

AMERICAN AXLE & MANUFACTURING HOLDINGS INC

Form DEF 14A

March 19, 2009

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A**

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

Filed by the Registrant   
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**American Axle & Manufacturing Holdings, Inc.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

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2) Aggregate number of securities to which transaction applies:

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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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One Dauch Drive  
Detroit, Michigan 48211-1198  
www.aam.com

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**April 30, 2009**

**American Axle & Manufacturing Holdings, Inc. (AAM)**

- Time and Date** 3:00 p.m., local time, on Thursday, April 30, 2009
- Place** AAM World Headquarters Auditorium, One Dauch Drive, Detroit, Michigan
- Items of Business**
- (1) Elect five members of the Board of Directors: one to serve until the Annual Meeting of Stockholders in 2010 and four to serve until the Annual Meeting of Stockholders in 2012;
  - (2) Ratify the appointment of Deloitte & Touche LLP as AAM's independent registered public accounting firm for the year ending December 31, 2009; and
  - (3) Attend to other business properly presented at the meeting.
- Record Date** You may vote if you were an AAM stockholder (NYSE: AXL) at the close of business on March 3, 2009.
- Meeting Admission** Admission may be limited to AAM stockholders as of the record date and holders of valid proxies. Please be prepared to present identification for admittance. Stockholders holding stock in brokerage accounts will need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. Cameras and recording devices will not be permitted.
- Proxy Materials** We have elected to furnish materials for the 2009 Annual Meeting of Stockholders via the Internet. We believe the use of the Securities and Exchange Commission (SEC) e-proxy rule will expedite stockholders' receipt of the 2009 Proxy Statement, 2008 Annual Report and Form 10-K (proxy materials) and lower the costs of our annual meeting. On March 19, 2009, we mailed a notice of Internet availability (notice) to most stockholders containing instructions on how to access the proxy materials and to vote online. All other stockholders were sent a copy of the proxy materials by mail. See page 2 of this proxy statement for more information on e-proxy and instructions on how you can (1) receive a paper copy of the proxy materials if you received a notice by mail, or (2) elect to receive your proxy materials over the Internet if you received them by mail this year.

By Order of the Board of Directors,

Patrick S. Lancaster  
Vice President, Chief Administrative Officer & Secretary

March 19, 2009

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**2009 ANNUAL MEETING OF STOCKHOLDERS**

**PROXY STATEMENT**

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**PROXY STATEMENT**

**Annual Meeting of Stockholders  
To Be Held April 30, 2009**

**INTERNET AVAILABILITY OF PROXY MATERIALS**

As permitted by SEC rules, American Axle & Manufacturing Holdings, Inc. (AAM or the Company) is providing the proxy materials for our 2009 annual meeting of stockholders electronically via the Internet. On March 19, 2009, we initiated delivery of proxy materials to our stockholders of record as of the close of business on March 3, 2009 via (1) a notice containing instructions on how to access proxy materials online, (2) paper copy mailing or (3) e-mail distribution.

If you received a notice by mail, you will not receive a printed copy of the proxy materials in the mail. Instead, the notice we sent provides instructions on how to access and review all of the information contained in the proxy materials. The notice also provides instructions on how you may submit your proxy over the Internet or by telephone. If you received a notice by mail and would like to receive a printed copy of proxy materials or elect to receive them via e-mail in the future, please follow the instructions included in the notice. If you received a printed copy of proxy materials by mail and would like to register to receive a notice of Internet availability of proxy materials or an e-mail regarding availability of proxy materials in the future, you can do so by accessing the Internet at [www.envisionreports.com/AXL](http://www.envisionreports.com/AXL).

**QUESTIONS AND ANSWERS ABOUT VOTING AND THE ANNUAL MEETING**

**Why am I receiving this proxy statement?**

You received these proxy materials because you owned shares of AAM common stock on March 3, 2009 (record date). AAM's Board of Directors (Board) is soliciting your proxy to vote your shares at the annual meeting. By use of a proxy, you can vote whether or not you attend the meeting. This proxy statement includes information that we are required to provide to you under SEC rules and is designed to assist you in voting your shares.

**Who is entitled to vote?**

Holders of AAM common stock on the record date are entitled to one vote per share. You are a holder of record if your shares are held directly in your name with AAM's transfer agent, Computershare Trust Company, N.A. If your shares are held in the name of a broker, bank, trustee or other record holder, or through one of the AAM 401(k) plans, you are a street name holder. If you hold shares in more than one account, you must vote for each notice, proxy and/or voting instruction card you receive that has a unique control number to ensure that all shares that you own are voted.

**How do I vote?**

You may vote by any of the following methods:

*In person* attending the annual meeting and casting a ballot.

*By mail* using the proxy and/or voting instruction card provided.

*By telephone or via the Internet* following the instructions on your notice card, proxy and/or voting instruction card.

If you vote by telephone or via the Internet, have your notice card or proxy and/or voting instruction card available. The control number on your card is necessary to process your vote. A telephone or Internet vote authorizes the named proxies in the same manner as if you marked, signed and returned the card by mail. If you hold shares in street name, refer to the voting instructions provided by your broker, bank, trustee or other record holder.

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### **How many shares may vote at the meeting?**

As of March 3, 2009, we had 55,477,525 shares of common stock outstanding and entitled to vote. Under AAM's by-laws, a majority of these shares must be present in person or by proxy to hold the annual meeting and take any action during the meeting.

### **Can I change my vote?**

You may change your vote at any time before the annual meeting by:

revoking it by written notice to AAM's Secretary at the address on the cover of this proxy statement;  
voting in person at the annual meeting; or  
delivering a later-dated proxy vote by mail, telephone or the Internet.

### **What are the Board's recommendations on how I should vote my shares?**

The Board recommends that you vote your shares as follows:

- Proposal 1    **FOR** the election of the five nominees with one term expiring at the 2010 annual meeting and four terms expiring at the 2012 annual meeting.
- Proposal 2    **FOR** ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the year ending December 31, 2009.

### **What are my choices when voting?**

- Proposal 1    You may vote for or withhold your vote on one or more of the nominees.
- Proposal 2    You may vote for or against the proposal, or you may abstain from voting your shares.

### **What vote is required to approve each proposal?**

- Proposal 1    Requires a plurality of the votes cast to elect a director, which means that director nominees with the most affirmative votes are elected to fill the available seats.
- Proposal 2    Requires the affirmative vote of a majority of the shares voted in person or by proxy.

Votes withheld and abstentions will be counted as present for purposes of determining whether a majority of shares is present to hold the annual meeting. Abstentions will not be counted in the tally of votes FOR or AGAINST a proposal. A WITHHELD vote has the same effect as an abstention.

### **Who will count the votes be counted?**

Representatives of Computershare Trust Company, N.A., AAM's transfer agent, will count the votes and serve as our inspector of election. The inspector of election will attend the annual meeting.

### **What if I do not vote and do not attend the annual meeting?**

If you are a holder of record and you do not vote your shares, your shares will not be voted. If you sign your proxy card without giving specific instructions, your shares will be voted as the Board recommends.

If you hold shares in street name and you do not give your broker, bank, trustee or other record holder specific voting instructions, the rules of the New York Stock Exchange (NYSE) permit your record holder to vote your shares on the election of directors and on the ratification of the appointment of the independent registered public accounting firm. If you do not give your record holder specific voting instructions and your record holder does not vote, the votes will be *broker non-votes*. Broker non-votes will have *no effect* on the outcome of the election of directors and the other proposal. Broker non-votes will be counted as present for purposes of determining whether enough votes are present to hold the annual meeting.

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**PROPOSAL 1: ELECTION OF DIRECTORS**

The Board proposes that nominee Salvatore J. Bonanno, Sr. be elected as a Class II director for a term expiring at the annual meeting in 2010. Mr. Bonanno was nominated to fill the vacancy resulting from the February 10, 2009 resignation of John A. Casesa, whose term of office would have expired in 2010.

The Board proposes that the three directors standing for re-election as Class I directors, Forest J. Farmer, Richard C. Lappin and Thomas K. Walker, be elected to the Board for terms expiring at the annual meeting in 2012.

The Board proposes that nominee David C. Dauch be elected as a Class I director for a term expiring at the annual meeting in 2012.

The Board unanimously approved these nominations based on the outstanding achievements, special competencies and integrity of each nominee. A biographical summary of the principal occupation, professional background and experience of each nominee and returning director is provided.

**Your Board unanimously recommends a vote FOR each of the nominees.**

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**Nominees for Director**

**Class II Director to hold office until the 2010 Annual Meeting of Stockholders**

**SALVATORE J. BONANNO, SR.**

Age 67

Salvatore J. Bonanno, Sr. has served as Chairman and Chief Executive Officer of Bonanno Enterprises L.L.C. since 2000. The company provides discretionary capital, interim or transition management, and executive consulting services for industrial operations. While serving as President & Chief Executive Officer of Xymox Technologies, Inc., from 2003 to 2008, Mr. Bonanno led the company's restructuring efforts. He has also served in senior executive positions with Visionary Vehicles, Grove Worldwide L.L.C., Foamex International and with Chrysler Corporation. Mr. Bonanno currently serves on the Board of Directors of Xymox Technologies, Inc. and Waukesha Tool & Stamping L.L.C and has served on the boards of numerous manufacturing and engineering companies.

**Class I Directors to hold office until the 2012 Annual Meeting of Stockholders**

**DAVID C. DAUCH**

Age 44

David C. Dauch is President & Chief Operating Officer of AAM, a position he has held since June 2008. Previously, he served as Executive Vice President & COO. Mr. D.C. Dauch joined AAM in July 1995 as manager, Sales Administration. He subsequently held several positions with the Company, including Director, Sales - GM Full-Size Truck Programs; Vice President, Sales & Marketing, Vice President, Manufacturing, Driveline Division; Senior Vice President, Sales, Marketing & Driveline Division; Senior Vice President, Commercial; and Executive Vice President, Commercial & Strategic Development. Mr. D.C. Dauch served in several positions, including Sales Manager of Ford Programs, at Collins & Aikman Products Company, where he received the President's Award for leadership and innovation. Dauch also served on the Collins & Aikman Board of Directors from 2002 to 2007. Presently, he serves on the Miami University Business Advisory Council and the Board of Directors of the Boys & Girls Club of Southeast Michigan.

**FOREST J. FARMER**

Age 68

Forest J. Farmer has served as Chairman of the Board, Chief Executive Officer & President of The Farmer Group, a holding company for four technology and manufacturing corporations, since 1998. Mr. Farmer is

Director since  
1999

the President of Trillium Teamologies, an IT solutions provider located in Royal Oak, Michigan. In 1994, he retired from Chrysler Corporation after 26 years of service, which included six years as President of its Acustar automotive parts subsidiary. Mr. Farmer serves on the Boards of Directors of a number of corporations and organizations, including The Lubrizol Corporation, St. John's Hospital System and Saturn Electronics Corporation.

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**RICHARD C. LAPPIN**

Age 64

Director since  
1999

Richard C. Lappin has served as Chairman of the Board & Chief Executive Officer of Clear Sky Power, an alternative energy company, since January 2007. He retired in 2004 as Chairman of the Board of Haynes International, Inc. Previously, Mr. Lappin served as Senior Managing Director of The Blackstone Group L.P., where he was a member of the Private Equity Group from 1998 to 2002. He also helped monitor the operations of Blackstone Capital Partners portfolio companies and evaluated business strategy options. From 1989 to 1998, Mr. Lappin served as President of Farley Industries, which included West Point-Pepperell, Inc., Acme Boot Company, Inc., Tool and Engineering, Inc., Magnus Metals, Inc. and Fruit of the Loom, Inc. He also served as President and Chief Executive Officer of Doehler-Jarvis and Southern Fastening Systems, and he has held senior executive positions with Champion Spark Plug Company and RTE Corporation.

**THOMAS K. WALKER**

Age 68

Director since  
1999

Thomas K. Walker is Chairman of the Board & Chief Executive Officer of Lackawanna Acquisition Corporation and is the former President of Amcast Automotive, where from 1995 to 1999 he directed all activities for the \$300 million automotive group. Previously, he held senior executive positions with ITT Automotive and Allied-Signal Automotive Catalyst Co. He also served in various manufacturing and engineering leadership positions with Volkswagen of America and with General Motors Corporation, where he began his 40-year career in the automotive industry. Mr. Walker serves on the National Advisory Board for Michigan Technological University.

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**Returning Directors**

**Class II Directors to hold office until 2010 Annual Meeting of Stockholders**

**ELIZABETH A. CHAPPELL**

Age 51

Elizabeth A. (Beth) Chappell has served as President and Chief Executive Officer of the Detroit Economic Club since 2002. Previously, she served as Executive Vice President, Corporate Communications & Investor Relations for Compuware Corporation. From 1995 to 2000, Ms. Chappell was President and Chief Executive Officer of a consulting firm she founded, The Chappell Group, Inc. For 16 years, Ms. Chappell held executive positions at AT&T. Since 1999, Ms. Chappell has served on the Board of Directors of the Handleman Company. She also serves on a number of civic boards, including Brother Rice High School, Citizens Research Council, Detroit Regional Chamber, Airport Authority-Citizen s Review Council, United Way Tocqueville Committee and Michigan Economic Development Corporation. Ms. Chappell is a former board member of the Karmanos Cancer Institute, Michigan Economic Growth Authority and Hospice of Michigan.

Director since  
2004

**DR. HENRY T. YANG**

Age 68

Dr. Henry T. Yang is the Chancellor at the University of California, Santa Barbara, where he also serves as professor of mechanical engineering. Formerly the Dean of Engineering and Neil Armstrong Distinguished Professor in Aerospace Engineering at Purdue University, Dr. Yang is a nationally recognized expert in automotive and aerospace engineering. He holds a Ph.D. degree in engineering from Cornell University as well as four honorary doctorates. He is a member of the National Academy of Engineering. He is an active member of the Executive Committee of the American Association of Universities, the Steering Committee of the Association of Pacific Rim Universities and the Board of Trustees of University Research Association.

Director since  
2004

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**Class I Directors to hold office until 2011 Annual Meeting of Stockholders**

**RICHARD E. DAUCH**

Age 66

Director since  
1994

Richard E. Dauch is Co-Founder, Chairman of the Board & Chief Executive Officer of AAM, and is also Chairman of the Executive Committee of the Board. He has been Chief Executive Officer and a member of the Board since AAM began operations in March 1994. In October 1997, he was named Chairman of the Board of Directors. He was also President of AAM from March 1994 through December 2000. Prior to March 1994, he spent 12 years at Chrysler Corporation, where he established the just-in-time materials management system and the three-shift manufacturing vehicle assembly process. He is a retired officer from the Chrysler Corporation. Mr. Dauch's last position at Chrysler, in 1991, was Executive Vice President of Worldwide Manufacturing. Mr. Dauch also served as Group Vice President of Volkswagen of America, where he established the manufacturing facilities and organization for the successful launch of the first major automotive transplant in the United States. Mr. Dauch has more than 44 years of experience in the automotive industry. Mr. Dauch was the 2006 recipient of the Shien-Ming Wu Foundation Manufacturing Leadership Award. In 2005, he received the CEO Legend Award from Automation Alley. In 2003, he received the Harvard Business School of Michigan Business Statesman Award, the Ernst & Young Entrepreneur of the Year Award, and the Northwood University Outstanding Business Leader Award. In 1999, he was named the Michiganian of the Year by *The Detroit News* and he was named the 1997 Manufacturer of the Year by the Michigan Manufacturers Association. In 1996, he was named Worldwide Automotive Industry Leader of the Year by the Automotive Hall of Fame. Mr. Dauch currently serves on the board of directors of the National Association of Manufacturers (N.A.M.), where he previously served as Chairman. He has lectured extensively on the subject of manufacturing and authored the book, *Passion for Manufacturing*, which is distributed in colleges and universities globally and in several languages.

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**WILLIAM P. MILLER II**

Age 53

Director since  
2005

Mr. Miller is the Deputy Director of Investments and has been employed by the Ohio Public Employees Retirement System since August 2005. Previously, he served as Senior Risk Manager for the Abu Dhabi Investment Authority from April 2003. Mr. Miller was a risk management advisor for the Rockefeller Foundation, a non-profit foundation, and an advisor to Africa Global from June 2002 to April 2003. From September 1996 to May 2002, he served as Senior Vice President and Independent Risk Oversight Officer for Commonfund Group, an investment management firm for educational institutions. Mr. Miller previously served as Director, Trading Operations and Asset Mix Management with General Motors Investment Management Corp. and as a Financial Analyst with the U.S. Department of Transportation.

Mr. Miller is a director of the Chicago Mercantile Exchange and is a member of the Public Company Accounting Oversight Board's Standing Advisory Group. Previously, Mr. Miller was a member of the Financial Accounting Standards Board's User Advisory Council and a director of the Dubai International Financial Exchange. Mr. Miller is a Chartered Financial Analyst and member of the Institute of Chartered Financial Analysts.

**LARRY K. SWITZER**

Age 65

Director since  
2005

Larry K. Switzer retired as Chief Executive Officer of DANKA PLC, London, England, a global independent distributor of office equipment, in 2000. From 1994 to 1998, Mr. Switzer was Senior Executive Vice President and Chief Financial Officer of Fruit of the Loom, Inc. Previously, he served as Executive Vice President and Chief Financial Officer for Alco Standard Corporation and, from 1989 to 1992, Senior Vice President and Chief Financial Officer for S.C. Johnson & Son, Inc. Mr. Switzer has also held senior executive positions at Bendix Corp., White Motor Corp. and Gencorp.

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**CORPORATE GOVERNANCE**

**Corporate Governance Guidelines**

The Board has adopted Corporate Governance Guidelines that meet or exceed the requirements of the NYSE listing standards. AAM's Corporate Governance Guidelines are available on our website at <http://www.aam.com/investors/corporategovernance>.

**Board Structure and Self-Evaluation**

The Board is divided into three classes. Directors serve for staggered three-year terms. In January 2009, the size of the Board was increased from nine to ten members. As a result, Class I consists of four positions and Class II and Class III each consist of three positions. The Board believes that the staggered election of directors helps to maintain continuity and ensures that a majority of directors at any given time will have in-depth knowledge of the Company. The Board and the Audit Committee, Compensation Committee, Nominating/Corporate Governance Committee and the Technology Committee each conduct an annual self-evaluation in order to monitor and continuously improve the effectiveness of the Board and its committees.

**Director Independence**

AAM's Corporate Governance Guidelines provide that at least a majority of the members of the Board and each member of the Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee meet the independence criteria of the NYSE listing standards. In addition, the Board has established Director Independence Guidelines to assist in determining the independence of our directors. No director qualifies as independent unless the Board determines that the director has no direct or indirect material relationship with the Company. The Board considers all relevant facts and circumstances of which it is aware in making an independence determination. The Director Independence Guidelines are included in AAM's Corporate Governance Guidelines, which are available on our website at <http://www.aam.com/investors/corporategovernance>.

Based on the independence criteria of the NYSE listing standards and our Director Independence Guidelines, the Board affirmatively determined that each of the following directors and nominees are independent: Salvatore J. Bonanno, Sr., Elizabeth A. (Beth) Chappell, Forest J. Farmer, Richard C. Lappin, William P. Miller II, Larry K. Switzer, Thomas K. Walker and Dr. Henry T. Yang. Richard E. Dauch, Co-Founder, Chairman of the Board & CEO, and David C. Dauch, President & COO, are not independent due to their employment with AAM. Mr. D.C. Dauch is the son of Mr. R.E. Dauch.

Of the eight directors and nominees who qualify as independent, one director and one nominee each has a relationship that the Board found to be immaterial under the independence standards. Each has a relationship with an entity that was reviewed by the Board under the independence standards covering payments for properties or services exceeding the greater of \$1 million or two percent of the annual consolidated gross revenues of the outside entity. The director is an officer of a non-profit organization that received sponsorship fees from AAM that were significantly less than these amounts. The nominee has a minority interest in a supplier that receives annual payments from AAM that also were significantly less than the amounts set forth in the independence standards. The Board determined that each of the relationships was immaterial and does not impair the director's or nominee's independence.

**Executive Sessions of Non-Management and Independent Directors**

Non-management directors, all of whom are independent, meet in executive session without AAM management present at the end of each scheduled Board meeting. Thomas K. Walker, an independent director, has been selected by the Board to preside at each executive session.

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### **Stockholder Communication with the Board**

Stockholders or other interested parties may communicate with the Board through the Secretary of AAM by mail at One Dauch Drive, Detroit, Michigan 48211-1198 or by e-mail at [AAMBoardofDirectors@aam.com](mailto:AAMBoardofDirectors@aam.com).

The Board has instructed the Secretary to review all such communications and to exercise his discretion not to forward correspondence to the Board that is inappropriate, such as business solicitations, frivolous communications and advertising, routine business matters and personal grievances. However, any director may at any time request the Secretary to forward any communication received by the Secretary.

### **Code of Business Conduct**

AAM has adopted a Code of Business Conduct that is designed to assist all AAM associates, executive officers and members of the Board in conducting AAM's business with the highest standards of ethics and integrity. AAM has also adopted a Code of Ethics for our CEO, CAO, CFO and other Senior Financial Officers. The Board annually reviews the Code of Business Conduct and updates the Code as appropriate. AAM's Code of Business Conduct and Code of Ethics for our CEO, CAO, CFO and other Senior Financial Officers are available on our website at <http://www.aam.com/investors/corporategovernance>. A written copy also may be obtained by any stockholder without charge upon request to the AAM Investor Relations Department.

### **Related Person Transactions Policy**

The Board adopted a policy and procedure for the review, approval and ratification of transactions involving AAM and related persons as defined in the policy. This policy supplements AAM's other conflict of interest policies as set forth in AAM's Code of Business Conduct. The Board has delegated to the Audit Committee the responsibility for reviewing, approving and ratifying all related person transactions in accordance with the policy.

Transactions covered by the policy include any financial transaction, arrangement or relationship or series of similar transactions, arrangements or relationships in which:

- AAM is or is expected to be a participant;
- the amount involved exceeds \$100,000; and
- a related person has or will have a direct or indirect material interest.

A transaction between AAM and a related person is not subject to this policy if the transaction:

- is available to all employees generally;
- involves less than \$5,000 when aggregated with all similar transactions; or
- involves compensation of an executive officer that is approved by the Compensation Committee.

A related person includes directors and executive officers and their immediate family members, stockholders owning more than five percent of the Company's outstanding common stock as of the last completed fiscal year, and any entity owned or controlled by any one of these persons.

A related person transaction will be permitted only if the transaction is approved by the Audit Committee and is on terms comparable to those available to unrelated third parties. Any related person transaction involving a member of the Audit Committee must be presented to disinterested members of the full Board for review.

In considering a transaction, the Audit Committee and/or the Board may consider the following factors, as applicable:

the Company's business reasons for entering into the transaction;  
the alternatives to entering into a related person transaction;

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the potential for the transaction to lead to an actual or apparent conflict of interest and any safeguards imposed to prevent such actual or apparent conflict;  
the extent of the related person's interest in the transaction; and  
the transaction is in the best interests of AAM.

Every director and executive officer is required to report any existing or contemplated related person transaction to AAM's Vice President, Chief Administrative Officer & Secretary. In addition, AAM's directors and executive officers complete annual questionnaires designed to elicit information about potential related person transactions. As of the date of this Proxy Statement, no existing or contemplated related person transaction has been brought to the attention of the Secretary, the Audit Committee or the Board.

**Board Committee Composition**

The Board held four regularly scheduled meetings and one special meeting during 2008. Directors are expected to attend all Board meetings, meetings of the committees on which they serve and stockholder meetings. During 2008, all directors attended 100 percent of the meetings of the Board and the committees on which they served, with the exception of one director who attended 85 percent of the Board and committee meetings. All directors attended the 2008 annual meeting of stockholders. The following table shows the membership of the Board's committees during 2008 and the number of committee meetings held during 2008.

**COMMITTEE MEMBERSHIP IN 2008**

<b>Name of Director</b>	<b>Audit Committee</b>	<b>Compensation Committee</b>	<b>Nominating/ Corporate Governance Committee</b>	<b>Executive Committee Chairman</b>	<b>Technology Committee</b>
Richard E. Dauch					
John A. Casesa <sup>(1)</sup>		X			
Elizabeth A. Chappell		X			
Forest J. Farmer		Chairman	X	X	
Richard C. Lappin			X		X
William P. Miller II	Chairman				X
Larry K. Switzer	X				
Thomas K. Walker	X	X	Chairman	X	X
Dr. Henry T. Yang					Chairman
<b>No. of Meetings in 2008</b>	<b>4</b>	<b>9</b>	<b>4</b>	<b>2</b>	<b>4</b>

(1) Mr. Casesa resigned from the Board effective February 10, 2009.

**Audit Committee**

The Audit Committee provides assistance to the Board with respect to: the quality and integrity of our financial statements, our compliance with legal and regulatory requirements, our independent auditor's qualifications and independence, and the performance of our internal audit function and independent auditors. The Audit Committee operates under a written charter that is available on AAM's website at <http://www.aam.com/investors/corporategovernance>.



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The Board has determined that all Audit Committee members serving during 2008 are independent and financially literate under applicable NYSE listing standards. Mr. Miller and Mr. Switzer also qualify as audit committee financial experts as defined by SEC rules.

## **Compensation Committee**

The Compensation Committee is responsible for the following:

- Establishing and reviewing AAM's compensation philosophy and programs with respect to our executive officers;
- Approving executive officer compensation with a view to support AAM's business strategies and objectives;
- Approving corporate goals and objectives relevant to executive officer compensation and evaluating executive officer performance in light of these criteria, in consultation with the CEO (in the case of our other executive officers) and with input from other independent directors (in the case of the CEO);
- Recommending to the Board the approval, amendment and termination of incentive compensation and equity-based plans and certain other compensation matters;
- Overseeing the preparation of the Compensation Discussion and Analysis for inclusion in our annual proxy statement or in our annual report filed on Form 10-K; and
- Producing the Compensation Committee Report for inclusion in our annual proxy statement or in our annual report filed on Form 10-K in accordance with applicable regulations.

The Compensation Committee operates under a written charter that is available on our website at <http://www.aam.com/investors/corporategovernance>. In accordance with our Corporate Governance Guidelines, the Compensation Committee is also responsible for recommending non-employee director compensation and benefits for approval by the Board.

## **Role of Management in Compensation Decisions**

The Compensation Committee is responsible for making compensation decisions relative to executive officers. However, in making its decisions, the Committee seeks and considers input from senior management. Since management has direct involvement with and in-depth knowledge of the business strategy, goals and performance of the Company, certain executive officers play an important role in the executive compensation decision-making process. Senior management participates in the Committee's activities in the following specific respects:

The CEO reports to the Committee with respect to his evaluation of the performance of the Company's executive officers, including the other named executive officers (NEOs). Together with the President & COO and the Human Resources department head, the CEO makes compensation recommendations for these individuals, including base salary levels and the amount and mix of incentive awards.

The CEO, the President & COO, the CFO, and the Human Resources department head develop recommended performance objectives and targets for AAM's incentive compensation programs. The Human Resources Department also assists the Chairman of the Committee in developing meeting agendas and manages the preparation and distribution of pre-meeting informational materials on the matters to be considered.

The CEO, the CFO and the Human Resources department head regularly attend Committee meetings.

Management generally does not attend the executive session of the Committee. However, there are times when the Committee requests that certain members of management, including the CEO, the President & COO and the Human Resources department head, be present for all or a portion of an executive session.

The CEO, President & COO and the Human Resources department head recommend long-term incentive grants for executive officers, other than the CEO, for approval by the Committee.



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**Role of Compensation Consultant**

In performing its duties, the Compensation Committee retains an independent compensation consultant. In July 2008, the Committee retained the services of Hewitt Associates LLC (Hewitt) to provide independent advice and ongoing recommendations compensation matters related to the CEO, other executive officers and non-employee directors, including:

- Provide independent input for the Committee's decision-making with respect to executive compensation;
- Provide independent input related to non-employee director compensation;
- Provide market data as a reference for the Committee to consider in evaluating base salaries and incentive compensation for executive officers.

During 2008, Hewitt attended two Compensation Committee meetings. In the course of fulfilling its responsibilities, Hewitt communicates directly with the Chairman prior to Compensation Committee meetings. Hewitt also meets with the management team to gather information, prepare materials, and review proposals to be made to the Compensation Committee. Towers Perrin served as the independent compensation consultant prior to the retention of Hewitt.

**Nominating/Corporate Governance Committee**

The Nominating/Corporate Governance Committee's primary responsibilities are to:

- Identify qualified individuals to serve on the Board and committees;
- Review our Corporate Governance Guidelines and Code of Business Conduct and recommend changes as appropriate; and