

MERITOR INC
 Form 10-K/A
 June 17, 2015

UNITED STATES
 SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549
 FORM 10-K/A (Amendment no. 2)
 ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
 For the Fiscal Year Ended September 28, 2014
 Commission file number 1-15983

MERITOR, INC.

(Exact name of registrant as specified in its charter)

| | |
|--|--------------------------------------|
| Indiana | 38-3354643 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

| | |
|--|------------|
| 2135 West Maple Road Troy, Michigan | 48084-7186 |
| (Address of principal executive offices) | (Zip Code) |

Registrant's telephone number, including area code: (248) 435-1000

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

| | |
|-----------------------------|---|
| Title of each class | Name of each exchange on which registered |
| Common Stock, \$1 Par Value | New York Stock Exchange |

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding twelve months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "accelerated filer", "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one)

| | | | |
|-------------------------|-------------------------------------|-------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input type="checkbox"/> | | <input type="checkbox"/> |

Edgar Filing: MERITOR INC - Form 10-K/A

(Do not check if a smaller reporting
company)

Smaller reporting
company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates of the registrant on March 28, 2014 (the last business day of the most recently completed second fiscal quarter) was approximately \$1,147,375,565

96,551,713 shares of the registrant's Common Stock, par value \$1 per share, were outstanding on June 15, 2015.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information contained in the Proxy Statement for the Annual Meeting of Shareowners of the registrant held on January 22, 2015 is incorporated by reference into Part III of the Annual Report on Form 10-K for the fiscal year ended September 28, 2014.

EXPLANATORY NOTE - AMENDMENT

Meritor, Inc. (the “company” or “Meritor”) is filing this Form 10-K/A (Amendment No. 2) to include in its Annual Report on Form 10-K for the fiscal year ended September 28, 2014 (the “Annual Report”), pursuant to Rule 3-09 of Regulation S-X under the Securities Exchange Act of 1934, financial statements and related notes of Master Sistemas Automotivos Ltda. (“MSA”), an unconsolidated joint venture incorporated in Brazil in which the company owns an interest. Meritor owns a 49% interest in MSA (directly).

Rule 3-09 of Regulation S-X provides that if a 50% or less owned person accounted for by the equity method meets the first or third condition of the significant subsidiary tests set forth in Rule 1-02(w), substituting 20% for 10%, separate financial statements for such 50% or less owned person shall be filed. Such statements are required to be audited only in the years in which such person met such test.

MSA met the significance test for Meritor's 2013 fiscal year. Therefore, Meritor is required to file audited financial statements as of and for the fiscal year ended December 31, 2013 (“2013”) and the company has included in this Amendment No. 2 on Form 10-K/A the required audited financial statements for the 2013 fiscal year. MSA did not meet such significance test for Meritor's fiscal years 2014 and 2012. Therefore, Meritor is only required to file unaudited financial statements as of and for the fiscal years ended December 31, 2014 (“2014”) and December 31, 2012 (“2012”) and the company has included in this Amendment No. 2 on Form 10-K/A the required unaudited financial statements for the 2014 and 2012 fiscal years.

Effective January 1, 2009, Brazil adopted International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The financial statements of MSA for 2014, 2013, and 2012 have been prepared in accordance with IFRS as issued by the IASB. Reconciliations between IFRS as issued by the IASB and U.S. GAAP are not required pursuant to SEC Release numbers 33-8879 and 34-57026.

Item 15 is the only portion of the Annual Report being supplemented or amended by this Amendment No. 2 on Form 10-K/A. Additionally, in connection with the filing of this Amendment No. 2 on Form 10-K/A and pursuant to SEC rules, Meritor is including the consents of the independent auditors of MSA and currently dated certifications. This Amendment No. 2 on Form 10-K/A does not otherwise update any exhibits as originally filed, except for Exhibits 10-a-4, 10-a-5, 10-a-6, 10-b-2, 3-b-1, 3-b-2, 21-a, and 23-d, and does not otherwise reflect events occurring after the original filing date of the Annual Report. Accordingly, this Amendment No. 2 on Form 10-K/A should be read in conjunction with Meritor’s filings with the SEC subsequent to the filing of the Annual Report.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) Financial Statements, Financial Statement Schedules and Exhibits.

(1) Financial Statements.

Meritor

The following financial statements and related notes were filed as part of the Annual Report filed with the SEC on November 20, 2014 (all financial statements listed below are those of the company and its consolidated subsidiaries):

Consolidated Statement of Operations, years ended September 30, 2014, 2013 and 2012.

Consolidated Statement of Comprehensive Income (Loss), years ended September 30, 2014, 2013, and 2012.

Consolidated Balance Sheet, September 30, 2014 and 2013.

Consolidated Statement of Cash Flows, years ended September 30, 2014, 2013 and 2012.

Consolidated Statement of Equity (Deficit), years ended September 30, 2014, 2013 and 2012.

Notes to Consolidated Financial Statements.

Report of Independent Registered Public Accounting Firm.

Meritor WABCO Vehicle Control Systems

The following financial statements and related notes of Meritor WABCO Vehicle Control Systems were filed as part of Amendment No. 1 on Form 10-K/A to the Annual Report filed with the SEC on December 12, 2014 (the "2014 10-K/A") pursuant to Rule 3-09 of Regulation S-X:

Balance Sheets, September 30, 2014 (Unaudited) and 2013 (Audited).

Statements of Net Income and Cash Flows, years ended September 30, 2014 (Unaudited), 2013 (Audited), and 2012 (Unaudited).

Independent Auditors' Report.

Master Sistemas Automotivos Ltda.

The following financial statements and related notes of Master Sistemas Automotivos Ltda. are included in this Amendment No. 2 on Form 10-K/A pursuant to Rule 3-09 of Regulation S-X:

Balance Sheets, December 31, 2014 (Unaudited) and 2013 (Audited).

Statements of Income, Comprehensive Income, Changes in Shareholders' Equity, and Cash Flows, years ended December 31, 2014 (Unaudited) 2013 (Audited), and 2012 (Unaudited).

Independent Auditors' Report.

Master Sistemas Automotivos Ltda.

Financial Statements

For the Years

Ended December 31, 2014 (Unaudited), 2013, and 2012 (Unaudited) and Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Master Sistemas Automotivos Ltda.
Caxias do Sul, RS

We have audited the accompanying financial statements of Master Sistemas Automotivos Ltda. (the "Company"), which comprise the balance sheet as of December 31, 2013, and the related statements of income, comprehensive income, changes in shareholder's equity, and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Master Sistemas Automotivos Ltda. as of December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB).

Other-matter paragraph

The financial statements comprising the balance sheet as at December 31, 2014 and the related statements of income, comprehensive income, changes in equity and cash flows for the year then ended were not audited by us and

consequently we do not express an opinion on them.

April 30, 2014

/s/ DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU
Auditors Independentes

5

MASTER SISTEMAS AUTOMOTIVOS LTDA.

BALANCE SHEETS AS OF DECEMBER 31, 2014 (UNAUDITED) AND 2013

(In thousands of Brazilian reais - R\$)

| ASSETS | Note | 12/31/2014 | 12/31/2013 |
|--|------|----------------|----------------|
| CURRENT ASSETS | | Unaudited | |
| Cash and cash equivalents | 4 | 176,274 | 71,252 |
| Short-term investments not immediately redeemable | 5 | 18,546 | 34,085 |
| Trade receivables | 6 | 28,989 | 45,236 |
| Recoverable taxes | 7 | 7,231 | 6,521 |
| Inventories | 8 | 41,937 | 57,210 |
| Prepaid expenses | | 481 | 364 |
| Other receivables | | 684 | 1,002 |
| Total current assets | | 274,142 | 215,670 |
| NON-CURRENT ASSETS | | | |
| Recoverable taxes | 7 | 609 | 987 |
| Retirement benefit plan | 14 | 140 | 451 |
| Escrow deposits | | 642 | 606 |
| Other investments | | 26 | 26 |
| Property, plant and equipment | 10 | 90,027 | 92,044 |
| Intangible assets | 11 | 8,235 | 8,751 |
| Total non-current assets | | 99,679 | 102,865 |
| TOTAL ASSETS | | 373,821 | 318,535 |
| LIABILITIES AND EQUITY | Note | 12/31/2014 | 12/31/2013 |
| CURRENT LIABILITIES | | Unaudited | |
| Trade payables | | 11,991 | 15,593 |
| Borrowings and financing | 12 | 2,767 | 605 |
| Taxes and contributions payable | | 3,441 | 3,396 |
| Salaries payable | | 892 | 1,074 |
| Accrued vacation and related taxes | | 2,438 | 4,271 |
| Dividends and interest on capital payable | 18 | 30,992 | 42,266 |
| Employee and management profit sharing | | 2,805 | 2,997 |
| Advances from customers | | 598 | 1,743 |
| Amounts due to related parties | 13 | 150 | 150 |
| Other payables | | 3,648 | 1,813 |
| Total current liabilities | | 59,722 | 73,908 |
| NON-CURRENT LIABILITIES | | | |
| Borrowings and financing | 12 | 181,154 | 110,078 |
| Amounts due to related parties | 13 | 602 | 753 |
| Provision for tax, social security and labor risks | 15 | 340 | 182 |
| Contributions payable | | 1,512 | 2,273 |
| Deferred taxes | 21 | 5,427 | 4,779 |
| Other payables | | 164 | 440 |
| Total non-current liabilities | | 189,199 | 118,505 |
| EQUITY | | | |
| Share capital | 17 | 60,000 | 60,000 |
| Earnings reserve | | 59,492 | 59,492 |
| Retained earnings | | 5,408 | 6,630 |
| Total equity | | 124,900 | 126,122 |
| TOTAL LIABILITIES AND EQUITY | | 373,821 | 318,535 |

The accompanying notes are an integral part of these financial statements.

6

MASTER SISTEMAS AUTOMOTIVOS LTDA.

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013, AND, 2012 (UNAUDITED)

(In thousands of Brazilian reais - R\$)

| | Note | 2014 Unaudited | 2013 | 2012 Unaudited |
|---|------|-------------------|------------|-------------------|
| NET OPERATING REVENUE | 19 | 433,221 | 518,063 | 379,419 |
| COST OF SALES AND SERVICES | 20 | (361,577) | (422,131) | (316,358) |
| GROSS PROFIT | | 71,644 | 95,932 | 63,061 |
| OPERATING INCOME (EXPENSES) | | | | |
| Selling expenses | 20 | (18,119) | (19,325) | (13,034) |
| General and administrative expenses | 20 | (16,495) | (17,396) | (14,922) |
| Equity in associate | 9 | — | 15,385 | 22,922 |
| Other operating expenses, net | 20 | (4,070) | (4,408) | (1,896) |
| | | (38,684) | (25,744) | (6,930) |
| OPERATING PROFIT BEFORE FINANCE INCOME (EXPENSES) | | 32,960 | 70,188 | 56,131 |
| FINANCE INCOME (EXPENSES) | | | | |
| Finance income | 22 | 20,222 | 13,332 | 15,054 |
| Finance expense | 22 | (11,680) | (9,038) | (7,754) |
| Foreign exchange gains | 22 | — | 699 | 488 |
| Finance income (expense), net | | 8,542 | 4,993 | 7,788 |
| PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION | | 41,502 | 75,181 | 63,919 |
| INCOME TAX AND SOCIAL CONTRIBUTION | | | | |
| Current | 21 | (10,118) | (15,336) | (8,743) |
| Deferred | 21 | (672) | (824) | (1,618) |
| NET PROFIT FOR THE YEAR | | 30,712 | 59,021 | 53,558 |

The accompanying notes are an integral part of these financial statements.

MASTER SISTEMAS AUTOMOTIVOS LTDA.
 STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE YEARS ENDED DECEMBER 31, 2014 (UNAUDITED) 2013, AND 2012 (UNAUDITED)
 (In thousands of Brazilian reais - R\$)

| | 2014 Unaudited | 2013 | 2012 Unaudited |
|---|-------------------|--------|-------------------|
| NET PROFIT FOR THE YEAR | 30,712 | 59,021 | 53,558 |
| OTHER COMPREHENSIVE INCOME | | | |
| Items that will be reclassified subsequently to profit for the year: | | | |
| Actuarial gains (losses) on retirement benefit plan | (70 |) (1 |) 97 |
| Deferred income tax and social contribution on other comprehensive income | 24 | — | (33 |
| Other comprehensive income of associate accounted for under the equity method of accounting | — | — | 46 |
| | (46 |) (1 |) 110 |
| COMPREHENSIVE INCOME FOR THE YEAR | 30,666 | 59,020 | 53,668 |

The accompanying notes are an integral part of these financial statements.

MASTER SISTEMAS AUTOMOTIVOS LTDA.
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013, AND 2012 (UNAUDITED)
 (In thousands of Brazilian reais - R\$)

| | Note | Share Capital | Earnings reserve | Retained earnings | Total |
|---|------|---------------|---------------------|----------------------|-----------|
| BALANCES AT JANUARY 01, 2012 | | 160,000 | 129,216 | 17,360 | 306,576 |
| Net profit for the year | — | — | — | 53,558 | 53,558 |
| Other comprehensive income | — | — | — | 110 | 110 |
| Comprehensive income for the year | — | — | — | 53,668 | 53,668 |
| Prepaid dividends | — | — | — | (1,205) | (1,205) |
| Interest on capital | — | — | — | (14,986) | (14,986) |
| Payment of dividends | — | — | (62,854) | — | (62,854) |
| Earnings reserve | — | — | 39,583 | (39,583) | — |
| BALANCE AT DECEMBER 31, 2012 (Unaudited) | | 160,000 | 105,945 | 15,254 | 281,199 |
| Net profit for the year | — | — | — | 59,021 | 59,021 |
| Other comprehensive income | — | — | — | (1) | (1) |
| Comprehensive income for the year | — | — | — | 59,020 | 59,020 |
| Capital reduction | 17 | (126,003) | (9,649) | (7,048) | (142,700) |
| Capital increase | 17 | 26,003 | (26,003) | — | — |
| Payment of dividends | 18 | — | (26,522) | — | (26,522) |
| Interest on capital | 18 | — | — | (8,952) | (8,952) |
| Distribution of dividends | 18 | — | — | (35,923) | (35,923) |
| Earnings reserve | — | — | 15,721 | (15,721) | — |
| BALANCES AT DECEMBER 31, 2013 | | 60,000 | 59,492 | 6,630 | 126,122 |
| Net profit for the year | — | — | — | 30,712 | 30,712 |
| Other comprehensive income | — | — | — | (46) | (46) |
| Comprehensive income for the year | — | — | — | 30,666 | 30,666 |
| Interest on capital | 18 | — | — | (5,975) | (5,975) |
| Payments of dividends | 18 | — | — | (25,914) | (25,914) |
| BALANCE AT DECEMBER 31, 2014 (Unaudited) | | 60,000 | 59,492 | 5,407 | 124,899 |

The accompanying notes are an integral part of these financial statements.

MASTER SISTEMAS AUTOMOTIVOS LTDA.
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013, AND 2012 (UNAUDITED)
 (In thousands of Brazilian reais - R\$)

| | Note | 2014 Unaudited | 2013 | 2012 Unaudited |
|--|------|-------------------|-----------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Net profit before income tax and social contribution | | 41,502 | 75,181 | 63,919 |
| Adjustments to reconcile net profit before income tax and social contribution to cash generated by operating activities: | | | | |
| Gain (loss) from sale of property, plant and equipment | | (1,029) | (144) | (177) |
| Depreciation of property, plant and equipment | 10 | 10,304 | 9,796 | 9,468 |
| Amortization of intangible assets | 11 | 1,520 | 1,454 | 1,268 |
| Exchange differences on borrowings | | — | 3 | (118) |
| Interest and charges on borrowings and financing | | 8,086 | 7,147 | 3,387 |
| Share of profits of associate | 9 | — | (15,385) | (22,922) |
| Changes in assets and liabilities | | | | |
| (Increase) decrease in trade receivables | | 16,382 | 2,346 | 8,675 |
| (Increase) decrease in short-term investments | 5 | 15,539 | (34,085) | — |
| (Increase) decrease in inventories | | 15,273 | (13,724) | 6,433 |
| (Increase) decrease in other receivables | | 144 | (2,134) | 952 |
| Increase (decrease) in trade payables | | (3,982) | (2,307) | (6,149) |
| Increase (decrease) in payables and provisions | | (3,148) | 2,062 | (6,597) |
| Income tax and social contribution paid | | (10,287) | (16,912) | (9,660) |
| Dividends and interest on capital received | | — | 9,194 | 36,781 |
| Interest paid on borrowings | | (5,622) | (5,130) | (4,283) |
| Net cash generated by operating activities | | 84,682 | 17,362 | 80,977 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of property, plant and equipment | 10 | (9,378) | (11,819) | (10,443) |
| Purchase of intangible assets | 11 | (391) | (31) | (1,265) |
| Proceeds of property, plant and equipment | | 2,500 | 737 | 242 |
| Net cash used in investing activities | | (7,269) | (11,113) | (11,466) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Dividends and interest on capital paid | 18 | (42,265) | (41,733) | (74,704) |
| Borrowings from related parties | | (151) | (151) | (107) |
| Third-party borrowings | | 70,609 | 91,002 | 3,976 |
| Repayment of borrowings and financing | | (584) | (48,286) | (42,560) |
| Net cash generated by (used in) financing activities | | 27,609 | 832 | (113,395) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | | | |
| Cash and cash equivalents at the beginning of the year | 4 | 71,252 | 64,171 | 108,055 |
| Cash and cash equivalents at the end of the year | 4 | 176,274 | 71,252 | 64,171 |

The accompanying notes are an integral part of these financial statements.

MASTER SISTEMAS AUTOMOTIVOS LTDA.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013, AND 2012 (UNAUDITED)

(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

1. GENERAL INFORMATION

Master Sistemas Automotivos Ltda. (“Company”) is a limited liability company established in Brazil with its head office and principal place of business at Rua Atílio Andreazza, 3520, in Caxias do Sul, RS, and is a jointly controlled entity of Randon S.A. Implementos e Participações (“Randon”) and Meritor do Brasil Sistemas Automotivos Ltda. (“Meritor”) whereby Randon owns 51% and Meritor owns 49%. The Company was incorporated on April 24, 1986, have started its operations in April 1987, and is engaged in the development, manufacture, sale, assembly, distribution, import and export of movement control systems for buses, trailers and trucks and their parts and components.

On June 18, 2013, pursuant to the 23rd amendment to the articles of organization, the shareholders decided, by unanimous vote, without reserves or restrictions, to reduce the Company’s capital by transferring the shares held by the Company in the capital of Suspensys Sistemas Automotivos Ltda. to the shareholders of Randon S.A. Implementos e Participações and Meritor do Brasil Sistemas Automotivos Ltda. This amendment is detailed in note 17.

Until June 2013, the Company held a 53.177% interest in Suspensys Sistemas Automotivos Ltda. (“Suspensys”), which has its head office and principal place of business in Caxias do Sul, RS and is engaged in the manufacture and sale of air and mechanical suspension systems for trucks, buses and trailers, axles for trailers, third axles, hubs and drums for trucks, buses and trailers, and the provision of technical assistance services for its products.

2. PRESENTATION OF FINANCIAL STATEMENTS

The Company’s Financial Statements for the years ended on December 31, 2014 (unaudited), 2013 and 2012 (unaudited) have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB).

The Company adopted all rules, revision of rules, and interpretations issued by IASB and that are applicable for the year ended on December 31, 2014.

The summary of the principal accounting policies adopted by the Company is detailed in note 3.

The financial statements were approved by the Company's executive committee and authorized for issue on April 30, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Basis of preparation

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

3.2. Functional currency and presentation currency

The financial statements are presented in thousands of reais, which is the Company's functional currency. All financial information presented in thousands of reais was rounded to the closest value.

3.3. Critical accounting judgments and key estimates and assumptions

In the application of accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Significant assets and liabilities subject to these estimates and assumptions include the residual value and useful lives of property,

plant and equipment, the allowance for doubtful debts, impairment of inventories, the realization of deferred taxes, and the provision for labor and social security risks. The estimates and underlying assumptions

are reviewed on an ongoing basis. The effects of revisions to accounting estimates are recognized in the period in which the estimate is reviewed. Actual results may differ from these estimates due to uncertainties inherent in such estimates.

3.4. Revenue recognition

Revenue is recognized on an accrual basis.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably; and

Specifically, revenue from the sale of goods is recognized when goods are delivered and legal title is passed.

3.5. Foreign currency

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

3.6. Current and non-current assets

Cash and Cash Equivalents

Include cash on hand and in banks and short-term investments redeemable in up to 90 days from the investment date. Short-term investments are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These investments are carried at cost plus yield accrued through the end of the reporting period, which approximates their fair values.

Short-term investments not immediately redeemable

The classification of short-term investments depends on the purpose for which the investment was acquired and these investments are adjusted to fair value. When applicable, the costs directly attributable to the acquisition of a financial asset are added to the amount originally recognized.

Trade receivables

Trade receivables are recognized at the billed amount, including the related taxes and reduced to their present value at the end of the reporting period, when applicable.

Allowances for doubtful debts are recognized based on estimated irrecoverable amounts determined by reference to the Company's past default experience and an analysis of the debtor's current financial position.

☛ Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined under the weighted average cost method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The allowances for slow-moving or obsolete inventories are recognized when considered necessary by Management.

☛ Investments in associates

An associate is an entity over which the Company has significant influence and that does not qualify as a subsidiary or a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The profit or loss, assets, and liabilities of associates are included in the financial statements by the equity method of accounting. Under the equity method of accounting, investments in associates are initially recognized at cost and subsequently adjusted for purposes of recognition of the Company's share in profit or loss and other comprehensive income of an associate. When the Company's share of losses of an associate exceeds its interest in the associate (including any long-term investment which, in substance, is included in the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Further losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Company's subsidiary conducts a transaction with an associate, the resulting profits or losses are recognized only proportionately to the interests held in the associate not related to the Company.

As mentioned in note 17, on June 18, 2013 the Company reduced its capital by transferring the shares held in the capital of Suspensys Sistemas Automotivos Ltda. to the shareholders Randon S.A. Implementos e Participações and Meritor do Brasil Sistemas Automotivos Ltda.

☛ Property, plant and equipment

Carried at cost of acquisition, formation or construction, less accumulated depreciation and accumulated impairment losses. Properties in the course of construction are carried at cost. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy (note 3.9). Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Land is not depreciated. For the other classes of property, plant and equipment, depreciation is calculated using the straight-line method at the rates mentioned in note 10, which take into consideration the estimated useful lives of assets. The estimated useful life and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of a property and equipment item is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

☛ Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from use. Gain or loss arising from derecognition of an intangible asset, measured as the difference between the net

disposal proceeds and the carrying amount of the asset, is recognized in profit or loss when the asset is derecognized.

3.7. Impairment of tangible and intangible assets

At the end of each reporting period (or earlier when the need is identified), the Company reviews the carrying amount of its tangible and intangible assets to determine where there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, as long as the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years/periods. A reversal of an impairment loss is recognized immediately in profit or loss.

3.8. Discount to present value

Monetary assets and liabilities are discounted to present value when the effect is considered material in relation to the financial statements taken as a whole. The discount to present value is calculated based on an interest rate that reflects the timing and risk of each transaction.

Trade receivables are discounted to present value with a corresponding entry in sales revenue in the statements of income, and the difference between the present value of a transaction and the face value of the billing is considered as financial income and will be recognized based on the amortized cost and the effective long-term rate of the transaction.

The discount to present value of purchases is recorded in “trade payables” and “inventories”, and its realization has a corresponding entry in line item “finance expenses” over maturity date of trade payables.

3.9. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets.

Income on investments earned on the short-term investment of funds of specific borrowings not yet spent on the qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the year in which they are incurred.

3.10. Retirement benefit plan

The Company is the sponsor of a defined contribution plan with minimum guaranteed benefits and the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses are immediately recognized in equity (Other comprehensive income) according to the available option in paragraph 93A IAS 19 - Employee Benefits.

3.11. Financial instruments

(a) Classification and measurement

The classification depends on the purpose for which the financial assets and liabilities were acquired or contracted. The Company’s management classifies its financial assets and liabilities at the time of initial contracting.

Loans and receivables measured at amortized cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables and cash and cash equivalents) are measured at amortized cost using the effective interest method, less any impairment.

Financial liabilities measured at amortized cost

Borrowings are initially recognized, upon receipt of funds, net of transaction costs. They are subsequently measured at amortized cost. The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument.

3.12. Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products, at Management's best estimate of the expenditure required to settle the Company's obligation.

3.13. Tax incentive (FUNDOPEM)

Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Subsidized loans, directly or indirectly provided by the Government, obtained at interest rates lower than market, are treated as government grants, measured at the difference between the amounts raised and the fair value of the borrowing calculated using market interest rates.

3.14. Income tax and social contribution

Current taxes

The provision for income tax and social contribution is based on the taxable profit for the year. Taxable profit differs from profit as reported in the statements of income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The provision for income tax and social contribution is calculated based on rates prevailing at the end of the reporting period (15% plus a 10% surtax on taxable profit exceeding R\$ 20 per month for Income Tax and 9% on taxable profit for Social Contribution on Profit).

Deferred taxes

Deferred taxes are recognized on temporary differences at the end of each annual reporting period between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred taxes for the period

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized

15

in other comprehensive income or directly in equity, in which case, current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

3.15. Standards, interpretations and amendments to existing standards not yet effective and which were not early adopted by the Company

Several standards, amendments to standards and IFRS interpretations issued by the IASB have not yet come into effect for the year ended December 31, 2014, as follows:

| Standard | Main requirements | Effective for annual periods beginning on or after |
|---|---|--|
| IFRS 9 - Financial Instruments | Financial instruments | January 1, 2018 |
| Amendments to IFRS 9 and IFRS 7 - Date of mandatory adoption of IFRS 9 and Transition Disclosures | Date of mandatory adoption of IFRS 9 and Transition Disclosures | January 1, 2015 |
| IFRS 14 - Regulatory Deferral Accounts | Permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements | January 1, 2016 |
| IFRS 15 - Revenue from contractors with customers | Provides a single, principles based five-step model to be applied to all contracts with customers | January 1, 2017 |
| Amendments to IFRS 11 | Require an acquirer of an interest in a joint operation in which the activity constitutes a business to apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, expect for those principles that conflict with the guidance in IFRS 11. Disclose the information required by IFRS 3 | January 1, 2016 |
| Amendments to IAS 16 and IAS 38 | Clarification of acceptable methods of depreciation and amortization | January 1, 2016 |
| Amendments to IAS 16 and IAS 41 | Define a bearer plant and require biological assets that meet such definition to be accounted for as property, plant and equipment | January 1, 2016 |
| Amendments to IAS 27 | Allow the use of equity method in separate financial statements | January 1, 2016 |
| Amendments to IFRS 10 and IAS 28 | Sale or contribution of assets between an investor and its associate or joint venture | January 1, 2016 |
| Annual improvements (2012-2014 cycle) in several accounting pronouncements | Makes amendments in the standards: IFRS 5, IFRS 7, IAS 9, IAS 34 | January 1, 2016 |
| Amendments to IAS 1 | Disclosure Initiative | January 1, 2016 |
| Amendments to IFRS 10, IFRS 12 and IAS 28 | Investment Entities: applying the consolidation exception | July 1, 2016 |

Considering the current operations of the Company, management is still assessing if these changes will have any impact on its financial statements.

4. CASH AND CASH EQUIVALENTS

Short-term investments refer to bank certificates of deposit (CDBs), pegged to the interbank certificates of deposit rate (CDI) fluctuation that have original maturities of less than 90 days. The yield on these short-term investments is as follows:

| | 12/31/2014 | 12/31/2013 |
|---------------------------------|------------|------------|
| | Unaudited | |
| Cash and banks | 1,302 | 4,294 |
| Cash in transit | 2,752 | 1,827 |
| Short-term investments: | | |
| CDB - 75.00% of CDI | — | 1,556 |
| CDB - 85.00% of CDI | 1,019 | — |
| CDB - 90.00% to 95.99% of CDI | 5,796 | — |
| CDB - 97.50% to 99.99% of CDI | 16,207 | 4,436 |
| CDB - 100.00% to 100.99% of CDI | 64,181 | 12,613 |
| CDB - 102.00% to 102.99% of CDI | 85,017 | 46,526 |
| | 172,220 | 65,131 |
| Total | 176,274 | 71,252 |

5. SHORT-TERM INVESTMENTS NOT IMMEDIATELY REDEEMABLE

Investments in bank certificates of deposit (CDBs) and in local currency (R\$) held in top tier banks, as follows:

| Short-term investments: | 12/31/2014 | 12/31/2013 |
|--------------------------|------------|------------|
| | Unaudited | |
| CDB - 102.00% to 102.99% | 18,546 | 34,085 |
| Total | 18,546 | 34,085 |

6. TRADE RECEIVABLES

Trade receivables are as follows:

| | 12/31/2014 | 12/31/2013 |
|---|------------|------------|
| | Unaudited | |
| Trade receivables from third parties – domestic | 15,093 | 24,783 |
| Trade receivables from third parties – foreign | 215 | 2,420 |
| Trade receivables from related parties – domestic | 8,960 | 13,899 |
| Trade receivables from related parties – foreign | 4,832 | 4,134 |
| Allowance for doubtful debts | (111 |) — |
| Total | 28,989 | 45,236 |

The aging of past-due trade receivables is as follows:

| | 12/31/2014 Unaudited | 12/31/2013 |
|------------------|-------------------------|------------|
| 1 to 30 days | 5,802 | 8,695 |
| 31 to 60 days | 419 | 668 |
| 61 to 90 days | 222 | 106 |
| 91 to 180 days | 240 | 346 |
| Over 180 days | 217 | 120 |
| Past-due amounts | 6,900 | 9,935 |
| Current amounts | 22,089 | 35,301 |
| Total | 28,989 | 45,236 |

Change on the allowance for doubtful debts:

| | 12/31/2014 Unaudited | |
|--------------------------------------|-------------------------|---|
| Balance at the beginning of the year | — | |
| Allowance recognized | (111 |) |
| Balance at the end of the year | (111 |) |

To determine whether or not trade receivables are recoverable, the Company takes into consideration any change in the customer's creditworthiness from the date the credit was originally granted to the end of the reporting period. The Company does not hold any collateral or other credit enhancement over these receivables.

7. RECOVERABLE TAXES

Recoverable taxes are as follows:

| | 12/31/2014 Unaudited | 12/31/2013 |
|--|-------------------------|------------|
| Federal VAT (PIS) | 111 | 485 |
| State VAT (ICMS) | 1,442 | 1,362 |
| Tax on revenue (PIS and COFINS) | 206 | 171 |
| Corporate Income Tax (IRPJ) and Social Contribution on Profit (CSLL) | 1,105 | 540 |
| Taxes recoverable on imports | 1,438 | 1,862 |
| ICMS on purchases of property, plant and equipment | 1,376 | 1,411 |
| PIS and COFINS on purchases of property, plant and equipment | 1,344 | 954 |
| Other recoverable taxes | 818 | 723 |
| Total | 7,840 | 7,508 |
| Current | 7,231 | 6,521 |
| Non-current | 609 | 987 |

Recoverable taxes in non-current assets comprise ICMS, PIS and COFINS on purchases of property, plant and equipment for which the realization, pursuant to current relevant legislation, occurs in 48 monthly installments.

8. INVENTORIES

Inventories comprise:

| | 12/31/2014 | 12/31/2013 |
|--------------------------------|------------|------------|
| | Unaudited | |
| Finished products | 7,648 | 4,767 |
| Work in process | 5,934 | 11,277 |
| Raw materials | 15,458 | 23,893 |
| Inventories in transit | 7,993 | 2,328 |
| Provision for inventory losses | (391 |) — |
| Advances to suppliers | 745 | 947 |
| Imports in transit | 4,550 | 13,998 |
| Total | 41,937 | 57,210 |

The provision for inventory losses refers to probable losses arising from the adjustment of inventories to their realizable values. Change on this provision was as follows:

| | 12/31/2014 | |
|--------------------------------------|------------|---|
| | Unaudited | |
| Balance at the beginning of the year | — | |
| Provision recognized | (391 |) |
| Balance at the end of the year | (391 |) |

The cost of inventories recognized as expense during the year ended December 31, 2014, related to continuing operations, was R\$ 361,577 (R\$ 422,131 at December 31, 2013 and R\$ 316,358 for the year ended December 31, 2012).

Management expectations are that these inventories will be recovered in a period of less than twelve months.

9. INVESTMENTS – INVESTMENT IN ASSOCIATE

The changes in the investment in associate Suspensys Sistemas Automotivos Ltda. are as follows:

| | 12/31/2013 | 12/31/2012 |
|--|------------|------------|
| | | Unaudited |
| Opening balance | 128,805 | 146,126 |
| Interest on capital receivable | (1,490 |) (7,125 |
| Equity in associate | 15,385 | 22,922 |
| Dividends receivable | — | (1,871 |
| Dividends received | — | (31,293 |
| Other comprehensive income | — | 46 |
| Distribution of share units to Randon - (see note 17). | (142,700 |) — |
| Closing balance | — | 128,805 |

Reconciliation of the equity investment at Suspensys' net income:

| | 12/31/2013 | | 12/31/2012 | |
|---------------------------------|------------|---|------------|---|
| | | | Unaudited | |
| Suspensys' net income | 28,931 (*) | | 43,106 | |
| Master's ownership on Suspensys | 53.177 | % | 53.177 | % |
| Equity in associate | 15,385 | | 22,922 | |

(*) The equity in associate was calculated through May 31, 2013 due to the amendment to the articles of organization in June 2013, with the transfer of the share units held by the Company in Suspensys to the companies Randon and Meritor, as detailed in note 17.

The summarized financial information on Suspensys Sistemas Automotivos is as follows:

| | 05/31/2013 | 12/31/2012 |
|---|------------|------------|
| | | Unaudited |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 94,384 | 79,719 |
| Trade receivables | 106,048 | 85,909 |
| Inventories | 63,817 | 50,176 |
| Other current assets | 12,184 | 6,850 |
| Total current assets | 276,433 | 222,654 |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment and intangible assets | 221,976 | 207,997 |
| Other non-current assets | 8,593 | 7,972 |
| Total non-current assets | 230,569 | 215,969 |
| Total assets | 507,002 | 438,623 |

| | 05/31/2013 | 12/31/2012 | |
|---|------------|------------|---|
| LIABILITIES | | Unaudited | |
| CURRENT LIABILITIES | | | |
| Trade payables | 61,474 | 37,779 | |
| Borrowings and financing | 23,041 | 24,466 | |
| Dividends and Interest on capital | 17,290 | 14,908 | |
| Other current liabilities | 29,108 | 20,093 | |
| Total current liabilities | 130,913 | 97,246 | |
| NON-CURRENT LIABILITIES | | | |
| Borrowings and financing | 98,560 | 87,473 | |
| Deferred taxes | 3,735 | 6,436 | |
| Other non-current liabilities | 5,445 | 5,248 | |
| Total non-current liabilities | 107,740 | 99,157 | |
| SHAREHOLDERS' EQUITY | 268,349 | 242,220 | |
| Total liabilities and shareholders' equity | 507,002 | 438,623 | |
| Company's share in associate's net assets | 142,700 | 128,805 | |
| Company's share in associate's contingent liabilities | 538 | 490 | |
| | 05/31/2013 | 12/31/2012 | |
| STATEMENTS OF INCOME | | Unaudited | |
| Net operating revenue | 396,639 | 730,941 | |
| Cost of sales | (324,932 |) (621,150 |) |
| GROSS PROFIT | 71,707 | 109,791 | |
| Operating expenses, net | (30,386 |) (60,634 |) |
| Finance income, net | (1,472 |) 6,888 | |
| PROFIT BEFORE TAXES | 39,849 | 56,045 | |
| Income tax and social contribution | (10,918 |) (12,939 |) |
| NET PROFIT FOR THE YEAR | 28,931 | 43,106 | |

10. PROPERTY, PLANT AND EQUIPMENT

a) Balance breakdown

| | 12/31/2014 | 12/31/2013 | |
|--------------------------|------------|------------|---|
| | Unaudited | | |
| Cost | 196,144 | 189,479 | |
| Accumulated depreciation | (106,117 |) (97,435 |) |
| | 90,027 | 92,044 | |

Edgar Filing: MERITOR INC - Form 10-K/A

| | Annual depreciation rate (%) | 12/31/2014 | | 12/31/2013 | |
|---|------------------------------------|------------|-----------------------------|------------|--------|
| | | Cost | Accumulated depreciation | Net | Net |
| | | Unaudited | | | |
| Land | | 4,400 | — | 4,400 | 4,400 |
| Buildings | 2 | % 28,249 | (6,671 |) 21,578 | 22,015 |
| Machinery and equipment | 9 | % 121,650 | (77,172 |) 44,478 | 48,444 |
| Molds | 16 | % 21,743 | (15,673 |) 6,070 | 7,162 |
| Furniture and fixtures | 11 | % 6,999 | (3,961 |) 3,038 | 3,117 |
| Vehicles | 11 | % 2,011 | (1,475 |) 536 | 465 |
| Computer equipment | 17 | % 1,620 | (1,165 |) 455 | 637 |
| Advances to suppliers | | 50 | — | 50 | 121 |
| Property, plant and equipment in progress (*) | | 9,422 | — | 9,422 | 5,683 |
| Total | | 196,144 | (106,117 |) 90,027 | 92,044 |

b) Movement in the cost:

| | Balance at | | | | Balance at |
|---|------------|-----------|-----------|-----------|------------|
| | 1/1/2014 | Additions | Disposals | Transfers | |
| | Unaudited | | | | |
| Land | 4,400 | — | — | — | 4,400 |
| Buildings | 28,223 | 11 | — | 15 | 28,249 |
| Machinery and equipment | 119,532 | 675 | (1,763 |) 3,206 | 121,650 |
| Molds | 21,518 | 342 | (1,199 |) 1,082 | 21,743 |
| Furniture and fixtures | 6,542 | 390 | — | 67 | 6,999 |
| Vehicles | 1,845 | 242 | (76 |) — | 2,011 |
| Computer equipment | 1,615 | 5 | — | — | 1,620 |
| Advances to suppliers | 121 | 105 | (55 |) (121 |) 50 |
| Property, plant and equipment in progress (*) | 5,683 | 7,988 | — | (4,249 |) 9,422 |
| Total | 189,479 | 9,758 | (3,093 |) — | 196,144 |
| | Balance at | | | | |
| | 1/1/2013 | Additions | Disposals | Transfers | 12/31/2013 |
| Land | 4,400 | — | — | — | 4,400 |
| Buildings | 28,056 | — | — | 167 | 28,223 |
| Machinery and equipment | 110,135 | 4,906 | (289 |) 4,780 | 119,532 |
| Molds | 17,633 | 2,574 | (221 |) 1,532 | 21,518 |
| Furniture and fixtures | 6,259 | 260 | (53 |) 76 | 6,542 |
| Vehicles | 1,894 | 76 | (125 |) — | 1,845 |
| Computer equipment | 1,496 | 177 | (63 |) 5 | 1,615 |
| Advances to suppliers | 1,461 | 219 | — | (1,559 |) 121 |
| Property, plant and equipment in progress (*) | 6,969 | 3,715 | — | (5,001 |) 5,683 |
| Total | 178,303 | 11,927 | (751 |) — | 189,479 |

Edgar Filing: MERITOR INC - Form 10-K/A

| | Balance at 01/01/2012 | Additions | Disposals | Transfers | Balance at 12/31/2012 |
|---|--------------------------|-----------|-----------|-----------|--------------------------|
| | | Unaudited | | | |
| Land | 4,400 | — | — | — | 4,400 |
| Buildings | 28,015 | 41 | — | — | 28,056 |
| Machinery and equipment | 107,317 | 3,220 | (402) |) — | 110,135 |
| Molds | 16,808 | 825 | — | — | 17,633 |
| Furniture and fixtures | 6,162 | 97 | — | — | 6,259 |
| Vehicles | 1,835 | 94 | (35) |) — | 1,894 |
| Computer equipment | 1,442 | 58 | (4) |) — | 1,496 |
| Advances to suppliers | — | 1,461 | — | — | 1,461 |
| Property, plant and equipment in progress (*) | 2,322 | 4,647 | — | — | 6,969 |
| Total | 168,301 | 10,443 | (441) |) — | 178,303 |

(*) The amount of R\$ 9,422 in 2014 (R\$ 5,683 in 2013 and R\$ 6,969 in 2012) recognized in property, plant and equipment in progress refers to machinery and tools acquired for the expansion of the production process that have not been installed at the factory.

c) Movement in accumulated depreciation:

| | Balance at 01/01/2014 | Additions | Disposals | Transfers | Balance at 12/31/2014 |
|--------------------------------|--------------------------|-----------|-----------|-----------|--------------------------|
| | | Unaudited | | | |
| Buildings | (6,208) | (463) | — | — | (6,671) |
| Machinery, equipment and molds | (85,444) | (9,000) | 1,598 | — | (92,846) |
| Furniture and fixtures | (3,425) | (535) | — | — | (3,960) |
| Vehicles | (1,380) | (120) | 24 | — | (1,476) |
| Computer equipment | (978) | (186) | — | — | (1,164) |
| Total | (97,435) | (10,304) | 1,622 | — | (106,117) |

| | Balance at 01/01/2013 | Additions | Disposals | Transfers | Balance at 12/31/2013 |
|--------------------------------|--------------------------|-----------|-----------|-----------|--------------------------|
| Buildings | (5,747) | (461) | — | — | (6,208) |
| Machinery, equipment and molds | (76,931) | (8,548) | 35 | — | (85,444) |
| Furniture and fixtures | (2,940) | (504) | 19 | — | (3,425) |
| Vehicles | (1,320) | (107) | 47 | — | (1,380) |
| Computer equipment | (859) | (176) | 57 | — | (978) |
| Total | (87,797) | (9,796) | 158 | — | (97,435) |

| | Balance at 01/01/2012 | Additions | Disposals | Transfers | Balance at 12/31/2012 |
|--------------------------------|--------------------------|-----------|-----------|-----------|--------------------------|
| | | Unaudited | | | |
| Buildings | (5,289) | (458) | — | — | (5,747) |
| Machinery, equipment and molds | (69,076) | (8,224) | 369 | — | (76,931) |
| Furniture and fixtures | (2,439) | (501) | — | — | (2,940) |
| Vehicles | (1,219) | (104) | 3 | — | (1,320) |
| Computer equipment | (681) | (181) | 3 | — | (859) |
| Total | (78,704) | (9,468) | 375 | — | (87,797) |

11. INTANGIBLE ASSETS

| | Annual amortization rate | Balance at 12/31/2013 | Additions | Transfers | Balance at 12/31/2014 |
|-------------------------------|--------------------------------|--------------------------|-----------|-----------|--------------------------|
| | | | Unaudited | | |
| Software: | | | | | |
| Cost | 12.7% | 12,646 | 1,002 | — | 13,648 |
| Accumulated amortization | | (3,914) | (1,520) | — | (5,434) |
| | | 8,732 | (518) | — | 8,214 |
| Intangible assets in progress | | 19 | 2 | — | 21 |
| Total | | 8,751 | (516) | — | 8,235 |
| | | | | | |
| | Annual amortization rate | Balance at 12/31/2012 | Additions | Transfers | Balance at 12/31/2013 |
| | | | Unaudited | | |
| Software: | | | | | |
| Cost | 12.7% | 12,614 | 12 | 20 | 12,646 |
| Accumulated amortization | | (2,460) | (1,454) | — | (3,914) |
| | | 10,154 | (1,442) | 20 | 8,732 |
| Intangible assets in progress | | 20 | 19 | (20) | 19 |
| Total | | 10,174 | (1,423) | — | 8,751 |
| | | | | | |
| | Annual amortization rate | Balance at 12/31/2011 | Additions | Transfers | Balance at 12/31/2012 |
| | | | Unaudited | | |
| Software: | | | | | |
| Cost | 12.7% | 1,352 | — | 11,262 | 12,614 |
| Accumulated amortization | | (1,192) | (1,268) | — | (2,460) |
| | | 160 | (1,268) | 11,262 | 10,154 |
| Intangible assets in progress | | 10,017 | 1,265 | (11,262) | 20 |
| Total | | 10,177 | (3) | — | 10,174 |

The intangible asset refers to the implementation of the SAP software.

12. BORROWINGS AND FINANCING

Financing obtained was used to fund the construction of the Company's manufacturing facilities, develop quality processes, finance imports, and finance machinery imports. Financing was obtained from several financial institutions by means of funds raised by these institutions with the National Bank for Economic and Social Development (BNDES).

Borrowings and financing are as follows:

| Type: | Annual financial charges | Payment frequency | Final maturity | 12/31/2014 | 12/31/2013 |
|----------------------------------|--------------------------|-------------------|----------------|------------|------------|
| | | | | Unaudited | |
| Working capital-NCE-Brasil | 5.498% p.a. | (a) | 03/2016 | 60,152 | 60,152 |
| Lease agreement - IBM | Cetip CDI-Over | (b) | 07/2017 | 613 | — |
| Vendor financing | SELIC+3% p.a. | (e) | 02/2015 | 135 | — |
| Bank Credit Note - Exin-Safra | 5.50% p.a. | (a) | 02/2016 | 10,072 | 10,064 |
| Bank Credit Note - Exim-Brasil | 8.00% p.a. | (a) | 07/2017 | 20,332 | — |
| Bank Credit Note - Exim-Bradesco | 8.00% p.a. | (a) | 07/2017 | 30,492 | — |
| FINEP | 3.5% p.a. | (c) | 10/2023 | 34,178 | 16,768 |
| FUNDOPEM - ICMS | IPCA plus 3% | (d) | 02/2021 | 27,947 | 23,699 |
| Total | | | | 183,921 | 110,683 |
| Current | | | | 2,767 | 605 |
| Non-current | | | | 181,154 | 110,078 |

(a) Bullet payment upon maturity + quarterly interest.

(b) Semiannual installment upon maturity of principal and interest.

(c) 3-year grace period + monthly installments of interest and amortization.

(d) 51-year grace period + monthly installments of interest and amortization.

(e) Bullet payment.

The maturities of the long-term portions of the financing are as follows:

| Maturity | 12/31/2014 | 12/31/2013 |
|---------------------|------------|------------|
| | Unaudited | |
| 2015 | — | 1,206 |
| 2016 | 74,018 | 72,957 |
| 2017 | 58,327 | 5,160 |
| 2018 | 8,820 | 5,598 |
| 2019 | 9,034 | 5,598 |
| 2020 and thereafter | 30,955 | 19,559 |
| Total | 181,154 | 110,078 |

Borrowings from FINEP are collateralized by bonds and a letter of guarantee of shareholder Randon S.A. Implementos e Participações. There are no restrictive clauses (covenants) on these loan agreements.

FUNDOPEM – ICMS

Refers to ICMS tax incentives granted to the Company through financing of 60% of the ICMS due every month. This incentive is calculated on a monthly basis and is contingent to the generation of direct and indirect jobs, investments made, and the fulfillment of contractual obligations with Banco do Estado do Rio Grande do Sul and Caixa Estadual S.A. - Agência de Fomento (State Development Bank).

The incentive amounts are subject to charges at the effective rates of 3.00% per year or 0.246627% per month plus adjustment for inflation calculated based on the monthly fluctuation of the IPCA/IBGE (consumer price index) or another index defined by the Steering Committee of FUNDOPEM/RS.

The benefit period started in December 2006 and ended in May 2014, and disbursements for Company use totaled 1,479,042.54 FUNDOPEM-RS incentive units (equivalent to R\$ 29,329 as at December 31, 2014, R\$ 28,101 as at December 31, 2013 and R\$ 26,519 as at December 31, 2012). As of May 2014, the Company utilized R\$ 28,282. The benefit has a grace period of 51 months and will be settled 90 months after the end of the grace period, ending February 2021.

13. RELATED PARTY TRANSACTIONS

The transactions and balances with related parties are as follows:

| | Randon Group (*) | | Meritor Group (**) | | | Total | | | |
|---|------------------|----------|--------------------|----------|----------|-----------|----------|----------|----------|
| | 12/31/14 | 12/31/13 | 12/31/14 | 12/31/13 | 12/31/14 | 12/31/13 | 12/31/12 | | |
| | Unaudited | | Unaudited | | | Unaudited | | | |
| Trade receivables | 385 | 2,295 | 13,407 | 15,738 | 13,792 | 18,033 | | | |
| Trade payables | 33 | 111 | 1,139 | 3,009 | 1,172 | 3,120 | | | |
| Dividends and interest on capital payable | 15,806 | 21,555 | 15,186 | 20,711 | 30,992 | 42,266 | | | |
| Amounts due to related parties - current | 150 | 150 | — | — | 150 | 150 | | | |
| Amounts due to related parties - noncurrent | 602 | 753 | — | — | 602 | 753 | | | |
| | | | | | | | | | |
| | Randon Group (*) | | Meritor Group (**) | | | Total | | | |
| | 12/31/14 | 12/31/13 | 12/31/12 | 12/31/14 | 12/31/13 | 12/31/12 | 12/31/14 | 12/31/13 | 12/31/12 |
| | Unaudited | | Unaudited | | | Unaudited | | | |
| Profit & Loss | | | | | | | | | |
| Sales of goods | 145,320 | 152,830 | 76,005 | 82,565 | 116,238 | 112,283 | 227,885 | 269,068 | 188,288 |
| Rental income | 345 | 351 | 384 | — | — | — | 345 | 351 | 384 |
| Purchases of goods and services | 39,404 | 44,918 | 28,881 | 20,843 | 15,897 | 7,258 | 60,247 | 60,815 | 36,139 |
| Commission expenses | 267 | 984 | 206 | — | — | — | 267 | 984 | 206 |
| Administrative expenses | 7,028 | 7,465 | 5,516 | — | — | — | 7,028 | 7,465 | 5,516 |

(*) Includes: Randon S.A. Implementos e Participações (parent), Fras-Le S.A., Fras-Le Argentina S.A., Fras-Le Andina Comercio y Representacion Ltda., Controil., Fras-le Europa., Fras-le Fnai., Fras-le México, Fras-le Pinghu.,Fras-le Africa, Fras-le Fasa., Jost Brasil Sistemas Automotivos Ltda., Randon Implementos para Transporte Ltda., Randon Argentina, Suspensys Sistemas Automotivos Ltda., Castertech Fundação e Tecnologia Ltda., Banco Randon, Randon Brantech Implementos para Transporte Ltda and Epysa Implementos Ltda.

(**) Includes: Meritor do Brasil Sistemas Automotivos Ltda., Meritor Automotive Inc., Meritor Heavy Vehicle Systems LLC., Meritor Hvs Ltd, ArvinMeritor Qri,, Meritor Inc. Meritor CVS, Meritor Frankfurt, and Sisamex Sistemas Automotrices.

Master is the co-guarantor of vendor financing contracts, limited to R\$ 10,000 for transactions conducted between Company customers and Banco Randon. As at December 31, 2014, the outstanding balance related to these transactions is R\$ 2,647 (R\$ 1,716 at December 31, 2013).

Trading transactions

Trading transactions carried out with related parties follow specific prices and terms policies established in the joint venture agreement between the parties, which could be different if carried out with unrelated parties.

Administrative expenses

Refer to administrative advisory services (corporate activities) provided by Randon to the Company.

Management compensation

Management compensation and profit sharing was R\$ 1,577 in 2014 (R\$ 1,046 in 2013 and R\$ 590 in 2012).

Borrowings from officers and managers are recorded in 'Other payables', in current liabilities, in the amount of R\$ 1,078 at December 31, 2014 (R\$ 898 at December 31, 2013). These balances are adjusted for inflation using financial market rates ("DI-extra" as released by the Brazilian Association of Financial and Capital Markets Entities, or Anbima). The interest expense on these transactions was R\$ 162 in 2014 (R\$ 79 in 2013).

14. RETIREMENT BENEFIT PLAN

The Company is co-sponsor of RANDONPREV pension fund, together with other Randon companies, which is a defined contribution plan under the financial capitalization regime, with some additions of employee benefits, not covered by the defined contribution. This minimum benefit is defined by a percentage of the nominal salary per year worked for the Company, credited in a lump sum at the beneficiary's account with RANDONPREV. The most recent valuation of the plan assets and the present value of the minimum benefit was conducted at December 31, 2014 using the projected unit credit method and calculated the balance of R\$ 9 (R\$ 627 as at December 31, 2013), corresponding to the net assets of defined benefit at year-end. This amount is part of the credit of the special reserves that can be redeemed for future contributions at any time, from January 2014, without the need for previous analysis and authorization from Previc. In 2014 the amount amortized was R\$ 311 (R\$ 176 in 2013), remaining a balance of R\$ 140 (R\$ 451 as at December 31, 2013) recorded in assets.

15. PROVISION FOR TAX, SOCIAL SECURITY AND LABOR RISKS

The position of the provisions and contingent liabilities as at December 31, 2014 is as follows:

| Nature of provision | Likelihood of loss | |
|---------------------|-----------------------|----------|
| | Probable Unaudited | Possible |
| Tax | — | 16,127 |
| Social security | — | 2,102 |
| Labor | 340 | 977 |
| Total | 340 | 19,206 |

| Changes in provision: | | | |
|-----------------------|-------------------------------|--|----------------------------|
| Nature of provision | Opening balance 01/01/2014 | Addition / (Reversal) of Provision Unaudited | Closing balance 12/31/2014 |
| Labor | 146 | 194 | 340 |
| Social security | 36 | (36 |) — |
| Total | 182 | 158 | 340 |

| Nature of provision | Opening balance 01/01/2013 | Addition / (Reversal) of Provision | Closing balance 12/31/2013 |
|---------------------|-------------------------------|--|-------------------------------|
| Labor | 61 | 85 | 146 |
| Social security | 57 | (21) |) 36 |
| Total | 118 | 64 | 182 |

The Company is a party to administrative proceedings for which, based on the opinion of its legal counsel, no provision was recognized since they were classified as possible or remote likelihood of loss. The main lawsuits are as follows:

Tax

IPI presumed credit - Refers to notices issued by the Federal Revenue in the total amount of R\$ 1,593, through a) which the tax authorities denied the Company's request for refund of presumed credit and required the payment of the corresponding tax. The amount includes principal, fine and interest.

Income tax, social contribution and withholding income tax - assessment notices issued by the Brazilian Federal b) Revenue Service totaling R\$ 3,502 (as adjusted), related to payments made regularly to Company agents abroad as agency commission of sales and services. The related proceedings are being handled at the administrative level.

Administrative proceeding challenging an assessment notice collecting PIS-imports, COFINS-imports, Federal c) VAT (IPI), import duties (II), and fine for alleged noncompliance of Drawback Award Acts, totaling R\$ 1,765.

Disallowance of ICMS presumed credit on purchase of steel - refers to assessment notices issued by the Rio Grande d) do Sul State Department of Finance totaling R\$ 9,267, through which this tax authority confirmed the award of the tax benefit in an amount higher than permitted by the law. The amount includes principal, fine and interest.

Social security

Refers to INSS assessment notices totaling R\$ 2,102 for the nonpayment of payroll taxes on the profit sharing bonuses paid to employee.

16. FINANCIAL INSTRUMENTS

The estimated fair values of the Company's financial assets and liabilities were determined based on available market information and appropriate valuation techniques. However, considerable judgment was required in interpreting market data to produce the fair value estimate. As a consequence, the following estimates do not necessarily indicate the amounts that could be realized in a current exchange market. The use of different market methodologies may have a material effect on the estimated fair values.

These instruments are managed by means of operating strategies aimed at liquidity, profitability and security. The control policy consists in ongoing monitoring of the contracted rates against the market rates. The Company does not make speculative investments in derivatives or any other risk assets.

Balance breakdown

The following is a comparison by class of the carrying amount and the fair value of financial instruments of the Company in the financial statements:

| | Note | Category | Carrying Amount | | Fair Value | |
|---------------------------|------------------------------------|----------|-------------------------|------------|-------------------------|------------|
| | | | 12/31/2014 Unaudited | 12/31/2013 | 12/31/2014 Unaudited | 12/31/2013 |
| Assets | | | | | | |
| Cash and cash equivalents | 4 | (a) | 174,274 | 71,252 | 174,274 | 71,252 |
| Short-term investments | 5 | (b) | 18,546 | 34,085 | 18,546 | 34,085 |
| Trade receivables | 6 | (a) | 28,989 | 45,236 | 28,989 | 42,236 |
| Liabilities | | | | | | |
| Trade payables | | (c) | (11,991) | 15,593 | (11,991) | 15,593 |
| Borrowings and financing | | (c) | (183,921) | (110,683) | (183,987) | 110,683 |
| Categories: | | | | | | |
| (a) | Receivables | | | | | |
| (b) | Fair value through profit and loss | | | | | |
| (c) | Other liabilities | | | | | |

Limitations

The fair values were estimated at the end of the reporting period, based on “relevant market information”. Any changes in assumptions may significantly affect the estimates.

Financial risk management

The Company is exposed to the following risks associated to the utilization of its financial instruments:

- i. credit risk
- ii. foreign exchange rate risk
- iii. interest rate risk
- iv. price risk
- v. liquidity risk

The Company, through the shareholder Randon, has a Currency Hedge Policy prepared by the Planning and Finance Committee and approved by the Executive Officers. The purpose of the policy is standardize the procedures of the group companies, define responsibilities and limits on transactions involving currency hedge, and reducing foreign exchange effects on inflows in foreign currency projected by the cash flow, without speculative purposes.

The basis used is the cash flow in foreign currency projected monthly for the following twelve months based on the Strategic Plan projections or the current expectation of each group company. If considered necessary, the instruments used are conservative and previously approved by the same committee. For the years ended December 31, 2014, 2013, and 2012, the Company did not enter into any transactions involving derivative financial instruments.

a. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk in its operating activities, mainly in relation to trade receivables.

The Company's sales policies are contingent upon the credit policies defined by management and are intended to minimize problems arising from default of its customers. This objective is achieved by management through a strict selection of the customer portfolio considering the customer's ability to pay (credit analysis). The customer's credit

quality is assessed based on an internal credit scoring system. Outstanding trade receivables are frequently monitored. The need to recognize a provision for impairment is analyzed at the end of each reporting period on an individual basis for the major customers. Additionally, for receivables with lower balances the provision is assessed on a collective basis.

Sales concentration:

In the year ended December 31, 2014, three customers individually accounted for more than 10% of sales, with shares of 33.55% (11.77% in 2013 and 5.06% in 2012), 19.06% (22.19% in 2013 and 22.21% 2012), 16.41% (15.99% in 2013 and 13.82% 2012), net revenues each equivalent to R\$ 145 million (R\$ 61 million in 2013 and R\$ 19 million in 2012), R\$ 82 million (R\$ 115 million in 2013 and R\$ 84 million in 2012) and R\$ 71 million (R\$ 83 million in 2013 and R\$ 52 million in 2012). The first and the second amounts refer to related parties. Other Company sales in the domestic and foreign markets are widely spread and there is no sales concentration in a percentage above 10% for any other customer.

b. Foreign exchange risk

The Company's results are exposed to risks of fluctuations due to the effects of the exchange rate volatility on assets and liabilities denominated in foreign currencies, mainly the US dollar, which closed 2014 with a positive fluctuation of 13.39% (positive fluctuation of 14.64% in 2013).

The Company is exposed to currency risk (foreign exchange risk) on sales, purchases and borrowings that are denominated in a currency other than the Company's functional currency, the Brazilian real.

The Company's net exposure to foreign exchange risk is as follows:

| | 12/31/2014 | 12/31/2013 |
|-----------------------|------------|------------|
| | Unaudited | |
| A. Trade payables | (2,999 |) (4,039 |
| B. Trade receivables | 5,047 | 6,554 |
| C. Net exposure (A+B) | 2,048 | 2,515 |

c. Interest rate risk

The Company's results are exposed to the risk of significant fluctuations due to borrowings contracted at floating interest rates.

The Company does not have derivative financial instruments to manage its exposure to fluctuations in interest rates.

Pursuant to its financial policies, the Company has not entered into any transactions involving financial instruments for speculative purposes.

The description of the interest rates to which the Company's borrowings are subject is disclosed in note 12 - Borrowings and Financing.

d. Price risk

Arises from the possibility of fluctuations in the market prices of the goods sold or produced by the Company and of other inputs used in the production process. These price fluctuations may cause substantial changes in the Company's revenues and costs. In order to mitigate these risks, the Company conducts an ongoing monitoring of local and foreign markets seeking to anticipate price movements. The Company has not contracted any financial instruments to hedge

against fluctuations in the prices of its raw materials.

e. Liquidity risk

The table below details the remaining contractual maturity of the Company's liabilities and the contractual amortization periods. The table was prepared using the undiscounted cash flows of the liabilities based on the closest

30

date on which the Company should settle the related obligations. The table includes interest and principal cash flows. As interest flows involve floating rates, the undiscounted amount was obtained based on the interest curves at the end of the reporting period. The contractual maturity is based on the most recent date in which the Company should settle the related obligations.

| Description | Up to 1 month | From 1 to 3 months | From 3 months to 1 year | From 1 to 5 years | Over 5 years | Total |
|---|---------------|--------------------|-------------------------|-------------------|--------------|---------|
| Trade payables | 9,422 | 2,569 | — | — | — | 11,991 |
| Borrowings and financing | 61 | 321 | 1,157 | 159,510 | 25,543 | 186,592 |
| Interest to be incurred on borrowings and financing | 1,107 | 2,262 | 5,867 | 14,889 | 1,140 | 25,265 |
| Intragroup Loans | 1,078 | — | — | — | — | 1,078 |
| Dividends | — | — | 25,914 | — | — | 25,914 |
| Interest on capital | — | — | 5,078 | — | — | 5,078 |
| Total | 11,668 | 5,152 | 38,016 | 174,399 | 26,683 | 255,918 |

17. CAPITAL

On June 18, 2013, the Company's shareholders approved the 23rd amendment to the articles of organization, reducing the capital as shown below.

| | |
|--|---------|
| Capital reduction (a) | 126,003 |
| Decrease in carrying value adjustments account (b) | 7,048 |
| Distribution of dividends (c) | 9,649 |
| Total investment in Suspensys at 05/31/2013 | 142,700 |

Capital reduction from R\$ 160,000 to R\$ 33,997, through payment of R\$ 126,003 to the shareholders, in the form (a) of shares held by the Company in Suspensys Sistemas Automotivos Ltda., in a number equivalent to the amount of the capital reduction.

(b) Decrease of the amount of R\$ 7,048 related to the carrying value adjustments account of the associate Suspensys at May 31, 2013;

(c) Distribution of dividends in the amount of R\$ 9,649, from the Earnings Reserve account, proportionally to the related equity interests, in payment for the assignment and transfer of the remaining share units held by Master in the capital of Suspensys.

As a result of these resolutions, Master withdrew as shareholder from Suspensys, by transferring the 53,177 shares held, (i) to the shareholder Randon, 27,120 shares in the amount of R\$ 72,777 and (ii) to the shareholder Meritor, 26,057 shares in the amount of R\$ 69,923.

As a result of the changes detailed above, the capital subscribed and paid up by the Company went to R\$ 33,997, divided into 33,997 share units with par value of R\$ 1.00 each.

On November 8, 2013, the Company's shareholders approved the 24th amendment to the articles of organization, increasing the capital by R\$ 26,003 through the capitalization of part of the Earnings Reserve balance, with the equivalent issue of new share units in the amount of 60,000 share units, with par value of R\$ 1.00.

At December 31, 2014, the subscribed capital comprises 60,000 shares with par value of R\$ 1.00 each and its breakdown by shareholder is as follows:

| | | |
|--|-------------|-----|
| Shareholder | Share Units | % |
| Randon S.A. Implementos e Participações | 30,600 | 51 |
| Meritor do Brasil Sistemas Automotivos Ltda. | 29,400 | 49 |
| Total | 60,000 | 100 |

18. DIVIDENDS AND INTEREST ON CAPITAL

During the year ended December 31, 2014 the Company recorded payment of dividends and interest on capital of R\$ 25,914 and R\$ 5,975 (R\$ 35,923 and R\$ 7,462 at December 31, 2013) using as a basis the TJLP (Long-term interest rate) for the period January-December of each year, applied to equity, considering the higher of 50% of the profit before income tax and 50% of the retained earnings balance.

At the Annual Shareholders Meeting held on April 2, 2014, the shareholders approved the payment of dividends for 2013 in the amount of R\$ 35,923 and interest on capital for 2013 of R\$ 6,342 net of income tax.

On April 29, 2013 and June 6, 2013, the Annual Shareholders' Meeting approved the proposal for payment of supplementary dividends of R\$ 26,522.

On June 6, 2013, the Annual Shareholders' Meeting approved the advance payment of interest on capital in the amount of R\$ 1,490, related to the same portion received from the associate Suspensys Sistemas Automotivos Ltda.

On July 11, 2013, the Company's shareholders approved in Minute 59 the Company's obligation in the payment of all the profits to be calculated for 2013 and 2014, except for the profits received due to share in profit of associate.

As provided for by the tax law, the amount recognized as interest on capital was fully deducted in the calculation of income tax and social contribution, and the tax benefit from this deduction was R\$ 2,032 (R\$ 3,044 at December 31, 2013). For purposes of appropriate presentation of the financial statements, such interest was treated as dividends and disclosed as a reduction of retained earnings in equity.

Additionally, the Company recognized finance income related to the interest on capital receivable from associate Suspensys Sistemas Automotivos Ltda., totaling R\$ 1,490 as at December 31, 2013 (R\$ 7,125 as at December 31, 2012), which for purposes of disclosure and compliance with accounting principles, was reclassified from line item "Finance income" to "Investments", in assets.

19. NET OPERATING REVENUE

The reconciliation between the revenue recognized for tax purposes and the revenue presented in the income statement for the year is as follows:

| | 2014 | 2013 | 2012 |
|---|-----------|-----------|-----------|
| | Unaudited | | Unaudited |
| Gross revenue | 574,768 | 682,882 | 490,013 |
| Less: | | | |
| Taxes on sales | (130,913) | (156,524) | (100,838) |
| Sales returns | (5,610) | (3,798) | (6,255) |
| Discount to present value on installment sales | (5,024) | (4,497) | (3,501) |
| Net revenue recognized in the statement of income | 433,221 | 518,063 | 379,419 |

20. EXPENSES BY NATURE

As required by corporate law, the Company is required to present the income statement by function. Therefore, the analysis of operating expenses by nature is as follows:

Edgar Filing: MERITOR INC - Form 10-K/A

| | 2014 Unaudited | 2013 | 2012 Unaudited |
|---------------------------------------|-------------------|---------|-------------------|
| Raw materials and auxiliary materials | 285,161 | 334,057 | 235,145 |
| Depreciation and amortization | 11,824 | 11,250 | 10,736 |
| Personnel and benefits | 57,706 | 65,019 | 58,310 |
| Freight | 10,793 | 12,593 | 9,233 |
| Rentals | 3,740 | 4,469 | 4,009 |
| Electric Power | 2,990 | 3,923 | 4,013 |
| Costs of outside services | 15,591 | 16,901 | 12,118 |
| Asset upkeep costs | 7,925 | 9,283 | 6,693 |
| Other operating expenses, net | 4,531 | 5,765 | 5,953 |
| Total | 400,261 | 463,260 | 346,210 |

These expenses were classified as follows in the statement of income (presented by function):

| | 2014 Unaudited | 2013 | 2012 Unaudited |
|-------------------------------------|-------------------|---------|-------------------|
| Cost of sales and services | 361,577 | 422,131 | 316,358 |
| Selling expenses | 18,119 | 19,325 | 13,034 |
| General and administrative expenses | 16,495 | 17,396 | 14,922 |
| Other operating expenses, net | 4,070 | 4,408 | 1,896 |
| Total | 400,261 | 463,260 | 346,210 |

21. INCOME TAX AND SOCIAL CONTRIBUTION

Income tax and social contribution expense

The income tax and social contribution expense for the years ended December 31 is reconciled to statutory rates, as follows:

| | 2014 IRPJ/CSLL Unaudited | 2013 IRPJ/CSLL | 2012 IRPJ/CSLL Unaudited | | |
|--|--------------------------------|-------------------|--------------------------------|---|---|
| Profit before income tax and social contribution | 41,502 | 75,181 | 63,919 | | |
| Applicable rate | 34 | % 34 | % 34 | % | % |
| Income tax and social contribution at nominal rates | (14,111 |) (25,562 |) (21,732 |) |) |
| Effect of taxes on: | | | | | |
| Interest on capital expense (*) | 2,032 | 3,044 | 5,095 | | |
| Interest on capital income (*) | — | (507 |) (2,423 |) |) |
| Equity in subsidiaries | — | 5,231 | 7,793 | | |
| Other | 120 | 349 | 498 | | |
| Income tax and social contribution before deductions | (11,959 |) (17,445 |) (10,769 |) |) |
| Income tax deductions and other adjustments | 1,169 | 1,285 | 408 | | |
| Income tax and social contribution expense | (10,790 |) (16,160 |) (10,361 |) |) |
| Current income tax and social contribution | (10,118 |) (15,336 |) (8,743 |) |) |
| Deferred income tax and social contribution | (672 |) (824 |) (1,618 |) |) |

* See note 18, Dividends and Interest on Capital.

Edgar Filing: MERITOR INC - Form 10-K/A

Analysis of deferred income tax and social contribution

| | 12/31/2014 | | 12/31/2013 | | 12/31/2012 | | |
|--|-----------------------|----------------|-----------------------|----------------|-----------------------|----------------|---|
| | Temporary differences | Deferred taxes | Temporary differences | Deferred taxes | Temporary differences | Deferred taxes | |
| | Unaudited | | | | Unaudited | | |
| Provision for profit sharing | 2,263 | 769 | 2,546 | 866 | 2,180 | 742 | |
| Provision for officer's profit sharing | 541 | 49 | 451 | 41 | — | — | |
| Provision for labor risks | 340 | 116 | 182 | 62 | 118 | 40 | |
| Provision for warranty claims | 515 | 175 | 81 | 28 | 221 | 75 | |
| Provision for collective bargaining | 338 | 115 | 178 | 61 | 282 | 96 | |
| Provision for employee termination | 653 | 222 | 619 | 210 | 223 | 76 | |
| Allowance for doubtful debts | 111 | 38 | — | — | — | — | |
| Provision for inventory losses | 391 | 133 | — | — | — | — | |
| Other temporary additions | 1,479 | 504 | 438 | 149 | 1,006 | 342 | |
| Total assets | | 2,121 | | 1,417 | | 1,371 | |
| Incentive depreciation, Law 11,774 | (606 |) (152 |) (1,163 |) (291 |) (1,725 |) (431 |) |
| Tax depreciation | (10,580 |) (3,597 |) (5,225 |) (1,777 |) — |) — | |
| Deemed cost of property, plant and equipment | (7,879 |) (2,679 |) (9,661 |) (3,285 |) (11,539 |) (3,923 |) |
| Retirement benefit plan | (140 |) (47 |) (451 |) (153 |) (640 |) (218 |) |
| Discount to present value - Fundopem | (3,155 |) (1,073 |) (2,028 |) (690 |) (2,218 |) (754 |) |
| Total liabilities | | (7,548 |) | (6,196 |) | (5,326 |) |
| Deferred income tax and contribution - net | | (5,427 |) | (4,779 |) | (3,955 |) |

The Company offsets deferred tax assets and deferred tax liabilities because it relates to income taxes levied by the same tax authority on the Company.

Movement in the deferred income tax and social contribution

| Temporary differences | Balances at 1/1/2014 | Recognized in profit for the year | Recognized in other comprehensive income | Balances at 12/31/2014 |
|---|--------------------------|---|---|---------------------------|
| | | Unaudited | | |
| Provision for profit sharing | 866 | (97 |) — | 769 |
| Provision for officer's profit sharing | 41 | 8 | — | 49 |
| Provision for labor and social security risks | 62 | 54 | — | 116 |
| Provision for warranty claims | 28 | 147 | — | 175 |
| Provision for collective bargaining | 61 | 54 | — | 115 |
| Provision for employee termination | 210 | 12 | — | 222 |
| Allowance for doubtful debts | — | 38 | | 38 |
| Provision for inventory losses | — | 133 | | 133 |
| Other temporary additions | 149 | 355 | — | 504 |
| Total assets | 1,417 | 704 | — | 2,121 |
| Incentive depreciation, Law 11,774 | (291 |) 139 | — | (152 |
| Deemed cost of property, plant and equipment | (3,285 |) 606 | — | (2,679 |
| Tax depreciation | (1,777 |) (1,820 |) — | (3,597 |
| Retirement benefit plan | (153 |) 82 | 24 | (47 |
| Discount to present value - Fundopem | (690 |) (383 |) — | (1,073 |
| Total liabilities | (6,196 |) (1,376 |) 24 | (7,548 |
| Total recognized in the year | (4,779 |) (672 |) 24 | (5,427 |
| | | | | |
| Temporary differences | Balance at 01/01/2013 | Recognized in profit for the year | Recognized in other comprehensive income | Balance at 12/31/2013 |
| Provision for profit sharing | 742 | 124 | — | 866 |
| Provision for officer's profit sharing | — | 41 | — | 41 |
| Provision for labor and social security risks | 40 | 22 | — | 62 |
| Provision for warranty claims | 75 | (47 |) — | 28 |
| Provision for collective bargaining | 96 | (35 |) — | 61 |
| Provision for employee termination | 76 | 134 | — | 210 |
| Other temporary additions | 342 | (193 |) — | 149 |
| Total assets | 1,371 | 46 | — | 1,417 |
| Incentive depreciation, Law 11,774 | (431 |) 140 | — | (291 |
| Deemed cost of property, plant and equipment | (3,923 |) 638 | — | (3,285 |
| Tax depreciation | — | (1,777 |) — | (1,777 |
| Retirement benefit plan | (218 |) 65 | — | (153 |
| Discount to present value - Fundopem | (754 |) 64 | | (690 |
| Total liabilities | (5,326 |) (870 |) — | (6,196 |
| Total recognized in the year | (3,955 |) (824 |) — | (4,779 |

Edgar Filing: MERITOR INC - Form 10-K/A

| Temporary differences | Balance at 01/01/2012 | Recognized in profit for the year | Recognized in other comprehensive income | Balance at 12/31/2012 |
|---|--------------------------|---|---|--------------------------|
| | Unaudited | | | |
| Provision for profit sharing | 1,671 | (929) | — | 742 |
| Provision for warranty claims | 294 | (219) | — | 75 |
| Provision for labor and social security risks | 235 | (195) | — | 40 |
| Provision for collective bargaining | 52 | 44 | — | 96 |
| Provision for employee termination | 43 | 33 | — | 76 |
| Deferred asset recorded for tax purposes | 97 | (97) | — | — |
| Other temporary additions | 590 | (248) | — | 342 |
| Total assets | 2,982 | (1,611) | — | 1,371 |
| Incentive depreciation, Law 11,774 | (526) | 95 | — | (431) |
| Deemed cost of property, plant and equipment | (4,610) | 687 | — | (3,923) |
| Retirement benefit plan | (150) | (35) | (33) | (218) |
| Discount to present value - Fundopem | — | (754) | — | (754) |
| Total liabilities | (5,286) | (7) | (33) | (5,326) |
| Total recognized in the year | (2,304) | (1,618) | (33) | (3,955) |

22. FINANCE INCOME (EXPENSES)

Finance income (expenses) for the years ended December 31 are as follows:

| | 2014 | 2013 | 2012 |
|---|-----------|----------|-----------|
| Finance income | Unaudited | | Unaudited |
| Interest on short-term investments | 14,257 | 8,652 | 7,440 |
| Interest received and discounts obtained | 886 | 259 | 946 |
| Discount to present value - FUNDOPEM | — | — | 3,003 |
| Discount to present value of trade receivables | 5,079 | 4,421 | 3,665 |
| | 20,222 | 13,332 | 15,054 |
| Finance expenses | | | |
| Interest on borrowings and financing | (9,075) | (6,995) | (5,545) |
| Bank expenses | (1,150) | (620) | (1,427) |
| Discount to present value - FUNDOPEM | (47) | (190) | — |
| Discount to present value of trade payables | (1,408) | (1,233) | (782) |
| | (11,680) | (9,038) | (7,754) |
| Foreign exchange gains | | | |
| Exchange gains on items classified in liabilities | 2,889 | 3,852 | 3,163 |
| Exchange losses on items classified in assets | (2,889) | (3,153) | (2,675) |
| | — | 699 | 488 |
| Finance income (expenses), net | 8,542 | 4,993 | 7,788 |

23. SUPPLEMENTAL CASH FLOW INFORMATION

The changes in the balance sheet accounts that did not affect the Company's cash flows are purchase of property, plant and equipment in the amount of R\$ 380 (R\$ 108 in 2013), installment purchase from suppliers, purchase of intangible assets in leasing transactions in the amount of R\$ 613, and vendor transactions with the Company's customers and Banco Randon in the amount of R\$ 135.

(2) Financial Statement Schedule for the years ended September 30, 2014, 2013 and 2012. The following schedule was filed as part of the Annual Report filed with the SEC on November 20, 2014:

Schedule II - Valuation and Qualifying Accounts

Schedules not filed with this Amendment No.2 on Form 10-K/A are omitted because of the absence of conditions under which they are required or because the information called for is shown in the financial statements or related notes.

(3) Exhibits

- 3-a Restated Articles of Incorporation of Meritor, filed as Exhibit 4.01 to Meritor's Registration Statement on Form S-4, as amended (Registration Statement No. 333-36448), is incorporated herein by reference.
- 3-a-1 Articles of Amendment of Restated Articles of Incorporation of the Company filed as Exhibit 3-a-1 to Meritor's Quarterly Report on Form 10-Q for the quarterly period ended April 3, 2011, is incorporated herein by reference.
- 3-b By-laws of Meritor, filed as Exhibit 3 to Meritor's Quarterly Report on Form 10-Q for the quarterly period ended June 29, 2003, is incorporated herein by reference.
- 3-b-1 Amendments to By-laws of Meritor effective April 29, 2015, filed as Exhibit 3-b-1 to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended March 29, 2015, is incorporated herein by reference.
- 3-b-2 Amended and Restated By-laws of Meritor effective April 29, 2015, filed as Exhibit 3-b-2 to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended March 29, 2015, is incorporated herein by reference.
- 4-a Indenture, dated as of April 1, 1998, between Meritor and The Bank of New York Mellon Trust Company, N.A. (as successor to BNY Midwest Trust Company as successor to The Chase Manhattan Bank), as trustee, filed as Exhibit 4 to Meritor's Registration Statement on Form S-3 (Registration No. 333- 49777), is incorporated herein by reference.
- 4-a-1 First Supplemental Indenture, dated as of July 7, 2000, to the Indenture, dated as of April 1, 1998, between Meritor and The Bank of New York Mellon Trust Company, N.A. (as successor to BNY Midwest Trust Company as successor to The Chase Manhattan Bank), as trustee, filed as Exhibit 4-b-1 to Meritor's Annual Report on Form 10-K for the fiscal year ended September 30, 2000, is incorporated herein by reference.
- 4-a-2 Third Supplemental Indenture, dated as of June 23, 2006, to the Indenture, dated as of April 1, 1998, between Meritor and The Bank of New York Mellon Trust Company, N.A. (as successor to BNY Midwest Trust Company as successor to The Chase Manhattan Bank), as trustee (including Subsidiary Guaranty dated as of June 23, 2006), filed as Exhibit 4.2 to Meritor's Current Report on Form 8-K, filed on June 27, 2006, is incorporated herein by reference.
- 4-a-3 Sixth Supplemental Indenture, dated as of May 31, 2013, to the Indenture, dated as of April 1, 1998, between Meritor and The Bank of New York Mellon Trust Company, N.A. (as successor to BNY Midwest Trust Company as successor to The Chase Manhattan Bank), as trustee, filed as Exhibit 4 to Meritor's current report on Form 8-K filed on May 31, 2013 is incorporated herein by reference.
- 4-a-4

Edgar Filing: MERITOR INC - Form 10-K/A

Seventh Supplemental Indenture, dated as of February 13, 2014, to the Indenture, dated as of April 1, 1998, between Meritor and The Bank of New York Mellon Trust Company, N.A. (as successor to BNY Midwest Trust Company as successor to The Chase Manhattan Bank), as trustee, filed as Exhibit 4.1 to Meritor's current report on Form 8-K filed on February 13, 2014, is incorporated herein by reference.

4-b Indenture, dated as of March 7, 2006 between Meritor and The Bank of New York Mellon Trust Company, N.A. (as successor to BNY Midwest Trust Company), as trustee, filed as Exhibit 4.1 to Meritor's current report on Form 8-K files on March 9, 2006 is incorporated herein by reference.

Edgar Filing: MERITOR INC - Form 10-K/A

- 4-b-1 First Supplemental Indenture, dated as of June 23, 2006, to the Indenture, dated as of March 7, 2006, between Meritor and The Bank of New York Mellon Trust Company, N.A. (as successor to BNY Midwest Trust Company), as trustee (including Subsidiary Guaranty dated as of June 23, 2006), filed as Exhibit 4.1 to Meritor's current report on Form 8-K, filed on June 27, 2006 is incorporated herein by reference.
- 4-c Indenture, dated as of February 8, 2007, between Meritor and The Bank of New York Mellon Trust Company, N.A. (as successor to The Bank of New York Trust Company, N.A.), as trustee (including the note and form of subsidiary guaranty), filed as Exhibit 4-a to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended April 1, 2007, is incorporated herein by reference.
- 4-d Indenture, dated as of December 4, 2012, between Meritor and The Bank of New York Mellon Trust Company, N.A., as trustee (including form of the note and form of subsidiary guaranty), filed as Exhibit 4.1 to Meritor's Current Report on Form 8-K filed on December 4, 2012, is incorporated herein by reference.
- 10-a-1 Second Amendment and Restatement Agreement relating to Second Amended and Restated Credit Agreement, dated as of February 13, 2014, among Meritor, ArvinMeritor Finance Ireland ("AFI"), the financial institutions party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent, filed as Exhibit 10 to Meritor's Current Report on Form 8-K filed on February 18, 2014, is incorporated herein by reference
- 10-a-2 Second Amended and Restated Pledge and Security Agreement, dated as of February 13, 2014, by and among Meritor, the subsidiaries named therein and JPMorgan Chase Bank, N.A., as Administrative Agent, filed as Exhibit 10.2 to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended March 30, 2014, is incorporated herein by reference
- 10-a-3 Amendment No. 1 to Second Amended and Restated Credit Agreement and Second Amended and Restated Pledge and Security Agreement, dated as of September 12, 2014, among Meritor, AFI, the financial institutions party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent filed as Exhibit 10.1 to Meritor's Current Report on Form 8-K filed on September 15, 2014, is incorporated herein by reference.
- 10-a-4 Fourth Amendment to the Receivables Purchase Agreement dated as of October 15, 2014 by and among Arvin Meritor Receivables Corporation, as Seller, Meritor, Inc., as Initial Servicer, and PNC Bank, National Association, as Related Committed Purchaser, as LC Participant, as a Purchase Agent, as LC Bank and as Administrator, filed as Exhibit 10-a to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended December 28, 2014, is incorporated herein by reference.
- 10-a-5 Compensation Letter for Jeffrey A. Craig dated April 29, 2015, filed as Exhibit 10-a-1 to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended March 29, 2015, is incorporated herein by reference.
- 10-a-6 Amended and Restated Employment Letter between Meritor and Jeffrey A. Craig dated April 29, 2015, filed as Exhibit 10-a-2 to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended March 29, 2015, is incorporated herein by reference.
- *10-b 1997 Long-Term Incentives Plan, as amended and restated, filed as Exhibit 10 to Meritor's Current Report on Form 8-K filed on April 20, 2005, is incorporated herein by reference.
- *10-b-1 Form of Option Agreement under the 1997 Long-Term Incentives Plan, filed as Exhibit 10(a) to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 1998 (File No. 1-13093), is incorporated herein by reference.

10-b-2 Amendment No. 6 dated as of December 16, 2014 to Receivables Purchase Agreement dated as of October 29, 2010, as amended, by and among Meritor Heavy Vehicle Braking Systems (USA), LLC (formerly known as Meritor Heavy Vehicle Braking Systems (USA), Inc.), Meritor Heavy Vehicle Systems, LLC and Meritor Aftermarket USA, LLC, as sellers, Viking Asset Purchaser No. 7 IC, an incorporated cell of Viking Global Finance ICC, as purchaser, and Citicorp Trustee Company Limited, as programme trustee, filed as Exhibit 10-b to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended December 28, 2014, is incorporated herein by reference.

Edgar Filing: MERITOR INC - Form 10-K/A

- *10-c 2007 Long-Term Incentive Plan, as amended, filed as Exhibit 10-a to Meritor's Quarterly Report on Form 10-Q for the quarterly period ended April 1, 2007, is incorporated herein by reference.
- *10-c-1 Form of Restricted Stock Agreement under the 2007 Long-Term Incentive Plan, filed as Exhibit 10-c-1 to Meritor's Annual Report on Form 10-K for the fiscal year ended September 30, 2007, is incorporated herein by reference.
- *10-c-2 Option Agreement under the 2007 Long-Term Incentive Plan between Meritor and Charles G. McClure filed as Exhibit 10-c to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2008, is incorporated herein by reference.
- *10-d Description of Compensation of Non-Employee Directors filed as Exhibit 10-d to Meritor's Annual Report on Form 10-K for the fiscal year ended September 30, 2012 is incorporated herein by reference.
- *10-e 2004 Directors Stock Plan, filed as Exhibit 10-a to Meritor's Quarterly Report on Form 10-Q for the quarterly period ended March 28, 2004, is incorporated herein by reference.
- *10-e-1 Form of Restricted Share Unit Agreement under the 2004 Directors Stock Plan, filed as Exhibit 10-c-3 to Meritor's Annual Report on Form 10-K for the fiscal year ended October 3, 2004, is incorporated herein by reference.
- *10-e-2 Form of Restricted Stock Agreement under the 2004 Directors Stock Plan, filed as Exhibit 10-c-4 to Meritor's Annual Report on Form 10-K for the fiscal year ended October 2, 2005, is incorporated herein by reference.
- *10-f** 2010 Long-Term Incentive Plan, as amended and restated as of January 23, 2014.
- *10-f-1 Form of Restricted Stock Unit Agreement for Employees under 2010 Long-Term Incentive Plan, filed as Exhibit 10.2 to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended January 3, 2010, is incorporated herein by reference.
- *10-f-2 Form of Restricted Stock Unit Agreement for Directors under 2010 Long-Term Incentive Plan, filed as Exhibit 10.3 to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended January 3, 2009, is incorporated herein by reference.
- *10-f-3 Form of Restricted Stock Agreement for Directors under 2010 Long-term Incentive Plan, filed as Exhibit 10.4 to Meritor's Report on Form 10-Q for the fiscal quarter ended January 3, 2010, is incorporated herein by reference.
- *10-f-4 Description of Performance Goals for fiscal years 2014-2016 established in connection with Performance Plans under the 2010 Long Term Incentive Plan, filed as Exhibit 10-b-3 to Meritor's Annual Report on Form 10-K for the fiscal year ended September 29, 2013 (the "2013 Form 10-K"), is incorporated herein by reference.
- *10-f-5 Form of Performance Share Agreement under 2010 Long-Term Incentive Plan, as amended, filed as Exhibit 10-e-8 to the 2013 Form 10-K, is incorporated herein by reference.
- *10-f-6 Form of Restricted Stock Unit Agreement for Employees for grants on or after December 1, 2013 under 2010 Long-Term Incentive Plan, as amended, filed as Exhibit 10-e-9 to the 2013 Form 10-K, is incorporated herein by reference

*10-f-7 Form of Restricted Stock Unit Agreement for Directors for grants on or after January 23, 2014 under 2010 Long-Term Incentive Plan, as amended, filed as Exhibit 10-e-10 to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended March 30, 2014, is incorporated herein by reference.

40

Edgar Filing: MERITOR INC - Form 10-K/A

- *10-f-8 Form of Restricted Stock Agreement for Directors for grants on or after on or after January 23, 2014 under 2010 Long-Term Incentive Plan, as amended, filed as Exhibit 10-e-11 to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended March 30, 2014, is incorporated herein by reference.
- *10-g Incentive Compensation Plan, as amended and restated, filed as Exhibit 10.6 to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2010, is incorporated herein by reference.
- *10-g-1 Description of Annual Incentive Goals established for fiscal year 2014 under the Incentive Compensation Plan, filed as Exhibit 10-b-4 to the 2013 Form 10-K, is incorporated herein by reference.
- *10-h Deferred Compensation Plan, filed as Exhibit 10-e-1 to Meritor's Annual Report on Form 10-K for the fiscal year ended September 30, 1998 (File No. 1-13093), is incorporated herein by reference.
- *10-i Form of Deferred Share Agreement, filed as Exhibit 10-a to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended January 2, 2005, is incorporated herein by reference.
- *10-j Copy of resolution of the Board of Directors of Meritor, adopted on July 6, 2000, providing for its Deferred Compensation Policy for Non-Employee Directors, filed as Exhibit 10-f to Meritor's Annual Report on Form 10-K for the fiscal year ended September 30, 2000, is incorporated herein by reference.
- 10-k Receivables Purchase Agreement dated as of October 29, 2010, by and among ArvinMeritor Mascot, LLC, Meritor Heavy Vehicle Braking Systems (USA), Inc., Meritor Heavy Vehicle Systems, LLC, as sellers, an affiliate of Nordea Bank AB known as Viking Asset Purchaser No 7 IC, an incorporated cell of Viking Global Finance ICC, an incorporated cell company incorporated under the laws of Jersey ("Viking Asset Purchaser No 7 IC"), as purchaser, and Citicorp Trustee Company Limited, as programme trustee, filed as Exhibit 10-c to Meritor's Current Report on Form 8-K filed on November 2, 2010, is incorporated herein by reference.
- 10-k-1 Amendment No. 1 dated as of June 28, 2011 to Receivables Purchase Agreement dated as of October 29, 2010, by and among Meritor Heavy Vehicle Braking Systems (USA), Inc., Meritor Heavy Vehicle Systems, LLC and Meritor Aftermarket USA, LLC (formerly known as ArvinMeritor Mascot, LLC), as sellers, Viking Asset Purchaser No 7 IC, as purchaser, and Citicorp Trustee Company Limited, as programme trustee filed as Exhibit 10-a to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended July 3, 2011, is incorporated herein by reference.
- 10-k-2 Amendment No. 2 dated as of September 28, 2011 to Receivables Purchase Agreement dated as of October 29, 2010, as amended, by and among Meritor Heavy Vehicle Braking Systems (USA), Inc., Meritor Heavy Vehicle Systems, LLC and Meritor Aftermarket USA, LLC, as sellers, Viking Asset Purchaser No 7 IC, as purchaser, and Citicorp Trustee Company Limited, as programme trustee, filed as Exhibit 10-b to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended June 29, 2014, is incorporated herein by reference.
- 10-k-3 Amendment No. 3 dated as of September 28, 2012 to Receivables Purchase Agreement dated as of October 29, 2010, as amended, by and among Meritor Heavy Vehicle Braking Systems (USA), Inc., Meritor Heavy Vehicle Systems, LLC and Meritor Aftermarket USA, LLC, as sellers, Viking Asset Purchaser No 7 IC, as purchaser, and Citicorp Trustee Company Limited, as programme trustee, filed as Exhibit 10-m-9 to Meritor's Annual Report on Form 10-K for the fiscal year ended September 30, 2012, is incorporated herein by reference.
- 10-k-4

Edgar Filing: MERITOR INC - Form 10-K/A

Amendment No. 4 dated as of October 29, 2013 to Receivables Purchase Agreement dated as of October 29, 2010, as amended, by and among Meritor Heavy Vehicle Braking Systems (USA), Inc., Meritor Heavy Vehicle Systems, LLC and Meritor Aftermarket USA, LLC, as sellers, Viking Asset Purchaser No 7 IC, as purchaser, and Citicorp Trustee Company Limited, as programme trustee, filed as Exhibit 10-m-18 to the 2013 Form 10-K, is incorporated herein by reference.

10-k-5

Amendment No. 5 dated as of June 27, 2014 to Receivables Purchase Agreement dated as of October 29, 2010, as amended, by and among Meritor Heavy Vehicle Braking Systems (USA), Inc., Meritor Heavy Vehicle Systems, LLC and Meritor Aftermarket USA, LLC, as sellers, Viking Asset Purchaser No 7 IC, as purchaser, and Citicorp Trustee Company Limited, as programme trustee, filed as Exhibit 10-b-1 to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended June 29, 2014, is incorporated herein by reference.

41

- 10-l Receivables Purchase Agreement dated as of June 28, 2011, by and among Meritor HVS AB, as seller, Viking Asset Purchaser No 7 IC, as purchaser, and Citicorp Trustee Company Limited, as programme trustee, filed as Exhibit 10-b to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended July 3, 2011, is incorporated herein by reference.
- 10-l-1 Extension Letter dated June 10, 2013 from Meritor HVS AB to Viking Asset Purchaser No. 7 IC and Citicorp Trustee Company Limited, filed as Exhibit 10-d to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2013, is incorporated herein by reference.
- 10-l-2 Amendment No. 1 to Receivables Purchase Agreement dated as of June 28, 2011 among Meritor HVS AB, as seller, Viking Asset Purchaser No 7 IC, as purchaser, and Citicorp Trustee Company Limited, as programme trustee, filed as Exhibit 10-c to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended December 29, 2013, is incorporated herein by reference.
- 10-l-3 Extension Letter dated June 27, 2014 from Meritor HVS AB to Viking Asset Purchaser No. 7 IC and Citicorp Trustee Company Limited, filed as Exhibit 10-a to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended June 29, 2014, is incorporated herein by reference.
- 10-m Receivable Purchase Agreement dated February 2, 2012 between Meritor Heavy Vehicle Braking Systems (UK) Limited, as seller, and Viking Asset Purchaser No. 7 IC, as purchaser, and Citicorp Trustee Company Limited, as programme trustee, filed as Exhibit 10-b to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended April 1, 2012, is incorporated herein by reference.
- 10-m-1 Extension dated January 24, 2013 of Receivable Purchase Agreement dated February 2, 2012 between Meritor Heavy Vehicle Braking Systems (UK) Limited, as seller, and Viking Asset Purchaser No. 7 IC, as purchaser, and Citicorp Trustee Company Limited, as programme trustee, filed as Exhibit 10-d to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended December 30, 2012, is incorporated herein by reference.
- 10-n Receivables Purchase Agreement dated June 18, 2012 between Meritor Heavy Vehicle Systems Cameri S.P.A., as seller, and Nordea Bank AB (pbl), as purchaser, filed as Exhibit 10-d to the Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2012, is incorporated herein by reference.
- 10-o Receivables Purchase Agreement dated June 18, 2012 among ArvinMeritor Receivables Corporation, as seller, Meritor, Inc., as initial servicer, the various Conduit Purchasers, Related Committed Purchasers, LC Participants and Purchaser Agents from time to time party thereto, and PNC Bank, National Association, as issuers of Letters of Credit and as Administrator, filed as Exhibit 10-b to the Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2012, is incorporated herein by reference.
- 10-o-1 First Amendment to Receivables Purchase Agreement dated as of December 14, 2012 among ArvinMeritor Receivables Corporation, as seller, Meritor, Inc., as initial servicer, PNC Bank, National Association, as a Related Committed Purchaser, as an LC Participant, as a Purchaser Agent, as LC Bank and as Administrator, and Market Street Funding, LLC, as a Conduit Purchaser, filed as Exhibit 10-a to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended December 30, 2012, is incorporated herein by reference.
- 10-o-2 Second Amendment to Receivables Purchase Agreement dated June 21, 2013 among ArvinMeritor Receivables Corporation, as seller, Meritor, Inc., as initial servicer, PNC Bank, National Association, as a Related Committed Purchaser, as an LC Participant, as a Purchaser Agent, as LC Bank and as Administrator, and Market Street Funding LLC, as a Conduit Purchaser, filed as Exhibit 10 to Meritor's

Edgar Filing: MERITOR INC - Form 10-K/A

Current Report on Form 8-K filed on June 21, 2013, is incorporated herein by reference.

10-o-3 Third Amendment to Receivables Purchase Agreement dated as of October 11, 2013 among ArvinMeritor Receivables Corporation, as seller, Meritor, Inc., as servicer, PNC Bank, National Association, as a Related Committed Purchaser, as an LC Participant, as a Purchaser Agent, as LC Bank, as Administrator and as Assignee, and Market Street Funding LLC, as Conduit Purchaser and as Assignor, filed as Exhibit 10-m-16 to the 2013 Form 10-K, is incorporated herein by reference.

Edgar Filing: MERITOR INC - Form 10-K/A

- 10-o-4 Fourth Amendment to the Receivables Purchase Agreement dated as of October 15, 2014, by and among ArvinMeritor Receivables Corporation, as Seller, Meritor, Inc., as Initial Servicer, and PNC Bank, National Association, as a Related Committed Purchaser, as an LC Participant, as a Purchaser Agent, as LC Bank and as Administrator, filed as Exhibit 10 to Meritor's Current Report on Form 8-K filed on October 20, 2014, is incorporated herein by reference.
- 10-p Fourth Amended and Restated Purchase and Sale Agreement dated June 18, 2012 among Meritor Heavy Vehicle Braking Systems (USA), LLC, and Meritor Heavy Vehicle Systems, LLC, as originators, Meritor, Inc., as initial servicer, and ArvinMeritor Receivables Corporation, as buyer, filed as Exhibit 10-a to the Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2012, is incorporated herein by reference.
- 10-p-1 Letter Agreement relating to Fourth Amended and Restated Receivables Purchase Agreement dated as of December 14, 2012 among Meritor Heavy Vehicle Braking Systems (USA), LLC, Meritor Heavy Vehicle Systems, LLC, ArvinMeritor Receivables Corporation, Meritor, Inc. and PNC Bank, National Association, filed as Exhibit 10-b to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended December 30, 2012, is incorporated herein by reference.
- 10-q Amendment, dated July 25, 2007, to Receivables Purchase Agreement dated March 13, 2006 between Meritor HVS AB, as seller, and Nordic Finance Limited, as purchaser, and Citicorp Trustee Company Limited, as programme trustee, filed as Exhibit 10-v to Meritor's Annual Report on Form 10-K for the fiscal year ended September 30, 2008, is incorporated herein by reference.
- 10-r Purchase and Sale Agreement dated as of August 3, 2010 among Meritor France (as Seller), Meritor, Inc. (as Seller Guarantor) and 81 Acquisition LLC (as Buyer), filed as Exhibit 10 to Meritor's Current Report on Form 8-K filed on August 5, 2010, is incorporated herein by reference.
- 10-r-1 First Amendment dated as of December 6, 2010 to Purchase and Sale Agreement dated as of August 3, 2010 among Meritor France (as Seller), Meritor, Inc. (as Seller Guarantor) and 81 Acquisition LLC (as Buyer), filed as Exhibit 10 to Meritor's Current Report on Form 8-K filed December 8, 2010, is incorporated herein by reference.
- 10-r-2 Second Amendment dated as of January 3, 2011 to Purchase and Sale Agreement dated as of August 3, 2010 among Meritor France (as Seller), Meritor, Inc. (as Seller Guarantor) and Inteva Products Holding Coöperatieve U.A., as assignee of 81 Acquisition LLC (as Buyer), as amended, filed as Exhibit 10 to Meritor's Current Report on Form 8-K filed on January 3, 2011, is incorporated herein by reference.
- 10-s Purchase and Sale Agreement dated August 4, 2009 among Meritor, Iochpe-Maxion, S.A. and the other parties listed therein, filed as Exhibit 10 to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2009, is incorporated herein by reference.
- *10-t Employment Agreement between Meritor, Inc. and Jeffrey Craig dated May 1, 2013, filed as Exhibit 10-c to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2013, is incorporated herein by reference.
- *10-u Employment Agreement between Meritor, Inc. and Kevin Nowlan dated May 1, 2013, filed as Exhibit 10-f to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2013, is incorporated herein by reference.
- *10-v

Edgar Filing: MERITOR INC - Form 10-K/A

Letter Agreement dated as of June 5, 2013 between Meritor, Inc. and Ivor J. Evans filed as Exhibit 10-a to Meritor's Current Report on Form 8-K filed on June 5, 2013, is incorporated herein by reference.

*10-w Letter Agreement dated as of September 11, 2013 between Meritor, Inc. and Ivor J. Evans filed as Exhibit 10-a to Meritor's Current Report on Form 8-K filed on September 11, 2013, is incorporated herein by reference.

*10-x Option Grant agreement dated as of September 11, 2013 between Meritor, Inc. and Ivor J. Evans, filed as Exhibit 10-z to the 2013 Form 10-K, is incorporated herein by reference.

Edgar Filing: MERITOR INC - Form 10-K/A

- *10-y Form of Performance Share Agreement for grant from Meritor, Inc. to Jeffrey Craig on December 1, 2013, filed as Exhibit 10-zz to the 2013 Form 10-K, is incorporated herein by reference.
- *10-z Employment Agreement between Meritor, Inc. and Vernon G. Baker, II dated May 1, 2013, filed as Exhibit 10-b to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2013, is incorporated herein by reference.
- *10-z-1 Letter Agreement dated January 27, 2014 between Meritor, Inc. and Vernon G. Baker, II, filed as Exhibit 10.1 to Meritor's Current Report on Form 8-K filed on January 27, 2014, is incorporated herein by reference.
- *10-z-2 Support Services Agreement dated January 27, 2014 between Meritor, Inc. and Vernon G. Baker, II, filed as Exhibit 10.2 to Meritor's Current Report on Form 8-K filed on January 27, 2014, is incorporated herein by reference.
- *10-aa Letter Agreement, dated as of February 1, 2014 between Meritor, Inc. and Sandra J. Quick, filed as Exhibit 10-aa to the 2014 10-K, is incorporated herein by reference.
- 12 Computation of ratio of earnings to fixed charges, filed as Exhibit 12 to the 2014 10-K, is incorporated herein by reference.
- 21 List of Subsidiaries of Meritor, Inc., filed as Exhibit 21 to the Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2014, is incorporated herein by reference.
- 23-a Consent of Sandra J. Quick, Esq., Senior Vice President, General Counsel and Secretary, filed as Exhibit 23-a to the 2014 10-K, is incorporated herein by reference.
- 23-b Consent of Deloitte & Touche LLP, independent registered public accounting firm, filed as Exhibit 23-b to the 2014 10-K, is incorporated herein by reference.
- 23-c Consent of Bates White LLC, filed as Exhibit 23-c to the 2014 10-K, is incorporated herein by reference.
- 23-d Consent of Deloitte & Touche LLP, independent auditors, relating to the financial statements of Meritor WABCO Vehicle Control Systems, filed as Exhibit 23-d to the 2014 10-K/A, is incorporated herein by reference
- 23-e** Consent of Deloitte & Touche Independent Auditors relating to the financial statements of Master Sistemas Automotivos Ltda.
- 24 Power of Attorney authorizing certain persons to sign the Annual Report on Form 10-K on behalf of certain directors and officers of Meritor, filed as Exhibit 24 to the 2014 10-K, is incorporated herein by reference.
- 31-a** Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) under the Exchange Act.
- 31-b** Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) under the Exchange Act.
- 32-a** Certification of the Chief Executive Officer pursuant to Rule 13a-14(b) under the Exchange Act and 18 U.S.C. Section 1350.
- 32-b**

Edgar Filing: MERITOR INC - Form 10-K/A

Certification of the Chief Financial Officer pursuant to Rule 13a-14(b) under the Exchange Act and 18 U.S.C. Section 1350.

- 101.INS XBRL INSTANCE DOCUMENT
- 101.SCH XBRL TAXONOMY EXTENSION SCHEMA
- 101.PRE XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE
- 101.LAB XBRL TAXONOMY EXTENSION LABEL LINKBASE
- 101.CAL XBRL TAXONOMY EXTENSION CALCULATION LINKBASE
- 101.DEF XBRL TAXONOMY EXTENSION DEFINITION LINKBASE

44

* Management contract or compensatory plan or arrangement.

** Filed herewith.

45

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MERITOR, INC.

Date: June 17, 2015 By: /s/ Sandra J. Quick
 Sandra J. Quick
 Senior Vice President, General Counsel, and Corporate Secretary
 (For the registrant)

Date: June 17, 2015 By: /s/ Kevin A. Nowlan
 Kevin A. Nowlan
 Senior Vice President and Chief Financial Officer