

WABCO
FIRST QUARTER 2009



Q1 2009 EARNINGS RELEASE

April 27, 2009



JACQUES ESCULIER
Chief Executive Officer
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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 costs, and one-time and discrete tax items, as applicable. Lastly, "free cash flow" presents our net cash provided by operating activities less net cash used in investing activities. 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 Q1 2009

- **First Quarter Sales of \$333.9 Million; Down 53% Reported or 45% in Local Currencies**
- **Gross Profit Margin of 17.4%; Performance Gross Profit Margin⁽¹⁾ of 24.0% vs. 27.9% in Prior Year**
- **Operating Loss of \$30.0 Million; Performance Operating Income⁽¹⁾ of \$3.0 Million vs. \$91.5 Million in Prior Year**
- **EPS Reported (\$0.57), Performance EPS⁽²⁾ (\$0.08), vs. \$1.04 in Q1 2008**
- **Free Cash Flow⁽³⁾ of \$23.3 Million**
- **Executing Ahead of Plan on Streamlining and Cost Reduction Initiatives**

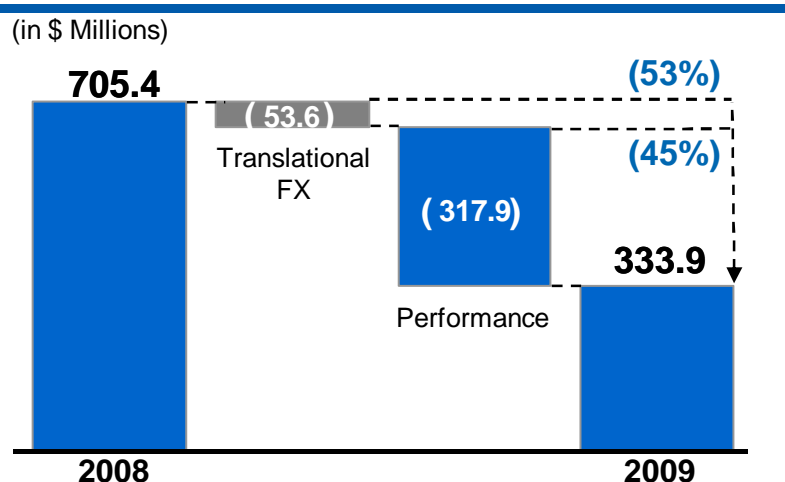
Refer to Slide #13 for Footnotes

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Positive Performance Operating Income; Strong Free Cash Flow

SALES PERFORMANCE & MARKET TRENDS

Q1 Sales Bridge



Q1 Sales Growth⁽⁴⁾ By Channel

OEMs	-53%	<ul style="list-style-type: none"> • Sharp Global Decline in Production • China and Brazil Markets Less Affected • Western Europe Trailer Production down 70%
Aftermarket	-14%	<ul style="list-style-type: none"> • Slowdown in Transportation • Performance Better than Anticipated
Sales to JVs	-43%	<ul style="list-style-type: none"> • Continued Decline in the U.S.

Q1 T&B Sales Growth⁽⁴⁾ vs. Estimated Production By Region

	WABCO	Est. Q1 Prod	Comments
Europe	(55%)	(58%)	<ul style="list-style-type: none"> • All Economies Strongly Affected by the Global Recessive Environment
North America	(33%)	(39%)	<ul style="list-style-type: none"> • Weak Demand Drives Severe Production Cuts at All T&B OEMs
South America	(42%)	(42%)	<ul style="list-style-type: none"> • Stimulus Package Improving Truck Demand in China
Japan/Korea	(60%)	(55%)	<ul style="list-style-type: none"> • Production Volumes are Preliminary Estimates
China	(33%)	(30%)	

Refer to Slide #13 for Footnotes

Unprecedented Market Decline Continues Globally

FINANCIAL PERFORMANCE Q1 2009

(in \$ Millions)	Q1 Reported	Q1 Performance ^{(1),(2)}	Performance vs. 2008 In Local Curr. ⁽⁵⁾	Performance Drivers
Sales	\$333.9	\$333.9	(45.1%)	<ul style="list-style-type: none"> • Unprecedented Market Slowdown • Order Book at \$636, Down 51% • Price: (\$7.2) or (1.8%)
Gross Profit	58.2	80.0	(53.0%)	<ul style="list-style-type: none"> • Volume & Mix: (\$73.0)
	17.4%	24.0%	(403 bps)	<ul style="list-style-type: none"> • Productivity: <ul style="list-style-type: none"> – Materials: \$7.7 – Conversion \$3.9 – OH Absorption & Other: (\$37.7)
OPEX & Other	(88.2)	(77.0)	15.7%	
	(26.4%)	(23.1%)	(797 bps)	
Operating (Loss)/Income	(30.0)	3.0	(95.8%)	<ul style="list-style-type: none"> • Labor Inflation: (\$5.4) • OPEX & Other Savings: \$20.4
	(9.0%)	0.9%	(1,199 bps)	
Equity Income/(Loss)	(4.8)	(4.8)		<ul style="list-style-type: none"> • (\$6.2) vs. '08, Predominantly from the Non-Brakes Indian JV
EBIT	(\$36.3)	(\$2.5)		
	(10.9%)	(0.7%)		
Taxes	0.5	3.3		
Net Income	(\$36.4)	(\$5.4)		
EPS	(\$0.57)	(\$0.08)		<ul style="list-style-type: none"> • Versus \$1.04 in Prior Year

Refer to Slide #13 for Footnotes

Performance Operating Margin of 1% Despite 45% Sales Decline

CASH FLOW SUMMARY Q1 2009

(in \$ Millions)

Free Cash Flow

Cash Provided by Operating Activities

Net Loss	(36.4)	
Depreciation & Amortization	19.4	Receivables \$41.3 Inventory \$3.4 Payables (\$13.1)
Working Capital	31.6	
Changes in Other Assets & Liabilities	19.3	

Net Cash Provided by Operating Activities **33.9**

Net Cash Used in Investing Activities **(10.6)**

Free Cash Flow⁽³⁾ **23.3**

Cash Returned to Shareholders

Q1 Dividends Paid **4.5**

- Controlling credit risk and intensifying receivable collections
- Maintaining safety stock to mitigate supplier insolvency risks
- Aftermarket and trailer inventory held to accommodate shorter lead times required

Refer to Slide #13 for Footnotes

Delivered Significant Positive Free Cash Flow

ORGANIZATION REALIGNMENT UPDATE

Streamlining Commitment

Cost Reduction Action	Commitment February 2009*	Achievement to Date	Updated Commitment**
Manufacturing Headcount	1,200	1,175	1,350
OPEX Headcount	200	175	200
Total Headcount	1,400	1,350	1,550
Estimated Total Cost	\$70M - \$80M		\$80M - \$85M
Estimated Annualized Savings	\$55M - \$65M		\$65M - \$70M

*Exchange Rate: 1 Euro = \$1.2 US

**Exchange Rate: 1 Euro = \$1.3 US

Q1 Results & Further Actions

- Accelerated progress on streamlining provides positive impact in Q1
- Timely decisive actions helped drive operating expenses down by \$20 million vs. prior year, exceeding targets
- Implementing flexible work arrangements at the manufacturing and operating expense levels
- Significant reduction in compensation for senior management (160 employees) for the full year 2009
- Pursuing insourcing opportunities to mitigate volume impact and supplier risks

Executing Ahead of Plan; Taking Additional Actions

EC FINE & FINANCING UPDATE

European Commission Communication Activities

- Continuing to meet with various functions within the European Commission
- Providing updates on the current market environment in which WABCO is operating
- Communicating all actions taken to preserve cash and profitability, including suspension of dividends and elimination of annual cash incentive compensation for senior management
- Possible EC decision regarding fine by summer 2009

Financing Actions Taken

- Signed mandate letter for up to €125 million Asset Securitization
- Executed receivables financing arrangement with a major customer
- Ongoing discussions with banks for additional off-balance sheet financing

Actively Pursuing All Opportunities to Minimize Fine Impact

OPERATING FRAMEWORK FY 2009

Full Year Operating Framework

Sales⁽⁴⁾ vs. '08	(25%) – (35%) 1H:(35%)-(45%) - 2H:(10%)-(20%)
Performance Operating Margin⁽¹⁾	6% – 3%
Streamlining Costs '09	\$60M – \$65M
Free Cash Flow⁽³⁾	Positive (Excluding Streamlining & Separation)

Exchange Rate: 1 Euro = \$1.3 US

Key Assumptions & Inputs

- **Containing Price Erosion at 1.5% to 2.0%**
- **Completion of Streamlining Activities in 1H'09 while Adding Flexibility for Short-Term Market Volatility**
- **Cost of Raw Materials at Levels Below 2008**
- **Additional Reduction of 150 Positions**
- **Execution of Cost Reduction Plan**
- **Excludes Potential Impact from EC Fine**

Refer to Slide #13 for Footnotes

Operating Framework Unchanged from Prior Quarter

FOCUSING ON CORE STRATEGIES

Globalization

- **Agreement with CNHTC in China:** Long-term Strategic Agreement through 2016, Worth Several Hundred Million U.S. Dollars in Cumulative Sales
- **India JV :** Obtaining Majority Control of the Leading Player in India by Q3 of 2009 at the latest
- **Supplying Automated Manual Transmission (OptiDrive™) in India:** Agreement with a Major OEM to Supply the Highly Advanced System

New Technologies & Products

- **Breakthrough ESC Simulation System:** Computational System to Certify Electronic Stability Controls on Trucks and Buses
- **Breakthrough Clutch Compressor:** Fuel-Saving, Emission-Reducing System that Optimally Disengages Air Compressor for Truck or Bus Engines

Execution

- **WABCO Operating System**
 - First Value Stream Lean Implementation in Brazil
 - 5.3% Materials Productivity in Q1 '09
 - Delivering Results from the Cost Reduction Program (CRP) Initiated in the Latter Part of 2008
 - 6% Conversion Productivity in Q1 '09

SUMMARY

- **Delivered Performance Operating Profit⁽¹⁾ During Severe Industry Decline and Outperformed the Market**
- **Generated Strong Free Cash Flow⁽³⁾ of \$23.3 Million**
- **Ahead of Plan on Streamlining and Other Cost Reduction Initiatives**
- **Increased Flexibility to Quickly Adapt to Changing Market Conditions**
- **Progress on Efforts to Minimize Impact of EC Fine**
- **Operating Toward the Low End of 2009 Framework**
- **Continuing to Focus on Our Core Strategies of Globalization, New Technologies and Products, and Execution**

Refer to Slide #13 for Footnotes

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Anticipation and Execution Delivering Strong Results

APPENDIX

RECONCILIATIONS OF NON-GAAP MEASURES TO GAAP MEASURES

Footnotes, Tables & Definitions

Footnotes

1. Adjusted for streamlining and separation costs
2. Adjusted for streamlining, separation and one-time tax and discrete tax items
3. Net cash provided by operating activities less net cash used in investing activities
4. Adjusted for currency translation
5. Adjusted for currency translation, streamlining and separation costs

Tables

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

Definitions

- **Separation costs** include all the incremental costs 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 costs 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 March 31,	
	2009	2008
Net (Loss)/Income	\$ (36.4)	\$ 61.3
Adjustments:		
Streamlining cost, net of tax	27.9	1.1
Tax items	0.8	2.0
Separation costs, net of tax and separation related taxes	2.3	5.9
Performance Net (Loss)/Income	\$ (5.4)	\$ 70.3
Performance Net (Loss)/Income per Diluted Common Share	\$ (0.08)	\$ 1.04
Common Shares Outstanding - Diluted	64.0	67.5

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)

	Three Months Ended March 31,	
	<u>2009</u>	<u>2008</u>
Net Cash Provided by Operating Activities	\$ 33.9	\$ 50.9
Deductions or Additions to Reconcile to Free Cash Flow:		
Purchases of property, plant, equipment and computer software	<u>(10.6)</u>	<u>(17.9)</u>
Free Cash Flow	<u><u>\$ 23.3</u></u>	<u><u>\$ 33.0</u></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.
Q1 2009 Data Supplement Sheet
(Unaudited)

(Amounts in millions)	Quarter Ended March 31,				
	2009	% of Sales/ Adj Sales	2008	% of Sales/ Adj Sales	% Chg vs. 2008
<u>Sales</u>					
Reported	\$ 333.9		\$ 705.4		-52.7%
Foreign exchange translational effects	53.6		-		
Adjusted Sales	\$ 387.5		\$ 705.4		-45.1%
<u>Gross Profit</u>					
Reported	\$ 58.2	17.4%	\$ 196.0	27.8%	-70.3%
Streamlining costs	21.5		0.3		
Separation costs	0.3		0.3		
Performance Gross Profit	\$ 80.0	24.0%	\$ 196.6	27.9%	-59.3%
Foreign exchange translational effects	12.4		-		
Adjusted Gross Profit	\$ 92.4	23.8%	\$ 196.6	27.9%	-53.0%
<u>Selling, Administrative, Product Engineering Expenses and Other</u>					
Reported	\$ 88.2	26.4%	\$ 112.3	15.9%	-21.5%
Streamlining costs	(9.4)		(0.9)		
Separation costs	(1.8)		(6.3)		
Performance Selling, Administrative, Product Engineering Expenses and Other	\$ 77.0	23.1%	\$ 105.1	14.9%	-26.7%
Foreign exchange translational effects	11.6		-		
Adjusted Selling, Administrative, Product Engineering Expenses and Other	\$ 88.6	22.9%	\$ 105.1	14.9%	-15.7%
<u>Operating (Loss)/Income</u>					
Reported	\$ (30.0)	-9.0%	\$ 83.7	11.9%	-135.8%
Streamlining costs	30.9		1.2		
Separation costs	2.1		6.6		
Performance Operating Income	\$ 3.0	0.9%	91.5	13.0%	-96.7%
Foreign exchange translational effects	0.8		-		
Adjusted Operating Income	\$ 3.8	1.0%	\$ 91.5	13.0%	-95.8%

WABCO HOLDINGS INC.
Q1 2009 Data Supplement Sheet
(Unaudited)

(Amounts in millions)	Quarter Ended March 31,				
	<u>2009</u>	<u>% of Sales/ Adj Sales</u>	<u>2008</u>	<u>% of Sales/ Adj Sales</u>	<u>% Chg vs. 2008</u>
<u>Equity in (Loss)/Income of Unconsolidated Joint Ventures</u>					
Reported	(4.8)		\$ 0.6		
Foreign exchange translational effects	(0.8)		-		
Adjusted Equity in (Loss)/Income of Unconsolidated Joint Ventures	<u>\$ (5.6)</u>		<u>\$ 0.6</u>		
<u>EBIT (Earnings Before Interest and Taxes)</u>					
Reported Net (Loss)/Income	\$ (36.4)		\$ 61.3		
Adjust for taxes	0.5		21.0		
Adjust for interest income	(0.4)		(0.6)		
EBIT	\$ (36.3)	-10.9%	\$ 81.7	11.6%	-144.4%
Streamlining costs	30.9		1.2		
Separation costs	2.9		6.6		
Performance EBIT (Earnings Before Interest and Taxes)	\$ (2.5)	-0.7%	\$ 89.5	12.7%	-102.8%
Foreign exchange translational effects	(0.1)		-		
Adjusted EBIT (Earnings Before Interest and Taxes)	<u>\$ (2.6)</u>	-0.7%	<u>\$ 89.5</u>	12.7%	-102.9%

WABCO HOLDINGS INC.
Reconciliation of Operating Income Margin to Performance Operating Income Margin for
Full Year 2009 Operating Framework (at a Euro to US Dollar rate of 1.3)
(Unaudited)

Twelve Months Ending,
December 31, 2009

Operating Income

Reported Operating Income Margin	(1.5%) - 1.5%
Streamlining costs, impact to margin	3.8%
Separation costs, impact to margin	0.7%
Performance Operating Income Margin	<u>3.0% - 6.0%</u>

Note: The presentation of performance Operating Income Margin 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.