

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, 2010

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)

20-8481962

(I.R.S. Employer
Identification No.)

Chaussee de Wavre, 1789
1160 Brussels, Belgium

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 22, 2010

64,427,105 shares

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WABCO HOLDINGS INC. AND SUBSIDIARIES
FORM 10-Q
Six months ended June 30, 2010

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

WABCO HOLDINGS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME / (LOSS)
(Unaudited)

(Amounts in millions, except share and per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Sales	\$ 512.3	\$ 316.0	\$ 1,003.3	\$ 649.9
Cost of sales	362.5	244.8	713.5	499.0
Streamlining expenses	0.5	3.7	0.4	25.2
Gross Profit	149.3	67.5	289.4	125.7
Costs and expenses:				
Selling and administrative expenses	75.4	58.6	150.9	118.2
Product engineering expenses	20.2	20.1	40.7	37.9
Streamlining expenses	0.8	2.4	0.8	11.8
Other operating expense / (income), net	2.8	(6.0)	3.7	(4.6)
Operating income / (loss)	50.1	(7.6)	93.3	(37.6)
European Commission fine indemnification	(400.4)	—	(400.4)	—
Equity income of unconsolidated joint ventures, net	1.9	5.3	3.7	0.5
Other non-operating expense, net	(1.6)	(0.5)	(4.9)	(1.4)
Fair value adjustment / (charge) of the noncontrolling interest prior to taking control	—	(12.1)	—	(12.1)
Interest (expense) / income, net	(0.3)	0.3	(0.7)	0.7
Loss before income taxes	(350.3)	(14.6)	(309.0)	(49.9)
Income taxes	12.1	2.4	19.8	3.0
Net loss including noncontrolling interests	(362.4)	(17.0)	(328.8)	(52.9)
Less: net income attributable to noncontrolling interests	3.0	0.4	5.9	0.8
Net loss	\$ (365.4)	\$ (17.4)	\$ (334.7)	\$ (53.7)
Net loss per common share				
Basic	\$ (5.68)	\$ (0.27)	\$ (5.21)	\$ (0.84)
Diluted	\$ (5.68)	\$ (0.27)	\$ (5.21)	\$ (0.84)
Cash dividends per share of common stock	\$ —	\$ —	\$ —	\$ 0.07
Common shares outstanding				
Basic	64,386,231	64,003,281	64,285,410	63,993,159
Diluted	64,386,231	64,003,281	64,285,410	63,993,159

See Notes to Condensed Consolidated Financial Statements.

WABCO HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>June 30,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
	(unaudited)	
(Amounts in millions, except share data)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 379.5	\$ 350.2
Accounts receivable, less allowance for doubtful accounts of \$7.6 in 2010 and \$9.3 in 2009	256.2	264.2
Inventories:		
Finished products	71.1	66.0
Products in process	4.4	6.0
Raw materials	83.8	83.3
Future income tax benefits	10.6	4.6
Other current assets	71.7	41.4
Total current assets	<u>877.3</u>	<u>815.7</u>
Facilities, less accumulated depreciation	323.8	368.2
Goodwill	345.2	399.4
Capitalized software costs, less accumulated amortization of \$158.1 in 2010 and \$154.5 in 2009	18.3	22.0
Long-term future income tax benefits	56.1	56.2
Investments in unconsolidated joint ventures	12.2	11.1
Patents and intangible assets	19.4	21.7
Other assets	20.2	21.3
TOTAL ASSETS	<u>\$ 1,672.5</u>	<u>\$ 1,715.6</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Loans payable to banks	\$ 0.6	\$ 1.7
Accounts payable	132.5	111.2
Accrued payroll	92.0	68.8
Current portion of warranties	37.8	43.1
Taxes payable	10.2	11.4
Indemnification and other separation related liabilities	409.9	11.6
Streamlining liabilities	15.0	31.7
Other accrued liabilities	95.7	75.7
Total current liabilities	<u>793.7</u>	<u>355.2</u>
Long-term debt	144.2	154.4
Post-retirement benefits	303.3	355.6
Deferred tax liabilities	26.0	25.8
Long-term indemnification liabilities	24.6	27.9
Long-term income tax liabilities	67.0	69.8
Other liabilities	41.2	48.0
Total liabilities	<u>1,400.0</u>	<u>1,036.7</u>
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: 70,375,640 in 2010; 70,033,252 in 2009; and shares outstanding: 64,418,834 in 2010; 64,077,446 in 2009	0.7	0.7
Capital surplus	601.5	591.5
Treasury stock, at cost: 5,956,806 shares in 2010; 5,956,806 shares in 2009	(276.3)	(276.3)
Retained (deficit) / earnings	(49.0)	285.7
Accumulated other comprehensive income:		
Foreign currency translation adjustments	(1.8)	88.4
Unrealized losses on benefit plans, net of tax	(45.5)	(49.9)
Total shareholders' equity	<u>229.6</u>	<u>640.1</u>
Noncontrolling interests	42.9	38.8
Total equity	<u>272.5</u>	<u>678.9</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 1,672.5</u>	<u>\$ 1,715.6</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,	
	2010	2009
(Amounts in millions)		
Operating activities:		
Net loss including noncontrolling interests	\$(328.8)	\$ (52.9)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	32.7	33.0
Amortization of capitalized software and other intangibles	8.8	9.9
Fair value adjustment of the noncontrolling interest prior to taking control	—	12.1
Equity in earnings of unconsolidated joint ventures, net of dividends received	(0.4)	2.0
Non-cash stock compensation	7.1	5.5
Loss on sale of facilities	0.4	1.4
Gain on divestitures	—	0.8
European Commission fine indemnification	400.4	—
Changes in assets and liabilities:		
Accounts receivable, net	(14.3)	82.4
Inventories	(20.7)	25.2
Accounts payable	32.2	(17.7)
Other accrued liabilities and taxes	54.4	(11.0)
Post-retirement benefits	(0.9)	(3.4)
Other current and long-term assets	(54.0)	3.9
Other long-term liabilities	0.7	3.8
Net cash provided by operating activities	117.6	95.0
Investing activities:		
Purchases of property, plant and equipment	(23.9)	(22.9)
Investments in capitalized software	(3.0)	(5.4)
(Acquisitions) / divestitures, net	—	(7.4)
Net cash used in investing activities	(26.9)	(35.7)
Financing activities:		
Net repayments of revolving credit facilities	(10.0)	(23.0)
Repayments of long-term debt	(0.2)	—
Net repayments of short-term debt	(1.9)	(50.4)
Dividend payments	—	(4.5)
Dividends to noncontrolling interest holders	(1.8)	—
Proceeds from exercise of stock options	2.9	—
Net cash used in financing activities	(11.0)	(77.9)
Effect of exchange rate changes on cash and cash equivalents	(50.3)	(1.6)
Net increase / (decrease) in cash and cash equivalents	29.4	(20.2)
Cash and cash equivalents at beginning of period	350.2	392.8
Cash and cash equivalents at end of period	\$ 379.5	\$372.6
Cash paid / (received) during the period for:		
Interest	\$ 0.4	\$ 1.7
Income taxes	\$ 25.2	\$ (8.9)

See Notes to Condensed Consolidated Financial Statements.

WABCO HOLDINGS INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2010
(Unaudited)

NOTE 1. Basis of Financial Statement Presentation

WABCO Holdings Inc. and its subsidiaries (collectively “WABCO” or the “Company”) develop, manufacture and sell advanced braking, stability, suspension and transmission control systems primarily for commercial vehicles. WABCO’s largest selling products are braking systems (“ABS” and “EBS”), automated manual transmission controls and air suspension controls for heavy and medium-sized trucks, buses and trailers. 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, 2009, 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, 2009, 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 2010.

NOTE 2. Recently Issued Accounting Standards

In June 2009, the Financial Accounting Standards Board (“FASB”) issued guidance primarily contained in ASC topic 810, *Consolidation* (“ASC 810”). The updated guidance requires an enterprise to perform an analysis to determine whether the enterprise’s variable interests give it a controlling financial interest in a variable interest entity. ASC 810 is effective for fiscal and interim periods beginning after November 15, 2009. The Company has adopted ASC topic 810 as of January 1, 2010. The adoption of ASC 810 did not have an impact on the condensed consolidated financial statements.

In June 2009, the FASB issued guidance primarily contained in ASC topic 860, *Transfers and Servicing* (“ASC 860”). The updated guidance improves the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a transfer of financial assets; the effects of a

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transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement in transferred financial assets. ASC 860 is effective for fiscal and interim periods beginning after November 15, 2009. The Company has adopted ASC 860 as of January 1, 2010. The adoption of ASC 860 did not have an impact on the condensed consolidated financial statements.

In January 2010, the FASB issued ASU 2010-02, *Accounting and Reporting for Decreases in Ownership of a Subsidiary – a Scope Clarification*, (“ASU 2010-02”). ASU 2010-02 amends ASC 810 by clarifying the scope of the decrease in ownership provisions of subtopic ASC 810-10. ASU 2010-02 also expands the disclosures about the deconsolidation of a subsidiary or derecognition of a group of assets. This guidance is effective for interim and annual reporting periods beginning after December 15, 2009. The Company has adopted ASU 2010-02 as of January 1, 2010. The adoption of ASU 2010-02 did not have an impact on the condensed consolidated financial statements.

In January 2010, the FASB issued ASU 2010-06, *Improving Disclosures about Fair Value Measurements* (“ASU 2010-06”). ASU 2010-06 amends ASC 820, *Fair Value Measurements and Disclosures*, to improve disclosures regarding fair value measurements by providing additional disclosure requirements and clarifying existing disclosure requirements for fair value measurements. This guidance is effective for interim and annual reporting periods beginning after December 15, 2009. The Company has adopted ASU 2010-06 as of January 1, 2010. As ASU 2010-06 relates specifically to disclosures, the adoption of this standard had no impact on our condensed consolidated financial condition, results of operations or cash flows.

In February 2010, the FASB issued ASU 2010-09, *Amendments to Certain Recognition and Disclosure Requirements* (“ASU 2010-09”). ASU 2010-09 amends ASC 855, *Subsequent Events*, by removing the requirement for an SEC filer to disclose the date through which subsequent events have been evaluated. Management's responsibility to evaluate subsequent events through the date of issuance remains unchanged. The Company adopted amendments to the Codification resulting from ASU 2010-09 on February 24, 2010. As ASU 2010-09 relates specifically to disclosures, the adoption of this standard had no impact on our condensed consolidated financial condition, results of operations or cash flows.

In July 2010, the 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 to require an entity to provide a greater level of disaggregated information about the credit quality of its financing receivables and its allowance for credit losses. ASU 2010-20 is effective for fiscal and interim periods beginning after December 15, 2010. The Company will review the requirements under the standard to determine what impacts, if any, the adoption of the standard would have on our condensed consolidated financial statements.

NOTE 3. Comprehensive Income / (Loss)

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2010	2009	2010	2009
Net loss including noncontrolling interests	<u>\$ (365.4)</u>	<u>\$ (17.0)</u>	<u>\$ (334.7)</u>	<u>\$ (52.9)</u>
Foreign currency translation effects	<u>(56.7)</u>	<u>59.6</u>	<u>(90.2)</u>	<u>8.9</u>
Foreign currency translation on benefit plans, net	<u>1.6</u>	<u>(2.7)</u>	<u>4.4</u>	<u>(2.5)</u>
Comprehensive (loss) / income including noncontrolling interests	<u>(420.5)</u>	<u>39.9</u>	<u>(420.5)</u>	<u>(46.5)</u>
Less: Comprehensive income attributable to noncontrolling interests	<u>3.0</u>	<u>0.4</u>	<u>5.9</u>	<u>0.8</u>
Comprehensive (loss) / income	<u>\$ (423.5)</u>	<u>\$ 39.5</u>	<u>\$ (426.4)</u>	<u>\$ (47.3)</u>

NOTE 4. Accounts Receivable Financing Facility

On September 23, 2009, the Company established an accounts receivable financing facility (the “Receivables Facility”) with Société Générale Bank Nederland N.V. The maximum funding from receivables that may be sold into the Facility is €100 million; however, there can be no assurance that the participating sellers will generate sufficient receivables to access the maximum availability. The term of the Receivables Facility is 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 intends to extend the Receivables Facility in September 2010. As of June 30, 2010, the Company has sold all relevant receivables which amounted to €61 million (\$74.3 million at June 30, 2010 exchange rates) into the Receivables Facility. The receivables were removed from the balance sheet in accordance with the guidance under ASC topic 860, *Transfers and Servicing*. As a result of the sale, accounts receivable decreased by \$74.3 million, cash and cash equivalents increased by \$50.5 million, and the remaining amount of restricted cash of \$23.8 million which remains with Société Générale Bank Nederland N.V, has been included in the balance sheet as other current assets.

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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 which we have not utilized.

NOTE 5. Net Loss Per Share

Basic net loss 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 loss per share included no weighted average incremental shares for the three and six months ended June 30, 2009 and 2010 since the impact would be 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. For the three and six month periods ended June 30, 2009 and 2010, no shares were excluded due to their anti-dilutive effect. Anti-dilutive options represent those options whose exercise price was greater than the average price of the Company’s common stock.

NOTE 6. Capital Stock

Following is a summary of net shares outstanding and shares issued or reacquired during the first six months of 2010.

	Number of Shares of Common Stock		
	Total Shares	Treasury Shares	Net Shares Outstanding
Balance, December 31, 2009	70,034,252	(5,956,806)	64,077,446
Shares issued upon exercise of stock options	210,520	—	210,520
Shares issued upon vesting of RSUs	130,868	—	130,868
Balance, June 30, 2010	<u>70,375,640</u>	<u>(5,956,806)</u>	<u>64,418,834</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, 2010, no shares have been reissued. As of June 30, 2010, the Company has no further authorization by the Board of Directors to repurchase shares as the previous approval of \$500 million expired on September 1, 2009.

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, 2010, and 2009 of \$3.4 and \$3.0 million, and \$7.1 million and \$5.5 million, respectively, has been included in the condensed consolidated statements of income.

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

	Six months ended June 30, 2010			Six months ended June 30, 2009		
	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	557,486	\$ 27.37	\$ 9.76	3,122,647	\$ 11.77	\$ 2.76
RSUs Granted	222,029	\$ —	\$ 27.37	411,799	\$ —	\$ 11.77
Total Awards	<u>779,515</u>			<u>3,534,446</u>		

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 the six months ended June 30, 2009, a total of 3,122,647 options

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were granted of which 3,066,750 are exercisable in equal annual installments over a period of three years. Of the remaining 55,897 options granted in 2009, 36,887 of the options become exercisable after two years and 19,010 become exercisable after three years. In 2010, a total of 222,029 RSUs were granted of which 212,076 vest ratably over a period of three years. Of the remaining 9,953 RSUs granted in 2010, 6,635 vest after two years and 3,318 vest after three years. All of the RSUs granted in 2009 vest ratably over a period of 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 three month periods ended June 30, 2010 and 2009.

<u>Assumption</u>	<u>Six Months Ended June 30, 2010</u>	<u>Six Months Ended June 30, 2009</u>
Risk-free interest rate	2.40%	1.85%
Expected volatility	40.96%	31.60%
Expected holding period	5 Years	5 Years
Expected forfeiture rate	2.0%	0.8%
Expected dividend yield	1.02%	2.44%

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 24 month 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 two year historical volatility of WABCO and the median most recent three 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 rate for the period at the time of grant.

NOTE 8. Debt

Credit Agreements

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. 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. At June 30, 2010, the carrying amounts of this facility approximated fair value. Up to \$100 million under this facility may be used for issuing letters of credit, of which \$97.7 million was unused as of June 30, 2010, and up to \$75 million for same-day borrowings. The balance outstanding on this facility as of June 30, 2010, was \$144.0 million in addition to \$2.3 million of letters of credit. The Company has the possibility to borrow (subject to the covenant restrictions discussed below) an additional \$653.7 million under this facility. 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 LIBOR (0.34844% at June 30, 2010) are subject to adjustments should the Company's leverage ratio change. The Company intends to replace all or some portion of the existing five-year \$800 million credit facility at the time of its expiration.

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, 2010, our trailing four quarters adjusted EBITDA is \$202.7 million, which consists of \$69.8 million for the second quarter of 2010, \$56.1 million for the first quarter of 2010,

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\$46.4 million for the fourth quarter of 2009 and \$30.4 million for the third quarter of 2009. As defined in our principal credit facility, our net indebtedness was \$53.5 million at June 30, 2010 (comprised of \$144.8 million of debt and \$8.7 million of guarantees, offset by \$100 million of available cash), resulting in an EBITDA covenant ratio of 0.3 to 1. Given our total indebtedness of \$153.5 million (including guarantees) at June 30, 2010 we had the ability to borrow approximately an incremental \$455 million within the covenants of our principal credit facility. This available amount is prior to the expected additional drawdown to fund the European Commission fine in the third quarter of 2010, as discussed in Note 9. Warranties, Guarantees, Commitments and Contingencies below.

Also, subsidiaries in India, Spain and Brazil had borrowings from banks totaling \$0.8 million which support 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.

Following is a summary of changes in the Company's product warranty liability for the three and six months ended June 30, 2010 and 2009 (amounts in millions).

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Balance of warranty costs accrued, beginning of period	\$42.1	\$ 51.9	\$ 45.8	\$ 57.8
Warranty costs accrued	7.7	3.8	15.0	7.8
Warranty claims settled	(6.1)	(11.4)	(14.7)	(18.0)
Foreign exchange translation effects	(3.1)	3.0	(5.5)	(0.3)
Balance of warranty costs accrued, end of period	<u>\$40.6</u>	<u>\$ 47.3</u>	<u>\$ 40.6</u>	<u>\$ 47.3</u>
Current portion included in current liabilities	\$37.8	\$ 45.2	\$ 37.8	\$ 45.2
Long-term warranty liability	\$ 2.8	\$ 2.1	\$ 2.8	\$ 2.1

Guarantees and Commitments

The Company has bank guarantees for \$8.7 million of which \$4.2 million is related to tax litigation, \$2.3 million is related to letters of credit and \$2.2 million of other items.

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 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 million in fines, or approximately \$400 million (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 for infringements of European Union competition rules relating to the distribution of bathroom fixtures and fittings in a number of

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European countries. Pursuant to the Indemnification and Cooperation Agreement that was concluded in the context of the spin-off of WABCO from Trane in 2007, 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.

Under the Indemnification and Cooperation Agreement, WABCO is required to pay the fine amount into escrow by August 30, 2010. Our cash on hand (\$379.5 million) and the available borrowing capacity under our existing five-year revolving credit agreement (\$455 million) provide ample liquidity to satisfy the obligation under the Indemnification and Cooperation Agreement as well as fund our operations and future growth opportunities. Our liquidity position provides us the ability to decide how much cash and additional borrowing we will utilize in order to fund the fine. We also believe that we have strong grounds to request judicial review of the decision and are currently reviewing all of the elements of the case before we make a final decision on whether to appeal. The Company has until September 9, 2010 to submit its appeal to the General Court of the European Union, which is the first level of review. A decision at this level should take between two to four years, during which time WABCO would not have access to any remitted funds.

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 \$37.1 million.

Note 10. Income Taxes

Unrecognized tax benefits at June 30, 2010 amounted to \$58.2 million related to the WABCO business and \$19.1 million related to WABCO obligations directly to tax authorities for Trane's Bath & 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, \$66.9 million of the unrecognized tax benefits related to the WABCO business are classified as long-term liabilities and \$10.4 million are classified as short term liabilities. Approximately \$8.7 million of these long term unrecognized tax benefits and \$10.4 million of the short term unrecognized tax benefits relate to WABCO's obligations to tax authorities for Trane's Bath & 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 accompanying June 30, 2010 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, 2010 that it is more likely than not that the losses will not be realizable in the foreseeable future. These foreign tax losses include any tax deduction for the indemnification obligation relating to the European Commission fine of approximately \$400 million.

The income tax provision includes certain discrete items which resulted in an additional tax benefit of \$0.8 million and \$0.5 million for the three and six month periods ending June 30, 2010. These items principally relate to the accrual of interest on unrecognized tax benefits, the recognition of a prior year unrecognized tax benefit, and changes in estimated tax liabilities associated with the filing of various foreign income tax returns for prior years.

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 2005.

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, 2010 include \$19.1 million related to non-US entities of Trane's Bath & Kitchen business but for which WABCO entities have obligations directly to non-US tax authorities. In addition, as of June 30, 2010, the Company had indemnification liabilities of \$37.1 million, of which \$24.6 million is classified within long-term liabilities on the balance sheet and \$12.5 million is classified within short-term liabilities.

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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, 2010 is \$22.7 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 streamlining charges as either a one-time benefit arrangement or an ongoing benefit arrangement as appropriate. The following is a summary of the streamlining programs (consisting of termination payments and other employee costs) outstanding as of June 30, 2010 (amounts in millions).

<u>2010 Streamlining Programs</u>	
Charges during the first six months of 2010	\$ 1.2
Payments during the first six months of 2010	(0.3)
Balance as of June 30, 2010	<u>\$ 0.9</u>
<u>2009 Streamlining Programs</u>	
Balance as of December 31, 2009	\$ 32.3
Charges during the first six months of 2010	—
Payments during the first six months of 2010	(12.9)
Balance as of June 30, 2010	<u>\$ 19.4</u>
<u>2008 and earlier Streamlining Programs</u>	
Balance as of December 31, 2009	\$ 19.7
Charges during the first six months of 2010	—
Payments during the first six months of 2010	(4.3)
Balance as of June 30, 2010	<u>\$ 15.4</u>
Total Balance as of June 30, 2010	<u>\$ 35.7</u>

The Company incurred \$1.2 million of streamlining expenses during the first six months of 2010 of which \$0.4 million was charged to cost of sales and \$0.8 million was charged to selling and administrative expenses. The Company incurred \$37.0 million of streamlining expenses during the first six months of 2009 of which \$25.2 million was charged to cost of sales and \$11.8 million was charged to selling and administrative expenses. The Company expended \$17.5 million of cash on streamlining activities in the first six months of 2010. Of the balance of \$35.7 million, \$20.7 million is included in other liabilities and \$15.0 million is included in streamlining liabilities as of June 30, 2010.

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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, 2010 and 2009 (amounts in millions):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2010	2010	2009	2009	2010	2010	2009	2009
	Pension	Health & Life	Pension	Health & Life	Pension	Health & Life	Pension	Health & Life
	Benefits	Ins. Benefits	Benefits	Ins. Benefits	Benefits	Ins. Benefits	Benefits	Ins. Benefits
Service cost-benefits earned during period	\$ 1.8	\$ —	\$ 1.8	\$ 0.1	\$ 3.8	\$ —	\$ 3.5	\$ 0.2
Interest cost on the projected benefit obligation	6.0	0.2	5.9	0.4	12.3	0.4	11.6	0.8
Less assumed return on plan assets	(2.0)	—	(2.0)	—	(4.0)	—	(3.9)	—
Curtailment	—	—	—	(2.5)	—	—	—	(2.5)
Amortization of net loss	0.6	0.1	0.3	—	1.1	0.2	0.6	0.1
Defined benefit plan cost / (income)	\$ 6.4	\$ 0.3	\$ 6.0	\$ (2.0)	\$ 13.2	\$ 0.6	\$ 11.8	\$ (1.4)
Accretion expense as reflected in selling and administrative expenses and cost of sales	\$ 4.0	\$ 0.2	\$ 3.9	\$ 0.4	\$ 8.3	\$ 0.4	\$ 7.6	\$ 0.8

The Company expects to contribute \$6.3 million to foreign plans in 2010, of which \$1.6 million was contributed in the first quarter of 2010 and \$1.6 million was contributed in the second quarter of 2010. There have been no contributions and there are no expected contributions for domestic plans.

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

Executive Overview

In the second quarter of 2010, WABCO noted a gain in momentum for the recovery of the commercial vehicle industry globally. We also noted that truck inventory in Europe has returned to normal levels, and as a result, production has now started to fully reflect demand for new commercial vehicles. The Company's sales worldwide in the second quarter of 2010 increased by 62% (65% excluding foreign currency translation effects) compared with the same period a year ago. WABCO's sales growth continued to outperform truck and bus production in every region of the world during the second quarter of 2010.

As expected, market conditions continue to evolve differently by country, with China, India and Brazil accounting for 70% of the world's truck and bus production in the second quarter of 2010. WABCO is well established in emerging markets such as China, India and Brazil, and during the second quarter of 2010, the Company continued to increase the penetration of new technologies and systems in emerging markets. As a result, we continued to increase the value of WABCO content per vehicle.

As disclosed on June 23, 2010, the European Commission has assessed a €326 million civil fine (\$400.4 million) against entities representing the former American Standard Companies Inc. and certain of its former operations in Europe. The fine is the result of the Commission's previously disclosed investigation of alleged anticompetitive practices prior to 2004 by numerous European bathroom fixtures and fittings companies, including those which were part of American Standard's European operations. WABCO has never manufactured or marketed any of the products that are the subject of this investigation and no one from WABCO had any involvement with the matter. However, as previously disclosed, WABCO is obliged to indemnify American Standard Companies Inc., now known as Trane Inc., and the Ideal Standard entities involved in the Commission's investigation against any fine related to this investigation. WABCO can pay this fine using its existing cash balances and available credit lines. However, WABCO believes that this fine is excessive and also believes that the Company has strong grounds to appeal. Importantly, the Commission's decision lifts uncertainty for WABCO and the Company can now fully address its growth opportunities.

As announced on July 20, 2010, WABCO has formed WABCO Reman Solutions, a new business to remanufacture (refurbish) components for commercial and passenger vehicles that will initially serve customers in Europe and North America while expanding into Asia in due course. This new operation creates an opportunity for growth in the Company's aftermarket business as WABCO targets new revenues in the rapidly expanding market for high quality, environmentally friendly, remanufactured electronic, mechatronic and mechanical components.

Capitalizing on our exceptional efforts in 2009, including our significantly reduced cost structure, WABCO continued to transform major sales growth in the second quarter of 2010 into strong profitability. Also in this three month period, WABCO's Operating System continued to generate the necessary flexibility to adapt to fast changing markets while still delivering \$16.3 million of materials and conversion productivity, with materials productivity representing 4.4% of total materials cost.

Results of Operations

Approximately 93% 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

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changes in sales, gross profit, expenses, pre-tax income and net income for 2010 compared with 2009 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.

Second Quarter Results of Operations for 2010 Compared with 2009

(amounts in millions)

	Three months ended June 30,				
	2010	2009	% change reported	Excluding foreign exchange translation(a)	
				2010 adjusted Amount	% change adjusted
Sales	\$ 512.3	\$316.0	62.1%	\$ 520.4	64.7%
Cost of sales	363.0	248.5	46.1%	367.5	47.9%
Gross profit	149.3	67.5	*	152.9	*
Operating expenses	99.2	75.1	32.1%	103.0	37.2%
Operating (loss) / income	50.1	(7.6)	*	49.9	*
Equity income / (loss) of unconsolidated joint ventures	1.9	5.3	(64.2)%	1.8	(66.0)%
Other non-operating (expense), net	(402.0)	(12.6)	*	(462.1)	*
Interest (expense) / income, net	(0.3)	0.3	*	(0.3)	*
Income/ (loss) before income taxes	(350.3)	(14.6)	*	(410.7)	*
Income taxes	12.1	2.4	*	10.9	*
Net income / (loss) including noncontrolling interests	(362.4)	(17.0)	*	(421.6)	*
Less: net income attributable to noncontrolling interests	3.0	0.4	*	2.9	*
Net income / (loss)	<u>\$ (365.4)</u>	<u>\$ (17.4)</u>	*	<u>\$ (424.5)</u>	*

* Percentage change not meaningful

(a) The foreign currency translation adjustment was calculated using the average exchange rate for the 3 month period ending June 30, 2010.

Sales

Our sales for the second quarter of 2010 were \$512.3 million, an increase of 62.1% (64.7% excluding foreign currency translation effects and 56.0% excluding the acquisition of WABCO-TVS in India which the Company began consolidating in June of 2009) from \$316.0 million in 2009. The increase was attributable to the higher levels of commercial vehicle production that was evident in many markets across the world, expansion of our aftermarket business, as well as increased WABCO content per vehicle. Total sales in Europe, our largest market, increased approximately 42.1% (50.1% excluding foreign currency translation effects) for the second quarter of 2010. Total sales increased 65.4% in North America. Total sales in Asia increased 136.0% (126.7% excluding foreign currency translation effects). The sales growth in Asia also included an increase in total China sales of 87.5%, (87.4% excluding foreign currency translation effects), which continued to benefit from a higher production of trucks for the domestic markets. Total sales in South America increased 117.4% (88.4% excluding foreign currency translation effects). Based on our analysis, WABCO's sales growth for the second quarter of 2010 has again outperformed the market growth in each region. The global aftermarket sales increase, included in the geographic numbers provided above, was 26.4% (28.5% excluding foreign currency translation effects and 24.4% excluding the acquisition of WABCO-TVS in India which the Company began consolidating in June of 2009). The aftermarket business continues to benefit from higher fleet utilization rates compared to one year ago and is a leading indicator for the acceleration of recovery to come in Europe and North America.

Gross Profit

Gross profit increased by \$81.8 million (\$85.4 million excluding foreign currency translation effects). The main drivers of the increase in gross profit were volume and mix, materials and conversion productivity, and overhead absorption. Volume and mix contributed to \$41.8 million of the increase while our continued focus on materials and conversion productivity as well as the benefits realized from overhead absorption generated \$40.1 million in improvements. The achievement of this level of improvement was driven by the Company's ability to maintain strict control over indirect costs during the quarter. The Company generated \$5.0 million in margin improvements by leveraging the exchange rate advantages of its global manufacturing footprint. Also, included in gross profit was approximately \$4.5 million of foreign currency transaction gains related to the remeasurement of foreign currency monetary assets and liabilities on our balance sheet, mainly driven by the drop of the Euro during the course of the quarter. Lower streamlining expenses increased gross profit by \$3.1 million. Partially offsetting these improvements were sales price declines that had a negative impact of \$7.5 million, or 1.4% of sales, and labor and other cost escalations of approximately \$1.6 million.

Operating Expenses

Operating expenses, which include selling and administrative expenses, product engineering expenses and other operating expenses, increased by \$24.1 million (\$27.9 million excluding foreign currency translation effects). Operational spending increased by \$24.3 million which was comprised of the following components: the reinstatement of certain suspended costs including our annual incentive plan and elimination of reduced work weeks totaling \$7.3 million, annual incentive plan expense accrued above our plan targets of \$5.4 million, inclusion of India operating expenses and labor and other cost inflation and escalations of \$4.1 million, and new investments and one-time items of \$7.5 million. The above operational spending increase of \$24.3 million as well as increased separation costs of \$5.2 million were partially offset by reduced costs associated with streamlining programs of \$1.6 million.

Streamlining Expenses

The Company incurred \$1.3 million of streamlining expenses during the second quarter of 2010 of which \$0.8 million was charged to selling and administrative expenses and \$0.5 million was charged to cost of sales. The Company incurred \$6.0 million of streamlining expenses during the second quarter of 2009 of which \$2.4 million was charged to selling and administrative expenses and \$3.6 million was charged to cost of sales. The Company expended \$6.5 million of cash on streamlining activities in the second quarter of 2010.

Equity Income of Unconsolidated Joint Ventures

Equity in net income of unconsolidated joint ventures decreased \$3.4 million to \$1.9 million in 2010 as compared to \$5.3 million in 2009. The decrease was primarily driven by WABCO's former Indian joint venture, Sundaram-Clayton Ltd. ("SCL") for which WABCO recognized income in the second quarter of 2009 of \$4.8 million, driven by the gain recorded from the sale of land and buildings in its subsidiary TVS Finance and Services Ltd. This was partially offset by income from the Meritor WABCO joint venture which increased by \$1.6 million.

Other Non-Operating Expenses, Net

Other non-operating expense, net increased by \$389.4 million for 2010 as compared to 2009. This increase is primarily due to the second quarter 2010 expense resulting from the indemnification of the European Commission fine for €326 million (\$400.4 million at June 23, 2010 exchange rates) versus the \$12.1 million expense from the fair value adjustment of the noncontrolling interest in the Indian joint venture prior to taking control in the second quarter of 2009.

Interest (Expense) / Income, Net

Net interest (expense) / income decreased by \$0.6 million to \$0.3 million of expense in 2010 compared to \$0.3 million of income in 2009. The overall decrease in interest income is the net impact from changing interest rates on our debt and investments as well as fees paid in the second quarter of 2010 associated with the Receivables Facility entered into during September 2009.

Income Taxes

The income tax provision for the second quarter of 2010 was \$12.1 million on pre-tax loss of \$350.3 million before adjusting for noncontrolling interest, compared with a provision of \$2.4 million on \$14.6 million of pre-tax loss before adjusting for noncontrolling interest in the second quarter of 2009. The tax charge for 2010 is the result of taxes on earnings in profitable jurisdictions, losses in certain foreign jurisdictions with no benefit and the accrual of interest on uncertain tax positions, partially offset by benefits from certain foreign tax planning. These losses in certain foreign jurisdictions include any tax deduction for the indemnification obligation relating to the European Commission fine of approximately \$400 million.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests increased by \$2.6 million (\$2.5 million excluding foreign currency translation effects) to \$3.0 million in 2010. The increase is primarily due to WABCO obtaining majority control of WABCO-TVS, which is 75% owned by the Company. Upon obtaining control, 100% of WABCO-TVS'

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results of operations, beginning June 2009, are included in the condensed consolidated financial statements of the Company while the 25% that is not owned by WABCO is now included in the net income attributable to noncontrolling interests. In prior year, the results of WABCO-TVS were accounted for under the equity method.

Year to Date Results of Operations for 2010 Compared with 2009

(amounts in millions)

	Six months ended June 30,			Excluding foreign exchange translation(a)	
	2010	2009	% change reported	2010 adjusted Amount	% change adjusted
Sales	\$1,003.3	\$649.9	54.4%	\$ 975.1	50.0%
Cost of sales	713.9	524.2	36.2%	692.1	32.0%
Gross profit	289.4	125.7	*	283.0	*
Operating expenses	196.1	163.3	20.1%	194.0	18.8%
Operating (loss) / income	93.3	(37.6)	*	89.0	*
Equity income / (loss) of unconsolidated joint ventures	3.7	0.5	*	3.6	*
Other non-operating (expense), net	(405.3)	(13.5)	*	(465.2)	*
Interest (expense) / income, net	(0.7)	0.7	*	(0.7)	*
Income/ (loss) before income taxes	(309.0)	(49.9)	*	(373.3)	*
Income taxes	19.8	3.0	*	17.8	*
Net income / (loss) including noncontrolling interests	(328.8)	(52.9)	*	(391.1)	*
Less: net income attributable to noncontrolling interests	5.9	0.8	*	5.7	*
Net income / (loss)	\$ (334.7)	\$ (53.7)	*	\$ (396.8)	*

* Percentage change not meaningful

(a) The foreign currency translation adjustment was calculated using the average exchange rate for the 6 month period ending June 30, 2010.

Sales

Our sales for the first six months of 2010 were \$1,003.3 million, an increase of 54.4% (50.0% excluding foreign currency translation effects and 39.6% excluding the acquisition of WABCO-TVS in India which the Company began consolidating in June of 2009) from \$649.9 million in 2009. The increase was attributable to the higher levels of commercial vehicle production that was evident in many markets across the world, expansion of our aftermarket business, as well as increased WABCO content per vehicle. Total sales in Europe, our largest market, increased approximately 29.6% (28.6% excluding foreign currency translation effects) for the first six months of 2010. Total sales increased 51.8% in North America. Total sales in Asia increased 167.6% (155.3% excluding foreign currency translation effects). The sales growth in Asia included an increase in total China sales of 95.7%, (95.5% excluding foreign currency translation effects), which continued to benefit from a higher production of trucks for the domestic markets. Total sales in South America increased 114.6% (76.5% excluding foreign currency translation effects). Based on our analysis, WABCO's sales growth for the first six months of 2010 has outperformed the market growth in each region. The global aftermarket sales increase, included in the geographic numbers provided above, was 32.0% (27.8% excluding foreign currency translation effects and 22.5% excluding the acquisition of WABCO-TVS in India which the Company began consolidating in June of 2009). The sales in the first six months were at a record level for the aftermarket business, which has benefited from higher fleet utilization rates compared to one year ago and is a leading indicator for the acceleration of recovery to come in Europe and North America.

Gross Profit

Gross profit increased by \$163.7 million (\$157.3 million excluding foreign currency translation effects). The main drivers of the increase in gross profit were volume and mix, materials and conversion productivity, and overhead absorption. Volume and mix contributed to \$75.7 million of the increase while our continued focus on materials and conversion productivity as well as the benefits realized from overhead absorption generated \$61.9 million in improvements. The achievement of this level of improvement was driven by the Company's ability to maintain strict control over indirect costs during the six month period. The Company generated \$5.9 million in margin improvements by leveraging the exchange rate advantages of its global manufacturing footprint. Also, included in gross profit was approximately \$4.1 million of foreign currency transaction gains related to the remeasurement of foreign currency monetary assets and liabilities on our balance sheet, mainly driven by the drop of the Euro during the second quarter of 2010. Lower streamlining expenses increased gross profit by \$24.7 million. Partially offsetting these improvements were sales price declines that had a negative impact of \$11.8 million, or 1.2% of sales, and labor and other cost escalations of approximately \$3.2 million.

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Operating Expenses

Operating expenses, which include selling and administrative expenses, product engineering expenses and other operating expenses, increased by \$32.8 million (\$30.7 million excluding foreign currency translation effects). Operational spending increased by \$37.2 million which was comprised of the following components: the reinstatement of certain suspended costs including our annual incentive plan and elimination of reduced work weeks totaling \$15.3 million, annual incentive plan expense accrued above our plan targets of \$8.5 million, inclusion of India operating expenses and labor and other cost inflation and escalations of \$8.6 million, and new investments and one-time items of \$4.8 million. The above operational spending increase of \$37.2 million as well as increased separation costs of \$4.5 million were partially offset by reduced costs associated with streamlining programs of \$11.0 million.

Streamlining Expenses

The Company incurred \$1.2 million of streamlining expenses during the first six months of 2010 of which \$0.8 million was charged to selling and administrative expenses and \$0.4 million was charged to cost of sales. The Company incurred \$37.0 million of streamlining expenses during the first six months of 2009 of which \$11.8 million was charged to selling and administrative expenses and \$25.2 million was charged to cost of sales. The Company expended \$17.5 million of cash on streamlining activities in the first six months of 2010.

Equity Income of Unconsolidated Joint Ventures

Equity in net income of unconsolidated joint ventures increased \$3.2 million to \$3.7 million in 2010 as compared to \$0.5 million in 2009. The increase was primarily driven by the Meritor WABCO joint venture's increase of \$3.2 million when compared to 2009 results.

Other Non-Operating Expenses, Net

Other non-operating expense, net increased by \$391.8 million for 2010 as compared to 2009. This increase is primarily due to the second quarter 2010 expense resulting from the indemnification of the European Commission fine for €326 million (\$400.4 million at June 23, 2010 exchange rates) versus the \$12.1 million expense from the fair value adjustment of noncontrolling interest in the Indian joint venture prior to taking control in the second quarter of 2009.

Interest (Expense) / Income, Net

Net interest (expense) / income decreased by \$1.4 million to \$0.7 million of expense in 2010 compared to \$0.7 million of income in 2009. The overall decrease in interest income is the net impact from changing interest rates on our debt and investments as well as fees paid in the first six months of 2010 associated with the Receivables Facility entered into during September 2009.

Income Taxes

The income tax provision for the first six months of 2010 was \$19.8 million on pre-tax loss of \$309.0 million before adjusting for noncontrolling interest, compared with a provision of \$3.0 million on \$49.9 million of pre-tax loss before adjusting for noncontrolling interest in the second quarter of 2009. The tax charge for 2010 is the result of taxes on earnings in profitable jurisdictions, losses in certain foreign jurisdictions with no benefit and the accrual of interest on uncertain tax positions, partially offset by benefits from certain foreign tax planning. These losses in certain foreign jurisdictions include any tax deduction for the indemnification obligation relating to the European Commission fine of approximately \$400 million.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests increased by \$5.1 million (\$4.9 million excluding foreign currency translation effects) to \$5.9 million in 2010. The increase is primarily due to WABCO obtaining majority control of WABCO-TVS, which is 75% owned by the Company. Upon obtaining control, 100% of WABCO-TVS' results of operations, beginning June 2009, are included in the condensed consolidated financial statements of the Company while the 25% that is not owned by WABCO is now included in the net income attributable to noncontrolling interests. In prior year, the results of WABCO-TVS were accounted for under the equity method.

Liquidity and Capital Resources

Cash Flows for the six months ended June 30, 2010

Net cash provided by operating activities was \$117.6 million for the first six months of 2010. This compared with net cash provided by operating activities of \$95.0 million for the first six months of 2009.

The Company recorded net loss including noncontrolling interests of \$328.8 million for the first six months of 2010 compared with a net loss including noncontrolling interests of \$52.9 million for the first six months of 2009.

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The net loss for the first six months of 2010 included noncash elements such as depreciation and amortization of \$41.5 million and an accrual of \$400.4 million for the European Commission fine. While in the first six months of 2009 our working capital decreased due to a reduction in business volume, during the first six months of 2010, the working capital has increased as a result of the recovery in the commercial vehicle industry. The increase in working capital was primarily driven by increased levels of accounts receivable and inventory which were partially offset by accounts payable. During the first six months of 2010 the Company has sold accounts receivable of \$74.3 million under our securitization program which generated incremental cash and cash equivalents of \$50.5 million and restricted cash of \$23.8 million which remains with Société Générale Bank Nederland N.V, and has been included in the balance sheet as other current assets. Additionally, our past due amounts have continued to decrease and inventory turns have increased during the first six months.

The change in other accrued liabilities and taxes was an increase of \$54.4 million for the first six months of 2010 compared to a decrease of \$11.0 million for the first six months of 2009. The major drivers of this change were the indemnification and other tax related items as well as payroll items including the reinstatement of our annual incentive plan, partially offset by a reduction in our streamlining accruals. The change in other current and long-term assets for the first six months of 2010 was an increase of \$54.0 million compared to a decrease of \$3.9 million for the first six months of 2009. The main driver of this change is \$23.8 million of restricted cash as a result of the sale of accounts receivables into the asset securitization program. The remaining amounts driving the change consist mainly of increases in income tax and value added tax items, guaranteed notes and deposits.

Within investing activities, the Company made capital expenditures of \$26.9 million in the first six months of 2010 as compared to capital expenditures of \$35.7 million in the first six months of 2009. The capital expenditures for 2010 include \$12.6 million of investments in tooling, \$11.3 million on plant and equipment and \$3.0 million in computer software. This compared with \$12.7 million of investments in tooling, \$10.2 million on plant and equipment, \$7.4 million of net cash outlay for the WABCO-TVS acquisition and sale of SCL and \$5.4 million in computer software during the first six months of 2009.

The net cash used by financing activities during the first six months of 2010 amounted to \$11.0 million compared to net cash used by financing activities of \$77.9 million during the first six months of 2009. The lower usage of cash flow from financing activities is primarily due to the repayment of short-term debt during the first quarter of 2009.

As of June 30, 2010, our total third party debt was \$144.8 million consisting primarily of \$144.0 million of long term debt borrowed under our \$800 million 5-year credit facility which is discussed in Note 8, Debt. Also, subsidiaries in other countries had borrowings from banks totaling \$0.8 million which support local working capital requirements.

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, bank credit agreements, receivable financing facilities and the use of operating leases.

Credit Agreements

On May 31, 2007, we entered into an unsecured, five-year \$800 million, multi-currency revolving credit facility that will expire on July 31, 2012. This is our principal bank credit facility, and it became available to us on August 1, 2007. The proceeds of the borrowings under the 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. Additionally, the facility may be used to pay the European Commission fine. Up to \$100 million under this facility may be used for issuing letters of credit of which \$97.7 million was unused as of June 30, 2010, and up to \$75 million for same-day borrowings. The balance outstanding on this facility on June 30, 2010 was \$144.0 million in addition to \$2.3 million of letters of credit. The Company has the ability to borrow (subject to the covenant restrictions discussed below) an additional \$653.7 million under this facility. The Company intends to refinance all or some portion of the existing five-year \$800 million credit facility at the time of its expiration.

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 us 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, and a liquidity test. These terms are all defined within the agreement to the five-year \$800 million credit facility. The liquidity covenant for the \$800 million credit facility 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

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well as unrestricted cash and cash equivalents). As of June 30, 2010, our trailing four quarters adjusted EBITDA is \$202.7 million, which consists of \$69.8 million for the second quarter of 2010, \$56.1 million for the first quarter of 2010, \$46.4 million for the fourth quarter of 2009 and \$30.4 million for the third quarter of 2009. As defined in our principal credit facility, our net indebtedness was \$53.5 million at June 30, 2010 (comprised of \$144.8 million of debt and \$8.7 million of guarantees, offset by \$100 million of available cash), resulting in an EBITDA covenant ratio of 0.3 to 1. Given our total indebtedness of \$153.5 million (including guarantees) at June 30, 2010 we had the ability to borrow approximately an incremental \$455 million within the covenants of our principal credit facility. This available amount is prior to the expected additional drawdown to fund the European Commission fine in the third quarter of 2010, as discussed below.

Liquidity with Regard to European Commission Fine

On June 23, 2010, the European Commission (the “Commission”) issued a decision imposing a total of €326 million in fines (the “EC fine”) on the former American Standard Companies Inc. (now Trane Inc.), and certain of its European subsidiaries engaged in the Bath and Kitchen business for infringements of European Union competition rules relating to the distribution of bathroom fixtures and fittings in a number of European countries. Pursuant to the Indemnification and Cooperation Agreement that was concluded in the context of the spin-off of WABCO from Trane in 2007, 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.

Under the Indemnification and Cooperation Agreement, WABCO is required to pay the fine amount into escrow by August 30, 2010. Our cash on hand and the available borrowing capacity under our existing five-year revolving credit agreement provide ample liquidity to satisfy the obligation under the Indemnification and Cooperation Agreement. We also believe that we have strong grounds to request judicial review of the decision and are currently reviewing all of the elements of the case before we make a final decision on whether to appeal. The Company has until September 9, 2010 to submit its appeal to the General Court of the European Union, which is the first level of review. A decision at this level should take between two to four years, during which time WABCO would not have access to any remitted funds.

As of June 30, 2010, the Company has \$379.5 million of cash and cash equivalents on the balance sheet.

The borrowings under our principal credit facility are limited by covenants (See “Credit Agreements” above for an overview of the covenants). The covenant which is most restrictive, based on current economic conditions, requires that our total net indebtedness does not exceed three times a trailing four quarters adjusted EBITDA (“EBITDA covenant”), as defined in the agreement to the five year \$800 million credit facility. As of June 30, 2010 our trailing four quarters adjusted EBITDA is \$202.7 million, which consists of \$69.8 million for the second quarter of 2010, \$56.1 million for the first quarter of 2010, \$46.4 million for the fourth quarter of 2009 and \$30.4 million for the third quarter of 2009. As defined in our principal credit facility, our net indebtedness was \$53.5 million at June 30, 2010 (comprised of \$144.8 million of debt and \$8.7 million of guarantees, offset by \$100 million of available cash), resulting in an EBITDA covenant ratio of 0.3 to 1. Given our total indebtedness of \$153.5 million (including guarantees) at June 30, 2010 we had the ability to borrow approximately an incremental \$455 million within the covenants of our principal credit facility. This available amount is prior to the expected additional drawdown to fund the fine in the third quarter of 2010, as discussed above. Our liquidity position provides us the ability to decide how much cash and additional borrowing we will utilize in order to fund the fine. We believe that after paying the European Commission fine we will have ample liquidity to continue funding our operations and future growth opportunities. Additionally, we expect to have further continued improvement in our availability of debt under the credit facility throughout the remainder of 2010 as we expect our trailing four quarters adjusted EBITDA to further improve in the course of the year.

Off-Balance Sheet Arrangements

As discussed above, the Company has the ability to use its accounts receivable financing facilities as one of several means to manage its liquidity. Under the terms of the receivables financing facility that we entered into with Societe Generale, discussed further below, we have the ability to sell our accounts receivable directly to Societe Generale.

On September 23, 2009, the Company established an accounts receivable financing facility (the “Receivables Facility”) with Société Générale Bank Nederland N.V. The maximum funding from receivables that may be sold into the Facility is €100 million; however, there can be no assurance that the participating sellers will generate sufficient receivables to access the maximum availability. The term of the Receivables Facility is 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 intends to extend the Receivables Facility in

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September. As of June 30, 2010, the Company sold all relevant receivables which amounted to €61 million (\$74.3 million at June 30, 2010 exchange rates) into the Receivables Facility. The receivables were removed from the balance sheet in accordance with the guidance under ASC topic 860, *Transfers and Servicing*. As a result of the sale, accounts receivable decreased by \$74.3 million, cash and cash equivalents increased by \$50.5 million, and the remaining amount of restricted cash of \$23.8 million which remains with Société Générale Bank Nederland N.V, has been included in the balance sheet as other current assets.

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 which we have not utilized.

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, 2009 disclosed in the Annual Report on Form 10-K. There have been no material changes to those obligations since December 31, 2009.

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 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;
- continued turmoil and instability in the credit markets;
- 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;
- changes in the environmental regulations that affect our current and future products;
- 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;

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- 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, 2009 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 2010.

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, 2009 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 significant changes to the risk factors disclosed in the Company's Annual Report on Form 10-K with the exception that the below risk factor is no longer applicable as the Company has received the fine on June 23, 2010:

We may be unable to pay any significant fine imposed by the European Commission, if we are unable to access our principal credit facility or arrange for alternative sources of capital.

As discussed in greater detail in Item 3. "Legal Proceedings," Item 7. "Management's Discussion and Analysis of Results of Operations and Financial Condition – Liquidity with Regard to European Commission Fine," and Note 13. "Warranties, Guarantees, Commitments and Contingencies" in the Company's Annual Report on Form 10-K, we are required to indemnify our former parent company, American Standard, now Trane, and Ideal Standard International and their respective owners against any fines that may be imposed by the European Commission ("the Commission") in connection with a multi-company investigation commenced in 2004 relating to alleged infringement of EU competition rules in the Bath and Kitchen fixtures market. The fine imposed by the Commission could be material to our operating results and cash flows for the year in which the liability would be recognized or the fine paid.

Our principal credit facility contains a number of covenants that require us to maintain certain defined financial metrics associated with our earnings before we can access the funds available under the facility. If the current global industry conditions continue to significantly negatively impact both our customers and the demand for our products in such a way as to continue to depress our earnings, we may continue to be unable to fully access our credit facility due to an inability to meet these financial covenants. If we are unable to fully access our principal credit facility, obtain alternative sources of financing, or obtain some payment relief from the Commission or a suspension of the payment obligation from the General Court (formerly the European Court of First Instance), and the fine exceeds our funding capability, then our financial condition and liquidity would be materially adversely affected.

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

The Company's Board of Directors had approved expenditures under a program to purchase shares of the Company's common stock in the open market. There has been no repurchase activity during 2010. The authorization by the Board of Directors on July 27, 2007, approved the purchase of shares in an amount not to exceed \$500,000,000 and expired on September 1, 2009.

Item 4. Removed and Reserved

Item 6. Exhibits

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

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, 2010

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 Restricted Stock Unit Grant Agreement for Employees under 2009 Omnibus Incentive Plan
10.2	Form of Stock Option Grant Agreement for Employees under 2009 Omnibus Incentive Plan
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, 2010, filed with the SEC on July 28, 2010, formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Statements of Income for the three and six month periods ended June 30, 2010 and 2009, (ii) the Condensed Consolidated Balance Sheet at June 30, 2010 and December 31, 2009, (iii) the Condensed Consolidated Statement of Cash Flows for the six month periods ended June 30, 2010 and 2009, 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
RESTRICTED UNIT GRANT AGREEMENT FOR EMPLOYEES**

Dated as of XXX

WABCO HOLDINGS INC., a Delaware corporation (“Grantor”), hereby grants to XXX (“Participant”), an employee of Grantor or one of its Subsidiaries, XXX Restricted Units (the “Award”), pursuant to and subject to the terms and conditions set forth in the Grantor’s 2009 Omnibus Incentive Plan (the “Plan”) and to such further terms and conditions as are set forth below in this Restricted Unit Grant Agreement (the “Agreement”), including the Appendix (as described in Section 7 below). Unless otherwise defined herein, the terms defined in the Plan shall have the same meanings in this Agreement.

1. Restricted Period.

(a) Subject to the other provisions of the Plan (including but not limited to Section 8.6) and Section 13 below, the Restricted Period shall commence upon the date of grant and shall lapse with respect to one third of the Restricted Units on each of the first three anniversaries of the date of grant.

(b) The Restricted Units shall be settled as soon as reasonably practicable following the date the Restricted Period lapses pursuant to the schedule set forth above in Section 1(a), without regard to the lapse of the Restricted Period described in Section 1(c) below.

In the case of a Participant who is subject to U.S. taxes (a “U.S. Taxpayer”), the Restricted Units shall be settled within sixty (60) days following the date the Restricted Period lapses pursuant to the schedule set forth in Section 1(a) above (again, without regard to the lapse of the Restricted Period described in Section 1(c) below), except as provided in Section 4(b) below.

(c) If Participant ceases to be employed by the Grantor or one of its Subsidiaries due to actual retirement upon satisfying the eligibility requirements for retirement under the retirement provisions of local law in Participant’s country (“Retirement”), the Restricted Period shall lapse with respect to all Restricted Units outstanding at the time of such Retirement, but the Restricted Units shall be settled in accordance with Section 1(b) above. 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.

(d) Subject to Section 4(a) below, the Grantor may cause the Restricted Period applicable to the Restricted Units to lapse with respect to such number of Restricted Units as may be necessary to satisfy any Tax-Related Items (as defined in Section 4(a) below) arising from the application of the foregoing provisions relating to Retirement.

(e) The term “lapse” or “vest” shall mean, with respect to any Restricted Units, that such Restricted Units are no longer subject to forfeiture by the Participant. If the Restricted Period would lapse as to a fraction of a Restricted Unit, such Restricted Unit shall not lapse until Participant becomes entitled to the entire Restricted Unit.

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 paid.

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;

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

(l) 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. **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.

11. **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.

12. **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.

13. **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 officers of the Grantor named below have hereunto subscribed as of the day and year first above written.

WABCO HOLDINGS INC.

Attest:

By: _____
Jacques Esculier
Chairman and Chief Executive Officer

Alfred Farha
Chief Legal Officer & Secretary

By signing this Agreement, Participant acknowledges that he or she 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)

(Participant's Name and Signature)

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

**WABCO HOLDINGS INC.
2009 OMNIBUS INCENTIVE PLAN
STOCK OPTION GRANT AGREEMENT FOR EMPLOYEES**

Dated as of XXX

WABCO HOLDINGS INC., a Delaware corporation (“Grantor”), hereby grants to XXX (“Participant”), an employee of the Grantor or one of its Subsidiaries, the option to purchase, at the exercise price set forth below, a total of XXX shares of Common Stock (the “Option”), pursuant to and subject to the terms and conditions set forth in the Grantor’s 2009 Omnibus Incentive Plan (the “Plan”) and to such further terms and conditions as are set forth below in this Stock Option Grant Agreement (the “Agreement”), including the Appendix (as described in Section 8 below). Unless otherwise defined herein, the terms defined in the Plan shall have the same meanings in this Agreement.

1. **Exercise Price.** The exercise price applicable to the shares of Common Stock that may be purchased by Participant pursuant to the Option is US\$XXX per share, representing the Fair Market Value (as defined in the Plan) of the Common Stock on the date hereof.
2. **Non-Qualified Stock Option.** The Option is granted as a “non-qualified stock option,” within the meaning of the Code.
3. **Vesting.** Participant’s right to purchase shares subject to the Option shall vest in three equal installments on each of the first three anniversaries of the date of grant, unless otherwise cancelled pursuant to Section 6 of the Plan or Section 15 of this Agreement.

If Participant’s employment with the Grantor or one of its Subsidiaries terminates due to actual retirement upon satisfying the eligibility requirements for retirement under the retirement provisions of local law in Participant’s country (“Retirement”), the right to purchase shares subject to the Option shall continue to vest in accordance with the schedule set forth in the first sentence of this Section 3 and the vested Option shall be exercisable at any time prior to three years following the termination of employment or the expiration term of the Option, whichever period is shorter, notwithstanding such termination of employment. 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.

4. **Nature of Grant.** In accepting the grant, 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 grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted repeatedly in the past;
- (c) all decisions with respect to future option grants, if any, will be at the sole discretion of the Grantor;
- (d) Participant is voluntarily participating in the Plan;
- (e) the Option and any shares of Common Stock subject to the Option 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 Option and any shares of Common Stock subject to the Option 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, 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 Option 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 Option 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; if the underlying shares do not increase in value, the Option will have no value;

(i) if Participant exercises the Option and acquires shares of Common Stock, the value of such shares may increase or decrease in value, even below the exercise price;

(j) no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from termination of Participant's employment by the Grantor or any Subsidiary (for any reason whatsoever and whether or not in breach of local labor laws) and, in consideration of the grant of the Option to which Participant is otherwise not entitled, Participant agrees never to institute any claim against the Grantor or any Subsidiary, waives the ability, if any, to bring any such claim and releases the Grantor and any Subsidiary 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;

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

(l) 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.

5. 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 (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including the grant, vesting and exercise of the Option, the delivery of shares of Common Stock, the subsequent sale of any shares of Common Stock acquired at exercise and the receipt of any dividends; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Option 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.

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 exercise of the Option, 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 exercise of the Option.

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 exercised portion of the Option, 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 honor the exercise of the Option or refuse to deliver the shares of Common Stock or the proceeds of the sale of shares of Common Stock, if Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

6. 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 OPTION GRANT 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 OPTIONS 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 EXERCISE OF THE OPTION. 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 PARTICIPANT'S REFUSAL TO CONSENT OR WITHDRAWAL OF CONSENT, PARTICIPANT UNDERSTANDS THAT HE OR SHE MAY CONTACT HIS OR HER LOCAL HUMAN RESOURCES REPRESENTATIVE.

7. **Electronic Delivery and Participation.** The Grantor may, in its sole discretion, decide to deliver any documents related to the Option and participation in the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. 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.

8. **Appendix.** Notwithstanding any provisions in this Agreement, the Option and any shares of Common Stock subject to the Option 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.

9. **Imposition of Other Requirements.** The Grantor reserves the right to impose other requirements on Participant's participation in the Plan, on the Option and on any shares of Common Stock subject to the Option, 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.

10. **Triggering Conduct / Forfeiture of Option.**

(a) As used in this Section 10, "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 one year 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 Option (or any part thereof that has not been exercised) shall immediately and automatically terminate, be forfeited, and shall cease to be exercisable at any time; and
- Participant shall, within thirty (30) days following written notice from the Grantor, pay the Grantor an amount equal to the option gain realized or obtained by Participant upon the exercise of such Option, measured at the date of exercise (i.e., the difference between the market value of the shares of Common Stock underlying the Option on the exercise date and the exercise price paid for such shares, less any Tax-Related Items withheld from or paid by Participant in connection with the exercise of such Option), with respect to any portion of the Option that has already been exercised at any time within the twelve months period prior to the Triggering Conduct. Participant may be released from Participant's obligations under this Section 10 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 10 constitutes a so-called "noncompete" covenant. This Section 10 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 10 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 Option and such other inconsistent provisions shall be null and void with respect to the Option 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 Option and for other good and valuable consideration, the adequacy of which consideration is hereby expressly confirmed. Participant further acknowledges that the receipt of the Option and the execution of this Agreement are voluntary actions on the part of Participant and that the Grantor is unwilling to provide the Option 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 10 are ancillary to, or part of, an otherwise enforceable agreement at the time the agreement is made.

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. **Choice of Law.** All disputes arising under or growing out of the Option 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.

13. **Requirements of Law.** This grant is subject to, and limited by, all applicable laws and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required.

14. **No Compensation Deferrals.** This Option is intended to be exempt from, and not provide for deferral of compensation that would be subject to, Section 409A of the Code. Notwithstanding anything to the contrary in this Agreement and without limiting this Section 14, 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.

15. **Acceptance.** This grant 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 grant within ninety (90) days of its receipt shall result in the cancellation of the Option.

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

WABCO HOLDINGS INC.

Attest:

By: _____
Jacques Esculier
Chairman and Chief Executive Officer

Alfred Farha
Chief Legal Officer & Secretary

By signing this Agreement, Participant acknowledges that he or she accepts the Option granted 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)

(Participant's Name and Signature)

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

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; and
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, 2010

/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; and
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, 2010

/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, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jacques Esculier, the Chief Executive Officer and Chairman of the Board 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, 2010

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, 2010 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, 2010

