

Looking to the Future

When you combine our years of experience, industry research and our success with the Dodge Ram, it is clear that steel wheels provide the strength, durability, style and affordability that both automakers and consumers seek. We have no doubt that fresh technology and innovative design concepts are building and will continue to build a new reputation for steel wheels. To us at ArvinMeritor, the future looks as bright as our shiny steel wheels.



Issues & Trends

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The Dodge Ram 1500: A Steel Wheels Success Story

When ArvinMeritor first began producing steel wheels for the Dodge Ram 1500 in the summer of 2000, we were ready to produce 240,000 wheels/year based on original volume forecasts. But due to the wheel's overwhelming popularity, actual sales volumes were at least 30 percent higher. This provided further evidence for what those of us in the steel wheels industry already know: Steel wheels are a good selling, attractive alternative to aluminum. Here's why.



Dodge Ram 1500 SLT with steel integrated chrome-cladded wheels

Designing Wheels for Appeal

The design of a wheel - not necessarily its material - is an important key to its success. When we set out to design wheels for the Dodge Ram 1500, our goal was to create a stylish product that customers would want to buy. Together with DaimlerChrysler, we designed the 17" x 8" integrated chrome-cladded steel wheel. The integrated chrome-steel wheels were offered as the base wheel on the Dodge Ram 1500 SLT and SLT+ models, and as an upgrade on the ST model. Its shiny finish and seamless look not only pleased DaimlerChrysler, but was a big hit with consumers as well.

Our wheels performed well in the marketplace and their popularity continues to grow. To date, we have delivered more than 850,000 steel wheels to DaimlerChrysler for its Dodge Ram.

ArvinMeritor

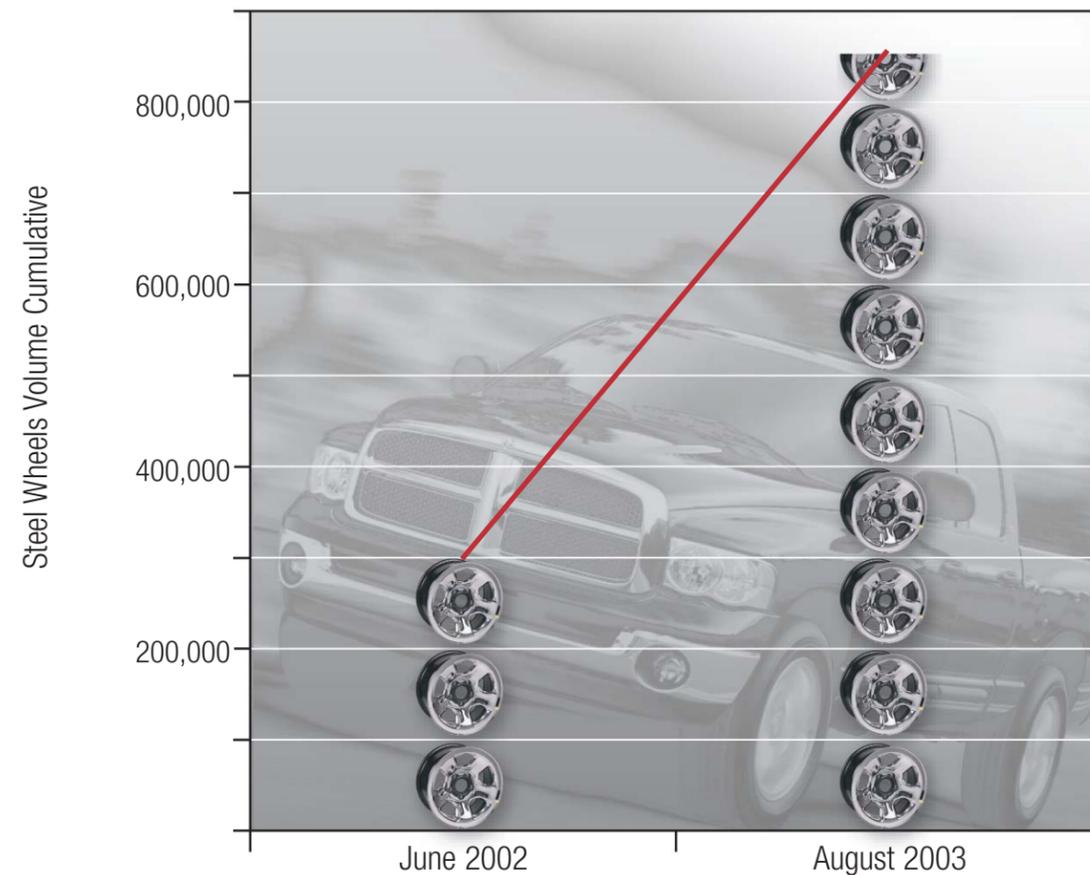
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ArvinMeritor Steel Wheels Delivery to DaimlerChrysler



Since the Dodge Ram 1500 program launched in June 2002, ArvinMeritor delivered 30% more wheels than originally estimated.

Delivering to the Customer

One of the biggest challenges for any automotive supplier is to exceed customer expectations at a reasonable price. Our chrome-cladded steel wheels offered DaimlerChrysler the attractive look they wanted at a lower cost. And, because the steel wheels manufacturing process is extremely efficient, we were able to provide the volume they needed as sales surpassed early estimates. Because of our tremendous success with the Dodge Ram 1500 steel wheel program, DaimlerChrysler awarded us additional steel wheel business. We are currently producing the wheels for the next-generation of Dodge Ram, the 2500 model.

Today's Steel Wheels

Thanks to new manufacturing and design techniques that have evolved since we began producing steel wheels more than half a century ago, the basic, unappealing designs of the past have been replaced with more attractive options.

In fact, styled steel wheels, such as our chrome-cladded product, are gaining in popularity. According to the American Iron and Steel Institute, there are more than eight million styled steel wheels on the road today, compared to just 600,000 five years ago. The reasons for this are increased manufacturing options that provide for better styling.

Common Misconceptions About Steel Wheels

Although many in the auto industry still believe that customers prefer aluminum to steel, our experience has taught us that this is not necessarily the case. Based on the sales of optional steel wheels for the Dodge Ram ST, the ArvinMeritor Dodge Ram 1500 steel wheels performed extremely well in the marketplace.



Examples of a standard and a styled road steel wheel.

Recent research also supports the fact that today's consumers are very satisfied with steel wheels. A 2001 study conducted by Burke Marketing Research¹ revealed that consumers actually rank steel wheels at parity or better than other wheel options. According to the study, consumers considered steel wheels to be safer, stronger and more durable. In addition, they

indicated that they would likely pay more money for styled steel wheels than for other styled wheels.

The Steel Advantage

In addition to evidence that customers like and choose to buy steel wheels, there are many other advantages to the product. Along with lower costs, steel wheels offer better pothole resistance, and improved corrosion resistance in the bead-seat area, according to a case study by Lacks Enterprises and Accuride Corporation². These companies also claim that steel wheels eliminate air loss issues caused by casting defects. And, because steel wheels have been around for a long time, they utilize proven materials and manufacturing technologies.

A History of Success

Our Dodge Ram 1500 story is just one example of the strong market performance of steel wheels. At ArvinMeritor, our success began with the introduction of the Fumagalli brand of steel wheels in 1947. Rockwell Automotive purchased Fumagalli in 1973 and retained the brand name for its Fumagalli wheel division. Rockwell Automotive later became Meritor, which then became ArvinMeritor in July 2000. That adds up to more than 55 years of successful steel wheel production.

In addition to producing steel wheels for numerous years, we have also developed a lasting relationship with the Chrysler group. We began selling steel wheels to them more than 20 years ago for the company's Omni Horizon. Even today, our steel wheels are available on a majority of DaimlerChrysler vehicles - further proof that they are popular and strong-selling.

¹ "Steel vs. Aluminum Wheels Consumer Research Study," Burke Marketing Research, January 2001.

² "F150 Steel Wheels of Multi-Platform Use," source unknown.