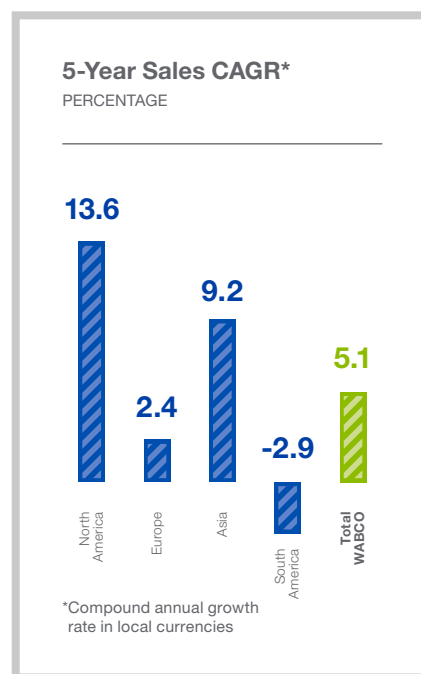
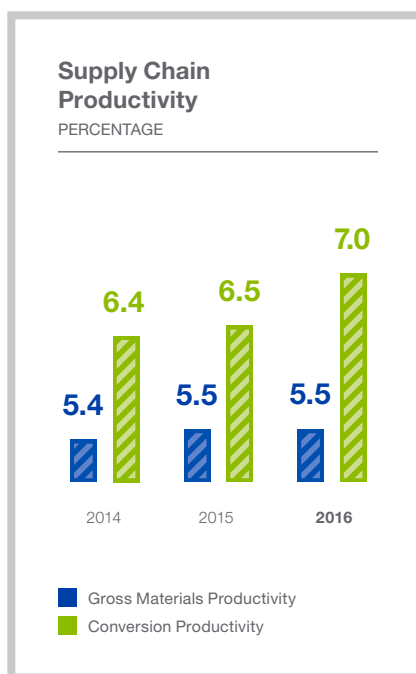
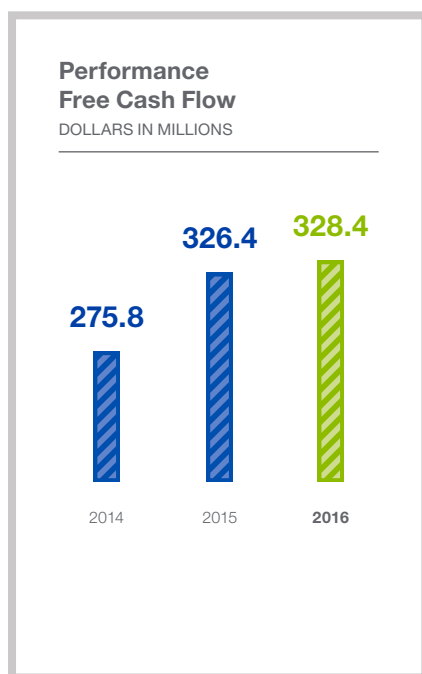
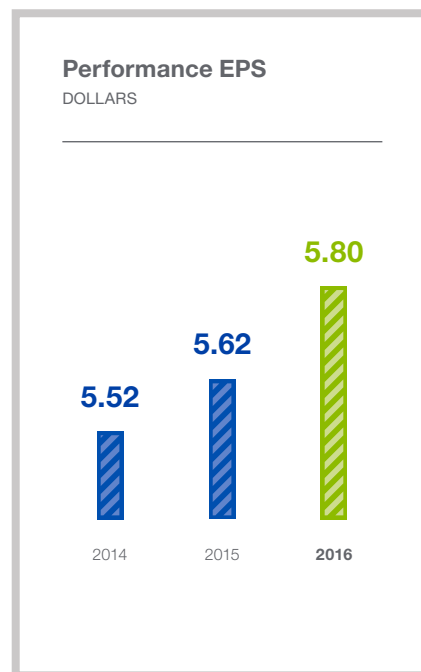
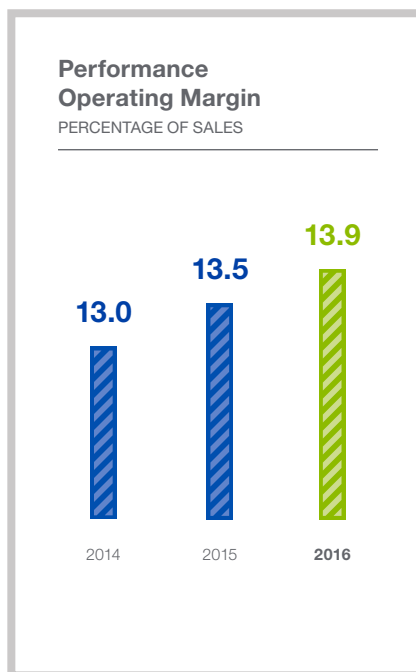
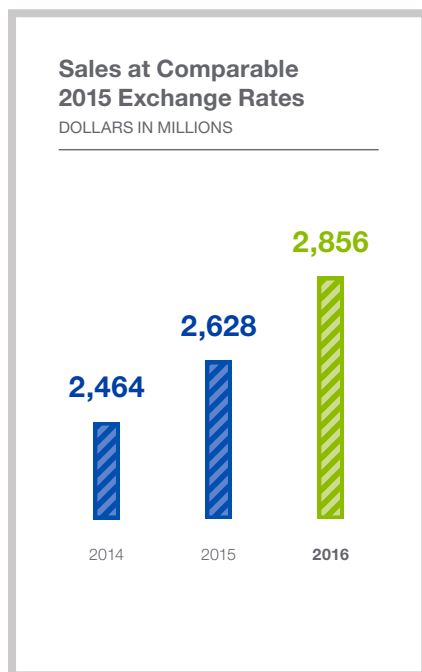




# Mobilizing Vehicle Intelligence

## Performance Highlights



WABCO (NYSE: WBC) is a leading global supplier of technologies and services that improve the safety, efficiency and connectivity of commercial vehicles. Founded nearly 150 years ago, WABCO continues to pioneer breakthrough innovations for advanced driver assistance, braking, stability control, suspension, transmission automation and aerodynamics. Partnering with the transportation industry as it maps a route toward autonomous driving, WABCO also uniquely connects trucks, trailers, cargo, drivers, business partners and fleet operators through advanced fleet management systems and mobile solutions. For five consecutive years, *Institutional Investor* named WABCO among the "Top 3" in its sector for "Best CEO." WABCO reported sales of \$2.8 billion in 2016. Headquartered in Brussels, Belgium, WABCO has 13,000 employees in 40 countries. For more information, visit [www.wabco-auto.com](http://www.wabco-auto.com).

## To Our Shareowners

As we pioneered into new and exciting sectors during 2016, WABCO's three-pillar strategy of technology leadership, globalization and excellence in execution continued to yield strong results.

Indeed, WABCO achieved its tenth consecutive year of solid outperformance of the commercial vehicle industry relative to global truck and bus production.

In 2016, WABCO reached new performance records, despite yet another year of market uncertainty arising from volatility in new truck and bus production globally.

Once again, our enterprise took bold steps to further our unrivalled ability to pioneer technologies that will support our industry's ambition for safer, more efficient, connected — and ultimately — autonomous commercial vehicles.

We also continued to drive WABCO's globalization by leveraging our powerful infrastructure that includes factories on four continents, international engineering centers, best-cost capabilities and local connectivity to customers worldwide. As a result, we increased the uptake of our industry-leading technologies.

Above all, in 2016, WABCO's global team continued to execute with excellence on our foremost commitment — delivering sustained shareowner value.



**Jacques Esculier**  
Chairman of the Board and  
Chief Executive Officer



## Sustaining Shareowner Value

In 2016, WABCO achieved earnings per share (EPS) of \$5.80 on a performance basis,\* another record.

We also continued to outperform the S&P Auto Parts & Equipment Index in 2016, beating this key financial benchmark by 80 percentage points in cumulative 5-year total returns to shareowners.

WABCO grew sales to \$2.8 billion, up 8.7% in local currencies from a year ago, outperforming global truck and bus production, which increased by 6% in 2016.

Continuously honed operating efficiency and relentless cost-saving measures further differentiated WABCO. Through our ongoing ability to transform top-line growth into healthy bottom-line results, we delivered an incremental operating margin of 14%. This means every incremental dollar in sales contributed an additional 14 cents in performance operating income.

WABCO's Operating System, our globally standardized management environment, responded with agility to rapidly changing and contrasting swings in regional market demand. Moreover, it generated \$83 million of supply chain productivity, an increase of 14.5% from a year ago. At the same time, it delivered a record 7% conversion productivity in our factories.

Our relentless drive for lean operations delivered over \$15 million cost savings in operating expenses in the past year.

Furthermore, WABCO converted 101% of performance net income into \$328 million of free cash flow — another powerful testament of our robust financial performance.

Since June 2011, WABCO has returned cash to shareowners through the repurchase of shares. As of December 31, 2016, this amounted to \$1.5 billion. Further authorized to buy back up to \$600 million of additional shares by the end of 2018, this program reflects our enduring commitment to deliver value.

## Mobilizing Vehicle Intelligence for Safer, Greener Commercial Vehicles

Technology is the lifeblood that fuels WABCO's strategic success.

WABCO's broad range of systems helps original equipment manufacturers (OEMs) to differentiate their trucks, buses, trailers and off-highway vehicles worldwide. While diverse classes of commercial vehicles support economies in a multiplicity of long-haul, urban and industrial applications, OEMs everywhere face fierce pressure to offer vehicles that are competitive in global and local markets.

By innovating and intelligently integrating technologies — such as braking, stability and transmission automation controls as well as advanced driver assistance systems — WABCO helps OEMs to develop and produce safer and more efficient vehicles. Alongside advancement of our safety systems, we creatively engineer solutions to lower vehicle weight, optimize energy recovery, improve fuel economy and reduce emissions.

Our runway for strong organic growth continued through 2016 as OEMs and fleets worldwide proceeded to expand their adoption of WABCO content-per-vehicle and services.

For example, in 2016, we unveiled OnGuardMAX™, our advanced emergency braking system (AEBS) for trucks and buses. It has the intelligence — as need be — to autonomously apply up to full braking from highway speed when confronted with both stationary and moving vehicles ahead. OnGuardMAX is a significant extension of OnGuardACTIVE™, our industry's first independently supplied system to meet regulatory standards globally for AEBS.

In North America, where automated manual transmission (AMT) still represents less than 25% of this region's transmission market, adoption of WABCO's AMT solutions reached a record level. Such success foreshadows a reservoir of growth versus Europe where AMT market penetration is over 70%.

**In North America, WABCO's OnGuard™ collision mitigation system achieved record sales, growing its installed base to 128,000. OnGuard-equipped fleets report up to 87% fewer rear-end collisions.**



**WABCO continued to mobilize vehicle intelligence, powerfully improving the safety, efficiency and connectivity of commercial vehicles, which unlocks more value for original equipment makers and further empowers fleets.**

WABCO's AMT control technology boosts fuel economy up to 5% while reducing emissions and lowering the overheads associated with driver training. WABCO is by far the global market leader in AMT controls with 3.5 million systems sold.

Alongside Daimler, we added another major global commercial vehicle maker based in Europe as a customer for mBSP™, our modular braking system platform. It represents the most advanced solution of its kind in our industry and a powerful enabler to adopt future advanced driver assistance systems.

WABCO now also supplies MAXX™ air disc brakes (ADB) products to Daimler Trucks in Europe and North America. MAXX — our industry's lightest and highest performing single-piston ADB — offers shorter stopping distances and easier maintenance than conventional drum brakes still used in many regions.

Currently, vehicle performance standards in emerging markets are rapidly being upgraded in response to legislation. There is also further competition from global OEMs seeking growth in these developing countries. These trends create more demand for WABCO systems.

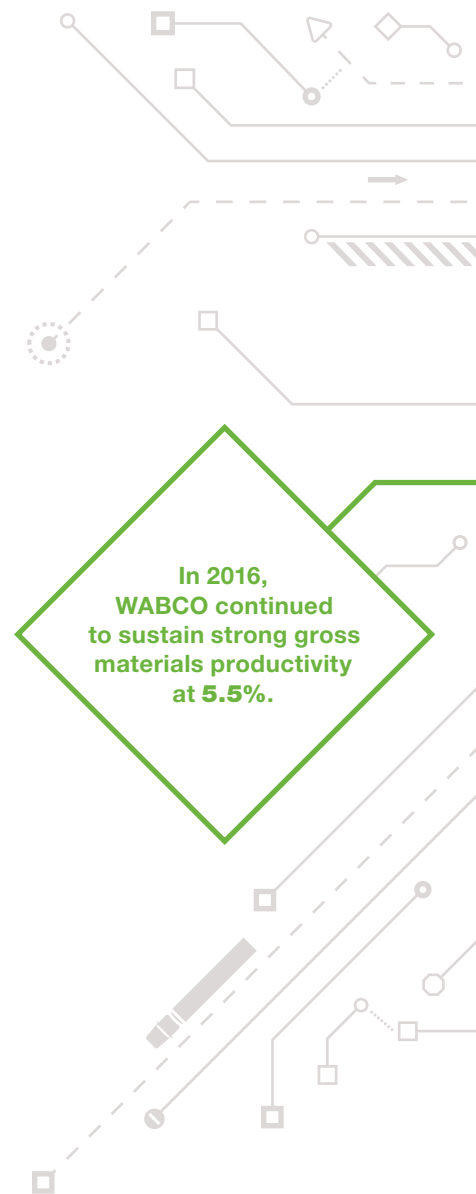
One such example is OptiRide™, our global industry's best-selling electronically controlled air suspension (ECAS) technology. OptiRide sales increased by 30% in China where WABCO was first to market with ECAS systems for trucks and buses.

In India, 9 out of 10 heavy-duty trucks that are fitted with anti-lock braking systems (ABS) are equipped with WABCO ABS.

We extended our long-term agreement with KAMAZ, Russia's largest manufacturer of heavy-duty trucks, to supply a range of advanced technologies, including our modular braking system platform. This will further expand our partnership and result in new incremental business as WABCO becomes sole supplier for KAMAZ's newest heavy-duty vehicle platform.

Now, more than ever, players in our industry are rallying around the concept of autonomously driven commercial vehicles. Anticipating this evolution, WABCO is already firmly poised at the leading edge of necessary technologies that will progressively enable this vision to become a reality.

In 2016, WABCO unveiled its joint development with ZF, a global leader in driveline and chassis technology, to intelligently connect active steering to WABCO's extensive autonomous braking and stability capabilities. This successful proof-of-concept demonstration enabled a new safety capability — evasive maneuver assist — to help avoid rear-end collisions, which account for up to a fifth of accidents involving commercial vehicles. This addition of lateral control to WABCO's full longitudinal control of both truck and trailer is a key industry-first milestone toward autonomous driving.





Furthering this goal, WABCO is laying groundwork to establish a new joint venture with a global tier-one automotive industry supplier based in Asia to bring active steering to the commercial vehicle industry.

WABCO also announced OnCity™ urban turning assist system. This breakthrough technology helps to protect pedestrians, cyclists and other vulnerable road users located on a vehicle's blindside in city traffic. Engineered for trucks, buses and tractor-trailers, this collision avoidance system, which features the industry's widest field of view, can also autonomously apply the brake should the driver fail to take corrective action.

In 2016, WABCO and Mobileye announced joining forces. New solutions for commercial vehicles will combine Mobileye's vision system and mapping capability with WABCO's advanced safety systems. Mobileye's cloud-based Road Experience Management™ (REM™) system also provides drivers with real-time road insights and pertinent information harvested and

aggregated from participating vehicles. Sophisticated precision mapping and a continuous stream of information designed to enhance vehicle safety and operating efficiency will contribute toward autonomous driving.

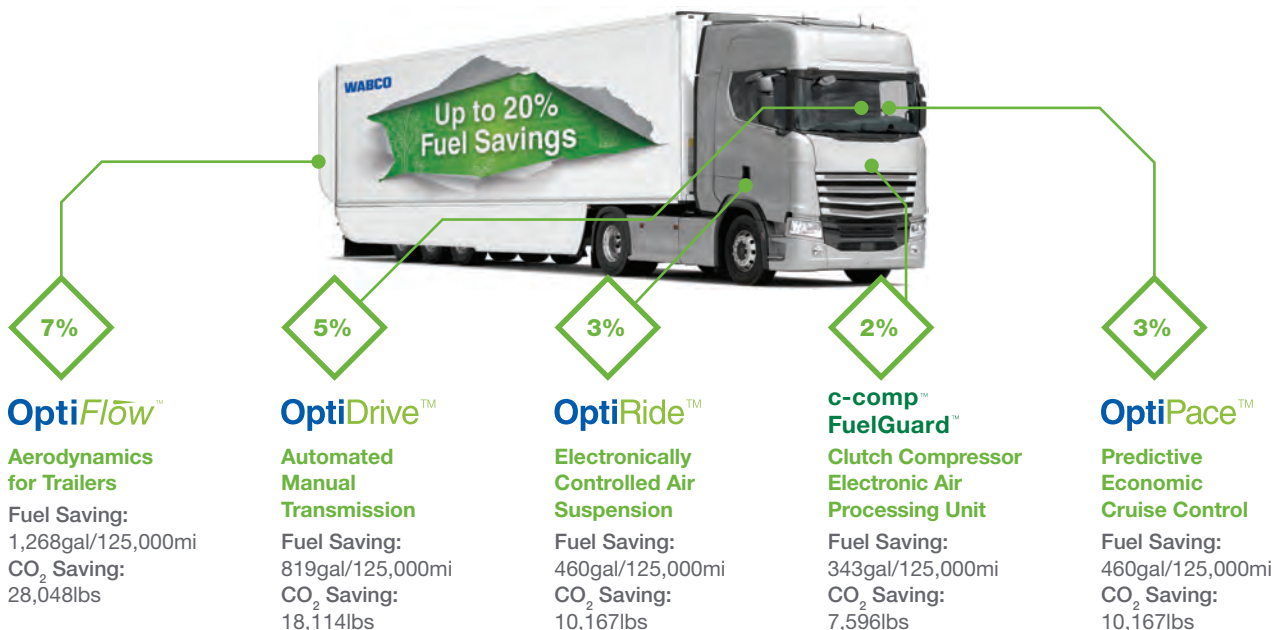
Truck platooning is another major step toward autonomous driving.

Hence, in 2016, WABCO linked up with Peloton Technology, an industry-leading U.S.-based provider of connected and automated driving solutions. This will integrate commercial vehicle-to-vehicle communication with automated control technologies that focus on safety and fuel efficiency. WABCO's OnGuardACTIVE™ collision mitigation system is a key safety enabler when two or more tractor-trailers are linked wirelessly to form "road-trains" on highways.

Importantly, the improved aerodynamics generated from platooning can increase fuel economy for fleets by more than 7% — namely, up to 4.5% for the lead truck and up to 10% for following trucks — with fewer emissions.

## Taking vehicle efficiency to new levels

A tractor-trailer equipped with efficiency-related technologies from WABCO's portfolio of industry-leading innovations can increase fuel economy up to 20% while reducing emissions.



During 2016, WABCO noticeably progressed along our industry's path toward mobilizing the intelligence of vehicle control systems. WABCO is at the forefront in our space to harness the power of mobile communications and cloud-based solutions. This means we improve vehicle and driver performance by enabling linkage to — and intelligent use of — captured onboard-systems information. Strategically, these initiatives will seed additional growth globally.

In parallel, WABCO also invested to access adjacent and new markets to complement our decades-long experience honed from supporting the series production of commercial vehicles globally.

## Mobilizing Vehicle Intelligence to Empower Tomorrow's Fleets

WABCO continues to directly serve the world of fleets through a rich portfolio of solutions, including fleet management systems as well as aftermarket products and services. This business also helps WABCO to mitigate the volatility of the OEM market.

Presently, WABCO extends and leverages one of our industry's most sophisticated platforms for fleet management systems to augment recurring sales in this sector.

As a full systems supplier, WABCO can uniquely connect trucks, trailers, cargo, drivers, business partners and fleet operators in real time. With WABCO's Transics TX-TRAILERGUARD™ and TX-SKY™, we obtain rich data — 24/7 — from onboard mission-critical systems.

Simultaneously, all of this information is integrated onto the fleet manager's displays via TX-CONNECT™ web-based back-office technology. By translating this big data into actionable management insights, fleets gain efficiency and asset utilization improves.

Furthermore, WABCO's newest remote diagnostics service will enable wireless mobile assessment of onboard-systems performance of multiple brands of trucks,

reducing maintenance costs and increasing vehicle availability.

WABCO's commercial vehicle aftermarket network spans 115 countries. This coverage further empowers fleets of trucks and buses — commercial as well as government-owned — through localized parts distribution, technical support, expert services and training.

WABCO's new aftermarket brand — ProVia — completed its first full year, launching 36 new products. ProVia is yet another reflection of WABCO's creativity to generate revenue over the life of a commercial vehicle. Offering a compelling alternative to other budget parts brands, the quality and reliability of ProVia is backed by WABCO's global engineering, manufacturing and aftermarket service excellence.

WABCO also introduced a new aftermarket e-commerce platform for distributors in multiple languages, including Chinese. It enables players in our value chain to optimize inventory management and sales.

In 2016, WABCO acquired Laydon Composites based in Canada, expanding our aerodynamic technology portfolio. WABCO is now the first global supplier of these systems for trailers. New OptiFlow™ TrailerSkirt is a lightweight aerodynamic solution for commercial vehicle fleets in North America. It superbly complements OptiFlow™ SideWings in Europe. New OptiFlow™ AutoTail is the next generation of WABCO's aerodynamic trailer tail. These technologies, which can also be retro-fitted, further help fleets to save fuel up to 7% and reduce emissions.

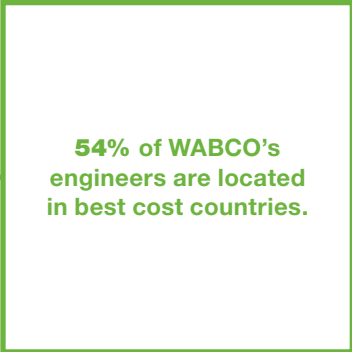
Building on our differentiation and success in the world of OEMs, WABCO offers cumulative knowledge, robust technology and global capabilities that increasingly empower fleets and transport companies as they seek to operate with optimal safety, efficiency and security.



In 2016, WABCO was granted a record 319 new patents.



**In 2016, WABCO further consolidated its leading market position.**



**54% of WABCO's engineers are located in best cost countries.**

## Delivering a World of Difference

In 2016, we once again demonstrated the differentiation and maturity of WABCO's global infrastructure. It fully leverages our talents and crossborder teamwork to spread WABCO technologies throughout every region of the world — for the benefit of OEMs and fleets alike.

Our global team of 2,400 engineers unites to deliver technological breakthroughs, sustaining WABCO's role as partner of choice for advanced commercial driver assistance and vehicle connectivity.

Currently, half of WABCO's product development engineers perform in best cost countries and a third of them are based in India. Collaborating with our engineers located in Europe, they apply frugal engineering practices to support advanced products and systems development, resulting in more cost-effective designs and manufacturing processes.

Moreover, 72% of our manufacturing workforce is now located in best cost countries.

As of 2016, 44% of our total workforce is located in Asia, supporting WABCO's global business success.

More than a decade ago, we began to invest significantly and steadily in China as a pillar of our globalization strategy. Today, our three world-class factories there are fully integrated into our global engineering, manufacturing and sourcing network. Our strategic partnerships with China's largest truck and bus makers, as well as leading transmission and trailer axle manufacturers, further differentiate WABCO.

In China, the world's largest market for commercial vehicles, customers view WABCO as the supplier of choice. In 2016, we forged new agreements with major industry players, which will increase momentum in China for expanding the reach of our global best-selling OptiRide electronically controlled air suspension and award-winning OptiDrive™ automated manual transmission systems.

Also in China, pilot programs are running for the market's first localized OnGuard collision mitigation systems, another example of our highly valued "design-for-China" strategy.

As of 2016, WABCO is now first to market in China with single-piston air disc brakes. This means our MAXX range represents incremental business there for years to come.

What's more, WABCO China serves as a key hub within our global supply chain. For example, it produces vacuum pumps, ABS and braking actuators for customers in the United States and Japan.

In India, fully leveraging WABCO's five world-class factories, we continue to produce high-quality, cost-effective components and systems for export to customers in the Americas, Europe and Asia.

In 2016, we began selling our industry-leading air disc brakes, vacuum pumps and telematics product in India, seeding other new sources of additional sales.

In South Carolina, U.S.A., our new state-of-the-art factory began local delivery of MAXX air disc brake products to meet growing demand from customers based in North America. This geographical expansion is compelling evidence of the successful globalization of WABCO's industry-leading air-disc brake technology.

In 2016, we also transferred an additional 51 production lines into existing factories in best cost countries, propelling sharp gains in productivity within our globally integrated supply chain.

Also in 2016, we further globalized our logistics network by opening a new distribution center in Singapore to better serve Australia and 25 countries and territories in the Oceania region.

We continued investing in our Global Business Services, operating from Poland and India. A growing team of over 200 professionals drives productivity gains throughout WABCO's operations worldwide by delivering continuous process optimization for corporate functions.



## Looking Ahead

In 2016, WABCO reported new contracts signed with customers from Q2 2015 through Q1 2016, adding \$918 million of expected cumulative incremental business. In particular, \$612 million of that total is earmarked as new sales through 2020.

We also look forward to opportunities arising from acquisition in 2016 of MICO Inc. based in the United States. MICO serves all leading off-highway vehicle OEMs globally. WABCO now uniquely offers a portfolio of both hydraulic and pneumatic braking solutions for off-highway vehicles worldwide. Our unmatched variety of product choice, quality and service is highly attractive for this adjacent market sector.

WABCO's technology leadership now uniquely bridges two worlds. It supports the manufacture of every commercial vehicle platform — truck, bus, trailer and off-highway — as well as makers of transmissions. It also advances fleet performance through differentiated products and services.

Underpinning our commitment to make “mobilizing vehicle intelligence” happen, we move forward with momentum propelled by \$135 million invested in 2016 to further global research, development and product engineering.

Overall, we are growing WABCO's space. We are rapidly expanding beyond mechatronics toward digital solutions and cloud-based intelligence.

We have line of sight on the key enabling technologies and functionalities — such as advanced driver assistance systems, active steering and platooning — which represent intermediary milestones toward our industry's vision of autonomous driving.

Meanwhile, we continue to see solid growth arising from accelerating technology adoption, driven by WABCO's early market penetration in Brazil, Russia, India and China (BRIC), which represent 58% of global truck and bus production. At the same time,

we continue to pump innovations through our pipeline of advanced technologies to serve anticipated growth opportunities in Europe and the United States respectively.

As we progress, WABCO is decisively positioned — drawing on our rich industrial roots — and transitioning successfully toward increasingly digitalized products and services as well as other attractive avenues for growth.

In summary, WABCO is uniquely equipped and prepared to seize and scale prospects in mature, emerging and adjacent markets. This bright outlook also substantiates our commitment to shareowners through differentiating market outperformance, productivity gains, cash flow conversion and incremental profitability derived from growth.

We are very proud of our 13,000 employees in 40 countries. Their passion and talents deliver outstanding results. We see an exciting future for intelligent, connected and green vehicles. And our team is fully engaged to bring it to a reality.



**Jacques Esculier**

**Chairman of the Board and  
Chief Executive Officer**



**In 2016, WABCO won 26 awards from customers, commending supplier excellence and technology innovation, among other distinctions.**

\*This letter contains non-GAAP measures, which are reconciled to the most comparable GAAP measures in the table on page 9.

## Board of Directors

### Jacques Esculier

Chairman of the Board and  
Chief Executive Officer of WABCO

### G. Peter D'Aloia <sup>(A)</sup>

Former Senior Vice President and  
Chief Financial Officer of  
American Standard

### Juergen W. Gromer <sup>(A)</sup>

Former President of  
Tyco Electronics  
Board Member of  
TE Connectivity

### Thomas S. Gross <sup>(C)</sup>

Former Vice Chairman and  
Chief Operating Officer of the  
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Board Member of  
RPM International, Inc.  
Chairman of Compensation,  
Nominating and Governance  
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Board Member of  
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### Jean-Paul L. Montupet <sup>(C)</sup>

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### D. Nick Reilly <sup>(A)</sup>

Former President of  
General Motors Europe

### Michael T. Smith <sup>(C)</sup>

Former Chairman and  
Chief Executive Officer of  
Hughes Electronics Corporation

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(A) Audit

(C) Compensation, Nominating & Governance

## Executives

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Chairman of the  
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### Prashanth Mahendra-Rajah\*

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### Peter Bal

Chief Information Officer and  
Vice President  
Administrative Process  
Optimization

### Nicolas Bardot\*

Chief Supply Chain Officer

### Christian Brenneke

Vice President  
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### Lisa J. Brown\*

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Company Secretary

### Sean Deason\*

Vice President  
Controller and Assistant Secretary

### Christian Fife

Vice President  
Investor Relations and  
Treasurer

### P. Kaniappan

Vice President  
India

### Thomas Lazer

Chief Quality Officer

### Mazen Mazraani\*

Chief Human Resources Officer

### Jane McLeod

Vice President  
Communications

### Jon Morrison

President  
Americas

### Nick Rens\*

President  
Trailer Systems, Aftermarket and  
Off-Highway

### Jorge Solis\*

President, Truck, Bus and Car OEMs  
and Vice President,  
Vehicle Dynamics and Controls

### Christian Wiehen

Chief Technology and  
Industry Affairs Officer

### Sujie Yu

Vice President  
Asia-Pacific and  
Business Leader China

\*Executive Officer

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### **Annual Shareowners Meeting**

WABCO Holdings Inc.  
Will be held:  
May 24, 2017, 10:00 a.m.  
McDermott Will & Emery  
340 Madison Avenue  
New York, NY 10173-1922, USA  
Tel: +1 212 547 5400  
Fax: +1 212 547 5444

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Hearing Impaired Foreign Shareowner  
Tel: +1 781 575 4592

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College Station, Texas 77845 USA

Shareowner Website  
www.computershare.com/investor

Shareowner Online Inquiries  
<https://www-us.computershare.com/investor/Contact>

Form 10-K is available from the Securities and Exchange Commission. You may also print a copy from the company's website or request one from:

### **Investor Relations**

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