

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

MERITOR INC

Form 10-K/A

December 15, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A (Amendment No. 1)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended October 1, 2017

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

48084-7186

Troy, Michigan

(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, a smaller reporting company, or an emerging growth company. See definitions of "accelerated filer," "large accelerated filer," "smaller reporting company" and "emerging growth 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"/>	Smaller reporting company	<input type="checkbox"/>

Emerging growth company

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

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

Yes" Nox

---

The aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates of the registrant on March 31, 2017 (the last business day of the most recently completed second fiscal quarter) was approximately \$1,487,830,039

89,183,060 shares of the registrant's Common Stock, par value \$1 per share, were outstanding on December 13, 2017.

**DOCUMENTS INCORPORATED BY REFERENCE**

Certain information contained in the definitive Proxy Statement for the Annual Meeting of Shareowners of the registrant to be held on January 24, 2018 is incorporated by reference into Part III.

---

EXPLANATORY NOTE - AMENDMENT

Meritor, Inc. ("Meritor") is filing this Amendment No.1 on Form 10-K/A (this "Form 10-K/A") to include in its Annual Report on Form 10-K for the fiscal year ended October 1, 2017 (the "Annual Report"), pursuant to Rule 3-09 of Regulation S-X under the Securities Exchange Act of 1934, consolidated financial statements and related notes of Meritor WABCO Vehicle Control Systems ("MWVCS"). On October 1, 2017, Meritor completed the sale of its interest in MWVCS to a subsidiary of its joint venture partner, WABCO Holdings Inc. The total purchase price for the sale was \$250 million, and Meritor also received a final partnership distribution of \$8 million immediately prior to closing.

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) of Regulation S-X, substituting 20% for 10%, separate annual financial statements for such 50% or less-owned person corresponding to the periods covered by the financial statements of Meritor included in the Annual Report shall be filed. Such statements are required to be audited only for the years in which such person met such test. If the 50 percent or less owned person is not an accelerated filer, the required financial statements may be filed as an amendment to the report.

Meritor has included in this Form 10-K/A the unaudited consolidated financial statements of MWVCS for fiscal year 2017 and audited consolidated financial statements for fiscal years 2016 and 2015. MWVCS, which is not an accelerated filer, met the significance test for the 2015 fiscal year and Meritor is required to file audited consolidated financial statements of MWVCS as of and for the fiscal year ended September 27, 2015. MWVCS did not meet the significance test for fiscal years 2017 and 2016; therefore, MWVCS consolidated statements are required to be included for that period but are not required to be audited. However, MWVCS was audited for the 2016 fiscal year and as those audited consolidated statements are available, they are included in this Form 10-K/A as audited.

Item 15 is the only portion of the Annual Report being supplemented or amended by this Form 10-K/A. Additionally, in connection with the filing of this Form 10-K/A and pursuant to SEC rules, Meritor is including the consent of the independent auditors of MWVCS and currently dated certifications. This Form 10-K/A does not otherwise update any exhibits as originally filed and does not otherwise reflect events occurring after the original filing date of the Annual Report. Accordingly, this 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 16, 2017 (all financial statements listed below are those of the Company and its consolidated subsidiaries):

Consolidated Statement of Operations, years ended September 30, 2017, 2016 and 2015.

Consolidated Statement of Comprehensive Income, years ended September 30, 2017, 2016 and 2015.

Consolidated Balance Sheet, September 30, 2017 and 2016.

Consolidated Statement of Cash Flows, years ended September 30, 2017, 2016 and 2015.

Consolidated Statement of Equity (Deficit), years ended September 30, 2017, 2016 and 2015.

Notes to Consolidated Financial Statements.

Report of Independent Registered Public Accounting Firm.

Meritor WABCO Vehicle Control Systems

The following consolidated financial statements and related notes of Meritor WABCO Vehicle Control Systems are included in this Amendment No. 1 on Form 10-K/A pursuant to Rule 3-09 of Regulation S-X:

Consolidated Balance Sheets, September 30, 2017 (Unaudited) and 2016.

Consolidated Statements of Net Income and Comprehensive Income, years ended September 30, 2017 (Unaudited), 2016 and 2015.

Consolidated Statements of Cash Flows, years ended September 30, 2017 (Unaudited), 2016 and 2015.

Independent Auditors' Report.

Meritor WABCO Vehicle Control Systems

Consolidated Financial Statements

as of

September 30, 2017 (Unaudited) and 2016, and for the Years Ended September 30, 2017 (Unaudited), 2016, and 2015, and Independent Auditors' Report

5

---

## INDEPENDENT AUDITORS' REPORT

To Meritor WABCO Vehicle Control Systems:

We have audited the accompanying consolidated financial statements of Meritor WABCO Vehicle Control Systems (the "Company"), which comprise the consolidated balance sheet as of September 30, 2016, and the related consolidated statements of net income and comprehensive income and cash flows for each of the two years in the period ended September 30, 2016, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2016, and the results of its operations and its cash flows for each of the two years in the period ended September 30, 2016, in accordance with accounting principles generally accepted in the United States of America.

### Other Matter

The accompanying consolidated balance sheet of the Company as of September 30, 2017, and the related consolidated statements of net income and comprehensive income and cash flows for the year then ended were not audited, reviewed, or compiled by us and, accordingly, we do not express an opinion or any other form of assurance on them.

/s/ DELOITTE & TOUCHE LLP  
DELOITTE & TOUCHE LLP

Detroit, Michigan  
December 15, 2016





## MERITOR WABCO VEHICLE CONTROL SYSTEMS

## CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2017 (UNAUDITED) AND 2016

	2017	2016
ASSETS	(Unaudited)	
CURRENT ASSETS:		
Cash and cash equivalents	\$ 16,442,508	\$ 4,279,670
Accounts receivable:		
Trade -- net of allowance for doubtful accounts of \$83,083 and \$86,982 as of September 30, 2017 (Unaudited) and 2016, respectively	28,925,120	22,465,347
Related parties:		
Meritor Brake Systems, Inc.	9,659,051	8,706,730
WABCO Automotive Control Systems, Inc.	61,362	134,949
Inventories	36,590,211	34,782,628
Prepaid and other current assets	277,214	263,339
Total current assets	91,955,466	70,632,663
PROPERTY AND EQUIPMENT:		
Machinery and equipment	6,052,855	5,953,272
Autos and trailers	1,858,425	2,082,154
Furniture and fixtures	5,956,253	5,858,109
Facility improvements	1,450,922	1,422,193
Construction in progress	124,199	361,776
Total property and equipment	15,442,654	15,677,504
Less: accumulated depreciation	(13,313,930 )	(13,549,853 )
Property and equipment, net	2,128,724	2,127,651
OTHER LONG TERM ASSETS		
Warranty recoveries:		
Vendor responsibility	25,323	29,894
WABCO Automotive Control Systems, Inc.	1,537,275	1,507,442
Total warranty recoveries	1,562,598	1,537,336
Capitalized costs, net	181,446	192,380
TOTAL	\$ 95,828,234	\$ 74,490,030
LIABILITIES AND PARTNERS' CAPITAL		
CURRENT LIABILITIES:		
Accounts payable:		
Trade	\$ 3,465,569	\$ 2,275,918
Related parties:		
Meritor Brake Systems, Inc.	11,735,474	7,526,294
WABCO Automotive Control Systems, Inc.	47,182,541	24,224,174
Accrued liabilities:		
Warranty and policy	4,430,692	5,462,074
Compensation	2,474,117	1,636,163
Customer incentives	867,118	593,298

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

Other	1,527,848	748,366
Total current liabilities	71,683,359	42,466,287
CONTINGENCIES AND COMMITMENTS (Note 7)		
OTHER LIABILITIES - Warranty and policy	3,077,874	3,569,693
PARTNERS' CAPITAL:		
Meritor Brake Systems, Inc.	6,546,989	14,296,690
WABCO Automotive Control Systems, Inc.	14,546,989	14,296,690
Accumulated other comprehensive income (loss)	(26,977	) (139,330 )
Total partners' capital	21,067,001	28,454,050
TOTAL	\$95,828,234	\$74,490,030

7

---

See notes to consolidated financial statements.

8

---

MERITOR WABCO VEHICLE CONTROL SYSTEMS  
CONSOLIDATED STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME  
FOR THE YEARS ENDED SEPTEMBER 30, 2017 (UNAUDITED), 2016, AND 2015

	2017 (Unaudited)	2016	2015
NET SALES	\$320,515,280	\$312,210,984	\$361,629,354
COST OF GOODS SOLD	237,279,038	234,446,060	278,275,729
GROSS PROFIT	83,236,242	77,764,924	83,353,625
OPERATING EXPENSES:			
Services purchased from related parties:			
Salary and benefits	12,304,223	12,970,674	12,036,040
Selling and promotion	2,695,854	2,693,493	2,881,268
Research and development	4,311,887	1,271,747	2,051,790
Rent	406,237	410,663	410,382
Other	629,633	577,962	553,579
Total services purchased from related parties	20,347,834	17,924,539	17,933,059
Selling and promotion	1,062,641	1,129,029	1,159,939
Travel	872,956	995,720	908,195
Other purchased services	3,901,210	3,378,978	3,301,615
Depreciation and amortization	184,684	226,332	233,902
Other operating expenses	1,938,434	2,024,591	2,239,794
Total operating expenses	28,307,759	25,679,189	25,776,504
INCOME FROM OPERATIONS	54,928,483	52,085,735	57,577,121
OTHER INCOME	1,572,115	333,733	532,275
NET INCOME	\$56,500,598	\$52,419,468	\$58,109,396
OTHER COMPREHENSIVE INCOME (LOSS)- Foreign currency translation adjustment	\$112,353	\$(139,330)	\$—
TOTAL COMPREHENSIVE INCOME	\$56,612,951	\$52,280,138	\$58,109,396

See notes to consolidated financial statements.

MERITOR WABCO VEHICLE CONTROL SYSTEMS  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2017 (UNAUDITED), 2016, AND 2015

	2017 (Unaudited)	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$56,500,598	\$52,419,468	\$58,109,396
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	803,351	1,000,977	937,907
Changes in assets and liabilities (used in) provided by cash:			
Trade and related-party accounts receivable	(7,338,507 )	8,443,513	(7,543,336 )
Inventories	(1,807,583 )	13,011,903	(7,976,370 )
Prepaid and other current assets and warranty recoveries	(28,203 )	1,718,522	1,371,187
Trade and related-party accounts payable	27,865,379	(7,516,624 )	5,481,152
Accrued liabilities	859,874	(3,330,944 )	(2,782,467 )
Net cash provided by operating activities	76,854,909	65,746,815	47,597,469
<b>CASH FLOWS USED IN INVESTING ACTIVITIES - Acquisition of property and equipment</b>			
Net cash used in investing activities	(804,424 )	(742,443 )	(1,165,702 )
<b>CASH FLOWS USED IN FINANCING ACTIVITIES - Partners' distributions:</b>			
Meritor Brake Systems, Inc.	(36,000,000 )	(32,500,000 )	(23,500,000 )
WABCO Automotive Control Systems, Inc.	(28,000,000 )	(32,500,000 )	(23,500,000 )
Net cash used in financing activities	(64,000,000 )	(65,000,000 )	(47,000,000 )
EFFECT OF EXCHANGE RATE CHANGES ON CASH	112,353	(139,330 )	—
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,162,838	(134,958 )	(568,233 )
CASH AND CASH EQUIVALENTS - Beginning of the year	4,279,670	4,414,628	4,982,861
CASH AND CASH EQUIVALENTS - End of the year	\$16,442,508	\$4,279,670	\$4,414,628

See notes to consolidated financial statements.

## MERITOR WABCO VEHICLE CONTROLS SYSTEMS

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2017 (UNAUDITED) AND 2016, AND FOR THE YEARS ENDED SEPTEMBER 30, 2017 (UNAUDITED), 2016, AND 2015

---

#### 1. FORMATION AND OWNERSHIP STRUCTURE

Description of the Business - Meritor WABCO Vehicle Control Systems (the "Company") (formerly Rockwell WABCO Vehicle Control Systems) was formed on December 7, 1989, as a joint venture between WABCO Automotive Control Systems, Inc. ("WABCO"), a subsidiary of American Standard Inc., and Rockwell Brake Systems, Inc. ("Rockwell"), a subsidiary of Rockwell International (together, the "Partners"), and began operations on February 1, 1990. In 1997, Meritor Automotive, Inc. was spun out of Rockwell. As a part of this transaction, Rockwell's partnership interest in the Company was transferred to Meritor Brake Systems, Inc. On July 31, 2007, WABCO spun from American Standard, Inc. As a part of this transaction, American Standard's partnership interest in the Company was transferred to WABCO. The Company's principal business is the sale of antilock braking and conventional air systems and other vehicle control systems for use primarily on medium and heavy duty trucks, buses, and trailers. All items of income or expense are allocated to the Partners in proportion to their respective cumulative capital contributions. On September 18, 2017, WABCO and Meritor Inc. (collectively with its wholly-owned subsidiaries, "Meritor") announced that they signed an agreement for WABCO to purchase Meritor's stake in the Company for \$250 million. This transaction closed on October 1, 2017, at which point the Company became a wholly-owned subsidiary of WABCO. As part of this agreement, WABCO also appointed Meritor as the exclusive distributor for the Company's products in the U.S. and Canada, and the non-exclusive distributor in Mexico for a period of ten years. Each of the parties retain future options of the parties to terminate, at certain points during the first three and a half years, these distribution arrangements at an exercise price of between \$225 million and \$265 million based on the earnings of the business. On September 28, 2017, as contemplated by the purchase agreement, the Company made a pre-closing distribution to Meritor for \$8 million. Prior to September 28, 2017, capital contributions and returns were made in equal proportions to maintain each Partner's interest in the Company at 50%.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inventories - Inventories are stated at the lower of cost or market, using standard costing, which approximates actual cost on a first-in, first-out basis. Inventory at September 30, 2017 and 2016 consists principally of components held for resale and includes approximately \$15,415,080 (Unaudited) and \$13,214,617, respectively, of inventory inbound to the Company, for which risk of loss has transferred to the Company.

Property and Equipment - Property and equipment is stated at cost. Depreciation on property and equipment is calculated using the straight-line method over the estimated useful lives of the assets, which are 3 to 25 years. Expenditures for maintenance and repairs are charged to operations. Expenditures for betterments or major renewals are capitalized and depreciated over their useful lives.

Revenue Recognition - The Company recognizes revenue upon shipment of product and transfer of ownership to the customer. Provisions for customer sales allowance and incentives are recorded as a reduction of sales at the time of product shipment.

Income Taxes - No provision for income taxes has been made, as it is the Partners' responsibility for federal, state, and local income taxes. Taxable income or loss is allocated to the Partners based on their respective ownership percentages, in accordance with the partnership agreement.

Fair Value Measurements - Financial Accounting Standards Board Accounting Standards Codification 820, Fair Value Measurements and Disclosures ("ASC 820"), defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Additionally, it establishes a fair value hierarchy that provides the highest priority to quoted prices in active markets and the lowest priority to unobservable data. Refer to

Note 8 to the consolidated financial statements for further detail on the fair value measurements.

Capitalized Costs - The Company capitalized approximately \$192,380 of development cost for the year ended September 30, 2016. Capitalized costs will be amortized as the parts are sold. This is a result of a five year long term agreement for the development costs to be paid back in the piece price. Amortization of these costs will be reflected as a reduction of Revenue in

the Company's Consolidated Statement of net income in fiscal year's ending 2017-2021. For the year ended September 30, 2017, the Company has recorded approximately \$10,934 (Unaudited) related to amortization expense.

**Warranty** - A majority of warranty claims are the responsibility of the product supplier, WABCO, and other product suppliers. The Company processes claims on behalf of the product suppliers. However, under a contractual arrangement with WABCO, the reimbursement to the Company of such warranty claims is based on a combination of a flat rate (0.85%) of current year purchases from the product supplier and campaign recoveries from the product supplier. Campaign recoveries are based on the expected claims to be received. As a result of these agreements, the Company incurs warranty expense when the recoveries do not cover the amount of warranty claims processed or expected. Warranty accruals are recorded based on historical claims paid during the warranty period, as a percentage of sales in the year the sale is made. Product warranties range from two to four years, depending on the type of product and the year the product was sold. The Company evaluates the adequacy of product warranty reserves over the term of the warranty and adjusts the warranty reserve based on actual claims experience.

The amounts deemed recoverable from all product suppliers are \$3,530,489 (Unaudited) and \$3,657,634 as of September 30, 2017 and 2016, respectively. The current portion of the expected recoveries, \$1,967,890 (Unaudited) and \$2,120,298 is reflected as an offset to accounts payable as of September 30, 2017 and 2016, respectively, while the noncurrent portion of the expected recoveries, \$1,562,598 (Unaudited) and \$1,537,336 is a receivable as of September 30, 2017 and 2016, respectively.

**Estimates** - The preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue.

**Foreign Currency Transactions** - The functional currency of the Company's Mexican operations is the Mexican Peso. Accounts of the Mexican operations are translated into US dollars using year-end exchange rates for assets and liabilities and average monthly exchange rates for revenue and expense accounts. Adjustments resulting from translation are included in accumulated other comprehensive loss, a separate component of partner's capital. Gains and losses resulting from foreign currency transactions, not only with the Company's Mexican operations, but also in transactions with related parties as discussed in footnote 3, are included in determining net income.

**Accounting standards to be implemented**

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09. The purpose of this guidance is to streamline and consolidate existing revenue recognition principles in GAAP and to converge revenue recognition principles with International Financial Reporting Standards (IFRS). The core principle of the amendments is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to receive in exchange for those goods or services. The amendments include a five step process for consideration of the main principle, guidance on the accounting treatment for costs associated with a contract, and disclosure requirements related to the revenue process. As originally issued, the amendments in ASU 2014-09 were to be effective beginning on January 1, 2017. However, in August 2015, the FASB issued ASU 2015-14, which deferred the effective date of the guidance until January 1, 2018, and permitted early adoption as of the original effective date in ASU 2014-09. The FASB has issued several additional ASUs to provide clarifying guidance and implementation support for ASU 2014-09. The Company has considered these additional ASUs when assessing the overall impact of ASU 2014-09. The amendments to the revenue recognition principles can be applied on adoption either through a full retrospective application or on a modified basis with a cumulative effect adjustment on the date of initial adoption with certain practical expedients. The Company plans to adopt this standard in the first quarter of the calendar year beginning January 1, 2018 using the full retrospective approach and is currently evaluating the potential impact of this new guidance on its consolidated financial statements. The Company does not expect a material impact on its consolidated financial statements from adoption of this guidance.

In May 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients. The ASU clarifies the assessment of the likelihood that revenue will be collected from a contract, the guidance for presenting sales taxes and similar taxes, and the timing for measuring customer payments that are not in



cash. The ASU also establishes a practical expedient for contract modifications at the transition. The amendments in this update affect the guidance in ASU 2014-09, which is not effective yet. The effective date and the transition requirements for the amendments in ASU 2016-12 are the same as the effective date and transition requirements in ASU 2014-09 as described above. Therefore, the Company plans to implement this standard in the first quarter of the fiscal year beginning January 1, 2018 in connection with its planned implementation of ASU 2014-09 and is currently evaluating the potential impact of this new guidance on its financial statements. The Company does not expect a material impact on its consolidated financial statements from adoption of this guidance.

---

In May 2016, the FASB issued ASU 2016-11, Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815): Rescission of SEC Guidance Because of Accounting Standards Updates 2014-09 and 2014-16 Pursuant to Staff Announcements at the March 3, 2016 EITF Meeting (SEC Update). The ASU was issued to remove from the Codification certain SEC staff guidance that the SEC staff stated would be rescinded: Revenue and Expense Recognition for Freight Services in Process; Accounting for Shipping and Handling Fees and Costs; and Accounting for Consideration Given by a Vendor to a Customer (including a Reseller of the Vendor's Products). The amendments in this update affect the guidance in ASU 2014-09, which is not effective yet. The effective date and the transition requirements for the amendments in ASU 2016-11 are the same as the effective date and transition requirements in ASU 2014-09 as described above. Therefore, the Company plans to implement this standard in the first quarter of the calendar year beginning January 1, 2018 in connection with its planned implementation of ASU 2014-09 and the Company does not expect a material impact on its consolidated financial statements from adoption of this guidance. In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The update will require lessees to recognize a right of- use asset and lease liability for substantially all leases. The standard is required to be adopted by business entities in fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted. The Company plans to implement this standard in the first quarter of the calendar year beginning January 1, 2019 and is currently assessing the potential impact of this new guidance on its financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force). The ASU was issued to reduce differences in practice with respect to how specific transactions are classified in the statement of cash flows. The update provides guidance on the following eight types of transactions: debt prepayment or debt extinguishment costs, settlement of zero-coupon debt instruments, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies, distributions received from equity method investments, beneficial interests in securitization transactions and separately identifiable cash flows and application of the predominance principle. The amendments in this update are effective for public business entities in fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted, provided that all of the amendments are adopted in the same period. The guidance requires application using a retrospective transition method. The company is currently evaluating the potential impact of this new guidance on its consolidated financial statements and does not expect a material impact on its consolidated financial statements from adoption of this guidance.

In July 2015, the FASB issued ASU 2015-11, Inventory (Topic 330): Simplifying the Measurement of Inventory, which requires entities that measure inventory using first-in, first-out (FIFO) or average cost to measure inventory at the lower of cost and net realizable value. The standard is required to be adopted by business entities in fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The Company does not expect a material impact on its financial statements from adoption of this guidance.

Accounting standards implemented during fiscal year 2017

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements - Going Concern (Subtopic 205-40), which provides guidance about management's responsibility in evaluating whether there is substantial doubt relating to an entity's ability to continue as a going concern and to provide related footnote disclosures as applicable. ASU 2014-15 is effective for the annual period ending after December 15, 2016 and for annual periods and interim periods thereafter. Early adoption is permitted. The Company adopted this guidance in fiscal year 2017 and the adoption did not have a material impact on its consolidated financial statements.

---

### 3. RELATED-PARTY TRANSACTIONS

The Company has no employees, but purchases employee and other services from the Partners. Total expenses for services from related parties during the years ended September 30, 2017, 2016, and 2015, recorded in cost of goods sold and other operating expenses were as follows:

	2017 (Unaudited)	2016	2015
Meritor	\$24,141,784	\$26,609,698	\$27,302,046
WABCO	3,227,965	3,128,817	3,213,277
Total	\$27,369,749	\$29,738,515	\$30,515,323

Additionally, during the years ended September 30, 2017, 2016, and 2015, the Company recorded transactions of approximately \$196,137,299 (Unaudited), \$182,179,250, and \$232,088,071, respectively, which primarily relate to purchases of productive inventory from WABCO. Also, the Company recorded sales of approximately \$103,375,038 (Unaudited), \$90,260,794, and \$89,356,713, respectively, primarily to Meritor.

The Company purchases a significant portion of productive inventory from related parties in Europe. All purchases are denominated in U.S. dollars. The Company has an agreement with certain of these related parties, whereby if the difference between the currency exchange rate at the time of purchase and an agreed upon currency exchange rate exceeds 3%, the purchase price is adjusted so that the currency exchange effect exceeding 3% is shared equally by both parties. The Company and the related parties generally settle all transactions on a monthly basis. The Company records the purchase price adjustments in cost of goods sold which were approximately \$729,896 (Unaudited) in 2017, \$566,353 in 2016 and \$3,306,019 in 2015, mostly due to the fluctuation of the Euro.

### 4. SALES AND ACCOUNTS RECEIVABLE TO MAJOR CUSTOMERS

The Company had significant sales to three unrelated major customers in 2017 (Unaudited), 2016, and 2015. Sales made to these customers as a percentage of total sales made by the Company during 2017 (Unaudited), 2016, and 2015, are disclosed in the table below. In addition, accounts receivable from these customers as of September 30, 2017 (Unaudited) and 2016 (dollars in millions), are disclosed in the table below.

Customer	2017 (Unaudited)			2016			2015	
	Percentage of Total Sales	Net Sales	Accounts Receivable	Percentage of Total Sales	Net Sales	Accounts Receivable	Percentage of Total Sales	Net Sales
1	32%	\$103	\$7	32%	\$101	\$4	35%	\$126
2	5	15	1	6	19	2	6	23
3	4	13	4	5	15	4	6	23

A majority of the Company's sales are to manufacturers of heavy-duty trucks and trailers. Many of the Company's automotive industry customers are unionized, and work stoppages or slowdowns experienced by them could have an adverse effect on the Company's results of operations. Substantially, all of the receivables are from companies operating in the domestic transportation equipment industry.

### 5. WARRANTY AND POLICY

Warranty accruals are recorded based on historical claims paid and as a percentage of sales in the year the sale is made. Warranties not expected to be paid within one year are recorded as a noncurrent liability.

The changes in the total carrying amount of the Company's warranty and policy liability for the years ended September 30, 2017 (Unaudited), 2016, and 2015 are shown below.



	2017 (Unaudited)	2016	2015
Balance - beginning	\$9,031,767	\$12,575,597	\$13,830,668
Accrual for product warranty (a)	3,720,916	3,305,451	7,629,081
Claims Payments	(5,244,117 )	(6,849,281 )	(8,884,152 )
Balance - ending	\$7,508,566	\$9,031,767	\$12,575,597

(a) Accrual is net net of warranty recoveries received. Warranty recoveries received in 2017, 2016 and 2015 were approximately \$2.1 million (Unaudited), \$3.4 million, and \$5.7 million, respectively.

## 6. PARTNERS' CAPITAL

The summary of Partners' capital accounts for the years ended September 30, 2017 (Unaudited), 2016, and 2015, is as follows:

	Meritor	WABCO	Accumulated other comprehensive income (loss)	Total
Balance - October 1, 2014	\$ 15,032,258	\$ 15,032,258	\$ —	\$30,064,516
Net income for the year	29,054,698	29,054,698	—	58,109,396
Distributions	(23,500,000 )	(23,500,000 )	—	(47,000,000 )
Balance - September 30, 2015	20,586,956	20,586,956	—	41,173,912
Net income for the year	26,209,734	26,209,734	—	52,419,468
Distributions	(32,500,000 )	(32,500,000 )	—	(65,000,000 )
Other comprehensive loss- foreign currency translation adjustment	—	—	(139,330 )	(139,330 )
Balance - September 30, 2016	14,296,690	14,296,690	(139,330 )	28,454,050
Net income for the year (Unaudited)	28,250,299	28,250,299	—	56,500,598
Distributions (Unaudited) (a)	(36,000,000 )	(28,000,000 )	—	(64,000,000 )
Other comprehensive income- foreign currency translation adjustment (Unaudited)	—	—	112,353	112,353
Balance - September 30, 2017 (Unaudited)	\$6,546,989	\$ 14,546,989	\$ (26,977 )	\$21,067,001

(a) Meritor includes \$8 million of pre closing distribution funds

## 7. COMMITMENTS

The Company leases its principal operating facility, a warehouse located in Hebron, Kentucky. The lease commenced on October 1, 1999, with options to renew at the end of the lease term. The initial lease term was for a period of five years. In 2004, the Company extended its lease for an additional five years. In 2008, an agreement was reached with the lessor, and an addendum to the lease agreement was executed. Effective November 1, 2008, the Company reduced its leased premises by 16,910 square feet. Terms of this renegotiated lease are 60 months beginning November 1, 2009, and ending October 31, 2014. In 2014, an

addendum to the lease agreement was executed on January 1, 2014. Terms of the re-negotiated lease are 50 months beginning November 1, 2014 and ending November 30, 2018. The lease agreement requires current monthly rentals plus the tenant's share of property taxes and operating expenses. In addition, the Company leases office space in Troy, Michigan from one of the joint venture partners on a month-to-month basis. The Company leases equipment, research and development testing facilities, and vehicles with leases expiring in 2018, 2019, and 2020. Total rental expense under these agreements, plus various vehicle and equipment leases was approximately \$1,516,925 (Unaudited), \$1,361,301, and \$1,267,711, for the years ended September 30, 2017, 2016, and 2015, respectively.

Future minimum lease payments for the years ending September 30 are as follows:

Years Ending September 30,	(Unaudited)
2018	\$ 744,029
2019	261,747
2020	61,638
Total	\$ 1,067,414

## 8. FAIR VALUE MEASUREMENTS

ASC 820 provides a definition of fair value, establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value, and requires expanded disclosures about fair value measurements. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets, Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable, and Level 3, defined as unobservable inputs in which little or no market data exists; therefore requiring an entity to develop its own assumptions.

As of September 30, 2017 and 2016, the Company held certain assets that are required to be measured at fair value on a recurring basis. These consist of investments in money market mutual funds recorded within cash and cash equivalents. These funds are valued at the daily closing price as reported by the fund. The mutual funds held by the Company are deemed to be actively traded.

Assets measured at fair value on a recurring basis subject to the disclosure requirements of ASC 820 as of September 30, 2017 (Unaudited), were as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Cash equivalents - money market mutual funds	\$ 16,442,508	\$	—	\$

Assets measured at fair value on a recurring basis subject to the disclosure requirements of ASC 820 as of September 30, 2016, were as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
--	---	---	--

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

Cash equivalents - money market mutual funds \$4,279,670 \$ —\$ —

There were no financial assets or liabilities carried at fair value on a nonrecurring basis as of September 30, 2017 (Unaudited) and 2016.

16

---

**Transfers Between Levels** - The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances the transfer is reported at the beginning of the reporting period.

The Company evaluates the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended September 30, 2017 (Unaudited), 2016, and 2015, there were no transfers between levels.

#### 9. SUBSEQUENT EVENTS (Unaudited)

On September 18, 2017, WABCO and Meritor Inc. (collectively with its wholly-owned subsidiaries, "Meritor") announced that they signed an agreement for WABCO to purchase Meritor's stake in the Company for \$250 million. This transaction closed on October 1, 2017, at which point the Company became a wholly-owned subsidiary of WABCO. As part of this agreement, WABCO also appointed Meritor as the exclusive distributor for the Company's products in the U.S. and Canada, and the non-exclusive distributor in Mexico for a period of ten years. Each of the parties retain future options of the parties to terminate, at certain points during the first three and a half years, these distribution arrangements at an exercise price of between \$225 million and \$265 million based on the earnings of the business. On September 28, 2017, as contemplated by the purchase agreement, the Company made a pre-closing distribution to Meritor for \$8 million. Prior to September 28, 2017, capital contributions and returns were made in equal proportions to maintain each Partner's interest in the Company at 50%. No other events have occurred after September 30, 2017, but before December 15, 2017, the date the financial statements were available to be issued.



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

Financial Statement Schedule for the years ended September 30, 2017, 2016 and 2015.

2 Schedules not filed with the Annual Report or this 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 Amended and Restated Articles of Incorporation of Meritor, filed as Exhibit 3-a to Meritor's Annual Report on Form 10-K for the fiscal year ended September 27, 2015, is incorporated herein by reference.

3-b Amended and Restated By-laws of Meritor effective November 30, 2016, filed as Exhibit 3-b to Meritor's Annual Report on Form 10-K for the fiscal year ended October 2, 2016, 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 (File No. 001-15983) 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 (File No. 001-15983) 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 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 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 (File No. 001-15983) for the fiscal quarter ended April 1, 2007, is incorporated herein by reference.

4-c 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 (File No. 001-15983) filed on December 4, 2012, is incorporated herein by

reference.

4-d Indenture, dated as of September 22, 2017, between Meritor and U.S. Bank National Association, as trustee (including form of the note and form of subsidiary guaranty), filed as Exhibit 4-a to Meritor's Current Report on Form 8-K filed on September 25, 2017, is incorporated herein by reference.

18

---

- 10-a-1 Third Amendment and Restatement Agreement relating to Third Amended and Restated Credit Agreement, dated as of March 31, 2017, among Meritor, ArvinMeritor Finance Ireland (“AFI”), the financial institutions party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent, filed as Exhibit 10-a to Meritor’s Current Report on Form 8-K filed on April 4, 2017, is incorporated herein by reference.
- 10-a-2 Third Amended and Restated Pledge and Security Agreement, dated as of March 31, 2017, by and among Meritor, the subsidiaries named therein and JPMorgan Chase Bank, N.A., as Administrative Agent, filed as Exhibit 10-b to Meritor’s Quarterly Report on Form 10-Q for the fiscal quarter ended April 2, 2017, is incorporated herein by reference.
- 10-a-3 Amendment No. 1 to Third Amended and Restated Credit Agreement, dated as of August 30, 2017, among Meritor, AFI, the financial institutions party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent, filed as exhibit 10-a-3 to Meritor's Annual Report Form 10-K for the fiscal year ended October 1, 2017 (the "2017 Form 10-K"). is incorporated herein by reference.
- \*10-b 2004 Directors Stock Plan, filed as Exhibit 10-a to Meritor’s Quarterly Report on Form 10-Q (File No. 001-15983) for the fiscal quarter ended March 28, 2004, is incorporated herein by reference.
- \*10-b-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 (File No. 001-15983) for the fiscal year ended October 3, 2004, is incorporated herein by reference.
- \*10-b-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 (File No. 001-15983) for the fiscal year ended October 2, 2005, is incorporated herein by reference.
- \*10-c 2010 Long-Term Incentive Plan, as amended and restated as of January 26, 2017, filed as exhibit 10-c to the 2017 Form 10-K, is incorporated herein by reference.
- \*10-c-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 (File No. 001-15983) for the fiscal quarter ended January 3, 2010, is incorporated herein by reference.
- \*10-c-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 (File No. 001-15983) for the fiscal quarter ended January 3, 2010, is incorporated herein by reference.
- \*10-c-3 Form of Restricted Stock Agreement for Directors under 2010 Long-term Incentive Plan, filed as Exhibit 10.4 to Meritor’s Quarterly Report on Form 10-Q (File No. 001-15983) for the fiscal quarter ended January 3, 2010, is incorporated herein by reference.
- \*10-c-4 Form of Performance Share Agreement under 2010 Long-Term Incentive Plan, as amended, 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-c-5 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-c-6

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.

\*10-c-7 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-c-8 Form of Performance Share Unit Agreement for Employees for grants on or after December 1, 2015 under 2010 Long Term Incentive Plan, as amended, filed as Exhibit 10-f-9 to Meritor's Annual Report on Form 10-K for the fiscal year ended September 27, 2015, is incorporated herein by reference.
- \*10-c-9 Form of Restricted Share Unit Agreement for Employees for grants on or after December 1, 2015 under 2010 Long Term Incentive Plan, as amended, filed as Exhibit 10-f-10 to Meritor's Annual Report on Form 10-K for the fiscal year ended September 27, 2015, is incorporated herein by reference.
- \*10-d Incentive Compensation Plan, as amended and restated, effective January 22, 2015, filed as Appendix A to Meritor's Definitive Proxy Statement for the 2015 Annual Meeting of Shareholders of Meritor, is incorporated herein by reference.
- \*10-e Deferred Compensation Plan, filed as Exhibit 10-e-1 to Meritor's Annual Report on Form 10-K (File No. 001-15983) for the fiscal year ended September 30, 1998, is incorporated herein by reference.
- \*10-f Form of Deferred Share Agreement, filed as Exhibit 10-a to Meritor's Quarterly Report on Form 10-Q (File No. 001-15983) for the fiscal quarter ended January 2, 2005, is incorporated herein by reference.
- \*10-g Non-Employee Director Retainer Deferral Policy, effective November 3, 2016, filed as Exhibit 10-j to Meritor's Annual Report on Form 10-K for the fiscal year ended October 2, 2016, is incorporated herein by reference.
- \*10-g-1 Form of Restricted Share Unit Agreement for Director Deferral Elections pursuant to the Non-Employee Director Retainer Deferral Policy under the 2010 Long-Term Incentive Plan, as amended, filed as Exhibit 10-j-1 to Meritor's Annual Report on Form 10-K for the fiscal year ended October 2, 2016, is incorporated herein by reference.
- \*10-g-2 Form of Restricted Stock Agreement for Director Deferral Elections pursuant to the Non-Employee Director Retainer Deferral Policy under the 2010 Long-Term Incentive Plan, as amended, filed as Exhibit 10-j-2 to Meritor's Annual Report on Form 10-K for the fiscal year ended October 2, 2016, is incorporated herein by reference.
- 10-h Receivables Purchase Agreement dated as of February 19, 2016, by and among Meritor Heavy Vehicle Braking Systems (USA), LLC and Meritor Heavy Vehicle Systems, LLC, as sellers, and Nordea Bank AB, as purchaser, filed as Exhibit 10-a to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 2016, is incorporated herein by reference.
- 10-i Receivables Purchase Agreement dated as of March 22, 2017, by and among Meritor HVS AB, as seller, and 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 April 2, 2017, is incorporated herein by reference.
- 10-j 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 (File No. 001-15983) for the fiscal quarter ended April 1, 2012, is incorporated herein by reference.
- 10-j-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-k 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 (File No. 001-15983) for the fiscal quarter ended July 1, 2012, is incorporated herein by reference.

20

---

- 10-k-1 Extension Letter dated June 8, 2017, from Meritor Heavy Vehicle Systems Cameri S.P.A. to Nordea Bank AB (pbl), filed as Exhibit 10-a to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended July 2, 2017, is incorporated herein by reference.
- 10-1 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 (File No. 001-15983) for the fiscal quarter ended July 1, 2012, is incorporated herein by reference.
- 10-1-1 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.
- 10-1-2 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 Current Report on Form 8-K filed on June 21, 2013, is incorporated herein by reference.
- 10-1-3 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.
- 10-1-4 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.
- 10-1-5 Fifth Amendment to the Receivables Purchase Agreement dated as of December 4, 2015, 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-a to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended January 3, 2016, is incorporated herein by reference.
- 10-1-6 Sixth Amendment to the Receivables Purchase Agreement dated as of December 5, 2016, 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-c to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended January 1, 2017, is incorporated herein by reference.
- 10-1-7 Seventh Amendment to the Receivables Purchase Agreement dated as of June 22, 2017, 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-b to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended July 2, 2017, is incorporated herein by reference.

10-m Fourth Amended and Restated Purchase and Sale Agreement dated June 18, 2012 among Meritor Heavy Vehicle Braking Systems (U.S.A.), 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 (File No. 001-15983) for the fiscal quarter ended July 1, 2012, is incorporated herein by reference.



- 10-m-1 Letter Agreement relating to Fourth Amended and Restated Receivables Purchase Agreement dated as of December 14, 2012 among Meritor Heavy Vehicle Braking Systems (U.S.A.), 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-n 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 (File No. 001-15983) filed on August 5, 2010, is incorporated herein by reference.
- 10-n-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 (File No. 001-15983) filed December 8, 2010, is incorporated herein by reference.
- 10-n-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 (File No. 001-15983) filed on January 3, 2011, is incorporated herein by reference.
- 10-o 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 (File No. 001-15983) for the fiscal quarter ended June 28, 2009, is incorporated herein by reference.
- 10-p Purchase and Option Agreement dated September 15, 2017 among Meritor, WABCO Holdings Inc. and the other parties listed therein, filed as filed as Exhibit 10-a to Meritor's Current Report on Form 8-K filed on September 18, 2017, is incorporated herein by reference.
- \*10-q 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-r Amended and Restated Employment Letter between Meritor, Inc. 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-s 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-t Compensation Letter dated as of April 29, 2015 between Meritor, Inc. and Jeffrey A. Craig, 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-u Form of Employment Agreement, filed as Exhibit 10-b to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended January 3, 2016, is incorporated herein by reference.
- \*10-v Schedule identifying agreements substantially identical to the Form of Employment Agreement constituting Exhibit 10-u hereto, filed as Exhibit 10-bb to Meritor's Annual Report on Form 10-K for the fiscal year ended October 2, 2016, is incorporated herein by reference.

12 Computation of ratio of earnings to fixed charges, filed as Exhibit 12 to the 2017 Form 10-K, is incorporated herein by reference.

22

---

- 21 List of Subsidiaries of Meritor, Inc., filed as exhibit 21 to the 2017 Form 10-K, is incorporated herein by reference.
- 23-a Consent of April Miller Boise, Esq., Senior Vice President, General Counsel and Corporate Secretary, filed as exhibit 23-a to the 2017 Form 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 2017 Form 10-K, is incorporated herein by reference.
- 23-c Consent of Bates White LLC., filed as exhibit 23-c to the 2017 Form 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.
- 24 Power of Attorney authorizing certain persons to sign this Annual Report on Form 10-K on behalf of certain directors and officers of Meritor, filed as Exhibit 24 to the 2017 Form 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\*\* Certification of the Chief Financial Officer pursuant to Rule 13a-14(b) under the Exchange Act and 18 U.S.C. Section 1350.

---

\* Management contract or compensatory plan or arrangement.

\*\* Filed herewith.

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.

By: /s/ April Miller Boise  
April Miller Boise  
Senior Vice President, General Counsel and Corporate Secretary

Date: December 15, 2017

MERITOR, INC.

By: /s/ Paul D. Bialy  
Paul D. Bialy  
Vice President, Controller and Principal Accounting Officer

Date: December 15, 2017

MERITOR, INC.

By: /s/ Kevin A. Nowlan  
Kevin A. Nowlan  
Senior Vice President and Chief Financial Officer

Date: December 15, 2017