



WABCO
FOURTH QUARTER 2008

Q4-2008 EARNINGS RELEASE

February 5, 2009



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. EBIT and sales excluding the effects of foreign exchange are non-GAAP financial measures. Additionally, operating income, 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, one-time and discrete tax items as well as a one-time transitional impact from a new accounting standard (SFAS No. 141R) that WABCO will adopt in 2009, 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.

FY 2008 & Q4 PERFORMANCE SUMMARY

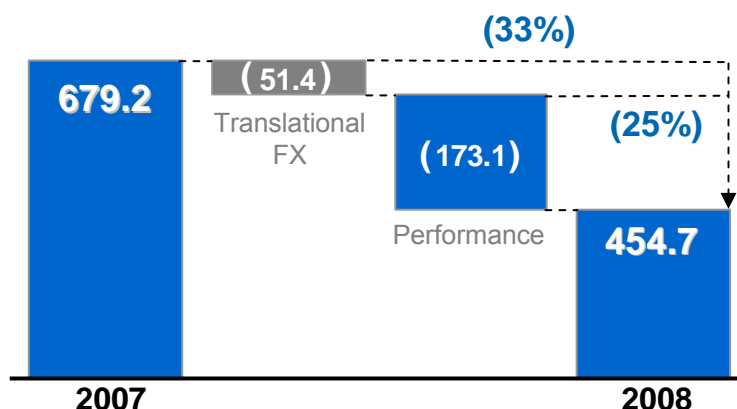
- **Full Year 2008**
 - Sales of \$2.6B; Up 7% Reported or Flat in Local Currencies
 - Performance EBIT⁽¹⁾ Margin of 11.6%; Up 4 Bps vs. 2007
 - Performance EPS⁽²⁾ of \$3.75; Up 25% vs. 2007
 - Record Free Cash Flow⁽³⁾ of \$241.2 Million, 113% Conversion Rate
- **Fourth Quarter 2008**
 - Sales of \$454.7 Million; Down 33% Reported or 25% in Local Currencies
 - Performance EBIT⁽¹⁾ Margin of 9.5%; Down from 12.9% a Year Ago
 - EPS Reported of \$0.33, Performance EPS⁽²⁾ \$0.62; Down 39%
 - Free Cash Flow⁽³⁾ of \$57.7 Million for the Quarter

Refer to Slide #15 for Footnotes

SALES PERFORMANCE & MARKET TRENDS

Q4 Sales Bridge

(in \$ Millions)



Q4 Sales Growth⁽⁴⁾ By Channel

OEMs	-30%	<ul style="list-style-type: none"> • Sharp Global Decline in Vehicle Production • Extended December Shutdowns
Aftermarket	-14%	<ul style="list-style-type: none"> • Slow Down in Transportation Activities • Maintenance Activities Postponed
Sales to JVs	-12%	<ul style="list-style-type: none"> • Trailer Production Down 39% in NA

Q4 T&B Sales Growth⁽⁴⁾ vs. Estimated Production By Region

	WABCO	Est. Q4 Prod	Est. Dec. Prod.	Comments
Europe	(26%)	(22%)	(44%)	<ul style="list-style-type: none"> • Weak Demand Drives Severe Production Cuts at All T&B OEMs
North America	(8%)	(9%)	(6%)	<ul style="list-style-type: none"> • Emerging Economies Strongly Affected by the Global Recessive Environment
South America	2%	0%	(36%)	<ul style="list-style-type: none"> • OEMs Reducing Excess Inventory
Total APAC	(36%)	(33%)	(43%)	<ul style="list-style-type: none"> • Production Rates are Preliminary Estimates; December Particularly Difficult to Gauge
China	(40%)	(36%)	(43%)	

Refer to Slide #15 for Footnotes

Depth, Breadth and Speed of Market Decline Unprecedented

Q4 2008 FINANCIAL PERFORMANCE

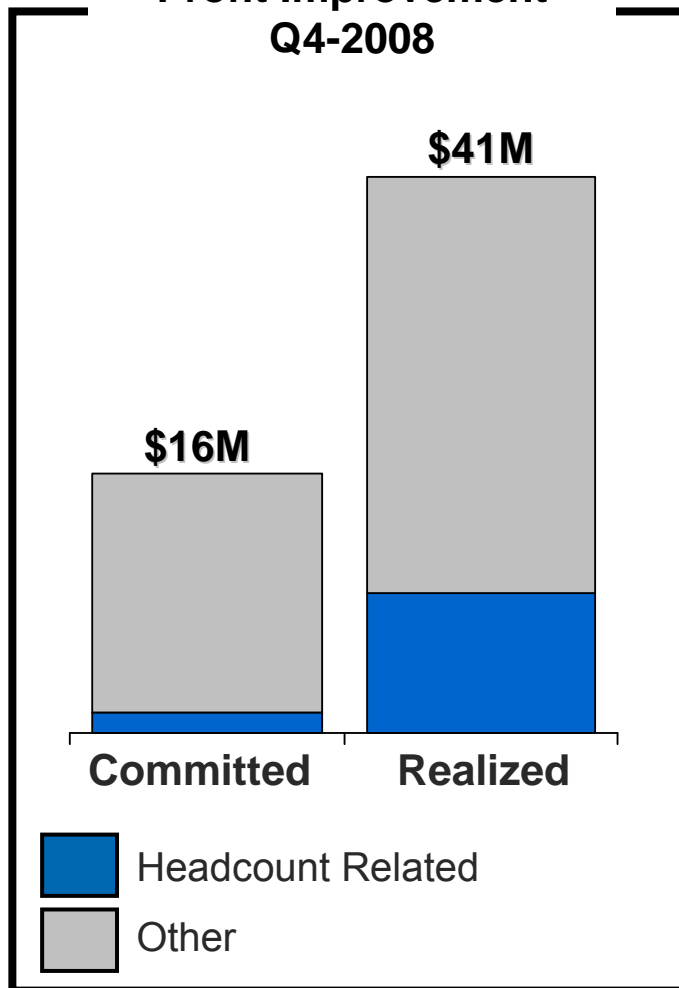
(in \$ Millions)	Q4 Reported	Q4 Performance ^{(1),(2)}	Performance vs. 2007 In Local Curr. ⁽⁵⁾	Performance Drivers
Sales	\$454.7	\$454.7	(25.5%)	Significant Market Slowdown Order Book at \$680M, Down 41% Price: (\$7.5) or (1.5%)
Gross Profit	111.0 24.4%	119.8 26.3%	(31.2%) (215 bps)	Volume & Mix: (\$39.5) Productivity:
OPEX & Other	(94.7) (20.8%)	(77.0) (16.9%)	14.3% (225 bps)	- Materials: \$7.4 - Conversion: \$4.4 - OH Absorption & Other (\$22.5)
Operating Income	16.3 3.6%	42.8 9.4%	(50.9%) (440 bps)	Labor Inflation: (\$7.2) OPEX & Other Savings: \$22.5
Equity Income/(Loss)	(0.1)	(0.1)		(\$2.2) vs. Prior Year
EBIT	\$15.2 3.3%	\$43.3 9.5%	(49.7%) (419 bps)	
Taxes	5.1	(4.7)		FY Performance Tax Rate of 19%
Net Income	\$21.2	\$39.5		
EPS	\$0.33	\$0.62		Down 39% vs. Prior Year
Free Cash Flow⁽³⁾	\$57.7			\$11.9M Improvement From PY

Refer to Slide #15 for Footnotes

Drastic Slowdown Mitigated by Decisive Cost Reduction Actions

Q4 2008 PROFIT IMPROVEMENT UPDATE

**Profit Improvement
Q4-2008**



Status on Actions

- Achieved More than Double the Original Cost Saving Target as Planned in Oct. Guidance
- Eliminated, in Q4, Approx. 600 of the Targeted Positions at a Cost of \$27M, Exceeding the Level Committed for 2008
- Over 75% of Savings Coming at the OPEX Level
- Effective Management of Price Erosion Down to 1.5%
- Additional Cost Saving Actions Partly Mitigated the Margin Impact of \$140M Sales Decline Beyond Oct. Guidance

– Headcount	+9M
– Price & Customer Management	+2M
– Other Gross Profit	+1M
– Various OPEX	+13M

Doubled Improvement Efforts As Market Decline Accelerated

FY 2008 FINANCIAL SUMMARY

(in \$ Millions except per share data)	FY 2008	FY 2007	Growth	Performance Drivers
Sales	\$2,588.0	\$2,415.9	7%	Flat in Local Currencies
Performance Op. Income ⁽¹⁾	298.2 11.5%	281.4 11.6%	6% (13 bps)	Transactional FX Impact of (26 bps)
Equity Income	8.1	9.1		
Performance EBIT ⁽¹⁾	301.1 11.6%	280.0 11.6%	8% + 4 bps	Transactional FX Impact of (26 bps)
Performance Net Income ⁽²⁾	246.8 9.5%	208.5 8.6%	18% + 91 bps	Performance Tax Rate of 19%
Diluted Shares	65.9	69.3		Reduction of 3.4 Million Diluted Shares Outstanding
Performance EPS⁽²⁾	3.75	3.01	25%	
Free Cash Flow⁽³⁾	\$241.2	(\$76.1)		113% Conversion of Net Income

- **Significant Growth in 1H'08 (14% in Local Currencies) is Offset by Rapid Market Deterioration in Q4'08**
- **Decremental EBIT Margins in 2H'08 Improved via Significant Cost Actions and Mitigated FY Impact**
- **Performance EBIT⁽¹⁾ Margins Held Flat vs. 2007**

Refer to Slide #15 for Footnotes

Solid Performance, EPS Improvement of 25%

LIQUIDITY UPDATE

Liquidity Overview

(\$ Millions)

Source	Amount*	Available*	Expiration
5 Year Synd.	\$800	\$764	July 2012
1 Year BTM	\$70	\$0	Nov 2009
1 Year Rabo	\$140	\$0	July 2009
1 Year ABN	\$140	\$140	March 2009
Asset Securitization	\$211	\$0	Terminated Jan 2009
Cash Bal.	\$393	\$393	
Liquidity Reserve	(\$100)	(\$100)	
Total		\$1,197	

* At 12/31/08 Exchange Rates (1 EURO = \$1.41)

Funding Constraints

- **Asset Securitization Agreement Terminated Due to RBS Downgrade**
- **1 Year Facilities Expire in 2009 with no Plan to Renew**
- **Debt Covenant of 3x (Trailing 4 Quarters Adjusted) EBITDA**

Addressing Constraints

- **Additional Sources of Liquidity Outside of EBITDA Covenant:**
 - Replacement of Terminated Securitization Program
 - Additional Supply Chain Financing
- **Continue Reducing Capital Spending and Working Capital**
- **Possibility to Request Payment Plan From the EU Commission in Cases of Financial Difficulty Due to Fine**

Proactively Addressing Financing Constraints

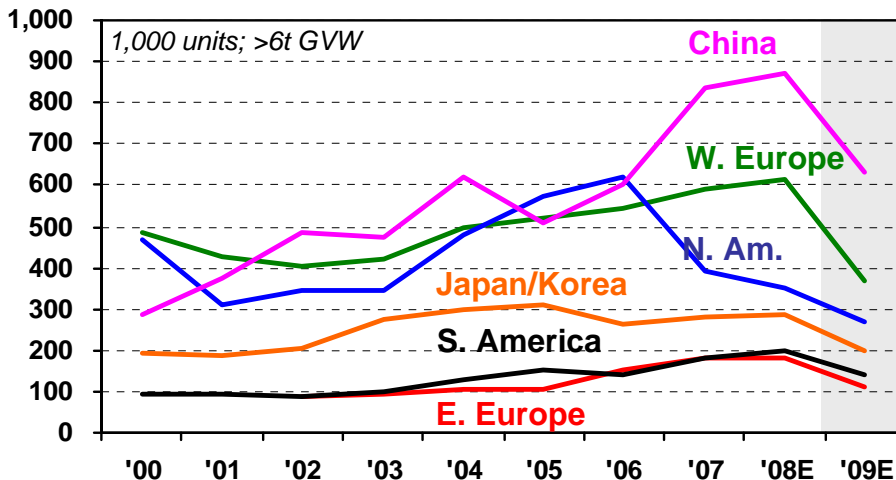
2009 COMMERCIAL VEHICLE MARKETS

2009 T&B Production Assumptions

>6t GVW

Region	Est. Production '09 vs. '08 (+/- 5%)	GDP Growth*	
		2008	2009
W. Europe	(40%)	1.0%	(1.8%)
N. America	(25%)	1.3%	(2.2%)
S. America	(30%)	5.4%	0.5%
Total APAC	(30%)		
China	(30%)	9.4%	7.5%

T&B Production - History



Market Assumptions

- High Level of Uncertainty Across the Industry
- Global Recession Heavily Impacts the Transportation and T&B Industry
- Double Digit Decline Expected in all Regions, Including ~40% in Western Europe, for T&B and Trailer Production
- More Significant Decline in 1H'09 vs. 2H'09 as OEMs Continue to Drive Down Inventories in Early '09
- Trailer Production Operating at Very Low Levels in 1H'09 and Recovering in the Second Part of the Year
- Aftermarket Demand Continues to Decline in 1H'09 But Begins to Recover Ahead of OE Production
- Potential Impact of Global Stimulus Packages Not Considered

* Sources: Eurostat; BEA; CBO; United Nations; World Bank

Unprecedented Market Conditions

ORGANIZATION REALIGNMENT STRATEGY

Realignment Approach

- **Sizing Organization for a 30% Decline in Demand**
- **Building Flexibility for Greater / Reduced Demand Around this Level**
 - Greater Capacity Achieved Through Overtime and Temp. Employees
 - Reduced Capacity Achieved Through State-Supported Reduced Work Weeks
- **OPEX Reduced to Levels that Will Maintain the Integrity of the Business**
- **Initiated a Cost Reduction Program with Over 100 Engineers Currently Deployed on Driving Cost out of our Products**
- **Dedicated Resources in Place to Manage Risks in Supply Chain**

Streamlining Commitment

Cost Reduction Action	Commitment October 2008	Achievement End of Jan	Updated Commitment
Manufacturing Headcount		570	1,200
OPEX Headcount		120	200
Total Headcount	1,000	690	1,400
Est. Total Cost	\$45M - \$55M		\$70M - \$80M
Est. Annualized Savings	\$40M - \$45M		\$55M - \$65M

Other Cost Saving Actions

- **Tight Management of Discretionary Spend**
- **Reduced Size of Executive Team and Proposed to Board a Reduction of Cash Compensation for Management**
- **Implemented Reduced Work-Time for OPEX Employees**
- **Reduced Logistics Spend via Network Optimization with CEVA**

Taking Necessary Actions to Align to Current Market

FOCUSING ON CORE STRATEGIES

Globalization

- **JV with FUWA in China:** Leveraging New Generation Air Disc Brake with the World's Largest Manufacturer of Heavy Duty Trailer Axles. Targeting Production to Supply Approximately 250k Trailer Axles Annually
- **Supplying Automated Manual Transmission to CNHTC in China:** World's First OEM to Adopt the Highly Advanced System in Volume Production
- **India JV :** Obtaining Majority Control in 2009 of the Leading Player in India

Technology & New Products

Launched 14 New Products in 2008, including 2 breakthroughs:

- **Autonomous Emergency Braking System (OnGuardMax):** Industry's First System for Collision Imminent Situations with Moving or Stopped Vehicles
- **Modular Transmission Automation System:** High Degree of Modularity Significantly Reducing Required Development Time

Execution

- **WABCO Operating System**
 - Streamlined the Aftermarket and Trailer Key Account Management
 - Delivered Significant Quality Improvements
 - Deployed Teams to Implement Lean in Hannover and Brazil Facilities
- **Productivity Acceleration:** Redeployment of Engineers to Drive Lower Material Costs and Increased Manufacturing Efficiency

Continued Success in Executing Core Strategies

FY 2009 OPERATING FRAMEWORK

Full Year Operating Assumptions

Sales⁽⁴⁾ vs. '08	(25%) – (35%) 1H:(35%)-(45%) - 2H:(10%)-(20%)
Perf. Operating Margin⁽¹⁾	6% – 3%
Streamlining Costs '09	\$50M – \$55M
Free Cash Flow⁽³⁾	Positive (Excluding Stream. & Separation)

Key Inputs

- Execution of Cost Reduction Plan
- Maintaining 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
- Potential Impact from EC Fine not Included
- Performance Tax Rate Over 30%
- Q1 Expected to be the Low Point of the Year

Refer to Slide #15 for Footnotes

SUMMARY

- **Full Year 2008**
 - Record Results Despite Dramatic Slowdown in Q4
 - Achieved \$3.75 FY Performance EPS⁽²⁾, 25% Above Prior Year
 - Delivered Free Cash Flow⁽³⁾ of Over \$240M in 2008
- **Fourth Quarter 2008**
 - Impacted by Sales Decline But Mitigated by Rapid Execution of Cost Savings Actions
- **Full Year 2009**
 - Market Conditions Will Continue to Worsen, Sales Expected to Decline 25% to 35%
 - Reducing OPEX and Aligning Supply Chain Capacity to 30% Volume Reduction Through Additional Streamlining Activities
 - Expecting Positive Performance Operating Income⁽¹⁾ and Free Cash Flow⁽³⁾
 - Maintaining our Ability to Grow and Outperform our Industry

Refer to Slide #15 for Footnotes

APPENDIX

RECONCILIATIONS OF NON-GAAP MEASURES TO GAAP MEASURES

Footnotes, Tables & Definitions

Footnotes

1. Adjusted for streamlining and separation costs, as well as a one-time transitional impact from a new accounting standard SFAS 141R that WABCO will adopt in 2009
2. Adjusted for streamlining, separation, one-time tax and discrete tax items, as well as a one-time transitional impact from a new accounting standard SFAS 141R that WABCO will adopt in 2009
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, as well as a one-time transitional impact from a new accounting standard SFAS 141R that WABCO will adopt in 2009

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 December 31,		Twelve Months Ended December 31,	
	2008	2007	2008	2007
Net Income	\$ 21.2	\$ 54.4	\$ 213.3	\$ 125.4
Adjustments:				
Streamlining cost, net of tax	17.2	-	27.1	8.4
Tax items	(0.5)	(0.8)	1.4	1.2
Separation costs, net of tax and separation related taxes	0.4	16.0	3.8	73.5
One-time impact from adoption of FAS 141R	1.2	-	1.2	-
Performance Net Income	\$ 39.5	\$ 69.6	\$ 246.8	\$ 208.5
Performance Net Income per Diluted Common Share	\$ 0.62	\$ 1.02	\$ 3.75	\$ 3.01
Common Shares Outstanding - Diluted	64.0	68.4	65.9	69.3

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

(Amounts in millions)

	Three Months Ended December 31,	
	2008	2007
Net Cash Provided by Operating Activities	\$ 79.1	\$ 76.5
Deductions or Additions to Reconcile to Free Cash Flow:		
Purchases of property, plant, equipment and computer software	(21.4)	(32.6)
Proceeds from disposal of property, plant and equipment	-	1.9
Free Cash Flow	\$ 57.7	\$ 45.8

WABCO HOLDINGS INC.
Q4 2008 Data Supplement Sheet
(Unaudited)

(Amounts in millions)	Quarter Ended December 31,				
	2008	% of Sales/ Adj Sales	2007	% of Sales/ Adj Sales	% Chg vs. 2007
<u>Sales</u>					
Reported	\$ 454.7		\$ 679.2		-33.1%
Foreign exchange translation effects	51.4		-		
Adjusted Sales	\$ 506.1		\$ 679.2		-25.5%
<u>Gross Profit</u>					
Reported	\$ 111.0	24.4%	\$ 189.2	27.9%	-41.3%
Streamlining costs	8.5		-		
Separation costs	0.3		0.4		
Performance Gross Profit	\$ 119.8	26.3%	\$ 189.6	27.9%	-36.8%
Foreign exchange translational effects	10.6		-		
Adjusted Gross Profit	\$ 130.4	25.8%	\$ 189.6	27.9%	-31.2%
<u>Selling, Administrative, Product Engineering Expenses and Other</u>					
Reported	\$ 94.7	20.8%	\$ 114.6	16.9%	-17.4%
Streamlining costs	(17.4)		(1.4)		
Separation costs	(0.3)		(11.3)		
Performance Selling, Administrative, Product Engineering Expenses and Other	\$ 77.0	16.9%	\$ 101.9	15.0%	-24.4%
Foreign exchange translational effects	10.3		-		
Adjusted Selling, Administrative, Product Engineering Expenses and Other	\$ 87.3	17.2%	\$ 101.9	15.0%	-14.3%
<u>Operating Income</u>					
Reported	\$ 16.3	3.6%	\$ 74.6	11.0%	-78.2%
Streamlining costs	25.9		1.4		
Separation costs	0.6		11.7		
Performance Operating Income	\$ 42.8	9.4%	87.7	12.9%	-51.2%
Foreign exchange translational effects	0.3		-		
Adjusted Operating Income	\$ 43.1	8.5%	\$ 87.7	12.9%	-50.9%

WABCO HOLDINGS INC.
Q4 2008 Data Supplement Sheet
(Unaudited)

(Amounts in millions)	Quarter Ended December 31,				
	2008	% of Sales/ Adj Sales	2007	% of Sales/ Adj Sales	% Chg vs. 2007
<u>Equity in Income/(Loss) of Unconsolidated Joint Ventures</u>					
Reported	(0.1)		\$ 2.1		
Foreign exchange translational effects	-		-		
Adjusted Equity in Income/(Loss) of Unconsolidated Joint Ventures	\$ (0.1)		\$ 2.1		
<u>EBIT (Earnings Before Interest and Taxes)</u>					
Reported Net Income	\$ 21.2		\$ 54.4		
Adjust for taxes	(5.1)		21.0		
Adjust for interest income	(0.9)		-		
EBIT	\$ 15.2	3.3%	\$ 75.4	11.1%	-79.8%
Streamlining costs	25.9		1.4		
Separation costs	0.6		10.7		
One-time impact from adoption of FAS 141R	1.6		-		
Performance EBIT (Earnings Before Interest and Taxes)	\$ 43.3	9.5%	\$ 87.5	12.9%	-50.5%
Foreign exchange translational effects	0.7		-		
Adjusted EBIT (Earnings Before Interest and Taxes)	\$ 44.0	8.7%	\$ 87.5	12.9%	-49.7%

WABCO HOLDINGS INC.
Full Year 2008 Data Supplement Sheet
(Unaudited)

(Amounts in millions)	Twelve Months Ended December 31,				
	2008	% of Sales/ Adj Sales	2007	% of Sales/ Adj Sales	% Chg vs. 2007
Sales					
Reported	\$ 2,588.0		\$ 2,415.9		7.1%
Foreign exchange translation effects	(173.2)		-		
Adjusted Sales	\$ 2,414.8		\$ 2,415.9		0.0%
Gross Profit					
Reported	\$ 694.0	26.8%	\$ 651.7	27.0%	6.5%
Streamlining costs	10.5		2.5		
Separation costs	1.1		0.8		
Performance Gross Profit	\$ 705.6	27.3%	\$ 655.0	27.1%	7.7%
Foreign exchange translational effects	(55.6)		-		
Adjusted Gross Profit	\$ 650.0	26.9%	\$ 655.0	27.1%	
Selling, Administrative, Product Engineering Expenses and Other					
Reported	\$ 447.5	17.3%	\$ 410.0	17.0%	9.1%
Streamlining costs	(26.4)		(10.2)		
Separation costs	(13.7)		(26.2)		
Performance Selling, Administrative, Product Engineering Expenses and Other	\$ 407.4	15.7%	\$ 373.6	15.5%	9.0%
Foreign exchange translational effects	(28.6)		-		
Adjusted Selling, Administrative, Product Engineering Expenses and Other	\$ 378.8	15.7%	\$ 373.6	15.5%	1.4%
Operating Income					
Reported	\$ 246.5	9.5%	\$ 241.7	10.0%	2.0%
Streamlining costs	36.9		12.7		
Separation costs	14.8		27.0		
Performance Operating Income	\$ 298.2	11.5%	281.4	11.6%	6.0%
Foreign exchange translational effects	(27.0)		-		
Adjusted Operating Income	\$ 271.2	11.2%	\$ 281.4	11.6%	-3.6%

WABCO HOLDINGS INC.
Full Year 2008 Data Supplement Sheet
(Unaudited)

(Amounts in millions)	Twelve Months Ended December 31,				
	2008	% of Sales/ Adj Sales	2007	% of Sales/ Adj Sales	% Chg vs. 2007
<u>Equity in Income of Unconsolidated Joint Ventures</u>					
Reported	\$ 8.1		\$ 9.1		
Foreign exchange translational effects	(0.3)		-		
Adjusted Equity in Income of Unconsolidated Joint Ventures	\$ 7.8		\$ 9.1		-14.3%
<u>EBIT (Earnings Before Interest and Taxes)</u>					
Reported Net Income	\$ 213.3		\$ 125.4		
Adjust for taxes	38.2		111.3		
Adjust for interest (income)/expense	(3.7)		4.5		
EBIT	\$ 247.8	9.6%	\$ 241.2	10.0%	2.7%
Streamlining costs	36.9		12.7		
Separation costs	14.8		26.1		
One-time impact from adoption of FAS 141R	1.6		-		
Performance EBIT (Earnings Before Interest and Taxes)	\$ 301.1	11.6%	\$ 280.0	11.6%	7.5%
Foreign exchange translational effects	(25.6)		-		
Adjusted EBIT (Earnings Before Interest and Taxes)	\$ 275.5	11.4%	\$ 280.0	11.6%	-1.6%

WABCO HOLDINGS INC.

Reconciliation of Operating Income Margin to Performance Operating Income Margin for 2009 (at a Euro to US Dollar rate of 1.2)
(Unaudited)

Twelve Months Ending,
December 31, 2009

Operating Income

Reported Operating Income Margin	(1.0%) - 2.0%
Streamlining costs, impact to margin	3.3%
Separation costs, impact to margin	0.7%
Performance Operating Income Margin	<u>3.0% - 6.0%</u>