

MERITOR[®]

Jefferies Global Industrial and A&D Conference

Jay Craig, Senior VP & CFO

August 9, 2012

Forward-Looking Statements

This release contains statements relating to future results of the company (including certain projections and business trends) that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are typically identified by words or phrases such as “believe,” “expect,” “anticipate,” “estimate,” “should,” “are likely to be,” “will” and similar expressions. Actual results may differ materially from those projected as a result of certain risks and uncertainties, including but not limited to our ability to manage possible adverse effects on our European operations, or financing arrangements related thereto, in the event one or more countries exit the European monetary union; our ability to successfully manage rapidly changing volumes in the commercial truck markets and work with our customers to adjust their demands in view of rapid change in production levels; availability and sharply rising costs of raw materials, including steel, and our ability to manage or recover such costs; reduced production for certain military programs and the return of volumes of selected long-term military contracts to more normalized levels; our ability to secure new military programs to replace those that will wind down by design in future years; global economic and market cycles and conditions, including the recent global economic crisis; risks inherent in operating abroad (including foreign currency exchange rates, implications of foreign regulations relating to pensions and potential disruption of production and supply due to terrorist attacks or acts of aggression); rising costs of pension and other postretirement benefits; the ability to achieve the expected benefits of restructuring actions; the demand for commercial and specialty vehicles for which we supply products; whether the liquidity of the company will be affected by declining vehicle productions in the future; OEM program delays; demand for and market acceptance of new and existing products; successful development of new products; reliance on major OEM customers and possible negative outcomes from contract negotiations with our major customers; labor relations of the company, its suppliers and customers, including potential disruptions in supply of parts to our facilities or demand for our products due to work stoppages; the financial condition of the company’s suppliers and customers, including potential bankruptcies; possible adverse effects of any future suspension of normal trade credit terms by our suppliers; potential difficulties competing with companies that have avoided their existing contracts in bankruptcy and reorganization proceedings; potential impairment of long-lived assets, including goodwill; potential adjustment of the value of deferred tax assets; competitive product and pricing pressures; the amount of the company’s debt; the ability of the company to continue to comply with covenants in its financing agreements; the ability of the company to access capital markets; credit ratings of the company’s debt; the outcome of existing and any future legal proceedings, including any litigation with respect to environmental or asbestos-related matters; the outcome of actual and potential product liability, warranty and recall claims; and possible changes in accounting rules; as well as other substantial costs, risks and uncertainties, including but not limited to those detailed herein and from time to time in other filings of the company with the SEC. These forward-looking statements are made only as of the date hereof, and the company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by law.

All earnings per share amounts are on a diluted basis. The company’s fiscal year ends on the Sunday nearest Sept. 30, and its fiscal quarters generally end on the Sundays nearest Dec. 31, March 31 and June 30. All year and quarter references relate to the company’s fiscal year and fiscal quarters, unless otherwise stated.



Market Leadership Positions⁽¹⁾

Category	Asia Pacific	Europe	North America	South America
Truck drive axle ⁽²⁾ 	#1 India & Australia	#1	#1	#1
Truck air brake 	Strategic Priority	#2	#1	#1 Joint Venture
Trailer axle 	Developing for Asia Pacific	Exit	#1	#1 Joint Venture
Aftermarket 	Strategic Priority	#3	#1	Strategic Priority
Off-highway axle ⁽²⁾ 	#1 China Strategic Priority for Asia Pacific	Future Opportunity		
Military drivetrain, suspension & brakes 	Tactical Opportunity Australia & India	Tactical Opportunity	#1	Tactical Opportunity

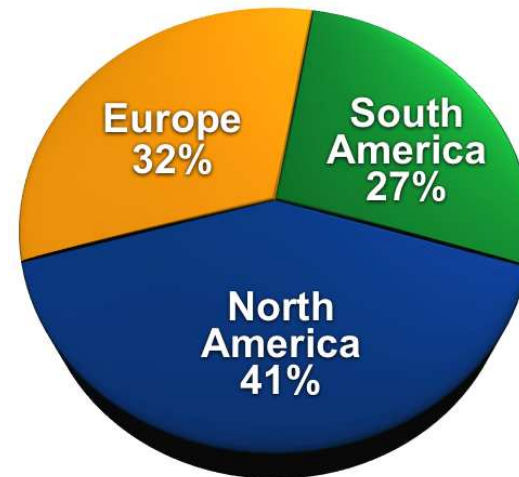
⁽¹⁾ Based on market data and management estimates

⁽²⁾ Independent, non-captive, supplier

Commercial Truck Overview

- Continued leading product position in NA, SA, and Europe
- Significant investments to enhance production capacity
- Received customer awards from Daimler, Navistar, PACCAR and MAN
- Strong customer acceptance of 14X and 18X axle technology
- Successful launch of FMVSS 121-mandated drum brakes

FY11 Sales: \$2.8B



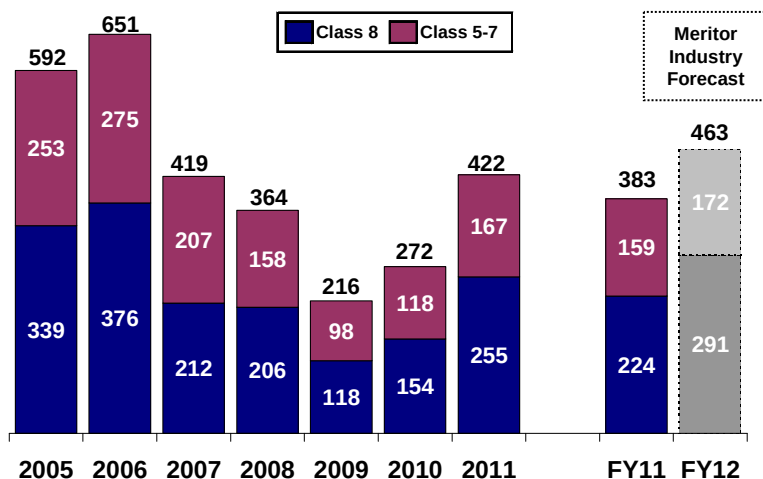
Top Truck Customers 2011

Customer	North America	South America	Europe
	✓	✓	✓
NAVISTAR®	✓		
DAIMLER	✓	✓	✓
		✓	
IVECO		✓	✓
PACCAR	✓		✓
	✓	✓	✓
	✓		

Industry Update – Commercial Truck⁽¹⁾

North America

Class 8 & 5-7 Production (000)
Calendar Year History & Fiscal Year Forecast

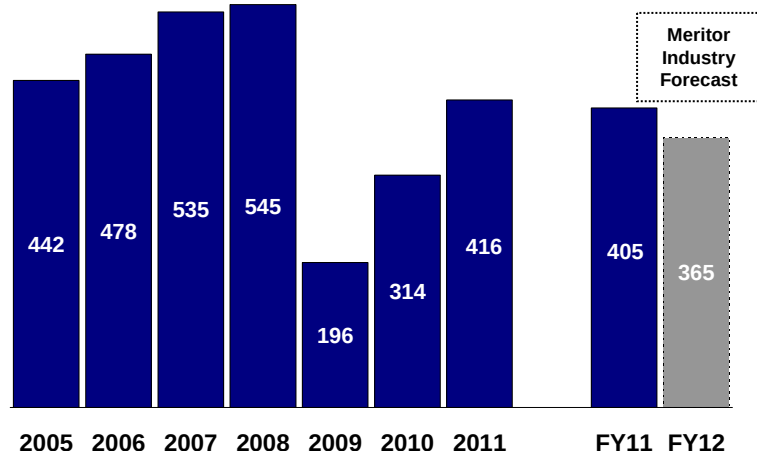


Source: ACT Research

- Freight demand strong; fleet utilization has increased but flattening out at levels not likely to drive fleet expansion
- Build rates have come down; industry backlog to build ratio fallen below four months, a sign of weakness
- Fleets continue to favor cost reductions and margin improvement over growth
- Driver shortage continues to be major issue for fleets

Western Europe

Medium & Heavy Production GVW>6t (000)
Calendar Year History & Fiscal Year Forecast



Source: LMC Automotive (formerly JD Power)

- Truck orders stable and in line with expectations
- June CYTD Western European medium- and heavy-duty commercial truck production down 10.2 percent from prior year ⁽²⁾
- Meritor forecast consistent with primary customer
- Fourth fiscal quarter expected to be weaker sequentially due to cyclical, summer shutdown period



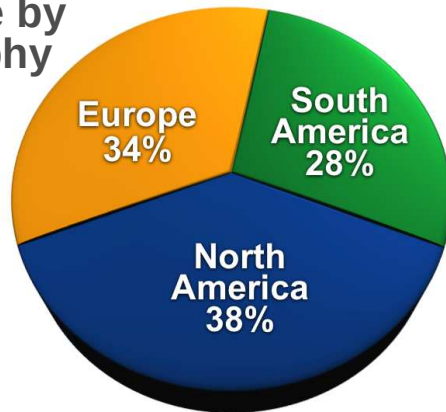
¹) Meritor forecast based on management's current planning assumptions and other factors. Actual results may differ materially from projections as a result of risks and uncertainties. Please see slide "Forward Looking Statements."

²) Source: LMC Automotive

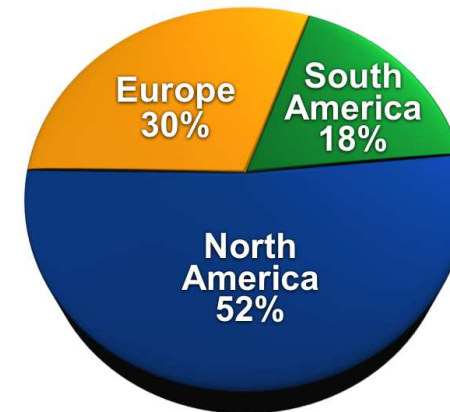
Industry Update – Commercial Truck⁽¹⁾

Revenue by Geography

FY 2011 through nine months



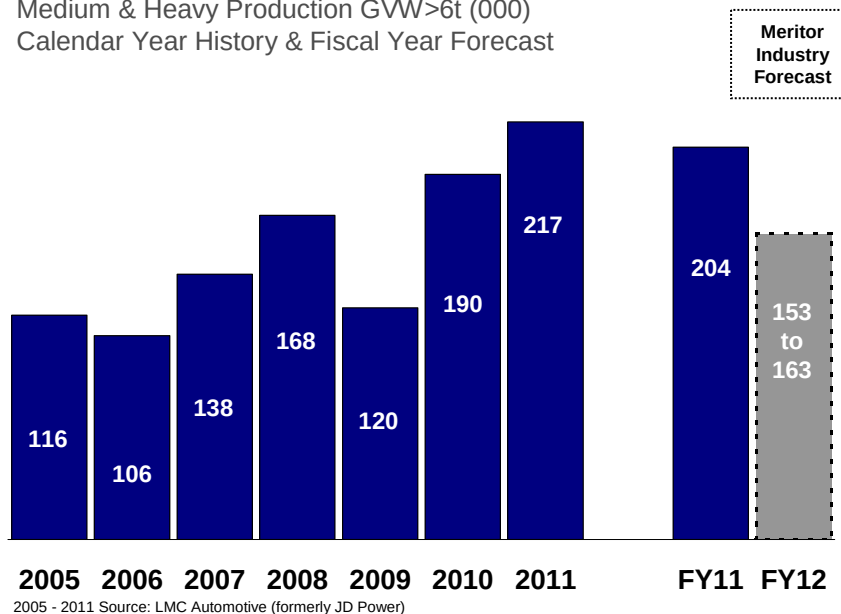
Mix shift in FY 2012



FY 2012 through nine months

South America

Medium & Heavy Production GVW>6t (000)
Calendar Year History & Fiscal Year Forecast



- Brazil transitioned to tighter emission standard requirements for commercial vehicles in Jan. 2012
- South America medium and heavy commercial truck production declined significantly in the first two calendar quarters of 2012 versus prior year
- Decline in truck production in first half CY 2012 outpacing decline in truck sales, reducing inventory
- Euro III inventories being depleted but overall inventory still above historical levels
- S-50 diesel fuel and urea-based Diesel Exhaust Fluid (DEF), not readily available; both required for Euro V engines



¹⁾Meritor forecast based on management's current planning assumptions and other factors. Actual results may differ materially from projections as a result of risks and uncertainties. Please see slide "Forward Looking Statements."

Industrial Overview

Defense

- Largest independent drivetrain producer for tactical wheeled vehicles globally

Off-Highway

- Leading independent off-highway axle supplier in China
- Leveraging scale and technology to grow business globally with Asian focus

On-Highway

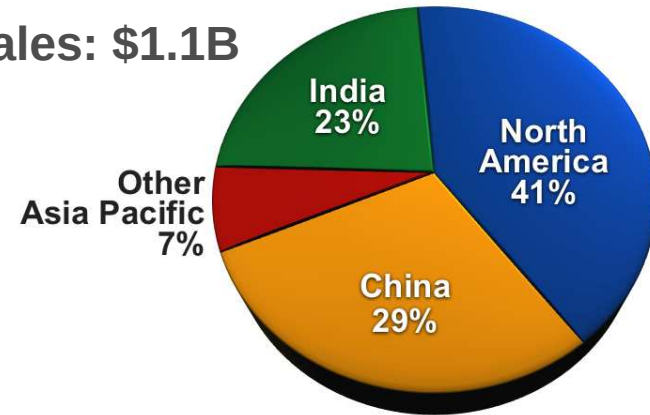
- Largest independent axle producer in India
- Producer of drum and disc brakes for China and India

Specialty

- Leader in bus and coach, custom fire truck and vocational all-wheel-drive in United States
- Growing market position in premium bus and coach in China and India



FY11 Sales: \$1.1B



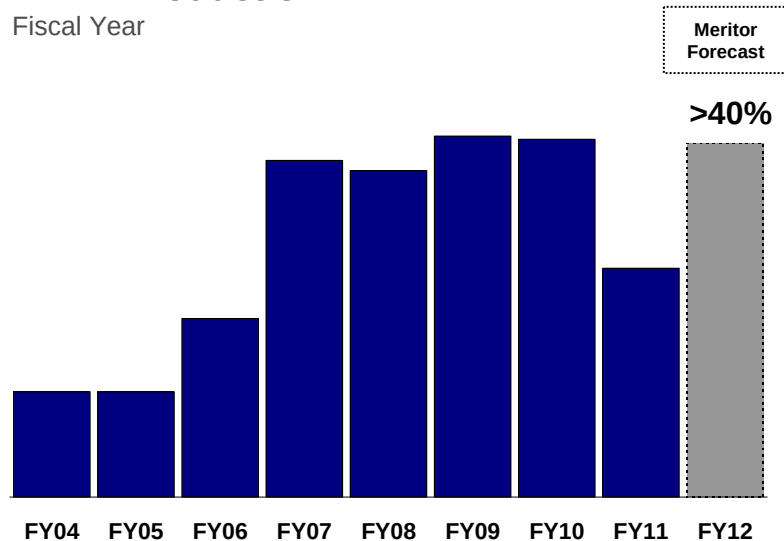
Top Industrial Customers 2011

Customer	China	India	Australia	Japan	North America
XCMG	✓				
CATERPILLAR SEM	✓				
SANY	✓				
ZOOMLION	✓				
YUTONG	✓				
ASHOK LEYLAND		✓			
TATA		✓			
PACCAR			✓		✓
ISUZU				✓	
BAE SYSTEMS					✓
OSHKOSH					✓
NAVISTAR		✓			✓
DAIMLER			✓		✓

Industry Update – Industrial⁽¹⁾

FMTV Production

Fiscal Year



- FMTV shipments returning to peak volumes in FY 2012 as expected
- Department of Defense budget cuts have not impacted FMTV volumes to date
- Caiman program nearing completion with bolt-on award of incremental 371 units to be produced in Q4 FY 2012 and Q1 FY 2013

Active Development

Joint Light Tactical Vehicle (JLTV)

- Working with industry on next development phase – Engineering, Manufacturing and Development (EMD)
 - Three contracts to be awarded for next development phase in late August 2012

HMMWV Modernized Expanded Capacity Vehicle (MECV)

- Program continuing to be re-evaluated by Army
- Other services exploring initiatives for future sustainment
- Meritor continuing to test and finalize validation of upgraded drivetrain and suspension solution incorporating ProTec Series 30

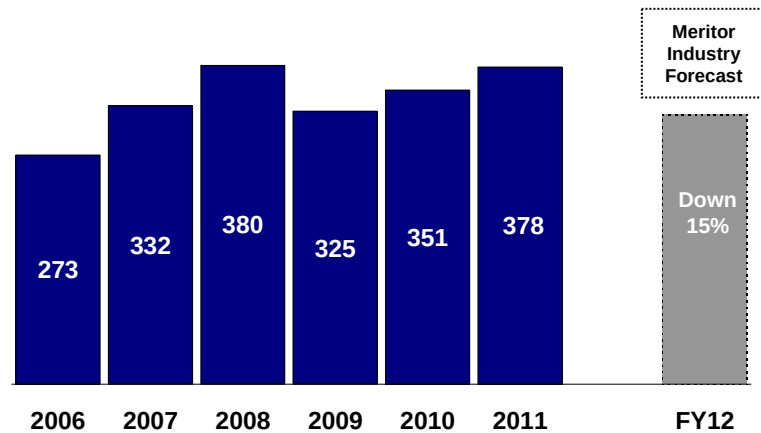


¹) Meritor forecast based on management's current planning assumptions and other factors. Actual results may differ materially from projections as a result of risks and uncertainties. Please see slide "Forward Looking Statements."

Industry Update – Industrial⁽¹⁾

China Construction Production

Calendar Year History & Meritor Forecast (000)

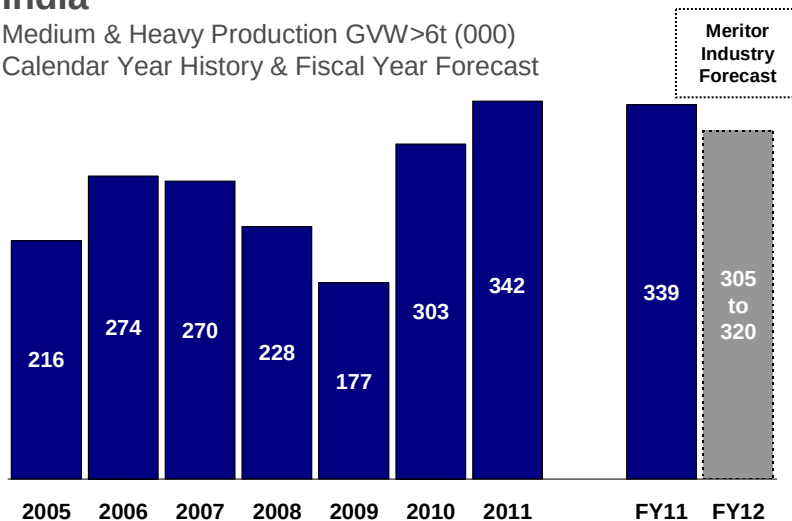


Source: MillMark & Associates

- Typical spring seasonal peak for China off-highway did not occur
- Mining production decreasing due to lower energy consumption and lower commodity prices
- Loader and excavator production down with slowing of housing sector
- Rail construction remains at trough
- Meritor sales now expected to be ~30 percent lower in second half FY 2012 versus first half

India

Medium & Heavy Production GVW>6t (000)
Calendar Year History & Fiscal Year Forecast



2005 - 2011 Source: LMC Automotive (formerly JD Power)

- GDP growth in second fiscal quarter in 2012; a nine-year low
- Inflation well below 2011 levels but still a concern for the government
- Exports very weak
- OEMs carrying higher inventory and are de-stocking
- Meritor sales now expected to be ~40 percent lower⁽²⁾ in second half FY 2012 versus first half

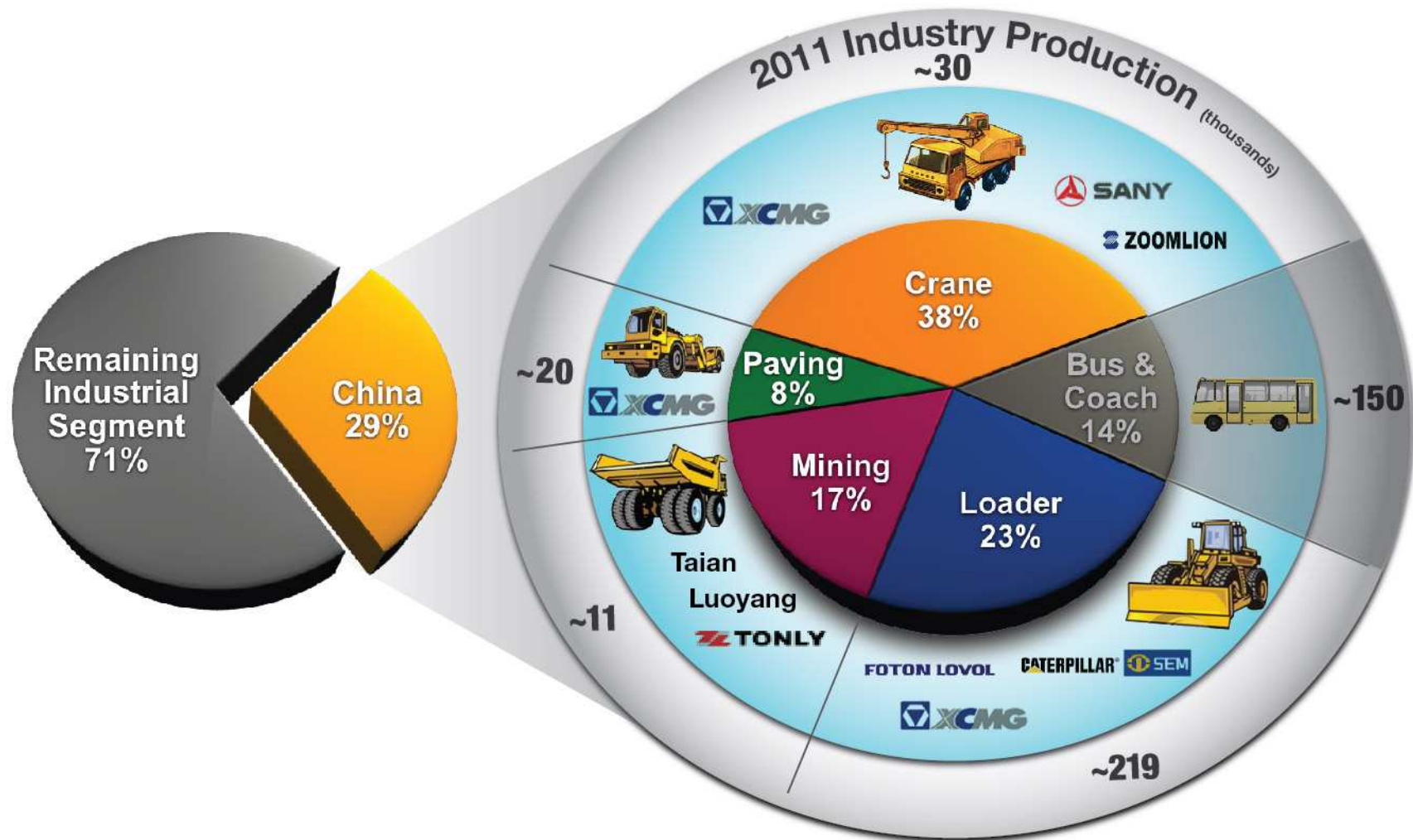


1) Meritor forecast based on management's current planning assumptions and other factors. Actual results may differ materially from projections as a result of risks and uncertainties. Please see slide "Forward Looking Statements."

2) Includes the impact of changes in currency from March 31, 2012 to June 30, 2012.

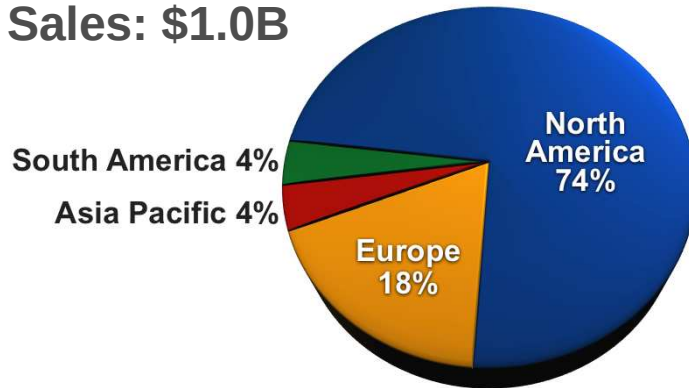
China Off-Highway Market Focus

Product percent of Meritor China sales



Aftermarket & Trailer Overview

FY11 Sales: \$1.0B



Trailer

- Undercarriage products and systems for trailer applications in NA and SA
- Leading market position with joint venture in SA

Top Trailer Customers 2011

North America	South America

Aftermarket

- Full range of drivetrain and undercarriage parts and remanufactured products
- Demand is less sensitive to market fluctuations and offers a cyclical buffer to volatility in global commercial truck markets

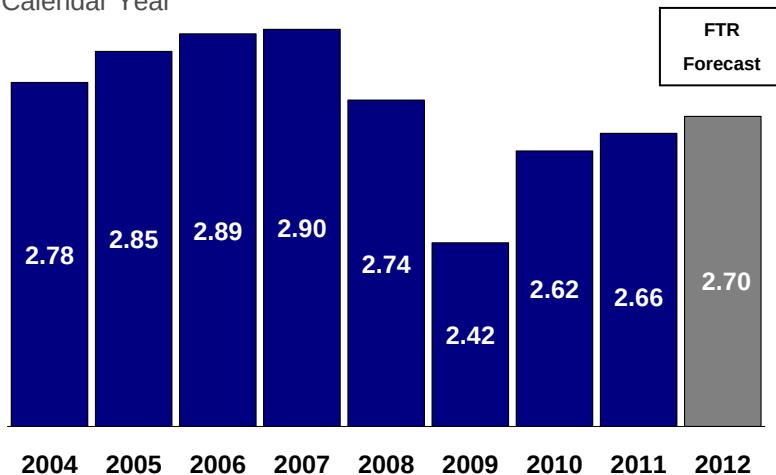
Top Aftermarket Customers 2011

North America	Europe

Industry Update – Aftermarket & Trailer⁽¹⁾

U.S. Truck Freight Ton Miles

Seasonally Adjusted (trillions)
Calendar Year

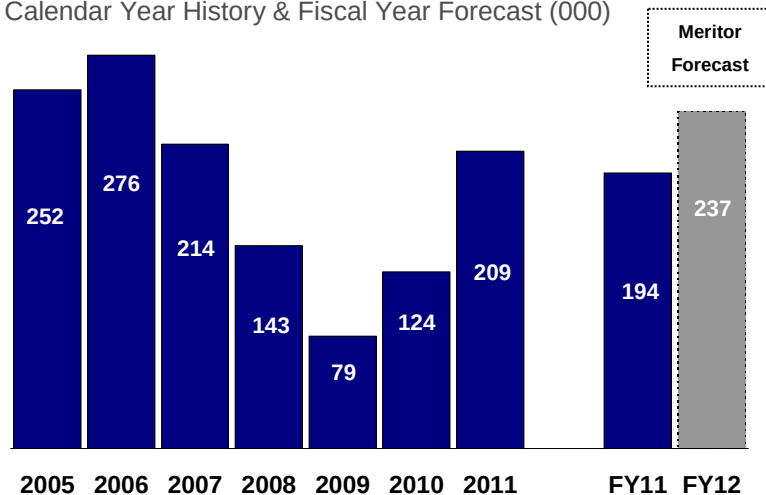


Source: FTR Associates

- Revenue peak historically in the third quarter for seasonal maintenance but muted in FY 2012 due to pull ahead from mild winter
- Year-over-year growth for U.S. truck ton miles continue to decrease
- Experienced year-over-year growth in first two fiscal quarters but year-over-year decline in third fiscal quarter

North America Trailer Production

Calendar Year History & Fiscal Year Forecast (000)



Source: ACT Research

- Seasonal slow period in summer months for trailer orders
- Three consecutive monthly declines in orders combined with increased production reduced backlogs 5 percent in June
- Order boards have now leveled out to historically strong levels of demand
- Cancellations remain low



¹⁾ Meritor forecast based on management's current planning assumptions and other factors. Actual results may differ materially from projections as a result of risks and uncertainties. Please see slide "Forward Looking Statements."

Sequential Performance ⁽¹⁾

(in millions except EPS)

EBITDA margin sustained despite volume headwind

	Q2 2012	Q3 2012	Comments
Sales	\$1,160	\$1,113	Decreased 4 percent from Q2 FY 2012 primarily due to FX and deterioration in China and India markets
Adjusted EBITDA <i>Margin</i>	\$95 8.2%	\$92 8.3%	EBITDA margin improved despite revenue decline. Benefit of execution actions sustained as planned.
Adjusted Income from Cont. Ops. ⁽²⁾	\$32	\$37	Increased 16 percent from Q2 FY 2012
Adjusted EPS from Cont. Ops. ⁽²⁾	\$0.33	\$0.38	Reflects continuation of more normalized tax rate
Free Cash Flow ⁽²⁾	(\$69)	\$46	Significant improvement from prior quarter due primarily to improvements in working capital

1) See Appendix – “Non-GAAP Financial Information.”

2) GAAP net income attributable to Meritor, Inc. was \$20 million for Q2 FY 2012 and \$49 million for Q3 FY 2012. GAAP income from continuing operations attributable to Meritor, Inc. was \$29 million for Q2 FY 2012 and \$50 million for Q3 FY 2012. GAAP diluted earnings per share from continuing operations attributable to Meritor, Inc. was \$0.30 for Q2 FY 2012 and \$0.51 for Q3 FY 2012. Cash flow provided (used) by operations was (\$51) million for Q2 FY 2012 and \$68 million for Q3 FY 2012.



Third Quarter EBITDA Walk

(in millions, except margin %)

	Sales	Adjusted EBITDA ⁽¹⁾
Q2 FY 2012	\$1,160	\$95 8.2%
Pricing and favorable mix offsetting volume decline		4
Q2 charge for litigation contingency (Q3 better than Q2)		4
Foreign exchange		(6)
Equity in earnings of affiliates		(2)
Other		(3)
Q3 FY 2012	\$1,113	\$92 8.3%

Better/(Worse):

(\$47)

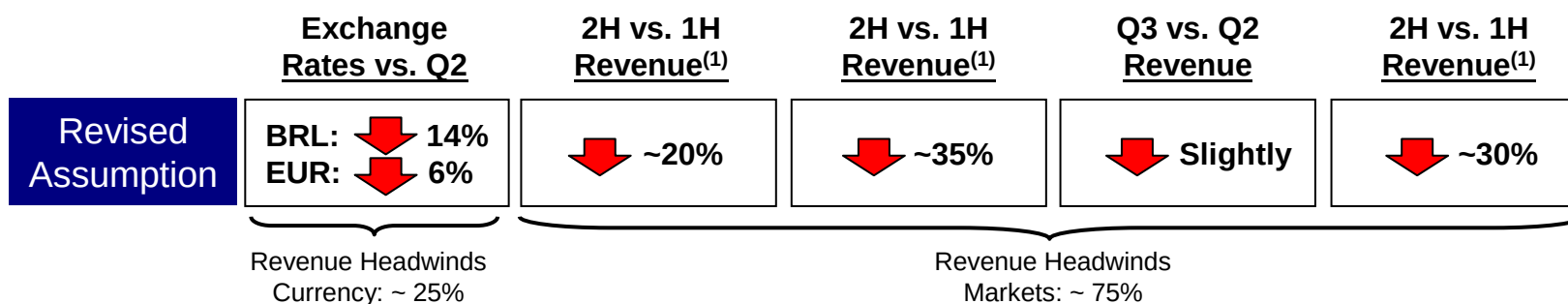
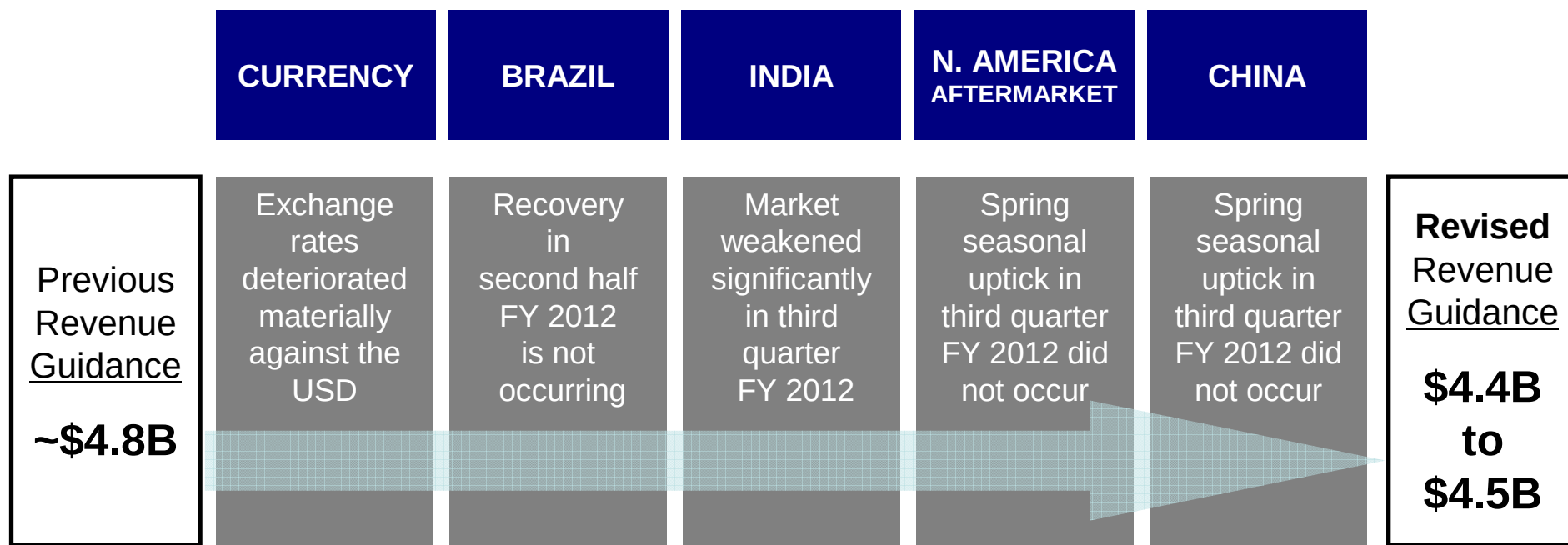
(\$3)

**~6%
Downside
Conversion**

1) See Appendix – “Non-GAAP Financial Information.”



FY 2012 Revenue Headwinds⁽²⁾



1) Excludes currency impact.

2) Meritor forecast based on management's current planning assumptions and other factors. Actual results may differ materially from projections as a result of risks and uncertainties. Please see slide "Forward Looking Statements."

Revised FY 2012 Outlook⁽¹⁾

Continuing Operations

(in millions)	Current FY 2012 Outlook ⁽¹⁾
Sales (assuming constant currency)	\$4,400 - \$4,500 (Previously ~ \$4,800)
Adjusted EBITDA Margin	7.6% - 8.0% (Previously 8.2% - 8.6%)
Adjusted Income from Cont. Ops.	\$85 - \$110 (Previously \$105 - \$135)
Adjusted Earnings per Share from Continuing Operations	\$0.90 - \$1.15 (Previously \$1.08 - \$1.39)
Free Cash Flow from Continuing Operations before Restructuring	\$0 - \$50
Effective Tax Rate	~40%

1) Based on management's current planning assumptions and other factors. Actual results may differ materially from projections as a result of risks and uncertainties. Please see slide "Forward Looking Statements."





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Appendix

Use of Non-GAAP Financial Information

In addition to the results reported in accordance with accounting principles generally accepted in the United States (“GAAP”) included throughout this press release, the company has provided information regarding Adjusted income or loss from continuing operations, Adjusted diluted earnings per share from continuing operations, Adjusted EBITDA, free cash flow and free cash flow from continuing operations before restructuring payments which are non-GAAP financial measures.

Adjusted income (loss) from continuing operations and Adjusted diluted earnings (loss) per share from continuing operations are defined as reported income or loss from continuing operations and reported diluted earnings or loss per share from continuing operations before restructuring expenses, asset impairment charges and other special items as determined by management. Adjusted EBITDA is defined as income (loss) from continuing operations before interest, income taxes, depreciation and amortization, non-controlling interests in consolidated joint ventures, loss on sale of receivables, restructuring expenses, asset impairment charges and other special items as determined by management. Free cash flow is defined as cash flows provided by (used for) operating activities less capital expenditures.

Management believes that the non-GAAP financial measures used in this press release are useful to both management and investors in their analysis of the company's financial position and results of operations. In particular, management believes that Adjusted EBITDA is a meaningful measure of performance as it is commonly utilized by management and the investment community to analyze operating performance in our industry. Further, management uses Adjusted EBITDA for planning and forecasting in future periods. Management believes that free cash flow is useful in analyzing our ability to service and repay debt.

Adjusted income (loss) from continuing operations, Adjusted diluted earnings (loss) per share from continuing operations and Adjusted EBITDA should not be considered a substitute for the reported results prepared in accordance with GAAP and should not be considered as an alternative to net income as an indicator of our operating performance or to cash flows as a measure of liquidity. Free cash flow should not be considered a substitute for cash provided by (used for) operating activities, or other cash flow statement data prepared in accordance with GAAP, or as a measure of financial position or liquidity. In addition, these non-GAAP cash flow measures do not reflect cash used to service debt or cash received from the divestitures of businesses or sales of other assets and thus do not reflect funds available for investment or other discretionary uses. These non-GAAP financial measures, as determined and presented by the company, may not be comparable to related or similarly titled measures reported by other companies.

Set forth on the following pages are reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.

Non-GAAP Financial Information

EBITDA Reconciliation

(in millions)

	Three Months Ended		
	June 30, 2012	March 31, 2012	June 30, 2011 (1)
Adjusted EBITDA	\$ 92	\$ 95	\$ 103
Depreciation and Amortization	(15)	(16)	(16)
Interest Expense, Net	(25)	(23)	(22)
Provision for Income Taxes	(12)	(17)	(28)
Non-controlling Interests	(2)	(4)	(5)
Loss on Sale of Receivables	(1)	(3)	(3)
Restructuring Costs	(3)	(3)	(7)
Gain on Settlement of Notes Receivable	-	-	5
Gain on Sale of Property	16	-	-
Income From Continuing Operations			
Attributable to Meritor, Inc	50	29	27
Loss From Discontinued Operations			
Attributable to Meritor, Inc	(1)	(9)	(10)
Net Income Attributable to Meritor, Inc.	<u>\$ 49</u>	<u>\$ 20</u>	<u>\$ 17</u>
Adjusted EBITDA Margin	8.3%	8.2%	8.1%



1) Amounts have been recast to reflect our European Trailer business as discontinued operations.

Memo: Adjusted EBITDA margin equals Adjusted EBITDA divided by consolidated sales.

Non-GAAP Financial Information

Income from Continuing Operations Reconciliation

(in millions except EPS)

	Three Months Ended		
	June 30, 2012	March 31, 2011	June 30, 2011 (1)
Income From Continuing Operations			
Attributable to Meritor, Inc.	50	29	27
Adjustments:			
Restructuring Costs	3	3	7
Gain on Sale of Property	(16)	-	-
Gain on Settlement of Note Receivable	-	-	(5)
Adjusted Income From Continuing Operations	<u>\$ 37</u>	<u>\$ 32</u>	<u>\$ 29</u>
Adjusted Earnings Per Share			
From Continuing Operations	<u>\$ 0.38</u>	<u>\$ 0.33</u>	<u>\$ 0.30</u>
Diluted Shares Outstanding	97.2	97.2	96.8



1) Amounts have been recast to reflect our European Trailer business as discontinued operations.

Non-GAAP Financial Information

Free Cash Flow Reconciliation

(in millions)

	Three Months Ended		
	June 30, 2012	March 31, 2012	June 30, 2011 (1)
Cash provided by (used for) operating activities -			
continuing operations	\$ 73	\$ (46)	\$ 44
Capital expenditures - continuing operations	(22)	(18)	(26)
Free cash flow - continuing operations	51	(64)	18
Cash used for operating activities -			
discontinued operations	(5)	(5)	(19)
Capital expenditures - discontinued operations	-	-	-
Free cash flow - discontinued operations	(5)	(5)	(19)
Free cash flow - total company	\$ 46	\$ (69)	\$ (1)
Free cash flow - continuing operations	\$ 51	\$ (64)	\$ 18
Restructuring payments	5	3	3
Free cash flow from continuing operations before restructuring payments	\$ 56	\$ (61)	\$ 21



1) Amounts have been recast to reflect our European Trailer business as discontinued operations.



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