

WABCO

THIRD QUARTER 2009



Q3 2009 EARNINGS RELEASE
October 28, 2009



JACQUES ESCULIER

Chairman & Chief Executive Officer

ULRICH MICHEL

Chief Financial Officer

FORWARD LOOKING STATEMENTS

Comments in this document contain certain forward-looking statements, which are based on management's good faith expectations and beliefs concerning future developments. Actual results may differ materially from these expectations as a result of many factors. These factors include, but are not limited to, the risks and uncertainties described in the "Risk Factors" section and the "Forward Looking Statements" section of WABCO's Form 10-K, as well as in the "Management's Discussion and Analysis of Financial Condition and Results of Operations - Information Concerning Forward Looking Statements" section of WABCO's Form 10-Q Quarterly Reports. WABCO does not undertake any obligation to update such forward-looking statements. All market and industry data are based on Company estimates.

This presentation contains certain non-GAAP financial measures as that term is defined by the SEC. EBIT and sales excluding the effects of foreign exchange are non-GAAP financial measures. Additionally, gross profit, gross profit margin, operating income, operating income margin, EBIT, EBIT margin, net income and net income per diluted share on a "performance basis" are non-GAAP financial measures that exclude separation and streamlining items, one-time impact from the Indian joint venture transactions, and one-time and discrete tax items, as applicable. Lastly, "free cash flow" presents our net cash provided by operating activities less purchases of property, plant, equipment and computer software. These measures should be considered in addition to, not as a substitute for, GAAP measures. Management believes that presenting these non-GAAP measures is useful to shareholders because it enhances their understanding of how management assesses the operating performance of the Company's business. Certain non-GAAP measures may be used, in part, to determine incentive compensation for current employees. Reconciliations of the non-GAAP financial measures to the most comparable GAAP measures are available in WABCO's quarterly results presentations posted on the company's website.

PERFORMANCE SUMMARY Q3 2009

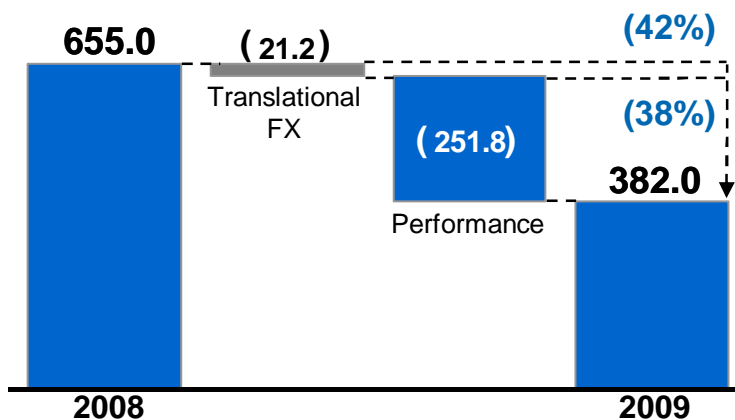
- **Third Quarter Sales of \$382.0 Million; Down 42% Reported or 38% in Local Currencies**
- **Gross Profit Margin of 22.7% vs. 26.7% in Q3 '08; Performance Gross Profit Margin⁽¹⁾ of 25.7% vs. 27.0% in Q3 '08**
- **EBIT of \$34.3 Million vs. \$65.9 Million in Q3 '08; Performance EBIT⁽¹⁾ of \$16.4 Million vs. \$74.8 Million in Q3 '08**
- **EPS Reported \$0.52 vs. \$0.97 in Q3 '08, Performance EPS⁽²⁾ \$0.19 vs. \$0.94 in Q3 '08**
- **Free Cash Flow⁽³⁾ of \$19.7 Million, After \$10.5 Million of Restructuring Payments**

Refer to Slide #14 for Footnotes

SALES PERFORMANCE & MARKET TRENDS

Q3 Sales Bridge

(in \$ Millions)



Q3 Sales Growth⁽⁴⁾ By Channel

OEMs	-49%*	<ul style="list-style-type: none"> Western Europe T&B Production Similar to Q2 '09 Levels Emerging Markets Less Affected Up 8% vs. Q2 '09 Excl. India
*400 bps from India Transaction		
Aftermarket	-7%*	<ul style="list-style-type: none"> Decline has Slowed Emerging Markets Less Affected Up 9% vs. Q2 '09 Excl. India
*500 bps from India Transaction		
Sales to JVs	-19%*	<ul style="list-style-type: none"> Continued Low Demand for T&B and Trailers in the U.S. Up 32% vs. Q2 '09 Excl. India
*1000 bps from India Transaction		

Q3 T&B Sales Growth⁽⁴⁾ vs. Estimated Production Growth By Region

	WABCO	Estimated Production	Comments
Europe	(62%)	(65%)	<ul style="list-style-type: none"> Production Levels in Europe Still 15-20% Below Deliveries Due to Inventory Sell Off
North America	(17%)	(44%)	<ul style="list-style-type: none"> US Demand Anticipated to Grow Double Digit in Q4 vs. Q3 2009
South America	(47%)	(37%)	<ul style="list-style-type: none"> Stimulus Package in China Improving Demand But for Less Sophisticated Equipment
Japan/Korea	(34%)	(35%)	<ul style="list-style-type: none"> Exports From Emerging Countries of Trucks with Higher Content per Vehicle Still Slow
China	18%	59%	

Refer to Slide #14 for Footnotes

Seizing Opportunities Despite Difficult Market Conditions

FINANCIAL PERFORMANCE Q3 2009

(In \$ Millions except per share data)

	Q3 Reported	Q3 Performance ^{(1),(2)}	Performance vs. 2008 In Local Curr. ⁽⁵⁾	Performance Drivers
Sales	\$382.0	\$382.0	(38.4%)	<ul style="list-style-type: none"> +16% versus Q2 '09 (+10% excl India) Order Book at \$644, Down 37% YoY Price: (\$8.6) or (2.1%)
Gross Profit	86.8 22.7%	98.1 25.7%	(41.2%) (122 bps)	<ul style="list-style-type: none"> Volume & Mix: (\$52.0) Productivity: <ul style="list-style-type: none"> – Materials: \$11.6 – Conversion \$4.2 – OH Absorption & Other: (\$22.5)
OPEX & Other	(89.8) (23.5%)	(81.1) (21.2%)	18.3% (527 bps)	<ul style="list-style-type: none"> Labor Inflation: (\$2.9) FX Transactional: (\$4.1) or 102 bps Unfavorable OPEX Savings: \$20.9
Operating (Loss)/Income	(3.0) (0.8%)	17.0 4.5%	(649 bps)	
Equity Income	1.6	1.6		<ul style="list-style-type: none"> Meritor WABCO JV Up \$0.9M Versus Last Year & Last Quarter
EBIT	\$34.3 9.0%	\$16.4 4.3%		<ul style="list-style-type: none"> Streamlining (\$18.6) vs. (\$4.2) in '08 Separation \$35.9 vs. (\$4.7) in '08
Taxes	0.7	4.1		
Net Income	\$33.8	\$12.5		
EPS	\$0.52	\$0.19		<ul style="list-style-type: none"> Versus '08 Reported of \$0.97 and Performance of \$0.94

Refer to Slide #14 for Footnotes

Outstanding Results Amid Continued Severe Industry Slump

CASH FLOW SUMMARY Q3 2009

(in \$ Millions)

Free Cash Flow

Cash Provided by Operating Activities

Net Income	33.8	Receivables (\$9.1) Inventory (\$12.7) Payables \$8.8
Depreciation & Amortization	21.0	
Working Capital	(13.0)	
Changes in Other Assets & Liabilities	(10.4)	

Net Cash Provided by Operating Activities **31.4**

Purchases of PP&E, Tooling and Computer Software **(11.7)**

Free Cash Flow⁽³⁾ **19.7**

- Receivables overall rise from increased sales, reduction in days sales outstanding and improvement in past due receivables freed up \$28M in cash
- Inventory higher due to increased business volumes and safety stock build for supplier insolvency risks
- Spending on PP&E, tooling & computer software 50% lower than previous year
- Results include \$10.5M of streamlining payments

Refer to Slide #14 for Footnotes

Cumulative Free Cash Flow of \$86.5M Year to Date

DRIVING PROFIT IN A DEPRESSED MARKET

Sales

“Outperforming Market Dynamics”

- Benefitting from well-anchored positions in emerging markets
 - Two of five largest customers are Asian
- Continuous Focus on Aftermarket
 - Maintained full sales presence through market downturn
 - Adapted product availability to accommodate shorter order lead times
 - Leveraging our geographic expansion

Costs

“Executing on Productivity & Cost Containment”

- Results from productivity initiatives
 - Record level of materials productivity: Q3 **7.2%**, YTD **5.9%**
 - Conversion productivity: Q3 **5.3%** , YTD **5.6%**
- Brought direct labor costs down in line with volume
- Reduced fixed costs in factories by \$10M
- Continuous improvement on operating expense savings
 - Q3 **\$21M**, YTD **\$74M**
- Mitigated impact of sales decline on operating income
 - Decremental margins: Q3 **21%**, YTD **24%**

While Continuing to Improve Product Quality & Workplace Safety

ORGANIZATION REALIGNMENT UPDATE

Streamlining Program

	Target*	Achievement to Date**
Manufacturing Positions	1,570	1,385
OPEX Positions	230	208
Total Positions	1,800	1,593
Estimated Total Cost	\$80M - \$85M	\$67M
Estimated Annualized Savings	\$80M - \$90M	\$66M

*Exchange Rate: 1 Euro = \$1.36 US

**Exchange Rate: 1 Euro = \$1.39US

Q3 Results & Status of Additional Actions

- Reached agreement with works council in Germany and execution of plan in progress
- UK factory closure postponed to Q1 2010 due to increased demand for vacuum pumps
- Executed additional headcount reductions at Corporate headquarters
- Continue flexible work arrangements for both hourly & salaried employees
- Obtained government support for training of employees on short work time plan
- Actions executed in consultation with employee representation

Executing Workforce Realignment Without Disruption

2009 REGIONAL MARKET DYNAMICS

Percent of Sales in Q3

 '08 '09



Europe

- Inventory of new trucks reducing to normal levels
- Production beginning to rise to meet current demand/registration level
- Expect T&B production to grow 15-20% over the next two quarters



Asia

- Economy showing strong signs of improvement
- Reduced levels of current export will be a source of future growth
- Production outlook in India improving since August



North America

- Industry beginning to show positive signs, enhanced by pre-buy of trucks & engines
- Order book increasing at some OEM's



Brazil

- Economy showing strong signs of improvement
- Government incentive program initiated in the commercial vehicle industry

WABCO's Global Strategy Paying Off

OPERATING FRAMEWORK

2009 YTD Actual & Full Year

	YTD 2009 Actuals (1 Euro = 1.37 USD)	Q2 2009 (1 Euro = 1.36 USD) High End - Low End	Updated (1 Euro = 1.39 USD) High End - Low End
Sales ⁽⁴⁾ vs. '08	(46%)	(35%) – (40%)	(37%) – (39%)
Performance Operating Margin ⁽¹⁾	1.4%	Positive	Above 2%
Free Cash Flow ^{*(3)}	\$116.6	Strongly Positive	Above \$90M

*Excluding Streamlining & Separation

2010 Preliminary Market Outlook

- End market demand in Western Europe flattish from 2009 levels
- Western European new truck inventory reduced to normal levels by early 2010
- Alignment of production with demand could lead to an increase of Western European T&B production of around 25% versus 2009
- Double digit improvement in production in North America and Japan
- Emerging markets should continue to grow

Refer to Slide #14 for Footnotes

Improved Prospects

FOCUSING ON CORE STRATEGIES

Globalization

- **Major New Contract in Japan:** Multi-year contract to supply electronic braking systems to a leading truck and bus manufacturer in Japan
- **WABCO-TVS Factory in India:** Received 2009 Gold Award for Manufacturing Excellence from ACMA, a leading national industry association
- **Expansion Initiative from India into South America:** Leverage engineering capabilities, technologies and products for specific needs in emerging markets

New Technologies & Products

- **Driver Assistance Systems on DAF's New Truck:** Supplying advanced systems on 2009 edition of top-of-the-line XF105 voted "Top Truck of All Time"
- **OnGuard™ Sales Up in North America:** In Q3 2009 Meritor WABCO sold over 1,000 OnGuard collision safety systems, tripling sales versus prior quarter
- **Expansion with CNHTC in China:** New multi-year development and supply agreement widens scope of OptiDrive™ modular AMT system to cover additional 10- and 12-speed transmission platforms in a broader range of heavy duty trucks as well as buses, with deliveries starting in 2010

Execution

- **WABCO Operating System Results**
 - Launched lean transformation in Hanover
 - Building two new lean factories in China
 - Technical PPM reduced 62% year over year
 - Better than world class in recordable injuries
 - Delivered record productivity

Continued Success in Executing Core Strategies

SUMMARY

- **Outstanding Operating Performance During Continued Slump in Industry**
- **Significant Improvement in Performance EPS⁽²⁾; \$0.19, up from a loss of \$0.07 in the Previous Quarter**
- **Delivered Outstanding Free Cash Flow⁽³⁾ of \$19.7 Million**
- **Executing on Streamlining and other Cost Reduction Measures**
- **Realizing Benefits from Globalization of Revenue**
- **Improved 2009 Operating Framework**
- **Continuing to Focus on Our Core Strategies of Globalization, New Technologies and Products, and Execution**
- **Nice Market Growth on the Horizon**

Refer to Slide #14 for Footnotes

12

Prepared to Take Full Advantage of the Coming Market Upturn

APPENDIX

RECONCILIATIONS OF NON-GAAP MEASURES TO GAAP MEASURES

Footnotes, Tables & Definitions

Footnotes

1. Adjusted for streamlining, separation items and one-time impact from the Indian joint venture transactions
2. Adjusted for streamlining, separation, one-time impact from the India joint venture transactions and one-time tax and discrete tax items
3. Net cash provided by operating activities less net cash used for purchases of property, plant, equipment and computer software
4. Adjusted for currency translation
5. Adjusted for currency translation, streamlining and separation items

Tables

The tables that follow provide the reconciliations of the non-GAAP financial measures to the most comparable US GAAP measures.

Definitions

- **Separation items** include all the incremental items necessary to establish WABCO as a stand-alone separate independent company. It also includes the costs associated with certain liabilities, including contingent liabilities, that have been assumed by WABCO from Trane, formerly American Standard, in the separation but are not related to the Vehicle Controls Business. These items would include the (i) periodic adjustments to the carrying values of the liability, (ii) interest on certain liabilities and (iii) costs to defend certain of these assumed liabilities.
- **Streamlining costs** are those costs that help adjust the company's workforce and other resources to changing market requirements.

WABCO HOLDINGS Inc.
Consolidated Statements of Income
Reconciliation of Net Income to Performance Net Income and Performance Net Income per Diluted Common Share
(Unaudited)

(Amounts in millions, except per share data)

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2009	2008	2009	2008
Net Income/(Loss)	\$ 33.8	\$ 63.7	\$ (19.9)	\$ 192.0
Adjustments:				
Streamlining cost, net of tax	15.5	3.5	48.6	9.8
Tax items	0.2	(0.6)	2.4	1.9
Separation costs, net of tax and separation related taxes	(36.4)	(5.3)	(38.4)	3.4
Impact from India JV Transaction, net of tax	(0.6)	-	9.8	-
Performance Net Income	\$ 12.5	\$ 61.3	\$ 2.5	\$ 207.1
Performance Net Income per Diluted Common Share	\$ 0.19	\$ 0.94	\$ 0.04	\$ 3.11
Common Shares Outstanding - Diluted	64.8	65.4	64.0	66.5

Note: The presentation of performance net income and performance net income per diluted common share is not in conformity with generally accepted accounting principles (GAAP). These measures may not be comparable to similar measures of other companies as not all companies calculate these measures in the same manner.

WABCO HOLDINGS INC.
Reconciliation of Net Cash Provided
By Operating Activities to Free Cash Flow
(Unaudited)

(Amounts in millions)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Net Cash Provided by Operating Activities	\$ 31.4	\$ 103.9	\$ 126.4	\$ 245.7
Deductions or Additions to Reconcile to Free Cash Flow:				
Purchases of property, plant, equipment and computer software	<u>(11.7)</u>	<u>(25.5)</u>	<u>(39.9)</u>	<u>(62.2)</u>
Free Cash Flow	<u>\$ 19.7</u>	<u>\$ 78.4</u>	<u>\$ 86.5</u>	<u>\$ 183.5</u>

Note: This statement reconciles net cash provided by operating activities to free cash flow. Management uses free cash flow, which is not defined by US GAAP, to measure the Company's operating performance. Free cash flow is also one of the several measures used to determine incentive compensation for certain employees.

WABCO HOLDINGS INC.
Q3 2009 Data Supplement Sheet
(Unaudited)

(Amounts in millions)	Quarter Ended September 30,				
	2009	% of Sales/ Adj Sales	2008	% of Sales/ Adj Sales	% Chg vs. 2008
<u>Sales</u>					
Reported	\$ 382.0		\$ 655.0		-41.7%
Foreign exchange translational effects	21.2		-		
Adjusted Sales	\$ 403.2		\$ 655.0		-38.4%
<u>Gross Profit</u>					
Reported	\$ 86.8	22.7%	\$ 174.8	26.7%	-50.3%
Streamlining costs	11.0		1.5		
Separation costs	0.3		0.3		
Performance Gross Profit	\$ 98.1	25.7%	\$ 176.6	27.0%	-44.5%
Foreign exchange translational effects	5.7		-		
Adjusted Gross Profit	\$ 103.8	25.7%	\$ 176.6	27.0%	-41.2%
<u>Selling, Administrative, Product Engineering Expenses and Other</u>					
Reported	\$ 89.8	23.5%	\$ 112.6	17.2%	-20.2%
Streamlining costs	(7.6)		(2.7)		
Separation costs	(1.1)		(4.4)		
Performance Selling, Administrative, Product Engineering Expenses and Other	\$ 81.1	21.2%	\$ 105.5	16.1%	-23.1%
Foreign exchange translational effects	5.1		-		
Adjusted Selling, Administrative, Product Engineering Expenses and Other	\$ 86.2	21.4%	\$ 105.5	16.1%	-18.3%
<u>Operating (Loss)/Income</u>					
Reported	\$ (3.0)	-0.8%	\$ 62.2	9.5%	-104.8%
Streamlining costs	18.6		4.2		
Separation costs	1.4		4.7		
Performance Operating Income	\$ 17.0	4.5%	71.1	10.9%	-76.1%
Foreign exchange translational effects	0.6		-		
Adjusted Operating Income	\$ 17.6	4.4%	\$ 71.1	10.9%	-75.2%

WABCO HOLDINGS INC.
Q3 2009 Data Supplement Sheet
(Unaudited)

(Amounts in millions)	Quarter Ended September 30,				
	2009	% of Sales/ Adj Sales	2008	% of Sales/ Adj Sales	% Chg vs. 2008
<u>Equity in (Loss)/Income of Unconsolidated Joint Ventures</u>					
Reported	1.6		\$ 5.0		
Foreign exchange translational effects	-		-		
Adjusted Equity in (Loss)/Income of Unconsolidated Joint Ventures	\$ 1.6		\$ 5.0		
<u>EBIT (Earnings Before Interest and Taxes)</u>					
Reported Net (Loss)/Income	\$ 33.8		\$ 63.7		
Adjust for taxes	0.7		4.0		
Adjust for interest income	(0.2)		(1.8)		
EBIT	\$ 34.3	9.0%	\$ 65.9	10.1%	-48.0%
Streamlining costs	18.6		4.2		
Separation costs	(35.9)		4.7		
Impact from India JV transaction	(0.6)		-		
Performance EBIT (Earnings Before Interest and Taxes)	\$ 16.4	4.3%	\$ 74.8	11.4%	-78.1%
Foreign exchange translational effects	0.3		-		
Adjusted EBIT (Earnings Before Interest and Taxes)	\$ 16.7	4.1%	\$ 74.8	11.4%	-77.7%

WABCO HOLDINGS INC.
Nine Months Ended September 2009 Data Supplement Sheet
(Unaudited)

(Amounts in millions)	Nine Months Ended September 30,				
	2009	% of Sales/ Adj Sales	2008	% of Sales/ Adj Sales	% Chg vs. 2008
Sales					
Reported	\$ 1,031.9		\$ 2,133.3		-51.6%
Foreign exchange translation effects	121.8		-		
Adjusted Sales	\$ 1,153.7		\$ 2,133.3		-45.9%
Gross Profit					
Reported	\$ 212.5	20.6%	\$ 583.1	27.3%	-63.6%
Streamlining costs	36.2		2.0		
Separation costs	0.9		0.9		
Performance Gross Profit	\$ 249.6	24.2%	\$ 586.0	27.5%	-57.4%
Foreign exchange translational effects	29.1		-		
Adjusted Gross Profit	\$ 278.7	24.2%	\$ 586.0	27.5%	
Selling, Administrative, Product Engineering Expenses and Other					
Reported	\$ 253.1	24.5%	\$ 352.9	16.5%	-28.3%
Streamlining costs	(19.3)		(9.1)		
Separation costs	1.3		(13.3)		
Performance Selling, Administrative, Product Engineering Expenses and Other	\$ 235.1	22.8%	\$ 330.5	15.5%	-28.9%
Foreign exchange translational effects	27.6		-		
Adjusted Selling, Administrative, Product Engineering Expenses and Other	\$ 262.7	22.8%	\$ 330.5	15.5%	-20.5%
Operating Income					
Reported	\$ (40.6)	-3.9%	\$ 230.2	10.8%	-117.6%
Streamlining costs	55.5		11.1		
Separation costs	(0.4)		14.2		
Performance Operating Income	\$ 14.5	1.4%	255.5	12.0%	-94.3%
Foreign exchange translational effects	1.5		-		
Adjusted Operating Income	\$ 16.0	1.4%	\$ 255.5	12.0%	-93.7%

WABCO HOLDINGS INC.
Nine Months Ended September 2009 Data Supplement Sheet
(Unaudited)

(Amounts in millions)	Nine Months Ended September 30,				
	2009	% of Sales/ Adj Sales	2008	% of Sales/ Adj Sales	% Chg vs. 2008
<u>Equity in Income of Unconsolidated Joint Ventures</u>					
Reported	\$ 2.1		\$ 8.1		
Foreign exchange translational effects	(0.1)		-		
Adjusted Equity in Income of Unconsolidated Joint Ventures	<u>\$ 2.0</u>		<u>\$ 8.1</u>		-75.3%
<u>EBIT (Earnings Before Interest and Taxes)</u>					
Reported Net Income	\$ (19.9)		\$ 192.0		
Adjust for taxes	3.7		43.4		
Adjust for interest (income)/expense	(0.9)		(2.8)		
EBIT	\$ (17.1)	-1.7%	\$ 232.6	10.9%	-107.4%
Streamlining costs	55.6		11.1		
Separation costs	(36.9)		14.2		
Impact from India JV transaction	11.0		-		
Performance EBIT (Earnings Before Interest and Taxes)	\$ 12.6	1.2%	\$ 257.9	12.1%	-95.1%
Foreign exchange translational effects	0.8		-		
Adjusted EBIT (Earnings Before Interest and Taxes)	<u>\$ 13.4</u>	1.2%	<u>\$ 257.9</u>	12.1%	-94.8%

WABCO HOLDINGS INC.
Reconciliation of GAAP to Non-GAAP Financial Measures for
Full Year 2009 Operating Framework
(Unaudited)

	Q2 2009	Update
	Twelve Months Ending,	Twelve Months Ending,
	December 31, 2009	December 31, 2009
	(1 Euro = 1.36 USD)	(1 Euro = 1.39 USD)
	<hr/>	<hr/>
<u>Operating Income</u>		
Reported Operating Income Margin	>(3.2%)	>(1.9%)
Streamlining costs, impact to margin	2.9%	3.8%
Separation costs, impact to margin	0.3%	0.1%
Performance Operating Income Margin	>0.0%	>2.0%
	<hr/> <hr/>	<hr/> <hr/>
	Nine Months Ending,	Twelve Months Ending,
	September 30, 2009	December 31, 2009
	<hr/>	<hr/>
(amounts in USD Millions)		
<u>Free Cash Flow</u>		
Net Cash Provided by Operating Activities	126.4	108.0
Deductions or Additions to Reconcile to Free Cash Flow:		
Purchases of property, plant, equipment and computer software	(39.9)	(68.0)
Free Cash Flow	86.5	40.0
	<hr/> <hr/>	<hr/> <hr/>
Streamlining and separation payments	(30.1)	(50.0)
Free Cash Flow excluding Streamlining & Separation Payments	116.6	90.0
	<hr/> <hr/>	<hr/> <hr/>

Note: The presentation of performance Operating Income Margin and Free Cash Flow is not in conformity with generally accepted accounting principles (GAAP). These measures may not be comparable to similar measures of other companies as not all companies calculate these measures in the same manner.