

AMERICAN AXLE & MANUFACTURING HOLDINGS INC

Form DEF 14A

March 19, 2010

Table of Contents

**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.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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2) Aggregate number of securities to which transaction applies:

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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Table of Contents

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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

April 29, 2010

American Axle & Manufacturing Holdings, Inc. (AAM)

- Time and Date** 3:00 p.m., local time, on Thursday, April 29, 2010
- Place** AAM World Headquarters Auditorium, One Dauch Drive, Detroit, Michigan
- Items of Business**
- (1) Elect three members of the Board of Directors to serve until the Annual Meeting of Stockholders in 2013;
 - (2) Ratify the appointment of Deloitte & Touche LLP as AAM's independent registered public accounting firm for the year ending December 31, 2010; 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, 2010.
- 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 2010 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 2010 Proxy Statement, 2009 Annual Report and Form 10-K (proxy materials) and lower the costs of our annual meeting. On March 19, 2010, we mailed a notice of Internet availability (notice) to most stockholders containing instructions on how to access the proxy materials and to vote online. 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
Executive Vice President, Chief Administrative Officer & Secretary
March 19, 2010

2010 ANNUAL MEETING OF STOCKHOLDERS

PROXY STATEMENT

TABLE OF CONTENTS

	Page No.
<u>INTERNET AVAILABILITY OF PROXY MATERIALS</u>	2
<u>QUESTIONS AND ANSWERS ABOUT VOTING AND THE ANNUAL MEETING</u>	2
<u>PROPOSAL 1: ELECTION OF DIRECTORS</u>	5
<u>Nominees for Director</u>	6
<u>Returning Directors</u>	8
<u>CORPORATE GOVERNANCE</u>	12
<u>COMPENSATION OF EXECUTIVE OFFICERS</u>	19
<u>Compensation Discussion and Analysis</u>	19
<u>Summary Compensation Table</u>	30
<u>Grants of Plan-Based Awards</u>	31
<u>Outstanding Equity Awards at December 31, 2009</u>	34
<u>Options Exercised and Stock Vested</u>	36
<u>Pension Benefits</u>	37
<u>Nonqualified Deferred Compensation</u>	39
<u>Potential Payments Upon Termination or Change of Control</u>	40
<u>2009 Compensation of Non-Employee Directors</u>	48
<u>SECURITY OWNERSHIP</u>	50
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	51
<u>PROPOSAL 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2010</u>	52
<u>AUDIT COMMITTEE DISCLOSURE</u>	53
<u>Report of the Audit Committee</u>	53
<u>Policy for Pre-Approval of Audit and Non-Audit Services</u>	54
<u>Fees of Independent Auditors</u>	54
<u>OTHER MATTERS</u>	55

Table of Contents

PROXY STATEMENT

**Annual Meeting of Stockholders
To Be Held April 29, 2010**

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 2010 annual meeting of stockholders electronically via the Internet. On March 19, 2010, we initiated delivery of proxy materials to our stockholders of record as of the close of business on March 3, 2010 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.

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, 2010 (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 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, you are a street name holder. If you hold shares in more than one account, each notice, proxy and/or voting instruction card you receive that has a unique control number must be voted so that all your shares 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.

Table of Contents

How many shares may vote at the meeting?

As of March 3, 2010, we had 71,576,175 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 three nominees with terms expiring at the 2013 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, 2010.

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 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?

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, you must vote by giving instructions to your broker, bank or other nominee (collectively, broker). You should follow the voting instructions on the form that you receive from your broker. The availability of telephone and Internet voting will depend on your broker's voting process.

Table of Contents

Election of directors. Beginning this year, if you do not instruct your broker how to vote on the election of each director, your broker may not vote your shares with respect to each director's election. Shares not voted will be *broker non-votes*. Broker non-votes will not count as votes FOR or AGAINST a director and will have no direct effect on the outcome of the election. Therefore, we urge you to give voting instructions to your broker on the election of each director. Broker non-votes will be counted as present for purposes of determining whether enough votes are present to hold the annual meeting.

Ratification of independent auditors. Without your instructions, your broker is permitted to use its own discretion and vote your shares on the ratification of the appointment of the Company's independent auditors. If you do not give your broker voting instructions and your broker does not vote, the votes will be *broker non-votes* and will have no impact on the outcome of the ratification proposal. We urge you to give your broker voting instructions on this proposal.

Table of Contents

PROPOSAL 1: ELECTION OF DIRECTORS

The Board proposes that the three directors standing for re-election as Class II directors, Salvatore J. Bonanno, Sr., Elizabeth A. Chappell, and Dr. Henry T. Yang, be elected to the Board for terms expiring at the annual meeting in 2013.

The Board is divided into three classes. Directors serve for staggered three-year terms. 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 unanimously approved the nominations of our Class II returning directors based on the outstanding achievements, special competencies and integrity of each nominee. Each nominee, as well as each returning director, brings a strong and unique background and set of skills to the Board. Collectively, the Board has high levels of competence and experience in a variety of areas, including manufacturing, engineering, finance, international business, management, restructuring, risk management and the global automotive industry. A summary of the principal occupation, professional background and specific qualifications and/or skills of each nominee and returning director is provided below.

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

Table of Contents

Nominees for Director

Class II Director to hold office until the 2013 Annual Meeting of Stockholders

SALVATORE J. BONANNO, SR.

Age 68

Salvatore J. Bonanno, Sr. served as Chairman and Chief Executive Officer of Bonanno Enterprises L.L.C. from 2000 until 2007. The company provided 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 successful restructuring efforts. Mr. Bonanno served as the Chairman and CEO of Grove Worldwide L.L.C., the President and COO of Foamex International, and held many senior executive positions in his 30 year tenure 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. Mr. Bonanno's leadership experience in international automotive business and expertise in engineering and automotive technology is aligned with AAM's strategic objectives and is important to the Board's oversight of these areas.

Director since
2009

ELIZABETH A. CHAPPELL

Age 52

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. From 1999 to 2009, Ms. Chappell 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. In 2009, Ms. Chappell was instrumental in convening The National Summit in Detroit, Michigan, a cross sector gathering of business, government, labor and academic leaders to develop and promote America's competitiveness in a global economy. Ms. Chappell's demonstrated leadership skills, entrepreneurial business experience and service on various Boards of Directors enhance her contributions to the

Director since
2004

Board on matters of significance to AAM's strategic business development.

Table of Contents

DR. HENRY T. YANG

Age 69

Director since
2004

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 five honorary doctorates and is a member of the National Academy of Engineering. He is Chairman of the Executive Committee of the American Association of Universities, Vice Chairman of the Association of Pacific Rim Universities, Chairman of the Board of Thirty Meter Telescope, and a director of the Board of Kavli Foundation. Dr. Yang's distinguished academic career and extensive knowledge and leadership in advanced technology provides the Board with a valuable perspective relative to AAM's global business growth. Dr. Yang's in-depth knowledge and expertise in engineering, science and technology and his leadership as Chairman of the Technology Committee provides the Board with a critical resource related to the Company's advancements in technology.

Table of Contents

Returning Directors

Class III Directors to hold office until 2011 Annual Meeting of Stockholders

RICHARD E. DAUCH

Director since
1994

Age 67

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 45 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. The Board considers Mr. R.E. Dauch's continuing leadership and the services he provides to AAM as critical to the achievement of the Company's strategic goals. Mr. R. E. Dauch's leadership and extensive expertise in the global automotive industry and manufacturing operations address the Company's need to maintain and reinforce AAM's unique operating culture as AAM expands internationally.

Table of Contents

WILLIAM P. MILLER II

Age 54

Director since
2005

Mr. Miller, a chartered financial analyst, is the Deputy Chief Investment Officer and has been employed by the Ohio Public Employees Retirement System since August 2005. Mr. Miller is a director of the Chicago Mercantile Exchange. Previously, he served as Senior Risk Manager for the Abu Dhabi Investment Authority from 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 also 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 also was a member of the Financial Accounting Standards Board's User Advisory Council, a director of the Dubai International Financial Exchange and a member of the Public Company Accounting Oversight Board's Standing Advisory Group. Mr. Miller's expertise in finance, investments, risk management, international business, and accounting provides the Board with invaluable guidance in assessing and managing risks and in fulfilling the Board's financial oversight role.

LARRY K. SWITZER

Age 66

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. As a former chief financial officer, Mr. Switzer serves as a valued resource to the Board in finance, accounting and tax and provides significant expertise and insight in addressing the Company's capital structure, liquidity needs and strategic business development.

Table of Contents

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

DAVID C. DAUCH

Age 45

Director since
2009

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 and has served in positions of increasing responsibility. Prior to joining AAM, Mr. D.C. Dauch served in several positions at Collins & Aikman Products Company, where he received the President's Award for leadership and innovation. Mr. D.C. Dauch also served on the Collins & Aikman Board of Directors from 2002 to 2007. Presently, he is a Board member of Business Leaders for Michigan and serves on the Miami University Business Advisory Council and the Board of Directors of the Boys & Girls Club of Southeast Michigan. Mr. D.C. Dauch's day to day leadership as President & COO provides him with intimate knowledge of and responsibility for developing and implementing the Company's operating and strategic objectives. Mr. D.C. Dauch was instrumental in leading AAM through the successful completion of its comprehensive multi-year restructuring plan and the commercial and financial agreements in 2009. Mr. D.C. Dauch's leadership of AAM's global business and operations provides the Board with strategic vision and insight regarding AAM's strategic plans for the future.

FOREST J. FARMER

Age 69

Director since
1999

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 the President of Trillium Teamologies, an IT solutions provider located in Royal Oak, Michigan. Mr. Farmer serves on the Boards of Directors of The Lubrizol Corporation and Saturn Electronics Corporation. In 1994, he retired from Chrysler Corporation after 26 years of service, which included six years as President of its Acustar automotive parts subsidiary. Through his senior management-level experience as well as his service on the Board and Compensation Committee of another public company, Mr. Farmer brings strong leadership skills, extensive U.S. automotive and manufacturing experience, and public company experience to our Board.

Table of Contents

RICHARD C. LAPPIN

Age 65

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. Mr. Lappin's experience as a chief executive officer and his financial expertise provides the Board with an important perspective in the areas of business strategy and organizational development, as well as the Company's investment criteria, capital structure and liquidity needs.

THOMAS K. WALKER

Age 69

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. Mr. Walker's business acumen and extensive leadership experience in the automotive industry enables him to provide our Board with expertise related to engineering, manufacturing operations and strategic business development. Mr. Walker's service on all Board committees makes him an effective lead independent director for the Board.

Table of Contents

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>.

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. 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 who qualify as independent, two directors have a relationship that the Board found to be immaterial under applicable independence standards. Mr. Bonanno serves on the Board of and has a minority interest in a supplier that receives payments for sales made to AAM. Ms. Chappell is an officer of a non-profit organization that receives sponsorship fees from AAM. Each of these relationships arose in the ordinary course of business. In addition, the annual amounts paid by AAM to each outside entity were substantially below the greater of \$1 million or two percent of the annual gross revenues of such outside entity, which is the threshold amount established under the applicable independence standard. Accordingly, the Board determined that each relationship is immaterial and does not impair either director's independence.

Board Leadership Structure

The Board believes that as AAM's co-founder, Richard E. Dauch, is uniquely qualified to serve as Chairman of the Board while holding the position of CEO. Mr. R.E. Dauch has been CEO since he co-founded AAM in 1994 and has served as Chairman since 1997. The Board benefits from this structure through Mr. R.E. Dauch's contributions as a strong leader with extensive knowledge of the global automotive industry and a unique commitment to the success of the Company he co-founded.

This Board leadership structure is further enhanced by independent director oversight. The Board is comprised of eight independent directors, including a lead director. Independent directors and management have different perspectives and roles in strategy development. One of the key responsibilities of the Board is to develop strategic direction while holding management accountable for execution of its business plans. Our leadership structure provides

the appropriate balance necessary to accomplish this objective and is the most effective leadership structure for the Board at this time.

The Board recognizes that no single leadership model is appropriate for a Board at all times. Accordingly, the Board may consider a different leadership structure, including a separation of the roles of CEO and Chairman, as appropriate, as the Company's business and leadership continue to evolve.

Table of Contents

Lead Director and Executive Sessions

Thomas K. Walker was selected by the Board to serve as the lead director for all meetings of non-management directors held in executive session. Mr. Walker is an independent director and serves on every Board committee. The lead director's responsibilities include presiding at executive sessions of the Board's non-management directors and acting as a liaison between the Chairman and the 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.

Board Oversight of Risk

The Board as a whole and also at the committee level oversees management of the Company's risks. The Board regularly reviews information provided by senior management regarding the Company's strategic, operational, financial and compliance risks. In addition, the chairs of the Audit, Compensation, Nominating/Corporate Governance and Technology Committees regularly report to the Board the activities of their respective Committees, including matters related to risk.

The Audit Committee oversees management of financial risks and receives an annual report from management on the Company's overall risk management structure and process. The Nominating/Corporate Governance Committee manages risks associated with corporate governance and management succession planning. The Compensation Committee oversees risks related to AAM's compensation programs. The Technology Committee oversees risks related to AAM's product, process and systems technology.

Additional review or reporting of specific risks is conducted as necessary or as requested by the Board or a Committee. For example, as the financial and liquidity risks of the Company increased during the economic and industry crisis in 2009, the Board assumed a more active role relative to managing these risks. During 2009, the Board held four special meetings and eight informational update sessions in addition to the four regularly scheduled meetings. These additional meetings and sessions were conducted to review management plans and reports and receive expert financial and legal advice from outside advisors. This process was instrumental in the Company's ability to successfully navigate through this crisis and preserve value for AAM's stockholders and other key stakeholders.

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.

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 advertising and business solicitations, frivolous communications and 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, COO, CAO, CFO and other Senior Financial Officers (Code of Ethics). 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 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 by mail at One Dauch Drive, Detroit, Michigan 48211-1198 or by email at investorrelations@aam.com.

Table of Contents

Related Person Transactions Policy

The Board has 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.

For purposes of this policy, a related person transaction includes 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.

However, 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 meeting the above criteria 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;
- 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 Executive 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 four special meetings during 2009. Directors are expected to attend all Board meetings, meetings of the committees on which they serve and stockholder meetings. During 2009, 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 all but one of the Board meetings. Nine of 10 directors attended the 2009 annual meeting of stockholders.

Table of Contents

The following table shows the membership of the Board's committees during 2009 and the number of committee meetings held during 2009.

COMMITTEE MEMBERSHIP IN 2009

Name of Director	Audit Committee	Compensation Committee	Nominating/ Corporate Governance Committee	Executive Committee Chairman	Technology Committee
Richard E. Dauch					
Salvatore J. Bonanno, Sr.					X
Elizabeth A. Chappell		X			
David C. Dauch					
Forest J. Farmer		Chairman	X	X	
Richard C. Lappin			X		X
William P. Miller II	Chairman				X
Larry K. Switzer ⁽¹⁾	X	X			
Thomas K. Walker	X	X	Chairman	X	X
Dr. Henry T. Yang					Chairman
John A. Casesa ⁽²⁾		X			
No. of Meetings in 2009	6	9	4	0	4

(1) Mr. Switzer became a member of the Compensation Committee effective October 28, 2009.

(2) 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>.

The Board has determined that all Audit Committee members serving during 2009 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);

Table of Contents

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; and
Producing the Compensation Committee Report for inclusion in our annual proxy statement.

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

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 on 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;
Prepare competitive market data, including current compensation trends, as a reference for the Committee to consider in evaluating compensation for executive officers.

In the course of fulfilling its responsibilities, Hewitt communicates directly with the Chairman prior to Compensation Committee meetings. Hewitt also meets with management to gather information, prepare materials, and review

proposals to be made to the Committee.

Table of Contents

After 2009 year end, but prior to the filing of this proxy statement, Hewitt Associates spun off its executive compensation practice into a separate, independent entity named Meridian Compensation Partners, LLC. In order to maintain consistent process and representation, the Compensation Committee retained Meridian going forward as its independent executive compensation consultant.

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
- Oversee and approve the process for succession planning for the CEO and other executive officers.

The Nominating/Corporate Governance Committee operates under a written charter that is available on our website at <http://www.aam.com/investors/corporategovernance>.

Selection Process for Director Nominees. In consultation with the Chairman of the Board, the Nominating/Corporate Governance Committee identifies, evaluates and recommends potential candidates for membership on the Board. The Nominating/Corporate Governance Committee conducts all necessary and appropriate inquiries into the backgrounds and qualifications of the candidates and considers questions of independence and possible conflicts of interest. Based on the Committee's evaluation, candidates who meet the Board's criteria may receive further consideration, which may include interviews with the Nominating/Corporate Governance Committee and other directors. The Committee then submits its recommendations for nominees to the Board for approval.

Before the Board nominates an incumbent director for re-election by our stockholders, the incumbent director may be evaluated by the Nominating/Corporate Governance Committee and/or the Board. This evaluation is based on, among other things, the incumbent director's meeting attendance record and contributions to the activities of the Board.

The Nominating/Corporate Governance Committee considers recommendations of potential candidates from current directors of our Board, our CEO and our stockholders.

Director Qualifications. AAM's Corporate Governance Guidelines provide the qualifications for Board membership. Candidates for director nominees to the AAM Board are reviewed in consideration of the current composition of the Board, the operating requirements of the Company and the interests of stockholders. Although specific qualifications may vary from time to time, desired qualities and characteristics include:

- High ethical character and shared values with AAM;
- Loyalty to AAM and concern for its success and welfare;
- High-level leadership experience and achievement at a policy-making level in business or in educational or professional activities;
- Knowledge of issues affecting AAM;
- The ability to contribute special competencies to Board activities, such as financial, technical, international business or other expertise, or industry knowledge;
- Willingness to apply sound, independent business judgment;
- Awareness of a director's vital role in AAM's good corporate citizenship and corporate image; and
- Sufficient time and availability to effectively carry out a director's duties.

The Board as a whole should reflect the appropriate balance of knowledge, experience, skills, expertise and diversity that, when taken together, will enhance the quality of the Board's deliberations and decisions. Although the Board has no formal policy regarding diversity, the Board believes that diversity is an essential element of Board effectiveness. In this context, diversity is defined broadly to

Table of Contents

include differences in background, skills, education, experience, gender, race, national origin and culture.

For director candidates recommended by stockholders, the Nominating/Corporate Governance Committee follows the procedures described in *Other Matters, Stockholder Proposals for 2011 Annual Meeting*. The Nominating/Corporate Governance Committee will evaluate candidates recommended by stockholders using substantially the same criteria as it considers in evaluating director candidates recommended by our Board members or CEO.

Executive Committee

The Executive Committee exercises the authority of the Board during the intervals between Board meetings and does not meet on a regular basis. Its members are identified in the *Committee Membership in 2009* table.

Technology Committee

The Technology Committee oversees and provides advice to AAM regarding AAM's product, process and systems technology. Its members are identified in the *Committee Membership in 2009* table.

Table of Contents

COMPENSATION OF EXECUTIVE OFFICERS

Compensation Discussion and Analysis

Executive Summary

The massive restructuring of the U.S. domestic automobile manufacturers and many of their suppliers continued and accelerated in 2009. The results of the restructuring included bankruptcy reorganizations in the first half of 2009 for General Motors and Chrysler, AAM's two largest customers. As the automotive industry continued to respond and adjust to reduced levels of customer demand and market requirements, AAM focused on managing what the Company could control. AAM continued to focus on its comprehensive multi-year restructuring plan and achieved permanent and transformational improvements in its cost structure and operating flexibility. Amid these challenging market conditions and the bankruptcy proceedings of AAM's largest customer, AAM entered into agreements with GM to address commercial and financial issues in September 2009, which included the 2009 Settlement and Commercial Agreement and related operational and financing arrangements (collectively, the 2009 Settlement and Commercial Agreement).

AAM's senior management team, comprised of our NEOs, led AAM through a difficult and turbulent operational and financial environment in 2009. With the full support of the Company's Board, AAM's senior management took difficult but necessary steps to preserve value for AAM's stockholders and other key stakeholders while completing the Company's restructuring outside the bankruptcy process. These steps included entering into the 2009 Settlement and Commercial Agreement with GM, amending senior credit agreements, refinancing substantially all of the senior debt maturities through 2014 and raising proceeds through an equity offering.

In connection with the restructuring, the Compensation Committee approved a proposal by management to reduce the base salaries of executive officers by 10 percent and cancel the payment of the annual incentive to executive officers, including the NEOs for fiscal 2009 and 2008. The Compensation Committee and the Board recognize that the performance of our NEOs under the extremely adverse conditions in our industry was instrumental in preserving and enhancing stockholder value in 2009.

In 2009, the Compensation Committee approved a redesigned executive compensation program that reflects an externally competitive compensation structure based on a comprehensive market study of executive compensation programs at companies in AAM's peer group. The study was conducted in 2008 by an independent compensation consultant retained by the Compensation Committee. The new program resulted in a change to the mix of base salaries, target annual incentive opportunities and long-term incentives for executive officers. The entire long-term incentive program for executive officers in 2009 and 2010 will be a cash-based program as a result of AAM not having equity available for compensation-related grants for the next few years. Implementation of the new executive compensation program will occur over a two-year period that began in fiscal year 2009.

Certain provisions of the 2009 Settlement and Commercial Agreement place restrictions on the amount and form of compensation of our NEOs, among others. First, the annual compensation for any executive officer, current or former, cannot exceed \$3 million beginning in fiscal year 2009. Second, beginning in September 2009 golden parachute (or change in control) agreements are prohibited. These restrictions will remain in place until ninety days following the later of (1) repayment and termination of the second lien term loan facility we entered into with GM and (2) termination of certain expedited payment terms described in the 2009 Settlement and Commercial Agreement. The actions taken by AAM to comply with these restrictions on compensation are described below.

Table of Contents**Executive Compensation Philosophy and Objectives**

The Committee is responsible for establishing and reviewing the overall compensation philosophy of the Company. The Committee believes that the compensation paid to executives should be structured to provide AAM executives with meaningful rewards, while maintaining alignment with stockholder interests, corporate values and management initiatives. In addition and while it is in effect, the annual compensation limit of \$3 million and other restrictions contained in the 2009 Settlement and Commercial Agreement will be considered by the Committee in order to ensure compliance with the agreement.

In accordance with this philosophy, the Committee believes that the executive compensation program should consist of a mix of base salary, annual incentive compensation, long-term incentive compensation, perquisites and other personal benefits. One of the key objectives of establishing a mix of base salaries, annual incentive and long-term incentive compensation is to have a significant portion of total compensation be performance based such that this portion of compensation is contingent upon achieving stated company performance goals.

The Company conducted a comprehensive review of the executive compensation structure with the assistance of Hewitt Associates LLC (Hewitt), an independent compensation consultant retained by the Committee in 2008. The Committee established target percentile goals to be incorporated into the overall compensation philosophy of the Company. Therefore, in an effort to more closely align the objectives of the philosophy to market competitive practices, the Committee approved stated target percentile goals for each component of pay. The following pay percentile goals are used as a guide to help set compensation levels for the NEOs, excluding the CEO (whose compensation is determined under his employment agreement, as described below). In addition to these goals, the Committee considers other factors in setting compensation levels for the NEOs, including individual performance and the specific needs of the position for the Company.

Pay Component	Target Percentile Goal
Base Salary	50th Percentile
Target Annual Incentive	Between 50 th and 75 th Percentiles
Long-Term Incentives	Between 50 th and 75 th Percentiles

These percentile goals were established based on the Committee's objective that base salaries be consistent with market salaries at the 50th percentile. The percentile goals for annual incentives and long-term incentives were set between the 50th percentile and the 75th percentile to enable the Company to reward executive performance at a rate slightly above average in order to compete for executive talent. These pay percentile goals are being implemented over a two-year period that began in fiscal year 2009.

Compensation Objectives. The following fundamental objectives are considered in determining compensation programs and pay levels.

Compensation and benefit programs should appropriately reflect the size and financial resources of our Company in order to maintain long-term viability. These programs should be increasingly market-based (rather than legacy) to be competitive relative to the compensation paid to similarly situated executives in our peer group.

Compensation and benefit programs should attract, motivate and retain experienced executives who are vital to our short-term and long-term success, profitability and growth. AAM makes an effort to remain competitive by targeting competitive pay levels based on the Company's Compensation Philosophy with

consideration of the specific business environment and other market influences, while making pay adjustments for individuals under special circumstances.

Table of Contents

Compensation and benefit programs should reward Company and individual performance. Our programs should strive to deliver competitive compensation for exceptional individual and Company performance as compared to companies in our peer group. As associates progress to higher levels in the Company and assume key leadership positions, a greater portion of their compensation should be linked to Company performance and stockholder returns. Company performance is measured against financial and operational objectives and stockholder return.

Compensation and benefit programs should foster the long-term focus required for success in the global automotive industry. We believe that long-term incentive compensation will motivate executive officers to deliver long-term value to our stockholders. Executives at higher levels should have a greater proportion of their compensation tied to longer-term performance because they are in a better position to influence longer-term results.

Executive officers should be AAM stockholders. Stock ownership aligns our executive officers' interests with those of stockholders and reinforces the importance of making sound long-term decisions. AAM's executive officers are required to maintain a certain level of stock ownership based on their position.

The objectives of rewarding performance and retention should be balanced. In periods of downturns in Company performance, particularly when driven by industry events or customer decisions, our compensation programs should continue to ensure that high-achieving, marketable executives remain motivated and committed to AAM. This principle is essential to our effort to encourage our strongest leaders to remain with AAM for long and productive careers.

Compensation and benefit programs should be fair in consideration of each executive's level of responsibility and contribution to AAM. While the overall structure of compensation and benefit programs should be broadly similar across the Company, individual pay levels and benefit packages will necessarily reflect differences in job responsibilities, geography and marketplace considerations.

Market Analysis and Benchmarking

A peer group of 38 broad industrial manufacturing companies, including 10 automotive suppliers, were identified from Hewitt's 2008 Total Compensation Measurement^(tm) database, for consideration by the Committee to help assess the competitive levels of pay and to provide data for 2009 and 2010 pay decisions. The peer group was selected to be representative of a broad industrial sector in which AAM competes for executive talent. The criteria used to assess the market and to select the updated peer group included:

Operating/Industry Competitors Companies with which we compete with for the sale of products and services;
Labor Market Competitors Companies with which we compete for executive talent;
Competitors for Capital Companies with which we compete for investment dollars and against which investment performance is evaluated; and
Revenue Size Companies with revenues within a relevant range.

Table of Contents

The following companies met some or all of these criteria and were approved by the Committee for 2009 and 2010 pay decisions:

A. O. Smith Corporation	Joy Global Inc.
Arvin Meritor, Inc.	Kennametal Inc.
Ball Corporation	Lear Corporation
BorgWarner Inc.	Navistar International
Brady Corporation	Owens-Illinois, Inc.
Cameron International Corporation	PACCAR Inc.
Cummins Inc.	Polaris Industries Inc.
Dana Corporation	Rockwell Automation
Donaldson Company, Inc.	Sauer-Danfoss Inc.
Dover Corporation	Sonoco Products Company
Eaton Corporation	Terex Corporation
Federal Signal Corporation	Thomas & Betts Corporation
Federal-Mogul Corporation	The Timken Company
Fleetwood Enterprises, Inc.	Trinity Industries, Inc.
Flowserve Corporation	TRW Automotive
FMC Technologies	USG Corporation
Genuine Parts Company	Valmont Industries, Inc.
Harley-Davidson Motor Company	Visteon Corporation
Ingersoll-Rand Company	Woodward Governor Company

The market data analysis used in determining executive officer compensation levels was revenue size adjusted using regressed market values for each relevant position.

Tally Sheets

In July 2009, the Committee reviewed compensation tally sheets for each executive officer, including the NEOs. The tally sheets, which are prepared by management, provide a summary of the current amounts of each component of pay, including a historical review of prior long-term incentive grants. The tally sheets also provide a summary of the potential payouts and benefits upon various termination events. The elements and calculations reviewed are substantially similar to the information provided for each NEO in *Potential Payments Upon Termination or Change in Control* below. The Committee did not change the NEOs' compensation based on its review of this information. The Committee expects to review updated tally sheets on an annual basis.

Components of the AAM Compensation Program

The primary components of AAM's executive compensation program are base salary, annual incentives, long-term incentives, and benefits and perquisites. The discussion below of the elements of compensation applies to the NEOs, other than Mr. R. E. Dauch, our CEO. Mr. R. E. Dauch's compensation is discussed separately in *Compensation of Chief Executive Officer* below.

Base Salary. Base salaries provide fixed compensation to the executive for services rendered during the year. To more closely align its compensation programs with market competitive practices, the Company continued its implementation of the compensation program that began in 2009. In accordance with this program, the Committee based its salary determinations for the NEOs by reference to the 50th percentile of our peer group. NEO base salaries

are also based on the recommendations of the CEO and President & COO. Those recommendations were based on experience, time in position, professional development, contribution to the Company, individual performance and other factors. In determining these base salaries, the Committee also reversed a

Table of Contents

10 percent salary reduction that was taken in 2009. The Committee approved the following base salaries for 2010:

	2010 Base Salary
Richard. E. Dauch	\$ 2,702,300
Michael K. Simonte	\$ 500,000
David C. Dauch	\$ 560,000
John J. Bellanti	\$ 460,000
Patrick S. Lancaster	\$ 440,000

As previously disclosed, executive officer base salaries, excluding the CEO, for 2009 were based on reference to the 50th percentile of our peer group and included a 10 percent salary reduction that was taken in connection with the Company's restructuring plan. Base salary for 2009, 2008 and 2007 is shown in the *Summary Compensation Table*.

Annual Incentive Compensation. Annual incentive compensation is designed to align executive officer pay with AAM's annual performance, measured by our achievement of financial targets established under AAM's Incentive Compensation Plan for Executive Officers. Cash incentive awards are permitted to the extent the Company meets or exceeds performance goals set annually by the Committee. Annual incentive compensation at AAM is designed to:

- Encourage executives to achieve short-term goals to foster the long-term goals of the Company;
- Reward performance to support strategic initiatives;
- Provide incentives for executive retention.

2009 and 2008 Annual Incentives

In support of AAM's restructuring plan, executive officers agreed to forego payments under the annual incentive plan for 2009 and 2008.

2010 Annual Incentives

In 2009, the Compensation Committee approved the use of net operating cash flow as the sole performance metric to be used in determining 2010 annual incentives. This performance metric was determined to be the most significant to the Company's strategic initiatives for 2010. Additionally, the use of cash flow as the sole performance metric is appropriate for the following reasons:

- Cash flow is a critical financial metric for AAM at this time due to its impact on liquidity and debt reduction;
- Increasing cash flow is key to achieving credit rating upgrades, which will have a favorable impact on the Company's cost of future financing; and
- Increasing cash flow is positive for all AAM stakeholders.

Individual target incentive awards may be adjusted by the Committee, based on the CEO's recommendation and other factors described in the plan. The following table summarizes the

Table of Contents

approved target annual incentive opportunities for the NEOs beginning in 2010 (stated as a percentage of base salary):

	Annual Incentive Opportunity
Richard E. Dauch	*
Michael K. Simonte	80%
David C. Dauch	90%
John J. Bellanti	80%
Patrick S. Lancaster	80%

- * Mr. R.E. Dauch's employment agreement, as amended, restricts his opportunity for payment of an annual incentive in consideration of the \$3 million compensation limitation.

The award levels for the net operating cash flow performance metric were determined in the fourth quarter of 2009 in conjunction with a review of the projections provided to AAM's lenders during amendment of the senior credit facilities and the Board-approved annual budget.

Long-Term Incentives. Long-term incentive compensation at AAM is designed to:

- Align executive officer and stockholder interests;
- Reward achievement of long-term performance goals; and
- Provide incentives for executive retention.

Due to the expiration of the 1999 Stock Incentive Plan in 2009 and the lack of a replacement long-term equity incentive plan, the Committee approved changes to the long-term incentive program for executive officers that impact both (1) the award opportunity to be provided and (2) the types of vehicles to be used.

2009 Cash-Based Long-Term Incentive Plan. In 2009, the Committee approved a cash-based long-term incentive program, the AAM 2009 Long-Term Incentive Plan (AAM LTIP), which will provide the entire long-term incentive opportunity for executive officers. Under the AAM LTIP, each participant received a target award value, stated as a dollar amount, and based on a percentage of base salary.

In consideration of 2009 market data provided by Hewitt, the Committee approved a 20% reduction in the 2010 LTI target percentiles for executive officers, including the NEOs. The following table summarizes the target award amounts for the NEOs in 2010 and 2009:

	2010 Target Award Amount	2009 Target Award Amount
Richard E. Dauch	*	*
Michael K. Simonte	\$ 600,000	\$ 506,250
David C. Dauch	\$ 1,008,000	\$ 931,500
John J. Bellanti	\$ 552,000	\$ 472,500
Patrick S. Lancaster	\$ 528,000	\$ 472,500

Yogendra N. Rahangdale
(Retired 7/1/09)

\$

\$ 870,750

- * Mr. R.E. Dauch's employment agreement, as amended, restricts his opportunity for payment of a long-term incentive in consideration of the \$3 million compensation limitation.

Award payouts can range from 0 percent to 200 percent of the target value based on the level of performance over a three-year period beginning in January of the year of the award.

Table of Contents**Performance Measures**

For 2009 and 2010 grants under the AAM LTIP, the actual cash payouts will be determined based on the level of performance against two performance metrics approved by the Committee. One-half of the target award payment will be earned based on the cumulative amount of earnings before interest, taxes, depreciation and amortization (EBITDA) over a three-year performance period. In calculating this award, the plan gives the Committee discretion to exclude certain special items from EBITDA, such as special charges or gains, non-recurring operating costs, extraordinary gains or losses, the impact of changes in accounting principles, or any other unusual items. EBITDA was chosen as one of the measures of Company performance as it is a key indicator of the Company's financial and operational performance and is useful in analyzing entity valuation. In addition, EBITDA as a performance measure compliments the metrics used to determine payouts under other incentive programs.

The remaining one-half of the target award amount will be earned based on a total shareholder return (TSR) measure that compares the Company's TSR over the three-year performance period relative to the TSR of AAM's competitor peer group as shown in AAM's 2009 annual report. Relative TSR was chosen as one of the measures of Company performance in order to motivate executive officers to build long-term value for our stockholders above that of our competitor peer group. Share price appreciation and dividends paid will be measured over the performance period to determine TSR.

The following tables illustrate the threshold, target and maximum performance levels for determining award payouts for each performance measure. The EBITDA performance levels shown below were designed to incent a level of performance in the top one-third of our competitor peer group.

EBITDA Performance Measure

Performance Level	3-Year Cumulative EBITDA	Percent of Target Award Opportunity Earned
Threshold	8%	25%
Target	12%	100%
Maximum	15%	200%

TSR Performance Measure

Performance Level	Company's TSR Percentile Rank	Percent of Target Award Opportunity Earned
Threshold	35 th	50%
Target	50 th	100%
Maximum	75 th	200%

Senior Executive Special Incentive Program. On March 15, 2010, the Compensation Committee approved a special incentive program for certain NEOs. The special incentive program was developed to recognize the extraordinary efforts of Mr. Simonte, Mr. D.C. Dauch, Mr. Bellanti and Mr. Lancaster in navigating the Company through the

turbulent financial and market conditions in 2009. As a result of their individual and collective efforts, the Company was able to successfully complete its restructuring outside of bankruptcy, gain contract clarity with GM, and address liquidity concerns by entering into the 2009 Settlement and Commercial Agreement, amending senior credit agreements and raising cash proceeds through an equity offering.

Payments under the special incentive program for Mr. Simonte, Mr. D.C. Dauch and Mr. Bellanti are contingent upon termination of the financial accommodations provided by GM in connection with the 2009 Settlement and Commercial Agreement and the Access and Security Agreement (Access Agreement). The Committee and the full Board believe that termination of the financial

Table of Contents

accommodations provided by GM and the Access Agreement is in the best interests of AAM, its stockholders and other key stakeholders. This action will demonstrate the Company's viability and sustainability, therefore be an important milestone for the Company and an indicator of significantly improved financial health. The benefits to AAM of terminating the financial accommodations provided by GM and the Access Agreement include, among other things, a cost savings associated with eliminating the 1% sales discount related to the expedited payment terms. The Company also anticipates improved flexibility with respect to accessing new sources of debt capital by eliminating certain covenants and other restrictions that accompany the financial accommodations provided by GM and the Access Agreement.

The special recognition program was designed to retain Mr. Simonte, Mr. D.C. Dauch and Mr. Bellanti and to incent them to accomplish the objectives described above. It is expected that they will be instrumental to the Company in strengthening its financial and competitive position in the future. The special incentive program for Mr. Lancaster was designed to reward his efforts in 2009 and provide him with an additional retirement incentive. The special incentive program awards for Mr. Simonte, Mr. D. C. Dauch, Mr. Bellanti and Mr. Lancaster (award recipients) are as follows:

	Total Award Value
Michael K. Simonte	\$ 3,000,000
David C. Dauch	\$ 5,000,000
John J. Bellanti	\$ 1,000,000
Patrick S. Lancaster	\$ 1,000,000
Total	\$ 10,000,000

The Committee determined that the special incentive program was appropriately valued at \$10 million in consideration of the total value that the award recipients preserved for the Company's stockholders and other key stakeholders. The program is cash based due in part to the lack of equity available for compensation awards. The amount allocated to each award recipient was determined based on their individual contributions. As President & COO, Mr. D.C. Dauch led the operational restructuring of the Company and negotiations with GM resulting in the 2009 Settlement and Commercial Agreement described above. Mr. Simonte led the Company's financial restructuring, including negotiations with lenders and GM, and effectively managed investor and media communications. Mr. Bellanti played a critical role in the operational restructuring efforts, while maintaining excellence in the Company's quality, warranty, delivery and launch performance during an extremely difficult and volatile production environment. Mr. Bellanti's management of the day-to-day operations of the Company enabled Mr. D.C. Dauch and Mr. Simonte to focus their efforts on the broader restructuring plans, negotiations and liquidity issues. Mr. Lancaster supported the GM negotiations with a focus on gaining commercial contract clarity and protecting the Company's interests during GM's bankruptcy proceedings.

The awards for Mr. Simonte, Mr. D.C. Dauch and Mr. Bellanti are comprised of special incentives and annual incentives. Special incentives are approximately 30%-40% of the total award and will be payable to the award recipients upon termination of the financial accommodations provided by GM and the Access Agreement. The date on which annual incentive payments commence is contingent upon the date of termination of the GM financial accommodations and the Access Agreement. The first annual incentive installment payment will be made no earlier than October 31, 2011 and the final annual incentive installment payment will be made no later than January 31, 2015. The award recipients must be employed with AAM on the relevant payment date to receive payment under the award, except in the event of death, disability, and resignation for good reason or termination other than for cause. Upon his

retirement on or before December 31, 2010, the award for Mr. Lancaster will be payable in a lump sum.

The contributions of Mr. R.E. Dauch and his leadership role with the Company are discussed further in *Compensation of Chief Executive Officer*.

Table of Contents

Other Compensation Components

Benefits. Our executive officers participate in the benefits and retirement plans provided to U.S. salaried associates. A group of approximately 40 senior executives, including executive officers, also receive supplemental life, supplemental disability, umbrella liability, and travel accident insurance benefits.

Executive officers are eligible to participate in AAM's qualified and nonqualified defined benefit pension plans and defined contribution plan. They are also eligible to participate in a nonqualified deferred compensation plan that permits deferrals of a portion of base salary and/or annual cash incentive compensation on a pretax basis. These plans are described in the *Pension Benefits* and *Nonqualified Deferred Compensation* sections below.

Change in Control Payments and Benefits. Under the 2009 Settlement and Commercial Agreement, all executive officer continuity agreements, which provided enhanced severance benefits following a change in control, were terminated. The elimination of this benefit resulted in a significant reduction to each NEO's total compensation package. The Committee considered this factor in determining other compensation components for 2010.

Perquisites. AAM provides a limited number of perquisites for senior executives, including executive officers, which are described in the footnotes to the *Summary Compensation Table*. The most significant perquisite provided is the use of a Company-provided vehicle that has substantial AAM content. This perquisite is common among automotive suppliers. AAM has never owned a corporate aircraft and does not provide leased aircrafts for personal use. AAM does not pay for country club memberships.

Compensation of Chief Executive Officer

Mr. R. E. Dauch's compensation is governed by an employment agreement, which was amended in December 2009. The agreement is further described in the *Narrative to Summary Compensation and Grants of Plan-Based Awards Table* below. The CEO's compensation arrangements are structured in consideration of the breadth of his responsibilities for the entire Company, his unique experience in the automotive industry, his leadership skills and service to AAM since he co-founded the Company in 1994.

Compensation Limit. In accordance with the December 22, 2009 employment agreement amendment between the Company and Mr. R. E. Dauch, the CEO agreed to forego compensation payable to him under his then current employment agreement to the extent his annual compensation would exceed the \$3 million limit set forth in the 2009 Settlement and Commercial Agreement.

The primary elements of the CEO's compensation are base salary, annual cash bonus, long-term incentives, benefits and perquisites.

Base Salary. Base salary is determined by the Committee as part of the annual compensation review process. In determining Mr. R.E. Dauch's compensation in 2009, the Committee considered his role in overseeing and directing the Company's successful restructuring outside of bankruptcy under the extraordinary circumstances facing the automotive industry in 2009. As a result, value was preserved for AAM's stockholders and other key stakeholders. The Committee considers Mr. R.E. Dauch's continuing leadership, unique role and the services he provides to AAM critical to the achievement of the Company's strategic goals for 2010.

In connection with the annual compensation limit set forth in the 2009 Settlement and Commercial Agreement, Mr. R.E. Dauch agreed to forego certain compensation and benefits that he was entitled to in accordance with his employment agreement. As described below, Mr. R. E. Dauch will no longer receive equity grants and did not receive a bonus in 2009 and 2008. He also agreed to terminate his change in control agreement. These factors were also taken

into consideration by the Committee in determining Mr. R.E. Dauch's base salary. Pursuant to the December 22, 2009 employment

Table of Contents

agreement amendment, Mr. R.E. Dauch's annual base salary is \$2,702,300, effective June 16, 2009. Base salary for 2009, 2008 and 2007 is shown in the *Summary Compensation Table*.

Annual Cash Bonus. Mr. R. E. Dauch is eligible for an annual cash bonus as described in his employment agreement. See *Narrative to Summary Compensation Table and Grants of Plan-Based Awards Table* below. The annual cash bonus is based on the Committee's assessment of Company performance as compared to that of the competitor peer group. Pursuant to his employment agreement, Mr. R.E. Dauch is entitled to receive an annual bonus payment of three times his annual salary if AAM outperforms its competitor peer group by greater than the historical amount. However, his annual bonus will be reduced, if necessary, to comply with the \$3 million limit on annual compensation set forth in the 2009 Settlement and Commercial Agreement. In determining Mr. R. E. Dauch's annual cash award, the Committee may use discretion in considering other factors, which may differ from year to year,

2009 and 2008 Annual Bonus. The CEO agreed to forego bonuses for 2009 and 2008 in support of the Company's restructuring plan.

Long-term Incentives. Pursuant to the December 22, 2009 employment agreement amendment, Mr. R. E. Dauch agreed to forego receipt of the annual equity awards the Company had agreed to provide under his employment agreement since it was first executed in November 1997. As a result, effective January 1, 2010, Mr. R.E. Dauch will no longer receive annual equity awards from the Company.

On January 6, 2009, the Company awarded Mr. R.E. Dauch a long term incentive award of 150,000 stock options and 59,638 shares of restricted stock. This award was made pursuant to an amendment to his employment agreement in 2008, which changed the form of his annual equity award from stock options to a mix of stock options and restricted stock.

The terms of these awards are described in the *Narrative to Summary Compensation Table and Grants of Plan-Based Awards Table*.

Benefits and Perquisites. Mr. R. E. Dauch participates in the same benefit programs provided for other executive officers. In addition, under his employment agreement, AAM provides Mr. R. E. Dauch with the use of an additional Company vehicle and reimburses him for premiums under a \$5 million life insurance policy. The Company will also provide postretirement health care benefits upon expiration of his employment agreement. Perquisites provided to the CEO in 2009, 2008 and 2007 are reported in the *Summary Compensation Table*.

Management's Stock Ownership Requirements

The Committee has established stock ownership requirements for executive officers. These stock ownership requirements were determined as a multiple of each executive officer's base salary and the market value of AAM's common stock.

Fixed Share Requirement for Executive Officers

Position	No. of Shares
Chief Executive Officer	350,000
President & COO	50,000
Executive Vice President	25,000
Vice President	15,000

Table of Contents

The stock ownership requirements must be attained within five years from the effective date or, for newly appointed executive officers, within five years of such appointment. Prior to June, 2009, certain executive officers acquired and held shares of AAM stock through the AAM stock fund offering in the 401(k) plan. In 2009, the Company removed the AAM stock fund from the 401(k) line up and liquidated the fund. Liquidation of these shares held under the 401(k) plan reduced stock ownership levels of certain officers through no action of their own. In addition, the lack of an equity plan to grant restricted stock or other equity awards restricts the Company's ability to support their achievement of stock ownership requirements. As a result, the Committee's enforcement of the stock ownership requirements for executive officers will take these factors into account. Currently, all named executive officers are in compliance with the stock ownership requirements.

Federal Income Tax Considerations

Deductibility of Executive Compensation. In general, the compensation awarded to the NEOs will be taxable to the executive and will give rise to a corresponding corporate deduction at the time the compensation is paid. Section 162(m) of the Internal Revenue Code (Code) denies a federal income tax deduction for certain compensation in excess of \$1 million per year paid to the CEO or to any of the other NEOs other than the CFO. The portion of the compensation in excess of \$1 million that we paid to our CEO in 2009 was not deductible for federal income tax purposes. Section 162(m) did not affect our ability to take a tax deduction for compensation paid to any of our other NEOs in 2009.

Although deductibility of compensation is preferred, tax deductibility is not a primary objective of the Company's compensation programs. The Committee believes that achieving the compensation objectives set forth above is more important than the benefit of tax deductibility. The Company reserves the right to maintain flexibility in how executive officers are compensated, which may result in limiting the deductibility of amounts of compensation from time to time.

REPORT OF THE COMPENSATION COMMITTEE

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

Compensation Committee of the Board of Directors

Forest J. Farmer, Chairman

Elizabeth A. Chappell

Larry K. Switzer

Thomas K. Walker

Table of Contents**SUMMARY COMPENSATION TABLE**

The following table summarizes the compensation of our named executive officers (Richard E. Dauch, Co-Founder, Chairman of the Board & Chief Executive Officer, Michael K. Simonte, Executive Vice President Finance & Chief Financial Officer, David C. Dauch, President & Chief Operating Officer, Patrick S. Lancaster, Executive Vice President, Chief Administrative Officer & Secretary, John J. Bellanti, Executive Vice President, Worldwide Operations and Yogendra N. Rahangdale, retired July 1, 2009 as Vice Chairman & Chief Technology Officer) for the fiscal years ended December 31, 2009, December 31, 2008 and December 31, 2007.

Executive Name and Title	Year	Salary (\$)	Bonus ⁽²⁾ (\$)	Stock Awards ⁽³⁾ (\$)	Options Awards ⁽³⁾ (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ⁽⁴⁾ (\$)	All Other Compensation ⁽⁵⁾ (\$)	
Richard E. Dauch ⁽¹⁾ Chairman Executive	2009	2,156,269		167,583	210,000	7,074,845 ⁽⁶⁾	112,485	9,
	2008	1,620,667		596,655	400,500	3,081,360	105,673	5,
	2007	1,473,336	8,500,000	2,316,587	1,669,500	608,372	94,684	14,
Michael K. Simonte Vice Chief	2009	372,375				69,597	46,477	
	2008	271,125		100,800	33,375	59,884	44,235	
	2007	242,862	435,000	156,120	111,300	88,404	39,768	1,
David C. Dauch ⁽¹⁾ President Operating	2009	411,125				101,071	27,748	
	2008	358,875		120,960	41,385	96,222	21,460	
	2007	292,047	525,000	195,150	144,690	195,198	80,797	1,
Patrick S. Lancaster Vice Chief Administrative Officer Secretary	2009	356,158				348,353	31,999	
	2008	268,896		146,160	32,040	145,474	33,979	
	2007	258,600	378,000	143,110	105,735	222,013	31,874	1,
John J. Bellanti Vice President Operations	2009	355,417				224,999	31,518	

e Chairman chnology	2009	216,120				438,805 ⁽⁷⁾	335,581 ⁽⁸⁾	
	2008	361,800		393,120	88,110	194,156	14,756	1,
	2007	327,687	525,000	624,480	445,200	213,563	14,966	2,

- (1) Mr. R. E. Dauch and Mr. D.C. Dauch's compensation is based solely on their role as executive officers. They received no additional compensation for serving as directors.
- (2) No bonuses were paid to the NEOs for 2009 and 2008.
- (3) Reflects the full grant date fair value of equity awards made during fiscal years 2009, 2008 and 2007. The grant date fair value of stock awards is calculated using the closing market price of AAM common stock on the date of grant. The grant date fair value of option awards was \$1.40, \$2.67 and \$11.13 per share of common stock covered by the award for 2009, 2008 and 2007 respectively, calculated using the Black-Scholes option pricing model. Fiscal year amounts for 2008 and 2007 were recomputed based on each award's full grant date fair value reported in the applicable fiscal year's *Grants of Plan-Based Awards Table*.
- (4) This column reflects the annualized increase in pension value under the Salaried Retirement Program and the Supplemental Executive Retirement Program (SERP). There are no above-market or preferential earnings on compensation deferred under our Executive Deferred Compensation Plan.
- (5) Includes, for 2009, employer contributions under the 401(k) plan; executive life insurance premiums; and personal umbrella liability insurance premiums. Also includes meals provided during business hours for each NEO and personal use of Company-provided vehicles for Mr. R.E. Dauch,

Table of Contents

Mr. Simonte, Mr. Lancaster and Mr. Bellanti, and executive physical examinations for Mr. R.E. Dauch, Mr. Lancaster and Mr. Rahangdale. Employer contributions under the Company's 401(k) Plan consisted of matching contributions of \$12,863 for Mr. R.E. Dauch; \$12,714 for Mr. Simonte; \$12,832 for Mr. D.C. Dauch; \$9,188 for Mr. Lancaster; \$7,909 for Mr. Bellanti and \$7,542 for Mr. Rahangdale; retirement contributions of \$12,250 for Mr. Simonte and Mr. D.C. Dauch. The total for Mr. R.E. Dauch includes \$76,637 for executive life insurance premiums.

- (6) Mr. R. E. Dauch earned an additional four years credited service under the SERP in accordance with the terms of his November 3, 2005 Employment Extension Agreement. The value of this additional credited service under the SERP, as well as the benefits associated with the change in other pension values is excluded from the measurement of total compensation under the 2009 Settlement and Commercial Agreement. Under the 2009 Settlement and Commercial Agreement, annual compensation for any executive officer, current or former, cannot exceed \$3 million beginning in fiscal year 2009. The following table illustrates AAM's compliance with this provision of the 2009 Settlement and Commercial Agreement as it relates to Mr. R.E. Dauch's 2009 compensation:

Total 2009 compensation as presented on Summary Compensation Table	\$ 9,721,182
Less: Value of pension / SERP benefits granted prior to 2009	7,074,845
 Total 2009 compensation as measured under the 2009 Settlement and Commercial Agreement	 \$ 2,646,337

- (7) Mr. Rahangdale retired from AAM on July 1, 2009. His Salaried Pension and SERP benefit will commence in 2010. The change in pension value reflects actual commencement dates and form of payment elections. He received \$50,000 in 2009 from the Salaried Pension Plan in connection with a voluntary retirement incentive program. This payment is included in the amount presented.

- (8) Included is a pro-rata payment of \$197,287 of the 2009 long-term incentive performance award that Mr. Rahangdale received in connection with his retirement on July 1, 2009 based on the terms of the award agreements. The remaining amounts of these awards were forfeited. Also included is the actuarial value of \$122,408 of postretirement healthcare benefits. Mr. Rahangdale received this benefit in consideration for his willingness to postpone his retirement from 2007 to 2009. This is the same benefit he would have received had he retired in 2007.

GRANTS OF PLAN-BASED AWARDS

Long-term incentive awards granted in 2009 to the NEOs are shown in the following table. The long-term incentive compensation programs are described in *Compensation Discussion and Analysis* and following the table below.

Estimated Future Payouts Under Non-Equity Incentive Plan Awards ⁽¹⁾	All Other Stock Awards: Number of	All Other Option Awards: Number of Securities	Exercise or Base Price of	Grant Date Fair Value of
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Name	Grant Date	Threshold (\$)	Target (\$)	Maximum (\$)	Shares of Stock or Units (#)	Underlying Options (#)	Option Awards (\$/Sh)⁽²⁾	Stock and Option Awards(\$)⁽³⁾
Richard E. Dauch	01/06/2009				59,638			167,583
	01/06/2009					150,000	\$ 2.81	210,000
Michael K. Simonte	03/13/2009	189,844	506,250	1,012,500				
David C. Dauch	03/13/2009	349,313	931,500	1,863,000				
Patrick S. Lancaster	03/13/2009	177,188	472,500	945,000				
John J. Bellanti	03/13/2009	177,188	472,500	945,000				
Yogendra N. Rahangdale ⁽⁴⁾	03/13/2009	326,531	870,750	1,741,500				

(1) Performance awards were granted under the AAM LTIP. Performance award targets were calculated based on a percentage of the NEO's base salary. One-half of the award will be determined by Relative Company TSR for the performance period January 1, 2009 through December 31, 2011. Relative TSR will be expressed as a percentile of the total shareholder returns for the

Table of Contents

companies in AAM's competitor peer group as reported in the annual report to shareholders for the most recent fiscal year completed prior to the date of grant. The remaining one-half of the award will be determined based on the Company's three year cumulative EBITDA percentage of net sales over the performance period January 1, 2009 through December 31, 2011.

- (2) Equal to the closing market price of AAM common stock on January 6, 2009, the date of grant.
- (3) The grant date fair value of stock awards was \$2.81 per share of common stock covered by the award, the closing market price of AAM common stock on the date of grant. The grant date fair value of option awards was \$1.40 per share of common stock covered by the award, calculated using the Black-Scholes option pricing model. For additional information on the valuation assumptions, refer to Note 11, *Stock-Based Compensation*, to our audited financial statements included in our 2009 Annual Report on Form 10-K filed with the SEC on February 22, 2010.
- (4) Mr. Rahangdale received a pro-rata payment of the 2009 award, as disclosed in the *Summary Compensation Table*, in connection with his retirement on July 1, 2009.

Narrative to Summary Compensation Table and Grants of Plan-Based Awards Table

CEO Employment Agreement

In accordance with the December 22, 2009 employment agreement amendment between the Company and Mr. R. E. Dauch, the CEO agreed to forego compensation payable to him under his then current Employment Agreement to the extent his annual compensation would exceed the \$3 million limit set forth in the 2009 Settlement and Commercial Agreement. Mr. R.E. Dauch's employment agreement, as amended, provides for the following compensation and benefits:

Annual base salary of \$2,702,300 (effective June 16, 2009), subject to annual adjustment by the Committee; Subject to the \$3 million limit on annual compensation described above, annual cash bonus in an amount determined by the Committee based on our financial performance, relative to our competitor peer group:
equal to 3 times annual base salary if we continue to outperform our competitor peer group;
greater than 3 times annual base salary if we outperform our competitor peer group by greater than the historical amount; or
up to the amount of Mr. R.E. Dauch's base salary if we do not outperform our competitor peer group;
Reimbursement of premiums under a \$5 million life insurance policy purchased by Mr. R.E. Dauch;
Annual executive physical examination and health and disability coverage as provided to other senior executives; and
Use and maintenance of two Company-provided automobiles and the perquisites and other benefits provided to our senior executives.

The current term continues through December 31, 2010 and is automatically extended for successive one-year terms, unless either party gives notice of termination at least 60 days prior to the end of the applicable term. The potential payments and benefits upon termination of Mr. R.E. Dauch's employment are described in *Potential Payments Upon Termination or Change in Control*.

Long-Term Incentive Awards

Stock Options. Outstanding options vest in three approximately equal installments on the first, second and third anniversaries of the grant date. Generally, vesting may accelerate upon termination of employment due to death, disability or upon a change in control. The award is forfeited if employment is terminated for any other reason prior to

vesting. Vested options expire ten years after the grant date and may be exercised any time before the earliest of:
(1) the expiration of the grant, (2) five years following termination of employment (one year following termination for options granted

Table of Contents

before 2002) due to death, disability, retirement or a change in control, (3) 90 days following termination of employment without cause and (4) termination of employment for cause.

Restricted Stock. Restricted stock awarded to executives under age 60 vests on the third anniversary of the grant date. Restricted stock awarded to executives age 60 and over vests in three approximately equal annual installments through March 14, 2011. Vesting accelerates upon death, disability, termination of employment by the Company pursuant to a reduction in force or similar program approved by the CEO, or upon a change in control.

Performance Accelerated Restricted Stock (PARS) and Performance Accelerated Restricted Stock Units (RSUs). PARS and RSUs vest on the fifth anniversary of the grant date unless vesting is accelerated on the third or fourth anniversaries of the grant date based on our total shareholder return. Vesting may also accelerate upon termination of employment due to death, disability or upon a change in control. If the NEO's employment is terminated for any other reason, he will forfeit his unvested PARS and RSUs.

Vesting is accelerated on the third anniversary of the grant date if AAM's total shareholder return for the preceding three-year period meets or exceeds the 66th percentile of our competitor peer group. If vesting is not accelerated on the third anniversary, then vesting is accelerated on the fourth anniversary of the grant date if shareholder return exceeds the 66th percentile of our competitor peer group for the preceding four years. Total shareholder return is defined as the cumulative appreciation (assuming reinvestment of dividends) of an investment in common stock. Vesting will not accelerate unless AAM has positive TSR.

PARS consist of issued and outstanding shares of AAM common stock, subject to forfeiture and transfer restrictions prior to vesting of the awards, and carry voting and dividend rights from the date of grant. RSUs consist of the right to receive, upon vesting of the award, an amount in cash equal to the fair market value of the number of shares of common stock covered by the award. RSUs carry the right to receive dividend equivalent payments from the date of grant, payable in the calendar quarter when dividends are paid on our common stock.

2008 Performance Awards. In 2008, Mr. Simonte, Mr. D.C. Dauch and Mr. Bellanti received 25 percent of their long-term incentive award in the form of performance awards. The award represents the right to a payment in cash based on AAM's relative TSR over a three year performance period beginning in January 2008.

The actual value realized under the 2008 performance awards will be equal to a percentage of the target payout based on relative TSR during the performance period. Following are the threshold, target and maximum levels of performance attainment and the related target level payouts:

	Total Shareholder Return	Target Level Payout
Threshold	35 th percentile	50%
Target	50 th percentile	100%
Maximum	75 th percentile	200%

Payout levels are linearly interpolated between percentiles. No performance awards may be earned unless relative TSR is at or above the threshold level of performance. If the Company's TSR is negative over the three-year performance period, the maximum earned award would be 100% of the target award.

2009 Performance Awards. The 2009 Performance Awards are discussed in the *Compensation Discussion and Analysis*.

Table of Contents

OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2009

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ⁽¹⁰⁾ (\$)
Richard E. Dauch	215,000		15.32	5/19/2010	39,659 ⁽²⁾	318,065
	240,000		8.85	4/2/2011	59,638 ⁽³⁾	478,297
	300,000		24.15	1/23/2012		
	300,000		23.73	1/22/2013		
	300,000		38.70	2/2/2014		
	150,000		26.65	3/15/2015		
	150,000		15.58	3/15/2016		
	100,500	49,500 ⁽¹⁾	26.02	3/14/2017		
	49,500	100,500 ⁽²⁾	10.08	6/25/2018		
	150,000 ⁽³⁾	2.81	1/6/2019			
Michael K. Simonte	39,664		15.56	2/2/2011	3,300 ⁽⁴⁾⁽⁷⁾	26,466
	7,500		15.32	5/19/2010	2,200 ⁽⁵⁾⁽⁷⁾	17,644
	10,000		8.85	4/2/2011	3,600 ⁽⁴⁾⁽⁸⁾	28,872
	9,500		24.15	1/23/2012	2,400 ⁽⁵⁾⁽⁸⁾	19,248
	10,000		23.73	1/22/2013	3,600 ⁽⁴⁾⁽⁹⁾	28,872
	8,500		38.70	2/2/2014	2,400 ⁽⁵⁾⁽⁹⁾	19,248
	9,000		26.65	3/15/2015	10,000 ⁽⁶⁾	80,200
	10,000		15.58	3/15/2016		
	6,700	3,300 ⁽¹⁾	26.02	3/14/2017		
4,125	8,375 ⁽²⁾	10.08	6/25/2018			
David C. Dauch	7,260		8.85	4/2/2011	4,200 ⁽⁴⁾⁽⁷⁾	33,684
	16,750		24.15	1/23/2012	2,800 ⁽⁵⁾⁽⁷⁾	22,456
	28,000		23.73	1/22/2013	4,800 ⁽⁴⁾⁽⁸⁾	38,496
	28,000		38.70	2/2/2014	3,200 ⁽⁵⁾⁽⁸⁾	25,664
	12,000		26.65	3/15/2015	4,500 ⁽⁴⁾⁽⁹⁾	36,090
	15,000		15.58	3/14/2016	3,000 ⁽⁵⁾⁽⁹⁾	24,060
	8,710	4,290 ⁽¹⁾	26.02	3/14/2017	12,000 ⁽⁶⁾	96,240
	5,115	10,385 ⁽²⁾	10.08	6/25/2018		
Patrick S. Lancaster	18,000		15.32	5/19/2010	3,600 ⁽⁴⁾⁽⁷⁾	28,872
	35,000		8.85	4/2/2011	2,400 ⁽⁵⁾⁽⁷⁾	19,248
	40,000		24.15	1/23/2012	3,900 ⁽⁴⁾⁽⁸⁾	31,278

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	30,000		23.73	1/22/2013	2,600 ⁽⁵⁾⁽⁸⁾	20,852
	25,000		38.70	2/2/2014	3,300 ⁽⁴⁾⁽⁹⁾	26,466
	9,000		26.65	3/15/2015	2,200 ⁽⁵⁾⁽⁹⁾	17,644
	11,000		15.58	3/15/2016	9,715 ⁽²⁾	77,914
	6,365	3,135 ⁽¹⁾	26.02	3/14/2017		
	3,960	8,040 ⁽²⁾	10.08	6/25/2018		
John J. Bellanti	12,000		24.15	1/23/2012	3,000 ⁽⁴⁾⁽⁷⁾	24,060
	13,000		23.73	1/22/2013	2,000 ⁽⁵⁾⁽⁷⁾	16,040
	16,000		38.70	2/2/2014	3,600 ⁽⁴⁾⁽⁸⁾	28,872
	9,000		26.65	3/15/2015	2,400 ⁽⁵⁾⁽⁸⁾	19,248
	6,700		15.58	3/15/2016	3,600 ⁽⁴⁾⁽⁹⁾	28,872
	6,700	3,300 ⁽¹⁾	26.02	3/14/2017	2,400 ⁽⁵⁾⁽⁹⁾	19,248
	3,630	7,370 ⁽²⁾	10.08	6/25/2018	9,000 ⁽⁶⁾	72,180

Table of Contents

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ⁽¹⁰⁾ (\$)
Yogendra N. Rahangdale	40,000		24.15	1/23/2012		
	39,000		23.73	1/22/2013		
	45,000		38.70	2/02/2014		
	12,000 ⁽¹¹⁾		26.65	7/01/2014		
	42,000 ⁽¹¹⁾		15.58	7/01/2014		
	40,000 ⁽¹¹⁾		26.02	7/01/2014		
	10,890 ⁽¹¹⁾		10.08	7/01/2014		

- (1) Granted under the 1999 Stock Incentive Plan on March 14, 2007. The remaining shares vested on March 14, 2010.
- (2) Granted under the 1999 Stock Incentive Plan on June 25, 2008. Approximately one-half of the shares vest on June 25, 2010 and March 14, 2011.
- (3) Granted under the 1999 Stock Incentive Plan on January 6, 2009. Approximately one-third of the shares vest on each of January 6, 2010, January 6, 2011 and January 6, 2012.
- (4) Reflects PARS granted under the 1999 Stock Incentive Plan. PARS vest on the fifth anniversary of the grant date, unless vesting is accelerated at the end of the third or fourth years after the grant date. Accelerated vesting is contingent upon our achievement of predetermined performance goals, measured by our relative TSR. Vesting will not be accelerated unless TSR is positive.
- (5) Reflects RSUs granted under the 1999 Stock Incentive Plan. RSUs vest on the fifth anniversary of the grant date, unless vesting is accelerated at the end of the third or fourth years after the grant date. Accelerated vesting is contingent upon our achievement of predetermined performance goals, measured by our relative TSR. Vesting will not be accelerated unless TSR is positive.
- (6) Reflects restricted stock granted under the 1999 Stock Incentive Plan on June 25, 2008. The restricted stock awards vest on March 14, 2011.
- (7) Granted on March 15, 2005. The PARS and RSUs vested on March 15, 2010.
- (8) Granted on March 15, 2006. The PARS and RSUs vest on March 15, 2011. Vesting of these awards did not accelerate on March 15, 2010.

- (9) Granted on March 14, 2007. The PARS and RSUs vest on March 14, 2012, unless vesting is accelerated on March 14, 2011. Vesting of these awards did not accelerate on March 14, 2010.
- (10) Reflects the closing market value on December 31, 2009 (\$8.02), of the number of shares of AAM common stock covered by outstanding PARS, RSUs and restricted stock awards on December 31, 2009.
- (11) Mr. Rahangdale has five years from retirement to exercise these vested options.

Table of Contents**OPTIONS EXERCISED AND STOCK VESTED**

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ⁽⁴⁾ (\$)	Number of Shares Acquired on Vesting ⁽¹⁾⁽²⁾⁽³⁾ (#)	Value Realized on Vesting ⁽⁵⁾ (\$)
Richard E. Dauch			319,533	2,469,873
Michael K. Simonte				
David C. Dauch				
Patrick S. Lancaster	124,856	411,026	4,785	15,647
John J. Bellanti				
Yogendra N. Rahangdale			95,000	336,110

- (1) Reflects the removal of the transfer and forfeiture restrictions under awards of restricted stock and restricted stock units, granted to Mr. R.E. Dauch in connection with his employment agreement extension in 2005. These awards vested on December 31, 2009.
- (2) Reflects the removal of the transfer and forfeiture restrictions under awards of restricted stock granted to Mr. R.E. Dauch, Mr. Lancaster and Mr. Rahangdale in June 2008. Restricted stock awarded to executives age 60 and over during 2008 vests in three approximately equal annual installments through March 14, 2011.
- (3) Reflects the removal of the transfer and forfeiture restrictions under awards of restricted stock, PARS and RSUs, granted annually to Mr. Rahangdale in 2005 – 2008. These awards vested on July 1, 2009 in connection with his retirement.
- (4) For Mr. Lancaster, reflects the number of shares received upon exercise of stock options multiplied by the difference between the sale price and the exercise price for such options.
- (5) Reflects the number of restricted shares vested, multiplied by the closing market price of AAM common stock on the vesting date.

Table of Contents**PENSION BENEFITS**

The following table shows the value of the benefits accumulated by the NEOs and their years of credited service under AAM's Salaried Retirement Program and the SERP. The years of credited service are through December 31, 2009, AAM's fiscal year-end measurement date used for financial statement reporting purposes. The values shown are based on unreduced benefits deferred to the earliest age at which unreduced benefits are payable. The assumptions used to calculate the actuarial present value of accumulated benefits are the same assumptions used in our audited consolidated financial statements for the fiscal year ended December 31, 2009, except that the values in the table do not reflect assumptions for future compensation increases or future service credits and assume continued service until unreduced retirement age is attained.

Name	Plan Name	Number of Years of Credited Service (#)	Present Value of Accumulated Benefit (\$)
Richard E. Dauch ⁽¹⁾	AAM Retirement Program for Salaried Employees	15.8333	754,819
	AAM Supplemental Executive Retirement Program	20.0000 ⁽²⁾	20,259,038
Michael K. Simonte	AAM Retirement Program for Salaried Employees	8.0833 ⁽³⁾	98,927
	AAM Supplemental Executive Retirement Program	11.0833	221,284
David C. Dauch	AAM Retirement Program for Salaried Employees	11.5000 ⁽³⁾	148,663
	AAM Supplemental Executive Retirement Program	14.5000	413,612
Patrick S. Lancaster ⁽¹⁾	AAM Retirement Program for Salaried Employees	15.5833	781,342
	AAM Supplemental Executive Retirement Program	15.5833	524,738
John J. Bellanti ⁽⁴⁾	AAM Retirement Program for Salaried Employees	15.8333	514,723
	AAM Supplemental Executive Retirement Program	15.8333	389,105
Yogendra N. Rahangdale ⁽⁵⁾	AAM Retirement Program for Salaried Employees	13.9167	699,912
	AAM Supplemental Executive Retirement Program	13.9167	700,786

- (1) Mr. R.E. Dauch and Mr. Lancaster were eligible to retire on December 31, 2009 with full benefits under the Salaried Retirement Program and the SERP.
- (2) As of December 31, 2009, Mr. R.E. Dauch earned 20 years of credited service in accordance with his employment agreement extension dated November 3, 2005.
- (3) Benefits were frozen, effective December 31, 2006, under the Salaried Retirement Program for Mr. Simonte, and Mr. D.C. Dauch.
- (4) Mr. Bellanti was eligible to retire on December 31, 2009 under both the Salaried Retirement Program and the SERP, as he is over age 55 years of age and has more than 10 years of credited service. He qualifies for a reduced benefit of approximately 62% of the unreduced benefit under the Salaried Retirement Program and qualifies for the basic form of the benefit under the SERP.
- (5) Mr. Rahangdale retired as of July 1, 2009. He will commence his benefits under both plans in 2010. The present values reflect actual commencement dates and form of payment elections.

We provide pension benefits for NEOs under our Salaried Retirement Program, a broad-based defined benefit pension plan open to substantially all of our U.S. salaried associates hired prior to January 1, 2002, and our SERP. The purpose of the SERP is to provide total retirement benefits at a competitive level with executives of other major industrial companies.

Salaried Retirement Program. The annual retirement benefit payable to each executive, commencing on retirement at or after age 65, equals the sum of the executive's contributions plus an additional benefit based on the executive's average monthly salary (determined as the average of the executive's base salary in the highest 60 months during his final 10 years of service) and years of credited service. The amount of compensation that may be taken into account for determining benefits is limited under the Internal Revenue Code. The maximum annual compensation under this limit was \$245,000 for the year ended December 31, 2009.

Table of Contents

Benefits under the Salaried Retirement Program may be paid as a single life annuity or, upon election, in the form of a joint and survivor annuity with a reduction in the amount of the annual benefit.

Effective December 31, 2006, we amended the Salaried Retirement Program to freeze benefits at current levels for associates who will not be eligible to retire by December 1, 2011. Mr. R.E. Dauch, Mr. Lancaster and Mr. Bellanti, all of whom are currently eligible to retire, are grandfathered and will continue to accrue benefits under the program through the earlier of (1) December 31, 2011 or (2) the date of retirement or other termination of employment.

Supplemental Executive Retirement Program. Mr. R.E. Dauch, Mr. Lancaster and Mr. Bellanti are eligible to receive the basic form of pension benefit under our SERP upon retirement. In addition, they are eligible to receive the alternative form of benefit, if greater than the basic benefit, upon retirement at or after age 62. The executive must have at least 10 years of credited service to receive either form of benefit under the SERP.

The total monthly benefit payable under the basic form of SERP is equal to the following amount:

Two percent of the executive's average monthly salary (as determined for the Salaried Retirement Program excluding the limitations as specified under the Internal Revenue Code), multiplied by the executive's years of credited service; less

The benefit payable to the executive under the Salaried Retirement Program (without reduction for survivor benefits), plus two percent of the maximum monthly social security benefit payable at age 65 multiplied by the executive's years of credited service.

The Committee has discretion to reduce or eliminate the amount payable under the alternative form of benefit. Subject to the Committee's exercise of its discretion, the total monthly benefit payable under the alternative form of SERP is equal to the following amount:

1.5 percent of the executive's average monthly salary (as determined for the Salaried Retirement Program excluding the limitations as specified under the Internal Revenue Code) and average monthly incentive compensation (determined as the average of the highest five of the executive's last 10 annual cash incentive awards, divided by 12) multiplied by the executive's years of credited service; less

The benefit payable to the executive under the Salaried Retirement Program (without reduction for survivor benefits), plus the maximum monthly social security benefit payable at age 65.

SERP benefits payable under the basic and alternative forms are generally paid as a single life annuity. If the executive's spouse is eligible for survivor benefits under the Salaried Retirement Program, however, the executive's monthly SERP benefit will be reduced and paid in the form of a joint and survivor annuity.

Effective January 1, 2007, we amended the SERP to change the benefit accrual formulae for executives who are not grandfathered under the Salaried Retirement Program. Because they are grandfathered, Mr. R.E. Dauch, Mr. Lancaster and Mr. Bellanti may continue to accrue SERP benefits under the basic and alternative forms through December 31, 2011.

Mr. Simonte and Mr. D.C. Dauch, who are not grandfathered under the Salaried Retirement Program, are eligible to receive a new defined contribution benefit, payable six months after retirement in a lump sum. The amount of the benefit will be equal to 12.5 percent of the executive's final average compensation (determined as the executive's average annual base salary and cash incentive for the highest five consecutive years), multiplied by the executive's years of credited service, less the sum of the actuarially equivalent value of the executive's benefits payable pursuant to

our Salaried Retirement Program and the balance of the executive's retirement contribution account under our 401(k) plan.

Table of Contents**NONQUALIFIED DEFERRED COMPENSATION**

The following table summarizes the named executive officers' compensation under the Executive Deferred Compensation Plan for the 2009 fiscal year. All of the NEOs are fully vested in any applicable Company matching contributions.

Name	Executive Contributions in Last FY (\$)	Registrant contributions in Last FY (\$)	Aggregate Earnings In Last FY⁽¹⁾ (\$)	Aggregate Withdrawals Distributions⁽²⁾ (\$)	Aggregate Balance at Last FYE⁽³⁾ (\$)
Richard E. Dauch			775,564		4,505,482
Michael K. Simonte					
David C. Dauch			46,475		232,521
Patrick S. Lancaster			2,224	(223,413)	
John J. Bellanti			83,767		440,025
Yogendra N. Rahangdale			245,775	(112,800)	1,244,397

- (1) Reflects hypothetical accrued earnings during 2009 on notional investments designed to track the performance of funds similar to those available to participants in the Company's 401(k) plan. None of the earnings shown in this column are reported as compensation in the *Summary Compensation Table*.
- (2) Reflects lump sum distributions of base salary and bonus deferrals prior to 2002.
- (3) Reflects amounts that were previously reported in the *Summary Compensation Table* as compensation for 2008 and 2007 of \$284,100 for Mr. Rahangdale.

Under AAM's Executive Deferred Compensation Plan, a nonqualified, tax-deferred savings plan, certain executives, including our NEOs, may elect to defer the payment of six to 75 percent of their base salary and/or their annual incentive compensation award during any plan year. Base salary deferred into the Executive Deferred Compensation Plan receives a three percent Company match. The amounts deferred are unfunded and unsecured obligations of AAM.

Amounts deferred or credited into this plan are represented in the executive's notional account and are invested among funds similar to those available under the Company's 401(k) plan. Forty percent of deferral elections are automatically and irrevocably allocated to the restricted investment benchmark, the PIMCO Total Return Fund. The remaining 60 percent of deferral elections may be allocated by the executive to any of the investments available under the plan and may be reallocated on a daily basis among any of the investments available under the plan. Although the executive has no actual or constructive ownership of shares in the investment funds, the return on the executive's account is determined as if the amounts were notionally invested in these funds.

Table of Contents

The table below shows the investment fund options available under the Executive Deferred Compensation Plan and the annual rates of return for the calendar year ended December 31, 2009.

Name of Fund	Rate of Return	Name of Fund	Rate of Return
Fidelity Retirement Money Market Portfolio	.63%	Fidelity Freedom Income Fund	16.12%
PIMCO Total Return Fund	13.83%	Fidelity Freedom 2000 Fund	16.49%
PIMCO High Yield Fund	44.05%	Fidelity Freedom 2005 Fund	23.40%
Fifth Third Disciplined Large Cap Value Fund	21.47%	Fidelity Freedom 2010 Fund	24.82%
Domini Social Equity Fund	36.13%	Fidelity Freedom 2015 Fund	25.62%
Spartan U.S. Equity Index Fund	26.51%	Fidelity Freedom 2020 Fund	28.86%
American Funds Growth Fund of America	34.91%	Fidelity Freedom 2025 Fund	30.03%
Fidelity Growth Company Fund	41.15%	Fidelity Freedom 2030 Fund	30.57%
Fidelity Low-Priced Stock Fund	39.08%	Fidelity Freedom 2035 Fund	31.26%
First American Mid Cap Growth Opportunities	45.80%	Fidelity Freedom 2040 Fund	31.65%
American Beacon Small Cap Value Fund	35.37%	Fidelity Freedom 2045 Fund	32.04%
Munder Small Cap Value Fund	33.32%	Fidelity Freedom 2050 Fund	32.47%
Fidelity Diversified International Fund	31.78%		
Spartan International Index Fund ⁽¹⁾	28.48%		
Vanguard External Market Index ⁽¹⁾	37.43%		

(1) Reflects investment fund options added to the Executive Deferred Compensation Plan in 2009.

Distributions can be received (1) upon retirement in a lump sum or in annual payments over a period of five or ten years, (2) in a lump sum upon death, disability, termination of employment, change in control or (3) if elected by the executive, during employment at a specified date after a minimum deferral period. The minimum deferral period is at least three years following the end of the plan year to which the deferral election relates, and distributions during employment consist of employee deferrals and related earnings or losses (not the Company contributions and related earnings or losses).

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

Termination of Continuity Agreements

Prior to 2009, all executive officers had continuity agreements with the Company, which provided certain severance benefits following a change in control. In accordance with the 2009 Settlement and Commercial Agreement, all executive officers agreed to terminate their continuity agreements in 2009.

Under the employment agreement with our CEO and other arrangements covering our NEOs, certain payments and benefits will be provided to the NEOs in the event of termination of employment. The following tables show the estimated potential payments and benefits that each of the NEOs would receive upon termination of employment under different scenarios, assuming that the termination was effective on December 31, 2009.

Table of Contents

CEO Employment Agreement

Under our employment agreement with Mr. R.E. Dauch, the Company may terminate his employment with or without cause, or upon his disability. Cause exists if he:

is convicted of a felony involving an intentional act;
engages in dishonesty or fraud; or
breaches any of his material obligations to AAM, including willful neglect or misconduct of his duties or willful and material breach of any of the terms and conditions of his employment agreement.

In addition, he may resign for good reason, meaning the Company:

reduces his base salary or bonus opportunity;
substantially reduces his duties, responsibilities or reporting responsibilities; or
relocates him outside of the Detroit-metropolitan area.

If his employment is terminated for cause, Mr. R.E. Dauch will be entitled to accrued but unpaid amounts as of the termination date.

If his employment is terminated without cause, or if he resigns for good reason, he will be entitled to:

severance payments equal to two years of his annual base salary;
continuation of his health care benefits for two years;
bonus payments accrued as of the termination date; and
reimbursement of premiums for his purchase of a \$5 million executive life insurance policy for two years.

If he resigns without good reason, Mr. R.E. Dauch will be entitled to (1) accrued but unpaid amounts as of the termination date and (2) reimbursement of premiums for two years for a \$5 million executive life insurance policy purchased by Mr. R.E. Dauch.

Under the employment agreement, Mr. R.E. Dauch is subject to:

a non-disclosure and confidentiality provision extending two years following termination or expiration of the agreement;
a non-competition covenant, which prohibits him, throughout the term of the employment agreement and for two years following the termination or expiration of the agreement, from directly or indirectly engaging in any business competitive with AAM and our products and business plans; and a covenant prohibiting solicitation of our employees and customers for two years thereafter.

If AAM terminates his employment due to disability, Mr. R.E. Dauch will be entitled to accrued benefits under applicable benefit plans and programs (such as our Deferred Compensation Plan, Salaried Retirement Plan and SERP) and reimbursement of executive life insurance premiums as described above. Should Mr. R.E. Dauch die during the term of his employment agreement, his estate and/or spouse would be entitled to accrued benefits under applicable benefit plans and programs.

In accordance with his employment agreement, as amended, the CEO agreed to forego compensation payable to him to the extent his annual compensation would exceed the \$3 million limit.

Table of Contents**Non-Competition Agreements**

The NEOs (other than the CEO) have each entered into a non-competition agreement that prohibits, while employed by AAM and following termination of employment, the executive from:

directly or indirectly engaging in any business or activity that is in competition with AAM and its products for one year following termination of employment unless the reason for such termination is a reduction in force by AAM;

recruiting, soliciting or inducing (or attempting to recruit, solicit or induce) any of our employees to leave AAM, or offer employment to our employees or otherwise interfere with our relationship with our employees, agents or consultants; and

using, exploiting, disclosing or communicating our confidential information to any third party without our prior written consent.

Richard E. Dauch

The following table shows estimated potential payments upon termination, retirement and a change in control for Mr. R.E. Dauch. Mr. R.E. Dauch was eligible to retire on December 31, 2009. The assumptions used to determine retirement benefits are the same assumptions used in our audited consolidated financial statements for the fiscal year ended December 31, 2009.

	For Cause Termination (\$)	Not for Cause Termination (\$)	Disability Retirement⁽¹⁾ (\$)	Retirement (\$)	Change in Control (\$)
Compensation:					
Bonus ⁽²⁾					
Severance ⁽³⁾					
Retirement Plans:					
Defined Benefit					
Retirement Program ⁽⁴⁾			754,819	754,819	
SERP ⁽⁵⁾			20,259,038	20,259,038	
Welfare Benefit⁽⁶⁾			1,074,846	1,074,846	
Equity:					
Stock Options ⁽⁷⁾			781,500		781,500
Restricted Stock ⁽⁸⁾			796,362		796,362
Other Benefits:					
Deferred Compensation ⁽⁹⁾	4,505,482	4,505,482	4,505,482	4,505,482	4,505,482
Health care ⁽¹⁰⁾		21,914			
Life Insurance ⁽¹¹⁾		47,780	47,780	47,780	
Use of Vehicles ⁽³⁾					
280G Tax Gross-Up ⁽³⁾					
Total	4,505,482	4,575,176	28,219,827	26,641,965	6,083,344

(1) Assumes retirement due to total and permanent disability on December 31, 2009.

(2) Assumes \$3 million compensation limit has been met on December 31, 2009.

- (3) Benefit was previously provided under the continuity agreement that was terminated in 2009.
- (4) Reflects a present value of a joint and survivor annuity benefit payable monthly.

Table of Contents

- (5) The present value calculated under the alternative formula assuming a joint and survivor annuity benefit payable monthly.
- (6) Reflects benefits for Mr. R.E. Dauch and his spouse assuming retirement or disability on December 31, 2009 as set forth in his employment agreement.
- (7) Generally, outstanding stock option awards vest upon termination of employment due to death, disability or upon a change in control. At December 31, 2009, the fair market value of the underlying shares was greater than the exercise price of certain unvested options.
- (8) Vesting of outstanding restricted stock awards is accelerated upon disability, termination of employment by the Company pursuant to a reduction in force or similar program approved by the CEO or upon a change in control. The value of restricted stock reflects the fair market value of unvested awards.
- (9) Assumes amount is payable in a lump sum upon occurrence of termination event.
- (10) Upon termination without cause, Mr. R.E. Dauch would receive two years of health care benefits.
- (11) Represents reimbursement for the premiums associated with Mr. R.E. Dauch's purchase of a \$5 million executive life insurance policy for two years.

Michael K. Simonte

The following table shows estimated potential payments upon resignation, termination, disability and a change in control for Mr. Simonte as of December 31, 2009. Mr. Simonte was not eligible to retire as of December 31, 2009.

	Resignation	Termination	Disability Retirement⁽¹⁾	Change in Control
	(\$)	(\$)	(\$)	(\$)
Compensation:				
Bonus ⁽²⁾				
Severance ⁽²⁾				
Long Term Incentives:				
Stock Options ⁽³⁾				
PARS and RSUs ⁽⁴⁾			140,350	140,350
Restricted Stock ⁽⁵⁾			80,200	80,200
2008 Performance Award ⁽⁶⁾			105,000	105,000
2009 Performance Award ⁽⁷⁾			168,750	506,250
Other Benefits:				
Health care ⁽⁸⁾			232,129	
Disability ⁽⁹⁾			3,190,912	
Life Insurance ⁽¹⁰⁾			48,229	
Use of Vehicles ⁽²⁾				
280G Tax Gross-Up ⁽²⁾				
Total			3,965,570	831,800

- (1) Assumes total and permanent disability on December 31, 2009. Because Mr. Simonte has more than 10 years of service, he is eligible to retire due to total and permanent disability and receive pension and postretiree health care benefits. Amount assumes continued employment (on leave) until retirement.
- (2) Benefit was previously provided under the continuity agreement that was terminated in 2009.

Table of Contents

- (3) Generally, outstanding stock option awards vest upon termination of employment due to death, disability or upon a change in control. At December 31, 2009, the fair market value of the underlying shares was less than the exercise price of unvested options.
- (4) Outstanding PARS and RSU awards vest upon termination of employment due to death, disability or upon a change in control. The value for PARS and RSUs reflects the fair market value of unvested awards.
- (5) Vesting of outstanding restricted stock awards is accelerated upon disability, termination of employment by the Company pursuant to a reduction in force or similar program approved by the CEO or upon a change in control. The value for restricted stock reflects the fair market value of unvested awards.
- (6) The 2008 performance awards are payable at target upon termination of employment during the performance period due to disability or upon a change in control.
- (7) The 2009 performance award payable to Mr. Simonte in the event of a disability would be based on actual performance and on the pro-rata portion of his employment as compared to the performance period. As of December 31, 2009, one-third of the performance period would have lapsed. Reflects pro-rata award assuming target is achieved. Upon a change in control, the award is payable at target.
- (8) Under the disability scenario, reflects health care benefits until retirement.
- (9) Reflects benefits equal to 100% of base salary for year one and 66 $\frac{2}{3}$ % of base salary until retirement.
- (10) Under the disability scenario, reflects basic and supplemental life insurance benefits until retirement.

David C. Dauch

The following table shows estimated potential payments upon resignation, termination, disability and a change in control for Mr. D.C. Dauch as of December 31, 2009. Mr. D.C. Dauch was not eligible to retire as of December 31, 2009.

	Resignation (\$)	Termination (\$)	Disability Retirement ⁽¹⁾ (\$)	Change in Control (\$)
Compensation:				
Bonus ⁽²⁾				
Severance ⁽²⁾				
Long Term Incentives:				
Stock Options ⁽³⁾				
PARS and RSUs ⁽⁴⁾			180,450	180,450
Restricted Stock ⁽⁵⁾			96,240	96,240
2008 Performance Award ⁽⁶⁾			125,000	125,000
2009 Performance Award ⁽⁷⁾			310,500	931,500
Other Benefits:				
Deferred Compensation ⁽⁸⁾	232,521	232,521	232,521	232,521
Health care ⁽⁹⁾			235,186	
Disability ⁽¹⁰⁾			3,117,096	

Life Insurance ⁽¹¹⁾			52,593	
Use of Vehicles ⁽²⁾				
280G Tax Gross-Up ⁽²⁾				
Total	232,521	232,521	4,349,586	1,565,711

Table of Contents

- (1) Assumes total and permanent disability on December 31, 2009. Because Mr. D.C. Dauch has more than 10 years of service, he is eligible to retire due to total and permanent disability and receive pension and postretiree health care benefits. Amounts assumes continued employment (on leave) until retirement.
- (2) Benefit was previously provided under the continuity agreement that was terminated in 2009.
- (3) Generally, outstanding stock option awards vest upon termination of employment due to death, disability or upon a change in control. At December 31, 2009, the fair market value of the underlying shares was less than the exercise price of unvested options.
- (4) Outstanding PARS and RSU awards vest upon termination of employment due to death, disability or upon a change in control. The value for PARS and RSUs reflects the fair market value of unvested awards.
- (5) Vesting of outstanding restricted stock awards is accelerated upon disability, termination of employment by the Company pursuant to a reduction in force or similar program approved by the CEO or upon a change in control. The value for restricted stock reflects the fair market value of unvested awards.
- (6) The 2008 performance awards are payable at target upon termination of employment during the performance period due to disability or upon a change in control.
- (7) The 2009 performance award payable to Mr. D.C. Dauch in the event of a disability would be based on actual performance and on the pro-rata portion of his employment as compared to the performance period. As of December 31, 2009, one-third of the performance period would have lapsed. Reflects pro-rata award assuming target is achieved. Upon a change in control, the award is payable at target.
- (8) Assumes amount is payable in a lump sum upon occurrence of termination event.
- (9) Under the disability scenario, reflects health care benefits to retirement.
- (10) Reflects benefits equal to 100% of base salary for year one and 60% of base salary to retirement.
- (11) Under the disability scenario, reflects basic and supplemental life insurance benefits to retirement.

Table of Contents*Patrick S. Lancaster*

The following table shows the estimated potential payments upon termination, retirement and a change in control for Mr. Lancaster as of December 31, 2009. Mr. Lancaster was eligible to retire on December 31, 2009. The assumptions used to determine retirement benefits are the same assumptions used in our audited consolidated financial statements for the fiscal year ended December 31, 2009.

	Termination (\$)	Disability Retirement⁽¹⁾ (\$)	Retirement (\$)	Change in Control (\$)
Compensation:				
Bonus ⁽²⁾				
Severance ⁽²⁾				
Retirement Plans:				
Defined Benefit				
Retirement Program ⁽³⁾		781,342	781,342	
SERP ⁽⁴⁾		524,738	524,738	
Welfare Benefit⁽⁵⁾		112,251	112,251	
Equity:				
Stock Options ⁽⁶⁾				
PARS and RSUs ⁽⁷⁾		144,360		144,360
Restricted Stock ⁽⁸⁾		77,914		77,914
2009 Performance Award ⁽⁹⁾		157,500	157,500	472,500
Other Benefits:				
Use of Vehicles ⁽²⁾				
280G Tax Gross-Up ⁽²⁾				
Total		1,798,105	1,575,831	694,744

(1) Assumes retirement due to total and permanent disability on December 31, 2009.

(2) Benefit was previously provided under the continuity agreement that was terminated in 2009.

(3) Reflects a joint and survivor annuity benefit payable monthly.

(4) The present value calculated under the alternative formula assuming a joint and survivor annuity benefit payable monthly under the disability and retirement scenarios.

(5) Reflects benefits for Mr. Lancaster and his spouse assuming retirement on December 31, 2009 under the welfare benefit plan effective January 1, 2008.

(6) Generally, outstanding stock option awards vest upon termination of employment due to death, disability or upon a change in control. At December 31, 2009, the fair market value of the underlying shares is less than the exercise price of unvested options.

(7) Outstanding PARS and RSU awards vest upon termination of employment due to death, disability or upon a change in control. The value for PARS and RSUs reflects the fair market value of unvested awards.

- (8) Vesting of outstanding restricted stock awards is accelerated upon disability, termination of employment by the Company pursuant to a reduction in force or similar program approved by the CEO or upon a change in control. The value of restricted stock reflects the fair market value of unvested awards.
- (9) The 2009 performance award payable to Mr. Lancaster in the event of a disability or retirement would be based on actual performance and on the pro-rata portion of his employment as compared to the performance period. As of December 31, 2009, one-third of the performance period would have lapsed. Reflects pro-rata award assuming target is achieved. Upon a change in control, the award is payable at target.

Table of Contents*John J. Bellanti*

The following table shows estimated potential payments upon termination, retirement and a change in control for Mr. Bellanti as of December 31, 2009. Mr. Bellanti was eligible to retire on December 31, 2009. The assumptions used to determine retirement benefits are the same assumptions used in our audited consolidated financial statements for the fiscal year ended December 31, 2009.

	Termination (\$)	Disability Retirement⁽¹⁾ (\$)	Retirement (\$)	Change in Control (\$)
Compensation:				
Bonus ⁽²⁾				
Severance ⁽²⁾				
Retirement Plans:				
Defined Benefit				
Retirement Program ⁽³⁾		853,201	530,170	
SERP ⁽⁴⁾		47,665	389,105	
Welfare Benefit⁽⁵⁾		84,524	84,524	
Equity:				
Stock Options ⁽⁶⁾				
PARS and RSUs ⁽⁷⁾		136,340		136,340
Restricted Stock ⁽⁸⁾		72,180		72,180
2008 Performance Award ⁽⁹⁾		95,000		95,000
2009 Performance Award ⁽¹⁰⁾		157,500	157,500	472,500
Other Benefits:				
Deferred Compensation ⁽¹¹⁾	440,025	440,025	440,025	440,025
Use of Vehicles ⁽²⁾				
280G Tax Gross-Up ⁽²⁾				
Total	440,025	1,886,435	1,601,324	1,216,045

(1) Assumes retirement due to total and permanent disability on December 31, 2009.

(2) Benefit was previously provided under the continuity agreement that was terminated in 2009.

(3) Reflects the present value of a joint and survivor annuity benefit payable monthly.

(4) The present value calculated under the basic formula assuming a joint and survivor annuity benefit payable monthly under the disability and retirement scenarios.

(5) Reflects benefits for Mr. Bellanti and his spouse assuming retirement on December 31, 2009 under the welfare plan effective January 1, 2008.

(6) Generally, outstanding stock option awards vest upon termination of employment due to death, disability or upon a change in control. At December 31, 2009, the fair market value of underlying shares was less than the exercise price of unvested options.

- (7) Outstanding PARS and RSU awards vest upon termination of employment due to death, disability or upon a change in control. The value for PARS and RSUs reflects the fair market value of unvested awards.
- (8) Vesting of outstanding restricted stock awards is accelerated upon disability, termination of employment by the Company pursuant to a reduction in force or similar program approved by the CEO or upon a change in control. The value of restricted stock reflects the fair market value of unvested awards.

Table of Contents

- (9) The 2008 performance awards are payable at target upon termination of employment during the performance period due to disability or upon a change in control.
- (10) The 2009 performance award payable to Mr. Bellanti in the event of a disability or retirement would be based on actual performance and on the pro-rata portion of his employment as compared to the performance period. As of December 31, 2009, one-third of the performance period would have lapsed. Reflects pro-rata award assuming target is achieved. Upon a change in control, the award is payable at target.
- (11) Assumes amount is payable in a lump sum upon occurrence of termination event.

Yogendra N. Rahangdale

Due to the retirement of Mr. Rahangdale as of July 1, 2009, a table of estimated potential payments upon termination, retirement and a change in control is not presented. Payments received by Mr. Rahangdale upon his retirement are shown in the *Summary Compensation Table*.

2009 COMPENSATION OF NON-EMPLOYEE DIRECTORS

Total 2009 compensation of our non-employee directors is shown below.

Name	Fees Earned or Paid in Cash (\$)
Salvatore J. Bonanno, Sr.	30,900
Elizabeth A. Chappell	69,100
Forest J. Farmer	85,600
Richard C. Lappin	69,300
William P. Miller II	78,400
Larry K. Switzer	65,500
Thomas K. Walker	100,400
Dr. Henry T. Yang	64,250
John A. Casesa ⁽¹⁾	16,000

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

No equity awards were granted to non-employee directors during 2009. As of December 31, 2009, each non-employee director had the following number of outstanding options and restricted stock units (RSUs):

Name	Option Awards Outstanding (\$)	Restricted Stock Units Outstanding (\$)
Salvatore J. Bonanno, Sr.		
Elizabeth A. Chappell	5,000	11,100
Forest J. Farmer	13,500	4,600
Richard C. Lappin	7,500	6,384
William P. Miller II	7,500	14,350

Larry K. Switzer	7,500	14,350
Thomas K. Walker	7,500	7,850
Dr. Henry T. Yang	7,500	11,100

Table of Contents

In 2009, non-employee directors received Deferred Compensation Unit Awards as follows:

Name	Award Amount
	\$
Salvatore J. Bonanno, Sr.	70,000
Elizabeth A. Chappell	66,360
Forest J. Farmer	70,000
Richard C. Lappin	70,000
William P. Miller II	62,720
Larry K. Switzer	62,720
Thomas K. Walker	70,000
Dr. Henry T. Yang	66,360

Elements of Compensation

Our non-employee director compensation program in effect during 2009 consisted of annual retainer and meeting attendance fees and an annual award of deferred compensation units (DCUs). Employee directors do not receive compensation in connection with director service.

2009 Annual Retainer and Meeting Attendance Fees

Annual retainer	\$ 45,000
Board meeting attendance fee	1,350
Committee meeting attendance fee:	
Committee chairman	2,700
Other committee members	1,800
Committee chairman attendance at meetings at the Company for Committee-related business	900

The above fees reflect a 10 percent reduction to the annual retainer and meeting attendance fees effective February 2009 through December 31, 2009.

Other Awards

In February 2009, the Board approved a modification to the non-employee director compensation program. Since equity is currently not available, grants made in April 2009 consisted of awards of DCUs that are payable in cash. The 2009 annual award for each director who received more than a one year grant of restricted stock units in 2008 was reduced by the value of restricted stock units received in excess of 3,250. Beginning in 2010, annual awards of DCUs will be made to all non-employee directors totaling \$70,000. The awards vest in one year and the total payment will be based on total shareholder return with payments ranging from 80%-120% of the award amount.

Deferral

Directors may elect to defer, on a pre-tax basis, a portion of their retainer and meeting fees and receive tax-deferred earnings (or losses) on the deferrals under AAM's Executive Deferred Compensation Plan. The rate of return on deferred amounts is based on the performance of selected benchmark funds identified in the plan, which is described

in *Nonqualified Deferred Compensation* above. Directors may also elect to defer settlement of RSUs and DCUs until retirement from the Board.

Stock Ownership Guidelines

The stock ownership guidelines for non-employee directors recommend a minimum ownership of 4,000 shares of AAM common stock. All non-employee directors are in compliance with these guidelines.

Table of Contents**SECURITY OWNERSHIP**

The following tables show the number of shares of AAM common stock beneficially owned as of March 3, 2010 by:

each person known to us who beneficially owns more than 5 percent of AAM common stock;
 each of our non-employee directors and nominees;
 our Co-Founder, Chairman of the Board & Chief Executive Officer and the other named executive officers; and
 all directors, nominees and executive officers (as of March 3, 2010) as a group.

A beneficial owner of stock is a person who has voting power, meaning the power to control voting decisions, or investment power, meaning the power to cause the sale of the stock. All individuals listed in the tables have sole voting and investment power over the shares unless otherwise noted.

The beneficial ownership calculation includes 71,576,175 shares of AAM common stock outstanding on March 3, 2010.

MORE THAN 5% BENEFICIAL OWNERS

The following persons have filed reports with the SEC for the period ending December 31, 2009, stating that they beneficially own more than 5 percent of AAM's common stock.

Name and Address	Shares of Common Stock Beneficially Owned	Percent of Shares Outstanding
Barrow, Hanley, Mewhinney & Strauss, Inc. ⁽¹⁾ 2200 Ross Avenue, 31st Floor Dallas, TX 75201	4,756,190	6.84
Capital Research Global Investors ⁽²⁾ 333 South Hope Street Los Angeles, CA 90071	4,680,000	6.70
TIAA-CREF Investment Management, LLC ⁽³⁾ 730 Third Avenue New York, NY 10017	3,937,133	5.66

(1) Based on the Schedule 13G filed by Barrow, Hanley, Mewhinney & Strauss, Inc., reporting shared voting power over 2,777,100 shares, sole voting power over 1,979,090 shares, and sole investment power over 4,756,190 shares.

(2) Based on the Schedule 13G filed by Capital Research Global Investors, reporting sole voting and investment power over 4,680,000 shares.

(3) Based on the Schedule 13G filed jointly by TIAA-CREF Investment Management, LLC, reporting sole voting and investment power over 3,937,133 shares.

Table of Contents**DIRECTORS AND EXECUTIVE OFFICERS**

	Shares Beneficially Owned⁽¹⁾⁽²⁾	Percent of Shares Outstanding
Directors		
Salvatore J. Bonanno, Sr.	15,000	*
Elizabeth A. Chappell	17,100	*
Forest J. Farmer	36,350	*
Richard C. Lappin	21,950	*
William P. Miller II	24,600	*
Larry K. Switzer	19,600	*
Thomas K. Walker	21,350	*
Dr. Henry T. Yang	19,600	*
Named Executive Officers⁽²⁾⁽³⁾		
Richard E. Dauch ⁽⁴⁾	9,827,970	13.4
Michael K. Simonte	143,789	*
David C. Dauch ⁽⁵⁾	175,285	*
John J. Bellanti	100,030	*
Patrick S. Lancaster	205,226	*
Directors and Executive Officers as a Group (23 persons)⁽⁶⁾	11,476,947	15.4

(*) Less than 1 percent of the outstanding shares of AAM common stock.

(1) Includes RSUs awarded to non-employee directors that have vested or will vest within 60 days. For the number of RSUs held by each non-employee director, see table to the *2009 Compensation of Non-Employee Directors Table*.

(2) Includes the following number of shares of common stock which may be acquired upon exercise of options that were exercisable or would become exercisable within 60 days: 5,000 for Ms. Chappell; 13,500 for Mr. Farmer; 7,500 for Messrs. Lappin, Miller, Switzer, Walker and Yang; 1,904,000 for Mr. R.E. Dauch; 118,289 for Mr. Simonte; 125,125 for Mr. D.C. Dauch; 70,330 for Mr. Bellanti and 181,460 for Mr. Lancaster.

(3) Includes shares of restricted stock held by named executive officers over which they have sole voting power but no investment power: 79,617 for Mr. R.E. Dauch; 20,500 for Mr. Simonte; 25,500 for Mr. D.C. Dauch; 19,200 for Mr. Bellanti and 20,515 for Mr. Lancaster.

(4) Includes 1,471,941 shares of AAM common stock held in family trusts and 111,710 held in a charitable family foundation. Mr. R.E. Dauch shares voting and investment power over shares held by the family trusts and the charitable family foundation. Also includes 6,260,702 shares held by the Sandra J. Dauch Gift Trust, of which Mr. R.E. Dauch is trustee.

(5) Includes 532 shares held in trusts for the benefit of Mr. D.C. Dauch's children.

(6)

Includes shares held jointly with family members over which a director or executive officer shares voting and/or investment power.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers, and persons who own more than 10 percent of a registered class of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock. Based solely on our review of these reports, and written representations from such reporting persons, we believe that all Section 16(a) filing requirements applicable to our executive officers, directors and owners of more than 10 percent of AAM's common stock were met during 2009 with the exception of two late filings. In June 2009, Mr. R.E. Dauch and Mr. Lancaster elected to surrender 6,261 and 1,534 shares of AAM's common stock, respectively, to satisfy tax withholding obligations. Due to an administrative error, the changes in Mr. R.E. Dauch's and Mr. Lancaster's ownership of AAM's common stock were not timely reported. Upon discovering these errors, we filed, on behalf of each of Mr. R.E. Dauch and Mr. Lancaster, a Form 5 to report the transactions on February 12, 2010.

Table of Contents

PROPOSAL 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2010

The Audit Committee of the Board of Directors of AAM has appointed Deloitte & Touche LLP to serve as the independent registered public accounting firm to examine the Company's consolidated financial statements for the year ending December 31, 2010. Although ratification is not required by our bylaws or otherwise, the Board is submitting the appointment of Deloitte & Touche LLP to our stockholders as a matter of good corporate practice. If the appointment is not ratified, the Audit Committee will consider whether the appointment is appropriate and will use its discretion in determining whether the appointment of Deloitte & Touche LLP is in the best interests of the Company and its stockholders.

Representatives of Deloitte & Touche LLP will attend the 2010 annual meeting and be available to make a statement or respond to appropriate questions.

Your Board unanimously recommends a vote FOR ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for 2010.

Table of Contents

AUDIT COMMITTEE DISCLOSURE

Report of the Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities with respect to the Company's financial reporting process, by monitoring, among other matters, the quality and integrity of the Company's financial statements, the independence and performance of Deloitte & Touche LLP (D&T), the Company's independent registered public accounting firm, and the performance of the Company's internal auditors. Management has primary responsibility for preparing the consolidated financial statements and for the reporting processes, including the design and maintenance of the Company's system of internal controls. The independent registered public accounting firm is responsible for auditing the Company's consolidated financial statements and opining upon the effectiveness of the internal control over financial reporting under the standards of the Public Company Accounting Oversight Board (PCAOB). The Audit Committee is solely responsible for the compensation, appointment and oversight of the Company's independent registered public accounting firm.

In this context, the Audit Committee has met and held discussions with management, D&T and the internal auditors, separately and together, with and without management present, regarding the Company's audited consolidated financial statements for the year ended December 31, 2009, and the Company's internal controls. Management represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with generally accepted accounting principles in the U.S. The Audit Committee also discussed with the independent registered public accounting firm the matters required to be discussed by Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. Further, the Audit Committee discussed with the internal auditors the Company's plans for and scope of internal audits, identification of audit risks and results of audit activities.

The Audit Committee reviewed and discussed with the independent registered public accounting firm the auditor's independence from the Company and its management. As part of that review, D&T submitted to the Audit Committee the written disclosures and the letter required by the applicable requirements of the PCAOB regarding D&T's communication with the Audit Committee concerning independence from the Company. Further, the Audit Committee discussed with D&T the firm's independence and considered whether D&T's provision of non-audit services to the Company was compatible with maintaining D&T's independence. The Audit Committee concluded that D&T is independent from the Company and its management.

Based upon the considerations described above and subject to the limitations upon the role and responsibilities of the Audit Committee, the Audit Committee recommended to the Board that the audited consolidated financial statements for the year ended December 31, 2009 be included in the Company's 2009 Annual Report on Form 10-K.

Audit Committee of the Board of Directors

William P. Miller II, Chairman

Larry K. Switzer

Thomas K. Walker

Table of Contents**Policy for Pre-Approval of Audit and Non-Audit Services**

The Audit Committee's policy is to approve in advance all audit and permitted non-audit services (including scope, fee structure and the potential effect of the service on the auditor's independence) to be performed for the Company by its independent registered public accounting firm. Pre-approval is generally provided for up to one year, is detailed as to the particular service or category of services and is generally subject to a specific budget. The Audit Committee may also pre-approve particular services on a case-by-case basis. The Chairman of the Audit Committee may pre-approve permissible non-audit services that arise between Audit Committee meetings, provided the fees do not exceed a limit established by the Audit Committee and the Audit Committee is informed of the decision to pre-approve the service at its next scheduled meeting. The Audit Committee received regular updates on the amount of fees and scope of audit, non-audit and tax services provided by D&T during 2009. During fiscal 2009, all services provided by D&T as noted in the table below were authorized and approved by the Audit Committee in compliance with pre-approval policies and procedures described herein.

Independent Registered Public Accounting Firm's Fees

The aggregate amount of fees billed by D&T, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates during the previous two fiscal years is as follows:

	December 31,	
	2009	2008
Audit Fees ⁽¹⁾	\$ 1,353,000	\$ 1,507,000
Audit Related Fees ⁽²⁾		
Tax Fees ⁽³⁾	32,000	465,000
All Other Fees		
Total	\$ 1,385,000	\$ 1,972,000

(1) Includes fees for the audit of annual consolidated financial statements, reviews of quarterly consolidated financial statements, statutory audits, consents and comfort letters, reviews of documents filed with the SEC and other services related to SEC matters. Audit fees also include fees incurred in connection with an audit of internal control over financial reporting as required by Section 404 of the Sarbanes-Oxley Act.

(2) Audit-related fees are for services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements. This category includes fees related to internal control, financial accounting and reporting standards.

(3) Fees for tax services in 2009 and 2008 consisted of fees for tax compliance, tax advice and tax planning services.

Table of Contents

OTHER MATTERS

Expenses of Solicitation

The Board is soliciting your proxy, and the expense of soliciting proxies will be borne by AAM. No proxy solicitor has been retained by the Company. Proxy materials were distributed by mail by Computershare Trust Company, N.A. AAM will reimburse brokers and other custodians or nominees for their expenses in forwarding proxy materials to stockholders.

Stockholder Proposals for 2011 Annual Meeting

Under SEC rules, stockholder proposals for the 2011 annual meeting of stockholders must be received by the Secretary of AAM at One Dauch Drive, Detroit, MI 48211-1198, on or before November 20, 2010 in order to be eligible for inclusion in the Company's 2011 proxy materials. In addition, AAM's bylaws require stockholders intending to present any matter for consideration at the 2011 annual meeting of stockholders, other than through inclusion in our proxy materials, to notify AAM's Secretary in writing at the above address on or before February 19, 2011, but no earlier than January 30, 2011.

Obtaining a copy of 2009 Form 10-K

AAM will furnish to stockholders without charge a copy of our Annual Report on Form 10-K for the year ended December 31, 2009. Requests should be directed to American Axle & Manufacturing Holdings, Inc., Investor Relations Department, One Dauch Drive, Detroit, MI 48211-1198, or by e-mail to investorrelations@aam.com. The 2009 Annual Report on Form 10-K is available on our website at <http://investor.aam.com/sec.cfm>.

Table of Contents

Table of Contents

extMR A SAMPLEDESIGNATION (IF ANY) ext000000000.000000 extADD 1Electronic Voting InstructionsADD 2ADD 3You can vote by Internet or telephone! ADD 4Available 24 hours a day, 7 days a week!ADD 5Instead of mailing your proxy, you may choose one of the two voting ADD 6methods outlined below to vote your proxy. VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.Proxies submitted by the Internet or telephone must be received by 12:00 a.m., Eastern Time, on April 29, 2010.Vote by Internet Log on to the Internet and go to www.envisionreports.com/axl Follow the steps outlined on the secured website.Vote by telephone Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada any time on a touch tone telephone. There is NO CHARGE to you for the call.Using a black ink pen, mark your votes with an X as shown inX Follow the instructions provided by the recorded message. this example. Please do not write outside the designated areas.Annual Meeting Proxy Card1234 5678 9012 3453IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. 3A Proposals The Board of Directors recommends a vote FOR all the nominees listed and FOR Proposal 2.1. Election of Directors:For WithholdFor WithholdFor Withhold01 Salvatore J. Bonanno, Sr.02 Elizabeth A. Chappell03 Dr. Henry T. YangFor Against Abstain2. Ratification of the appointment of Deloitte & Touche LLP as the Company s independent registered public accounting firm for year ending December 31, 2010.In their discretion, the proxies are authorized to the extent permitted by law to vote on any and all other matters as may properly come before the meeting, including the authority to vote to adjourn the meeting.B Non-Voting ItemsChange of Address Please print new address below.Meeting AttendanceMark box to the right if you plan to attend the Annual Meeting.C Authorized Signatures This section must be completed for your vote to be counted. Date and Sign BelowPlease sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title. This section must be completed for your instructions to be executed.Date (mm/dd/yyyy) Please print date below.Signature 1 Please keep signature within the box.Signature 2 Please keep signature within the box.C 1234567890J N T MR A SAMPLE (THIS AREA IS SET UP TO ACCOMMODATE140 CHARACTERS) MR A SAMPLE AND MR A SAMPLE AND MR A SAMPLE AND MR A SAMPLE AND MR A SAMPLE C V0 2 4 6 8 0 1MR A SAMPLE AND MR A SAMPLE AND MR A SAMPLE AND <STOCK#>

Table of Contents

IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. 3 Proxy American Axle & Manufacturing Holdings, Inc. PROXY FOR ANNUAL MEETING OF STOCKHOLDERS ON APRIL 29, 2010 SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS Richard E. Dauch and Patrick S. Lancaster, or either of them, with full power of substitution, are authorized to vote all of your shares as if you were present at the Annual Meeting of Stockholders of American Axle & Manufacturing Holdings, Inc. to be held in the Auditorium at AAM's World Headquarters Complex, One Dauch Drive, Detroit, Michigan, at 3:00 p.m. on April 29, 2010 or at any adjournments of the meeting. This proxy will be voted as you specify on the reverse side. If you do not make a choice, this proxy will be voted for the director nominees in Proposal 1 and ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm in Proposal 2. Voting by the Internet or by telephone reduces costs to AAM. If you vote over the Internet or by telephone, please do not mail this card. (Items to be voted appear on reverse side.)

Table of Contents

Using a black ink pen, mark your votes with an X as shown inX this example. Please do not write outside the designated areas. Annual Meeting Proxy Card3PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. 3A Proposals The Board of Directors recommends a vote FOR all the nominees listed and FOR Proposal 2.1. Election of Directors:For WithholdFor WithholdFor Withhold01 Salvatore J. Bonanno, Sr.02 - Elizabeth A. Chappell03 Dr. Henry T. YangFor Against Abstain2. Ratification of the appointment of Deloitte & Touche LLP as the Company s independent registered public accounting firm for year ending December 31, 2010.In their discretion, the proxies are authorized to the extent permitted by law to vote on any and all other matters as may properly come before the meeting, including the authority to vote to adjourn the meeting.B Authorized Signatures This section must be completed for your vote to be counted. Date and Sign BelowPlease sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title. This section must be completed for your instructions to be executed.Date (mm/dd/yyyy) Please print date below.Signature 1 Please keep signature within the box.Signature 2 Please keep signature within the box.1 U P X

Table of Contents

3 PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. 3 Proxy American Axle & Manufacturing Holdings, Inc. PROXY FOR ANNUAL MEETING OF STOCKHOLDERS ON APRIL 29, 2010 SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS Richard E. Dauch and Patrick S. Lancaster, or either of them, with full power of substitution, are authorized to vote all of your shares as if you were present at the Annual Meeting of Stockholders of American Axle & Manufacturing Holdings, Inc. to be held in the Auditorium at AAM's World Headquarters Complex, One Dauch Drive, Detroit, Michigan, at 3:00 p.m. on April 29, 2010 or at any adjournments of the meeting. This proxy will be voted as you specify on the reverse side. If you do not make a choice, this proxy will be voted for the director nominees in Proposal 1 and ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm in Proposal 2. (Items to be voted appear on reverse side.)