



WABCO
THIRD QUARTER 2012

Q3-2012 EARNINGS RELEASE NOVEMBER 2, 2012



JACQUES ESCULIER
Chairman & Chief Executive Officer
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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 attributable to company and net income attributable to company per diluted share on a "performance basis" are non-GAAP financial measures that exclude separation and streamlining items, the one-time impact from the UK pension adjustment, and one-time and discrete tax items, as applicable. Free cash flow presents our net cash provided by operating activities less net 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.

Q3 2012 PERFORMANCE SUMMARY

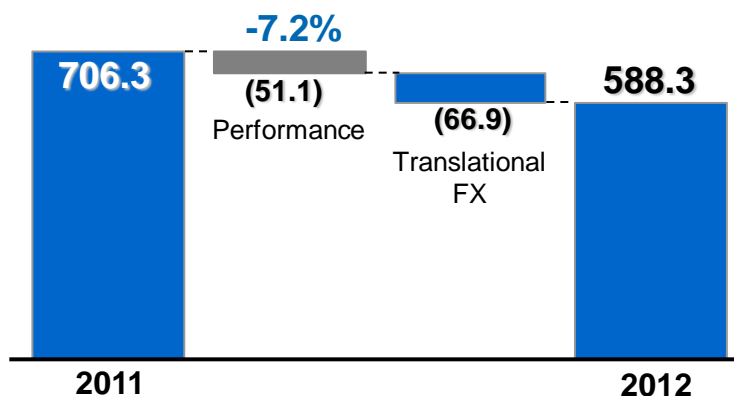
- **Third Quarter Sales of \$588.3 Million; Down 7.2% in Local Currencies or Down 16.7% Reported**
- **Performance Gross Profit Margin⁽¹⁾ of 30.1% vs. 29.1% in Q3 '11; Reported Gross Profit Margin of 29.8% vs. 28.9% in Q3 '11**
- **Performance Operating Income⁽¹⁾ of \$76.4 Million vs. \$94.5 Million in Q3 '11; Reported Operating Income of \$73.2 Million vs. \$92.4 Million in Q3 '11**
- **Performance EPS⁽²⁾ \$1.02 vs. \$1.19 in Q3 '11, Reported EPS \$1.19 vs. \$1.22 in Q3 '11**
- **Free Cash Flow⁽³⁾ of \$90.2 Million, Excluding Streamlining & Separation Payments in the Quarter**
- **Returned \$48M Cash to Shareholders; Repurchased 865K Shares**
- **Adjusted Full Year 2012 Guidance**

Refer to Slide #15 for Footnotes

Q3 SALES PERFORMANCE & MARKET TRENDS

Q3 Sales Bridge

(in \$ Millions)



Q3 YoY Sales Growth⁽⁴⁾ By Channel

OE	(13%)	<ul style="list-style-type: none"> Sudden Slow Down in Key Markets Down 10% vs. Q2 '12
Aftermarket	7%	<ul style="list-style-type: none"> Record Quarterly Revenue, with Growth in all Regions Supporting an OE field campaign to replace competitor's ADB
Sales to JVs	4%	<ul style="list-style-type: none"> Down 5% vs. Q2 '12 with NA T&B Production down 16% vs. Q2 '12

Q3 YoY T&B Sales Growth⁽⁴⁾ vs. Estimated Production Growth By Region

	WABCO	Estimated Production	Comments
Europe	(13%)	(11%)	<ul style="list-style-type: none"> Sudden drop in T&B production leading to inventory reductions of WABCO products at customers
North America	(3%)	(2%)	<ul style="list-style-type: none"> Significant decline in high-content domestic vehicles and stronger growth in low-spec export vehicles in Japan/Korea; 2011 natural disaster distorting comparisons
South America	(31%)	(32%)	
Japan/Korea	(17%)	1%	<ul style="list-style-type: none"> Market share gains in China and exceptional decrease of inventories in Q3 of 2011
China	12%	(17%)	<ul style="list-style-type: none"> Higher drop in heavy multi-axle vehicles and engines for military vehicles in India
India	(14%)	(11%)	

Refer to Slide #15 for Footnotes

Accelerated Decline in Global T&B Production; Down 12% YoY

FINANCIAL PERFORMANCE Q3 2012

(in \$ Millions except per share data)

	Q3 Reported	Q3 Performance ^{(1),(2)}	Performance vs. 2011 In Local Curr. ⁽⁵⁾	Performance Drivers
Sales	\$588.3	\$588.3	(7.2%)	<ul style="list-style-type: none"> -6% versus Q2 '12 \$1.1B Order Book, Down 5% vs. Q2 '12 Price: (\$4.3) or (0.6%)
Gross Profit	175.2	177.0	(3.5%)	<ul style="list-style-type: none"> Volume & Mix: (\$8.4)
	29.8%	30.1%	+117 bps	<ul style="list-style-type: none"> Productivity:
OPEX & Other	(102.0)	(100.6)	(0.6%)	<ul style="list-style-type: none"> -Materials: \$11.5 (5.3% gross, 4.6% net) -Conversion: \$5.6 (6.1%) -OH absorption & other: (\$8.6)
	(17.3%)	(17.1%)	-133 bps	
Operating Income	73.2	76.4	(8.4%)	<ul style="list-style-type: none"> Labor & other inflation: (\$6.0)
	12.4%	13.0%	-16 bps	<ul style="list-style-type: none"> Lower operating expenses: \$1.3 15.4% operating decremental margin
Equity Income	4.1	4.1		<ul style="list-style-type: none"> Meritor WABCO JV down \$0.4 vs. '11
Noncontrolling Int. Exp.	(2.0)	(2.0)		<ul style="list-style-type: none"> Versus (\$3.1) in Q3 '11
EBIT	\$74.5	\$78.1		<ul style="list-style-type: none"> Separation (\$1.0) vs. (\$0.8) in '11
	12.7%	13.3%		<ul style="list-style-type: none"> Streamlining (\$2.6) vs. (\$1.0) in '11
Taxes	(3.3)	11.5		<ul style="list-style-type: none"> FY Performance Tax Rate ~16% ~\$15M Discrete & other tax items
Net Income*	\$77.5	\$66.3		<ul style="list-style-type: none"> Down from \$81.9M in Q3 2011
EPS	\$1.19	\$1.02		<ul style="list-style-type: none"> Versus '11 Reported of \$1.22 and Performance of \$1.19

*Represents net income attributable to company

Refer to Slide #15 for Footnotes

Mitigating Impact of Sales Decline on Margins

CASH FLOW SUMMARY Q3 2012

(in \$ Millions)

Free Cash Flow

Cash Provided by Operating Activities

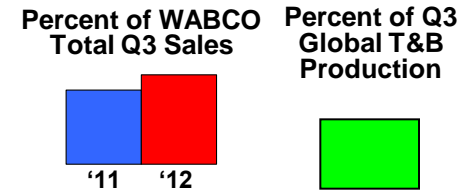
Net Income including noncontrolling interest	79.5	Receivables \$4.2
Depreciation & amortization	19.3	Inventory \$0.3
Working capital	0.1	Payables (\$4.4)
Changes in other assets & liabilities	13.7	Taxes, compensation related, notes receivable & supplier deposits
Net Cash Provided by Operating Activities	112.6	
Purchases of PP&E, Tooling & Computer Software	(26.7)	
Free Cash Flow⁽³⁾	85.9	
Less: Streamlining & separation payments	4.3	
Free Cash Flow⁽³⁾ excl. streamlining & separation payments	90.2	

- **Free cash flow conversion of 136% excluding streamlining & separation payments...**
- **...while sustaining capex investments to support growth strategies**
- **Repurchased 865K shares in Q3 at a cost of ~\$48M**
- **Invested ~\$5M of cash for acquisition**

Refer to Slide #15 for Footnotes

Strong Cash Conversion YTD of 102%

MARKET DYNAMICS



- September HDT registrations down 14%; YTD down 8% compared to 2011
- Q4 OE T&B order book currently down 3% vs. Q3 sales
- 2012 T&B production estimate: Down ~7% to ~10%
- 2013 Initial outlook: Flat to down ~10%; H1 down more than H2 (anticipating pre-buy)



- Sudden reversal of growth trend: Q3 '12 production down 2% vs. last year and down 16% vs. Q2 '12
- Further decline expected in Q4
- 2012 T&B production estimate: Up ~8% to ~11%
- 2013 Initial outlook: Flat to down ~5%



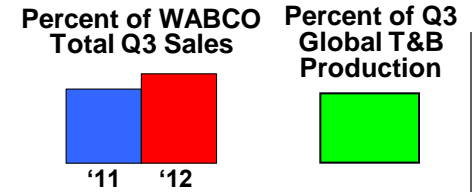
- Q3 '12 T&B production 17% below last year and 11% lower than Q2 '12
- Biggest decline in HDT; Long haul more severely impacted than construction
- 2012 T&B production estimate: Down ~21% to ~24%
- 2013 Initial outlook: Flattish



- Q3 '12 T&B production 11% below last year and up 8% vs. Q2 '12
- Acceleration in GDP growth and slow down in inflation expected in '13
- 2012 T&B production estimate: Down ~5% to ~8%
- 2013 Initial outlook: Flat to Up ~5%

Uncertainty in Market Prevails

MARKET DYNAMICS



Japan/Korea 10%

- Q3 '12 T&B production up 1% vs. last year but 9% below Q2 '12
- 2012 Growth driven by MDT export from Japan
- 2012 T&B production estimate: Up ~15% to ~18%
- 2013 Initial outlook: Down ~3 to ~8%

Brazil 7%

- Q3 '12 T&B production 32% below last year but up 18% from Q2 '12
- H2 production up 18% vs. H1; production now in line with demand
- 2012 T&B production estimate: Down ~32% to ~35%
- 2013 Initial outlook: Up ~10 to ~15%

Aftermarket 26%

- Q3 7% Growth helped by European OE field service campaign, replacing a competitor's ADB
- 2012 Outlook: Up ~5%
- 2013 Initial outlook: Up ~5%

Trailer 9%

- Q3 '12 Production in Europe down 13% from last year and down 11% versus Q2
- 2012 Global trailer production estimate: down ~5 to ~8%
- 2013 Initial global trailer production outlook flattish (WE and NA slightly down)

Uncertainty in Market Prevails

HOW WABCO FLEXES WITH THE MARKET

- **Current flexibility in direct labor:**
 - Over 25% of employees are temporary in high cost countries
 - Over 50% in best cost countries
- **H2 mitigation actions initiated in the last 3 months totaling \$30M vs. July forecast**
 - ~\$23M above gross profit – includes finalizing a reduction of approximately 260 positions
 - ~\$7M of operating expenses – affecting approximately 90 positions

FOCUSING ON CORE STRATEGIES

Globalization

- **New Contract with GAZ for Anti-Lock Braking in Russia:** ABS for trucks and buses and electronic tire pressure monitoring systems for buses for series production. GAZ Group is Russia's leading maker of commercial vehicles.
- **Opening of Second Factory at Mahindra World City in Chennai:** WABCO now owns and operates four world-class manufacturing sites located in India.

New Technologies & Products

- **Acquisition of Industry Pioneer in Commercial Vehicle Aerodynamics:** New OptiFlow™ range designed to boost vehicle efficiency and fuel economy for trucks, buses and trailers. First new product is SideWing for trailers.
- **Introduction of Innovative Lane Departure Warning System (LDWS):** Marks WABCO's next step in advanced driver assistance systems and complies with EU's regulation for LDWS on trucks and buses as of Nov 2013.
- **Breakthrough Hydraulic Anti-Lock Braking System (ABS):** Industry's first and unique range that integrates electronic stability control (ESC) for trucks and buses, per ESC regulations from 2013 in Europe, Asia and the Americas.

Execution

- **Major Quality Achievement Award in Europe from Paccar:** WABCO in Meppel, the Netherlands, recognized with top quality award for vehicle braking components supplied for DAF trucks in series production throughout 2011.
- **WABCO Operating System Continues to Deliver Strong Results:**
 - Generated 5.3% gross materials productivity in Q3 2012 and 4.6% net after commodity inflation
 - 6.1% conversion productivity in Q3 2012, another robust result

Continued Success in Executing Core Strategies

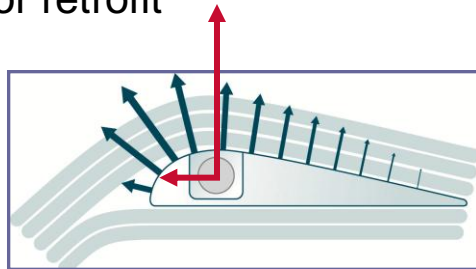
WABCO ACQUIRES:

Ephicas

- Based in the Netherlands, pioneering aerodynamic innovation
- Award-winning technology aligned to WABCO Vehicle Efficiency Roadmap
- Available to customers globally

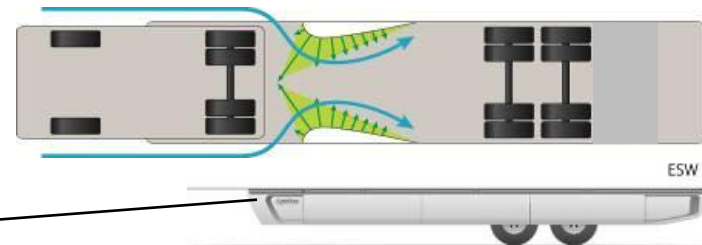
TECHNOLOGY & INNOVATION

- Unique SideWing improves the aerodynamics of trailers
- Manufactured using PDCPD - ultra resistance to impact, easy to paint
- Innovative panel solution
- Easy to install or retrofit



VALUE TO CUSTOMERS

- Saves up to 5% on fuel costs[#]
- Helps to improve under-ride protection for cyclists, pedestrians and motorists
- Reduces carbon emissions



FY 2012 GUIDANCE

2012 Guidance

Key Inputs

(\$ Millions, except per share data)

	Prior	Updated
Sales Growth ⁽⁴⁾	(2)% - 3% <i>(in local currencies)</i>	(5)% - (4)% <i>(in local currencies)</i>
Reported Sales	\$2,510 – 2,650 <i>1 Euro = 1.27 USD</i>	\$2,450 – 2,475 <i>1 Euro = 1.28 USD</i>
Performance Op Margin ⁽¹⁾	12.8% – 13.8%	13.4% – 13.6%
Performance EPS ⁽²⁾	\$4.30 - \$4.80	\$4.28 - \$4.38
Free Cash Flow Conversion ⁽³⁾	80% - 90% <i>(Excluding Stream. & Separation)</i>	~90% <i>(Excluding Stream. & Separation)</i>

- Full year Euro to USD FX assumption of 1.28 includes Q4 '12 at 1.25
- Initiated \$30M of profit improvement in H2 '12 to mitigate the sales drop from last guidance
- Annual price erosion below 0.8%
- Raw material inflation: below 1.2% of materials cost
- Productivity levels toward upper end of past performance
- Performance tax rate ~16% or better
- ~65.3M average diluted shares

Refer to Slide #15 for Footnotes

New Guidance Reflects Sudden Market Degradation

SUMMARY

- **Accelerated Global Market Decline of 12% Impacts Third Quarter Sales; Down 7.2% in Local Currencies**
- **Delivered Performance Operating Margin⁽¹⁾ of 13.0%**
- **Achieved \$1.02 of Performance EPS⁽²⁾**
- **Generated Free Cash Flow⁽³⁾ Conversion of 136%**
- **Adjusted Full Year 2012 Guidance to Reflect Market Downturn & Mitigating Actions to Maximize Value to Shareholders**
- **Announced Additional Share Buyback Program of \$400M; Total Remaining Authorization ~\$460M**

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
2. Adjusted for streamlining, separation and one-time tax and discrete tax items
3. Net cash provided by operating activities less net purchases of purchases of property, plant, equipment and computer software
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.
Q3 2012 Data Supplement Sheet (Unaudited)

(Amounts in millions, except per share data)

	2012	% of Sales/ Adj Sales	Quarter Ended September 30, 2011	% of Sales/ Adj Sales	Chg vs. 2011	% Chg vs. 2011
<u>Sales</u>						
Reported	\$ 588.3		\$ 706.3		\$ (118.0)	-16.7%
Foreign exchange translational effects	66.9		-		66.9	
Adjusted Sales	<u>\$ 655.2</u>		<u>\$ 706.3</u>		<u>\$ (51.1)</u>	-7.2%
<u>Gross Profit</u>						
Reported	\$ 175.2	29.8%	\$ 204.4	28.9%	\$ (29.2)	-14.3%
Streamlining costs	1.6		0.5		1.1	
Separation costs	0.2		0.3		(0.1)	
Performance Gross Profit	<u>\$ 177.0</u>	30.1%	<u>\$ 205.2</u>	29.1%	<u>\$ (28.2)</u>	-13.7%
Foreign exchange translational effects	21.0		-		21.0	
Adjusted Gross Profit	<u>\$ 198.0</u>	30.2%	<u>\$ 205.2</u>	29.1%	<u>\$ (7.2)</u>	-3.5%
<u>Selling, Administrative, Product Engineering Expenses and Other</u>						
Reported	\$ 102.0	17.3%	\$ 112.0	15.9%	\$ (10.0)	-8.9%
Streamlining costs	(1.0)		(0.5)		(0.5)	
Separation costs	(0.4)		(0.8)		0.4	
Performance Selling, Administrative, Product Engineering Expenses and Other	<u>\$ 100.6</u>	17.1%	<u>\$ 110.7</u>	15.7%	<u>\$ (10.1)</u>	-9.1%
Foreign exchange translational effects	10.8		-		10.8	
Adjusted Selling, Administrative, Product Engineering Expenses and Other	<u>\$ 111.4</u>	17.0%	<u>\$ 110.7</u>	15.7%	<u>\$ 0.7</u>	0.6%
<u>Operating Income</u>						
Reported	\$ 73.2	12.4%	\$ 92.4	13.1%	\$ (19.2)	-20.8%
Streamlining costs	2.6		1.0		1.6	
Separation costs	0.6		1.1		(0.5)	
Performance Operating Income	<u>\$ 76.4</u>	13.0%	<u>\$ 94.5</u>	13.4%	<u>(18.1)</u>	-19.2%
Foreign exchange translational effects	10.2		-		10.2	
Adjusted Operating Income	<u>\$ 86.6</u>	13.2%	<u>\$ 94.5</u>	13.4%	<u>\$ (7.9)</u>	-8.4%

WABCO HOLDINGS INC.
Q3 2012 Data Supplement Sheet (Unaudited)

(Amounts in millions, except per share data)

	Quarter Ended September 30,					
	2012	% of Sales/ Adj Sales	2011	% of Sales/ Adj Sales	Chg vs. 2011	% Chg vs. 2011
<u>EBIT (Earnings Before Interest and Taxes)</u>						
Reported Operating Income/(Loss)	\$ 73.2		\$ 92.4		\$ (19.2)	
Equity in Income of Unconsolidated Joint Venture	4.1		3.9		0.2	
Other non-operating expenses, net	(0.8)		0.1		(0.9)	
Net income attributable to noncontrolling interest	(2.0)		(3.1)		1.1	
EBIT	\$ 74.5	12.7%	\$ 93.3	13.2%	\$ (18.8)	-20.2%
Streamlining costs	2.6		1.0		1.6	
Separation costs	1.0		0.8		0.2	
Performance EBIT (Earnings Before Interest and Taxes)	\$ 78.1	13.3%	\$ 95.1	13.5%	\$ (17.0)	-17.9%
Foreign exchange translational effects	9.8		-		9.8	
Adjusted EBIT (Earnings Before Interest and Taxes)	\$ 87.9	13.4%	\$ 95.1	13.5%	\$ (7.2)	-7.6%
<u>Pre-Tax Income</u>						
EBIT	\$ 74.5		\$ 93.3		\$ (18.8)	
Interest (expense)/income, net	(0.3)		(0.4)		0.1	
Pre-Tax Income	\$ 74.2		\$ 92.9		\$ (18.7)	
Streamlining costs	2.6		1.0		1.6	
Separation costs	1.0		0.8		0.2	
Performance Pre-Tax Income	\$ 77.8		\$ 94.7		\$ (16.9)	
Tax rate on a performance basis	14.8%		13.5%			
<u>Net Income Attributable to Company</u>						
Reported Net Income Attributable to Company	\$ 77.5		\$ 83.8		\$ (6.3)	
Streamlining cost, net of tax	2.2		0.8		1.4	
Tax items	(14.3)		(3.1)		(11.2)	
Separation costs, net of tax and separation related taxes	0.9		0.4		0.5	
Performance Net Income Attributable to Company	\$ 66.3		\$ 81.9		\$ (15.6)	
Performance Net Income Attributable to Company per Diluted Common Share	\$ 1.02		\$ 1.19			
Common Shares Outstanding - Diluted	64.9		68.7			
<u>Incremental Gross Profit and Operating Income Margin</u>						
Increase in adjusted sales from '11		(51.1)		(51.1)		
Increase in adjusted income from '11		(7.2)		(7.9)		
Incremental Income as a % of Sales		14.1%		15.4%		

WABCO HOLDINGS INC.
Nine Months Ended September 30, 2012 Data Supplement Sheet
(Unaudited)

(Amounts in millions, except per share data)

	Nine Months Ended September 30,					
	2012	% of Sales/ Adj Sales	2011	% of Sales/ Adj Sales	Chg vs. 2011	% Chg vs. 2011
<u>Sales</u>						
Reported	\$ 1,880.8		\$ 2,122.2		\$ (241.4)	-11.4%
Foreign exchange translational effects	160.0		-		160.0	
Adjusted Sales	\$ 2,040.8		\$ 2,122.2		\$ (81.4)	-3.8%
<u>Gross Profit</u>						
Reported	\$ 565.0	30.0%	\$ 618.5	29.1%	\$ (53.5)	-8.6%
Streamlining costs	3.7		1.8		1.9	
Separation costs	0.6		0.8		(0.2)	
Performance Gross Profit	\$ 569.3	30.3%	\$ 621.1	29.3%	\$ (51.8)	-8.3%
Foreign exchange translational effects	51.0		-		51.0	
Adjusted Gross Profit	\$ 620.3	30.4%	\$ 621.1	29.3%	\$ (0.8)	-0.1%
<u>Selling, Administrative, Product Engineering Expenses and Other</u>						
Reported	\$ 309.5	16.5%	\$ 339.0	16.0%	\$ (29.5)	-8.7%
Streamlining costs	(3.9)		(0.5)		(3.4)	
Separation costs	(1.2)		(2.2)		1.0	
UK pension adjustment	4.3		-		4.3	
Performance Selling, Administrative, Product Engineering Expenses and Other	\$ 308.7	16.4%	\$ 336.3	15.8%	\$ (27.6)	-8.2%
Foreign exchange translational effects	25.3		-		25.3	
Adjusted Selling, Administrative, Product Engineering Expenses and Other	\$ 334.0	16.4%	\$ 336.3	15.8%	\$ (2.3)	-0.7%
<u>Operating Income</u>						
Reported	\$ 255.5	13.6%	\$ 279.5	13.2%	\$ (24.0)	
Streamlining costs	7.6		2.3		5.3	
Separation costs	1.8		3.0		(1.2)	
UK pension adjustment	(4.3)		-		(4.3)	
Performance Operating Income	\$ 260.6	13.9%	\$ 284.8	13.4%	\$ (24.2)	-8.5%
Foreign exchange translational effects	25.7		-		25.7	
Adjusted Operating Income	\$ 286.3	14.0%	\$ 284.8	13.4%	\$ 1.5	0.5%

WABCO HOLDINGS INC.
Nine Months Ended September 30, 2012 Data Supplement Sheet
(Unaudited)

(Amounts in millions, except per share data)

			Nine Months Ended September 30,		Chg vs. 2011	% Chg vs. 2011
	2012	% of Sales/ Adj Sales	2011	% of Sales/ Adj Sales		
<u>EBIT (Earnings Before Interest and Taxes)</u>						
Reported Operating Income	\$ 255.5		\$ 279.5		\$ (24.0)	
Equity in Income of Unconsolidated Joint Venture	\$ 13.8		12.4		1.4	
Other non-operating expenses, net	\$ (2.0)		(1.7)		(0.3)	
Indemnification and Other settlements	\$ -		23.1		(23.1)	
Net income attributable to noncontrolling interest	\$ (8.1)		(8.0)		(0.1)	
EBIT	\$ 259.2	13.8%	\$ 305.3	14.4%	\$ (46.1)	-15.1%
Streamlining costs	7.6		2.3		5.3	
Separation costs	3.0		(19.5)		22.5	
UK pension adjustment	(4.3)		-		(4.3)	
Performance EBIT (Earnings Before Interest and Taxes)	\$ 265.5	14.1%	\$ 288.1	13.6%	\$ (22.6)	-7.8%
Foreign exchange translational effects	24.5		-		24.5	
Adjusted EBIT (Earnings Before Interest and Taxes)	\$ 290.0	14.2%	\$ 288.1	13.6%	\$ 1.9	0.7%
<u>Pre-Tax Income/(Loss)</u>						
EBIT	\$ 259.2		\$ 305.3		\$ (46.1)	
Interest expense, net	(1.2)		(1.6)		0.4	
Pre-Tax Income/(Loss)	\$ 258.0		\$ 303.7		\$ (45.7)	
Streamlining costs	7.6		2.3		5.3	
Separation costs	3.0		(19.5)		22.5	
UK pension adjustment	(4.3)		-		(4.3)	
Performance Pre-Tax Income	\$ 264.3		\$ 286.5		\$ (22.2)	
Tax rate on a performance basis	16.0%		15.0%			
<u>Net Income Attributable to Company</u>						
Reported Net Income Attributable to Company	\$ 242.3		\$ 287.1		\$ (44.8)	
Streamlining cost, net of tax	6.5		2.3		4.2	
Tax items	(26.0)		(23.9)		(2.1)	
Separation costs, net of tax and separation related taxes	2.4		(20.5)		22.9	
UK pension adjustment, net of tax	(3.2)		-		(3.2)	
Performance Net Income	\$ 222.0		\$ 245.0		\$ (23.0)	
Performance Net Income per Diluted Common Share	\$ 3.38		\$ 3.53			
Common Shares Outstanding - Diluted	65.6		69.5			

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

(Amounts in millions)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Net Cash Provided by Operating Activities	\$ 112.6	\$ 103.8	\$ 282.1	\$ 246.0
Deductions or Additions to Reconcile to Free Cash Flow:				
Net purchases of property, plant, equipment and computer software	(26.7)	(29.1)	(67.3)	(65.6)
Free Cash Flow	<u>\$ 85.9</u>	<u>\$ 74.7</u>	<u>\$ 214.8</u>	<u>\$ 180.4</u>
Less: Streamlining & separation payments	<u>\$ (4.3)</u>	<u>\$ (4.3)</u>	<u>\$ (10.7)</u>	<u>\$ (9.0)</u>
Free Cash Flow excluding streamlining & separation payments	<u>\$ 90.2</u>	<u>\$ 79.0</u>	<u>\$ 225.5</u>	<u>\$ 189.4</u>

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.
Reconciliation of GAAP to Non-GAAP Financial Measures for Full Year 2012 Guidance
(Unaudited)

(Amounts in millions, except per share data)

	Previous Full Year 2012 Guidance	Updated Full Year 2012 Guidance
<u>Operating Income</u>		
Reported Operating Income Margin	12.5% - 13.5%	13.1% - 13.3%
Streamlining cost, impact to margin	0.4%	0.4%
Separation costs, impact to margin	0.1%	0.1%
UK pension adjustment, impact to margin	(0.2%)	(0.2%)
Performance Operating Income Margin	12.8% - 13.8%	13.4% - 13.6%
<u>Net Income Attributable to Company</u>		
Reported Net Income Attributable to Company	\$289.4 - \$322.1	\$296.3 - \$302.8
Streamlining cost, net of tax	8.0	9.4
Tax items	(15.6)	(26.2)
Separation costs, net of tax and separation related taxes	3.1	3.2
UK pension adjustment, net of tax	(3.2)	(3.2)
Performance Net Income Attributable to Company	\$281.7 - \$314.4	\$279.5 - \$286.0
Reported Net Income Attributable to Company per Diluted Common Share	\$4.42 - \$4.92	\$4.54 - \$4.64
Performance Net Income Attributable to Company per Diluted Common Share	\$4.30 - \$4.80	\$4.28 - \$4.38
Diluted common shares outstanding	~65.5	~65.3

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.