

Q3 – 2013 EARNINGS RELEASE OCTOBER 25, 2013



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Chairman & Chief Executive Officer

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CFO (acting), Vice-President Controller

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 2013 Performance Summary

- Third Quarter Sales of \$677.1 Million; up 13.4% in local currencies and up 15.1% Reported
- Performance Gross Profit Margin⁽¹⁾ at 29.6% vs. 30.1% in Q3 '12; Reported Gross Profit Margin of 29.5% vs. 29.8% in Q3 '12
- Performance Operating Income⁽¹⁾ of \$89.5 Million vs. \$76.4 Million in Q3 '12; Reported Operating Income of \$86.9 Million vs. \$73.2 Million in Q3 '12
- Performance EPS⁽²⁾ \$1.26 vs. \$1.02 in Q3 '12, Reported EPS \$1.26 vs. \$1.19 in Q3 '12
- Free Cash Flow⁽³⁾ of \$70.1 Million, excluding streamlining & separation payments in the quarter
- Returned \$48M cash to shareholders; repurchased 618k shares
- Updated Full Year 2013 Guidance

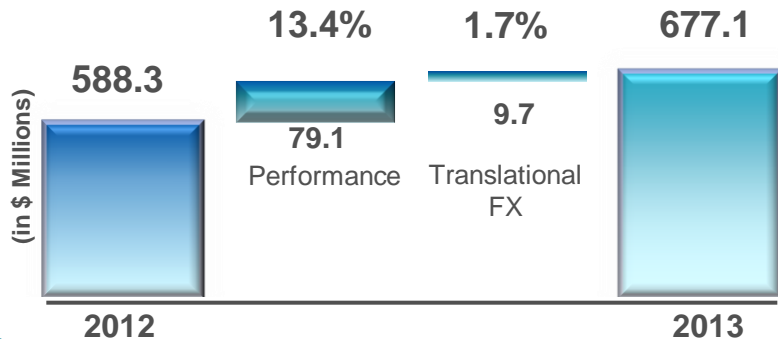
Refer to Slide #13 for Footnotes

Strongly outperforms a continued sluggish market

WABCO

Q3 Sales Performance & Market Trends

Q3 Sales Bridge



Q3 YoY Sales Growth ⁽⁴⁾ By Channel

Channel	YoY Sales Growth	Comments
OE	17%	<ul style="list-style-type: none"> Increased content per vehicle Seasonally down sequentially 3% vs. Q2 '13
Aftermarket	9%	<ul style="list-style-type: none"> 11% growth w/o impact of slowdown in field campaign to replace competitor's ADB
Sales to JVs	2%	<ul style="list-style-type: none"> Sales sequentially up 19% despite lower NA vehicle production

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

Region	WABCO	Estimated Production	Comments
Europe	21%	8%	<ul style="list-style-type: none"> Europe: Increased AMT penetration and ADB share gains
North America	10%	7%	<ul style="list-style-type: none"> Eastern Europe: Increased SOM
South America	44%	20%	<ul style="list-style-type: none"> N.America: Higher content per vehicle (OnGuard™ and AMT) Brazil: First phase of rollout of ABS mandate
Japan/Korea	15%	6%	<ul style="list-style-type: none"> Korea: favorable vehicle mix - higher ABS content
China	22%	21%	<ul style="list-style-type: none"> China: Q3 production down 20% vs Q2 – unfavorable vehicle mix
India	(36%)	(33%)	<ul style="list-style-type: none"> India: continued decline in T&B production - heavy multi-axles vehicles impacted most

10% outperformance in 3Q13

WABCO

Financial Performance Q3 2013

(in \$ Millions except per share data)

Profit and Loss Statement Highlights

	Q3 Reported	(1),(2) Q3 Performance	(5) Performance vs 2012 in local curr.	Performance Drivers
Sales	\$677.1	\$677.1	13.4%	<ul style="list-style-type: none"> +0.2% vs Q2 '13, \$1.3B order book, +1.1% vs Jun'13 Price: (\$7.7) or (1.1%)
Gross Profit	199.5 29.5%	200.6 29.6%	10.2% -85bps	<ul style="list-style-type: none"> Volume, Mix and absorption: \$21.8 Materials productivity: \$14.3 (5.2% gross, 5.0% net) Conversion productivity: \$6.1 (6.0%)
OPEX & Other	(112.6) (16.6%)	(111.1) (16.4%)	7.0% -98 bps	<ul style="list-style-type: none"> Labor inflation: (\$6.4) Opex investments (\$4.3) Incentive compensation (\$0.9)
Operating Income	86.9 12.8%	89.5 13.2%	14.5% 12 bps	<ul style="list-style-type: none"> Transactional FX negatively impacts margin by \$13.4 year-over-year
Equity Income Non-controlling Int. Exp	4.7 (2.5)	4.7 (2.5)		<ul style="list-style-type: none"> Equity Income Up \$0.6 from Q3 '12 Non-controlling Int. down from (\$0.5) in Q3'12
EBIT	\$88.2 13.0%	\$91.1 13.5%		<ul style="list-style-type: none"> Streamlining (\$1.9) vs. (\$2.6) in '12 Separation (\$1.0) vs. (\$1.0) in '12
Taxes	(8.0)	(11.4)		<ul style="list-style-type: none"> Q3 Perf. Tax rate 12.6% bringing YTD rate to ~13.5% Favorable discrete tax items
Net Income*	\$80.0	\$79.5		<ul style="list-style-type: none"> Up from \$66.3M in 2012
EPS	\$1.26	\$1.26		<ul style="list-style-type: none"> Versus '12 Performance of \$1.02 and Reported of \$1.19

31% Incremental Op Income Margin excluding transaction FX

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Cash Flow Summary Q3 2013

(in \$ Millions)

Free Cash Flow

Cash Provided by Operating Activities;

- | | |
|---|--------|
| • Net Income including non-controlling interest | 82.5 |
| • Depreciation & amortization | 21.6 |
| • Working capital | (28.4) |
| • Changes in other assets & liabilities | 16.3 |

Net Cash Provided by Operating Activities **92.0**

Purchases of PP&E, Tooling & Computer Software (26.7)

Free Cash Flow⁽³⁾ 65.3

- | | |
|--------------------------------------|-----|
| • Streamlining & separation payments | 4.8 |
|--------------------------------------|-----|

Free Cash Flow⁽³⁾ excl. streamlining & separation payments **70.1**

- Increased end of Quarter business activity versus Q2 '13 drive Working Capital up
- Past dues as % of AR stable versus Q2'13
- Repurchased 618k shares in Q3 at a cost of ~\$48M

Refer to Slide #13 for Footnotes

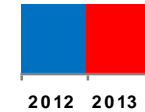
88% Conversion of Performance Net Income into Cash Flow

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Market Dynamics

% of WABCO
Q3 Sales

Q3 '13 Global T&B
Production




60% 61% **21%**

Europe 


- New registrations of heavy trucks down 8% in first 8 months 2012
- Q3 T&B production up 4% versus 2012 and seasonally down 4% vs. Q2
- ~5% increase in H2 vs. H1
- Pre-buy assumption at 15-20k vehicles
- **2013 T&B production outlook: flattish**
- **2014 initial outlook: -2% to +3%**

12% 12% **16%**

North America 


- Production up 3% in Q3 vs. 2012 and down 8% vs. Q2
- H2 estimated flattish to H1
- **2013 T&B production outlook: -5% to -8%**
- **2014 initial outlook: flat to +5%**

6% 6% **36%**

China 

- Q3 '13 T&B production up 14% versus 2012 and down 25% vs. Q2
- ~20% decline foreseen in H2 vs. H1
- **2013 T&B production outlook: +6% to +9%**
- **2014 initial outlook: -5% to flat**

5% 4% **11%**

India 

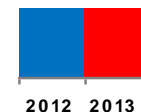
- Q3 '13 T&B production down 33% vs. 2012 or down 20% vs. Q2
- ~16% decrease foreseen in H2 vs. H1
- **2013 T&B production outlook: -20% to -25%**, decline driven by HD multi-axle vehicles
- **2014 initial outlook: -5% to flat**

Uncertainty in market prevails

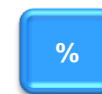
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Market Dynamics

% of WABCO
Q3 Sales



Q3 '13 Global T&B
Production



Japan & Korea

7% 6%

10%



- Q3 '13 T&B production up 6% vs. 2012 or up 7% vs. Q2
- Strong increase of domestic vehicles compared to export
- ~10% increase in H2 vs. H1
- **2013 T&B production outlook: -3% to -6%**
- **2014 initial outlook: flat to -5% due to consumer tax increase for Japan in Q2 '14**

Brazil

6% 7%

6%



- Q3 '13 T&B production up 12% above 2012 or down 11% vs. Q2
- ~2% decline foreseen in H2 vs. H1
- Lowered government incentives in H2
- **2013 T&B production outlook: +19% to 22%**
- **2014 initial outlook: -2% to +3%**

Aftermarket

26% 25%



- Service campaign to replace competitor's ADB slowing down starting Q2
- **2013 outlook: Up ~6%**
- **2013 outlook above 7% excluding impact of YoY slowdown of service campaign**
- **2014 initial outlook: Up ~5% (or ~8% excluding impact of service campaign)**

Trailer

8% 8%



- Q3 '13 Global production up 6% vs. 2012 or down 1% versus Q2 driven by Brazil and China
- H2 Global Trailer production flat to H1
- **2013 global production outlook: Flat to -3%**
- **2014 initial outlook: -2% to +3%**

Uncertainty in market prevails

WABCO

Focusing on Core Strategies

Globalization

- **New Multi-Year Contract with GAZ Group, Russia's Largest Manufacturer of Commercial Vehicles:** Sole supplier for advanced braking systems and components for customer's next generation of medium-duty trucks. New incremental business; series production due in 2014.
- **WABCO Will Supply Air Processing Technology to Mercedes-Benz in Brazil:** Long-term sole supplier agreement to equip braking systems across customer's platforms of medium- and heavy-duty trucks. New incremental business with series production expected to start in Q4 2014.
- **Expanded Relation with KAMAZ, One of Largest Makers of Commercial Vehicles in Russia:** WABCO now supplies newest generation of electronic braking systems (EBS) with integrated electronic stability control (ESC) for series production on KAMAZ's new truck platform.

New Technologies & Products

- **Ford Otosan, Turkey's Largest Manufacturer of Commercial Vehicles, Adopts Breakthrough c-comp™ Air Compression Technology:** Series production expected in 2015 to support current and new platforms of heavy-duty trucks. New incremental business expands supply agreement.
- **WABCO Launches OptiDrive™ in South America:** Industry award-winning OptiDrive system, a breakthrough in automated manual transmission technology, is now available in South America as it continues to gain global acceptance among makers of transmissions, trucks and buses.

Execution

- **Factory in Qingdao, China, Now Has Annual Production Volume of One Million Vacuum Pumps:** Achievement also qualifies WABCO as a major supplier in China's passenger car market.
- **Q3 2013: WABCO Operating System Continues to Deliver Strong Results:**
 - Generated 5.2% gross materials productivity and 5.0% net after commodity inflation
 - Generated productivity gain of \$20.4 million
 - 6.0% conversion productivity, another robust result

Continued success in executing core strategies

WABCO

FY 2013 Guidance

(\$ Millions, except per share data)

Guidance as of October 25, 2013

	Prior	Updated
Sales Growth ⁽⁴⁾	5% - 8% (in local currencies)	7.5% - 8.5% (in local currencies)
Reported Sales	\$2,625 - \$2,700 1 Euro = 1.31 USD	\$2,650 - \$2,675 1 Euro = 1.32 USD ^(*)
Performance Op Margin ⁽¹⁾	13.0% - 13.5%	13.2% - 13.4%
Performance EPS ⁽²⁾	\$4.70 - \$5.00	\$4.90 - \$5.00
Free Cash Flow Conversion ⁽³⁾	80% - 90% (excl. Stream. & Separation)	80% - 90% (excl. Stream. & Separation)

Key Inputs

- Annual price erosion: 1% to 1.3%
- Raw material inflation: <0.5% of material costs
- Productivity levels in line with past performance
- Performance tax rate ~13.5%
- Average diluted shares ~63M
- Anticipated release of tax valuation allowance on NOL's in 4Q: ~\$200M (non-performance)

(*) Although the Euro is stable versus prior guidance, most other currencies we sell in have since deteriorated vs. USD

Refer to Slide #13 for Footnotes

Organic growth driven by outperformance

WABCO

Summary

- Enhanced outperformance of global commercial vehicle market
- Continued drive for excellence in execution:
- Quarterly Performance EPS ⁽²⁾ of \$1.26
- Generated \$70M of Free Cash Flow ⁽³⁾ excluding streamlining & separation payments representing 88% conversion
- Updated Full Year 2013 guidance
- Share buy-back program ongoing

Refer to Slide #13 for Footnotes

WABCO continues to drive profitable organic growth in flattish market **WABCO**

APPENDIX
**RECONCILIATIONS OF NON-GAAP MEASURES TO GAAP
MEASURES**

Footnotes, Tables & Definitions

Footnotes

1. Adjusted for streamlining and separation costs and the UK pension adjustment
2. Adjusted for streamlining, separation, the UK pension adjustment and one-time tax and discrete tax items
3. Net cash provided by operating activities less net purchases of property, plant, equipment and computer software
4. Adjusted for currency translation
5. Adjusted for currency translation, UK pension adjustment, streamlining and separation costs
6. Adjusted for currency translation, transactional FX and 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 2013 Data Supplement Sheet (Unaudited)

(Amounts in millions, except per share data)

	Quarter Ended September 30,					
	2013	% of Sales/ Adj Sales	2012	% of Sales/ Adj Sales	Chg vs. 2012	% Chg vs. 2012
Sales						
Reported	\$ 677.1		\$ 588.3		\$ 88.8	15.1%
Foreign exchange translational effects	(9.7)		-		(9.7)	
Adjusted Sales	\$ 667.4		\$ 588.3		\$ 79.1	13.4%
Gross Profit						
Reported	\$ 199.5	29.5%	\$ 175.2	29.8%	\$ 24.3	13.9%
Streamlining costs	0.9		1.6		(0.7)	
Separation costs	0.2		0.2		-	
Performance Gross Profit	\$ 200.6	29.6%	\$ 177.0	30.1%	\$ 23.6	13.3%
Foreign exchange translational effects	(5.5)		-		(5.5)	
Adjusted Gross Profit	\$ 195.1	29.2%	\$ 177.0	30.1%	\$ 18.1	10.2%
Selling, Administrative, Product Engineering Expenses and Other						
Reported	\$ 112.6	16.6%	\$ 102.0	17.3%	\$ 10.6	10.4%
Streamlining costs	(1.0)		(1.0)		-	
Separation costs	(0.5)		(0.4)		(0.1)	
Performance Selling, Administrative, Product Engineering Expenses and Other	\$ 111.1	16.4%	\$ 100.6	17.1%	\$ 10.5	10.5%
Foreign exchange translational effects	(3.5)		-		(3.5)	
Adjusted Selling, Administrative, Product Engineering Expenses and Other	\$ 107.6	16.1%	\$ 100.6	17.1%	\$ 7.0	7.0%
Operating Income						
Reported	\$ 86.9	12.8%	\$ 73.2	12.4%	\$ 13.7	18.7%
Streamlining costs	1.9		2.6		(0.7)	
Separation costs	0.7		0.6		0.1	
Performance Operating Income	\$ 89.5	13.2%	\$ 76.4	13.0%	13.1	17.1%
Foreign exchange translational effects	(2.0)		-		(2.0)	
Adjusted Operating Income	\$ 87.5	13.1%	\$ 76.4	13.0%	\$ 11.1	14.5%

WABCO HOLDINGS INC.
Q3 2013 Data Supplement Sheet (Unaudited)

	Quarter Ended September 30,					
	2013	% of Sales/ Adj Sales	2012	% of Sales/ Adj Sales	Chg vs. 2012	% Chg vs. 2012
(Amounts in millions, except per share data)						
<u>EBIT (Earnings Before Interest and Taxes)</u>						
Reported Operating Income/(Loss)	\$ 86.9		\$ 73.2		\$ 13.7	
Equity in Income of Unconsolidated Joint Venture	4.7		4.1		0.6	
Other non-operating expense, net	(0.9)		(0.8)		(0.1)	
Net income attributable to noncontrolling interest	(2.5)		(2.0)		(0.5)	
EBIT	\$ 88.2	13.0%	\$ 74.5	12.7%	\$ 13.7	18.4%
Streamlining costs	1.9		2.6		(0.7)	
Separation costs	1.0		1.0		0.0	
Performance EBIT (Earnings Before Interest and Taxes)	\$ 91.1	13.5%	\$ 78.1	13.3%	\$ 13.0	16.7%
Foreign exchange translational effects	(2.2)		-		(2.2)	
Adjusted EBIT (Earnings Before Interest and Taxes)	\$ 88.9	13.3%	\$ 78.1	13.3%	\$ 10.8	13.9%
<u>Pre-Tax Income</u>						
EBIT	\$ 88.2		\$ 74.5		\$ 13.7	
Interest (expense)/income, net	(0.2)		(0.3)		0.1	
Pre-Tax Income	\$ 88.0		\$ 74.2		\$ 13.8	
Streamlining costs	1.9		2.6		(0.7)	
Separation costs	1.0		1.0		0.0	
Performance Pre-Tax Income	\$ 90.9		\$ 77.8		\$ 13.1	
Tax rate on a performance basis	12.6%		14.8%			
<u>Net Income Attributable to Company</u>						
Reported Net Income Attributable to Company	\$ 80.0		\$ 77.5		\$ 2.5	
Streamlining cost, net of tax	1.5		2.2		(0.7)	
Tax items	(2.8)		(14.3)		11.5	
Separation costs, net of tax and separation related taxes	0.8		0.9		(0.1)	
Performance Net Income Attributable to Company	\$ 79.5		\$ 66.3		\$ 13.2	
Performance Net Income Attributable to Company per Diluted Common Share	\$ 1.26		\$ 1.02			
Common Shares Outstanding - Diluted	63.2		64.9			
<u>Incremental Gross Profit and Operating Income Margin</u>						
	Gross Profit		Operating Income			
Increase in adjusted sales from '12	79.1		79.1			
Increase in adjusted income from '12	18.1		11.1			
Incremental Income as a % of Sales	22.9%		14.1%			
YoY Transactional Foreign Exchange (FX) Impact			13.4			
Increase in adjusted income from '12 excluding transactional FX impact			24.5			
Incremental income excluding transactional FX as a % of Sales			31.0%			

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.
Nine Months Ended September 30, 2013 Data Supplement Sheet
(Unaudited)

(Amounts in millions, except per share data)

	2013	% of Sales/ Adj Sales	Nine Months Ended September 30,		Chg vs. 2012	% Chg vs. 2012
			2012	% of Sales/ Adj Sales		
Sales						
Reported	\$ 2,000.1		\$ 1,880.8		\$ 119.3	6.3%
Foreign exchange translational effects	(1.5)		-		(1.5)	
Adjusted Sales	\$ 1,998.6		\$ 1,880.8		\$ 117.8	6.3%
Gross Profit						
Reported	\$ 603.8	30.2%	\$ 565.0	30.0%	\$ 38.8	6.9%
Streamlining costs	4.1		3.7		0.4	
Separation costs	0.7		0.6		0.1	
Performance Gross Profit	\$ 608.6	30.4%	\$ 569.3	30.3%	\$ 39.3	6.9%
Foreign exchange translational effects	(5.9)		-		(5.9)	
Adjusted Gross Profit	\$ 602.7	30.2%	\$ 569.3	30.3%	\$ 33.4	5.9%
Selling, Administrative, Product Engineering Expenses and Other						
Reported	\$ 348.7	17.4%	\$ 309.5	16.5%	\$ 39.2	12.7%
Streamlining costs	(7.6)		(3.9)		(3.7)	
Separation costs	(1.3)		(1.2)		(0.1)	
UK pension adjustment	-		4.3		(4.3)	
Performance Selling, Administrative, Product Engineering Expenses and Other	\$ 339.8	17.0%	\$ 308.7	16.4%	\$ 31.1	10.1%
Foreign exchange translational effects	(4.3)		-		(4.3)	
Adjusted Selling, Administrative, Product Engineering Expenses and Other	\$ 335.5	16.8%	\$ 308.7	16.4%	\$ 26.8	8.7%
Operating Income						
Reported	\$ 255.1	12.8%	\$ 255.5	13.6%	\$ (0.4)	-0.2%
Streamlining costs	11.7		7.6		4.1	
Separation costs	2.0		1.8		0.2	
UK pension adjustment	-		(4.3)		4.3	
Performance Operating Income	\$ 268.8	13.4%	\$ 260.6	13.9%	\$ 8.2	3.2%
Foreign exchange translational effects	(1.6)		-		(1.6)	
Adjusted Operating Income	\$ 267.2	13.4%	\$ 260.6	13.9%	\$ 6.6	2.6%

WABCO HOLDINGS INC.
Nine Months Ended September 30, 2013 Data Supplement Sheet
(Unaudited)

	Nine Months Ended September 30,					
	2013	% of Sales/ Adj Sales	2012	% of Sales/ Adj Sales	Chg vs. 2012	% Chg vs. 2012
(Amounts in millions, except per share data)						
<u>EBIT (Earnings Before Interest and Taxes)</u>						
Reported Operating Income	\$ 255.1		\$ 255.5		\$ (0.4)	
Equity in Income of Unconsolidated Joint Venture	\$ 12.9		13.8		(0.9)	
Other non-operating expense, net	\$ 2.8		(2.0)		4.8	
Net income attributable to noncontrolling interest	\$ (7.4)		(8.1)		0.7	
EBIT	\$ 263.4	13.2%	\$ 259.2	13.8%	\$ 4.2	1.6%
Streamlining costs	\$ 11.7		7.6		4.1	
Separation costs	\$ (0.7)		3.0		(3.7)	
UK pension adjustment	-		(4.3)		4.3	
Performance EBIT (Earnings Before Interest and Taxes)	\$ 274.4	13.7%	\$ 265.5	14.1%	\$ 8.9	3.3%
Foreign exchange translational effects	(2.1)		-		(2.1)	
Adjusted EBIT (Earnings Before Interest and Taxes)	\$ 272.3	13.6%	\$ 265.5	14.1%	\$ 6.8	2.6%
<u>Pre-Tax Income/(Loss)</u>						
EBIT	\$ 263.4		\$ 259.2		\$ 4.2	
Interest expense, net	(0.7)		(1.2)		0.5	
Pre-Tax Income/(Loss)	\$ 262.7		\$ 258.0		\$ 4.7	
Streamlining costs	11.7		7.6		4.1	
Separation costs	(0.7)		3.0		(3.7)	
UK pension adjustment	-		(4.3)		4.3	
Performance Pre-Tax Income	\$ 273.7		\$ 264.3		\$ 9.4	
Tax rate on a performance basis	13.5%		16.0%			
<u>Net Income Attributable to Company</u>						
Reported Net Income Attributable to Company	\$ 236.9		\$ 242.3		\$ (5.4)	
Streamlining cost, net of tax	8.9		6.5		2.4	
Tax items	(7.6)		(26.0)		18.4	
Separation costs, net of tax and separation related taxes	(1.4)		2.4		(3.8)	
UK pension adjustment, net of tax	-		(3.2)		3.2	
Performance Net Income	\$ 236.8		\$ 222.0		\$ 14.8	
Performance Net Income per Diluted Common Share	\$ 3.72		\$ 3.38			
Common Shares Outstanding - Diluted	63.6		65.6			

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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net Cash Provided by Operating Activities	\$ 92.0	\$ 112.6	\$ 248.1	\$ 282.1
Deductions or Additions to Reconcile to Free Cash Flow:				
Net purchases of property, plant, equipment and computer software	(26.7)	(26.7)	(67.7)	(67.3)
Free Cash Flow	<u>\$ 65.3</u>	<u>\$ 85.9</u>	<u>\$ 180.4</u>	<u>\$ 214.8</u>
Less: Streamlining & separation payments	\$ (4.8)	\$ (4.3)	\$ (17.2)	\$ (10.7)
Free Cash Flow excluding streamlining & separation payments	<u>\$ 70.1</u>	<u>\$ 90.2</u>	<u>\$ 197.6</u>	<u>\$ 225.5</u>

Note: This statement reconciles net cash provided by operating activities to free cash flow. Management uses free cash flow and free cash flow excluding streamlining and separation payments, which are not defined by US GAAP, to measure the Company's operating performance. Free cash flow excluding streamlining and separation payments is also one of the several measures used to determine incentive compensation for certain employees.

**Reconciliation of GAAP to Non-GAAP Financial Measures for Full Year 2013 Guidance
(Unaudited)**

(Amounts in millions, except per share data)

	Previous Full Year 2013 Guidance	Updated Full Year 2013 Guidance
<u>Operating Income</u>		
Reported Operating Income Margin	12.2% - 12.7%	12.4% - 12.6%
Streamlining cost, impact to margin	0.6%	0.6%
Separation costs, impact to margin	0.2%	0.2%
Performance Operating Income Margin	13.0% - 13.5%	13.2% - 13.4%
<u>Net Income Attributable to Company</u>		
Reported Net Income Attributable to Company	\$483.7 - \$502.7	\$496.4 - \$502.7
Streamlining cost, net of tax	12.8	12.8
Tax items	(200.0)	(200.0)
Separation costs, net of tax and separation related taxes	1.0	1.0
Performance Net Income Attributable to Company	\$297.5 - \$316.5	\$310.2 - \$316.5
Reported Net Income Attributable to Company per Diluted Common Share	\$7.64 - \$7.94	\$7.84 - \$7.94
Performance Net Income Attributable to Company per Diluted Common Share	\$4.70 - \$5.00	\$4.90 - \$5.00
Diluted common shares outstanding	~63.3	~63.3

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.



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