

Wells Fargo 2011 Industrial & Construction Conference

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Senior VP and CFO

May 11, 2011



Forward-Looking Statements

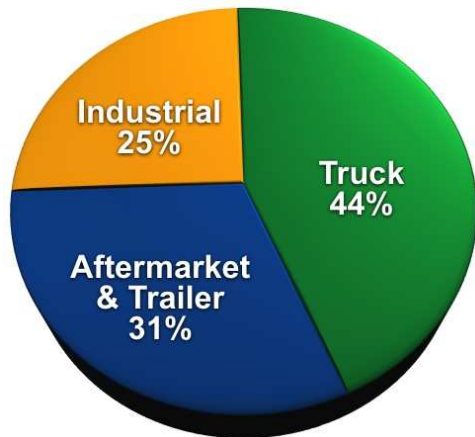
This release contains statements relating to future results of the company (including certain projections and business trends) that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are typically identified by words or phrases 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; 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.

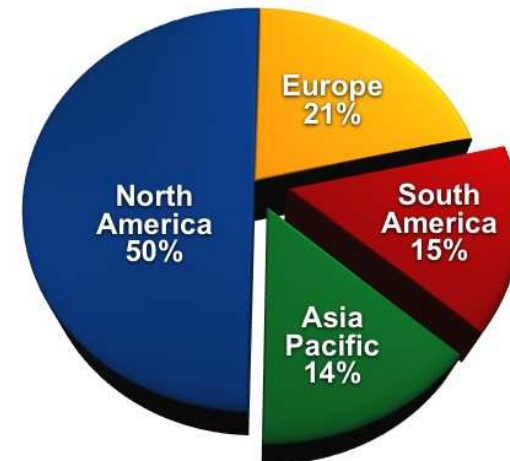
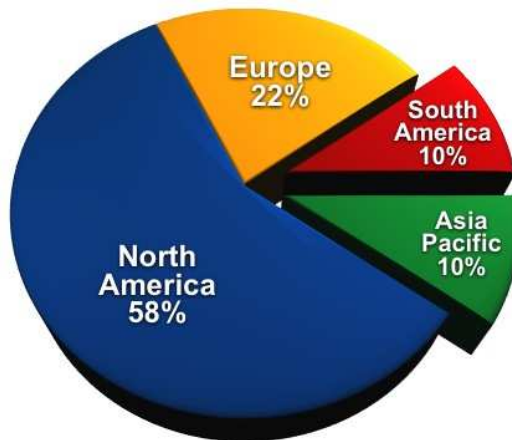


Segment and Regional Mix

2009 Sales: \$3.1 billion



2010 Sales: \$3.6 billion



Emerging markets up 74%

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 Path to #1	#1	Strategic Priority
Off-highway axle ⁽²⁾ 	#1 China Strategic Priority for Asia Pacific	Strategic Priority		
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

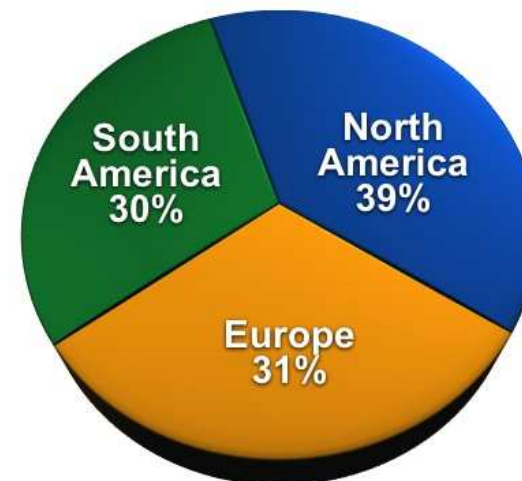
Commercial Truck

- Well-positioned to benefit from rebound in global commercial truck markets in North America and Europe
- Established position in South America
- Strong product portfolio and customer relationships
- Building on strong position to diversify customer mix
- Aggressive product launch cadence in 2011/2012/2013
- Designing products for vehicle efficiency

FY 2009 Sales



FY 2010 Sales



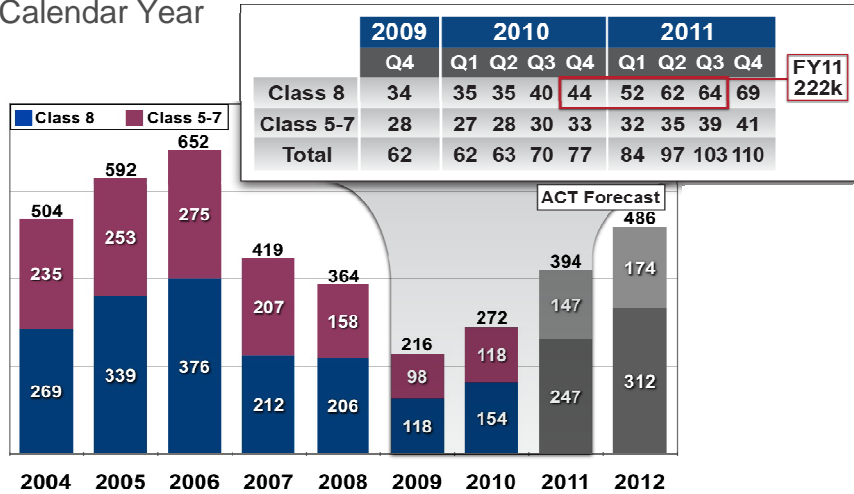
Top Truck Customers 2010

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

Commercial Truck

North America

Class 8 & 4-7 Production (000)
Calendar Year

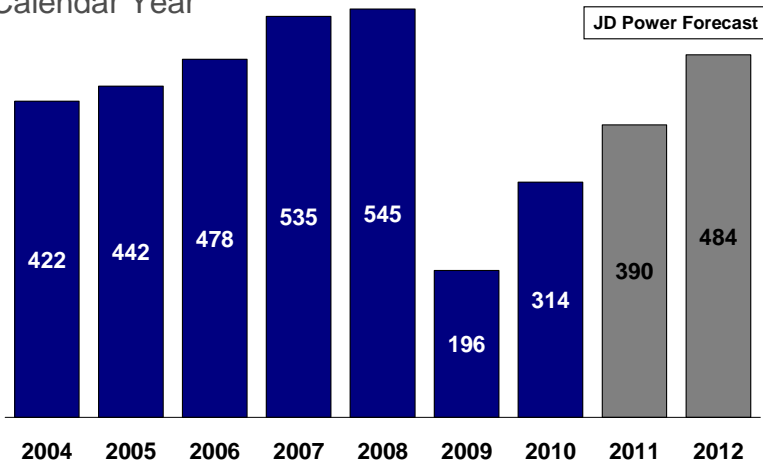


Source: ACT Research

- N.A. production rapidly increasing amid increasing global macroeconomic risks
 - FY11 Cl. 8 estimates range from ~210-230k
- Continued strengthening expected in Europe despite sovereign debt concerns
- Brazil continues at strong volumes

Western Europe

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

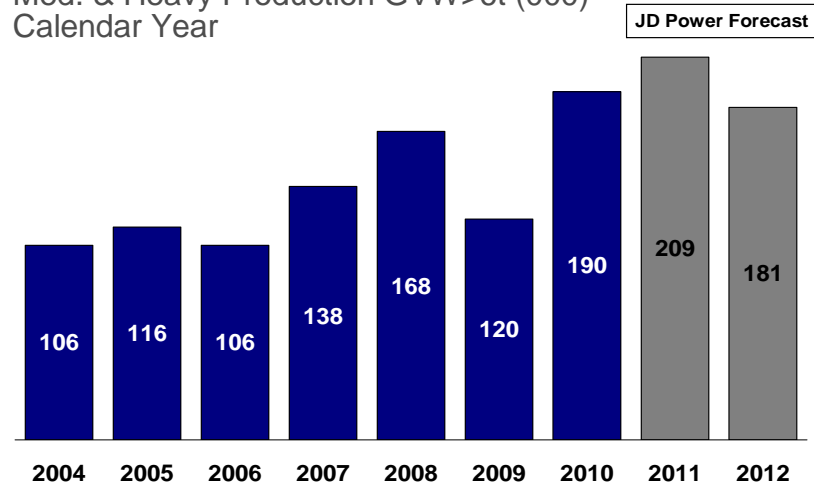


Source: J.D. Power and Associates



South America

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

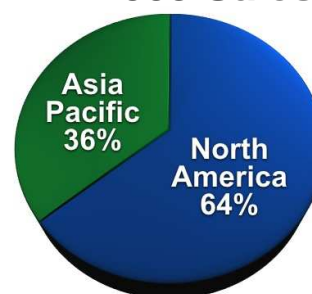


Source: J.D. Power and Associates

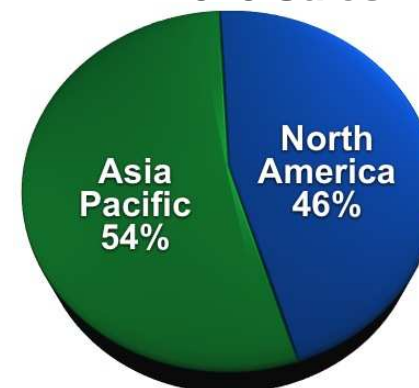
Industrial and Asia Pacific

- Off-Highway
 - Leading independent off-highway axle supplier in China
 - Leveraging scale and technology to grow business globally
- Defense
 - Largest independent drivetrain producer for tactical wheeled vehicles globally
- Commercial Vehicle
 - Largest independent axle producer in India
 - Producer of drum and disc brakes for the market in China
- Specialty
 - Growing market position in premium bus & coach market in China and India
 - Leader in bus & coach, custom fire truck, & vocational AWD market in the U.S.

FY 2009 Sales



FY 2010 Sales

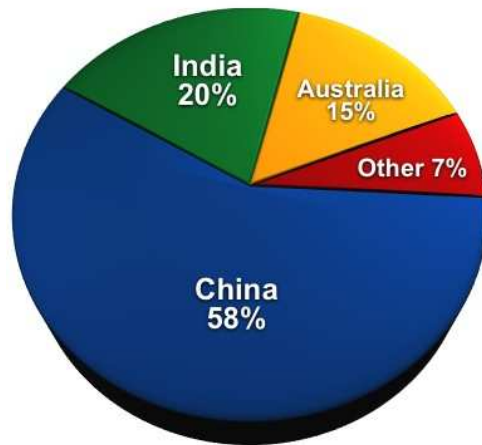


Top Customers 2010

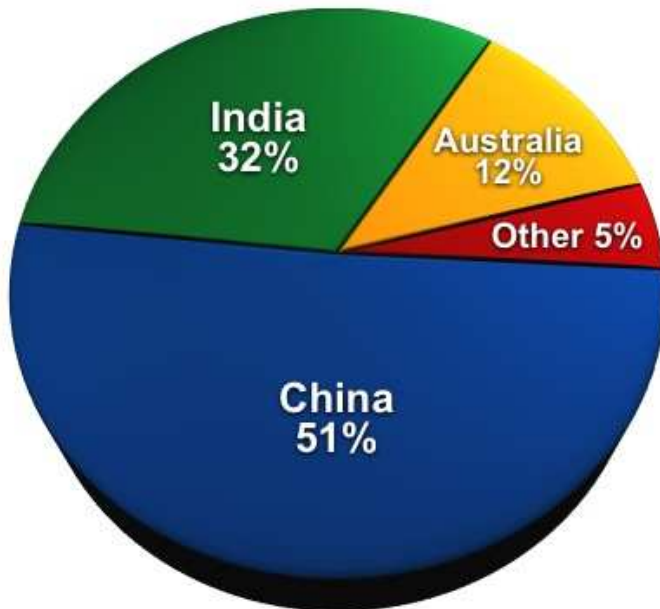
Customer	China	India	Australia	Japan	North America
XCMG	✓				
CATERPILLAR SEM	✓				✓
SANY	✓				
YUTONG	✓				
ASHOK LEYLAND		✓			
TATA		✓			
PACCAR			✓		
ISUZU				✓	
BAE SYSTEMS					✓
OSHKOSH					✓
NAVISTAR		✓			✓
DAIMLER					✓

Asia Pacific

FY 2009 Sales

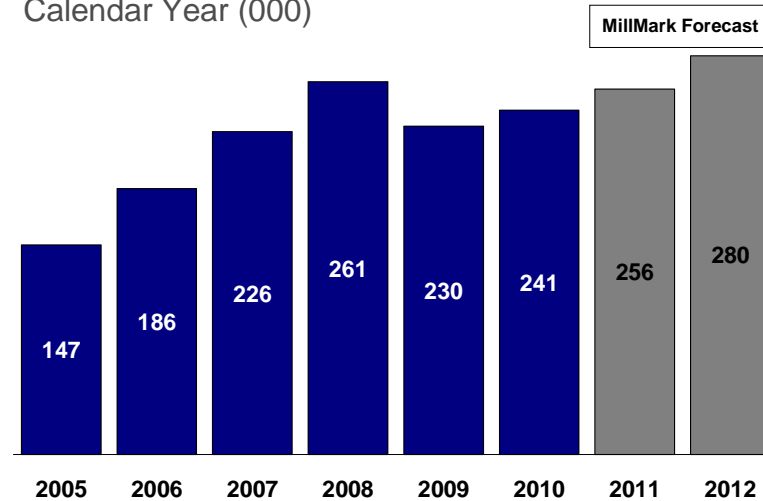


FY 2010 Sales



China Construction Production

Calendar Year (000)

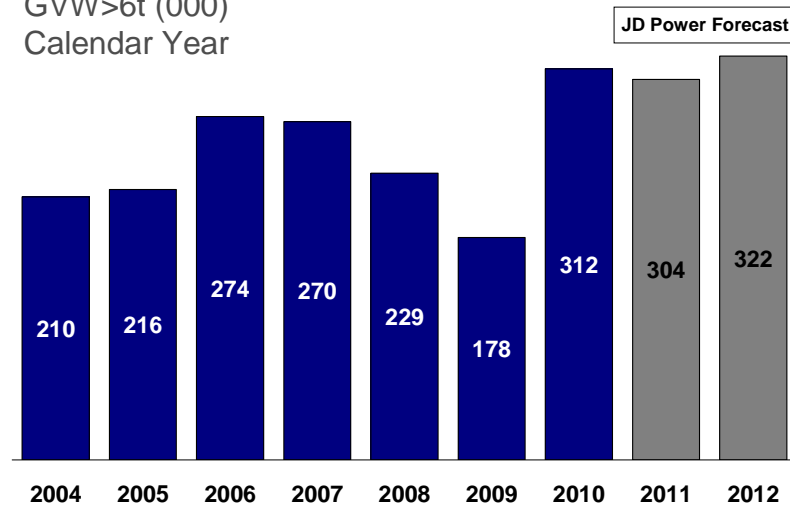


Source: MillMark and Associates

India Truck Production

GVW>6t (000)

Calendar Year



Source: J.D. Power and Associates

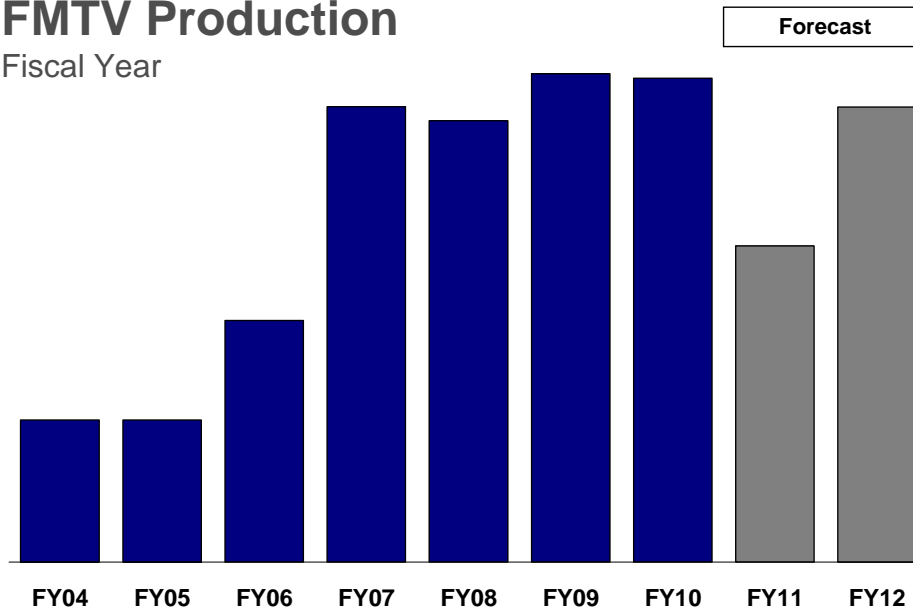


Defense Wheeled Vehicle Leadership

- Lower FMTV volumes expected in near-term as production shifts to new prime contractor; however, prior year production levels expected to return in FY 12
- Working on several new programs and products
 - MRAP upgrades
 - » Awarded 1,700 BAE Caiman MRAP vehicle retrofits with open option for approximately 1,000 additional vehicles in FY12 utilizing the Meritor ProTec™ series 50 High Mobility Independent Suspension (HMIS)
 - Joint Light Tactical Vehicle (JLTV)
 - HMMWV recap

FMTV Production

Fiscal Year



Aftermarket & Trailer

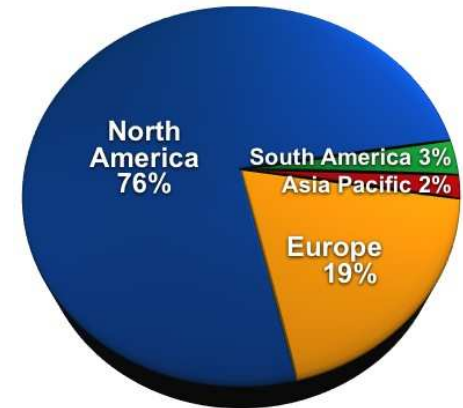
Global Aftermarket Business

- Well-known brand portfolio and product life-cycle service and support
- World-class packaging and distribution
- Remanufacturing global enterprise
- Extensive product portfolio including competitor product lines
- Industry-wide leader in customer service

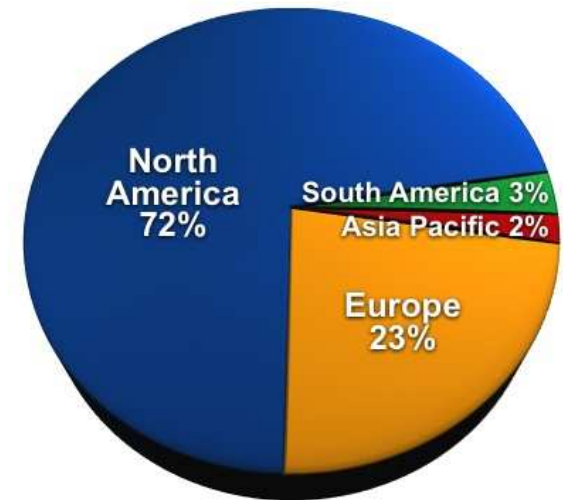
Global Trailer Business

- Full-line axle, wheel-end and suspension supplier
- Established footprint in North America and Europe
- Leading market position with joint venture in South America
- Distribution in Asia Pacific

FY 2009 Sales

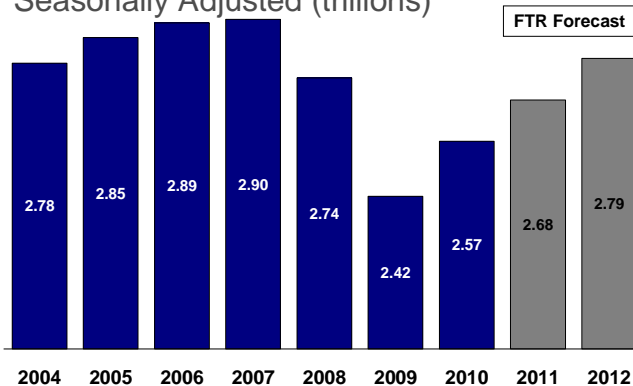


FY 2010 Sales



U.S. Truck Freight Ton Miles

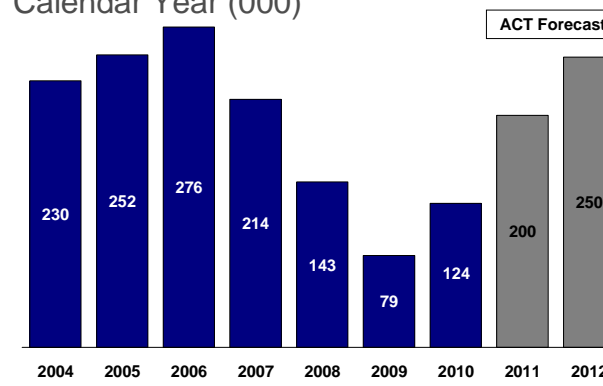
Seasonally Adjusted (trillions)



Source: FTR Associates

North America Trailer Production

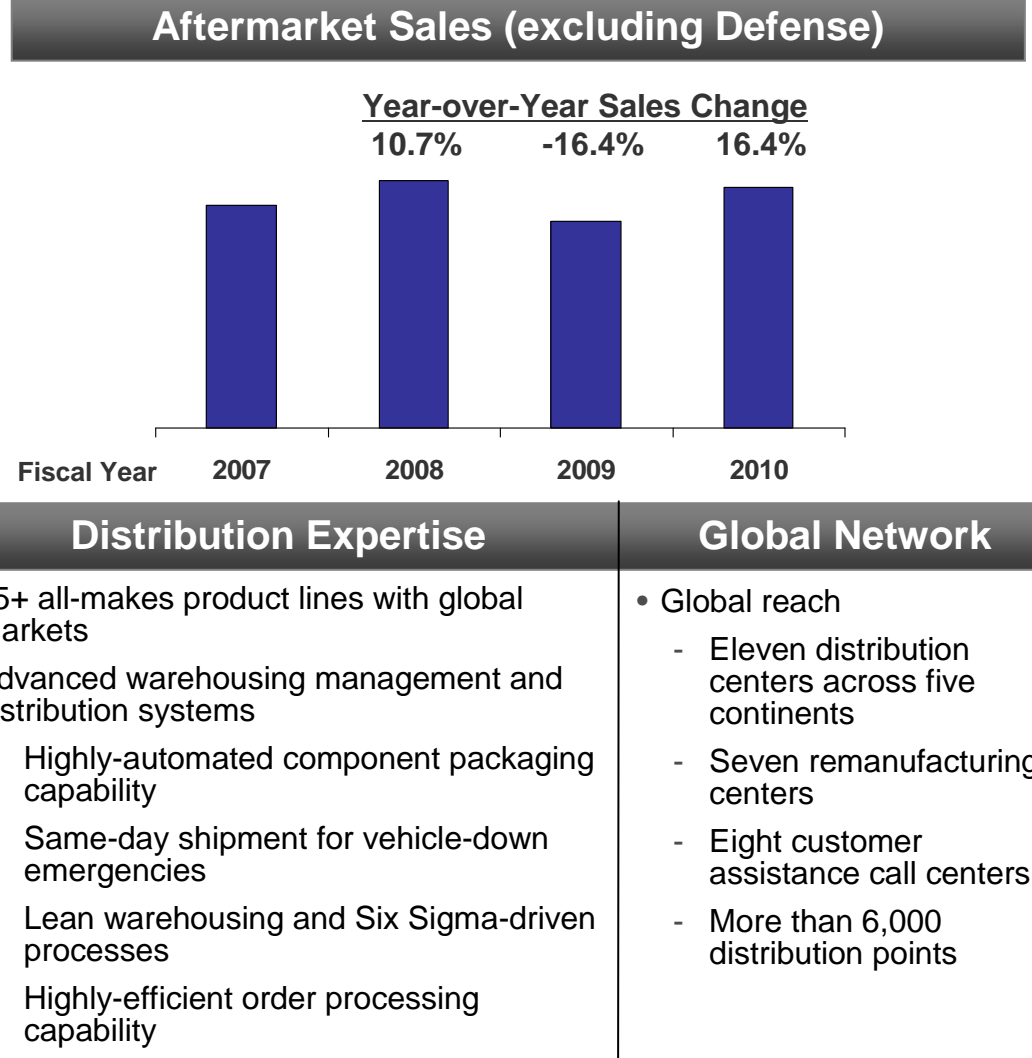
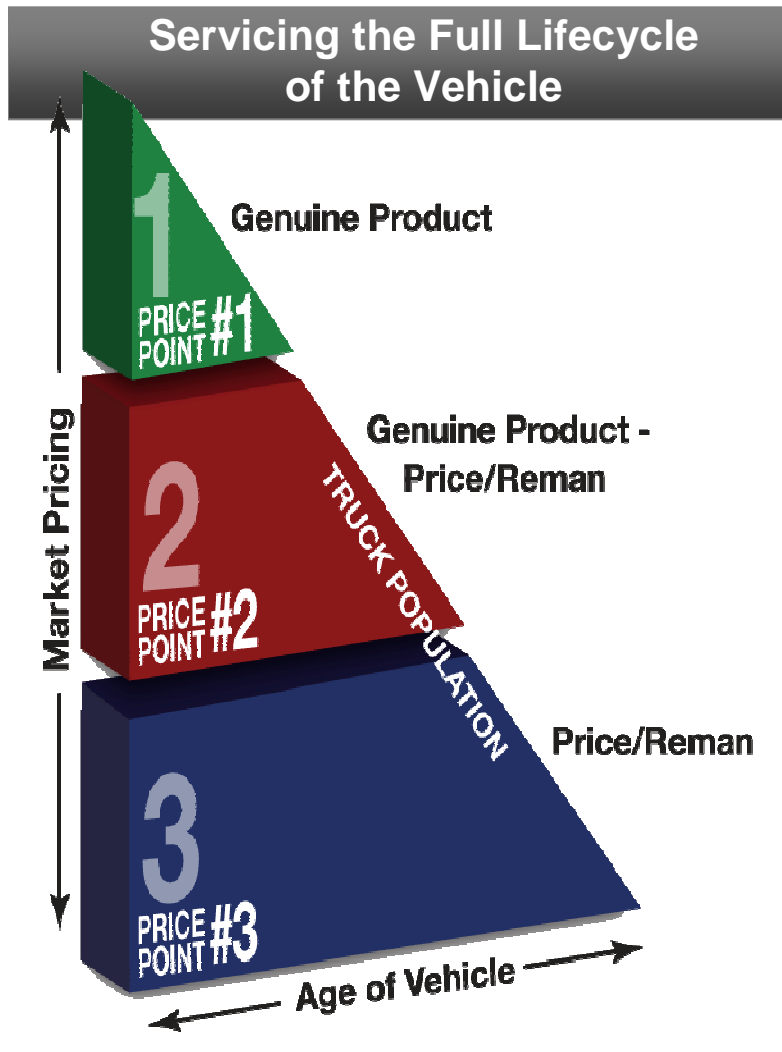
Calendar Year (000)



Source: ACT Research



Aftermarket Success Formula



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Sequential Performance⁽¹⁾

(in millions except EPS)

	2011 Q1	2011 Q2	Comments
Sales	\$971	\$1,192	Increased 23% quarter-over-quarter
Adjusted EBITDA Margin	\$62 6.4%	\$81 6.8%	Increased 31% quarter-over-quarter
Adjusted Income (Loss) from Cont. Ops. ⁽²⁾	(\$6)	\$14	Improvement of \$20 million
Adjusted EPS from Cont. Ops. ⁽²⁾	(\$0.07)	\$0.14	Positive earnings per share
Free Cash Flow ⁽²⁾	(\$74)	(\$18)	

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

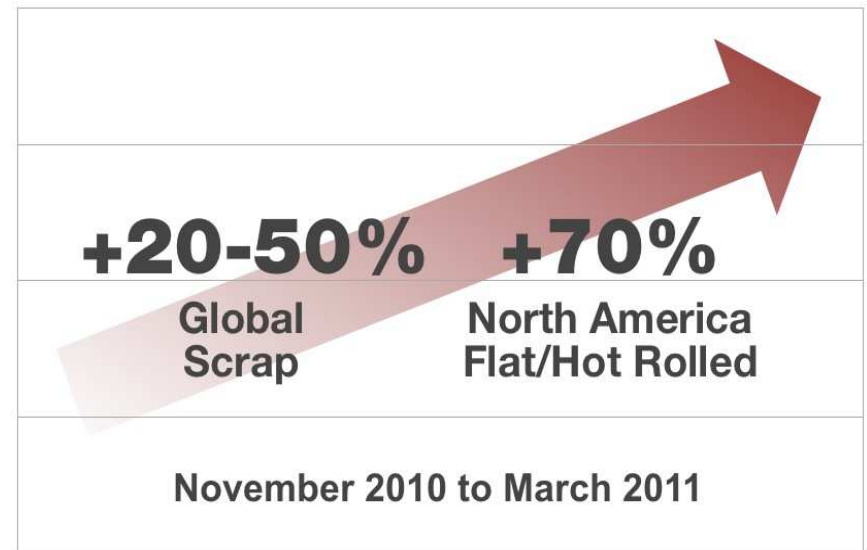
2) GAAP net income/(loss) was (\$2) million for Q1 2011 and \$17 million for Q2 2011. GAAP income/(loss) from continuing operations was (\$9) million for Q1 2011 and \$1 million for Q2 2011. GAAP diluted income/(loss) per share from continuing operations was (\$0.10) for Q1 2011 and \$0.01 for Q2 2011. Cash flow provided by (used for) operations was (\$49) million for Q1 2011 and \$5 million for Q2 2011.



Steel Pricing Adjustments

- Price adjustment programs in place with most major OEMs
- Price adjustments lag actual steel price increases

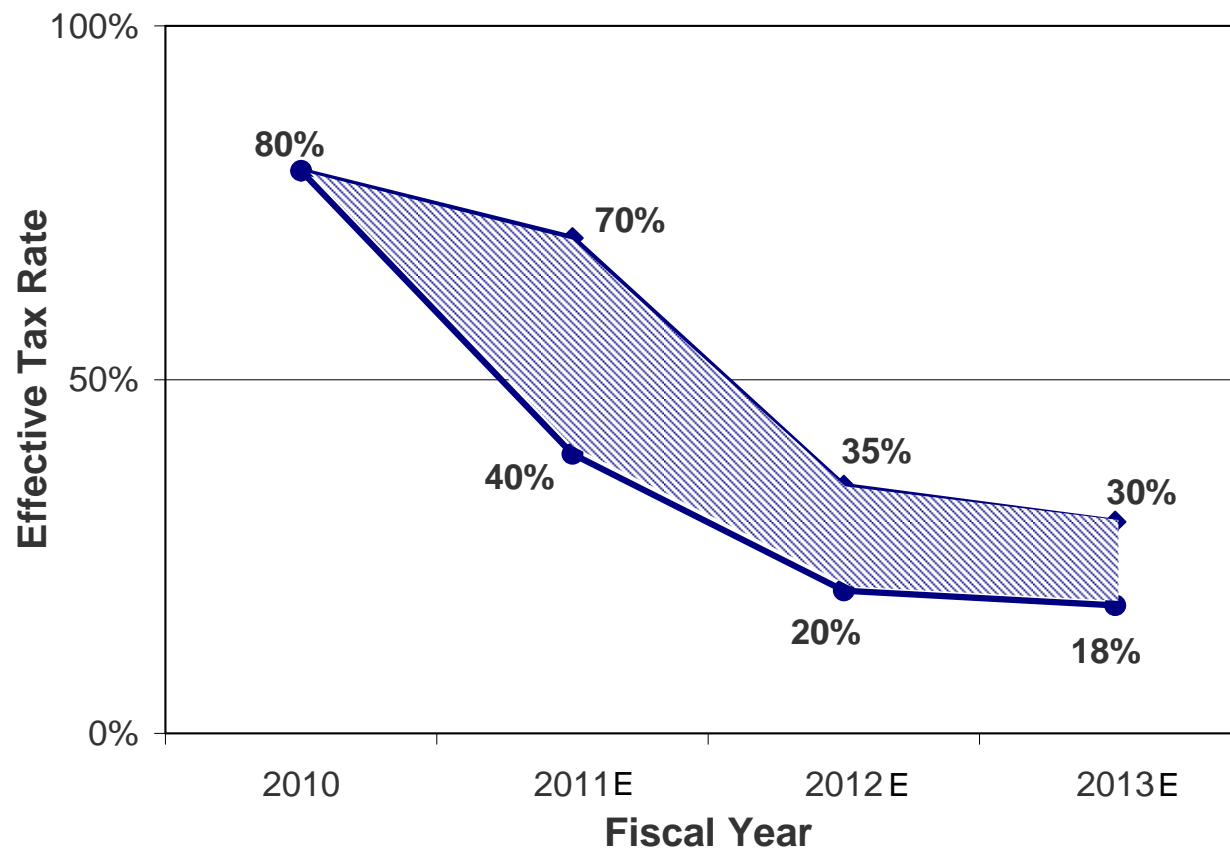
Global Steel Indices⁽¹⁾



Actively pursuing accelerated recovery actions to address the impact of these increasing costs on the company's near-term profitability

Tax Rate Forecast⁽¹⁾

- Tax expense difficult to forecast since the company has not been able to record tax benefits in jurisdictions with valuation allowances
- NA and EU market recovery to more normalized levels, and specific initiatives identified to improve effectiveness in utilizing tax assets, will drive effective tax rate lower



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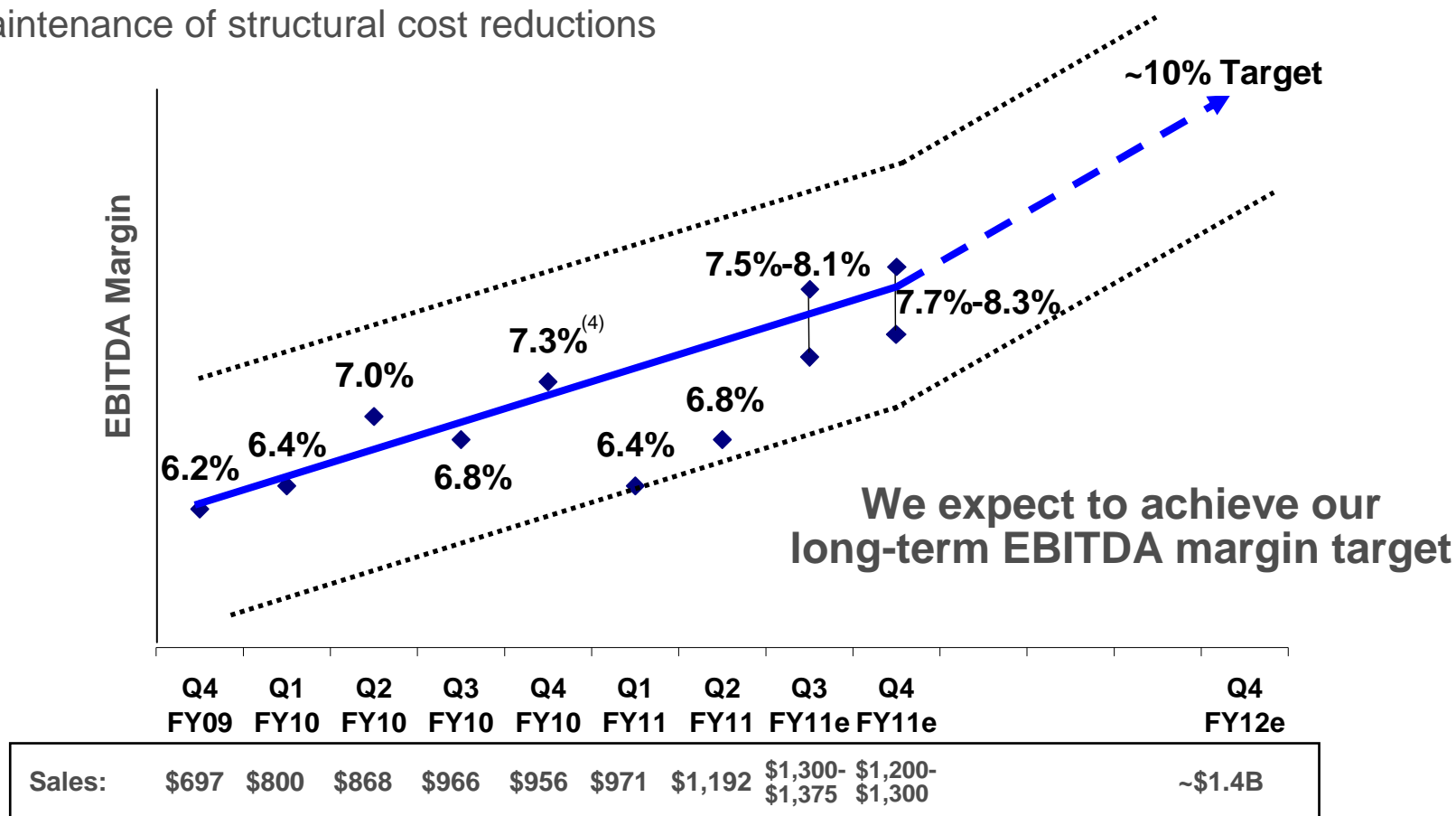
1)

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."

Path to Long-Term EBITDA Margin Target⁽¹⁾⁽²⁾⁽³⁾

Requirements to Return to Target Glide Path

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



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

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

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

4) Q4 2010 includes \$7 million pension curtailment gain.

Significant Strengths

- Focused commercial vehicle and industrial company
- Strong global position
 - Operations in every major market
 - #1 or #2 independent supplier in most markets
 - Global aftermarket business servicing full lifecycle of the vehicle
 - Successful, well established businesses in South America, China & India
- Solid business and product portfolios
- Diversified customer base with long-term relationships
- Key innovation areas
 - Fuel efficiency and safety
- Robust manufacturing footprint & supply chain capabilities
- Ability to execute
- Financial strength
- Strong, stable leadership team and organization

Well-positioned for the future

Frequently Asked Questions

1. Why did you increase your capex guidance for 2011? What is the expected level for the next couple of years?
2. Why do you expect revenue to decline in 4Q 2011? How can you expand margins as sales decrease?
3. How are you thinking about guidance for fiscal 2012? Will you continue to provide quarterly quantitative guidance?

FAQ #1: Why did you increase your capex guidance for 2011? What is the expected level for the next couple of years?

- Last week, we increased our 2011 capex guidance to a range of \$90-\$105 (from \$75-\$90)
- We plan to make additional investments to support increasing volumes in global commercial truck and industrial markets
- We expect that capex may continue to run higher than depreciation & amortization at levels similar to the revised guidance for the next couple of years
- Once we achieve our EBITDA margin target, we may employ some additional capital for growth projects

FAQ #2: Why do you expect revenue to decline in 4Q 2011? How can you expand margins as sales decrease?

- We experience seasonality within our businesses
- Overall, we typically experience lower revenue in the first and fourth fiscal quarters associated with holiday shutdowns
- In addition, we typically experience stronger revenue in the Aftermarket and China off-highway businesses during the third fiscal quarter
- Margins are expected to expand in the fourth fiscal quarter as we believe steel price adjustments and related recoveries, increasing defense strength, and the closure of the EU trailers business will provide tailwinds in the fourth quarter

**FAQ #3: How are you thinking about guidance for fiscal 2012?
Will you continue to provide quarterly quantitative guidance?**

- We plan to provide quantitative annual revenue and earnings guidance for fiscal 2012
- In addition, we plan to continue to provide key annual planning assumptions such as capex, interest and taxes



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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 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⁾⁽²⁾

	Three Months Ended March 31, 2011	Three Months Ended December 31, 2010	Three Months Ended September 30, 2010	Three Months Ended June 30, 2010	Three Months Ended March 31, 2010	Three Months Ended December 31, 2009	Three Months Ended September 30, 2009
Adjusted EBITDA	\$ 81	\$ 62	\$ 70	\$ 66	\$ 61	\$ 51	\$ 43
Depreciation and Amortization	(17)	(16)	(16)	(18)	(18)	(18)	(19)
Interest Expense, Net	(24)	(27)	(25)	(27)	(31)	(23)	(23)
Benefit (Provision) for Income Taxes	(19)	(20)	(17)	(21)	-	(10)	(27)
Non-controlling Interests	(5)	(4)	(3)	(4)	(4)	(3)	(4)
Loss on Sale of Receivables	(2)	(1)	(1)	(1)	(1)	(1)	-
Restructuring Costs	(11)	(3)	(5)	(1)	-	-	(6)
Asset Impairment Charges	-	-	(2)	-	-	-	-
Other Losses Related to LVS Divestitures	(2)	-	-	-	-	-	-
Income (Loss) From Continuing Operations							
Attributable to Meritor, Inc	1	(9)	1	(6)	7	(4)	(36)
Income From Discontinued Operations							
Attributable to Meritor, Inc	16	7	1	3	6	4	22
Net Income (Loss) Attributable to Meritor, Inc.	\$ 17	\$ (2)	\$ 2	\$ (3)	\$ 13	\$ -	\$ (14)

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

Memo: Sales	1,192	971	956	966	868	800	697
Memo: Adjusted EBITDA Margin	6.8%	6.4%	7.3%	6.8%	7.0%	6.4%	6.2%



1) Amounts for fiscal year 2009 have been restated for the adoption of FASB guidance on convertible debt.

2) 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⁾⁽²⁾

	Three Months Ended March 31, 2011	Three Months Ended December 31, 2010
Income (Loss) From Continuing Operations		
Attributable to Meritor, Inc.	1	(9)
Adjustments:		
Restructuring Costs	11	3
Loss on Debt Extinguishment	-	-
Gain on Settlement of Note Receivable	-	-
Income Taxes	-	-
Other Losses Related to LVS Divestitures	2	-
Adjusted Income (Loss) From Continuing Operations	<u>\$ 14</u>	<u>\$ (6)</u>
Adjusted Earnings (Loss) Per Share		
From Continuing Operations	<u>\$ 0.14</u>	<u>\$ (0.07)</u>
Diluted Shares Outstanding	96.9	93.3

1) Amounts for fiscal year 2009 have been restated for the adoption of FASB guidance on convertible debt.

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



Non-GAAP Financial Information

Free Cash Flow Reconciliation

(in millions)

	Three Months Ended	
	March 31, 2011	December 31, 2010
Cash provided by (used for) operating activities	\$ 5	\$ (49)
Capital expenditures - continuing operations	(23)	(19)
Capital expenditures - discontinued operations	-	(6)
Free cash flow	<u>\$ (18)</u>	<u>\$ (74)</u>



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