

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549**

FORM 10-Q

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

For the quarterly period ended June 30, 2011

OR

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

For the transition period from _____ to _____.

Commission file number 1-33332

WABCO Holdings Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
Chaussee de Wavre, 1789
1160 Brussels, Belgium

20-8481962
(I.R.S. Employer
Identification No.)

One Centennial Avenue,
P.O. Box 6820, Piscataway, NJ
(Address of principal executive offices)

08855-6820
(Zip Code)

Registrant's telephone number, including area code +32 2 663 98 00

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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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 the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one).

Large Accelerated Filer Accelerated Filer
Non-Accelerated Filer 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common stock, \$.01 par value, outstanding at
July 20, 2011

67,170,328 shares

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WABCO HOLDINGS INC. AND SUBSIDIARIES

FORM 10-Q

Six months ended June 30, 2011

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

WABCO HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(Amounts in millions, except share and per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Sales	\$ 737.7	\$ 512.3	\$ 1,415.9	\$ 1,003.3
Cost of sales	520.0	363.0	1,001.9	713.9
Gross Profit	217.7	149.3	414.0	289.4
Costs and expenses:				
Selling and administrative expenses	89.2	76.2	170.9	151.7
Product engineering expenses	27.8	20.2	52.2	40.7
Other operating expense, net	1.7	2.8	3.9	3.7
Operating income	99.0	50.1	187.0	93.3
European Commission fine indemnification	—	(400.4)	—	(400.4)
Equity income of unconsolidated joint ventures, net	3.8	1.9	8.6	3.7
Other non-operating expense, net	(1.6)	(1.6)	(1.8)	(4.9)
Indemnification and other settlements	—	—	23.1	—
Interest expense, net	(0.7)	(0.3)	(1.2)	(0.7)
Income / (loss) before income taxes	100.5	(350.3)	215.7	(309.0)
Income tax expense	10.6	12.1	7.5	19.8
Net income / (loss) including noncontrolling interests	89.9	(362.4)	208.2	(328.8)
Less: net income attributable to noncontrolling interests	1.3	3.0	4.9	5.9
Net income / (loss)	\$ 88.6	\$ (365.4)	\$ 203.3	\$ (334.7)
Net income / (loss) per common share				
Basic	\$ 1.31	\$ (5.68)	\$ 3.02	\$ (5.21)
Diluted	\$ 1.26	\$ (5.68)	\$ 2.91	\$ (5.21)
Cash dividends per share of common stock	\$ —	\$ —	\$ —	\$ —
Weighted average common shares outstanding				
Basic	67,747,816	64,386,231	67,328,778	64,285,410
Diluted	70,065,888	64,386,231	69,858,983	64,285,410

See Notes to Condensed Consolidated Financial Statements.

WABCO HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

<u>(Amounts in millions, except share data)</u>	<u>June 30,</u> <u>2011</u> <u>(unaudited)</u>	<u>December 31,</u> <u>2010</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 108.3	\$ 67.1
Accounts receivable, less allowance for doubtful accounts of \$6.4 in 2011 and \$7.7 in 2010	353.9	265.9
Inventories:		
Finished products	101.3	80.7
Products in process	9.8	7.0
Raw materials	138.3	104.9
Taxes receivable on income	—	7.6
Future income tax benefits	18.7	7.3
Restricted cash	41.9	51.8
Other current assets	76.7	65.4
Total current assets	848.9	657.7
Facilities, less accumulated depreciation	367.2	350.3
Goodwill	407.9	378.4
Long-term future income tax benefits	65.8	57.9
Investments in unconsolidated joint ventures	16.2	13.3
Intangible assets, net	41.3	40.1
Other assets	23.5	27.2
TOTAL ASSETS	\$ 1,770.8	\$ 1,524.9
LIABILITIES AND EQUITY		
Current liabilities:		
Loans payable to banks	\$ 29.3	\$ 16.7
Accounts payable	176.5	158.4
Accrued payroll	124.8	103.0
Current portion of warranties	51.0	41.7
Taxes payable	11.8	—
Indemnification liabilities	12.4	33.1
Streamlining liabilities	12.3	11.7
Income tax liabilities	7.8	29.0
Other accrued liabilities	140.5	106.9
Total current liabilities	566.4	500.5
Long-term debt	35.0	96.8
Post-retirement benefits	369.7	344.1
Deferred tax liabilities	31.1	26.7
Long-term income tax liabilities	47.0	53.0
Other liabilities	38.2	43.8
Total liabilities	1,087.4	1,064.9
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, 4,000,000 shares authorized; none issued and outstanding	—	—
Common stock, \$.01 par value, 400,000,000 shares authorized; shares issued: 74,132,993 in 2011; 72,415,415 in 2010; and shares outstanding: 67,382,157 in 2011; 66,458,609 in 2010	0.7	0.7

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Capital surplus	687.8	646.4
Treasury stock, at cost: 6,750,836 shares in 2011; 5,956,806 shares in 2010	(327.2)	(276.3)
Retained earnings	262.9	59.6
Accumulated other comprehensive income:		
Foreign currency translation adjustments	61.9	33.0
Unrealized losses on benefit plans, net of tax	(52.5)	(51.1)
Total shareholders' equity	633.6	412.3
Noncontrolling interests	49.8	47.7
Total equity	683.4	460.0
TOTAL LIABILITIES AND EQUITY	<u>1,770.8</u>	<u>1,524.9</u>

See Notes to Condensed Consolidated Financial Statements.

WABCO HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
	2011	2010
(Amounts in millions)		
Operating activities:		
Net income / (loss) including noncontrolling interests	\$208.2	\$(328.8)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	33.3	32.7
Amortization of intangibles	5.9	8.8
Equity in earnings of unconsolidated joint ventures, net of dividends received	(2.9)	(0.4)
Non-cash stock compensation	6.6	7.1
Deferred income tax benefit	(11.8)	(9.2)
Loss on sale or disposal of property, plant and equipment	0.4	0.4
Indemnification settlements	(23.1)	—
European Commission fine indemnification	—	400.4
Changes in assets and liabilities:		
Accounts receivable, net	(74.0)	(14.3)
Inventories	(43.8)	(20.7)
Accounts payable	8.2	32.2
Other accrued liabilities and taxes	38.2	54.4
Other current and long-term assets	12.6	(44.1)
Other long-term liabilities	(15.5)	(0.9)
Net cash provided by operating activities	142.3	117.6
Investing activities:		
Purchases of property, plant and equipment	(32.6)	(23.9)
Investments in capitalized software	(3.9)	(3.0)
Net cash used in investing activities	(36.5)	(26.9)
Financing activities:		
Net repayments of revolving credit facilities	(63.6)	(10.0)
Repayments of long-term debt	(0.1)	(0.2)
Net borrowings / (repayments) of short-term debt	11.0	(1.9)
Purchases of treasury stock	(48.2)	—
Dividends to noncontrolling interest holders	(3.0)	(1.8)
Proceeds from exercise of stock options	34.7	2.9
Net cash used in financing activities	(69.2)	(11.0)
Effect of exchange rate changes on cash and cash equivalents	4.6	(50.3)
Net increase in cash and cash equivalents	41.2	29.4
Cash and cash equivalents at beginning of period	67.1	350.2
Cash and cash equivalents at end of period	<u>\$108.3</u>	<u>\$ 379.5</u>
Cash paid during the period for:		
Interest	\$ 0.4	\$ 0.4
Income taxes	\$ 31.8	\$ 25.2
Non cash items for the period:		
Treasury stock purchase accrual	\$ 2.7	\$ —

See Notes to Condensed Consolidated Financial Statements.

WABCO HOLDINGS INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011
(Unaudited)

NOTE 1. Basis of Financial Statement Presentation

WABCO Holdings Inc. and its subsidiaries (collectively “WABCO” or the “Company”) develops, manufactures and sells advanced braking, stability, suspension and transmission control systems primarily for commercial vehicles. WABCO’s largest selling products are pneumatic anti-lock braking systems (“ABS”), electronic braking systems (“EBS”), automated manual transmission systems, air disk brakes and a large variety of conventional mechanical products such as actuators, air compressors and air control valves for heavy and medium-sized trucks, trailers and buses. WABCO sells its products to four groups of customers around the world: truck and bus original equipment manufacturers (“OEMs”), trailer OEMs, aftermarket distributors of replacement parts and services and automotive OEMs.

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments, including normal recurring items, considered necessary for a fair presentation of financial data have been included. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the entire year. The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and accompanying notes for the year ended December 31, 2010, included in the Company’s Annual Report on Form 10-K.

Based on the organizational structure, as well as the nature of financial information available and reviewed by the Company’s chief operating decision maker to assess performance and make decisions about resource allocations, the Company has concluded that its total WABCO operations represent one reportable segment and that WABCO’s performance and future net cash flow perspectives are best understood and assessed as such. For purposes of cash flow presentation, the Company has presented both cash flow activities for the revolving credit facilities and short-term debt on a net presentation basis as these items represent cash flow activities where turnover is quick, the amounts are large, and the maturities are short. All majority owned subsidiaries of WABCO are included in the consolidated financial statements and intercompany transactions are eliminated upon consolidation. WABCO’s investments in unconsolidated joint ventures are included at cost plus its equity in undistributed earnings in accordance with the equity method of accounting and reflected as investments in unconsolidated joint ventures in the consolidated balance sheet. Certain amounts in prior years’ condensed consolidated financial statements have been reclassified to conform to the current year presentation.

Preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Management believes the most complex and sensitive judgments, because of their significance to the condensed consolidated financial statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. Management’s Discussion and Analysis and Notes 2 and 13 to the Consolidated Financial Statements for the year ended December 31, 2010, in the Company’s Annual Report on Form 10-K, describe the most significant accounting estimates and policies used in preparation of the Consolidated Financial Statements. Actual results in these areas could differ materially from management’s estimates. There have been no significant changes in the Company’s assumptions regarding critical accounting estimates during the first six months of 2011.

NOTE 2. Recently Issued Accounting Standards

In July 2010, the Financial Accounting Standards Board (“FASB”) issued ASU 2010-20, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses* (“ASU 2010-20”). ASU 2010-20 amends existing disclosure guidance for public entities. The Company adopted amendments to the Codification resulting from ASU 2010-20 on December 31, 2010. As ASU 2010-20 relates specifically to disclosures, the adoption of this standard had no impact on our consolidated financial condition, results of operations or cash flows. The financing receivables disclosures related to activity that occurs during a reporting period (e.g., the roll-forward of the allowance for credit losses and the modification disclosures) are required to be adopted by public entities for interim or annual reporting periods beginning on or after December 15, 2011. The Company has adopted the financing receivable activity disclosures as of January 1, 2011. The adoption of these provisions did not have an impact on our consolidated financial condition, results of operations or cash flows.

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In December 2010, the FASB issued ASU 2010-28, *When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts* (“ASU 2010-28”). ASU 2010-28 modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. This eliminates an entity’s ability to assert that a reporting unit is not required to perform Step 2 because the carrying amount of the reporting unit is zero or negative despite the existence of qualitative factors that indicate the goodwill is more likely than not impaired. The Company has adopted ASU 2010-28 as of January 1, 2011. The adoption of ASU 2010-28 did not have an impact on the condensed consolidated financial statements.

In December 2010, the FASB issued ASU 2010-29, *Disclosure of Supplementary Pro Forma Information for Business Combinations* (“ASU 2010-29”). ASU 2010-29 specifies that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The Company has adopted ASU 2010-29 as of January 1, 2011. The adoption of ASU 2010-29 did not have an impact on our condensed consolidated financial statements.

In May 2011, the FASB issued ASU 2011-4, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* (“ASU 2011-4”). ASU 2011-4 ensures that fair value has the same meaning in U.S. GAAP and in IFRSs and that their respective fair value measurement and disclosure requirements are the same. ASU 2011-4 is effective for interim and annual periods beginning after December 15, 2011. The Company does not expect the adoption of this standard to have a material impact on the consolidated financial statements.

In June 2011, the FASB issued ASU 2011-5, *Presentation of Comprehensive Income* (“ASU 2011-5”). ASU 2011-5 improves the comparability, consistency and transparency of financial reporting and increases the prominence of items reported in other comprehensive income. ASU 2011-5 is effective for interim and annual periods beginning after December 15, 2011. As ASU 2011-5 relates specifically to disclosures, the Company does not expect the adoption of these provisions to have an impact on our consolidated financial condition, results of operations or cash flows.

NOTE 3. Comprehensive Income / (Loss) and Noncontrolling Interests

Total comprehensive income / (loss) consisted of the following (amounts in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net income / (loss) including noncontrolling interests	\$ 89.9	\$(362.4)	\$208.2	\$(328.8)
Foreign currency translation effects	11.8	(57.5)	29.2	(90.0)
Unrealized losses on benefit plans, net	0.8	1.6	(1.4)	4.4
Comprehensive income / (loss) including noncontrolling interests	102.5	(418.3)	236.0	(414.4)
Less: Net income attributable to noncontrolling interests	1.3	3.0	4.9	5.9
Foreign currency translation effects attributable to noncontrolling interests	0.1	(0.8)	0.3	0.2
Comprehensive income / (loss)	<u>\$101.1</u>	<u>\$(420.5)</u>	<u>\$230.8</u>	<u>\$(420.5)</u>

Dividends to noncontrolling interest holders for the three and six month periods ending June 30, 2011 were \$1.2 million and \$3.0 million, respectively. Dividends to noncontrolling interest holders for the three and six month periods ending June 30, 2010 were \$1.8 million and \$1.8 million, respectively.

NOTE 4. Accounts Receivable Securitization Program & Financing Receivables

On September 23, 2009, the Company established an accounts receivable securitization program (the “Accounts Receivable Securitization Program”) with Société Générale Bank Nederland N.V. The maximum funding from receivables that may be sold into the Accounts Receivable Securitization Program and outstanding at any point in time is €100 million; however, there can be no assurance that the Company will generate sufficient eligible receivables to access the maximum availability. The original term of the Accounts Receivable Securitization Program was for one year, with the possibility of four additional annual extensions, assuming the Company and the participating sellers are in compliance with the applicable covenants. The Company extended the Accounts Receivable Securitization Program in September 2010 for one year.

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During the six months ended June 30, 2011, the Company sold all of its eligible receivables into the Accounts Receivable Securitization Program. The receivables were removed from the balance sheet in accordance with the guidance under ASC topic 860, *Transfers and Servicing*. The total amount of receivables sold under the Accounts Receivable Securitization Program during the six months ended June 30, 2011 was €400.7 million (\$562.3 million at weighted average June 30, 2011 year-to-date exchange rates). The amount of eligible receivables sold and outstanding at June 30, 2011 amounted to €69.8 million (\$100.7 million at June 30, 2011 exchange rates). As a result of the sale, accounts receivable decreased by \$100.7 million and cash and cash equivalents increased by \$39.2 million. The remaining amount of proceeds of \$61.5 million is a subordinated deposit with Société Générale Bank Nederland N.V. at June 30, 2011.

The fair value of the receivables sold equaled the carrying cost at time of sale, and no gain or loss was recorded as a result of the sale. The Company estimated the fair value of sold receivables using Level 3 inputs and based the estimate on historical and anticipated performance of similar receivables, including historical and anticipated credit losses (if any). As part of the Accounts Receivable Securitization Program, the Company continues to service the receivables. The Company sells the receivables at face value, but receives actual funding net of the subordinated deposit account until collections are received from customers for the receivables sold. The Company is exposed to the credit losses of sold receivables up to the amount of its subordinated deposit account at each settlement date. Credit losses for receivables sold and past due amounts outstanding at June 30, 2011 were both immaterial. Servicing fees for the program were \$0.6 million for the six months ended June 30, 2011.

In addition to the above, the Company has the ability to access cash on a daily basis related to collections on sold receivables, which provided the Company with \$48.3 million of additional cash as of June 30, 2011. Of these cash receipts, \$28.7 million is classified on the consolidated balance sheet as loans payable to bank and \$19.6 million reduced the subordinated deposit to \$41.9 million which is classified as restricted cash on the consolidated balance sheet at June 30, 2011. Also, the Company has pledged unsold receivables under the Accounts Receivable Securitization Program of €14.0 million (\$20.2 million at June 30, 2011 exchange rates).

On April 15, 2009, the Company entered into a €35 million factoring program, which has a term of five years, in respect to accounts receivable from one of our customers. To date, we have not utilized this facility.

Other financing receivables include sales to reputable State Owned and Public Enterprises in China that are settled through notes receivable which are registered and endorsed to the Company. These notes receivable are fully secured and generally have contractual maturities of six months or less. These guaranteed notes are available to be discounted with banking institutions in China or transferred to suppliers to settle liabilities. The total amount of notes receivable discounted or transferred for the first six months of 2011 and 2010 were \$37.3 million and \$41.0 million, respectively, resulting in expenses of \$0.6 million and \$0.5 million for the first six months of 2011 and 2010, respectively, and are included in "Other non-operating expense, net." The carrying amounts of these guaranteed notes receivable are \$23.5 million and \$22.4 million as of June 30, 2011 and December 31, 2010, respectively, and are included in "other current assets" on the condensed consolidated balance sheets. The Company monitors the credit quality of these notes through historical losses and current economic conditions with Chinese banks. As these receivables are guaranteed by banks and the Company has not experienced any historical losses nor is the Company expecting future credit losses, we have not established a loss provision against these receivables as of June 30, 2011 or December 31, 2010.

NOTE 5. Net Income / (Loss) Per Share

Basic net income per share has been computed using the weighted average number of WABCO common shares outstanding. The average number of outstanding shares of common stock used in computing diluted net income per share includes weighted average incremental shares when the impact is not anti-dilutive. The weighted average incremental shares represent the net amount of shares the Company would issue upon the assumed exercise of in-the-money stock options and vesting of restricted stock units ("RSUs") after assuming that the Company would use the proceeds from the exercise of options to repurchase treasury stock. Anti-dilutive options, if applicable, are excluded and represent those options whose exercise price was greater than the average price of the Company's common stock.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Weighted average incremental shares included	2,318,072	—	2,530,205	—
Shares excluded due to anti-dilutive effect	—	1,347,346	—	1,366,486

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NOTE 6. Capital Stock

The following is a summary of net shares outstanding and shares issued or reacquired during the first six months of 2011.

	Number of Shares of Common Stock		
	Total Shares	Treasury Shares	Net Shares Outstanding
Balance, December 31, 2010	72,415,415	(5,956,806)	66,458,609
Shares issued upon exercise of stock options	1,521,220	—	1,521,220
Shares issued upon vesting of RSUs	196,358	—	196,358
Shares purchased for treasury	—	(794,030)	(794,030)
Balance, June 30, 2011	<u>74,132,993</u>	<u>(6,750,836)</u>	<u>67,382,157</u>

The Company accounts for purchases of treasury stock under the cost method with the costs of such share purchases reflected in treasury stock in the accompanying condensed consolidated balance sheets. When treasury shares are reissued, they are recorded at the average cost of the treasury shares acquired since the inception of the share buy back programs, net of shares previously reissued and the Company reflects the difference between the average cost paid and the amount received for the reissued shares in capital surplus. As of June 30, 2011, no shares have been reissued.

The Company's Board of Directors has approved a program to purchase shares of the Company's common stock. The authorization by the Board of Directors on May 26, 2011 approved the purchase of shares in an amount not to exceed \$400 million which expires on May 31, 2013. As of June 30, 2011, the Company had repurchased a total of \$50.9 million of shares leaving an unexpended balance of \$349.1 million available to repurchase shares in the future. Since June 30, 2011, the Company has repurchased an additional 300,604 shares for a total of \$20.6 million. The company plans to continue to purchase shares at prevailing market prices. Timing will vary depending on market conditions and other factors.

NOTE 7. Stock-Based Compensation

The Company records stock-based compensation based on the estimated fair value of the award at the grant date and is recognized as an expense in the condensed consolidated statements of income over the requisite service period. Total stock-based compensation cost recognized during the three and six month periods ended June 30 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Stock-based compensation	\$ 3.3	\$ 3.4	\$ 6.6	\$ 7.1

The total number and type of awards granted during the periods presented and the related weighted-average grant-date fair values were as follows:

	Six months ended June 30, 2011			Six months ended June 30, 2010		
	Underlying Shares	Weighted-Average Exercise Price	Weighted Average Grant Date Fair Value	Underlying Shares	Weighted-Average Exercise Price	Weighted Average Grant Date Fair Value
Options Granted	276,287	\$ 59.24	\$ 22.94	557,486	\$ 27.37	\$ 9.76
RSUs Granted	220,181	\$ —	\$ 62.44	222,029	\$ —	\$ 27.37
Total Awards	<u>496,468</u>			<u>779,515</u>		

In the six months ended June 30, 2011, a total of 276,287 options were granted of which all are exercisable in equal installments over a period of three years. In the six months ended June 30, 2010, a total of 557,486 options were granted of which all are exercisable in equal installments over a period of three years. In 2011, a total of 220,181 RSUs were granted of which 101,647 vest ratably over a period of three years. Of the remaining 118,534 RSUs granted in 2011, 3,973 vest after two years, 41,064 vest after three years and 73,497 vest after four years. In 2010, a total of 222,029 RSUs were granted of which

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212,076 vest ratably over a period of three years. Of the remaining 9,953 RSUs granted in 2010, 6,653 vest after two years and 3,318 vest after three years.

The weighted average grant date fair value was calculated under the Black-Scholes option-pricing model. The following table summarizes the significant assumptions used for the grants during the six month periods ended June 30, 2011 and 2010:

<u>Assumption</u>	<u>Six Months Ended June 30, 2011</u>	<u>Six Months Ended June 30, 2010</u>
Risk-free interest rate	2.30%	2.40%
Expected volatility	42.82%	40.96%
Expected holding period	5 Years	5 Years
Expected forfeiture rate	2.3%	2.0%
Expected dividend yield	0.47%	1.02%

The risk free interest rate is based on the yield of U.S. Treasury securities that correspond to the expected holding period of the options. WABCO reviewed the historic volatility of its common stock over a three year period, the common stock of its peer group over a five-year period, and the implied volatility for at the money options to purchase shares of its common stock. The five year historical volatility period was selected since that period corresponds with the expected holding period. Based on this data, the Company chose to use a weighted average of the implied volatility of WABCO, the most recent three year historical volatility of WABCO and the median most recent two year historical volatility of WABCO's peer group prior to the spin-off date. The expected holding period was calculated by reviewing the historical exercise pattern of all holders that were granted options and the exercise behavior of officers versus non-officers. The results of the analysis support one expected holding period for all groups of employees. The expected forfeiture rate was determined based on the historical stock option forfeiture data of the Company. The dividend yield was based on an expected future dividend amount for the period at the time of grant.

NOTE 8. Debt

On May 31, 2007, WABCO entered into an unsecured, five-year \$800 million, multi-currency revolving credit facility that will expire on July 31, 2012. As of June 30, 2011, this is our principal bank credit facility, and it became available to us on August 1, 2007. The proceeds of the borrowings under the principal credit facility have historically been used to fund repurchases of our shares, pay quarterly dividends to our shareholders and to meet short-term cash requirements. In September 2010, the Company also used this facility to partially fund the European Commission fine indemnification of €326.1 million. At June 30, 2011, the carrying amount of this facility approximated fair value. Up to \$100 million under this facility may be used for issuing letters of credit, of which \$98 million was unused as of June 30, 2011, and up to \$75 million for same-day borrowings of which \$75 million was unused as of June 30, 2011. The balance outstanding on this facility as of June 30, 2011, was \$35.0 million in addition to \$2.0 million of letters of credit. The Company pays a facility fee of 0.10% per annum. Borrowings thereunder bear interest generally at the London Interbank Offered Rate ("LIBOR") plus either 0.35% if borrowings are less than or equal to 50% of the total available balance, or 0.40% if borrowings are greater than 50% of the total available balance. The Company also pays 0.35% per annum plus issuance fees for letters of credit. The interest rate spreads above the U.S. dollar and Euro LIBOR (0.1855% and 1.28125%, respectively at June 30, 2011 for the one-month rates) are subject to adjustments should the Company's leverage ratio change.

Our principal credit facility contains various covenants that limit, among other things, liens, transactions, subsidiary indebtedness and certain mergers and sales of assets. The covenants also require the Company to meet certain financial tests: a rolling four quarters 3 to 1 ratio of consolidated net indebtedness to consolidated trailing four quarters adjusted EBITDA (earnings before interest, taxes, depreciation and amortization adjusted for certain items), a 3 to 1 ratio of consolidated trailing four quarters adjusted EBITDA to consolidated net interest expense for the same period, and a liquidity test. The liquidity covenant requires us to have at least \$100 million of liquidity (which includes unused commitments under the agreement and certain other committed facilities that may be entered into, as well as unrestricted cash and cash equivalents). As of June 30, 2011, our trailing four quarters adjusted EBITDA is \$405.5 million, which consists of \$120.2 million for the second quarter of 2011, \$111.9 million for the first quarter of 2011, \$94.9 million for the fourth quarter of 2010 and \$78.5 million for the third quarter of 2010. As defined in our principal credit facility, our net indebtedness was \$93.9 million at June 30, 2011 (comprised of \$64.3 million of debt and \$37.9 million of uncollateralized guarantees, offset by \$8.3 million of excess cash), resulting in an EBITDA covenant ratio of 0.2 to 1. Given our net indebtedness of \$93.9 million (including guarantees) at

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June 30, 2011 we had the ability to borrow approximately an incremental \$763 million (after considering the \$100 million liquidity requirement) under our principal credit facility and in compliance with the covenants.

The Company terminated its current \$800 million multi-currency revolving credit facility on July 8, 2011 with an effective date of July 22, 2011. At the same time the Company has entered into a new \$400 million multi-currency five-year senior unsecured revolving credit facility. For further discussion on the new credit facility, refer to "Note 15. Subsequent Events."

Also, various subsidiaries had borrowings from banks totaling \$29.3 million, of which \$28.7 relates to our Accounts Receivable Securitization Program referred to in Note 4 above. The remaining \$0.6 million supports local working capital requirements.

Note 9. Warranties, Guarantees, Commitments and Contingencies

Warranties

Products sold by WABCO are covered by a basic limited warranty with terms and conditions that vary depending upon the product and country in which it was sold. The limited warranty covers the equipment, parts and labor (in certain cases) necessary to satisfy the warranty obligation generally for a period of two years. Estimated product warranty expenses are accrued in cost of goods sold at the time the related sale is recognized. Estimates of warranty expenses are based primarily on warranty claims experience and specific customer contracts. Warranty expenses include accruals for basic warranties for product sold, as well as accruals for product recalls, service campaigns and other related events when they are known and estimable. To the extent WABCO experiences changes in warranty claim activity or costs associated with servicing those claims, its warranty accrual is adjusted accordingly. Warranty accrual estimates are updated based upon the most current warranty claims information available.

The following is a summary of changes in the Company's product warranty liability for the three and six months ended June 30, 2011 and 2010 (amounts in millions).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Balance of warranty costs accrued, beginning of period	\$50.0	\$42.1	\$ 44.9	\$ 45.8
Warranty costs accrued	11.1	7.7	21.2	15.0
Warranty claims settled	(7.4)	(6.1)	(14.7)	(14.7)
Foreign exchange translation effects	1.0	(3.1)	3.3	(5.5)
Balance of warranty costs accrued, end of period	\$54.7	\$40.6	\$ 54.7	\$ 40.6
Current liability, included in current portion of warranties	\$51.0	\$37.8	\$ 51.0	\$ 37.8
Long-term liability, included in other liabilities	\$ 3.7	\$ 2.8	\$ 3.7	\$ 2.8

Guarantees and Commitments

The Company has bank guarantees for \$37.9 million which is comprised of uncollateralized bank guarantees, of which \$31.2 million is related to tax and other litigation, \$2.0 million is related to letters of credit and \$4.7 million is related to other items.

The Company has inventory and receivables that are pledged against a local bank facility in India to support local working capital requirements of approximately \$10.0 million. Also, the Company has pledged unsold receivables under the Accounts Receivable Securitization Program of €14.0 million (\$20.2 million at June 30, 2011 exchange rates).

Contingencies

General

We are subject to proceedings, lawsuits and other claims related to products and other matters. We are required to assess the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable losses. A determination of the amount of liability to be recorded, if any, for these contingencies is made after careful analysis of each

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individual issue. The liabilities recorded may change in the future, possibly by significant amounts, due to new developments in any of the matters.

Litigation

On June 23, 2010, the European Commission (the “Commission”) issued a decision imposing a total of €326.1 million in fines, or approximately \$400 million on the date of assessment (the “EC fine”), on the former American Standard Companies Inc. (now Trane Inc., hereinafter referred to as “American Standard” or “Trane”), and certain of its European subsidiaries engaged in the Bath and Kitchen business and successor entities for infringements of European Union competition rules relating to the distribution of bathroom fixtures and fittings in a number of European countries. Pursuant to our Indemnification and Cooperation Agreement with Trane, WABCO Europe BVBA (an indirect wholly-owned subsidiary of WABCO) is responsible for, and is liable to indemnify Trane Inc. and Ideal Standard International (representing the successor to the Bath and Kitchen business, and owner of certain of the former American Standard subsidiaries) and their owners against the EC fine.

As required by the Indemnification and Cooperation Agreement, WABCO paid the fine amount into escrow on August 30, 2010, using €230 million of cash on hand and €96.1 million of additional borrowings under our \$800 million five-year revolving credit facility. The funds were subsequently released from escrow and paid to the Commission. After reviewing all of the elements of the case, WABCO decided to appeal the decision in order to try to have the fine reduced. On September 8, 2010, WABCO filed its appeal in the General Court of the European Union, located in Luxembourg. The Company believes that a decision on the appeal will take at least five years.

Other

In conjunction with the Tax Sharing Agreement, as further discussed in “Note 11. Tax and Indemnification Liabilities Transferred from Trane to WABCO,” WABCO is responsible for certain tax and indemnification liabilities. These liabilities include indemnification liabilities to Trane of \$16.6 million as of June 30, 2011.

Note 10. Income Taxes

Unrecognized tax benefits at June 30, 2011 amounted to \$45.5 million related to the WABCO business and \$9.3 million related to WABCO obligations directly to tax authorities for Trane’s Bath and Kitchen business as further discussed in “Note 11. Tax and Indemnification Liabilities Transferred from Trane to WABCO.” The Company believes that it is reasonably possible that certain unrecognized tax benefits will be recognized within the next 12 months. As a result, \$47.0 million of the unrecognized tax benefits are classified as long-term liabilities and \$7.8 million are classified as short term liabilities. Approximately \$1.5 million of these long-term unrecognized tax benefits and \$7.8 million of the short term unrecognized tax benefits relate to WABCO’s obligations to tax authorities for Trane’s Bath and Kitchen business. The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense. No penalties have been accrued related to these unrecognized tax benefits.

The income tax expense for the first six months of 2011 was \$7.5 million on pre-tax income of \$215.6 million before adjusting for noncontrolling interest. The income tax for the second quarter of 2011 was \$10.6 million on pretax income of \$100.5 million before adjusting for noncontrolling interest. Income tax expense is the net result of taxes on earnings in profitable jurisdictions, income offset by fully valued net operating losses, the accrual of interest on uncertain tax positions, and benefits from certain foreign tax planning. Furthermore, income tax expense is partially offset by the release of tax accruals of approximately \$26.8 million and \$1.9 million in the six months ended and quarter ending June 30, 2011, respectively, as a consequence of the settlement of foreign tax audits.

The accompanying June 30, 2011 condensed consolidated balance sheet continues to reflect a full valuation allowance for certain foreign tax losses as it has been determined as of June 30, 2011 that it is more likely than not that the losses will not be utilized in the foreseeable future.

The Company is subject to taxation in the US and various states and foreign jurisdictions. With no material exceptions, the Company is no longer subject to US federal, state, local or foreign examinations by tax authorities for years before 2007.

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Note 11. Tax and Indemnification Liabilities Transferred from Trane to WABCO

Pursuant to the Tax Sharing Agreement between Trane and WABCO, entered into on July 16, 2007, and other agreements with Trane as filed in WABCO's Form 10 prior to its spin-off from Trane, WABCO is responsible for certain tax contingencies and indemnification liabilities. As noted in "Note 10. Income Taxes," the liabilities as of June 30, 2011 include \$9.3 million related to non-US entities of Trane's Bath and Kitchen business but for which WABCO entities have obligations directly to non-US tax authorities. In addition, as of June 30, 2011, the Company had indemnification liabilities of \$16.6 million, of which \$4.2 million is classified within long-term liabilities on the balance sheet and \$12.4 million is classified within short-term liabilities.

During the first six months of 2011, approximately \$23.1 million of indemnification liabilities was reversed in the statement of income due to the expiration of a statute of limitations.

Under an indemnification agreement, WABCO Brazil is responsible for certain claims related to its business for periods prior to the spin-off of WABCO from American Standard. In particular, there are tax claims pending in various stages of the Brazilian legal process related to income, social contribution and/or value added taxes for which a contingency exists and which may or may not ultimately be incurred by the Company. The estimated total amount of the contingency as of June 30, 2011 is \$43.8 million including interest. However, based on management's assessment and advice of our external legal counsel, the Company believes that it has valid arguments in all of these cases and thus no accrual is required at this time.

Note 12. Streamlining Expenses

The Company accounts for employee-related streamlining charges as either a one-time benefit arrangement or an ongoing benefit arrangement as appropriate. From time to time the Company also has streamlining charges that are not related to employees, such as facility exit costs.

Based on market declines occurring in the fourth quarter of 2008, we commenced a streamlining program on October 28, 2008 (the "2008/2009 Program"), which began with a consultative process with works councils and employee representatives globally. The 2008/2009 Program reduced our global workforce by approximately 1,800 employees. This level of reduction in workforce brought our capacity in line with market demand, while still allowing us to continue our focus on core strategies, including technology, new products, globalization, and quality and productivity initiatives. We believe the completion of these actions created sufficient flexibility in production and helped us to cope with anticipated demand volatility. The Company does not expect to incur any further charges on the 2008/2009 Program.

Based on the Company's efforts to maintain our global footprint, the Company will periodically enter into other streamlining programs as deemed necessary ("Other Programs"). No ongoing individual program is assessed as material, and the Company does not expect to incur significant additional charges for ongoing programs as of June 30, 2011.

The following is a summary of changes in the Company's streamlining program liabilities for the six months ended June 30, 2011 (amounts in millions). Activity for the period consisted of termination payments and employee-related charges. Non-employee-related charges, such as facility exit costs, were not incurred during the period.

2008 / 2009 Program	
Balance as of December 31, 2010	\$30.0
Charges during the first six months of 2011	—
Payments during the first six months of 2011	(5.7)
Balance as of June 30, 2011	<u>\$24.3</u>
Other Programs	
Balance as of December 31, 2010	\$ 1.4
Charges during the first six months of 2011	1.3
Payments during the first six months of 2011	(1.8)
Balance as of June 30, 2011	<u>\$ 0.9</u>
Foreign exchange translation effects	<u>\$ 2.5</u>
Total streamlining liability as of June 30, 2011	<u>\$27.7</u>

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A balance of \$15.4 million is included in other liabilities and \$12.3 million is included in streamlining liabilities as of June 30, 2011.

The following is a summary of current and cumulative streamlining costs (including employee-related costs shown above as well as asset write-offs and other charges).

	Charges for Quarter Ended June 30, 2011		Charges for Six Months Ended June 30, 2011		Cumulative Charges as of June 30, 2011	
	2008/2009 Program	Other Programs	2008/2009 Program	Other Programs	2008/2009 Program	Other Programs
	Employee-related charges – cost of sales	\$ —	\$ 0.2	\$ —	\$ 1.3	\$ 45.7
Employee-related charges – selling and administrative	—	—	—	—	45.8	1.4
Asset write-offs – cost of sales	—	—	—	—	—	1.3
Total program costs	\$ —	\$ 0.2	\$ —	\$ 1.3	\$ 91.5	\$ 6.7

Note 13. Post-retirement Benefits

Post-retirement pension, health and life insurance costs had the following components for the three and six months ended June 30, 2011 and 2010 (amounts in millions):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2011	2011	2010	2010	2011	2011	2010	2010
	Pension Benefits	Health & Life Ins. Benefits	Pension Benefits	Health & Life Ins. Benefits	Pension Benefits	Health & Life Ins. Benefits	Pension Benefits	Health & Life Ins. Benefits
Service cost-benefits earned during period	\$ 2.1	\$ —	\$ 1.8	\$ —	\$ 4.2	\$ —	\$ 3.8	\$ —
Interest cost on the projected benefit obligation	6.1	0.2	6.0	0.2	12.2	0.4	12.3	0.4
Less assumed return on plan assets	(2.1)	—	(2.0)	—	(4.3)	—	(4.0)	—
Amortization of net loss	0.6	0.2	0.6	0.1	1.2	0.5	1.1	0.2
Defined benefit plan cost	\$ 6.7	\$ 0.4	\$ 6.4	\$ 0.3	\$ 13.3	\$ 0.9	\$ 13.2	\$ 0.6
Accretion expense as reflected in selling and administrative expenses and cost of sales	\$ 4.0	\$ 0.2	\$ 4.0	\$ 0.2	\$ 7.9	\$ 0.4	\$ 8.3	\$ 0.4

The Company makes contributions to funded pension plans that at a minimum, meet all statutory funding requirements. Contributions in 2011, as well as payments of benefits incurred by unfunded plans were in line with the expectations for 2011 and also in line with the contributions made during 2010.

NOTE 14. Derivative Instruments and Hedging Activities

ASC topic 815, *Derivatives and Hedging*, requires a company to recognize all of its derivative instruments as either assets or liabilities on the balance sheet at fair value. The accounting for changes in the fair value of a derivative instrument depends on whether it qualifies and has been designated as a relationship hedge. For those derivative instruments that are designated and qualify as hedging instruments, a company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge, or a hedge of a net investment in a foreign operation.

The Company recognizes all derivative financial instruments in the consolidated balance sheet at fair value using Level 2 inputs and these are classified as “other current assets,” “other assets,” “other accrued liabilities,” or “other liabilities” on the consolidated balance sheet. Level 2 inputs used by the Company in valuing its derivative instruments include model-based

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valuation techniques for which all significant assumptions are observable in the market. The earnings impact resulting from changes in the fair value of derivative instruments is recorded in the same line item in the consolidated statement of income as the underlying exposure being hedged or in accumulated other comprehensive income (AOCI) for derivatives that qualify and have been designated as cash flow hedges or hedges of a net investment in a foreign operation. Any ineffective portion of a financial instrument's change in fair value is recognized in earnings together with changes in the fair value of any derivatives not designated as relationship hedges.

Foreign exchange contracts are used by the Company to offset the earnings impact relating to the variability in exchange rates on certain monetary assets and liabilities denominated in non-functional currencies and have not been designated as relationship hedges. As of June 30, 2011, forward contracts for an aggregate notional amount of €42.2 million (\$60.9 million at June 30, 2011 exchange rates) were outstanding with an average duration of one month. As €42.2 million of these contracts were entered into on June 29, 2011, the fair value of the derivative assets or liabilities was not material. For the six months ended June 30, 2011, the Company recognized \$0.9 million of loss on its derivative instruments included in "other non-operating expense, net" in the consolidated statement of income. This loss was offset by \$1.0 million of foreign currency gain on certain monetary assets and liabilities denominated in non-functional currencies and is also recorded in the same line item in the consolidated statement of income. As the Company did not enter into hedging contracts during 2010, no gain or loss was recorded.

Note 15. Subsequent Event

On July 8, 2011, the Company entered into a new \$400 million multi-currency five-year senior unsecured revolving credit facility (the "Facility") with the lenders and agent banks party thereto, including Banc of America Securities Limited as Agent, Issuing Bank and Swingline Lender, and Banc of America Securities Limited, Citigroup Global Markets Limited, Fortis Bank S.A./N.V., ING Belgium SA/NV, Société Générale Corporate & Investment Banking, The Bank of Tokyo-Mitsubishi UFJ, Ltd and The Royal Bank of Scotland NV, (Belgium) Branch, as mandated lead arrangers and book runners and Credit Lyonnais and Unicredit Bank AG as lead arrangers.

The Facility will expire on September 1, 2016. It replaces the \$800 million multi-currency five-year senior unsecured revolving credit facility entered into by WABCO on May 31, 2007 with, among others, J.P. Morgan Securities, Inc. as lead arranger and bookrunner and JPMorgan Chase Bank, N.A., as agent, issuing bank and swingline lender.

Under the Facility, the Company may borrow, on a revolving basis, loans in an aggregate principal amount at any one time outstanding not in excess of \$400 million, with up to \$50 million being available in the form of letters of credit and up to \$50 million being available in the form of swingline loans.

The proceeds of the borrowings under the Facility would be available to repurchase WABCO shares, finance acquisitions, refinance existing indebtedness and meet general financing requirements.

Interest on loans under the Facility will be calculated at a rate per annum equal to an applicable margin which can vary from 0.80% to 1.55% based on the Company's leverage ratio plus LIBOR for loans denominated in U.S. Dollars, EURIBOR for loans denominated in Euros, HIBOR for loans denominated in Hong Kong Dollars and SIBOR for loans denominated in Singapore Dollars, plus mandatory costs, if any.

The Facility contains terms and provisions (including representations, covenants and conditions) customary for transactions of this type. Financial covenants include a leverage test (net indebtedness not to exceed three times adjusted four quarter trailing EBITDA), an interest coverage test (three times interest expense not to exceed adjusted four quarter trailing EBITDA) and a maximum subsidiary indebtedness test, but does not contain any requirement for a liquidity reserve. The maximum subsidiary indebtedness test limits the total aggregate amount of indebtedness of WABCO's subsidiaries, excluding indebtedness under the Facility, to \$400 million, of which not more than \$150 million may be secured.

Financial covenants are not subject to any future changes in U.S. GAAP accounting standards and all cash on the balance sheet can be deducted for net indebtedness purposes. In addition, expenses and payments related to any streamlining of WABCO's operations are excluded when calculating the four quarter trailing adjusted EBITDA. Other covenants include delivery of financial reports and other information, compliance with laws including environmental laws and permits, ERISA and U.S. regulations, limitations on liens, mergers and sales of assets and change of business.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Executive Overview

In the second quarter of 2011, the commercial vehicle industry continued its strong growth. The Company's worldwide sales in the second quarter of 2011 increased by 44% (29% excluding foreign currency translation effects) compared with the same period a year ago. WABCO continued to outperform every market in the world for truck and bus production during the second quarter of 2011.

In the second quarter of 2011, WABCO benefited from major sales growth in Europe, our largest market, and in North America. However, the production of new trucks and buses in China declined in the second quarter of 2011, even more than anticipated, from its near peak level in the previous quarter.

Continuing to demonstrate the importance of emerging markets, China, India and Brazil still accounted for 60% of the world's truck and bus production in the second quarter of 2011. The Company continued to benefit from its well anchored position in these emerging markets, and successfully kept increasing the level of adoption of WABCO technologies and systems, resulting in a higher value of WABCO content per vehicle.

WABCO's global aftermarket sales increased by 26% (13.1% excluding foreign currency translation effects), marking another quarter of strong growth. This performance demonstrates the success of the Company's aftermarket strategies initiated several years ago.

During the second quarter of 2011, WABCO continued to review its activities in Japan in the aftermath of the tragic natural disasters that occurred during the previous quarter, and has concluded that there is no material impact on the Company's financial results.

WABCO continued to transform major sales growth into strong profitability, driving robust incremental margins. Also during this three-month period, WABCO's Operating System continued to enable our fast and flexible responses to the industry's growth, delivering \$15.3 million of materials and conversion productivity. Gross materials productivity represented 5.0% of total materials cost but, as expected, the impact of commodity inflation reduced net materials productivity to 2.7%. Conversion productivity represented 5.6%.

Results of Operations

Approximately 92% of our sales are outside the U.S., and therefore, changes in exchange rates can have a significant impact on the reported results of our operations, which are presented in U.S. dollars. Quarter-over-quarter changes in sales, gross profit, expenses, pre-tax income and net income for 2011 compared with 2010 are presented both with and without the effects of foreign currency translation. Changes in sales, gross profit, expenses, pre-tax income and net income excluding foreign exchange effects are calculated using current year sales, gross profit, expenses, pre-tax income and net income translated at prior year exchange rates. Presenting changes in sales, gross profit, expenses, pre-tax income and net income excluding the effects of foreign currency translation is not in conformity with U.S. Generally Accepted Accounting Principles ("U.S. GAAP"), but management analyzes the data in this manner because it is useful to us in understanding the operating performance of our business. We believe this data is also useful to shareholders for the same reason. The changes in sales, gross profit, expenses, pre-tax income and net income excluding the effects of foreign exchange translation are not meant to be a substitute for measurements prepared in conformity with U.S. GAAP, nor to be considered in isolation. Management believes that presenting these non-U.S. GAAP financial measures is useful to shareholders because it enhances their understanding of how management assesses the operating performance of the Company's business.

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Second Quarter Results of Operations for 2011 Compared with 2010

(amounts in millions)

	Three months ended June 30,				
	2011	2010	% change reported	Excluding foreign exchange translation (a)	
				2011 adjusted Amount	% change adjusted
Sales	\$737.7	\$ 512.3	44.0%	\$ 661.0	29.0%
Cost of sales	520.0	363.0	43.3%	466.0	28.4%
Gross profit	217.7	149.3	45.8%	195.0	30.6%
Operating expenses	118.7	99.2	19.7%	106.7	7.6%
Operating income	99.0	50.1	97.6%	88.3	76.2%
Equity income of unconsolidated joint ventures	3.8	1.9	100%	3.7	94.7%
Other non-operating expense, net	(1.6)	(402.0)	*	5.9	*
Interest expense, net	(0.7)	(0.3)	133.3%	(0.6)	100.0%
Income / (loss) before income taxes	100.5	(350.3)	*	97.3	*
Income taxes	10.6	12.1	(12.4)%	9.6	(20.7)%
Net income / (loss) including noncontrolling interests	89.9	(362.4)	*	87.7	*
Less: net income attributable to noncontrolling interests	1.3	3.0	(56.7)%	1.3	(56.7)%
Net income / (loss)	<u>\$ 88.6</u>	<u>\$(365.4)</u>	*	<u>\$ 86.4</u>	*

* Percentage change not meaningful

(a) The 2011 amounts adjusted for foreign currency translation were calculated using the average exchange rate for the three month period ending June 30, 2010.

Sales

Our sales for the second quarter of 2011 were \$737.7 million, an increase of 44.0% (29.0% excluding foreign currency translation effects) from \$512.3 million in 2010. The increase was attributable to the higher levels of commercial vehicle production that was evident in most regions across the world, expansion of our aftermarket and car businesses, as well as increased WABCO content per vehicle on trucks, buses and trailers globally. Total sales in Europe, our largest market, increased approximately 53.0% (33.8% excluding foreign currency translation effects) for the second quarter of 2011. Total sales increased 60.9% in North America. Total sales in Asia increased 13.0% (6.2% excluding foreign currency translation effects). The sales growth in Asia included an increase in total sales in India of 18.0%, (15.7% excluding foreign currency translation effects), partially offset by a decrease in total sales in China of 3.6% (8.1% excluding foreign currency translation effects). The production of new trucks and buses in China declined in the second quarter, even more than anticipated, compared to the peak level reached in the second quarter of last year. Total sales in South America increased 30.0% (15.7% excluding foreign currency translation effects). Based on our analysis, we estimate that WABCO's sales growth for the second quarter of 2011 has outperformed the market growth in each region. The global aftermarket sales increase, included in the geographic numbers provided above, was 26.0% (13.1% excluding foreign currency translation effects). The aftermarket business benefited from the continued execution of our aftermarket growth strategies initiated several years ago.

Gross Profit

Gross profit increased by \$68.4 million or \$45.7 million excluding foreign currency translation effects. Volume and mix contributed \$32.2 million of the increase while our continued focus on materials and conversion productivity as well as the benefits realized from overhead absorption generated \$33.0 million in improvements. The achievement of these levels of improvement include 5.6% savings on our conversion costs and 5.0% of materials savings before the cost of raw material inflation, which had a negative impact of 2.3% during the quarter compared to last year. Partially offsetting these improvements were sales price declines that had a negative impact of \$7.4 million, or 1.1% of sales, which is in line with the

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lowest levels we have historically seen for an individual quarter. Labor and other cost escalations, net of changes in streamlining expenses, were higher by approximately \$2.4 million while foreign currency transactional impacts negatively effected gross profit in the amount of \$9.7 million.

Operating Expenses

Operating expenses, which include selling and administrative expenses, product engineering expenses and other operating expenses, increased by \$19.5 million or \$7.5 million excluding foreign currency translation effects. The increase was mainly driven by new research and development investments of \$4.5 million, investments in global expansion of \$1.9 million, incentive compensation of \$0.6 million, and labor and other cost inflation of \$1.7 million offset by a reduction of separation and other costs of \$1.2 million.

Equity Income of Unconsolidated Joint Ventures

Equity in net income of unconsolidated joint ventures increased \$1.9 million to \$3.8 million in 2011 as compared to \$1.9 million in 2010. The increase was primarily driven by income from the Meritor WABCO joint venture which increased by \$1.2 million. This increase is due to the fact that Meritor WABCO was able to benefit from more favorable market conditions in North America in the second quarter of 2011.

Other Non-Operating Expense, Net

In the second quarter of 2010 we incurred an expense for the European Commission fine indemnification in the amount of \$400.4 million, driving the majority of the other non-operating expense incurred last year of \$402.0 million. Absent this expense in 2011, our other non-operating expense, net was \$1.6 million for the quarter.

Income Taxes

The income tax provision for the second quarter of 2011 was \$10.6 million on pre-tax income of \$100.5 million before adjusting for noncontrolling interest, compared with a provision of \$12.1 million on a pre-tax loss of \$350.3 million before adjusting for noncontrolling interest in the second quarter of 2010. The tax charge for 2011 is the net result of taxes on earnings in profitable jurisdictions offset by fully valued net operating losses, the accrual of interest on uncertain tax positions, and benefits from certain foreign tax planning. Furthermore, income tax expense is partially offset by the release of tax accruals of approximately \$1.9 million in the three months ended June 30, 2011 as a consequence of the settlement of foreign tax audits

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests decreased by \$1.7 million to \$1.3 million in 2011 from \$3.0 million in 2010. The decrease is the result of the decline in earnings from our majority owned subsidiary in China that provides conventional mechanical products to the local market.

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Year to Date Results of Operations for 2011 Compared with 2010

(amounts in millions)

	Six months ended June 30,				
	2011	2010	% change reported	Excluding foreign exchange translation (a)	
				2011 adjusted Amount	% change adjusted
Sales	\$1,415.9	\$1,003.3	41.1%	\$1,327.5	32.3%
Cost of sales	1,001.9	713.9	40.3%	936.7	31.2%
Gross profit	414.0	289.4	43.1%	390.8	35.0%
Operating expenses	227.0	196.1	15.8%	214.8	9.5%
Operating income	187.0	93.3	100.4%	176.0	88.6%
Equity income of unconsolidated joint ventures	8.6	3.7	132.4%	8.5	129.7%
Other non-operating income / (expense), net	21.3	(405.3)	*	27.9	*
Interest expense, net	(1.2)	(0.7)	71.4%	(1.2)	71.4%
Income / (loss) before income taxes	215.7	(309.0)	*	211.2	*
Income taxes	7.5	19.8	(62.1)%	6.7	(66.2)%
Net income / (loss) including noncontrolling interests	208.2	(328.8)	*	204.5	*
Less: net income attributable to noncontrolling interests	4.9	5.9	(16.9)%	4.9	(16.9)%
Net income / (loss)	\$ 203.3	\$ (334.7)	*	\$ 199.6	*

* Percentage change not meaningful

(a) The 2011 amounts adjusted for foreign currency translation were calculated using the average exchange rate for the six-month period ending June 30, 2010.

Sales

Our sales for the first six months of 2011 were \$1,415.9 million, an increase of 41.1% (32.3% excluding foreign currency translation effects) from \$1,003.3 million in 2010. The increase was attributable to the higher levels of commercial vehicle production that was evident in most regions across the world, expansion of our aftermarket and car businesses, as well as increased WABCO content per vehicle on trucks, buses and trailers globally. Total sales in Europe, our largest market, increased approximately 49.3% (38.6% excluding foreign currency translation effects) for the first six months of 2011. Total sales increased 52.1% in North America. Total sales in Asia increased 17.4% (11.8% excluding foreign currency translation effects). The sales growth in Asia included an increase in total sales in India of 20.1%, (18.1% excluding foreign currency translation effects). Also included in the sales growth in Asia, was an increase in total sales in China of 12.5% (7.9% excluding foreign currency translation effects) despite the decline in the number of trucks and buses produced, even more than anticipated for this year. Total sales in South America increased 30.3% (18.1% excluding foreign currency translation effects). Based on our analysis, we estimate that WABCO's sales growth for the first half of 2011 has outperformed the market growth in each region. The global aftermarket sales increase, included in the geographic numbers provided above, was 19.4% (12.4% excluding foreign currency translation effects). The aftermarket business benefited from the continued execution of our aftermarket growth strategies initiated several years ago.

Gross Profit

Gross profit increased by \$124.6 million or \$101.4 million excluding foreign currency translation effects. Volume and mix contributed \$66.1 million of the increase while our continued focus on materials and conversion productivity as well as the benefits realized from overhead absorption generated \$67.6 million in improvements. The achievement of these levels of improvement include 5.6% savings on our conversion costs and 5.3% of materials savings before the cost of raw material inflation, which had a negative impact of 2.4% during the six months compared to last year. Partially offsetting these improvements were sales price declines that had a negative impact of \$16.1 million, or 1.2%

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of sales and labor and other cost escalations, net of changes in streamlining expenses, of approximately \$6.0 million. Foreign currency transactional impacts negatively effected gross profit in the amount of \$10.2 million.

Operating Expenses

Operating expenses, which include selling and administrative expenses, product engineering expenses and other operating expenses, increased by \$30.9 million or \$18.7 million excluding foreign currency translation effects. The increase was mainly driven by new research and development investments of \$8.7 million, investments in global expansion of \$5.2 million, incentive compensation of \$2.7 million, and labor and other cost inflation of \$3.5 million offset by a reduction of separation and other costs of \$1.4 million.

Equity Income of Unconsolidated Joint Ventures

Equity in net income of unconsolidated joint ventures increased \$4.9 million to \$8.6 million in 2011 as compared to \$3.7 million in 2010. The increase was primarily driven by income from the Meritor WABCO joint venture which increased by \$4.0 million. This increase is due to the fact that Meritor WABCO was able to benefit from more favorable market conditions in North America in the first half of 2011.

Other Non-Operating Income / (Expense), Net

In the first half of 2010 we incurred an expense for the European Commission fine indemnification in the amount of \$400.4 million, driving the majority of the other non-operating expense incurred last year of \$405.3 million. Absent this expense in 2011, our other non-operating income, net was \$21.3 million for the six month period. This amount is primarily made up of the reversal of approximately \$23.1 million of indemnification liabilities due to the closing of a tax audit and other settlements.

Income Taxes

The income tax provision for the first six months of 2011 was \$7.5 million on pre-tax income of \$215.7 million before adjusting for noncontrolling interest, compared with a provision of \$19.8 million on a pre-tax loss of \$309.0 million before adjusting for noncontrolling interest in the first six months of 2010. The tax charge for 2011 is the net result of taxes on earnings in profitable jurisdictions offset by fully valued net operating losses, the accrual of interest on uncertain tax positions, and benefits from certain foreign tax planning. Furthermore, income tax expense is partially offset by the release of tax accruals of approximately \$26.8 million in the six months ended June 30, 2011 as a consequence of the settlement of foreign tax audits.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests decreased by \$1.0 million to \$4.9 million in 2011 from \$5.9 million in 2010. The decrease is the result of the decline in earnings from our majority owned subsidiary in China that provides conventional mechanical products to the local market. This was partially offset by improved results of our WABCO-TVS business in India as well as our U.S. partnership, WABCO Compressor Manufacturing.

Liquidity and Capital Resources

We employ several means to manage our liquidity, and we are not dependent upon any one source of funding. Our sources of financing include cash flows from operations, cash and cash equivalents, our five-year \$800 million multi-currency revolving credit facility until July 22, 2011 after which this is replaced by a new five-year \$400 million multi-currency revolving credit facility (see Note 15 for further discussion), our Accounts Receivable Securitization Program and the use of operating leases.

Cash Flows for the six months ended June 30, 2011

Net cash provided by operating activities was \$142.3 million for the first six months of 2011. This compared with net cash provided by operating activities of \$117.6 million for the first six months of 2010.

The Company recorded net income including noncontrolling interests of \$208.2 million for the first six months of 2011 compared with net loss including noncontrolling interests of \$328.8 million for the first six months of 2010. Net income for the first six months of 2011 included noncash elements such as depreciation and amortization of \$39.2 million, as well as an

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indemnification liability reversal of \$23.1 million. Our working capital increased as a result of an increase in business activity which was primarily driven by increased levels of accounts receivable and inventory, only partially offset by accounts payable.

The change in other accrued liabilities and taxes was an increase of \$38.2 million for the first six months of 2011 compared to an increase of \$54.4 million for the first six months of 2010. The major drivers of this change were an increase in payroll and net tax related items partially offset by payment of bonuses under our annual incentive plan. The change in other current and long-term assets for the first six months of 2011 was a decrease of \$12.6 million compared to an increase of \$44.1 million for the first six months of 2010. The main drivers of this change were a decrease of restricted cash related to the Accounts Receivable Securitization Program, and release of a bank deposit supporting a long-term guarantee, offset by increases in value added tax items. The change in other long-term liabilities for the first six months of 2011 was a decrease of \$15.5 million compared to a decrease of \$0.9 million for the first six months of 2010. The main drivers of this change were a decrease in tax related items and payment of bonuses under our long-term incentive plan.

The net cash used in investing activities amounted to \$36.5 million in the first six months of 2011 compared to net cash used in investing activities of \$26.9 million in the first six months of 2010. The net cash usage for 2011 includes capital expenditures of \$15.9 million of investments in tooling, \$16.7 million on plant and equipment and \$3.9 million in computer software. This compared with \$12.6 million of investments in tooling, \$11.3 million on plant and equipment and \$3.0 million in computer software during the first three months of 2010.

The net cash used by financing activities during the first six months of 2011 amounted to \$69.2 million compared to net cash used by financing activities of \$11.0 million during the first six months of 2010.

As of June 30, 2011, our total third party debt was \$64.3 million consisting primarily of \$35.0 million of long-term debt borrowed under our \$800 million five-year credit facility. During the six months ended June 30, 2011, the Company repaid approximately \$63.6 million of debt on its revolving credit facility. Also, subsidiaries in other countries had borrowings from banks totaling \$29.3 million classified as short term debt. The increase from the prior year is driven by a \$28.7 million loan under a short term borrowing with Société Générale Bank Nederland N.V related to the Accounts Receivable Securitization Program.

We received \$34.7 million of stock option proceeds during 2011 compared with \$2.9 million in 2010. The number of stock options exercised in the first six months of 2011 and 2010 were 1,521,220 and 210,520, respectively.

The Company's Board of Directors has approved a \$400 million program to purchase shares of the Company's common stock. During the first six months of 2011, the Company repurchased \$50.9 million of shares of which \$2.7 million was not settled until after June 30, 2011. At June 30, 2011, the Company had the authority to make an additional \$349.1 million of share repurchases.

Credit Facility

On May 31, 2007, WABCO entered into an unsecured, five-year \$800 million, multi-currency revolving credit facility that will expire on July 31, 2012. As of June 30, 2011, this is our principal bank credit facility, and it became available to us on August 1, 2007. The proceeds of the borrowings under the principal credit facility have historically been used to fund repurchases of our shares, pay quarterly dividends to our shareholders and to meet short-term cash requirements. In September 2010, the Company also used this facility to partially fund the European Commission fine indemnification of €326.1 million. At June 30, 2011, the carrying amount of this facility approximated fair value. Up to \$100 million under this facility may be used for issuing letters of credit, of which \$98.0 million was unused as of June 30, 2011, and up to \$75 million for same-day borrowings of which \$75 million was unused as of June 30, 2011. The balance outstanding on this facility as of June 30, 2011, was \$35.0 million in addition to \$2.0 million of letters of credit. The Company pays a facility fee of 0.10% per annum. Borrowings thereunder bear interest generally at the London Interbank Offered Rate ("LIBOR") plus either 0.35% if borrowings are less than or equal to 50% of the total available balance, or 0.40% if borrowings are greater than 50% of the total available balance. The Company also pays 0.35% per annum plus issuance fees for letters of credit. The interest rate spreads above the U.S. dollar and Euro LIBOR (0.18555% and 1.28125%, respectively at June 30, 2011 for the 1month rates) are subject to adjustments should the Company's leverage ratio change.

Our principal credit facility contains various covenants that limit, among other things, liens, transactions, subsidiary indebtedness, and certain mergers and sales of assets. The covenants also require the Company to meet certain financial tests: a rolling four quarters 3 to 1 ratio of consolidated net indebtedness to consolidated trailing four quarters adjusted EBITDA (earnings before interest, taxes, depreciation and amortization adjusted for certain items), a 3 to 1 ratio of consolidated trailing four quarters adjusted EBITDA to consolidated net interest expense for the same period, and a liquidity test. The liquidity covenant requires us to have at least \$100 million of liquidity (which includes unused commitments under the agreement and

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certain other committed facilities that may be entered into, as well as unrestricted cash and cash equivalents). As of June 30, 2011, our trailing four quarters adjusted EBITDA is \$405.5 million, which consists of \$120.2 million for the second quarter of 2011, \$111.9 million for the first quarter of 2011, \$94.9 million for the fourth quarter of 2010 and \$78.5 million for the third quarter of 2010. As defined in our principal credit facility, our net indebtedness was \$93.9 million at June 30, 2011 (comprised of \$64.3 million of debt and \$37.9 million of uncollateralized guarantees, offset by \$8.3 million of excess cash), resulting in an EBITDA covenant ratio of 0.2 to 1. Given our net indebtedness of \$93.9 million (including guarantees) at June 30, 2011 we had the ability to borrow approximately an incremental \$763 million (after considering the \$100 million liquidity requirement) under our principal credit facility and in compliance with the covenants.

The Company terminated its current \$800 million multi-currency revolving credit facility on July 8, 2011 with an effective date of July 22, 2011. At the same time the Company has entered into a new \$400 million multi-currency five-year senior unsecured revolving credit facility.

Accounts Receivable Securitization Program

As discussed above, we have the ability to use our Accounts Receivable Securitization Program as one of several means to manage our liquidity. Under the terms of the Accounts Receivable Securitization Program that we entered into with Société Générale on September 23, 2009, we have the ability to sell our accounts receivable directly to Société Générale. The maximum funding from receivables that may be sold into the Accounts Receivable Securitization Program and outstanding at any point in time is €100 million; however, there can be no assurance that the Company will generate sufficient eligible receivables to access the maximum availability. The original term of the Accounts Receivable Securitization Program was for one year, with the possibility of four additional annual extensions, assuming the Company and the participating sellers are in compliance with the applicable covenants. The Company extended the Receivables Program in September 2010 for one year.

During the six months ended June 30, 2011, the Company sold all of its eligible receivables into the Accounts Receivable Securitization Program. The receivables were removed from the balance sheet in accordance with the guidance under ASC topic 860, *Transfers and Servicing*. The total amount of receivables sold under the Accounts Receivable Securitization Program during the six months ended June 30, 2011 was €400.7 million (\$562.3 million at weighted average June 30, 2011 year-to-date exchange rates). The amount of eligible receivables sold and outstanding at June 30, 2011 amounted to €69.8 million (\$100.7 million at June 30, 2011 exchange rates). As a result of the sale, accounts receivable decreased by \$100.7 million and cash and cash equivalents increased by \$39.2 million. The remaining amount of proceeds of \$61.5 million is a subordinated deposit with Société Générale Bank Nederland N.V. at June 30, 2011.

The fair value of the receivables sold equaled the carrying cost at time of sale, and no gain or loss was recorded as a result of the sale. The Company estimated the fair value of sold receivables using Level 3 inputs and based the estimate on historical and anticipated performance of similar receivables, including historical and anticipated credit losses (if any). As part of the Accounts Receivable Securitization Program, the Company continues to service the receivables. The Company sells the receivables at face value, but receives actual funding net of the subordinated deposit account until collections are received from customers for the receivables sold. The Company is exposed to the credit losses of sold receivables up to the amount of its subordinated deposit account at each settlement date. Credit losses for receivables sold and past due amounts outstanding at June 30, 2011 were both immaterial. Servicing fees for the program were \$0.6 million for the six months ended June 30, 2011.

Factoring Program

On April 15, 2009, we entered into a €35 million factoring program, which has a term of five years, in respect to accounts receivable from one of our customers. To date, we have not utilized this program.

Derivative Instruments and Hedging Activities

The Company recognizes all derivative financial instruments in the consolidated balance sheet at fair value using Level 2 inputs and these are classified as "other current assets", "other assets", "other accrued liabilities", or "other liabilities" on the consolidated balance sheet. Level 2 inputs used by the Company in valuing its derivative instruments include model-based valuation techniques for which all significant assumptions are observable in the market. The earnings impact resulting from changes in the fair value of derivative instruments is recorded in the same line item in the consolidated statement of income as the underlying exposure being hedged or in accumulated other comprehensive income (AOCI) for derivatives that qualify and have been designated as cash flow hedges or hedges of a net investment in a foreign operation. Any ineffective portion of a financial instrument's change in fair value is recognized in earnings together with changes in the fair value of any derivatives not designated as relationship hedges.

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Foreign exchange contracts are used by the Company to offset the earnings impact relating to the variability in exchange rates on certain monetary assets and liabilities denominated in non-functional currencies and have not been designated as relationship hedges. As of June 30, 2011, forward contracts for an aggregate notional amount of €42.2 million (\$60.9 million at June 30, 2011 exchange rates) were outstanding with an average duration of one month. As €42.2 million of these contracts were entered into on June 29, 2011, the fair value of the derivative assets or liabilities was not material. For the six months ended June 30, 2011, the Company recognized \$0.9 million of loss on its derivative instruments included in “other non-operating expense, net” in the consolidated statement of income. This loss was offset by \$1.0 million of foreign currency gain on certain monetary assets and liabilities denominated in non-functional currencies and is also recorded in the same line item in the consolidated statement of income. As the Company did not enter into hedging contracts during 2010, no gain or loss was recorded.

Off-Balance Sheet Arrangements

Please see the disclosure above in “Accounts Receivable Securitization Program.”

Aggregate Contractual Obligations

The Company has contractual obligations for debt, operating leases, tax indemnifications, purchase obligations, unfunded pension and post-retirement benefit plans and tax liabilities that were summarized in a table of aggregate contractual obligations for the year ended December 31, 2010 disclosed in the Annual Report on Form 10-K. There have been no material changes to those obligations since December 31, 2010.

Information Concerning Forward Looking Statements

Certain of the statements contained in this report (other than the historical financial data and other statements of historical fact), including, without limitation, statements as to management’s expectations and beliefs, are forward-looking statements. These forward-looking statements were based on various facts and were derived utilizing numerous important assumptions and other important factors, and changes in such facts, assumptions or factors could cause actual results to differ materially from those in the forward-looking statements. Forward-looking statements include the information concerning our future financial performance, financial condition, liquidity, business strategy, projected plans and objectives. Statements preceded by, followed by or that otherwise include the words “believes,” “expects,” “anticipates,” “strategies,” “prospects,” “intends,” “projects,” “estimates,” “plans,” “may increase,” “may fluctuate,” and similar expression or future or conditional verbs such as “will,” “should,” “would,” “may” and “could” are generally forward looking in nature and not historical facts. This report includes important information as to risk factors in “Item 1A. Risk Factors”, and “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Many important factors could cause actual results to differ materially from management’s expectations, including:

- the actual level of commercial vehicle production in our end-markets;
- adverse developments in the business of our key customers;
- periodic changes to contingent liabilities, including those associated with litigation matters and government investigations;
- our ability to access credit markets or capital markets on a favorable basis or at all;
- adverse developments in general business, economic and political conditions or any outbreak or escalation of hostilities on a national, regional or international basis;
- changes in international or U.S. economic conditions, such as inflation, interest rate fluctuations, foreign exchange rate fluctuations or recessions in our markets;
- unpredictable difficulties or delays in the development of new product technology;
- pricing changes to our supplies or products or those of our competitors, and other competitive pressures on pricing and sales;
- our ability to receive component parts from our suppliers;
- changes in the environmental regulations that affect our current and future products;

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- competition in our existing and future lines of business and the financial resources of competitors;
- our failure to comply with regulations and any changes in regulations;
- our failure to complete potential future acquisitions or to realize benefits from completed acquisitions;
- our inability to implement our growth plan;
- the loss of any of our senior management;
- difficulties in obtaining or retaining the management and other human resource competencies that we need to achieve our business objectives;
- labor relations; and
- risks inherent in operating in foreign countries, including exposure to local economic conditions, government regulation, currency restrictions and other restraints, changes in tax laws, expropriation, political instability and diminished ability to legally enforce our contractual rights.

We undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events unless we are required to do so by law.

Critical Accounting Policies and Estimates

Preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Management believes the most complex and sensitive judgments, because of their significance to the consolidated financial statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. Management's Discussion and Analysis and Notes 2 and 13 to the Consolidated Financial Statements for the year ended December 31, 2010 in the Company's Annual Report on Form 10-K, describe the most significant accounting estimates and policies used in preparation of the Consolidated Financial Statements. Actual results in these areas could differ materially from management's estimates. There have been no significant changes in the Company's assumptions regarding critical accounting estimates during the first six months of 2011.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There were no material changes to the disclosure on this matter for the year ended December 31, 2010 made in the Company's Annual Report on Form 10-K.

Item 4. Controls and Procedures

The Company has established a Disclosure Controls Committee that assists the Chief Executive Officer and Chief Financial Officer in their evaluation of the Company's disclosure controls and procedures. Our Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of the end of the period covered by this report, that our disclosure controls and procedures, as defined in the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Rule 13a-15(e), are effective to ensure that the information required to be disclosed in the reports that the Company files or submits under the Exchange Act (i) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and (ii) is accumulated and communicated to the Company's management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

There have been no changes in the Company's internal control over financial reporting during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

These are further described in “Note 9. Warranties, Guarantees, Commitments and Contingencies.”

Item 1A. Risk Factors

There have been no new material risks identified that were not disclosed in the Company’s risk factor disclosure in its Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The Company’s Board of Directors has approved a program to purchase shares of the Company’s common stock. A summary of the repurchase activity for the first six months of 2011 follows:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average price Paid per Share	Total Number of Shares Purchases as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of shares that May Yet Be Purchased Under the Plans or Programs (a)
April 1 - April 30	—	—	—	—
May 1 - May 31	—	—	—	—
June 1 - June 30	<u>794,030</u>	\$ 64.12	<u>794,030</u>	\$ 349,085,169
Total second quarter	<u>794,030</u>	\$ 64.12	<u>794,030</u>	
Total through June 30, 2011	<u><u>794,030</u></u>	\$ 64.12	<u><u>794,030</u></u>	\$ 349,085,169

- (a) The authorization by the Board of Directors on May 26, 2011 approved the purchase of shares in an amount not to exceed \$400 million which expires on May 31, 2013. The unexpended balance of \$349,085,169 under that authorization as of June 30, 2011, will continue to be used to repurchase shares in the future.

All share repurchases were effected in accordance with the safe harbor provisions of Rule 10b-18 of the Exchange Act.

Item 5. Other Information

On May 25, 2011, the Compensation, Nominating and Governance Committee (the “Committee”) approved retroactive to January 1, 2011 (and on May 26, 2011, the Board of Directors of the Company approved) an exchange rate policy for the Company’s Chairman and Chief Executive Officer, Mr. Esculier. Under this policy, Mr. Esculier’s base salary, annual and long-term cash incentive payments, stock option exercises and restricted stock unit vesting which are denominated in U.S. Dollars, would be paid by the Company to Mr. Esculier at a fixed rate of one Euro to the lower of \$1.35 or the exchange rate at the time of payment. As of June 30, 2011, the Company has paid approximately \$0.4 million to Mr. Esculier under this policy.

Item 6. Exhibits

The exhibits listed on the accompanying Index to Exhibits are filed as part of this quarterly report on Form 10-Q.

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SIGNATURE

Pursuant to the requirements 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.

WABCO HOLDINGS INC.

/s/ TODD WEINBLATT

**Todd Weinblatt
Vice President and Controller
(Principal Accounting Officer)**

July 28, 2011

WABCO HOLDINGS INC. AND SUBSIDIARIES

INDEX TO EXHIBITS

(The File Number of the Registrant, WABCO Holdings Inc., is 1-33332)

<u>Exhibit No.</u>	<u>Description</u>
10.1	Form of Performance-Based Restricted Stock Unit Agreement.
10.2	Amendment to the Employment Agreement of Nikhil Varty.
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following financial information from WABCO Holdings, Inc.'s Quarterly Report on Form 10-Q for the period ended June 30, 2011, filed with the SEC on July 28, 2011, formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Statements of Income for the three and six month periods ended June 30, 2011 and 2010, (ii) the Condensed Consolidated Balance Sheet at June 30, 2011 and December 31, 2010, (iii) the Condensed Consolidated Statement of Cash Flows for the six months ended June 30, 2011 and (iv) Notes to Consolidated Financial Statements (tagged as blocks of text).*

* Pursuant to Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be deemed part of a registration statement, prospectus or other document filed under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filings.

**WABCO HOLDINGS INC.
2009 OMNIBUS INCENTIVE PLAN
PERFORMANCE-BASED RESTRICTED UNIT GRANT AGREEMENT**

WABCO HOLDINGS INC., a Delaware corporation (“Grantor”), hereby grants to [•] (“Participant”), an employee of Grantor, [•] Restricted Units (the “Award”), pursuant to and subject to the terms and conditions set forth in the Grantor’s 2009 Omnibus Incentive Plan, as may be amended from time to time (the “Plan”) and to such further terms and conditions as are set forth below in this Performance-Based Restricted Unit Grant Agreement, including the Schedule and the Appendix attached hereto (the “Agreement”). Unless otherwise defined herein, the terms defined in the Plan shall have the same meanings in this Agreement. This Award is granted as of [•] (the “Grant Date”).

1. Vesting.

(a) Subject to the terms and conditions of the Plan and this Agreement, Restricted Units shall vest immediately following both (i) the attainment of the Performance Goals (as set forth and determined in the Schedule) during the four-year period ending on [•] (the “Performance Period”) and (ii) remaining employed until the end of the Performance Period or otherwise being deemed to meet such requirement on account of Retirement under Section 1(b) below. Except as otherwise specifically provided to the contrary in this Agreement, no shares of Common Stock shall vest under this Agreement unless both the performance requirement and the employment requirement described above have been met.

(b) If the Participant’s employment with the Company is terminated for any reason prior to [•], the Participant shall forfeit any and all rights hereunder and no shares of Common Stock shall be issued hereunder regardless of actual performance during the Performance Period. Notwithstanding the foregoing, the requirement to remain employed until [•] shall be deemed satisfied if termination of employment is on account of Retirement. For purposes of this Agreement, “Retirement” shall mean satisfying the eligibility requirements for retirement under the retirement provisions of local law in Participant’s country; provided, however, if there are no applicable retirement provisions under local law in Participant’s country, then Retirement shall be determined in accordance with the policies established by the Committee from time to time.

(c) The Restricted Units under this Agreement shall vest upon a Change of Control (as defined under the Plan) that occurs before the end of the Performance Period solely to the extent determined by the Committee in good faith; and only if such Restricted Units are otherwise outstanding as of such Change of Control. Notwithstanding the foregoing, if the Participant is a party to any special severance or change in control agreement as of the time of a Change of Control, treatment of the Restricted Units under this Award upon and following a Change of Control shall be governed by such agreement.

(d) The Restricted Units shall be settled in shares of Common Stock as soon as reasonably practicable (but in no event more than sixty days) following the date on which they

become vested. The Company shall determine in its sole discretion the manner of delivering shares of Common Stock under this Section 1(d).

2. Dividend Equivalents.

Pursuant to Section 8.3 of the Plan, Participant shall be entitled to receive Dividend Equivalents on the Restricted Units, provided that, (a) Dividend Equivalents shall not accrue interest and (b) Dividend Equivalents shall be paid in cash at the time that the associated Restricted Units are settled.

3. Nature of Grant.

In accepting the Award, Participant acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by the Grantor, it is discretionary in nature, and it may be modified, amended, suspended or terminated by the Grantor at any time;
- (b) the Award is voluntary and occasional and does not create any contractual or other right to receive future awards of Restricted Units, or benefits in lieu of Restricted Units, even if Restricted Units have been awarded repeatedly in the past;
- (c) all decisions with respect to future awards, if any, will be at the sole discretion of the Grantor;
- (d) Participant is voluntarily participating in the Plan;
- (e) the Award and any shares of Common Stock subject to the Award are an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Grantor or any Subsidiary, and which is outside the scope of Participant's employment or service contract, if any;
- (f) the Award and any shares of Common Stock subject to the Award are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculation of any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Grantor or any Subsidiary;
- (g) in the event that Participant is not an Employee of the Grantor, the Award and Participant's participation in the Plan will not be interpreted to form an employment or service contract or relationship with the Grantor; and, furthermore, the Award and Participant's participation in the Plan will not be interpreted to form an employment or service contract or relationship with any Subsidiary;
- (h) the future value of the underlying shares of Common Stock is unknown and cannot be predicted with certainty;

(i) no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from termination of Participant's employment by the Grantor or the Employer (for any reason whatsoever and whether or not in breach of local labor laws) and, in consideration of the grant of the Award to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Grantor or the Employer, waives the ability, if any, to bring any such claim and releases the Grantor and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant will be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims;

(j) the Grantor is not providing any tax, legal or financial advice, nor is the Grantor making any recommendations regarding participation in the Plan; and

(k) Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding participation in the Plan before taking any action related to the Plan.

4. Taxes.

(a) **Responsibility for Taxes.** Regardless of any action the Grantor and/or Participant's employer (the "Employer") take with respect to any or all income tax (including U.S. federal, state and local tax and/or non-U.S. tax), social insurance, payroll tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable to Participant ("Tax-Related Items"), Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains Participant's responsibility and may exceed the amount actually withheld by the Grantor or the Employer. Participant further acknowledges that the Grantor and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including the grant of the Restricted Units, the vesting of the Restricted Units, the delivery of shares of Common Stock, the subsequent sale of any shares of Common Stock acquired at vesting and the receipt of any Dividend Equivalents or dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Award to reduce or eliminate Participant's liability for Tax-Related Items. Further, if Participant has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable or tax withholding event, Participant acknowledges that the Grantor and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. Notwithstanding anything to the contrary in this Section 4(a), the right of the Grantor or the Employer to withhold any Tax-Related Items for any portion of the Award that is considered deferred compensation subject to Code Section 409A shall be limited to the minimum amount permitted to avoid a prohibited acceleration under Code Section 409A.

Prior to the relevant taxable or tax withholding event, as applicable, Participant shall pay or make arrangements satisfactory to the Grantor and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes the Grantor and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

-
- withholding from Participant's wages or other cash compensation otherwise payable to Participant by the Grantor and/or the Employer; and/or
 - withholding from the proceeds of the sale of shares of Common Stock acquired upon vesting of the Restricted Units, either through a voluntary sale or through a mandatory sale arranged by the Grantor (on Participant's behalf pursuant to this authorization; and/or
 - withholding in shares of Common Stock to be issued upon vesting of the Restricted Units.

To avoid negative accounting treatment, the Grantor may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in shares of Common Stock, for tax purposes, Participant will be deemed to have been issued the full number of shares of Common Stock subject to the vested Restricted Units, notwithstanding that a number of the shares of Common Stock are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of Participant's participation in the Plan.

Finally, Participant shall pay to the Grantor or the Employer any amount of Tax-Related Items that the Grantor or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Grantor may refuse to deliver to Participant any shares of Common Stock pursuant to the Award if Participant fails to comply with Participant's obligations in connection with the Tax-Related Items as described in this section.

(b) **U.S. Taxpayers Subject to Code Section 409A.** Notwithstanding anything to the contrary in this Agreement, the settlement of the Award or any portion thereof or any other payment under this Agreement that constitutes an item of deferred compensation under Code Section 409A and becomes payable to a U.S. Taxpayer by reason of his or her termination of employment shall not be made to such U.S. Taxpayer unless his or her termination of employment constitutes a "separation from service" (within the meaning of Code Section 409A). In addition, if such U.S. Taxpayer is at the time of such separation from service a "key employee" (within the meaning of Code Section 416(i)), the settlement of the Award or any portion thereof or payment described in the foregoing sentence shall be made to the U.S. Taxpayer on the earlier of (i) the first day immediately following the expiration of the six-month period measured from such U.S. Taxpayer's separation from service, or (ii) the date of the U.S. Taxpayer's death, to the extent such delayed payment is otherwise required in order to avoid a prohibited distribution under U.S. Treasury Regulations issued under Code Section 409A.

Notwithstanding anything to the contrary in this Agreement and without limiting this Section 4(b), the Grantor may adopt such amendments to the Plan or this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, including any amendments or actions that would result in a reduction to the benefit payable under this Agreement, in each case, without the consent of Participant, that the Grantor determines are reasonable, necessary or appropriate to comply with Code Section 409A and the related U.S. Department of Treasury guidance. In that light, the

Grantor makes no representation or covenant to ensure that the payments under this Agreement are exempt from or compliant with Code Section 409A and shall have no liability to Participant or any other party if a payment under this Agreement that is intended to be exempt from, or compliant with, Code Section 409A of the Code is not so exempt or compliant or for any action taken by the Grantor with respect thereto.

Consistent with Section 4.6 of the Plan, if any Restricted Units constitute an item of deferred compensation under Code Section 409A and the Restricted Period with respect to such Restricted Units lapses in connection with Section 10.1 of the Plan, the Restricted Units shall be settled (i) within 60 days following the date of a Change of Control that constitutes a "change in control event" (within the meaning of Code Section 409A), or (ii) if earlier, the date(s) set forth in Section 1(b) above.

5. DATA PRIVACY.

PARTICIPANT HEREBY EXPLICITLY AND UNAMBIGUOUSLY CONSENTS TO THE COLLECTION, USE AND TRANSFER, IN ELECTRONIC OR OTHER FORM, OF HIS OR HER PERSONAL DATA AS DESCRIBED IN THIS AGREEMENT AND ANY OTHER AWARD MATERIALS BY AND AMONG, AS APPLICABLE, THE EMPLOYER, THE GRANTOR AND ITS SUBSIDIARIES FOR THE EXCLUSIVE PURPOSE OF IMPLEMENTING, ADMINISTERING AND MANAGING HIS OR HER PARTICIPATION IN THE PLAN.

PARTICIPANT UNDERSTANDS THAT THE GRANTOR AND THE EMPLOYER HOLD CERTAIN PERSONAL INFORMATION ABOUT HIM OR HER, INCLUDING, BUT NOT LIMITED TO, HIS OR HER NAME, HOME ADDRESS AND TELEPHONE NUMBER, WORK LOCATION AND PHONE NUMBER, DATE OF BIRTH, SOCIAL INSURANCE OR OTHER IDENTIFICATION NUMBER, SALARY, HIRE DATE, JOB TITLE, HOME COUNTRY, ANY SHARES OF STOCK HELD IN THE GRANTOR, DETAILS OF ALL RESTRICTED UNITS OR ANY OTHER ENTITLEMENT TO SHARES OF STOCK AWARDED, CANCELLED, EXERCISED, VESTED, UNVESTED OR OUTSTANDING IN PARTICIPANT'S FAVOR, FOR THE PURPOSE OF IMPLEMENTING, ADMINISTERING AND MANAGING THE PLAN ("PERSONAL DATA").

PARTICIPANT UNDERSTANDS THAT PERSONAL DATA MAY BE TRANSFERRED TO ANY THIRD PARTIES ASSISTING IN THE IMPLEMENTATION, ADMINISTRATION AND MANAGEMENT OF THE PLAN, THAT THESE RECIPIENTS MAY BE LOCATED IN PARTICIPANT'S COUNTRY OR ELSEWHERE, AND THAT THE RECIPIENT'S COUNTRY (E.G., THE UNITED STATES) MAY HAVE DIFFERENT DATA PRIVACY LAWS AND PROTECTIONS THAN PARTICIPANT'S COUNTRY. PARTICIPANT UNDERSTANDS THAT HE OR SHE MAY REQUEST A LIST WITH THE NAMES AND ADDRESSES OF ANY POTENTIAL RECIPIENTS OF PERSONAL DATA BY CONTACTING HIS OR HER LOCAL HUMAN RESOURCES REPRESENTATIVE. PARTICIPANT AUTHORIZES THE GRANTOR AND ANY OTHER RECIPIENTS WHICH MAY ASSIST THE GRANTOR (PRESENTLY OR IN THE FUTURE) WITH IMPLEMENTING,

ADMINISTERING AND MANAGING THE PLAN TO RECEIVE, POSSESS, USE, RETAIN AND TRANSFER PERSONAL DATA, IN ELECTRONIC OR OTHER FORM, FOR THE SOLE PURPOSE OF IMPLEMENTING, ADMINISTERING AND MANAGING HIS OR HER PARTICIPATION IN THE PLAN, INCLUDING ANY REQUISITE TRANSFER OF SUCH PERSONAL DATA AS MAY BE REQUIRED TO A BROKER OR OTHER THIRD PARTY WITH WHOM PARTICIPANT MAY ELECT TO DEPOSIT ANY SHARES OF COMMON STOCK ACQUIRED UPON VESTING OF THE RESTRICTED UNITS. PARTICIPANT UNDERSTANDS THAT PERSONAL DATA WILL BE HELD ONLY AS LONG AS IS NECESSARY TO IMPLEMENT, ADMINISTER AND MANAGE HIS OR HER PARTICIPATION IN THE PLAN. PARTICIPANT UNDERSTANDS THAT HE OR SHE MAY, AT ANY TIME, VIEW PERSONAL DATA, REQUEST ADDITIONAL INFORMATION ABOUT THE STORAGE AND PROCESSING OF PERSONAL DATA, REQUIRE ANY NECESSARY AMENDMENTS TO PERSONAL DATA OR REFUSE OR WITHDRAW THE CONSENTS HEREIN, IN ANY CASE WITHOUT COST, BY CONTACTING IN WRITING HIS OR HER LOCAL HUMAN RESOURCES REPRESENTATIVE. PARTICIPANT UNDERSTANDS, HOWEVER, THAT REFUSING OR WITHDRAWING HIS OR HER CONSENT MAY AFFECT HIS OR HER ABILITY TO PARTICIPATE IN THE PLAN. FOR MORE INFORMATION ON THE CONSEQUENCES OF THE PARTICIPANT'S REFUSAL TO CONSENT OR WITHDRAWAL OF CONSENT, PARTICIPANT UNDERSTANDS THAT HE OR SHE MAY CONTACT HIS OR HER LOCAL HUMAN RESOURCES REPRESENTATIVE.

6. Electronic Delivery and Participation.

The Grantor may, in its sole discretion, decide to deliver any documents related to the Award or future awards made under the Plan by electronic means or request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Grantor or a third party designated by the Grantor.

7. Appendix.

Notwithstanding any provisions in this Agreement, the Award and any shares of Common Stock subject to the Award shall be subject to any special terms and conditions for Participant's country set forth in the Appendix. Moreover, if Participant relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to Participant, to the extent the Grantor determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

8. Imposition of Other Requirements.

The Grantor reserves the right to impose other requirements on Participant's participation in the Plan, on the Award and on any shares of Common Stock subject to the Award, to the

extent the Grantor determines it is necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan.

9. Triggering Conduct / Forfeiture of Award.

- (a) As used in this Section 9, "Triggering Conduct" shall include the following:
- disclosing any confidential information, trade secrets or other business sensitive information or material concerning the Grantor (which, for purposes of this Section 10 only, shall include any and all Subsidiaries);
 - directly or indirectly employing, contacting concerning employment, or participating in any way in the recruitment for employment of (whether as an employee, officer, director, agent, consultant or independent contractor), any person who was or is an employee, representative, officer or director of the Grantor at any time within twelve months prior to Participant's Retirement;
 - any action by Participant and/or his or her representatives that either does or could reasonably be expected to undermine, diminish or otherwise damage the relationship between the Grantor and any of its customers, potential customers, vendors and/or suppliers that were known to Participant;
 - breaching any provision of any employment or severance agreement with the Grantor;
 - accepting employment with, or serving as a consultant or advisor or in any other capacity to, an entity that is in competition with the business conducted by the Grantor (a "Competitor"), including, but not limited to, employment or another business relationship with any
 - Competitor if Participant has been introduced to trade secrets, confidential information or business sensitive information during Participant's employment with the Grantor and such information would aid the Competitor because the threat of disclosure of such information is so great that, for purposes of this Agreement, it must be assumed that such disclosure would occur.
- (b) If Participant engages in Triggering Conduct during the twelve months period following his or her Retirement, then:
- the Award (or any part thereof that has not vested) shall immediately and automatically terminate and be forfeited; and
 - Participant shall, within thirty (30) days following written notice from the Grantor, pay the Grantor an amount equal to the gain realized or obtained by Participant upon the vesting of the Restricted Units, measured at the date of vesting or lapse (i.e., the market value of the shares of Common Stock underlying the Restricted Units on the vesting date, less any Tax-Related Items withheld

from or paid by Participant in connection with the vesting of such Restricted Units), with respect to any portion of the Award that has already vested at any time within twelve months prior to the Triggering Conduct. Participant may be released from Participant's obligations under this Section 9 if and only if the Committee (or its duly appointed designee) determines, in writing and in its sole discretion, that such action is in the best interests of the Grantor. Nothing in this Section 9 constitutes a so-called "noncompete" covenant. This Section 9 does, however, provide for the forfeiture or repayment of the benefits granted by this Agreement under certain circumstances, including, but not limited to, Participant's acceptance of employment with a Competitor. Participant agrees to provide the Grantor with at least 10 days written notice prior to directly or indirectly accepting employment with or serving as a consultant or advisor or in any other capacity to a Competitor, and further agrees to inform any such new employer, before accepting employment, of the terms of this Section 9 and Participant's continuing obligations contained herein. No provisions of this Agreement shall diminish, negate or otherwise impact any separate noncompete or other agreement to which Participant may be a party; provided, however, that to the extent that any provisions contained in any other agreement are inconsistent in any manner with the restrictions and covenants of Participant contained in this Agreement, the provisions of this Agreement shall take precedence with respect to the Award and such other inconsistent provisions shall be null and void with respect to the Award and any benefits thereunder. Participant acknowledges and agrees that the restrictions contained in this Agreement are being made for the benefit of the Grantor in consideration of Participant's receipt of the Award and for other good and valuable consideration, the adequacy of which consideration is hereby expressly confirmed. Participant further acknowledges that the receipt of the Award and the execution of this Agreement are voluntary actions on the part of Participant and that the Grantor is unwilling to provide the Award to Participant without including the restrictions and covenants of Participant contained in this Agreement. Further, the parties agree and acknowledge that the provisions contained in this Section 9 are ancillary to, or part of, an otherwise enforceable agreement at the time the agreement is made.

10. Compensation Recovery

The benefits under this Agreement shall be subject to being recovered under the Company's compensation recovery policy or any similar policy that the Company may adopt from time to time. For avoidance of doubt, compensation recovery rights to shares of Common Stock issued under this Agreement shall extend to any proceeds realized by the Participant upon the sale or other transfer of such shares of Common Stock.

11. Severability

The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

12. The Plan.

This Agreement is subject in all respects to the terms, conditions, limitations, and definitions contained in the Plan. In the event of any discrepancy or inconsistency between this Agreement and the Plan, the terms and conditions of the Plan shall control unless and to the extent this Agreement expressly states that an exception to the Plan is being made. Capitalized terms in this Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

13. No Obligation to Continue Employment. Neither the Company nor any of its affiliated companies is obligated to continue to employ the Participant, nor does the Plan or this Agreement impose any such obligation. In addition, the Participant may be dismissed from employment free from any liability or any claim under this Agreement, unless otherwise expressly provided in this Agreement.

14. Choice of Law.

All disputes arising under or growing out of the Award or the provisions of this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, United States of America, as provided in the Plan, without regard to such state's conflict of laws rules.

15. Requirements of Law.

This Award is subject to, and limited by, all applicable laws and regulations and to such approval by any governmental agencies or national securities exchanges as may be required.

16. Acceptance.

This Award is subject to acceptance, within ninety (90) days of its receipt, by return to Grantor's Chief Human Resources Officer of a signed copy of this Agreement. Failure to accept the Award within ninety (90) days of its receipt shall result in the cancellation of the Award.

IN WITNESS WHEREOF, the duly authorized officer of the Grantor named below has hereunto subscribed as of the day and year first above written.

WABCO HOLDINGS INC.

Attest:

By: _____

By signing this Agreement, Participant acknowledges that accepts the Award hereunder, is familiar with the terms and conditions of this Agreement and the Plan, and agrees to be bound by said terms and conditions.

(Date)

This document constitutes part of a prospectus covering securities that have been registered under the Securities Act of 1933.

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT FOR NIKHIL VARTY

WHEREAS, World Standard Ltd. (“**WORLD**”), and Mr. Nikhil Varty (“**Executive**”), entered into a certain Employment Agreement dated April 15, 2001, including an Addendum thereto dated February 1, 2006 (collectively, the “**Agreement**”); and

WHEREAS, WABCO Expats, Inc. (“**WABCO EXPATS**”), a wholly owned subsidiary of WABCO Holdings, Inc. (“**WABCO**”), assumed the obligations under the Agreement as successor to WORLD;

WHEREAS, Executive currently serves as WABCO’s Vice President – Compression and Braking;

WHEREAS, amendment of the Agreement is now considered desirable;

NOW, THEREFORE, pursuant to and in accordance with the prior approval of the Compensation, Nominating and Governance Committee of WABCO’s Board of Directors, the Agreement be, and it hereby is, amended in the following particulars, effective as of May 26, 2011:

1. By adding the following new Section to the Agreement immediately following the Section therein entitled “**INCENTIVE COMPENSATION**”:

“SEVERANCE BENEFITS

In the event that your employment is terminated by WABCO EXPATS, WABCO, or any of their affiliated companies without Cause or by you for Good Reason (as each such term is defined in Appendix A hereto), you will be entitled to receive the following severance benefits, which are in lieu of and not in addition to any statutory severance benefits that may otherwise be payable to you. If the statutory severance benefits to which you would otherwise be entitled are greater than the amounts described herein, you will receive the statutory severance benefits and no amounts shall be payable under this section. Otherwise, the statutory severance benefits payable to you will be treated as an offset against the amounts payable under this section, so that you will be entitled under this section solely to the excess of the amounts described herein over the amount of such statutory severance benefits, if any. In all events, the amounts payable as severance under this section is subject to your executing a release of claims against WABCO EXPATS, WABCO and their affiliated companies within 45 days of your termination of employment. For avoidance of doubt, any termination of your employment due to death, disability or pursuant to any applicable mandatory retirement policy for executive officers

shall not be considered to be “without Cause” for purposes of determining eligibility for severance benefits.

The gross severance benefits payable hereunder (prior to any offset for any statutory severance benefits payable) will include cash severance benefits in a single lump sum amount, payable 60 days after your employment termination, equal to one and one half times the sum of your (i) then current annual base salary plus (ii) your then current target annual incentive opportunity. You will also receive reimbursement of premiums for continued group medical coverage for you and your eligible dependents at the same coverage levels as in effect immediately prior to such termination for a period of 18 months, subject to earlier cessation if you receive comparable benefits from a future employer or fail to timely elect COBRA coverage and reimbursement for financial planning services up to a maximum amount of \$5,000, so long as such request for reimbursement is submitted within one year of your termination of employment.

If and to the extent the requirements of Section 409A of the U.S. Internal Code of 1986, as amended (the “Code”), would otherwise apply to any of the severance benefits provided under this section, the parties intend that such severance benefits shall be exempt from Code Section 409A. Specifically, the parties intend that: (a) the severance pay described above shall be exempt from Code Section 409A as a “short-term deferral” pursuant to Treas. Reg. Section 1.409A-1(b)(4); (b) the continued medical coverage described above shall be exempt from Code Section 409A pursuant to Treas. Reg. Section 1.409A-1(b)(9)(v)(B); and (c) the reimbursement for financial planning services described above shall constitute a “limited payment” that is exempt from Code Section 409A pursuant to Treas. Reg. Section 1.409A-1(b)(9)(v)(D).

Notwithstanding the payment schedule contained elsewhere in this section, if and to the extent Section 409A would otherwise apply, if you are a “specified employee” (as defined below) at the time of your termination of employment, the severance benefits under this section shall not be made before the date which is six (6) months and one (1) day after the date of your termination of employment (or, if earlier, the date of your death). For purposes of this agreement, “specified employee” shall have the meaning set forth in Treas. Reg. Section 1.409A-1(i), except that “compensation” shall be defined using the special rule provided in Treas. Reg. Section 1.415(c)-2(g)(5)(ii). Any payments that are so delayed will be paid in full on the first day following the end of the six (6) month period described above. In this case, you shall have the right during such six-month period to pay any unpaid part of the applicable premiums for continued medical coverage at your own expense in order for you to keep such coverage in force.”

2. By adding the following new Section to the Agreement immediately following the Section therein entitled “RELOCATION”:

“TIMING OF REIMBURSEMENTS AND OTHER PAYMENTS; CODE SECTION 409A

If and to the extent any benefits, reimbursements and other payments provided under this agreement would otherwise be subject to the requirements of Code Section 409A, the provision of any such benefits, reimbursements, and other payments shall be made or done in a manner that complies with the requirements of Code Section 409A. All expenses or other reimbursements to you under this agreement, if any, shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by you (subject to you timely providing any required supporting documentation); provided, however, that the timing for reimbursements of any tax equalization payments shall be as set forth below. Any reimbursement payments due to you pursuant to this agreement shall not be subject to liquidation or exchange for another benefit and the amount of such expenses eligible for reimbursement or such benefits that you receive in one taxable year shall not affect the expenses eligible for reimbursement or the amount of such benefits that you will receive in any other taxable year.

Any amounts payable to you pursuant to any tax equalization agreement (within the meaning of Treas. Reg. Section 1.409A-1(b)(8)(iii)) shall be made to you not later than the last day of your second taxable year following the year in which your U.S. Federal income tax return is required to be filed (including any extensions) for the year to which the compensation subject to the tax equalization payment relates, or, if later, your second taxable year following the latest such taxable year in which your foreign tax return or payment is required to be filed or made for the year to which the compensation subject to the tax equalization payment relates.

The parties intend that the payments and benefits provided for in this agreement to either be exempt from Code Section 409A or be provided in a manner that complies with Code Section 409A and, accordingly, to the maximum extent permitted, this agreement shall be interpreted, and such payment and benefits shall be paid or provided under such other conditions determined by us that cause such payment and benefits, to be in compliance therewith; provided, however, we make no representation that any or all of the payments or benefits provided under this agreement will be exempt from or comply with Code Section 409A and make no undertaking to preclude Code Section 409A from applying to any such payments or benefits. In no event whatsoever shall we be liable for any additional tax, interest or penalty that may be imposed on you by Code Section 409A or damages for failing to comply with Code Section 409A.

Notwithstanding anything contained herein to the contrary, if and to the extent any payments or benefits provided under this agreement would otherwise be subject to the requirements of Code Section 409A and are payable upon your termination of employment, such payments or benefits shall be paid or provided only if your termination of employment constitutes a “separation from service” within the

meaning of Code Section 409A (determined after applying the presumptions set forth in Treas. Reg. Section 1.409A-1(h)(1) and (3)).”

3. By adding to the end of the Agreement the following new Appendix A:

“APPENDIX A

DEFINITIONS

Cause - means (a) your willful and continued failure substantially to perform your duties (other than any such failure resulting from incapacity due to reasonably documented physical or mental illness), after a demand for substantial performance is delivered to you, which specifically identifies the manner in which it is believed that you have not substantially performed your duties, (b) conviction of, or plea of nolo contendere to, a felony, or (c) the willful engaging by you in gross misconduct that is materially and demonstrably injurious to WABCO EXPATS and/or its affiliated companies (collectively, the “**Company Group**”) or materially impairs your trustworthiness or effectiveness in the performance of your duties. For purposes hereof, no act, or failure to act, on your part shall be considered “willful” unless done, or omitted to be done, by you not in good faith and without reasonable belief that your action or omission was in the best interest of the Company Group. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board of Directors of WABCO or based upon the advice of counsel for WABCO EXPATS or any of its affiliated companies shall be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interest of the Company Group.

Good Reason - means any of the following:

- (a) a material diminution in your authority, duties, responsibilities status or position(s) as an executive of the Company Group;
- (b) a relocation of your principal offices by at least 30 miles from your initial location under this assignment (other than in connection with repatriation);
- (c) a reduction by the Company Group in your base salary;
- (d) the taking of any action by the Company Group (including the elimination of a plan without providing substitutes therefor or the reduction of your awards thereunder) that would substantially diminish the aggregate projected value of your awards under the Company Group’s applicable incentive plans in which you were participating at the time of the taking of such action;
- (e) the taking of any action by the Company Group that would substantially diminish the aggregate value of the benefits provided to you under the Company Group’s applicable medical, health, accident, disability, life insurance, thrift and retirement plans in which you were participating at the time of the taking of such action; or

-
- (f) any purported termination by the Company Group of your employment that is not effected for Cause, provided that this shall not include any termination of employment pursuant to the Company Group's applicable mandatory retirement policy for executive officers.

Notwithstanding the foregoing, a termination for Good Reason shall not have occurred (i) with regard to the occurrence of the events described in subsections (c), (d) and (e) above prior to a Change of Control (as defined in the WABCO Holdings Inc. Omnibus Incentive Plan) if such reductions or actions are proportionate to the reductions or actions applicable to similarly situated executive officers of the Company Group pursuant to a cost savings plan or (ii) unless you give the Company written notice that such event constitutes Good Reason within 90 days of first having knowledge of such event and the Company fails to cure the event within 30 days after receipt of such written notice."

IN WITNESS WHEREOF, the Parties have executed this amendment as of the date(s) written below:

NIKHIL VARTY

WABCO EXPATS, INC

By: _____

Title: _____

Dated: _____

Dated: _____

CERTIFICATIONS

I, Jacques Esculier, certify that:

1. I have reviewed this quarterly report on Form 10-Q of WABCO Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2011

/s/ Jacques Esculier

Jacques Esculier

Chief Executive Officer and Chairman of the Board

CERTIFICATIONS

I, Ulrich Michel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of WABCO Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2011

/s/ Ulrich Michel

Ulrich Michel
Chief Financial Officer

WABCO HOLDINGS INC.

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of WABCO Holdings Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jacques Esculier, the Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that

(i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in the Report.

/s/ Jacques Esculier

Jacques Esculier
Chief Executive Officer and Chairman of the Board

Dated: July 28, 2011

WABCO HOLDINGS INC.

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of WABCO Holdings Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ulrich Michel, the Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in the Report.

/s/ Ulrich Michel

Ulrich Michel

Chief Financial Officer

Dated: July 28, 2011

