

Q2 – 2013 EARNINGS RELEASE JULY 26, 2013



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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.

Q2 2013 Performance Summary

- Second Quarter Sales of \$678.2 Million; up 6.8% in local currencies and up 6.8% Reported
- Performance Gross Profit Margin⁽¹⁾ at 30.5% vs. 30.8% in Q2 '12; Reported Gross Profit Margin of 30.5% vs. 30.5% in Q2 '12
- Performance Operating Income⁽¹⁾ of \$91.7 Million vs. \$92.8 Million in Q2 '12; Reported Operating Income of \$86.4 Million vs. \$92.8 Million in Q2 '12
- Performance EPS⁽²⁾ \$1.30 vs. \$1.19 in Q2 '12, Reported EPS \$1.31 vs. \$1.15 in Q2 '12
- Free Cash Flow⁽³⁾ of \$78.0 Million, excluding streamlining & separation payments in the quarter
- Returned \$50M cash to shareholders; repurchased 722k shares
- Upgrading Full Year 2013 Guidance

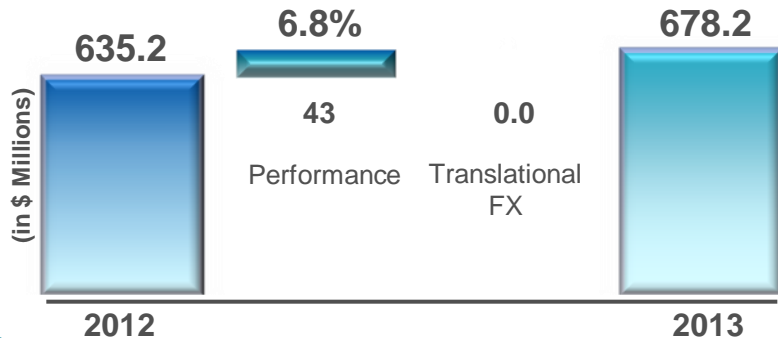
Refer to Slide #13 for Footnotes

Record quarterly Performance EPS in continued challenging market

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Q2 Sales Performance & Market Trends

Q2 Sales Bridge



Q2 YoY Sales Growth ⁽⁴⁾ By Channel

OE	9%	<ul style="list-style-type: none"> Increased content per vehicle Up sequentially 11% vs. Q1 '13
Aftermarket	8%	<ul style="list-style-type: none"> 10% growth w/o impact of slowdown in field campaign to replace competitor's ADB
Sales to JVs	(16%)	<ul style="list-style-type: none"> Lower NA vehicle production and rationalization of inventory at JV

Q2 YoY T&B Sales Growth ⁽⁴⁾ vs. Estimated Production Growth By Region

	WABCO	Estimated Production	Comments
Europe	6%	(4%)	<ul style="list-style-type: none"> Increased SOM in Europe
North America	2%	(5%)	<ul style="list-style-type: none"> Higher content per vehicle in N. America (OnGuard™ and AMT)
South America	70%	49%	<ul style="list-style-type: none"> First phase of rollout of ABS mandate in Brazil.
Japan/Korea	(1%)	(10%)	<ul style="list-style-type: none"> Favorable vehicle mix - higher EBS/ABS content in Korea.
China	19%	36%	<ul style="list-style-type: none"> China industry preparing for significantly lower production in Q3
India	(16%)	(11%)	<ul style="list-style-type: none"> Continued decline in T&B production in India; heavy multi-axles vehicles impacted most

Solid outperformance amid continued erosion of developed markets

WABCO

Financial Performance Q2 2013

(in \$ Millions except per share data)

Profit and Loss Statement Highlights

	Q2 Reported	(1),(2) Q2 Performance	(5) Performance vs 2012 in local curr.	Performance Drivers
Sales	\$678.2	\$678.2	6.8%	<ul style="list-style-type: none"> +3.2% vs Q1 '13, \$1.2B order book, -2.9% vs Mar'13 Price: (\$7.6) or (1.1%)
Gross Profit	206.6 30.5%	207.1 30.5%	4.8% -57bps	<ul style="list-style-type: none"> Volume and Mix effects: \$10.7 Materials productivity: \$14.3 (4.8% gross, 4.5% net) Conversion productivity: \$6.4 (6.2%)
OPEX & Other	(120.2) (17.7%)	(115.4) (17.0%)	(10.8%) -61 bps	<ul style="list-style-type: none"> Labor inflation: (\$6.3) Opex investments (\$3.1) Incentive compensation (\$5.2) Transactional FX negatively impacts margin by \$12 year-over-year
Operating Income	86.4 12.7%	91.7 13.5%	(1.9%) -118 bps	
Equity Income Non-controlling Int. Exp	5.3 (2.6)	5.3 (2.6)		<ul style="list-style-type: none"> Equity Income Up \$0.5 from Q2 '12 Non-controlling Int. down from (\$3.3) in Q2'12
EBIT	\$93.1 13.7%	\$94.9 14.0%		<ul style="list-style-type: none"> Separation \$2.8 vs. (\$1.1) in '12 Streamlining (\$4.6) vs. (\$3.7) in '12
Taxes	(9.7)	(12.3)		<ul style="list-style-type: none"> Q2 Perf. Tax rate ~13% bringing YTD rate to 14% Favorable discrete tax items
Net Income*	\$83.2	\$82.4		<ul style="list-style-type: none"> Up from \$78.2M in 2012
EPS	\$1.31	\$1.30		<ul style="list-style-type: none"> Versus '12 Reported of \$1.15 and Performance of \$1.19

Strong execution delivers solid margin and record performance EPS

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Cash Flow Summary Q2 2013

(in \$ Millions)

Free Cash Flow

Cash Provided by Operating Activities;

- | | |
|---|--------|
| • Net Income including non-controlling interest | 85.8 |
| • Depreciation & amortization | 21.9 |
| • Working capital | (5.1) |
| • Changes in other assets & liabilities | (10.5) |

Net Cash Provided by Operating Activities **92.1**

Purchases of PP&E, Tooling & Computer Software (20.6)

Free Cash Flow⁽³⁾ 71.5

- | | |
|--------------------------------------|-----|
| • Streamlining & separation payments | 6.5 |
|--------------------------------------|-----|

Free Cash Flow⁽³⁾ excl. streamlining & separation payments **78.0**

- Working capital up due to increased business activity versus Q1 '13
- Past dues as % of AR down versus Q1'13
- Repurchased 722k shares in Q2 at a cost of ~\$50M

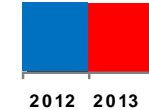
Refer to Slide #13 for Footnotes

95% Conversion of Performance Net Income into Cash Flow

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Market Dynamics


% of WABCO
Q2 Sales



Q2 '13 Global T&B
Production




60% 60% 19%

Europe 


- New registrations of heavy trucks down 11% in first 6 months 2012
- Q2 T&B production down 4% versus 2012 and up 16% vs. Q1
- ~5% increase in H2 vs. H1
- Pre-buy assumption raised to 15-20k vehicles
- **2013 T&B production outlook: -2% to +2%**

12% 11% 15%

North America 


- Production down 5% in Q2 vs. 2012 and up 21% vs. Q1
- H2 estimated flattish to H1
- **2013 T&B production outlook: -5% to -10%**

6% 7% 37%

China 

- Q2 '13 T&B production up 36% versus 2012 and up 15% vs. Q1
- ~30% decline foreseen in H2 vs. H1
- **2013 T&B production outlook: flat to +5%**

6% 5% 10%

India 

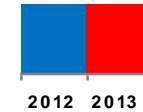
- Q2 '13 T&B production down 11% vs. 2012 or down 1% vs. Q1
- ~10% increase foreseen in H2 vs. H1
- **2013 T&B production outlook: -7% to -12%, decline driven by HD multi-axle vehicles**

Uncertainty in market prevails

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Market Dynamics

% of WABCO
Q2 Sales



Q2 '13 Global T&B
Production



7% 6% 10% Japan & Korea



- Q2 '13 T&B production down 10% vs. 2012 or up 5% vs. Q1
- Stronger decline for export vehicles compared to domestic
- ~10% increase in H2 vs. H1
- **2013 T&B production outlook: -3% to -8%**

6% 8% 7% Brazil



- Q2 '13 T&B production up 49% above 2012 or up 14% vs. Q1
- ~20% decline foreseen in H2 vs. H1
- Lowered government incentives in H2
- **2013 T&B production outlook: +15% to 20%**

23% 24% Aftermarket



- Service campaign to replace competitor's ADB slowing down starting Q2
- **2013 outlook: Up ~6%**
- 2013 outlook above 7% excluding impact of service campaign

8% 8% Trailer



- Q2 '13 Global production down 6% vs. 2012 or up 6% versus Q1
- H2 Global Trailer production flat to H1
- **2013 global production outlook: Flat to -5%**

Uncertainty in market prevails

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Focusing on Core Strategies

Globalization

- **Factory in Miass, Russia, Made First Delivery in Q2, Supplying Major Local Truck Maker UralAZ:** Miass is WABCO's newest factory in global network of 20 plants in 10 countries spanning 4 continents. UralAZ is part of GAZ Group, Russia's largest maker of commercial vehicles.
- **Agreement to Supply Hydraulic Anti-Lock Braking to Agrale Based in Brazil and Argentina:** Innovative ABS technology with world-class technical support for Agrale's full range of light commercial vehicles using hydraulic brakes. Customer is a major OE manufacturer.
- **WABCO Becomes First and Only Licensed Supplier in China to Remanufacture Air Compressors for Commercial Vehicles:** WABCO Reman Solutions expands global capacity.

New Technologies & Products

- **Study Published by U.S. National Highway Traffic Safety Administration Verifies Benefits of Collision Avoidance and Mitigation Technology:** WABCO's OnGuard™ Collision Mitigation System used for study conducted by University of Michigan's Transportation Research Institute involving tractor-semitrailers and single unit trucks, showing significant potential to reduce fatalities.
- **WABCO's 12-Volt version of new automated manual transmission (AMT) platform:** Supports series production in North America for Daimler trucks equipped with Detroit™ DD15® engines

Execution

- **Excellence in Quality Award from Hino Motors Manufacturing U.S.A.:** Recognition for zero defects per million parts produced throughout 2012. Also on-time delivery was 100% in 2012.
- **2012 Quality Achievement Award from PACCAR:** Top honor for supplying DAF in Netherlands.
- **Q2 2013: WABCO Operating System Continues to Deliver Strong Results:**
 - Generated 4.8% gross materials productivity and 4.5% net after commodity inflation
 - Generated productivity gain of \$20.7 million, an all-time quarterly record amount
 - 6.2% conversion productivity, another robust result

Continued success in executing core strategies

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FY 2013 Guidance

(\$ Millions, except per share data)

Guidance as of July 26, 2013

	Prior	Updated
Sales Growth ⁽⁴⁾	3% - 7% (in local currencies)	5% - 8% (in local currencies)
Reported Sales	\$2,600 - \$2,700 1 Euro = 1.31 USD	\$2,625 - \$2,700 1 Euro = 1.31 USD ^(*)
Performance Op Margin ⁽¹⁾	12.7% - 13.3%	13.0% - 13.5%
Performance EPS ⁽²⁾	\$4.45 - \$4.85	\$4.70 - \$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 ~14%
- 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

Upgrading guidance supported by stronger market and execution

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Summary

- Enhanced outperformance of global commercial vehicle market
- Continued drive for excellence in execution:
 - ▶ delivered a new quarterly productivity record of \$20.7 Million
- Record Quarterly Performance EPS ⁽²⁾ of \$1.30
- Generated \$78M of Free Cash Flow ⁽³⁾ excluding streamlining & separation payments representing 95% conversion
- Upgrading Full Year 2013 guidance
- Share buy-back program ongoing

Refer to Slide #13 for Footnotes

WABCO continues to deliver on key drivers of shareholder value

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APPENDIX

RECONCILIATIONS OF NON-GAAP MEASURES TO GAAP MEASURES

Footnotes, Tables & Definitions

Footnotes

1. Adjusted for streamlining and separation costs 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 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 currency 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.
Q2 2013 Data Supplement Sheet (Unaudited)

(Amounts in millions, except per share data)

	Quarter Ended June 30,					
	2013	% of Sales/ Adj Sales	2012	% of Sales/ Adj Sales	Chg vs. 2012	% Chg vs. 2012
Sales						
Reported	\$ 678.2		\$ 635.2		\$ 43.0	6.8%
Foreign exchange translational effects	-		-		-	
Adjusted Sales	\$ 678.2		\$ 635.2		\$ 43.0	6.8%
Gross Profit						
Reported	\$ 206.6	30.5%	\$ 193.7	30.5%	\$ 12.9	6.7%
Streamlining costs	0.3		2.0		(1.7)	
Separation costs	0.2		0.2		-	
Performance Gross Profit	\$ 207.1	30.5%	\$ 195.9	30.8%	\$ 11.2	5.7%
Foreign exchange translational effects	(1.8)		-		(1.8)	
Adjusted Gross Profit	\$ 205.3	30.3%	\$ 195.9	30.8%	\$ 9.4	4.8%
Selling, Administrative, Product Engineering Expenses and Other						
Reported	\$ 120.2	17.7%	\$ 100.9	15.9%	\$ 19.3	19.1%
Streamlining costs	(4.3)		(1.7)		(2.6)	
Separation costs	(0.5)		(0.4)		(0.1)	
UK pension adjustment	-		4.3		(4.3)	
Performance Selling, Administrative, Product Engineering Expenses and Other	\$ 115.4	17.0%	\$ 103.1	16.2%	\$ 12.3	12.0%
Foreign exchange translational effects	(1.2)		-		(1.2)	
Adjusted Selling, Administrative, Product Engineering Expenses and Other	\$ 114.2	16.8%	\$ 103.1	16.2%	\$ 11.1	10.8%
Operating Income						
Reported	\$ 86.4	12.7%	\$ 92.8	14.6%	\$ (6.4)	-6.9%
Streamlining costs	4.6		3.7		0.9	
Separation costs	0.7		0.6		0.1	
UK pension adjustment	-		(4.3)		4.3	
Performance Operating Income	\$ 91.7	13.5%	\$ 92.8	14.6%	(1.1)	-1.2%
Foreign exchange translational effects	(0.6)		-		(0.6)	
Adjusted Operating Income	\$ 91.1	13.4%	\$ 92.8	14.6%	\$ (1.7)	-1.9%

WABCO HOLDINGS INC.
Q2 2013 Data Supplement Sheet (Unaudited)

	Quarter Ended June 30,					
	2013	% of Sales/ Adj Sales	2012	% of Sales/ Adj Sales	Chg vs. 2012	% Chg vs. 2012
EBIT (Earnings Before Interest and Taxes)						
Reported Operating Income/(Loss)	\$ 86.4		\$ 92.8		\$ (6.4)	
Equity in Income of Unconsolidated Joint Venture	5.3		4.8		0.5	
Other non-operating expense, net	4.0		(0.6)		4.6	
Other	-		-		-	
Indemnification and Other settlements	-		-		-	
Net income attributable to noncontrolling interest	(2.6)		(3.3)		0.7	
EBIT	\$ 93.1	13.7%	\$ 93.7	14.8%	\$ (0.6)	-0.6%
Streamlining costs	4.6		3.7		0.9	
Separation costs	(2.8)		1.1		(3.9)	
UK pension adjustment	-		(4.3)		4.3	
Performance EBIT (Earnings Before Interest and Taxes)	\$ 94.9	14.0%	\$ 94.2	14.8%	\$ 0.7	0.8%
Foreign exchange translational effects	(1.0)		-		(1.0)	
Adjusted EBIT (Earnings Before Interest and Taxes)	\$ 93.9	13.9%	\$ 94.2	14.8%	\$ (0.3)	-0.3%
Pre-Tax Income						
EBIT	\$ 93.1		\$ 93.7		\$ (0.6)	
Interest (expense)/income, net	(0.2)		(0.5)		0.3	
Pre-Tax Income	\$ 92.9		\$ 93.2		\$ (0.3)	
Streamlining costs	4.6		3.7		0.9	
Separation costs	(2.8)		1.1		(3.9)	
UK pension adjustment	-		(4.3)		4.3	
Performance Pre-Tax Income	\$ 94.7		\$ 93.7		\$ 1.0	
Tax rate on a performance basis	13.0%		16.5%			
Net Income Attributable to Company						
Reported Net Income Attributable to Company	\$ 83.2		\$ 75.6		\$ 7.6	
Streamlining cost, net of tax	3.1		3.1		-	
Tax items	(0.9)		1.9		(2.8)	
Separation costs, net of tax and separation related taxes	(3.0)		0.8		(3.8)	
UK pension adjustment, net of tax	-		(3.2)		3.2	
Performance Net Income Attributable to Company	\$ 82.4		\$ 78.2		\$ 4.2	
Performance Net Income Attributable to Company per Diluted Common Share	\$ 1.30		\$ 1.19			
Common Shares Outstanding - Diluted	63.5		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.
Six Months Ended June 30, 2013 Data Supplement Sheet
(Unaudited)

(Amounts in millions, except per share data)

	2013	% of Sales/ Adj Sales	Six Months Ended June 30,		Chg vs. 2012	% Chg vs. 2012
			2012	% of Sales/ Adj Sales		
<u>Sales</u>						
Reported	\$ 1,322.9		\$ 1,292.5		\$ 30.4	2.4%
Foreign exchange translational effects	8.4		-		8.4	
Adjusted Sales	\$ 1,331.3		\$ 1,292.5		\$ 38.8	3.0%
<u>Gross Profit</u>						
Reported	\$ 404.3	30.6%	\$ 389.9	30.2%	\$ 14.4	3.7%
Streamlining costs	3.3		2.0		1.3	
Separation costs	0.5		0.4		0.1	
Performance Gross Profit	\$ 408.1	30.8%	\$ 392.3	30.4%	\$ 15.8	4.0%
Foreign exchange translational effects	(0.5)		-		(0.5)	
Adjusted Gross Profit	\$ 407.6	30.6%	\$ 392.3	30.4%	\$ 15.3	3.9%
<u>Selling, Administrative, Product Engineering Expenses and Other</u>						
Reported	\$ 236.1	17.8%	\$ 207.6	16.1%	\$ 28.5	13.7%
Streamlining costs	(6.6)		(2.9)		(3.7)	
Separation costs	(0.9)		(0.8)		(0.1)	
UK pension adjustment	-		4.3		(4.3)	
Performance Selling, Administrative, Product Engineering Expenses and Other	\$ 228.6	17.3%	\$ 208.2	16.1%	\$ 20.4	9.8%
Foreign exchange translational effects	(0.8)		-		(0.8)	
Adjusted Selling, Administrative, Product Engineering Expenses and Other	\$ 227.8	17.1%	\$ 208.2	16.1%	\$ 19.6	9.4%
<u>Operating Income</u>						
Reported	\$ 168.2	12.7%	\$ 182.3	14.1%	\$ (14.1)	-7.7%
Streamlining costs	9.9		4.9		5.0	
Separation costs	1.4		1.2		0.2	
UK pension adjustment	-		(4.3)		4.3	
Performance Operating Income	\$ 179.5	13.6%	\$ 184.1	14.2%	\$ (4.6)	-2.5%
Foreign exchange translational effects	0.3		-		0.3	
Adjusted Operating Income	\$ 179.8	13.5%	\$ 184.1	14.2%	\$ (4.3)	-2.4%

WABCO HOLDINGS INC.
Six Months Ended June 30, 2013 Data Supplement Sheet
(Unaudited)

	Six Months Ended June 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	\$ 168.2		\$ 182.3		\$ (14.1)	
Equity in Income of Unconsolidated Joint Venture	\$ 8.2		9.7		(1.5)	
Other non-operating expense, net	\$ 3.7		(1.3)		5.0	
Net income attributable to noncontrolling interest	\$ (4.9)		(6.1)		1.2	
EBIT	\$ 175.2	13.2%	\$ 184.6	14.3%	\$ (9.4)	-5.1%
Streamlining costs	\$ 9.9		4.9		5.0	
Separation costs	\$ (1.7)		2.0		(3.7)	
UK pension adjustment	-		(4.3)		4.3	
Other performance adjustments	-		-		-	
Performance EBIT (Earnings Before Interest and Taxes)	\$ 183.4	13.9%	\$ 187.2	14.5%	\$ (3.8)	-2.1%
Foreign exchange translational effects	0.0		-		0.0	
Adjusted EBIT (Earnings Before Interest and Taxes)	\$ 183.4	13.8%	\$ 187.2	14.5%	\$ (3.8)	-2.0%
<u>Pre-Tax Income/(Loss)</u>						
EBIT	\$ 175.2		\$ 184.6		\$ (9.4)	
Interest expense, net	(0.5)		(0.8)		0.3	
Pre-Tax Income/(Loss)	\$ 174.7		\$ 183.8		\$ (9.1)	
Streamlining costs	9.9		4.9		5.0	
Separation costs	(1.7)		2.0		(3.7)	
UK pension adjustment	-		(4.3)		4.3	
Performance Pre-Tax Income	\$ 182.9		\$ 186.4		\$ (3.5)	
Tax rate on a performance basis	14.0%		16.5%			
<u>Net Income Attributable to Company</u>						
Reported Net Income Attributable to Company	\$ 156.9		\$ 164.8		\$ (7.9)	
Streamlining cost, net of tax	7.4		4.3		3.1	
Tax items	(4.8)		(11.7)		6.9	
Separation costs, net of tax and separation related taxes	(2.2)		1.5		(3.7)	
UK pension adjustment, net of tax	-		(3.2)		3.2	
Performance Net Income	\$ 157.3		\$ 155.7		\$ 1.6	
Performance Net Income per Diluted Common Share	\$ 2.47		\$ 2.36			
Common Shares Outstanding - Diluted	63.8		66.0			

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

(Amounts in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net Cash Provided by Operating Activities	\$ 92.1	\$ 75.2	\$ 156.1	\$ 169.5
Deductions or Additions to Reconcile to Free Cash Flow:				
Net purchases of property, plant, equipment and computer software	(20.6)	(21.7)	(41.0)	(40.6)
Free Cash Flow	<u>\$ 71.5</u>	<u>\$ 53.5</u>	<u>\$ 115.1</u>	<u>\$ 128.9</u>
Less: Streamlining & separation payments	<u>\$ (6.5)</u>	<u>\$ (3.1)</u>	<u>\$ (12.4)</u>	<u>\$ (6.5)</u>
Free Cash Flow excluding streamlining & separation payments	<u>\$ 78.0</u>	<u>\$ 56.6</u>	<u>\$ 127.5</u>	<u>\$ 135.4</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.

WABCO HOLDINGS INC.
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	12.1% - 12.7%	12.2% - 12.7%
Streamlining cost, impact to margin	0.4%	0.6%
Separation costs, impact to margin	0.2%	0.2%
Performance Operating Income Margin	12.7% - 13.3%	13.0% - 13.5%
<u>Net Income Attributable to Company</u>		
Reported Net Income Attributable to Company	\$469.2 - \$494.5	\$483.7 - \$502.7
Streamlining cost, net of tax	8.5	12.8
Tax items	(200.0)	(200.0)
Separation costs, net of tax and separation related taxes	4.0	1.0
Performance Net Income Attributable to Company	\$281.7 - \$307.0	\$297.5 - \$316.5
Reported Net Income Attributable to Company per Diluted Common Share	\$7.41 - \$7.81	\$7.64 - \$7.94
Performance Net Income Attributable to Company per Diluted Common Share	\$4.45 - \$4.85	\$4.70 - \$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 a



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