

WABCO
FIRST QUARTER 2010



Q1 2010 EARNINGS RELEASE

May 5, 2010



JACQUES ESCULIER
Chairman & 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 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 Q1 2010

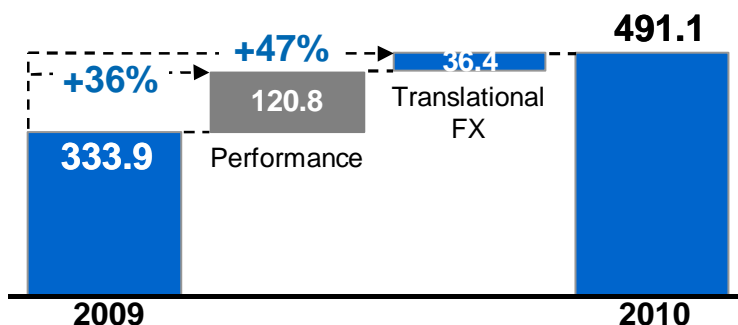
- **First Quarter Sales of \$491.1 Million; Up 47% Reported or 36% in Local Currencies**
- **Gross Profit Margin of 28.5% vs. 17.4% in Q1 '09; Performance Gross Profit Margin⁽¹⁾ of 28.6% vs. 24.0% in Q1 '09**
- **Operating Income of \$43.1 Million vs. (\$30.0) Million in Q1 '09; Performance Operating Income⁽¹⁾ of \$44.5 Million vs. \$3.0 Million in Q1 '09**
- **EPS Reported \$0.47 vs. (\$0.57) in Q1 '09, Performance EPS⁽²⁾ \$0.51 vs. (\$0.08) in Q1 '09**
- **Free Cash Flow⁽³⁾ of \$15.6 Million, \$26.7 Million Excluding Payments for Streamlining**
- **Upgrading Full Year 2010 Guidance**

Refer to Slide #13 for Footnotes

SALES PERFORMANCE & MARKET TRENDS

Q1 Sales Bridge

(in \$ Millions)



Q1 YoY Sales Growth⁽⁴⁾ By Channel

OEMs	38%*	<ul style="list-style-type: none"> Up 17% vs. Q4 '09 Increased Content per Vehicle Strong Growth in Emerging Markets
*25% excluding India transaction		
Aftermarket	27%*	<ul style="list-style-type: none"> Up 6% vs. Q4 '09 Higher Fleet Utilization Rates Leading Indicator for OE Growth
*20% excluding India transaction		
Sales to JVs	68%	<ul style="list-style-type: none"> Up 23% vs. Q4 '09 Increased Production in US with Higher Content per Vehicle

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

	WABCO	Estimated Production	Comments
Europe	7%	(4%)	• Q1 '10 First Quarter of Increase in W. European Registrations in Two Years
North America	28%	10%	• Increased Content per Vehicle in Europe/US as Well as Build Up of Component Inventories at W. European OEs
South America	72%	64%	• South America Increased Content per Vehicle
Japan/Korea	101%	60%	• Favorable Vehicle Mix in Japan & Korea
China	108%	107%	• Record Production Levels Experienced in China
India*	236%*	141%	• Increased Penetration of New Technologies in India

Refer to Slide #13 for Footnotes *Represents sales growth of WABCO-TVS (Q1 '09 sales not included in WABCO's Q1 '09 consolidated sales)

Significant Sales Growth; Outperforming in All Regions

FINANCIAL PERFORMANCE Q1 2010

(In \$ Millions except per share data)

	Q1 Reported	Q1 Performance ^{(1),(2)}	Performance vs. 2009 In Local Curr. ⁽⁵⁾	Performance Drivers
Sales	\$491.1	\$491.1	36.2%	<ul style="list-style-type: none"> +11% versus Q4 '09 Order Book at \$721M, Up 28% YoY Price: (\$5.7) or (1.2%)
Gross Profit	140.2	140.5	63.1%	<ul style="list-style-type: none"> Volume & Mix: \$32.9 Productivity: <ul style="list-style-type: none"> –Materials: \$10.9 –Conversion: \$4.0 –OH Absorption & Other: \$9.3
OPEX & Other	(97.1)	(96.0)	(16.9%)	<ul style="list-style-type: none"> OPEX & Other: (\$12.9): <ul style="list-style-type: none"> –Reinstate suspended costs: (\$7.9) –Labor inflation/India Opex: (\$4.5) –Bonus Accrual Above Target: (\$3.2) –Savings net of new investments: \$2.7
Operating Income	43.1	44.5	1,250.0%	
	8.8%	9.1%	801 bps	
Equity Income	1.8	1.8		<ul style="list-style-type: none"> Meritor WABCO JV Up \$1.6M Versus Last Year
EBIT	\$38.7	\$42.2		<ul style="list-style-type: none"> Streamlining \$0.1 vs. (\$30.9) in '09 Separation (\$3.6) vs. (\$2.9) in '09
	7.9%	8.6%		
Taxes	7.6	8.2		<ul style="list-style-type: none"> ~20% Performance Tax Rate
Net Income	\$30.7	\$33.6		
EPS	\$0.47	\$0.51		<ul style="list-style-type: none"> Versus '09 Reported of (\$0.57) and Performance of (\$0.08)

Refer to Slide #13 for Footnotes

Strong Financial Performance Generates 31% Incremental Margin ⁽⁵⁾

CASH FLOW SUMMARY Q1 2010

(in \$ Millions)

Free Cash Flow

Cash Provided by Operating Activities

Net Income including noncontrolling interest	33.7	Receivables (\$61.2)
Depreciation & Amortization	21.0	Inventory (\$12.3)
Working Capital	(49.7)	Payables \$23.8
Changes in Other Assets & Liabilities	23.0	Indemnification & tax related items \$19.1
		Payroll related & other items \$15.0
		Streamlining (\$11.1)

Net Cash Provided by Operating Activities **28.0**

Purchases of PP&E, Tooling and Computer Software **(12.4)**

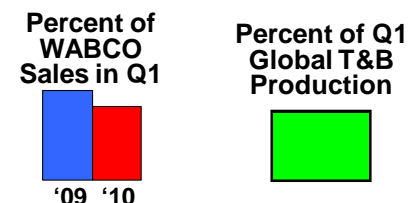
Free Cash Flow⁽³⁾ **15.6**

- **Net receivables overall increased by \$61M driven by increased sales, but further reduction in past due receivables freed up \$6M in cash**
- **Paid out \$11.1M of streamlining**
- **Converted 87% of net income into free cash flow, excluding streamlining & separation payments**

Refer to Slide #13 for Footnotes

Strong Cash Conversion in High Growth Quarter

MARKET DYNAMICS



- Q1 '10 first quarter in two years with uptick in heavy truck registrations; up 5% vs. Q4 '09 but still 34% below Q1 '09
- Estimated Q1 '10 fleet utilization >90%, notably up from 2009
- Expect T&B production to grow ~30% full year '10, incl. 5-10% increase in demand



- Q1 '10 production enhanced by pre-buy of trucks with '09 EPA engines
- Increase in fleet utilization and slight improvement in used truck prices
- Significant market growth expected in 2011
- ~10% T&B production increase expected for 2010



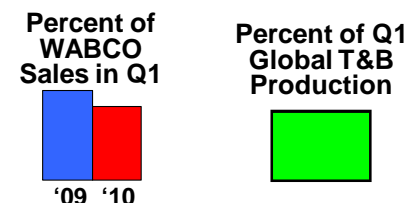
- Q1 T&B production up 107% vs. Q1 '09 & up 32% vs. Q4 '09; government stimulus packages continue to help
- Expect a moderate increase in Exports in 2010
- ~10% T&B production growth expected for '10, with H2 weaker than H1



- Q1 T&B production up 141% vs. Q1 '09 & up 29% vs. Q4 '09
- Economic stimulus from government & pre-buy activity help drive growth
- 2010 T&B growth of ~50% vs. '09, with H2 weaker than H1

Increased Expectations for Pace of Recovery

MARKET DYNAMICS



Japan/Korea

- H2 '09 stimulus packages help drive economic recovery into H1 '10
- Growth driven by domestic demand
- Stable production levels seem to be reached
- 2010 T&B production growth expected to be ~25% vs. '09



Brazil

- Q1 '10 continues to benefit from government stimulus program in the CV industry
- Q1 T&B Production up 64% vs. Q1 '09, up 12% vs. Q4 '09
- 2010 growth expected to be ~30% vs. '09, with H2 weaker than H1



Aftermarket

- Record sales in Q1 '10, up 27% vs. Q1 '09 and 6% vs. Q4 '09
- Higher fleet utilization rates
- Leading indicator for stronger recovery to come in Europe and N. America
- Annual sales growth level of ~15%



Trailer

- Most severely impacted segment in industry
- Q1 '10 production up 35% vs. Q1 '09 and 28% vs. Q4 '09 for Europe/US
- Production outlook for 2010 indicates ~25% growth

Increased Expectations for Pace of Recovery

FY 2010 GUIDANCE

Updated 2010 Guidance

(\$ Millions, except per share data)

	Original	Revised (1 EURO = 1.37 USD)
	Low End – High End	Low End – High End
Sales	15% - 20% ⁽⁴⁾	\$1,835 - \$1,910 23% - 28% ⁽⁴⁾
Performance Op Margin⁽¹⁾	5% – 7%	6.5% – 8.5%
Performance EPS⁽²⁾	\$1.00 - \$1.40	\$1.40 - \$1.80
Free Cash Flow Conversion⁽³⁾	80% - 90% (Excluding Stream. & Separation)	80% - 90% (Excluding Stream. & Separation)

Key Inputs

- Price erosion level of 1.7% or better
- Maintaining strong levels of productivity
- Raw materials pricing expected to degrade margins by ~90 bps starting in Q2
- Additional investments of ~\$3M in new business opportunities
- Net interest expense at current rates
- Performance tax rate of ~20%
- Streamlining & separation cash payments: ~\$50M
- Impact from EC fine not included

Refer to Slide #13 for Footnotes

Raising Full Year 2010 Guidance

FOCUSING ON CORE STRATEGIES

Globalization

- **FAW Jiefang in China Expands Agreement:** Clutch servo technology for trucks added; WABCO wins Special Contribution Award for 2009 performance
- **WABCO-TVS in India and MNAL in New Agreement:** Mahindra Navistar Automotives Ltd manufactures a world class range of trucks and tractor trailers
- **Supplier Awards in China:** Best Supplier from CNHTC Engine Company; Best Quality and Best Support from CNHTC Special Purpose Vehicle

New Technologies & Products

- **OptiDrive™ System Wins 2010 PACE™ Award:** Breakthrough automated manual transmission technology wins industry benchmark for innovation
- **Integrated Suite of Multi-Brand Diagnostic Products & Services:** WABCOWÜRTH Workshop Services formed to offer WABCO's industry leading technology competence and software diagnostics for vehicle electronics
- **Alliance with Iteris in North America:** Meritor WABCO and Iteris form strategic alliance for high tech online applications of safety performance data
- **Rolls-Royce's Newest Luxury Sedan:** Innovative electronic control unit and high performance module for air suspension of the Rolls-Royce Ghost

Execution

- **WABCO Operating System Results**
 - Successfully completed two new factories in China
 - 5.9% materials productivity, 4.7% conversion productivity
 - Technical PPM reduced 69% year over year

Continued Success in Executing Core Strategies

SUMMARY

- **First Quarter Sales up 36% in Local Currencies, Outperforming the Market in All Regions**
- **Delivered Significant Improvement on Key Financial Measures, Including 31% Incremental Margin⁽⁵⁾ from Prior Year**
- **Achieved \$0.51 of Performance EPS⁽²⁾ vs. (\$0.08) in Q1 '09**
- **Continued Strong Conversion of Net Income to Free Cash Flow**
- **Current Market Projections Indicate a Faster Pace of Recovery**
- **Raising Full Year 2010 Guidance**
 - **Sales up 23% to 28% in Local Currencies**
 - **Performance Operating Margin⁽¹⁾ Between 6.5% and 8.5%**
 - **Performance EPS⁽²⁾ Between \$1.40 and \$1.80, Up \$0.40**

Refer to Slide #13 for Footnotes

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Strong Rise in Q1 Sales & Profit; Raising 2010 Guidance

APPENDIX

RECONCILIATIONS OF NON-GAAP MEASURES TO GAAP MEASURES

Footnotes, Tables & Definitions

Footnotes

1. Adjusted for streamlining and separation items
2. Adjusted for streamlining, separation, 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.
- **Incremental Margin** is calculated by dividing the change in performance operating income year over year, by the change in sales year over year

WABCO HOLDINGS Inc.
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,	
	2010	2009
Net Income	\$ 30.7	\$ (36.4)
Adjustments:		
Streamlining cost, net of tax	-	27.9
Tax items	-	0.8
Separation costs, net of tax and separation related taxes	2.9	2.3
Performance Net Income	\$ 33.6	\$ (5.4)
Performance Net Income per Diluted Common Share	\$ 0.51	\$ (0.08)
Common Shares Outstanding - Diluted	65.7	64.0

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.

**Reconciliation of Net Cash Provided
By Operating Activities to Free Cash Flow
(Unaudited)**

(Amounts in millions)

	Three Months Ended March 31,	
	2010	2009
Net Cash Provided by Operating Activities	\$ 28.0	\$ 33.9
Deductions or Additions to Reconcile to Free Cash Flow:		
Purchases of property, plant, equipment and computer software	(12.4)	(10.6)
Free Cash Flow	\$ 15.6	\$ 23.3

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 2010 Data Supplement Sheet (Unaudited)

(Amounts in millions, except per share data)

	<u>2010</u>	<u>% of Sales/ Adj Sales</u>	<u>Quarter Ended March 31, 2009</u>	<u>% of Sales/ Adj Sales</u>	<u>Chg vs. 2009</u>	<u>% Chg vs. 2009</u>
<u>Sales</u>						
Reported	\$ 491.1		\$ 333.9		\$ 157.2	47.1%
Foreign exchange translational effects	(36.4)		-			
Adjusted Sales	<u>\$ 454.7</u>		<u>\$ 333.9</u>		<u>\$ 120.8</u>	36.2%
<u>Gross Profit</u>						
Reported	\$ 140.2	28.5%	\$ 58.2	17.4%	\$ 82.0	140.9%
Streamlining costs	-		21.5		(21.5)	
Separation costs	0.3		0.3		-	
Performance Gross Profit	<u>\$ 140.5</u>	28.6%	<u>\$ 80.0</u>	24.0%	<u>\$ 60.5</u>	75.6%
Foreign exchange translational effects	(10.0)		-			
Adjusted Gross Profit	<u>\$ 130.5</u>	28.7%	<u>\$ 80.0</u>	24.0%	<u>\$ 50.5</u>	63.1%
<u>Selling, Administrative, Product Engineering Expenses and Other</u>						
Reported	\$ 97.1	19.8%	\$ 88.2	26.4%	\$ 8.9	10.1%
Streamlining costs	-		(9.4)		9.4	
Separation costs	(1.1)		(1.8)		0.7	
Performance Selling, Administrative, Product Engineering Expenses and Other	<u>\$ 96.0</u>	19.5%	<u>\$ 77.0</u>	23.1%	<u>\$ 19.0</u>	24.7%
Foreign exchange translational effects	(6.0)		-			
Adjusted Selling, Administrative, Product Engineering Expenses and Other	<u>\$ 90.0</u>	19.8%	<u>\$ 77.0</u>	23.1%	<u>\$ 13.0</u>	16.9%
<u>Operating Income/(Loss)</u>						
Reported	\$ 43.1	8.8%	\$ (30.0)	-9.0%	\$ 73.1	***
Streamlining costs	-		30.9		(30.9)	
Separation costs	1.4		2.1		(0.7)	
Performance Operating Income	<u>\$ 44.5</u>	9.1%	<u>3.0</u>	0.9%	<u>41.5</u>	1383.3%
Foreign exchange translational effects	(4.0)		-			
Adjusted Operating Income	<u>\$ 40.5</u>	8.9%	<u>\$ 3.0</u>	0.9%	<u>\$ 37.5</u>	1250.0%

WABCO HOLDINGS INC.
Q1 2010 Data Supplement Sheet (Unaudited)

(Amounts in millions, except per share data)

	<u>2010</u>	<u>% of Sales/ Adj Sales</u>	<u>Quarter Ended March 31, 2009</u>	<u>% of Sales/ Adj Sales</u>	<u>Chg vs. 2009</u>	<u>% Chg vs. 2009</u>
<u>EBIT (Earnings Before Interest and Taxes)</u>						
Reported Operating Income/(Loss)	\$ 43.1		\$ (30.0)		\$ 73.1	
Equity in Income/(Loss) of Unconsolidated Joint Venture	1.8		(4.8)		6.6	
Other non-operating expenses, net	(3.2)		(1.0)		(2.2)	
Net income attributable to noncontrolling interest	(3.0)		(0.5)		(2.5)	
EBIT	\$ 38.7	7.9%	\$ (36.3)	-10.9%	\$ 75.0	***
Streamlining costs	(0.1)		30.9		(31.0)	
Separation costs	3.6		2.9		0.7	
Performance EBIT (Earnings Before Interest and Taxes)	\$ 42.2	8.6%	\$ (2.5)	-0.7%	\$ 44.7	***
Foreign exchange translational effects	(3.9)		-			
Adjusted EBIT (Earnings Before Interest and Taxes)	\$ 38.3	8.4%	\$ (2.5)	-0.7%	\$ 40.8	***
<u>Pre-Tax Income</u>						
EBIT	\$ 38.7		\$ (36.3)		\$ 75.0	
Interest (expense)/income, net	(0.4)		0.4		(0.8)	
Pre-Tax Income	\$ 38.3		\$ (35.9)		\$ 74.2	
Streamlining costs	(0.1)		30.9		(31.0)	
Separation costs	3.6		2.9		0.7	
Performance Pre-Tax Income	\$ 41.8		\$ (2.1)		\$ 43.9	
<u>Net Income/(Loss)</u>						
Reported Net Income/(Loss)	\$ 30.7		\$ (36.4)		\$ 67.1	
Streamlining cost, net of tax	-		27.9		(27.9)	
Tax items	-		0.8		(0.8)	
Separation costs, net of tax and separation related taxes	2.9		2.3		0.6	
Performance Net Income/(Loss)	\$ 33.6		\$ (5.4)		\$ 39.0	
Performance Net Income per Diluted Common Share	\$ 0.51		\$ (0.08)			
Common Shares Outstanding - Diluted	65.7		64.0			
<u>Incremental Operating Margin</u>						
Increase in adjusted sales from '09	120.8					
Increase in adjusted operating income from '09	37.5					
Incremental Operating Income as a % of Sales	31%					

Note: The presentation of the performance measures above are 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 GAAP to Non-GAAP Financial Measures for Full Year 2010 Guidance
(Unaudited)

(Amounts in millions, except per share data)

	Previous Full Year 2010 Estimate	Revised Full Year 2010 Estimate
<u>Operating Income</u>		
Reported Operating Income Margin	4.5% - 6.5%	6.2% - 8.2%
Separation costs, impact to margin	0.5%	0.3%
Performance Operating Income Margin	5.0% - 7.0%	6.5% - 8.5%
<u>Net Income</u>		
Reported Net Income	\$57.0 - \$83.0	\$83.6 - \$109.9
Tax items	2.0	2.0
Separation costs, net of tax and separation related taxes	6.5	6.5
Performance Net Income	\$65.5 - \$91.5	\$92.1 - \$118.4
Reported Net Income per Diluted Common Share	\$0.87 - \$1.27	\$1.27 - \$1.67
Performance Net Income per Diluted Common Share	\$1.00 - \$1.40	\$1.40 - \$1.80
Diluted common shares outstanding	65.4	65.8

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.