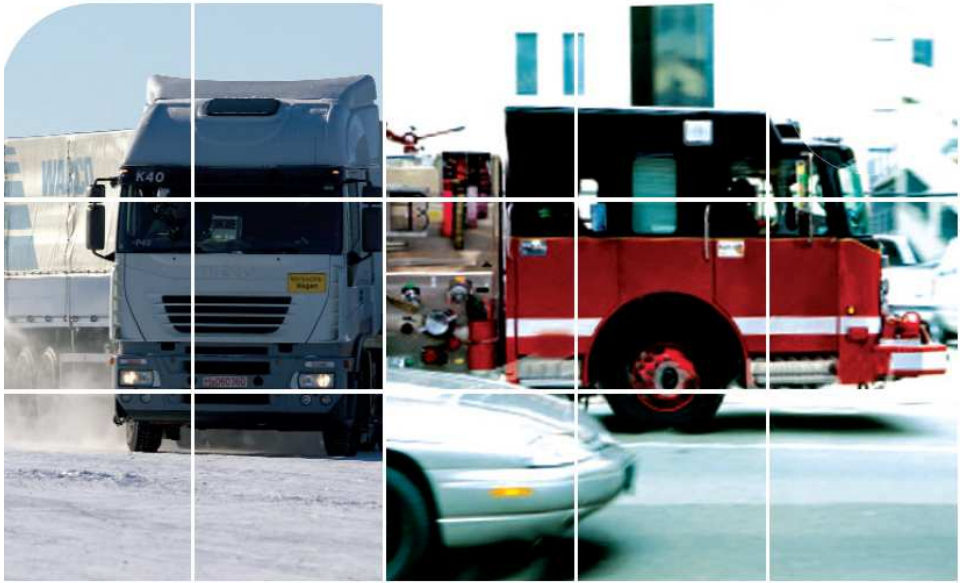


**WABCO**

THIRD QUARTER 2008



**Q3-2008 EARNINGS RELEASE**  
**October 29, 2008**



**JACQUES ESCULIER**  
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. Sales excluding the effects of foreign exchange and EBIT are non-GAAP financial measures. Additionally, operating income, EBIT, net income and net income per diluted share on a "performance basis" are non-GAAP financial measures that exclude separation costs, operational streamlining expenses, 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.

## **Q3 2008 PERFORMANCE SUMMARY**

- **Record Third Quarter Sales of \$655.0 Million; Up 10% Reported or 2% in Local Currencies**
- **EBIT up 27%; Performance EBIT<sup>(1)</sup> up 11% in Local Currencies**
- **EPS Reported \$0.97, Performance EPS<sup>(2)</sup> \$0.94, Up 45%**
- **Free Cash Flow<sup>(3)</sup> of \$78.4 Million, 123% Net Income Conversion Rate**
- **Repurchased 1.3 Million Shares During the Quarter; Suspending Buyback**
- **Adjusting Performance EPS<sup>(2)</sup> Projection Range for 2008 to \$3.90 to \$4.00 at Prior Guidance Exchange Rates or \$3.85 to \$3.95 at Current Exchange Rates**

Refer to Slide #13 for Footnotes

***Another Quarter of Sales, Income and Cash Flow Growth***

# **ANTICIPATING, CONTINUED GROWTH FOCUS**

## **Anticipating Industry Slowdown**

- **Identified \$20M Profit Improvement Opportunities to be Achieved in 2H08**
- **Initiating Reduction in Workforce of About 1,000 Positions**

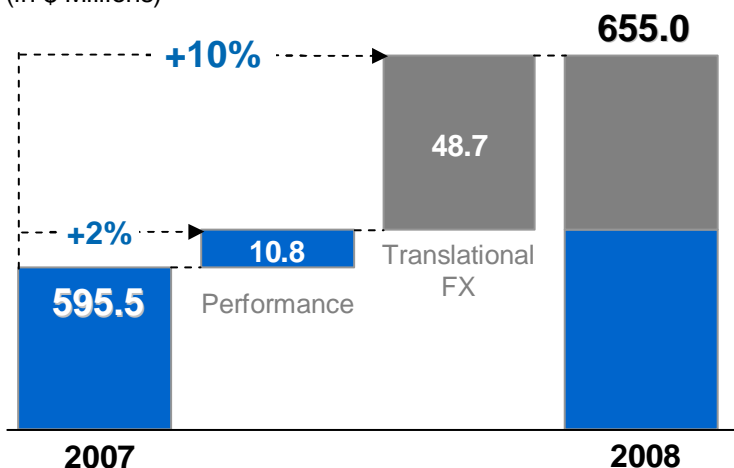
## **Continuing Passion for Growth**

- **Powerful Suite of 14 New Technologies Introduced at IAA 2008; 2 Breakthroughs (Autonomous Emergency Braking, Modular Automated Manual Transmission)**
- **Signed Letter of Intent with FUWA – the World’s Largest Manufacturer of Commercial Trailer Axles - to Form a Joint Venture for the Production of Air Disc Brakes in China**

# SALES PERFORMANCE & MARKET TRENDS

## Q3 SALES BRIDGE

(in \$ Millions)

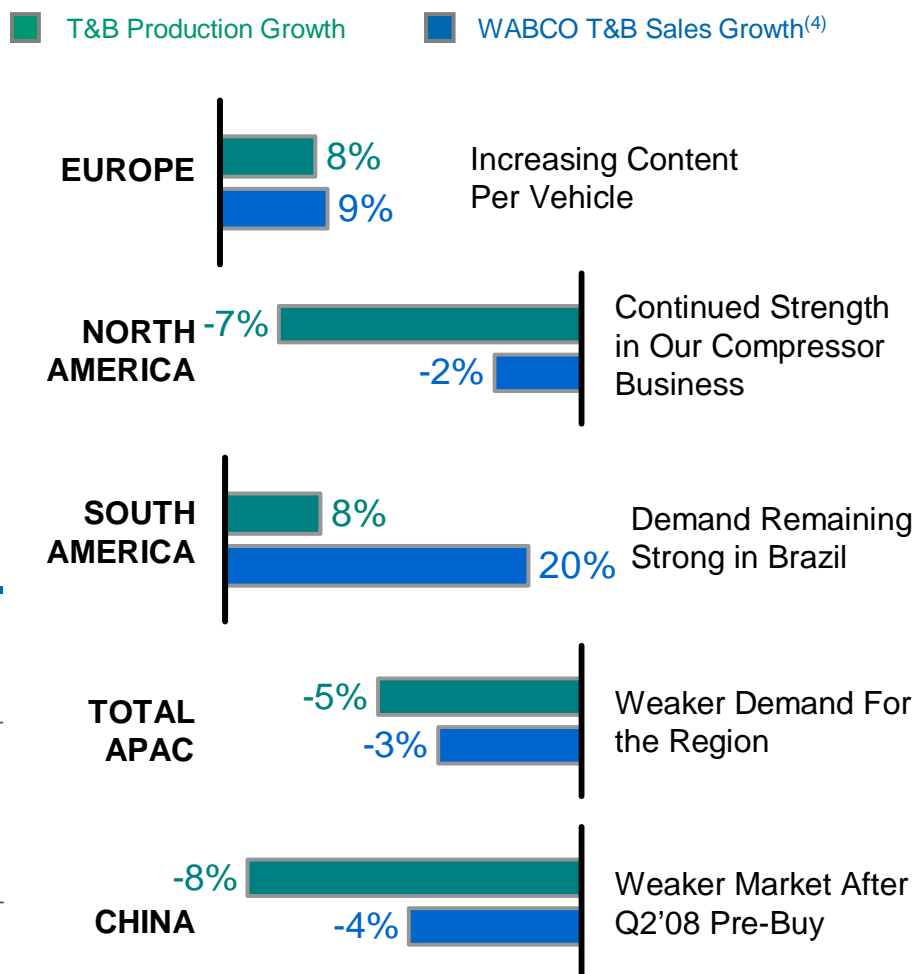


## Q3 GROWTH<sup>(4)</sup> BY CHANNEL

OEMs	+3%	<ul style="list-style-type: none"> <li>Sharp Drop in Trailer Market</li> <li>Continued T&amp;B Growth and Added Content per Vehicle</li> </ul>
Aftermarket	+3%	<ul style="list-style-type: none"> <li>Slow Down in Maintenance Activities</li> <li>Continue IAM Growth, But at Slower Pace</li> </ul>
Sales to JVs	-11%	<ul style="list-style-type: none"> <li>Continued Decline in NA T&amp;B Market</li> <li>Heavy Drop in Trailer Market</li> </ul>

Refer to Slide #13 for Footnotes

## Q3 T&B GROWTH<sup>(4)</sup> vs. PRODUCTION



***Outperforming Markets; Growth Declining Faster Than Expected***

# Q3 2008 FINANCIAL PERFORMANCE

(in \$ Millions)

	Q3 Reported	Q3 Performance <sup>(1)</sup>	Performance Growth in Local Currencies <sup>(5)</sup>	Performance Drivers
Sales	\$655.0	\$655.0	<b>1.8%</b>	Markets Slowing Globally Order Book at \$1,032M, Down 12% Price: (\$13.4)
Gross Profit	174.8 26.7%	176.6 27.0%	<b>2.1%</b> + 9 bps	Volume & Mix: 2.3
OPEX & Other	(112.6) (17.2%)	(105.5) (16.1%)	<b>2.9%</b> (16 bps)	Productivity: \$15.6 Labor Inflation: (\$6.2)
Operating Income	62.2 9.5%	71.1 10.9%	<b>1.1%</b> (7 bps)	OPEX & Other: (\$1.4)
Equity Income	5.0	5.0		Change in Equity Income: \$6.6 • Impact of SCL JV: \$6.1
EBIT	\$65.9 10.1%	\$74.8 11.4%	<b>11.4%</b> + 97 bps	

Refer to Slide #13 for Footnotes

***EBIT Growth Far Exceeding Sales Growth***

# Q3 2008 FINANCIAL PERFORMANCE (continued)

(in \$ Millions except per share data)

	2008	2007	Growth	Performance Drivers
EBIT	<b>\$65.9</b>	\$51.8	27%	Streamlining (\$4.2) vs. (\$2.7) in '07 Separation (\$4.7) vs. (\$7.1) in '07
Interest Income/(Expense)	<b>1.8</b>	(2.1)		
Income Tax				
Provision	<b>(15.3)</b>	(14.5)		Performance Tax Rate of 21%
Streamlining, Separation & Discrete	<b>11.3</b>	(35.5)		Updated Estimates on Tax Indemnification Liabilities in Q3 '08
<b>Net Income/(Loss) Reported</b>	<b>63.7</b>	<b>(0.3)</b>		
Streamlining, Separation & Discrete, Net of Tax	<b>(2.4)</b>	45.3		
<b>Performance Net Income<sup>(2)</sup></b>	<b>61.3</b>	<b>45.0</b>	<b>36%</b>	
Diluted Shares	<b>65.4</b>	69.5		Reduction of 4.1 Million Diluted Shares Outstanding
EPS Reported	<b>0.97</b>	0.00		
<b>Performance EPS<sup>(2)</sup></b>	<b>\$0.94</b>	<b>\$0.65</b>	<b>45%</b>	

Refer to Slide #13 for Footnotes

**Performance EPS Up 45%**

# Q3 2008 CASH FLOW SUMMARY

(in \$ Millions)

## Free Cash Flow

### Cash Provided by Operating Activities

Net Income	<b>63.7</b>	} Receivables \$59.9 Inventory (\$2.7) Payables (\$21.3)
Depreciation & Amortization	<b>24.8</b>	
Working Capital	<b>35.9</b>	
Changes in Other Assets & Liabilities	<b>(20.5)</b>	Separation & Indemnification (\$12.0)

**Net Cash Provided by Operating Activities** **103.9**

**Net Cash Used in Investing Activities** **(25.5)**

**Free Cash Flow<sup>(3)</sup>** **78.4**

## Cash Returned to Shareholders

Share Repurchase Program **57.1** 1.3 Million Shares Repurchased

Dividend Payment **4.5**

**Cash Returned to Shareholders** **61.6**

Refer to Slide #13 for Footnotes

***Free Cash Flow Conversion of 123%***



# YTD 2008 FINANCIAL SUMMARY

(in \$ Millions except per share data)

	YTD 2008	YTD 2007	Growth	Performance Drivers
Sales	\$2,133.3	\$1,736.6	23%	Growth of 10% in Local Currencies
Performance Op. Income <sup>(1)</sup>	255.5 12.0%	193.6 11.1%	32% +83 bps	Excluding Transactional FX, Improvement of 139 bps
Equity Income	8.1	7.0		
Performance EBIT <sup>(1)</sup>	257.9 12.1%	192.9 11.1%	34% + 98 bps	
Performance Net Income <sup>(2)</sup>	207.1 9.7%	139.0 8.0%	49% + 170 bps	Performance Tax Rate of 21%
Diluted Shares	66.5	69.6		Reduction of 3.1 Million Diluted Shares Outstanding
<b>Performance EPS<sup>(2)</sup></b>	<b>3.11</b>	<b>2.00</b>	<b>56%</b>	

Refer to Slide #13 for Footnotes

**Outstanding 9 Months, EPS Growth of 56%**

# 2008 FULL YEAR PROJECTIONS

(in \$ Millions except per share data)

## UPDATED 2008 PROJECTIONS

	<b>Q2 2008</b> (1 Euro = 1.54 USD) Low End - High End	<b>Updated Prior Rate</b> (1 Euro = 1.54 USD) Low End - High End	<b>Updated New Rate</b> (1 Euro = 1.47 USD) Low End - High End
Sales	\$2,920 - \$3,000	\$2,827 - \$2,852	\$2,710 - \$2,732
vs. PY <sup>(4)</sup>	9% - 12%	5.5% - 6.5%	5.5% - 6.5%
Perf. EBIT <sup>(1)</sup>	\$344 - \$355	\$321 - \$329	\$317 - \$325
<b>Perf. EPS<sup>(2)</sup></b>	<b>\$4.12 - \$4.26</b>	<b>\$3.90 - \$4.00</b>	<b>\$3.85 - \$3.95</b>

## Q4 PROJECTIONS

	<b>Updated New Rate</b> (1 Euro = 1.47 USD) Low End - High End	<b>YTD Q3 Actuals</b> (1 Euro = 1.52 USD)	<b>Q4 Projections</b> (1 Euro = 1.30 USD)
Sales	\$2,710 - \$2,732	\$2,133	\$577 - \$599
vs. PY <sup>(4)</sup>	5.5% - 6.5%	10%	(7%) - (3%)
Perf. EBIT <sup>(1)</sup>	\$317 - \$325	\$258	\$59 - \$67
<b>Perf. EPS<sup>(2)</sup></b>	<b>\$3.85 - \$3.95</b>	<b>\$3.11</b>	<b>\$0.74 - \$0.84</b>

Refer to Slide #13 for Footnotes

## PROJECTION DRIVERS

- Updated Full Year Average FX
- Average Diluted Shares Reduced From 66.6M to 66.1M
- Other Assumptions Unchanged: No Impact of Potential EC Fine Assumed, Performance Tax Rate at ~21%

## Q4 MARKET ASSUMPTIONS

- Degradation of the Overall Environment in Western Europe Affecting Both Truck & Bus Builds, Trailer Builds and the Aftermarket
- North American Commercial Vehicle Market Remains Weak
- China Still Impacted by 1H Pre-Buys

**Aligning Guidance to New Market Environment**

# SUMMARY

- **Continuing to Outperform Commercial Vehicle Market and Drive Long Term Growth**
- **Achieved \$0.94 Performance EPS<sup>(2)</sup> , 45% Above Prior Year**
- **Delivered Record Free Cash Flow of \$78M, 123% Net Income Conversion Rate**
- **Timely Measures Taken in Q3 Help Preserve EBIT Margins at Prior Forecast Levels**
- **Preparing our Organization For Challenging Market Conditions**

Refer to Slide #13 for Footnotes

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***Good Quarter... Taking Necessary Actions***

# **APPENDIX**

## **RECONCILIATIONS OF NON-GAAP MEASURES TO GAAP MEASURES**

# Footnotes, Tables & Definitions

## Footnotes

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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

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

## Definitions

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- **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.

**Consolidated Statements of Income**  
**Reconciliation of Net Income to Performance Net Income and Performance Net Income per Diluted Share**  
**(Unaudited)**

(Amounts in millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
<b>Net Income/(Loss)</b>	\$ 63.7	\$ (0.3)	\$ 192.0	\$ 71.1
Adjustments:				
Streamlining cost, net of tax	3.5	2.0	9.8	8.4
Tax items	(0.6)	(0.9)	1.9	2.0
Separation costs, net of tax and separation related taxes	(5.3)	44.2	3.4	57.5
<b>Performance Net Income</b>	<b>\$ 61.3</b>	<b>\$ 45.0</b>	<b>\$ 207.1</b>	<b>\$ 139.0</b>
<b>Performance Net Income per Diluted Common Share</b>	<b>\$ 0.94</b>	<b>\$ 0.65</b>	<b>\$ 3.11</b>	<b>\$ 2.00</b>
<b>Common Shares Outstanding - Diluted</b>	<b>65.4</b>	<b>69.5</b>	<b>66.5</b>	<b>69.6</b>

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

(Amounts in millions)

	<b>Three Months Ended September 30,</b>	
	<b>2008</b>	<b>2007</b>
<b>Net Cash Provided by Operating Activities</b>	\$ 103.9	\$ 46.4
<b>Deductions or Additions to Reconcile to Free Cash Flow:</b>		
Purchases of property, plant, equipment and computer software	(25.5)	(17.0)
<b>Free Cash Flow</b>	\$ 78.4	\$ 29.4

**WABCO HOLDINGS INC.**  
**Q3 2008 Data Supplement Sheet**  
**(Unaudited)**

(Amounts in millions)	Quarter Ended September 30,				
	2008	% of Sales/ Adj Sales	2007	% of Sales/ Adj Sales	% Chg vs. 2007
<b>Sales</b>					
Reported	\$ 655.0		\$ 595.5		10.0%
Foreign exchange translation effects	(48.7)		-		
<b>Adjusted Sales</b>	<b>\$ 606.3</b>		<b>\$ 595.5</b>		1.8%
<b>Gross Profit</b>					
Reported	\$ 174.8	26.7%	\$ 157.9	26.5%	10.7%
Streamlining costs	1.5		-		
Separation costs	0.3		0.3		
<b>Performance Gross Profit</b>	<b>\$ 176.6</b>	<b>27.0%</b>	<b>\$ 158.2</b>	<b>26.6%</b>	<b>11.6%</b>
Foreign exchange translational effects	(15.0)		-		
<b>Adjusted Gross Profit</b>	<b>\$ 161.6</b>	<b>26.7%</b>	<b>\$ 158.2</b>	<b>26.6%</b>	<b>2.1%</b>
<b><u>Selling, Administrative, Product Engineering Expenses and Other</u></b>					
Reported	\$ 112.6	17.2%	\$ 103.3	17.3%	9.0%
Streamlining costs	(2.7)		(2.7)		
Separation costs	(4.4)		(6.8)		
<b>Performance Selling, Administrative, Product Engineering Expenses and Other</b>	<b>\$ 105.5</b>	<b>16.1%</b>	<b>\$ 93.8</b>	<b>15.8%</b>	<b>12.5%</b>
Foreign exchange translational effects	(9.0)		-		
<b>Adjusted Selling, Administrative, Product Engineering Expenses and Other</b>	<b>\$ 96.5</b>	<b>15.9%</b>	<b>\$ 93.8</b>	<b>15.8%</b>	<b>2.9%</b>
<b><u>Operating Income</u></b>					
Reported	\$ 62.2	9.5%	\$ 54.6	9.2%	13.9%
Streamlining costs	4.2		2.7		
Separation costs	4.7		7.1		
<b>Performance Operating Income</b>	<b>\$ 71.1</b>	<b>10.9%</b>	<b>64.4</b>	<b>10.8%</b>	<b>10.4%</b>
Foreign exchange translational effects	(6.0)		-		
<b>Adjusted Operating Income</b>	<b>\$ 65.1</b>	<b>10.7%</b>	<b>\$ 64.4</b>	<b>10.8%</b>	<b>1.1%</b>



**WABCO HOLDINGS INC.**  
**Q3 2008 Data Supplement Sheet**  
**(Unaudited)**

(Amounts in millions)	Quarter Ended September 30,				
	2008	% of Sales/ Adj Sales	2007	% of Sales/ Adj Sales	% Chg vs. 2007
<b><u>Equity in Income/(Loss) of Unconsolidated Joint Ventures</u></b>					
Reported	5.0		\$ (1.8)		
Foreign exchange translational effects	(0.2)		-		
<b>Adjusted Equity in Income/(Loss) of Unconsolidated Joint Ventures</b>	<b>\$ 4.8</b>		<b>\$ (1.8)</b>		
<b>Income Before Income Taxes</b>	<b>\$ 67.7</b>		<b>\$ 49.7</b>		
Adjust for interest (income)/expense	(1.8)		2.1		
<b><u>EBIT (Earnings Before Interest and Taxes)</u></b>	<b>\$ 65.9</b>	<b>10.1%</b>	<b>\$ 51.8</b>	<b>8.7%</b>	<b>27.2%</b>
Streamlining costs	4.2		2.7		
Separation costs	4.7		7.1		
<b>Performance EBIT (Earnings Before Interest and Taxes)</b>	<b>\$ 74.8</b>	<b>11.4%</b>	<b>\$ 61.6</b>	<b>10.3%</b>	<b>21.4%</b>
Foreign exchange translational effects	(6.2)		-		
<b>Adjusted EBIT (Earnings Before Interest and Taxes)</b>	<b>\$ 68.6</b>	<b>11.3%</b>	<b>\$ 61.6</b>	<b>10.3%</b>	<b>11.4%</b>

**WABCO HOLDINGS INC.**  
**Q3 2008 YTD Data Supplement Sheet**  
**(Unaudited)**

(Amounts in millions)	Nine Months Ended September 30,				
	2008	% of Sales/ Adj Sales	2007	% of Sales/ Adj Sales	% Chg vs. 2007
<b>Sales</b>					
Reported	\$ 2,133.3		\$ 1,736.6		22.8%
Foreign exchange translation effects	(224.6)		-		
<b>Adjusted Sales</b>	<u>\$ 1,908.7</u>		<u>\$ 1,736.6</u>		9.9%
<b>Gross Profit</b>					
Reported	\$ 583.1	27.3%	\$ 462.5	26.6%	26.1%
Streamlining costs	2.0		2.5		
Separation costs	0.9		0.4		
<b>Performance Gross Profit</b>	<u>\$ 586.0</u>	27.5%	<u>\$ 465.4</u>	26.8%	25.9%
Foreign exchange translational effects	(67.0)		-		
<b>Adjusted Gross Profit</b>	<u>\$ 519.0</u>	27.2%	<u>\$ 465.4</u>	26.8%	11.5%
<b>Selling, Administrative, Product Engineering Expenses and Other</b>					
Reported	\$ 352.9	16.5%	\$ 295.5	17.0%	19.4%
Streamlining costs	(9.1)		(8.8)		
Separation costs	(13.3)		(14.9)		
<b>Performance Selling, Administrative, Product Engineering Expenses and Other</b>	<u>\$ 330.5</u>	15.5%	<u>\$ 271.8</u>	15.7%	21.6%
Foreign exchange translational effects	(38.1)		-		
<b>Adjusted Selling, Administrative, Product Engineering Expenses and Other</b>	<u>\$ 292.4</u>	15.3%	<u>\$ 271.8</u>	15.7%	7.6%
<b>Operating Income</b>					
Reported	\$ 230.2	10.8%	\$ 167.0	9.6%	37.8%
Streamlining costs	11.1		11.3		
Separation costs	14.2		15.3		
<b>Performance Operating Income</b>	<u>\$ 255.5</u>	12.0%	193.6	11.1%	32.0%
Foreign exchange translational effects	(28.9)		-		
<b>Adjusted Operating Income</b>	<u>\$ 226.6</u>	11.9%	<u>\$ 193.6</u>	11.1%	17.0%

**WABCO HOLDINGS INC.**  
**Q3 2008 YTD Data Supplement Sheet**  
**(Unaudited)**

(Amounts in millions)	Nine Months Ended September 30,				
	2008	% of Sales/ Adj Sales	2007	% of Sales/ Adj Sales	% Chg vs. 2007
<b><u>Equity in Income of Unconsolidated Joint Ventures</u></b>					
Reported	8.1		\$ 7.0		
Foreign exchange translational effects	(0.4)		-		
<b>Adjusted Equity in Income of Unconsolidated Joint Ventures</b>	<b>\$ 7.7</b>		<b>\$ 7.0</b>		<b>10.0%</b>
<b>Income Before Income Taxes</b>	<b>\$ 235.4</b>		<b>\$ 161.3</b>		
Adjust for interest (income)/expense	(2.8)		5.0		
<b><u>EBIT (Earnings Before Interest and Taxes)</u></b>	<b>\$ 232.6</b>	<b>10.9%</b>	<b>\$ 166.3</b>	<b>9.6%</b>	<b>39.9%</b>
Streamlining costs	11.1		11.3		
Separation costs	14.2		15.3		
<b>Performance EBIT (Earnings Before Interest and Taxes)</b>	<b>\$ 257.9</b>	<b>12.1%</b>	<b>\$ 192.9</b>	<b>11.1%</b>	<b>33.7%</b>
Foreign exchange translational effects	(28.4)		-		
<b>Adjusted EBIT (Earnings Before Interest and Taxes)</b>	<b>\$ 229.5</b>	<b>12.0%</b>	<b>\$ 192.9</b>	<b>11.1%</b>	<b>19.0%</b>

**WABCO HOLDINGS INC.**  
**Reconciliation of Projected US GAAP EBIT and Net Income to Performance EBIT, Net Income and EPS**  
**For Full Year 2008 Projections**  
**(Unaudited)**

	(1 EURO = 1.54 USD)	(1 EURO = 1.54 USD)	(1 EURO = 1.47 USD)
(Amounts in millions, except per share data)	<b>Previous Outlook 2008</b>	<b>Revised 2008</b>	<b>Revised 2008</b>
<b><u>EBIT (Earnings Before Interest and Taxes)</u></b>			
Projected US GAAP EBIT	\$316.6 - \$327.6	\$281.0 - \$289.0	\$277.5 - \$285.5
Streamlining costs	13.1	23.4	23.1
Separation costs	14.3	16.6	16.4
<b>Performance EBIT (Earnings Before Interest and Taxes)</b>	<b><u>\$344.0 - \$355.0</u></b>	<b><u>\$321.0 - \$329.0</u></b>	<b><u>\$317.0 - \$325.0</u></b>
 <b><u>Net Income</u></b>			
Projected US GAAP Net Income	\$246.8 - \$256.1	\$229.1 - \$235.7	\$226.2 - \$232.8
Streamlining costs, net of tax	10.5	20.6	20.3
Tax items	5.0	2.9	2.9
Separation costs, net of tax and separation related taxes	12.4	5.2	5.1
<b>Performance Net Income</b>	<b><u>\$274.7 - \$284.0</u></b>	<b><u>\$257.8 - \$264.4</u></b>	<b><u>\$254.5 - \$261.1</u></b>
 <b>Performance Net Income per Diluted Common Share</b>	 <b>\$4.12 - \$4.26</b>	 <b>\$3.90 - \$4.00</b>	 <b>\$3.85 - \$3.95</b>
Projected diluted common shares outstanding	66.6	66.1	66.1