Fiscal Year 2011 Third-Quarter Earnings Presentation

Chip McClure, Chairman, CEO & President
Jay Craig, Senior VP & CFO

Aug. 2, 2011

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 successfully manage steeply increasing volumes in the commercial truck markets, working with our customers to adjust their demands in view of the rapid acceleration of production; 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; global economic and market cycles and conditions, including the recent global economic crisis; risks inherent in operating abroad (including foreign currency exchange rates and potential disruption of production and supply due to terrorist attacks or acts of aggression); 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; 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; successful integration of acquired or merged businesses; the ability to achieve the expected annual savings and synergies from past and future business combinations; success and timing of potential divestitures; 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; rising costs of pension and other postretirement benefits; 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.

Third-Quarter Highlights

- Sales were $1.287 billion, up 33 percent year-over-year
- Commercial Truck market share increasing and profit margins expanding
- Received 13 supplier awards from manufacturers in North America, South America and India
- Began production of fuel-efficient 18X axle in Europe for heavy, line haul operations
- Launched two-speed axle in India customized for local conditions

MERITOR

Sequential Performance[1]

(in millions except EPS)

	2011 Q2	2011 Q3	Comments
Sales	$1,192	$1,287	Increased 8% quarter-over-quarter
Adjusted EBITDA ***Margin***	$81 ***6.8%***	$102 ***7.9%***	Increased 26% quarter-over-quarter
Adjusted Income from Cont. Ops.[2]	$14	$25	Improvement of $11 million
Adjusted EPS from Cont. Ops.[2]	$0.14	$0.26	Increased 86% quarter-over-quarter
Free Cash Flow[2]	($18)	($1)	Near breakeven despite inventory investment

1) See Slide 11 and Appendix – “Non-GAAP Financial Information.”

2) GAAP net income was $17 million for Q2 2011 and $17 million for Q3 2011. GAAP income from continuing operations was $1 million for Q2 2011 and $23 million for Q3 2011. GAAP diluted income per share from continuing operations was $0.01 for Q2 2011 and $0.24 for Q3 2011. Cash flow provided by operations was $5 million for Q2 2011 and $25 million for Q3 2011.

Year-over-Year Performance[1]

(in millions except EPS)

	2010 Q3	2011 Q3	Comments
Sales	$966	$1,287	Increased $321 million or 33% year-over-year
Adjusted EBITDA ***Margin***	$66 ***6.8%***	$102 ***7.9%***	Increased 55% year-over-year
Adjusted Income (Loss) from Cont. Ops.[2]	($6)	$25	Improvement of $31 million
Adjusted EPS from Cont. Ops.[2]	($0.06)	$0.26	Positive earnings per share
Free Cash Flow[2]	$33	($1)	Near breakeven despite inventory, and machinery & equipment investment

1) See Slide 11 and Appendix – "Non-GAAP Financial Information."

2) GAAP net income/(loss) was ($3) million for Q3 2010 and $17 million for Q3 2011. GAAP income/(loss) from continuing operations was ($6) million for Q3 2010 and $23 million for Q3 2011. GAAP diluted income/(loss) per share from continuing operations was ($0.06) for Q3 2010 and $0.24 for Q3 2011. Cash flow provided by operations was $47 million for Q3 2010 and $25 million for Q3 2011.

MERITOR®

Commercial Truck Segment

- Commercial Truck revenue up 11 percent from the second quarter; 48 percent year-over-year
- Commercial Truck EBITDA margin expanded 160 basis points from 3Q10
- North America volumes up 64 percent on a quarterly basis, 3Q11 over 3Q10
- Commercial truck market share continues positive sales trend
- Working with customers on efficient ramp-up
  - Fulfilled customer requirements more than 99% of the time
- Anticipate strong market demand to continue

Industry Production
(year-over-year)

North America
(Class 8)
Up 64%
Higher than largest quarterly increase during 2004-2006 cycle

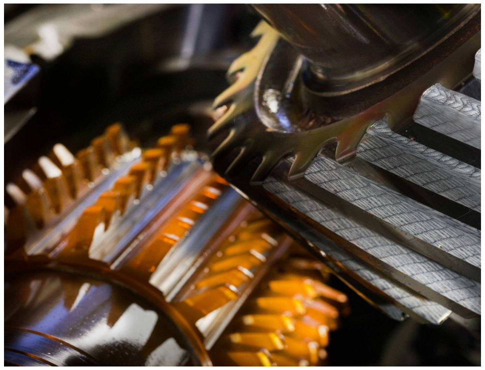
Western Europe
(GVW > 6 tons)
Up 36%

South America
(GVW > 6 tons)
Up 15%

MERITOR

Commercial Truck North America

- Accelerated internal production; added employees; bringing new suppliers online
- Additional CapEx to address constraints
  - Investments to respond to even stronger 2012 North America truck markets are being made now, given long-lead times
- Maintain daily collaboration with customers
  - Agreements in place with major customers for accelerated commodity cost recoveries; also collaborating on premium cost recoveries
- Organized effort underway to manage cycle in fiscally prudent way



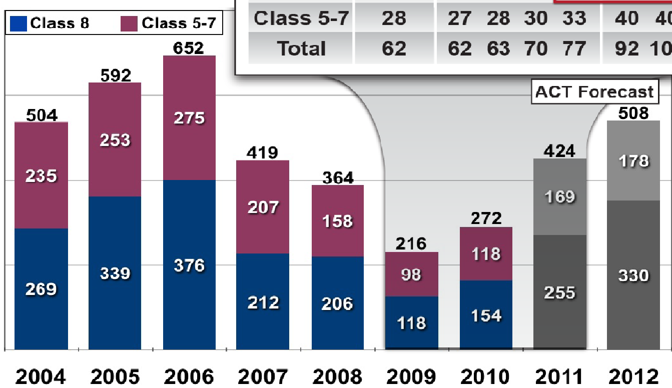
MERITOR®

Industry Update

North America

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

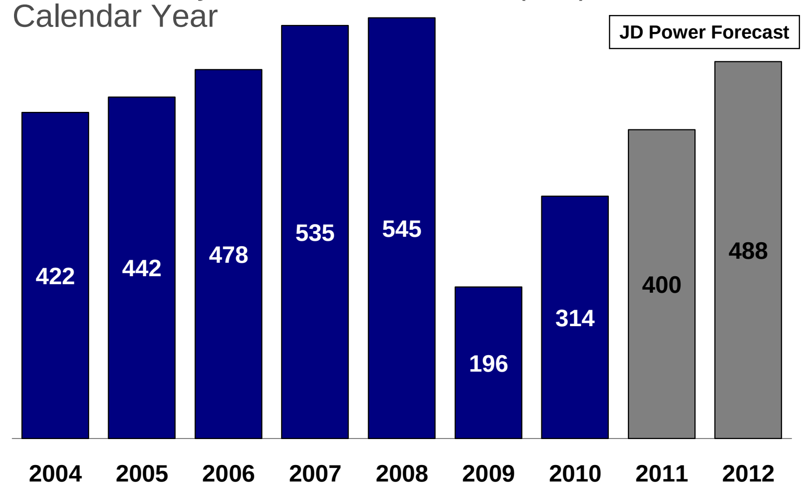
	2009	2010				2011				
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Class 8	34	35	35	40	44	52	62	69	72	FY11 227k
Class 5-7	28	27	28	30	33	40	40	43	46	
Total	62	62	63	70	77	92	102	112	118	



Source: ACT Research

Western Europe

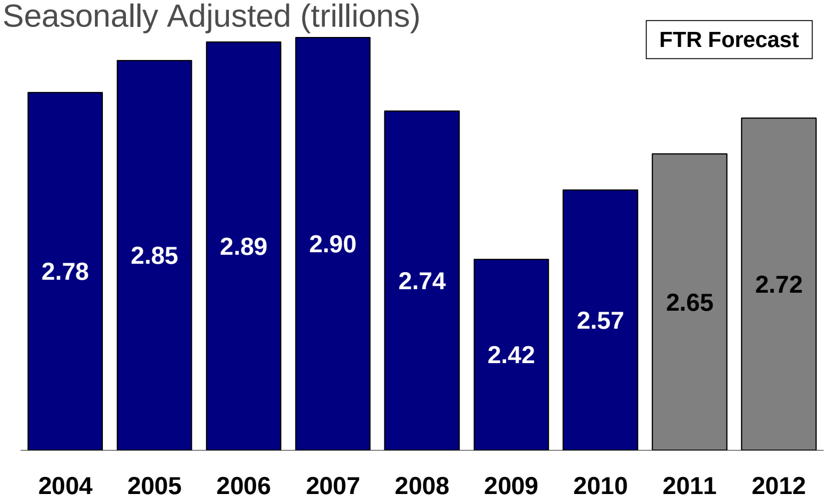
Med. & Heavy Production GVW>6t (000)
Calendar Year



Source: J.D. Power and Associates

U.S. Truck Freight Ton Miles

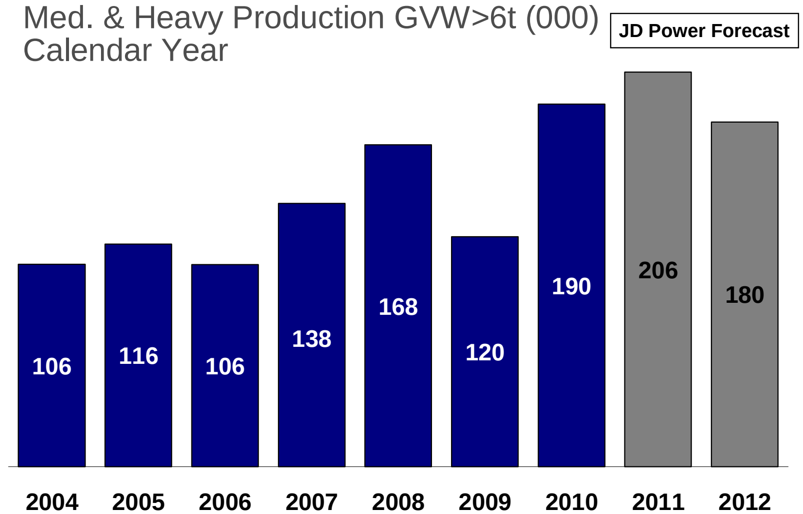
Seasonally Adjusted (trillions)



Source: FTR Associates

South America

Med. & Heavy Production GVW>6t (000)
Calendar Year



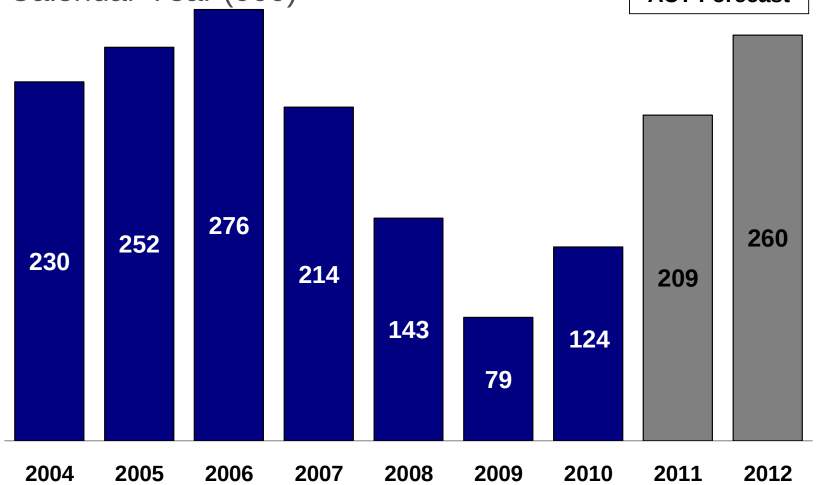
Source: J.D. Power and Associates

MERITOR

Industry Update

North America Trailer Production

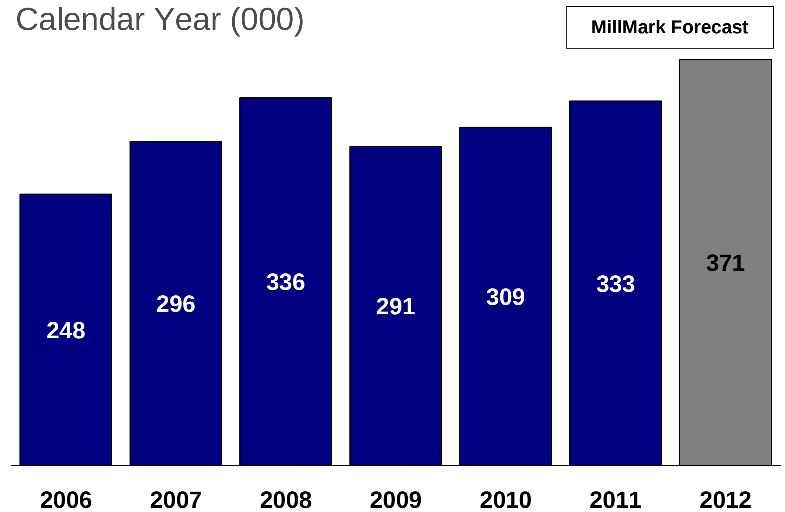
Calendar Year (000)



Source: ACT Research

China Construction Production

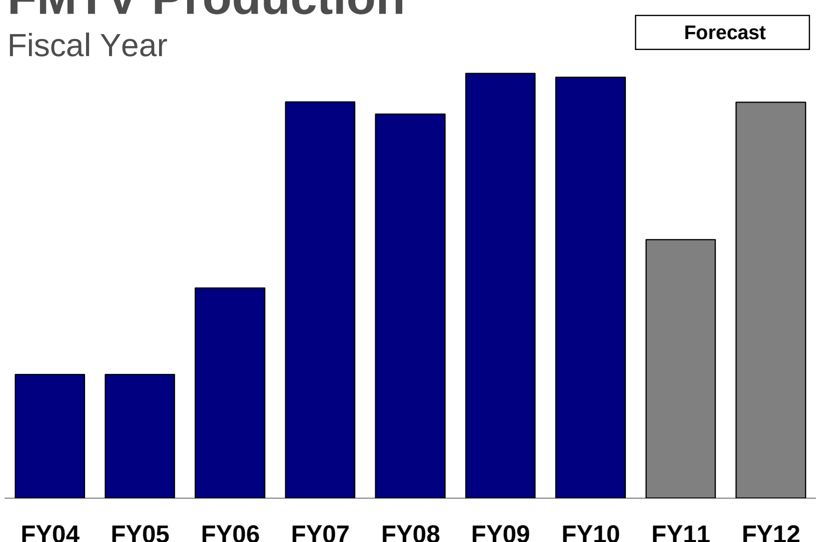
Calendar Year (000)



Source: MillMark and Associates (Data updated by MillMark to reflect additional OEMs)

FMTV Production

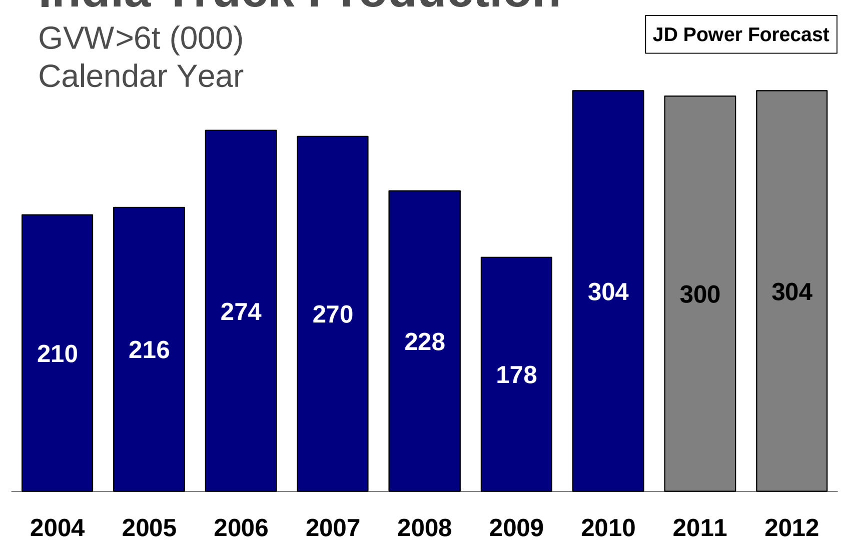
Fiscal Year



India Truck Production

GVW>6t (000)

Calendar Year



Source: J.D. Power and Associates

Third-Quarter 2011 Results Comparison[1]

Continuing Operations

(in millions)	FY 2011 Q2 Actual		Revised FY 2011 Q3 Outlook[2]	FY 2011 Q3 Actual
Sales	$1,192		$1,280 - $1,290	**$1,287**
Adjusted EBITDA *Margin*	$81 *6.8%*		$100 - $104 *7.7%-8.1%*	**102** ***7.9%***
Adjusted Income from Cont. Ops.	$14		$20 - $30	**$25**
Free Cash Flow	($18)		Around Breakeven	**($1)**

1) See Appendix – “Non-GAAP Financial Information.”
2) Outlook revised in press release dated July 21, 2011.

MERITOR®

Third-Quarter Income Statement from Continuing Operations

(in millions, except per share amounts)

	Three Months Ended June 30,			
	2011	2010[3]	Better/(Worse) $	Better/(Worse) %
Sales	$ 1,287	$ 966	$ 321	33%
Cost of Sales	(1,153)	(849)	(304)	-36%
Gross Margin	134	117	17	15%
SG&A	(73)	(77)	4	5%
Restructuring Costs	(7)	(1)	(6)	*
Other Operating Expenses	-	(6)	6	*
Operating Income	54	33	21	64%
Other Income	5	1	4	*
Equity in Earnings of Affiliates	21	12	9	75%
Interest Expense, Net	(22)	(27)	5	19%
Income Before Income Taxes	58	19	39	205%
Provision for Income Taxes	(30)	(21)	(9)	-43%
Income (Loss) From Continuing Operations	28	(2)	30	*
Noncontrolling Interests	(5)	(4)	(1)	-25%
Income (Loss) From Continuing Operations	$ 23	$ (6)	$ 29	*
Adjustments:				
Restructuring Costs	7	1	6	*
Gain on Note Receivable	(5)	-	(5)	*
Income Taxes	-	(1)	1	*
Adjusted Income (Loss) From Continuing Operations[1]	$ 25	$ (6)	$ 31	*
DILUTED ADJUSTED INCOME PER SHARE[1][2]	$ 0.26	$ (0.06)	$ 0.32	*
Diluted Shares Outstanding	96.8	93.2	3.6	4%

1) See Appendix – "Non-GAAP Financial Information."
2) GAAP diluted income (loss) per share from continuing operations was $0.24 for Q3 2011 and ($0.06) for Q3 2010.
3) Prior period amounts have been recast to reflect LVS as discontinued operations.

Third-Quarter 2011 GAAP Income Tax Expense

Continuing Operations

(in millions)	Inc. (Loss) Before Taxes	Inc. Tax Exp	Effective Rate
Income not subject to VA	$ 90	$ 28	31%
Income subject to VA[1]	(32)	-	
Other[2]	-	2	
Total	**$ 58**	**$ 30**	

1) Expected ~$10 million benefit on losses (approx. 30% statutory rate) not realized in Q3 2011 due to valuation allowances established in fiscal year 2009.

2) Relates to tax contingencies and other tax adjustments.

MERITOR®

Third-Quarter Segment EBITDA and Adjusted EBITDA

(in millions)

	Three Months Ended June 30,			
	2011	2010 [2]	Better/(Worse) $	Better/(Worse) %
Segment EBITDA				
Commercial Truck	$ 49	$ 25	$ 24	96%
Industrial	21	25	(4)	-16%
Aftermarket & Trailer	35	20	15	75%
Segment EBITDA	105	70	35	50%
Unallocated Legacy & Corp. Costs	(3)	(4)	1	25%
Adjusted EBITDA[1]	$ 102	$ 66	$ 36	55%
Segment EBITDA Margins				
Commercial Truck	6.4%	4.8%	1.6 pts	
Industrial	6.8%	9.7%	(2.9) pts	
Aftermarket & Trailer	11.9%	7.8%	4.1 pts	
Adjusted EBITDA Margins[1]	7.9%	6.8%	1.1 pts	

1) Meritor uses Segment EBITDA as the primary basis for the chief operating decision maker to evaluate the performance of each of the company's reportable segments. Adjusted EBITDA margin equals Adjusted EBITDA divided by sales. See appendix for reconciliation and comparison to GAAP measures.

2) Prior period amounts have been recast to reflect LVS as discontinued operations.

MERITOR

Third-Quarter Walk

(in millions, except margin %)

	Sales	Adjusted EBITDA[1]	
Q2 FY 2011	**$1,192**	**$81**	***6.8%***
Volume and mix		18	
Material economics net of recoveries		(6)	
Reduction in Caiman launch costs		2	
Foreign exchange		6	
Other		1	
Q3 FY 2011	**$1,287**	**$102**	***7.9%***
	+$95	**+$21**	**~22% Conversion**

1) See Appendix – "Non-GAAP Financial Information."

MERITOR®

Free Cash Flow[1]

(in millions)

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010[3]
Income (Loss) From Continuing Operations	$ 28	$ (2)
Net Spending (D&A less Capital Expenditures)	(9)	4
Pension and Retiree Medical, Net of Expense	(3)	(2)
Performance Working Capital[2]	(43)	(23)
Off-Balance Sheet Securitization & Factoring	(6)	15
Restructuring Payments	(5)	(3)
Other	37	44
Free Cash Flow	$ (1)	$ 33
Memo: Cash Flow Provided by Operations[3]	$ 25	$ 47

1) See Appendix – "Non-GAAP Financial Information."
2) Change in payables less changes in receivables and inventory.
3) Prior period amounts have been recast to reflect LVS as discontinued operations.

MERITOR

Fiscal Year 2011 Planning Assumptions[1]

Continuing Operations

(in millions)	Prior Full Year Est.	Current Full Year Est.
Capital Expenditures	$90 - $105	$90 - $105
Interest Expense	$100 - $110	$95 - $100
Cash Interest	$85 - $95	$85 - $90
Income Tax Expense	$70 - $90	$90 - $95
Cash Income Taxes	$50 - $70	$55 - $65

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."

MERITOR®

Fourth-Quarter Outlook[(1)(2)]

Continuing Operations

(in millions)	FY 2011 Q3 Actual	FY 2011 Q4 Outlook[(1)]
Sales	$1,287	$1,175 - $1,275
Adjusted EBITDA	$102	$90 - $100
Adjusted Income from Cont. Ops.	$25	$15 - $25
Free Cash Flow	($1)	Slightly Negative (Bond Interest Payment)

- Plan to provide fiscal year guidance for 2012 during FY 2011 Q4 earnings call

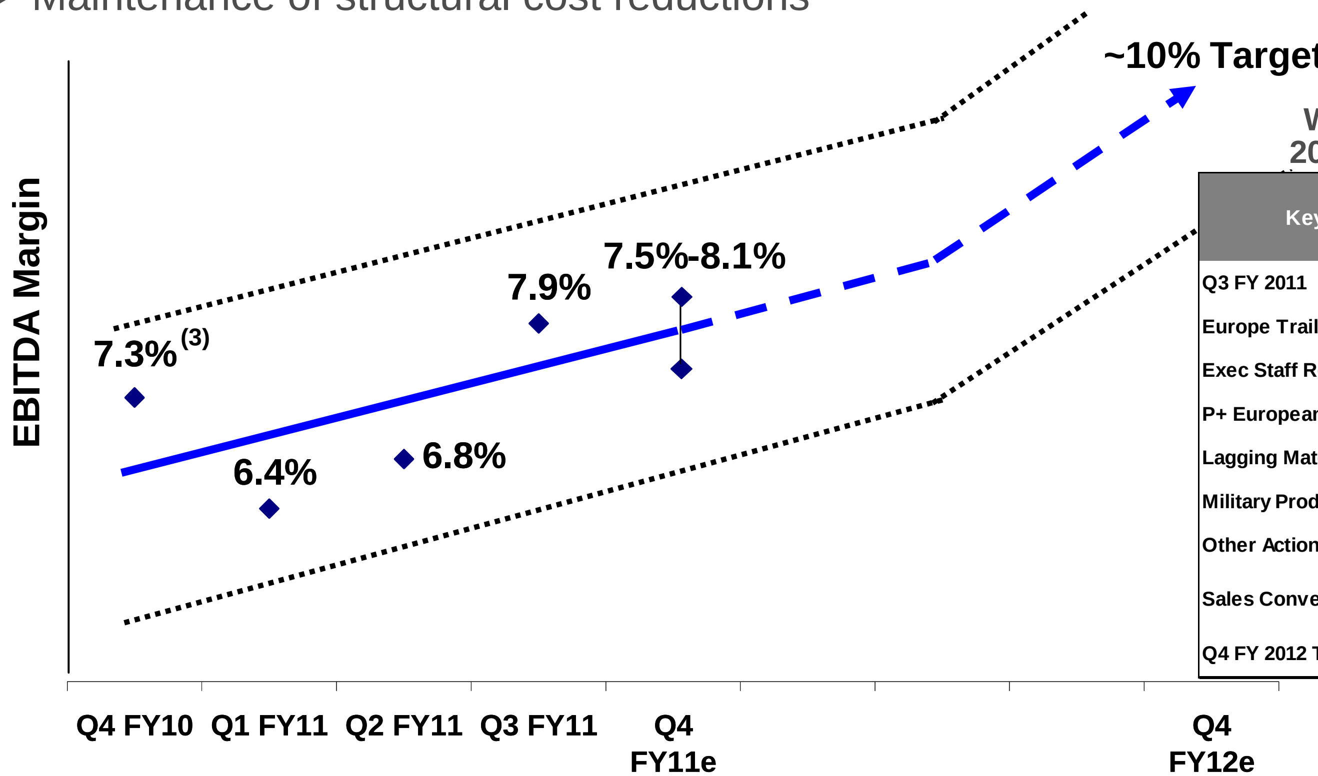
1) Based on management's current planning assumptions and other factors. Actual results may differ materially from projections as a result of risks and uncertainties. Please see slide "Forward Looking Statements."
2) See Appendix – "Non-GAAP Financial Information."

MERITOR®

Path to 2012 EBITDA Margin Target[(1)(2)]

Requirements to Achieve Target

- Stabilization and/or successful mitigation of material economics (steel)
- Mitigation of excess supply chain costs due to dramatic volume increases
- Maintenance of structural cost reductions



Sales:	$956	$971	$1,192	$1,287	$1,175-$1,275	~$1.4B

We expect to achieve our 2012 EBITDA margin target

Key Steps	Timing	Sales	Adjusted EBITDA Margin[(1)]
Q3 FY 2011		$ 1,287	7.9%
Europe Trailer Closure	Q4 FY11		~1 pt
Exec Staff Reductions (4)	Q2 FY12		
P+ European Footprint	Q2 FY12		
Lagging Material Recoveries	Ongoing		
Military Product Mix	Ongoing		
Other Actions	Ongoing		
Sales Conversion @ ~20%			~1 pt
Q4 FY 2012 Target (2)		~$1,400	~10%

1) See Appendix – "Non-GAAP Financial Information."
2) Adjusted EBITDA target of 10% average through the cycle based on management's planning assumptions. Actual results may differ materially from projections as a result of risks and uncertainties. Please see slide "Forward Looking Statements."
3) Q4 2010 includes $7 million pension curtailment gain.
4) Actions already executed and full benefit expected by Q2 FY12.

MERITOR

Key Steps to Achieve Targets

Key Steps	Timing	Sales	Adjusted EBITDA Margin[1]
Q3 FY 2011		$ 1,287	7.9%
Europe Trailer Closure	Q4 FY11		~1 pt
Exec Staff Reductions	Q2 FY12		
P+ European Footprint	Q2 FY12		
Lagging Material Recoveries	Ongoing		
Military Product Mix	Ongoing		
Other Actions	Ongoing		
Sales Conversion @ ~20%			~1 pt
Q4 FY 2012 Target[2]		~$1,400	~10%

- Announced closure of Europe Trailer in March 2011
  - Europe Trailer financial results expected to be included in discontinued operations in Q4 fiscal 2011
- Executive staff reductions already implemented
  - Full benefit of cost reductions expected in Q2 fiscal 2012
- Completing steps to rationalize industrial footprint in Europe and eliminating one manufacturing facility
- Will benefit from lagging material cost recoveries as material costs stabilize
- FMTV volumes are expected to strengthen in fiscal year 2012
  - Could reach peak levels of around 8000 units

MERITOR®

1) See Appendix – "Non-GAAP Financial Information."

2) Adjusted EBITDA target of 10% average through the cycle based on management's planning assumptions. Actual results may differ materially from projections as a result of risks and uncertainties. Please see slide "Forward Looking Statements."

Fourth-Quarter 2011 Priorities

- Maintain focus on sustainable, profitable growth
- Execute highlighted restructuring actions
- Continue collaboration with customers and suppliers
- Invest strategically to address increasing demand

MERITOR®

Appendix

MERITOR®

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 EDITDA and free cash flow, 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[1]

	Three Months Ended				
	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010
Adjusted EBITDA	$ 102	$ 81	$ 62	$ 70	$ 66
Depreciation and Amortization	(17)	(17)	(16)	(16)	(18)
Interest Expense, Net	(22)	(24)	(27)	(25)	(27)
Provision for Income Taxes	(30)	(19)	(20)	(17)	(21)
Non-controlling Interests	(5)	(5)	(4)	(3)	(4)
Loss on Sale of Receivables	(3)	(2)	(1)	(1)	(1)
Restructuring Costs	(7)	(11)	(3)	(5)	(1)
Asset Impairment Charges	-	-	-	(2)	-
Other Losses Related to LVS Divestitures	-	(2)	-	-	-
Gain on Note Receivable	5	-	-	-	-
Income (Loss) From Continuing Operations Attributable to Meritor, Inc	23	1	(9)	1	(6)
Income (Loss) From Discontinued Operations Attributable to Meritor, Inc	(6)	16	7	1	3
Net Income (Loss) Attributable to Meritor, Inc.	$ 17	$ 17	$ (2)	$ 2	$ (3)

(1) Amounts have been recast to reflect LVS as discontinued operations.

Memo: Sales	1,287	1,192	971	956	966
Memo: Adjusted EBITDA Margin	7.9%	6.8%	6.4%	7.3%	6.8%

1) Amounts have been recast to reflect LVS as discontinued operations.
Memo: Adjusted EBITDA margin equals Adjusted EBITDA divided by sales.

Non-GAAP Financial Information

Income from Continuing Operations Reconciliation[1]

	Three Months Ended		
	June 30, 2011	March 31, 2011	June 30, 2010
Income (Loss) From Continuing Operations Attributable to Meritor, Inc.	23	1	(6)
Adjustments:			
Restructuring Costs	7	11	1
Income Taxes	-	-	(1)
Other Losses Related to LVS Divestitures	-	2	-
Gain on Note Receivable	(5)	-	-
Adjusted Income (Loss) From Continuing Operations	$ 25	$ 14	$ (6)
Adjusted Earnings (Loss) Per Share From Continuing Operations	$ 0.26	$ 0.14	$ (0.06)
Diluted Shares Outstanding	96.8	96.9	93.2

1) Amounts have been recast to reflect LVS as discontinued operations.

Non-GAAP Financial Information

Free Cash Flow Reconciliation

(in millions)	Three Months Ended June 30, 2011	Three Months Ended March 31, 2011	Three Months Ended June 30, 2010
Cash provided by operating activities	$ 25	$ 5	$ 47
Capital expenditures - continuing operations	(26)	(23)	(9)
Capital expenditures - discontinued operations	-	-	(5)
Free cash flow	$ (1)	$ (18)	$ 33

MERITOR®

MERITOR®