Year for the group of Highly Compensated Employees who are eligible to participate in the Plan;

shall not exceed the greater of:

(5) the sum of

(A) one hundred and twenty-five percent (125%) of the greater of

(i) the average of the Actual Contribution Percentages for such Plan Year determined under the Current Year ACP Method or for the immediately preceding Plan Year determined under the Prior Year ACP Method, whichever is being used for such Plan Year, or

(ii) the Actual Deferral Percentage for such Plan Year determined under the Current Year ADP Method or for the immediately preceding Plan Year determined under the Prior Year ADP Method, whichever is being used for such Plan Year,

plus

(B) the sum of two percent (2%) and the lesser of:

(i) the average of the Actual Contribution Percentages for such Plan Year determined under the Current Year ACP Method or for the immediately preceding Plan Year determined under the Prior Year ACP Method, whichever is being used for such Plan Year, or

(ii) the Actual Deferral Percentage for such Plan Year determined under the Current Year ADP Method or for the immediately preceding Plan Year determined

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under the Prior Year ADP Method, whichever is being used for such Plan Year,

PROVIDED, HOWEVER, that the amount determined under this Subsection (5),(B) may not exceed two hundred percent (200%) of the lesser of (i) or (ii) of this Subsection (5),(B);

or

(6) the sum of:

(A) one hundred and twenty-five percent (125%) of the lesser of

(i) the average of the Actual Contribution Percentages for such Plan Year determined under the Current Year ACP Method or for the immediately preceding Plan Year determined under the Prior Year ACP Method, whichever is being used for such Plan Year, or

(ii) the Actual Deferral Percentage for such Plan Year determined under the Current Year ADP Method or for the immediately preceding Plan Year determined under the Prior Year ADP Method, whichever is being used for such Plan Year,

plus

(B) the sum of two percent (2%) and the greater of:

(i) the average of the Actual Contribution Percentages for such Plan Year determined under the Current

Year ACP Method or for the immediately preceding Plan Year determined under the Prior Year ACP Method, whichever is being used for such Plan Year, or

- (ii) the Actual Deferral Percentage for such Plan Year determined under the Current Year ADP Method or for the immediately preceding Plan Year determined under the Prior Year ADP Method, whichever is being used for such Plan Year,

PROVIDED, HOWEVER, that the amount determined under this Subsection (6),(B) may not exceed two hundred percent (200%) of the greater of (i) or (ii) of this Subsection (6),(B).

For Plan Years beginning on or after January 1, 1997, if there has been a corrective distribution of excess Tax-Deferred Deposits for a Plan Year, then, in applying the Multiple Use Test

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for that Plan Year, the average Actual Deferral Percentage for the Highly Compensated Employees shall equal the maximum amount permitted under Section 4.5. For Plan Years beginning on or after January 1, 1997, if there has been a corrective distribution of excess Matching Contributions for a Plan Year, then, in applying the Multiple Use Test for that Plan Year, the average Actual Contribution Percentage for the Highly Compensated Employees shall equal the maximum amount permitted under Section 4.6(a) and (b).

If the limits prescribed by the Multiple Use Test are exceeded, the Administrative Committee, in its sole discretion, may elect either to reduce the Matching Contributions or the Tax-Deferred Deposits of the Highly Compensated Employees, or a combination thereof, to the extent necessary so that the limits are not exceeded in the same manner as such Matching Contributions or Tax-Deferred Deposits are reduced under Section 4.5 or Subsections (a) and (b) of this Section.

In calculating the Actual Contribution Percentage for a Plan Year, Matching Contributions shall be taken into account only if they are:

- (7) allocated to the Employee's Account during that Plan Year, and
- (8) paid into the Trust by the end of the twelfth (12th) month following the close of that Plan Year.

For Plan Years beginning on or after January 1, 1997, to the extent this Plan satisfies the minimum coverage requirements of Section 410(b) of the Code separately with respect to those Employees who are less than twenty-one (21) years of age or who have less than one (1) year of service, the Administrative Committee may elect to apply this Section 4.6 by excluding from consideration those Employees (other than Highly Compensated Emplo

yees) who have not yet reached age twenty-one (21) or who have less than one (1) year of service by July 1 of the Plan Year in question. Any election by the Administrative Committee under the preceding sentence shall be made in accordance with the Code and any applicable rulings promulgated by the Internal Revenue Service.

(b) DEFINITIONS.

- (1) ACTUAL CONTRIBUTION PERCENTAGE. The Actual Contribution Percentage for a specified group of Employees for a Plan Year shall be the average of the ratios (calculated separately for each Employee in such group) of--

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(A) the Matching Employer Contributions and the Taxed Deposits paid on behalf of each such Employee for such Plan Year, to

(B) the Employee's Compensation for such Plan Year.

(2) CURRENT YEAR ACP METHOD. The term Current Year ACP Method shall mean, with respect to a Plan Year, the calculation of the average of the Matching Contribution Percentages for all Employees who are eligible to be Participants in that Plan Year, other than Highly Compensated Employees, based on the Matching Contributions made on behalf of and the Compensation earned by each such Employee during the Plan Year to which such calculation relates.

(3) PRIOR YEAR ACP METHOD. The term Prior Year ACP Method shall mean, with respect to a Plan Year, the calculation of the average of the Matching Contribution Percentages of the Prior Year's Non-Highly Compensated Employees, based on the Matching Contributions made on behalf of and the Compensation earned by each Prior Year's Non-Highly Compensated Employee during the immediately preceding Plan Year.

(c) MISCELLANEOUS. To the extent permitted by Treasury regulations, the Company may elect to take into account Tax-Deferred Deposits in calculating the Actual Contribution Percentage.

If a Highly Compensated Employee is a participant in two or more plans containing a cash or deferred arrangement within the meaning of Code section 401(k), for purposes of determining the deferral percentage with respect to such Employee, all cash or deferred arrangements shall be treated as one cash or deferred arrangement.

(d) REDUCTION OF CONTRIBUTIONS DURING PLAN YEAR. Subject to Treasury regulations, if the Company determines prior to the end of a Plan Year that the limitation of subsection (a) might not be satisfied, the Company may reduce the Matching Contributions and Taxed Deposits ("Excess Aggregate Contributions") of the Highly Compensated Employees in accordance with rules similar to those described in section 4.5(d).

(e) ALTERNATIVE METHODS OF CORRECTION. If the limitation of subsection (a) has been or may be exceeded, the Company may elect to recompute the Actual Contribution Percentage by taking into account Tax-Deferred Deposits to the extent permitted by regulations. If the Company determines that the limitation of subsection (a) has been or may be exceeded, to the extent permitted by regulations of the

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Internal Revenue Service, the Employer may make an additional contribution on behalf of Non-Highly Compensated Employees to satisfy the limitation of subsection (a). Such contribution shall be credited to the Tax-Deferred Deposits Account.

4.7 LIMITATIONS ON ANNUAL ACCOUNT ADDITIONS.

(a) ANNUAL ACCOUNT ADDITION. "Annual Account Addition" means, for any Active Participant for any Limitation Year, the sum of--

- (1) the Employer's contribution made for him under any defined contribution plan,
- (2) the Employee's contributions (before-tax and after-tax) under any defined contribution plan, and
- (3) forfeitures allocated to him under any defined contribution plan for the Limitation Year.

"Any defined contribution plan" means all defined contribution benefit plans of the Employer considered as one plan. "Limitation Year" means the calendar year. For purposes of this section 4.7, "Compensation" means wages, salaries, elective deferrals under Code section 401(k) for Plan Years beginning after December 31, 1997 and other amounts received for personal services actually rendered in the course of employment with the Employer including but not

limited to commissions paid salesmen, compensation based on percentage of profits, tips and bonuses, but excluding elective deferrals under Code section 401(k) for Plan Years beginning before January 1, 1998.

- (b) LIMITATION. Notwithstanding the foregoing provisions of this Article IV, for any Limitation Year the Annual Account Addition of an Active Participant shall not exceed the lesser of-
- (1) \$30,000 (adjusted for cost-of-living increases pursuant to Treasury regulations effective January 1 of a calendar year and applicable to the' Limitation Years ending within the calendar year), and
 - (2) 25 percent of the Active Participant's Compensation for such Limitation Year.
- (c) ADDITIONAL LIMITATION. If in any Limitation Year before January 1, 2000 an Active Participant is a participant in both a defined contribution plan and a defined benefit plan of the Employer or a nonparticipating Subsidiary, the sum of his defined contribution plan fraction and his defined

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benefit plan fraction for the Limitation Year shall not exceed 1.0.

- (1) For this purpose: "Defined Contribution Plan Fraction" for the Limitation Year is a fraction, the numerator of which is the sum of the Annual Account Additions (defined in subsection (a)) to the Active Participant's account as of the close of the Limitation Year and the denominator of which is the sum of the lesser of the following amounts determined for such year and for each prior year of service with the Employer or Subsidiary:
- (A) the product of 1.25, multiplied by the dollar limitation in effect under subsection (b)(1) of this section 4.7 for such year (determined without regard to Code section 415(c)(6)), or
 - (B) the product of 1.4, multiplied by the amount which may be taken into account under subsection (b)(2) with respect to such Participant for such Limitation Year.
- (2) "Defined Benefit Plan Fraction": for any Limitation Year is a fraction--
- (A) the numerator of which is the projected annual benefit of the Active Participant under the defined benefit plan of the employer or nonparticipating Subsidiary determined as of the close of the Limitation Year, and
 - (B) the denominator of which is the lesser of the product of 1.25, multiplied by the dollar limitation in effect under Code section 415(b)(1)(A) for such year, or, the product of 1.4, multiplied by the amount which may be taken into account under Code section 415(b)(1)(B) with respect to such Participant under such plan for such Limitation Year. If a Participant's accrued benefit as of October 31, 1987, under the defined benefit plan exceeds the above limit, then the limitation shall equal such accrued benefit as of October 31, 1987.

For purposes of calculating the foregoing fractions, all defined benefit plans of the Employer are to be treated as one defined benefit plan and all defined contribution plans of the Employer are to be treated as one defined contribution plan.

At the election of the Administrative Committee, in determining the denominator of the defined contribution plan fraction with respect to any Limitation Year ending after December 31, 1982, the amount taken into account with respect to each participation for all years ending before January 1, 1983, shall be an amount equal to the product of--

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- (i) the amount determined under Code section 415(e)(3)(B) (as in effect for the Limitation Year ending in 1982) for the year ending in 1982, multiplied by
- (ii) the transition fraction. The term "transition fraction" means a fraction-
 - (I) the numerator of which is the lesser of \$51,875 or 1.4, multiplied by 25 percent of the compensation of the Participant for the Limitation Year ending in 1981, and
 - (II) the denominator of which is the lesser of \$41,500 or 25 percent of the compensation of the Participant for the Limitation Year ending in 1981.
- (d) REDUCTION IN ANNUAL ACCOUNT ADDITIONS. If in any Limitation Year a Participant's Annual Account Additions exceed the applicable limitation determined under subsection (b) above as a result of the allocation of forfeitures, a reasonable error in estimating a Participant's annual compensation, a reasonable error in determining the amount of Tax Deferred Deposits that may be made under this section, or as allowed by the Commissioner of the Internal Revenue Service, such excess (the "Annual Account Excess") shall not be allocated to his accounts in any defined contribution plan, but any reduction necessary shall be made as follows:
 - (1) His Optional Taxed Deposits up to the amount of the Annual Account Excess plus gains thereon shall be returned to him.
 - (2) If there is any remaining Annual Account Excess after the application of paragraph (1) above, his share of Matching Employer Contributions shall be reduced up to the remaining amount of the Annual Account Excess.
 - (3) If there is any remaining Annual Account Excess after the application of paragraphs (1) and (2) above, his Tax-Deferred Deposits shall be returned to him up to the remaining amount of the Annual Account Excess plus gains thereon.

The above reductions shall be applied to this Plan first and next to any other plan constituting a defined contribution plan of the Employer.

Any reduction in such Participant's allocation under paragraph (2) above shall be deemed to be a forfeiture under the Plan for the Plan Year in which it occurs and shall be reallocated with gains thereon as determined by the Administrative Committee for forfeitures for that Plan Year.

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- (e) If in any Limitation Year a Participant's Annual Account Additions exceed the limitation determined under subsection (c) above, benefits from an Employee's defined benefit plan shall first be reduced prior to reduction of a benefit plan under this or any other defined contribution plan of the Employer. Such reduction shall be equal to the amount of the Annual Account Excess.

4.8 FULL VESTING. A Participant shall be 100 percent vested in the entire amount of all his Accounts.

4.9 EFFECT OF MISTAKE. In the event of a mistake or misstatement as to the age or eligibility or Pay or Hours of Service or participation of a Member, or the allocations made to the account of any Member, or the amount of distributions made or to be made to a Member or other person, the Administrative Committee shall, to the extent it deems possible, cause to be allocated from future Matching Contributions, or cause to be withheld or accelerated, or otherwise make adjustment of, such amounts as will in its judgment accord to such Member or other person, the credits to the account or distributions to which he is properly entitled under the Plan.

4.10 REHIRE AFTER MILITARY SERVICE. The provisions relating to qualified retirement plans which are set forth in the Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA") are

hereby incorporated into, and made a part of, this Plan by reference. The Administrative Committee shall apply the provisions of the USERRA with respect to any Participant who is reemployed after completing covered military service in a manner consistent with the USERRA and all other applicable law and regulations.

ARTICLE V. DISTRIBUTIONS AND WITHDRAWALS

5.1 DISTRIBUTIONS UPON TERMINATION OF EMPLOYMENT OR AT AGE 70 1/2.

- (a) IN GENERAL. Except as otherwise provided in this section, a Participant who terminates employment with all Employers and the Subsidiaries prior to his death shall receive the value credited to his Account in a lump sum amount as provided in subsection (d).

For the purposes of this Plan, a transfer of the employment relationship on account of a sale or other disposition of an Employer or a Subsidiary shall be considered to be a termination of employment if the affected Participant ceases to be employed by an Employer or an entity which is in the same controlled group of corporations or trades and businesses under Code Section 414(b) or (c), except where expressly stated in this Plan.

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(b) COMMENCEMENT OF BENEFIT PAYMENTS.

- (1) IN GENERAL. Except as provided in paragraph (2), if a Participant terminates employment before attaining his Required Beginning Date, his lump sum payment shall be made as of his Required Beginning Date, unless an earlier date is elected pursuant to paragraph (3).

- (2) SMALL AMOUNTS. If the value of a Participant's Account is \$3,500 (or, effective January 1, 1998, \$5,000) or less, it shall be paid as soon as administratively practicable following his termination of employment whether or not he consents to the distribution.

- (3) CONSENT TO DISTRIBUTION BEFORE AGE 70 1/2. If the value of a Participant's Account exceeds \$3,500 (or, effective January 1, 1998, \$5,000), no distribution shall be made to the Participant before he attains his Required Beginning Date unless he consents in writing to the distribution. If a Participant does not consent to a distribution, it shall be deemed to be an irrevocable election to receive a cash lump sum distribution as of his Required Beginning Date with the value of the distribution determined as of the Valuation Date for the preceding calendar quarter.

- (c) REQUIRED BEGINNING DATE. Notwithstanding the foregoing, a Participant shall commence benefit payments not later than his Required Beginning Date. The Required Beginning Date shall mean the April 1 of the calendar year following the calendar year in which the Participant attains age 70 1/2 or, effective on and after January 1, 1999 for Participants who are not a Five-Percent Owner and who reach age 70 1/2 on or after January 1, 1999, the Required Beginning Date shall be no earlier than the April 1 of the calendar year following the calendar year during which the Member has a Termination of Service.

- (d) METHOD OF PAYMENT. Amounts payable under this section shall be paid in a lump sum amount equal to the value credited to the Participant's Account as of the most recent Valuation Date preceding the distribution date for which the amount of the distribution could be determined. The value credited to the Arvin Stock Fund shall be distributed in (A) cash or (B) by the distribution of the number of whole shares of Company stock and uninvested cash allocated to the Account as of the Valuation Date, as the Participant may elect, but not a combination of (A) and (B). Cash shall be distributed in lieu of fractional shares of stock.

5.2 DISTRIBUTION UPON DEATH.

- (a) If a Participant dies before distribution from his Account has occurred, his Beneficiary shall receive a lump sum distribution of the entire value credited to his Account as of the most recent Valuation Date preceding the distribution date for which the amount of the distribution could be determined. The value credited to the Arvin Stock Fund may be distributed in (1) cash, or (2) whole shares of Company stock and uninvested cash, as the Beneficiary elects, but not a combination of (1) and (2). The date of payment shall be subject to section 5.4 below.
- (b) **BENEFICIARY DESIGNATION.** A Member's spouse shall be his designated Beneficiary unless otherwise elected as set forth below. Each Member may designate, upon such forms as shall be provided for that purpose by the Administrative Committee, a Beneficiary (or Beneficiaries) to receive his interest in the Plan in the event of his death, but the designation of a Beneficiary other than a Member's spouse shall not be effective for any purpose unless and until it has been filed by the Member with the Committee and has been signed by the Member's spouse with an acknowledgment of the effect of such consent and witnessed by a Plan representative or notary public. A Member may, from time to time, on a form provided by and filed with the Administrative Committee, change the Beneficiary in the manner stated.

In the event that a Member shall not designate a Beneficiary in the manner heretofore stated, or if for any reason such designation shall be legally ineffective, or if such Beneficiary predeceases the Member or dies simultaneously with him, then, for the purposes of the Plan, distribution shall be made by the Trustee as directed by the Administrative Committee to such Beneficiary or Beneficiaries from among the natural objects of the Member's bounty, his dependents or his estate as the Administrative Committee in its sole discretion shall select.

5.3 IN-SERVICE WITHDRAWALS.

- (a) **IN GENERAL.** Prior to Termination of Service from all Employers and Subsidiaries, no distribution shall be made from the Matching Contributions Account. Prior to Termination of Service from all Employers and Subsidiaries, no distribution shall be made from any other Account except as provided in this section. The total number of all withdrawals that may be made pursuant to this section in a Plan Year shall not

exceed two. A withdrawal from an Account which is invested in two or more Funds shall be considered to have been drawn from each Fund in proportion to the amount under such Account that is invested in each such Fund.

No Matching Contribution shall be made on behalf of a Participant for the calendar quarter in which he makes a withdrawal pursuant to this section.

For the purposes of this section, the Administrative Committee may establish subaccounts within any such Account as it deems advisable for accounting, tax, or other purposes.

- (b) **NONHARDSHIP DISTRIBUTIONS.** Amounts may be withdrawn from first, the Taxed Deposits Account and second, the Rollover Deposits Account at any time subject to the rules of the Administrative Committee.
- (c) **HARDSHIP WITHDRAWALS.**

- (1) IN GENERAL. Prior to a Termination of Service with all Employers and Subsidiaries, a Member may make a withdrawal from his Tax-Deferred Deposits Account if the distribution is on account of a financial need constituting a hardship (as described in paragraph (2)) and the distribution is necessary to satisfy the need (as determined under paragraph (3)). The withdrawal may be made from the following Accounts and shall be made in the order specified: the Taxed Deposits Account, the Rollover Deposits Account, and the Tax-Deferred Deposits Account.

In no event shall a hardship distribution from the Tax-Deferred Deposits Account exceed the total Tax-Deferred Deposits made on behalf of the Member (reduced by prior distributions) or, if less, the value of the Tax-Deferred Deposits Account.

- (2) FINANCIAL HARDSHIP. A financial hardship shall be deemed to exist as a result of the following financial obligations:

(A) medical expenses described in Code section 213(d) incurred by the Member, the Participant's spouse, or any dependents of the Participant (as defined in Code section 152),

(B) the purchase (excluding mortgage payments) of a principal residence for the Member,

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(C) payment of tuition and related fees for the next 12 months of post-secondary education for the Member, his spouse, children, or dependents, or

(D) the need to prevent the eviction of the Member from his principal residence or foreclosure on the mortgage of the Member's principal residence.

- (3) NECESSITY FOR DISTRIBUTION. A distribution shall be deemed necessary to satisfy a financial need described in paragraph (2) if the Member represents to the Company that the need cannot be relieved--

(A) through reimbursement or compensation by insurance or otherwise,

(B) by reasonable liquidation of the Member's assets to the extent that such liquidation would not itself cause an immediate and heavy financial need,

(C) by cessation of voluntary contributions under the Plan, or

(D) by other distributions or nontaxable loans from plans or by borrowing from commercial sources on reasonable commercial terms.

A Member's resources shall be deemed to include those assets of his spouse and minor children that are reasonably available to the Member.

- (d) AGE 59 1/2 WITHDRAWAL. Upon attainment of age 59 1/2, a Participant may withdraw amounts from first, the Taxed Deposits Account, second, the Rollover Deposits Account, and third, the Tax-Deferred Deposits Account at any time subject to the rules of the Administrative Committee.

5.4 TIME FOR DISTRIBUTION. Notwithstanding any other provisions of this Plan, unless a Member who is entitled to receive any benefit hereunder otherwise elects, payment of this benefit will begin not later than the sixtieth day after the close of the Plan Year in which falls the last to occur of the following dates:

- (a) the date on which the Member attains age 65;
- (b) the tenth anniversary of the year in which the Member first became a Member of the Plan; or
- (c) the date on which the Member ceased to be employed by the

5.5 WITHHOLDING ON DISTRIBUTIONS. There shall be withheld from each distribution under this Plan such amount (if any) as is required to be withheld pursuant to the provisions of the Code and regulations issued thereunder. The Administrative Committee shall establish the procedures and forms necessary to carry out the provisions of this section 5.5.

5.6 ELIGIBLE ROLLOVER DISTRIBUTIONS; DIRECT ROLLOVER. This Section applies to distributions made on or after January 1, 1993. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Section, a distributee may elect, at the time and in the manner prescribed by the Administrative Committee, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover. For purposes of this Section, the following terms shall have the meanings set forth below:

- (a) ELIGIBLE ROLLOVER DISTRIBUTION: An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: (1) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period often (10) years or more; (2) any distribution to the extent such distribution is required under section 401(a)(9) of the Code; (3) effective on and after January 1, 1999, a withdrawal made in accordance with Section 5.3(c) to a Member who has not reached age 59 1/2; and (4) the portion of any distribution that is not includible in gross income.
- (b) ELIGIBLE RETIREMENT PLAN: An eligible retirement plan is an individual retirement account described in section 408(a) of the Code, an individual retirement annuity described in section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, or a qualified trust described in Section 401(a) of the Code, that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity.
- (c) DISTRIBUTEES: A distributee includes an employee or former employee. In addition, the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is an alternate payee under a qualified domestic relations order, as defined in section 414(p) of the Code, are distributees with regard to the interest of the spouse or former spouse.

- (d) DIRECT ROLLOVER: A direct rollover is a payment by the plan to the eligible retirement plan specified by the distributee.
- (e) WITHHOLDING. In the case of an eligible rollover distribution which is not directly transferred to an eligible retirement plan pursuant to subsection (a), the Plan shall reduce the amount of the distribution by the amount of the tax required to be withheld by law and regulations.

5.7 NONALIENATION. No interest herein or benefit payable hereunder shall be subject in any way to alienation, sale, transfer, assignment, pledge, attachment, garnishment, execution, or encumbrance of any kind, except for qualified domestic relations orders in accordance with the Retirement Equity Act of 1984.

5.8 INCOMPETENCY. Every person receiving or claiming benefits under the Plan shall be conclusively presumed to be mentally competent until the date on which the Administrative Committee receives a written notice, in a form and manner acceptable to the Administrative Committee that such person is incompetent and that a guardian, conservator, or other person legally vested with the care of his estate has been appointed for him; provided, however, that if the Administrative Committee shall find that any person to whom a benefit is payable under the Plan is unable to care for his affairs because of incompetency, any payment due (unless a prior claim therefor shall have been made by a duly appointed legal representative) may be paid to the spouse, a child, a parent, a brother or sister, or said person, or to any person or institution deemed by the Administrative Committee to have incurred expenses for such person otherwise entitled to payment. In the event a guardian or conservator of the estate of any person receiving or claiming benefits under the Plan shall be appointed by a court of competent jurisdiction, payments shall be made to such guardian or conservator provided that proper proof of appointment and continuing qualification is furnished in a form and manner acceptable to the Administrative Committee. Any payment made in accordance with this section 5.8 shall be a complete discharge of any liability therefore under the Plan.

ARTICLE VI. INVESTMENTS AND ACCOUNTS

6.1 FUNDS AND ACCOUNTS.

(a) ACCOUNTS.

- (1) IN GENERAL. The Accounts and records of the Plan shall be maintained by the Administrative Committee and shall accurately disclose the status of the Accounts of each Member or his Beneficiary in the Plan. Each Member will be advised from time to time, at least once each Plan Year, as to the status of his Accounts.

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- (2) TYPES OF ACCOUNTS. The following Accounts shall be established with respect to each Participant:

- (A) the Taxed Deposits Account which shall be credited with a Participant's Taxed Deposits under sections 4.1 (relating to Regular Deposits) and 4.2 (relating to Optional Deposits);
- (B) the Taxed-Deferred Deposits Account which shall be credited with Tax-Deferred Deposits under sections 4.1 and 4.2;
- (C) the Matching Contributions Account which shall be credited with Matching Contributions under section 4.3; and
- (D) the Rollover Deposits Account which shall be credited with Rollover Deposits pursuant to section 4.2(c).

The Administrative Committee may establish such additional Accounts or subaccounts as it may consider necessary or advisable.

Each Account shall be adjusted pursuant to section 6.2 (relating to adjustment to reflect net worth of the Trust Fund).

- (b) FUNDS. The Trust Fund shall be divided into two parts, designated "Fund A" and "Fund B." Fund A shall consist of three separate investment Funds consisting of the Equity Index Fund, Balanced Fund, and the Fixed Interest Fund, and such other funds as the Administrative Committee may decide to offer in addition to or in lieu of the foregoing. Fund B shall be invested as set forth in the Trust. Each Member's undivided proportionate interest in each Fund shall be measured by the proportion that his Account or Accounts in such Funds bears to the total Accounts of all Members in that Fund as of the date that such interest is being determined.

- (c) INVESTMENT OF CONTRIBUTIONS AND ACCOUNTS. Except as provided in subsection (d)(2), all amounts credited to the Matching Contributions Account shall be invested in Fund B.

Except as provided above, a Participant may elect to invest

contributions, other than Matching Contributions, in increments of 5 percent in any one or all of the Funds, except Fund B, such that the total equals 100 percent. Effective on and after July 1, 1997 and in accordance with procedures established by the Administrative Committee, Participants shall be permitted to invest their contributions in Fund B; PROVIDED, HOWEVER, that the

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Administrative Committee shall maintain a separate accounting of a Participant's Fund B investments attributable to his contributions because these investments may be transferred to Fund A. The amounts credited to a Participant's Account required to be invested in Fund B (the amounts credited to the Matching Contributions Account) is hereinafter referred to as Designated Fund B Investments. Designated Fund B Investments may not be transferred out of Fund B except as permitted by Section 6.1(d)(2). Each type of contribution shall be invested in the same proportions. The Participant's election or any change in a prior election shall be filed with the Administrative Committee in the manner prescribed by the Administrative Committee and shall be effective on the first day of the next payroll period if timely filed pursuant to the rules of the Administrative Committee.

(d) TRANSFERS BETWEEN FUNDS.

- (1) IN GENERAL. Effective as of any business day, a Member may elect to transfer amounts from one Fund (other than the Participant's Designated Fund B Investments) to another Fund by notifying the Administrative Committee in the manner and within the time prescribed by the Administrative Committee. The amount to be transferred shall be specified as a multiple of 5 percent of the amount credited to the Fund or specified in dollar amounts. The transferred amount shall be applicable to each of the Member's Accounts which are invested in the specified Fund in proportion to the value of each Account invested in the Fund.
- (2) TRANSFERS AFTER AGE 60. Effective as of the first business day of any calendar quarter which begins after a Participant has attained age 60, the Participant may elect to transfer amounts credited to Fund B as Designated Fund B Investments to another Fund by notifying the Administrative Committee in the manner and within the time prescribed by the Administrative Committee. The amount which may be transferred from Fund B shall be limited to the following percentage of his Designated Fund B Investments:

1st Year	20 percent
2nd Year	25 percent
3rd Year	33 1/3 percent
4th Year	50 percent
5th Year	Balance Transferred

An election made under this paragraph shall remain in force until the Participant notifies the Administrative Committee to cease the transfer. After a Participant has so notified

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the Administrative Committee, a new election may not be made.

The Administrative Committee may adopt rules limiting withdrawals by a Member who is an officer, director, or 10 percent shareholder of the Company within the meaning of section 16 of the Securities Exchange Act of 1934 as it may deem advisable to exempt transactions in Company stock from the provisions of section 16(b) of such Act.

6.2 ADJUSTMENTS TO REFLECT NET WORTH OF THE TRUST FUND. As of each Valuation Date, the Administrative Committee shall adjust all Accounts to reflect contributions, withdrawals, distributions, and

payouts which are to be credited or debited as of that date, and shall adjust the net credit balances in the Account so that the net credit balances in the Accounts will equal the net worth of the applicable Funds as of that date, using fair market values as determined by the Trustee and reported to the Administrative Committee.

All determinations made by the Trustee with respect to fair market values and net worth shall be made in accordance with generally accepted principles of trust accounting, and such determinations when so made by the Trustee and any determinations by the Administrative Committee based thereon, shall be conclusive and binding upon all persons having an interest under the Plan.

6.3 VOTING AND TENDER OFFER DECISIONS. Each Member (or, in the event of the Member's death, the Member's Beneficiary) shall have the right to direct the Trustee as to the manner in which shares of Arvin stock allocated to such Member's Account are to be voted on each matter brought before an annual or special stockholders' meeting of the Company. Before each such meeting of stockholders, the Trustee shall cause to be furnished to each Member (or Beneficiary) a copy of the proxy solicitation material, together with a form requesting confidential directions on how such shares of Arvin stock allocated to such Member's Account shall be voted on each such matter. Upon timely receipt of such directions, the Trustee shall on each such matter vote as directed the number of shares (including fractional shares) of Arvin stock allocated to such Member's Equity Account. The instructions received by the Trustee from Members shall be held by the Trustee in strict confidence and shall not be divulged or released to any person, including officers or employees of the Company. All Arvin stock credited to Member Accounts as to which the Trustee does not receive voting instructions as specified above, and all unallocated Arvin stock held by the Trustee, shall be voted by the Trustee proportionately in the same manner as it votes Arvin stock to which the Trustee has received voting instructions as specified above. Each Member (or, in the event of the Member's death, the Member's Beneficiary) shall have the right, to the extent of the number of shares of Arvin stock allocated to such Member's Account, to direct the Trustee in writing as to the manner in which to respond to a tender or exchange offer with respect to shares of Arvin stock. The Trustee shall use its best efforts to timely distribute or cause to be

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distributed to each Member (or Beneficiary) such information as will be distributed to stockholders of the Company in connection with any such tender or exchange offer. Upon timely receipt of such instructions, the Trustee shall respond as instructed with respect to shares of Arvin stock allocated to such Member's Account. If the Trustee shall not receive timely instruction from a Member (or Beneficiary) as to the manner in which to respond to such a tender or exchange offer, with respect to allocated shares of Arvin stock with respect to which such Member has the right of direction. As to all unallocated Arvin stock held by the Trustee, the Trustee shall enter the same proportion thereof as the Arvin stock as to which the Trustee has received instructions from Members to tender bears to all Arvin stock allocated to Member Accounts. The instructions received by the Trustee from Members shall be held by the Trustee in strict confidence and shall not be divulged or released to any person, including officers or employees of the Company. All voting and tender rights on shares of Arvin stock held by the Trustee shall be exercised by the Trustee only as directed by the Members (or their Beneficiaries) acting in their capacity as named fiduciaries (within the meaning of ERISA section 402) with respect to both allocated and unallocated shares in accordance with the provisions of this section.

ARTICLE VII. ADMINISTRATION AND TRUST

7.1 APPOINTMENT, RESIGNATION, AND REPLACEMENT. The Administrative Committee shall be composed of not less than three persons appointed by the Chief Executive Officer of the Company and serving until death, resignation, or replacement by the President. The responsibility of the Chief Executive Officer of the Company shall be limited to the appointment of the Administrative Committee.

7.2 NOTICE TO THE TRUSTEE. Promptly after appointment of a member of the Administrative Committee and after each change in membership, the Committee shall give written notice to the Trustee of the name of such member. The Trustee shall not be deemed to be on notice of any change in membership of the Administrative Committee unless so notified.

7.3 RESPONSIBILITIES AND RIGHTS.

(a) IN GENERAL. The Administrative Committee shall have all rights necessary to carry out the responsibilities conferred

upon it in Article VII or expressly conferred upon it by the Trust Agreement.

The Administrative Committee shall have no responsibilities or rights with respect to the management or control of the Trust Fund and no responsibilities under the Plan or Trust Agreement except as provided in this Article VII or expressly provided in the Trust Agreement.

- (b) The Administrative Committee shall have the following responsibilities under the

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Plan:

- (1) administration of the Plan in accordance with the terms of the Plan;
 - (2) interpretation of the Plan, including the determination of eligibility for benefits and the status and rights of Employees, Participants, Inactive Participants, Former Participants, and others under the Plan and the deciding of all disputes arising under the Plan;
 - (3) direction of the Trustee concerning all payments which should be made out of the Trust Fund pursuant to the provisions of the Plan Agreement; and
 - (4) amendment of the Plan and Trust Agreement pursuant to section 8.1.
- (c) TRUST FUND. The Administrative Committee shall have the following authority, responsibility, and control over the management and operation of the Trust Fund:
- (1) removal of the Trustee and the appointment of successor Trustees;
 - (2) appointment of co-Trustees and investment managers (as defined in ERISA section 3(38)) and allocation of responsibilities between or among such persons;
 - (3) analyze projected long- and short-term funding requirements of the Plan, obtaining advice of independent experts as may be deemed advisable and giving due regard to anticipated contributions by the Employer, benefit provisions, payments and liabilities, and appropriate investment and actuarial assumptions, and on the basis of the foregoing establish and revise funding policies for the Trust;
 - (4) transfer contributions to the Trust to provide for funding of the Plan, and allocate such contributions as well as other funds and property held in the Trust among Investment Managers and the Trustee selected by the Administrative Committee;
 - (5) communicate to the Trustee and the Investment Managers their respective investment objectives; and
 - (6) regularly review the accounts submitted by the Trustee and such Investment Managers, when appropriate enter objections with respect thereto, monitor their investment performance and compliance with the terms of their respective appointments.

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7.4 RULES OF PROCEDURE. The Administrative Committee shall adopt such rules of procedure for the conduct of its affairs as it deems appropriate. Any action taken by the Administrative Committee may be communicated to the Trustee, investment manager, or other person under the signature of any two members of the Committee and any document approved or adopted by the Administrative Committee may be executed on behalf of the Employer by any two members of the Administrative Committee.

7.5 STATUS. Arvin Industries, Inc. shall be the administrator of the Plan and named fiduciary under the Plan. Arvin Industries, Inc. shall exercise all rights and duties under the Plan and Trust Agreement through the Administrative Committee, which shall also be a named fiduciary, and which may designate one or more other persons to aid it in carrying out its responsibilities under the Plan and Trust Agreement. The Trustee shall be a named fiduciary under the Trust Agreement.

7.6 APPOINTMENT OF ADVISORS. The Administrative Committee may appoint such advisors, agents, and representatives as it shall deem desirable who may but need not be Members.

7.7 INDEMNIFICATION. To the extent permitted by ERISA, the Employer shall indemnify and save harmless each member of the Administrative Committee against any and all expenses and liabilities arising out of his status as such member, except expenses and liabilities arising out of his own fraud or willful conduct. The fact that a member of the Administrative Committee is a Member of the Plan shall not disqualify him from doing any act or thing which the Plan authorizes or requires him to do as such member or render him accountable for any allowance, distribution, or other profit or advantage received by him.

7.8 EXPENSES. The members of the Administrative Committee shall be entitled to receive their reasonable expenses incurred in administering the Plan. Any administration expenses including legal fees and other expenses shall be paid out of the Trust Fund, unless paid directly by the Employer in the discretion of the Employer.

7.9 APPEALS FROM DENIAL OF CLAIMS. If any claim for benefits under the Plan is wholly or partially denied, the Beneficiary shall be given notice in writing of such denial within a reasonable period of time, setting forth the following information:

- (a) the specific reason or reasons for the denial;
- (b) specific reference to pertinent Plan provisions on which the denial is based;
- (c) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary;

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- (d) an explanation that a full and fair review by the Administrative Committee of the decision denying the claim may be requested by the claimant or his authorized representative filing with the Administrative Committee, within 90 days after such notice has been received, a written request for such review, and
- (e) if such request is so filed, the claimant or his authorized representative may review pertinent documents and submit issues and comments in writing within the same 90-day period specified in subsection (d) above.

The decision of the Administrative Committee shall be made promptly, and not later than 60 days after the Administrative Committee's receipt of the request for review, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered as soon as possible, but not later than 120 days after receipt of the request for review. The Member or Beneficiary shall be given a copy of the decision promptly. The decision shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, and specific references to the pertinent Plan provision on which the decision is based. The decision of the Administrative Committee shall be binding upon the Member or Beneficiary and shall preclude further administrative or judicial review of the claim.

7.10 TRUST. The Company will enter into a Trust with the Trustee to establish the Trust Fund. The Trust shall be deemed to form a part of the Plan and any and all rights and benefits which may accrue to any Member or his Beneficiaries under the Plan shall be subject to all of the terms and provisions of the Trust. The Committee may direct the Trustee to enter into one or more insurance investment contracts with an insurance company or companies as or as a part of the Guaranteed Interest Fund Investment Fund of Fund A.

7.11 LITIGATION. In order to protect the Trust Fund against depletion as a result of litigation, in the event that any person may bring any legal or equitable action arising under the Plan against the

Trustee or the Employers, or in the event that the Employers or the Trustee may find it necessary to bring any legal or equitable action arising under the Plan against any person, the Employers shall have the right to join the Trustee as a party defendant or party plaintiff in any such actions, and all expenses of defending or bringing such action shall be paid by the Trustee from the Trust Fund I. If the result of any such action shall be adverse to such person, the cost to the Trustee of defending or bringing such action shall be charged to such extent as is possible directly to the account of such person, and the excess, if any, shall be charged against the entire Trust Fund.

7.12 MULTIPLE EMPLOYER PLAN. To the extent this Plan becomes a multiple-employer plan (within the meaning of Section 413(c) of the Code), the Trustee shall account for the assets attributable to the Employees of each participating Employer in the manner directed by the

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Committee, and the Committee shall apply the requirements of Section 4.5 and 4.6 separately to

each such Employer. For purposes of this Section, the term Employer shall include all entities required to be aggregated under Section 414 of the Code.

ARTICLE VIII. CHANGES IN THE PLAN

8.1 AMENDMENT OR TERMINATION OF THE PLAN. The Company reserves the right to terminate the Plan at any time, which includes the right to vary the amount of, or to terminate, contributions to the Plan. The Administrative Committee shall have the right, in its sole and final discretion, to amend the Plan at any time, except that the Board of Directors of the Company must approve an amendment that results in an increase in benefits and costs to the Company with a present value as of the date of the amendment in excess of one million dollars (\$1,000,000). No part of the corpus or income of any funds shall at any time be used for or diverted to purposes other than for the exclusive benefit of Members or their Beneficiaries, and no amendment shall divest any Member of his interest therein or an optional form of benefit with respect to the Account balance immediately before the amendment, except as may be required by the District Director of Internal Revenue or other governmental authority, or give any Member any assignable or exchangeable interest or any right or thing of exchangeable value in advance of the time distribution is to be made to such Member. No distribution shall be made on account of a termination of the Plan except as permitted by Code section 401(k)(10).

8.2 MERGER, CONSOLIDATION, OR TRANSFER. In the case of any merger or consolidation of the Plan with, or in the case of any transfer of assets or liabilities of the Plan to or from, any other Plan, each Participant in the Plan shall (if the Plan then terminated) receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation, or transfer (if the Plan had then terminated).

8.3 NONREVERSION. No Employer shall have any right, title, or interest in the contributions made to the Trust Fund under the Plan and no part of the Trust Fund shall revert to any Employer, except that--

- (a) If a contribution is made to the Trust Fund by an Employer by a mistake of fact, then such contribution (adjusted for losses but not earnings) shall be returned to the Employer within one year after the payment of the contribution.
- (b) If any part or all of a contribution is disallowed as a deduction under Code section 404, the disallowed amount (adjusted for losses but not gains) shall be returned to the Employer within one year after the disallowance pursuant to the rules of the Internal Revenue Service.

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ARTICLE IX. TOP-HEAVY PROVISIONS

9.1 EFFECTIVE DATE. The following provisions shall become effective for Plan Years beginning after the 1983 Plan Year.

9.2 DETERMINATION OF TOP-HEAVY.

- (a) The Plan will be considered a Top-Heavy Plan for the Plan Year if as of the last day of the preceding Plan Year, (1) the aggregate of the accounts (including amounts deferred under the salary reduction arrangements) of Members who are Key Employees (as defined in section 416(i) of the Internal Revenue Code) as amended by the Tax Reform Act of 1984 exceeds 60 percent of the aggregate of the accounts of all Members (the "60 percent test") or (2) the Plan is a part of a required aggregation group (i.e., each plan of the company in which a Key Employee is a member and each other plan (including plans which have terminated within the past five (5) years) which enables such plans to meet the requirements of section 401(a)(4) or 410) and such group is a Top-Heavy Group, (individuals who did not perform any services for the Employer or a Subsidiary in the last five years shall not be included in this calculation). However, and notwithstanding the results of the 60 percent test, the Plan shall not be considered a Top-Heavy Plan for any Plan Year in which the Plan is a part of a required or permissive aggregation group (i.e., plans which may be included in the group provided the group continues to comply with section 401(a)(4) and 410) which is not Top-Heavy).
- (b) The term "Top-Heavy Group" means any aggregation group if the sum (as of the last day of the preceding Plan Year) of--
 - (1) the present value of the cumulative accrued benefits (including all distributions made to an Employee during the preceding five years) for Key Employees under all defined benefit plans included in such group, and
 - (2) the aggregate of the accounts of Key Employees under all defined contribution plans included in such group, exceeds 60 percent of a similar sum determined for all members.

9.3 CONTINGENT PROVISIONS. In the event the Plan is determined to be a Top-Heavy Plan pursuant to this section 9.3, then the following provisions shall take effect and continue in effect until the Plan is no longer deemed to be a Top-Heavy Plan:

- (a) In section 4.7 "1.0" shall be substituted for "1.25" and "\$51,875" shall become "\$41,500" except that for individuals who would exceed the 1.0 limit, the 1.0 limit shall be suspended for such individuals so long as there are no forfeitures, voluntary nondeductible contributions, employer

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contributions, or additional accruals made for such individuals under the plans in the aggregation group until the Plan is no longer deemed to be a Top-Heavy Plan or until the individual would no longer exceed the 1.0 limit.

- (b) The "matching" contributions of the Employer under the Plan for non-Key Employees shall be the lesser of 3 percent or the highest contribution percentage made for any Key Employee during the Plan Year in which the Plan is deemed to be Top-Heavy determined by dividing the Employer contributions (including Tax Deferred Deposits) by the amount of the Employees total Compensation not in excess of \$200,000 (as adjusted by the Secretary of the Treasury).
- (c) The Employer shall make a minimum contribution of 5 percent of Compensation for allocation under this Plan to all non-Key Employees who participate in both a Company defined benefit plan and this Plan.

IN WITNESS WHEREOF, the Company has caused these presents to be signed by its duly authorized officers and has caused its corporate seal to be hereto affixed this 9th day of June 1999, but effective as of January 1, 1997.

ARVIN INDUSTRIES, INC.

By /s/ Matthew W. Golden

Its:
A Member of the Administrative
Committee

SCHIFF HARDIN & WAITE
6600 Sears Tower, Chicago, Illinois 60606
(312) 258-5500

August 4, 2000

VIA EDGAR

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D. C. 20549-1004

Re: ArvinMeritor, Inc. - Registration of 14,000 Shares
of Common Stock on Form S-3

Ladies and Gentlemen:

We have acted as special counsel to ArvinMeritor, Inc., an Indiana corporation (the "Company"), in connection with the Company's filing of a Registration Statement on Form S-3 (the "Registration Statement") covering 14,000 shares of common stock, \$1 par value per share (and the associated preferred share purchase rights) of the Company (the "Shares") to be issued under the ArvinMeritor, Inc. Employee Savings Plan (the "Plan").

In this connection we have made such investigation and have examined such documents as we have deemed necessary in order to enable us to render the opinion contained herein.

Based upon the foregoing, we are of the opinion that (i) the written provisions of the current Plan document as amended comply with the applicable provisions of the Employee Retirement Income Security Act of 1974; and (ii) the Shares, when issued in accordance with the terms of the Plan, and pursuant to the Registration Statement, will be legally issued, fully paid and nonassessable.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement.

Very truly yours,

SCHIFF HARDIN & WAITE

By: /s/ Frederick L. Hartmann

Frederick L. Hartmann

CONSENT OF PUBLIC ACCOUNTANTS

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of our report dated January 28, 2000 relating to the financial statements of Arvin Industries, Inc., which appears in the 1999 Arvin Industries, Inc. Annual Report on Form 10-K, and which is incorporated by reference in the ArvinMeritor, Inc. Current Report on Form 8-K dated July 10, 2000. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/PricewaterhouseCoopers LLP
Indianapolis, Indiana
July 31, 2000

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Registration Statement of ArvinMeritor, Inc. on Form S-3 of our reports dated November 9, 1999, appearing in and incorporated by reference in the Annual Report on Form 10-K of Meritor Automotive, Inc. for the year ended September 30, 1999 and to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

/s/Deloitte & Touche LLP
Detroit, Michigan
August 4, 2000

POWER OF ATTORNEY

I, the undersigned Director and/or Officer of ArvinMeritor, Inc., an Indiana corporation (the "Company"), hereby constitute VERNON G. BAKER, II, BONNIE WILKINSON and PETER R. KOLYER, and each of them singly, my true and lawful attorneys with full power to them and each of them to sign for me, and in my name and in the capacity or capacities indicated below, (1) any and all amendments (including supplements and post-effective amendments) to (a) the Registration Statement on Form S-8 of Meritor Automotive, Inc. ("Meritor") (Registration No. 333-35407) registering under the Securities Act of 1933, as amended (the "Securities Act"), securities to be sold under the Company's 1997 Long-Term Incentives Plan, as amended (formerly the Meritor Automotive, Inc. 1997 Long-Term Incentives Plan), and (b) the Registration Statement on Form S-8 of Meritor (Registration No. 333-35403) registering under the Securities Act securities to be sold pursuant to the Company's Savings Plan, as amended (formerly the Meritor Automotive, Inc. Savings Plan), and (2) one or more Registration Statements on Form S-8 or, if required, Form S-3, registering under the Securities Act securities to be sold under (a) the Company's Employee Stock Benefit Plan, as amended (formerly the Arvin Industries, Inc. Employee Stock Benefit Plan), (b) the Company's 1998 Stock Benefit Plan, 1988 Stock Benefit Plan, as amended (formerly the Arvin Industries, Inc. 1988 Stock Benefit Plan), (d) the Company's Savings Plan, as amended (formerly the Arvin Industries, Inc. Savings Plan), and (e) the Company's Employee Savings Plan, as amended (formerly the Arvin Industries, Inc. Employee Savings Plan), and any and all amendments (including post-effective amendments) and supplements to such Registration Statements.

Signature -----	Title -----	Date -----
/s/ Larry D. Yost* ----- Larry D. Yost	Chairman of the Board and Chief Executive Officer (principal executive officer)	July 10, 2000
/s/ V. William Hunt* ----- V. William Hunt	Vice Chairman and President and Director	July 10, 2000
/s/ Thomas A. Madden* ----- Thomas A. Madden	Senior Vice President and Chief Financial Officer (principal financial officer)	July 10, 2000
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/s/ William M. Lowe* ----- William M. Lowe	Vice President and Controller (principal accounting officer)	July 10, 2000
----- Joseph B. Anderson, Jr.	Director	
----- Donald R. Beall	Director	
/s/ Steven C. Beering* ----- Steven C. Beering	Director	July 10, 2000
/s/ Rhonda L. Brooks*	Director	July 10, 2000

----- Rhonda L. Brooks		
/s/ John J. Creedon* ----- John J. Creedon	Director	July 10, 2000
/s/ Joseph P. Flannery* ----- Joseph P. Flannery	Director	July 10, 2000
/s/ Robert E. Fowler, Jr.* ----- Robert E. Fowler, Jr.	Director	July 10, 2000
/s/ William D. George, Jr.* ----- William D. George, Jr.	Director	July 10, 2000
----- Ivan W. Gorr	Director	
2		
/s/ Richard W. Hanselman* ----- Richard W. Hanselman	Director	July 10, 2000
/s/ Charles H. Harff* ----- Charles H. Harff	Director	July 10, 2000
/s/ Don J. Kacek* ----- Don J. Kacek	Director	July 10, 2000
/s/ Victoria B. Jackson* ----- Victoria B. Jackson	Director	July 10, 2000
/s/ James E. Marley* ----- James E. Marley	Director	July 10, 2000
/s/ James E. Perella* ----- James E. Perella	Director	July 10, 2000
/s/ Harold A. Poling* ----- Harold A. Poling	Director	July 10, 2000
/s/ Martin D. Walker* ----- Martin D. Walker	Director	July 10, 2000

