



WABCO

SECOND QUARTER 2008

Q2-2008 EARNINGS RELEASE

July 30, 2008



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. Sales excluding the effects of foreign exchange are a non-GAAP financial measure. Additionally, operating income, 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.

FIRST YEAR: LIVING OUR PASSION

- **Passion for Execution: WABCO Operating System**

- Continued Deployment of Lean Six Sigma Manufacturing & Logistics Initiative Driving to Record Levels of Quality and Efficiency
- Improved Product Development Process Driving Reliability and Speed While Significantly Lowering Costs and Capital Expenses
- Attracted New Talent Across the Organization; Strengthened the Leadership
- Built Record Productivity in Material Sourcing and Manufacturing

- **Passion for the World**

- Distinguished Further WABCO as Brand of Reference in Emerging Markets
- Generated Exceptional Sales Growth in China, India, Brazil and Russia
- Expanded Global Capabilities: Inaugurated Two Manufacturing Facilities in India and One in China
- Enhanced Engineering Capabilities, Including New Software Development Center in India

- **Passion for Technology**

- Developed New Technologies for Braking Systems, High Output Compressors, Transmission Automation and Introduced Breakthrough in Collision Mitigation
- Launched New Simulation and Testing Capabilities for ESC Rapid Certification

Q2 2008 PERFORMANCE SUMMARY

- **Record Quarterly Sales of \$772.9 Million; Up 33% Reported or 16% in Local Currencies; All Organic Growth**
- **Operating Income Up 71% Reported; Performance Operating Income⁽¹⁾ Up 24% in Local Currencies, Margin Expansion of 70bps**
- **EPS Reported \$1.00, Up 122%; Performance EPS⁽²⁾ \$1.13, Up 66%**
- **Free Cash Flow⁽³⁾ of \$72.0 Million, 107% Net Income Conversion Rate**
- **Repurchased 1.4 Million Shares During the Quarter**
- **Raising Performance EPS⁽²⁾ Projection Range for 2008 by \$0.21 to \$4.12 to \$4.26**

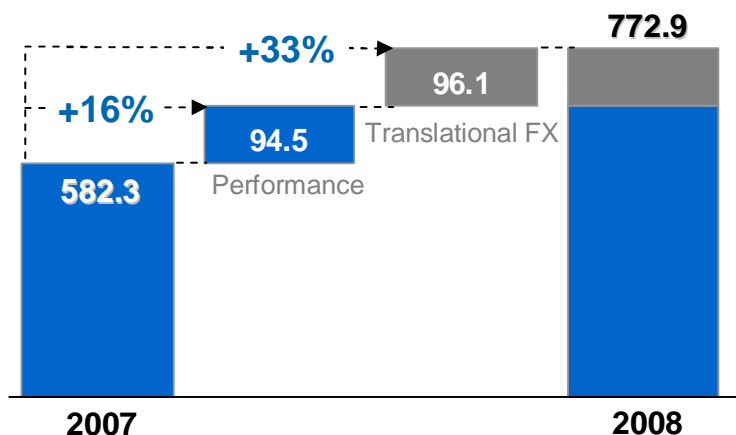
Refer to Slide #13 for Footnotes

Another Quarter of Record Sales, Income and Cash Flow

SALES PERFORMANCE & MARKET TRENDS

Q2 SALES BRIDGE

(in \$ Millions)

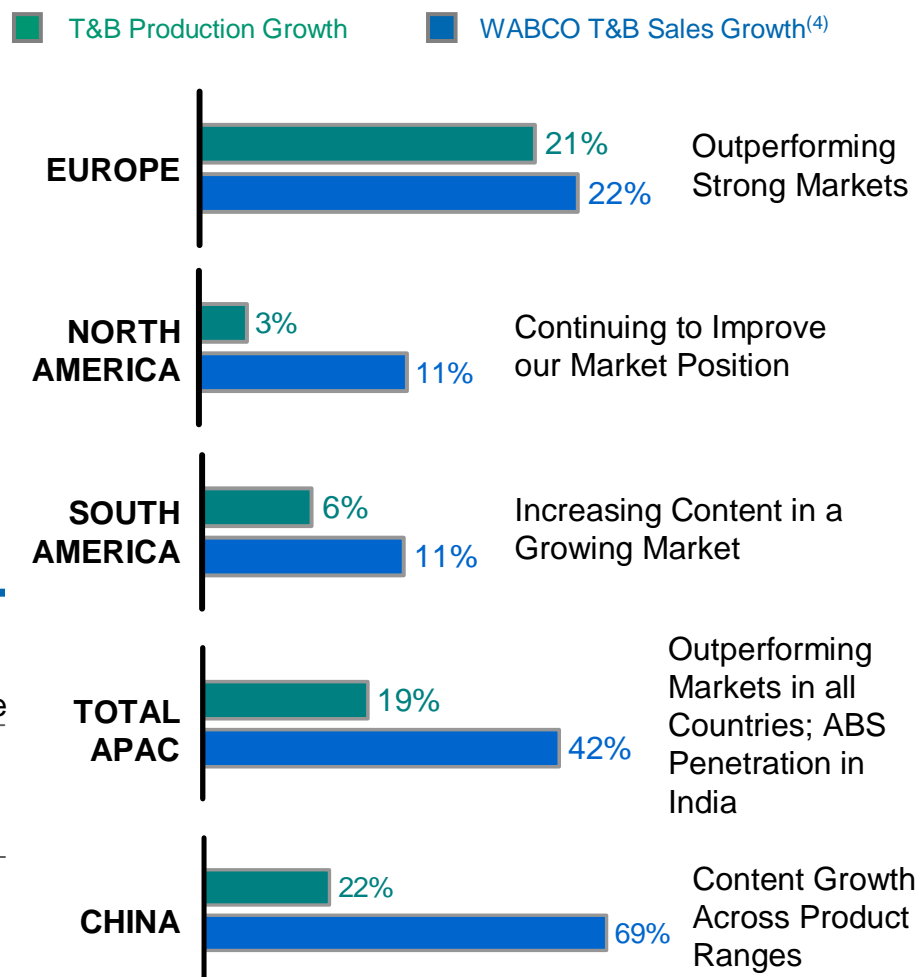


Q2 GROWTH⁽⁴⁾ BY CHANNEL

OEMs	+19%	<ul style="list-style-type: none"> Continued Strong Growth in Asia and Emerging Markets Increased Content per Vehicle
Aftermarket	+12%	<ul style="list-style-type: none"> Strong Independent AM Continued Weakness in OES Channel
Sales to JVs	-7%	<ul style="list-style-type: none"> T&B Production in NA Bottoming Trailer Production in NA Down 41%

Refer to Slide #13 for Footnotes

Q2 T&B GROWTH⁽⁴⁾ vs. PRODUCTION



Outperforming in All Regions, Double Digit AM Growth

Q2 2008 FINANCIAL PERFORMANCE

(in \$ Millions)

	Q2 Reported	Q2 Performance ⁽¹⁾	Performance Growth in Local Currencies ⁽⁵⁾	Performance Drivers
Sales	\$772.9	\$772.9	16.2%	Continued Strong Markets Order Book Up \$89.2M or +8% Price: (\$12.9)
Gross Profit	212.3 27.5%	212.9 27.5%	19.4% + 71 bps	Volume & Mix: \$24.2 Productivity: \$28.2
OPEX & Other	(127.9) (16.5%)	(119.7) (15.5%)	16.3% (1 bps)	Labor Inflation: (\$6.3) OPEX and Other: (\$11.9)
Operating Income	84.4 10.9%	93.2 12.1%	23.5% + 70 bps	FX Transactional: (\$6.6) or 98 bps Unfavorable Margin Impact
Equity Income	2.5	2.5		Equity Income: (\$1.7) <ul style="list-style-type: none"> • Impact of SCL JV: (\$1.7) • North American Market: (\$0.1)
EBIT	\$85.0 11.0%	\$93.7 12.1%	21.8% + 54 bps	EBIT Margin Expansion of 152 bps Excluding Transactional FX

Refer to Slide #13 for Footnotes

EBIT Growth Far Exceeding Strong Sales Growth

Q2 2008 FINANCIAL PERFORMANCE (continued)

(in \$ Millions except per share data)

	2008	2007	Growth	Performance Drivers
EBIT Reported	\$85.0	\$51.2	66%	Streamlining (\$5.8) vs. (\$7.8) in '07 Separation (\$2.9) vs. (\$8.1) in '07
Interest Income/(Expense)	0.4	(0.6)		
Income Tax				
Provision	(18.6)	(19.3)		Improved Full Year Performance Tax Rate from 22% to 21%
Streamlining, Separation & Discrete	0.2	(0.2)		
Net Income Reported	67.0	31.1	115%	
Streamlining, Separation & Discrete, Net of Tax	8.5	16.1		
Performance Net Income⁽²⁾	75.5	47.2	60%	
Diluted Shares	66.7	69.7		Reduction of 3.0 Million Diluted Shares Outstanding
EPS Reported	1.00	0.45	122%	
Performance EPS⁽²⁾	\$1.13	\$0.68	66%	

Refer to Slide #13 for Footnotes

Performance EPS Up 66%

Q2 2008 CASH FLOW SUMMARY

(in \$ Millions)

Free Cash Flow

Cash Provided by Operating Activities

Net Income	67.0	Receivables (\$12.4)
Depreciation & Amortization	25.5	Inventory \$11.7
Working Capital	7.9	Payables \$8.6
Changes in Other Assets & Liabilities	(9.6)	Separation & Indemnification of (\$18.5)

Net Cash Provided by Operating Activities **90.8**

Net Cash Used in Investing Activities **(18.8)**

Free Cash Flow⁽³⁾ **72.0**

Cash Returned to Shareholders

Share Repurchase Program **65.8** 1.4 Million Shares Repurchased

Dividend Payment **4.6**

Cash Returned to Shareholders **70.4**

Refer to Slide #13 for Footnotes

Free Cash Flow Conversion of 107%

1H 2008 FINANCIAL SUMMARY

(in \$ Millions except per share data)

	1H 2008	1H 2007	Growth	Performance Drivers
Sales	\$1,478.3	\$1,141.1	30%	Growth of 14% in Local Currencies
Performance Op. Income ⁽¹⁾	184.6 12.5%	128.9 11.3%	43% +119 bps	Excluding Transactional FX, Improvement of 214 bps
Equity Income	3.1	8.8		Impact of North America and India
Performance EBIT ⁽¹⁾	183.2 12.4%	131.3 11.5%	40% + 89 bps	
Performance Net Income ⁽²⁾	145.8 9.9%	93.6 8.2%	56% + 166 bps	Performance Tax Rate of 21%
Diluted Shares	67.1	69.7		Reduction of 2.6 Million Diluted Shares Outstanding
Performance EPS⁽²⁾	2.17	1.34	62%	

Refer to Slide #13 for Footnotes

Outstanding First Half, EPS Growth of 62%

2008 FULL YEAR PROJECTIONS

(in \$ Millions except per share data)

UPDATED 2008 PROJECTIONS

	Q1 2008 (1 Euro = 1.47 USD) Low End - High End	Updated (1 Euro = 1.54 USD) Low End - High End
Sales	\$2,800 - \$2,878	\$2,920 - \$3,000
<i>Growth⁽⁴⁾ vs. PY</i>	9% - 12%	9% - 12%
Performance EBIT ⁽¹⁾	\$339 - \$351	\$344 - \$355
Performance EPS⁽²⁾	\$3.91 - \$4.05	\$4.12 - \$4.26

2H PROJECTIONS

	1H Actuals (1 Euro = 1.53 USD)	2H Projections (1 Euro = 1.55 USD)
Sales	\$1,478	\$1,442 - \$1,522
<i>Growth⁽⁴⁾ vs. PY</i>	14%	4% - 10%
Performance EBIT ⁽¹⁾	\$183	\$161 - \$172
Performance EPS⁽²⁾	\$2.17	\$1.95 - \$2.09

FULL YEAR PROJECTION DRIVERS

- Additional Improvements in Operational Efficiencies
- Projecting Increase in Raw Material and General Inflationary Pressures
- Updated Full Year Average Exchange Rate
- Improvement of Performance Tax Rate From ~22% to ~21% and More Favorable Interest Income Outlook
- Other Assumptions Unchanged: 66.6M Average Diluted Shares; No Impact of Potential EC Fine Assumed

2H MARKET ASSUMPTIONS

- Continue to Outperform Truck & Bus Builds
- Slower Growth Towards End of Year in Europe as Previously Anticipated
- Softness in Trailer Production in Europe and North America
- Recovery in North American Truck & Bus Builds

Raising Full Year Performance EPS Projections by \$0.21

SUMMARY

- **Outstanding First Year as an Independent Company**
- **Delivered Record Second Quarter; Progress on All Key Measures**
- **WABCO Operating System Continues to Deliver Operational Improvements**
- **Achieved \$1.13 Performance EPS⁽²⁾, 66% Above Prior Year**
- **Performance EPS⁽²⁾ Projection Range for 2008 Raised by \$0.21 to \$4.12 to \$4.26**

Refer to Slide #13 for Footnotes

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Delivered Another Great Quarter

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.
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 June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Net Income	\$ 67.0	\$ 31.1	\$ 128.3	\$ 71.2
Adjustments:				
Streamlining cost, net of tax	5.1	5.7	6.2	6.3
Tax items	0.5	(2.9)	2.5	2.8
Separation costs, net of tax and separation related taxes	2.9	13.3	8.8	13.3
Performance Net Income	\$ 75.5	\$ 47.2	\$ 145.8	\$ 93.6
Performance Net Income per Diluted Common Share	\$ 1.13	\$ 0.68	\$ 2.17	\$ 1.34
Common Shares Outstanding - Diluted	66.7		67.1	
Pro-Forma Common Shares Outstanding - Diluted		69.7		69.7

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

(Amounts in millions)

	<u>Three Months Ended June 30,</u>	
	<u>2008</u>	<u>2007</u>
Net Cash Provided by Operating Activities	\$ 90.8	\$ (177.3)
Deductions or Additions to Reconcile to Free Cash Flow:		
Purchases of property, plant, equipment and computer software	<u>(18.8)</u>	<u>(15.8)</u>
Free Cash Flow	<u>\$ 72.0</u>	<u>\$ (193.1)</u>

WABCO HOLDINGS INC.
Data Supplement Sheet
(Unaudited)

(Amounts in millions)	Quarter Ended June 30,				
	2008	% of Sales/ Adj Sales	2007	% of Sales/ Adj Sales	% Chg vs. 2007
Sales					
Reported	\$ 772.9		\$ 582.3		32.7%
Foreign exchange translation effects	(96.1)		-		
Adjusted Sales	<u>\$ 676.8</u>		<u>\$ 582.3</u>		16.2%
Gross Profit					
Reported	\$ 212.3	27.5%	\$ 151.9	26.1%	39.8%
Streamlining costs	0.3		2.5		
Separation costs	0.3		0.1		
Performance Gross Profit	<u>\$ 212.9</u>	27.5%	<u>\$ 154.5</u>	26.5%	37.8%
Foreign exchange translational effects	(28.5)		-		
Adjusted Gross Profit	<u>\$ 184.4</u>	27.2%	<u>\$ 154.5</u>	26.5%	19.4%
Selling, Administrative, Product Engineering Expenses and Other					
Reported	\$ 127.9	16.5%	\$ 102.4	17.6%	24.9%
Streamlining costs	(5.5)		(5.3)		
Separation costs	(2.7)		(8.0)		
Performance Selling, Administrative, Product Engineering Expenses and Other	<u>\$ 119.7</u>	15.5%	<u>\$ 89.1</u>	15.3%	34.3%
Foreign exchange translational effects	(16.1)		-		
Adjusted Selling, Administrative, Product Engineering Expenses and Other	<u>\$ 103.6</u>	15.3%	<u>\$ 89.1</u>	15.3%	16.3%
Operating Income					
Reported	\$ 84.4	10.9%	\$ 49.5	8.5%	70.5%
Streamlining costs	5.8		7.8		
Separation costs	3.0		8.1		
Performance Operating Income	<u>\$ 93.2</u>	12.1%	<u>65.4</u>	11.2%	42.5%
Foreign exchange translational effects	(12.4)		-		
Adjusted Operating Income	<u>\$ 80.8</u>	11.9%	<u>\$ 65.4</u>	11.2%	23.5%

WABCO HOLDINGS INC.
Data Supplement Sheet
(Unaudited)

(Amounts in millions)	Quarter Ended June 30,				
	2008	% of Sales/ Adj Sales	2007	% of Sales/ Adj Sales	% Chg vs. 2007
<u>Equity in Income of Unconsolidated Joint Ventures</u>					
Reported	2.5		\$ 4.0		
Foreign exchange translational effects	(0.2)		-		
Adjusted Equity in Income of Unconsolidated Joint Ventures	<u>\$ 2.3</u>		<u>\$ 4.0</u>		-42.5%
<u>EBIT (Earnings Before Interest and Taxes)</u>					
Reported EBIT	\$ 85.0	11.0%	\$ 51.2	8.8%	66.0%
Streamlining costs	5.8		7.8		
Separation costs	2.9		8.1		
Performance EBIT (Earnings Before Interest and Taxes)	<u>\$ 93.7</u>	12.1%	<u>\$ 67.1</u>	11.5%	39.6%
Foreign exchange translational effects	(12.0)		-		
Adjusted EBIT (Earnings Before Interest and Taxes)	<u>\$ 81.7</u>	12.1%	<u>\$ 67.1</u>	11.5%	21.8%

WABCO HOLDINGS INC.
Data Supplement Sheet
(Unaudited)

(Amounts in millions)	Six Months Ended June 30,				
	2008	% of Sales/ Adj Sales	2007	% of Sales/ Adj Sales	% Chg vs. 2007
<u>Sales</u>					
Reported	\$ 1,478.3		\$ 1,141.1		29.6%
Foreign exchange translation effects	(175.9)		-		
Adjusted Sales	\$ 1,302.4		\$ 1,141.1		14.1%
<u>Gross Profit</u>					
Reported	\$ 408.3	27.6%	\$ 304.6	26.7%	34.0%
Streamlining costs	0.6		2.5		
Separation costs	0.6		0.1		
Performance Gross Profit	\$ 409.5	27.7%	\$ 307.2	26.9%	33.3%
Foreign exchange translational effects	(52.0)		-		
Adjusted Gross Profit	\$ 357.5	27.4%	\$ 307.2	26.9%	16.4%
<u>Selling, Administrative, Product Engineering Expenses and Other</u>					
Reported	\$ 240.3	16.3%	\$ 192.4	16.9%	24.9%
Streamlining costs	(6.4)		(6.1)		
Separation costs	(9.0)		(8.0)		
Performance Selling, Administrative, Product Engineering Expenses and Other	\$ 224.9	15.2%	\$ 178.3	15.6%	26.1%
Foreign exchange translational effects	(29.1)		-		
Adjusted Selling, Administrative, Product Engineering Expenses and Other	\$ 195.8	15.0%	\$ 178.3	15.6%	9.8%
<u>Operating Income</u>					
Reported	\$ 168.0	11.4%	\$ 112.2	9.8%	49.7%
Streamlining costs	7.0		8.6		
Separation costs	9.6		8.1		
Performance Operating Income	\$ 184.6	12.5%	128.9	11.3%	43.2%
Foreign exchange translational effects	(22.9)		-		
Adjusted Operating Income	\$ 161.7	12.4%	\$ 128.9	11.3%	25.4%

WABCO HOLDINGS INC.
Data Supplement Sheet
(Unaudited)

(Amounts in millions)	Six Months Ended June 30,				
	2008	% of Sales/ Adj Sales	2007	% of Sales/ Adj Sales	% Chg vs. 2007
<u>Equity in Income of Unconsolidated Joint Ventures</u>					
Reported	3.1		\$ 8.8		
Foreign exchange translational effects	(0.1)		-		
Adjusted Equity in Income of Unconsolidated Joint Ventures	<u>\$ 3.0</u>		<u>\$ 8.8</u>		-65.9%
<u>EBIT (Earnings Before Interest and Taxes)</u>					
Reported EBIT	\$ 166.7	11.3%	\$ 114.6	10.0%	45.5%
Streamlining costs	7.0		8.6		
Separation costs	9.5		8.1		
Performance EBIT (Earnings Before Interest and Taxes)	<u>\$ 183.2</u>	12.4%	<u>\$ 131.3</u>	11.5%	39.5%
Foreign exchange translational effects	(22.2)		-		
Adjusted EBIT (Earnings Before Interest and Taxes)	<u>\$ 161.0</u>	12.4%	<u>\$ 131.3</u>	11.5%	22.6%

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)

(Amounts in millions, except per share data)	(1 EURO = 1.47 USD) Previous 2008	(1 EURO = 1.54 USD) Revised 2008
<u>EBIT (Earnings Before Interest and Taxes)</u>		
Projected US GAAP EBIT	\$318.5 - \$330.5	\$316.6 - \$327.6
Streamlining costs	9.0	13.1
Separation costs	11.5	14.3
Performance EBIT (Earnings Before Interest and Taxes)	<u>\$339.0 - \$351.0</u>	<u>\$344.0 - \$355.0</u>
 <u>Net Income</u>		
Projected US GAAP Net Income	\$237.5 - \$246.8	\$246.8 - \$256.1
Streamlining costs, net of tax	7.2	10.5
Tax items	5.0	5.0
Separation costs, net of tax and separation related taxes	10.7	12.4
Performance Net Income	<u>\$260.4 - \$269.7</u>	<u>\$274.7 - \$284.0</u>
 Performance Net Income per Diluted Common Share	 \$3.91 - \$4.05	 \$4.12 - \$4.26
Projected diluted common shares outstanding	66.6	66.6