

Q3 – 2014 EARNINGS RELEASE October 24, 2014



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Chairman & Chief Executive Officer

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Chief Financial Officer

Forward Looking Statements

Comments in this document contain certain forward-looking statements, which are based on management's good faith expectations and beliefs concerning future developments. Actual results may differ materially from these expectations as a result of many factors. These factors include, but are not limited to, the risks and uncertainties described in the "Risk Factors" section and the "Forward Looking Statements" section of WABCO's Form 10-K, as well as in the "Management's Discussion and Analysis of Financial Condition and Results of Operations - Information Concerning Forward Looking Statements" section of WABCO's Form 10-Q Quarterly Reports. WABCO does not undertake any obligation to update such forward-looking statements. All market and industry data are based on Company estimates.

This presentation contains certain non-GAAP financial measures as that term is defined by the SEC. EBIT and sales excluding the effects of foreign exchange are non-GAAP financial measures. Additionally, 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 European Commission fine reimbursement, acquisition related expenses 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 2014 Performance Summary

- Third Quarter Sales of \$707.3 Million; up 4.5% in local currencies and up 4.5% Reported
- Performance Gross Profit Margin⁽¹⁾ at 31.2% vs. 29.6% in Q3 '13; Reported Gross Profit Margin of 31.1% vs. 29.5% in Q3 '13
- Performance Operating Income⁽¹⁾ of \$94.8 Million vs. \$89.5 Million in Q3 '13; Reported Operating Income of \$87.7 Million vs. \$86.9 Million in Q3 '13
- Performance EPS⁽²⁾ \$1.44 vs. \$1.26 in Q3 '13, Reported EPS \$1.37 vs. \$1.26 in Q3 '13
- Free Cash Flow⁽³⁾ of \$89.3 Million, excluding payments associated with expiration of A/R securitization, streamlining, separation and acquisition activities in the quarter
- Returned \$101 Million to shareholders; repurchased 998k shares
- Updates Full Year 2014 Guidance

Refer to Slide #14 for Footnotes

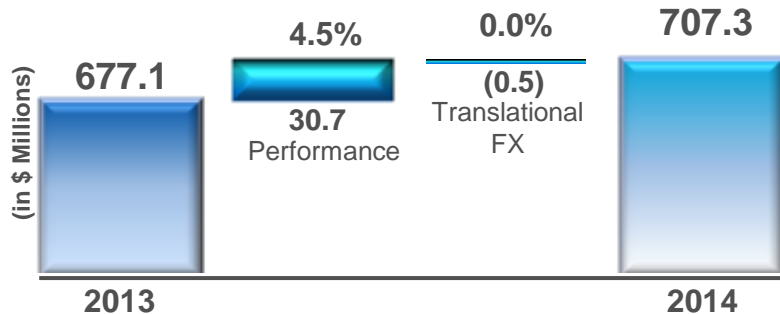
Breaking another quarterly EPS record

WABCO Confidential and Proprietary

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Q3 '14 Sales Performance & Market Trends

Q3 '14 Sales Bridge



Q3 '14 YoY Sales Growth ⁽⁴⁾ By Channel

Channel	YoY Sales Growth	Comments
OE	1%	<ul style="list-style-type: none"> OE T&B market down 3.4% YoY Increased content per vehicle and share of market
Aftermarket	12%	<ul style="list-style-type: none"> Spare parts business affected by geopolitical and economic factors Above expected growth for Transics
Sales to JVs	11%	<ul style="list-style-type: none"> Strong market growth in US

Q3 '14 YoY T&B Sales Growth ⁽⁴⁾ vs. Estimated Production Growth By Region

Region	WABCO	Estimated Production	Comments
Europe	(8%)	(10%)	•Europe: Increased market share and penetration (ABS, ESC, ADAS)
North America	35%	20%	•N.America: Higher content per vehicle (OnGuard™ and AMT)
South America	(7%)	(28%)	•S.America: ABS mandate, higher penetration of TRISTOP™ and ECAS
Japan/Korea	15%	3%	•Favorable vehicle mix and new product launch (Twin AC) in Korea
China	6%	(10%)	•China: SOM increase (ABS) and start of ECAS launch
India	58%	23%	•India: New products introductions and favorable vehicle mix

Refer to Slide #14 for Footnotes

Continued strong outperformance in every region

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Financial Performance Q3 2014

(in \$ Millions except per share data)

Profit and Loss Statement Highlights

	Q3 Reported	(1),(2) Q3 Performance	(5) Performance vs 2013 in local curr.	Performance Drivers
Sales	\$707.3	\$707.3	4.5%	<ul style="list-style-type: none"> • (1.3%) vs. Q2 '14, order book +4% vs. June '14 • Price erosion (\$7.2) or (1.0%)
Gross Profit	220.0 31.1%	220.4 31.2%	9.9% 190 bps	<ul style="list-style-type: none"> • Volume, mix and absorption: \$12.0 • Materials productivity: \$10.8 (5.0% gross, 4.8% net) • Conversion productivity: \$6.7 (6.3%) • Labor inflation: (\$7.0) • Investments in R&D and others (\$4.4) • OPEX savings \$3.3 • Transics opex (\$9.8) • Transactional FX favorably impacts margin by 15bps
OPEX & Other	(132.3) (18.7%)	(125.6) (17.8%)	12.8% -160 bps	
Operating Income	87.7 12.4%	94.8 13.4%	6.3% 30 bps	
Equity Income Non-controlling Int. Exp.	6.3 (2.5)	6.3 (2.5)		<ul style="list-style-type: none"> • Equity Income up from \$4.7 in Q3 '13 • Non-controlling Int. flat vs. Q3 '13
EBIT	\$91.6 13.0%	\$97.9 13.8%		<ul style="list-style-type: none"> • Streamlining (\$3.2) vs. (\$1.9) in '13 • Separation & other perf. adj. (\$3.1) vs. (\$1.0) in '13
Taxes	(9.5)	(11.3)		<ul style="list-style-type: none"> • Q3 Perf. Tax rate ~11.6% bringing to ~13.5% for full year
Net Income*	\$82.0	\$86.5		<ul style="list-style-type: none"> • Perf. Net Income up from \$79.5 in '13
EPS	\$1.37	\$1.44		<ul style="list-style-type: none"> • Versus '13 Performance of \$1.26 and Reported of \$1.26

Refer to Slide #14 for Footnotes

15% Incremental Margin⁽⁶⁾ excl. Transaction FX, at 4.5% sales growth

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Cash Flow Summary Q3 2014

(in \$ Millions)		Free Cash Flow
Cash Provided by Operating Activities:		
• Net Income including non-controlling interest		84.5
• Depreciation & amortization		26.0
• Working capital (excluding securitization)		5.1
• Securitization (program expired September 2014)		(73.5)
• Changes in other assets & liabilities		5.9
Net Cash Provided by Operating Activities		48.0
Purchases of PP&E, Tooling & Computer Software		(38.3)
Free Cash Flow⁽³⁾		9.7
• <i>Streamlining & separation payments</i>		5.8
• <i>Acquisition-related costs</i>		0.3
• <i>Payments due to expiration of securitization program</i>		73.5
Free Cash Flow⁽³⁾ excl. securitization expiration, streamlining, separation & acquisition payments		89.3

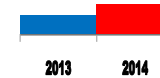
- Maintaining DSO while improving inventory turns vs. Q3 '13
- Capex investments include a major capacity expansion in Eastern Europe
- Repurchased 998k shares in Q3 at a cost of ~\$101M

Refer to Slide #14 for Footnotes

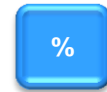
103% FCF conversion rate of Performance Net Income


Market Dynamics

% of WABCO Sales




Q3 '14 Global T&B Production




61% 57% **19%** Europe 


- Q3 T&B production down 10% vs. '13 and down 8% vs. Q2
- August YTD new registrations of heavy trucks up 3% vs. '13; FY expected to be down 9%
- **2014 T&B production outlook: -7% to -12%**
- **2015 demand on par with last 3 years' average**
- **2015 initial production outlook +3% to +8%**

12% 15% **19%** North America 

- Production up 20% in Q3 vs. '13 and up 3% vs. Q2
- **2014 T&B production outlook: +10% to +15% of which class 8 expected to grow stronger**
- **2015 initial outlook +5% to +10%**

6% 7% **35%** China 

- Q3 '14 production down 10% YoY and down 24% vs. Q2
- **2014 T&B production outlook: -3% to -8% with H1 stronger than H2 driven by pre-buy activities**
- **2015 initial outlook -5% to -15%**

3% 5% **10%** India 

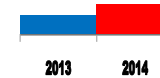
- Q3 '14 T&B production up 23% YoY and up 1% vs. Q2 due to positive momentum in economic growth after elections
- **2014 T&B production outlook: +10% to +15%**
- **2015 initial outlook +5% to +10%**

Continued strength in US and uptrend in European '15 production



Market Dynamics

% of WABCO Sales



Q3 '14 Global T&B Production



6% 7% **10%** Japan & Korea

- Q3 '14 T&B production up 3% YoY and up 5% vs. Q2
- Full year production expected to be flattish in Japan and to grow in Korea
- 2014 T&B production outlook: +1% to +5%**
- 2015 initial outlook: flattish**

7% 7% **7%** Brazil

- Q3 '14 T&B production down 28% YoY and up 7% vs. Q2
- 2014 T&B production outlook: -20% to -25% due to weak economy**
- 2015 initial outlook: flat to -5%**

25% 24% **Aftermarket**

- Q3 sales affected by tensions in Eastern Europe and Middle East, weak economy in Western Europe
- 2014 outlook up 14% incl. Transics**
- 2015 initial outlook: up ~8%**

10% 10% **Trailer**

- Q3 '14 global production up 4% YoY and flat vs. Q2; driven by NAFTA up 25%, WE flat, Brazil down 28% and EE down 13%
- 2014 global production outlook: up 2-3% with major positive impact from North America**
- 2015 initial outlook: flat to +5%**

Focusing on Core Strategies

Globalization

- **Win of New Brake Actuator Business by Leveraging Engineering in India and Factory in Thailand to Help Major European Truck Maker to Further Expand in Southeast Asia:** New long-term agreement for new regional truck platform with series production expected in 2016.
- **OptiRide™ Electronically Controlled Air Suspension Introduced in China:** First and only ECAS system for truck and bus makers in China; adopted by CNHTC on multiple truck platforms.

New Technologies & Products

- **WABCO Launches OptiFlow™ Tail, its Latest Aerodynamic Innovation for Trailers in Europe:** Improves fuel economy up to 3.5% and operational efficiency for new as well as retrofitted trailers.
- **WABCO Unveils OptiPace™ Technology, Predictive Economic Cruise Control for Trucks and Buses:** Anticipates and adapts vehicle's most economic speed based on road topography ahead; newest addition to WABCO's industry-leading portfolio of advanced driver assistance systems.
- **WABCO Debuts TX-TRAILERGUARD™:** Combines WABCO's telematics technology with Transics' back-office software platform TX-CONNECT™, industry's first and only solution that covers both truck and trailer integrated into one portal, enhancing safety and efficiency of fleets.

Execution

- **WABCO Inaugurates Fifth World-Class Manufacturing Facility in India:** New plant at Lucknow supplies advanced braking technologies and extends WABCO's network in India to help local and global commercial vehicle manufacturers to further grow their domestic and export business.
- **WABCO Operating System Continues to Deliver Strong Results in Q3 2014:**
 - Generated productivity gain of \$17.5 million, another significant quarterly result
 - Generated gross materials productivity of 5.0%, a continued robust gain
 - Generated conversion productivity of 6.3%, a further robust gain

Continued success in executing core strategies

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Mitigating a Softening Market

Securing Incremental Margin

2H mitigation actions totaling \$12M to flex our Operations in line with market slow down

- Cost-out in our production facilities: \$7M
by adjusting direct labor; reducing indirect labor and indirect costs
- Cost-out in OPEX: \$5M in 2014, additional \$15M in 2015
by leaner operations and organization structure while further leveraging our global footprint

Maintaining Flexibility

Maintaining flexibility in our production facilities should the market slow down further

- High cost countries > 20%
- Best cost countries > 50%

Timely anticipation of market softening with swift implementation

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FY 2014 Guidance

(in \$ Millions except per share data)

Guidance as of October 24, 2014

	Prior	Updated
Sales Growth ⁽⁴⁾	6% - 9% (in local currencies)	5.5% - 6.5% (in local currencies)
Reported Sales	\$2,925 - \$3,015 1 Euro = 1.36 USD	\$2,860 - \$2,890 1 Euro = 1.34 USD
Performance Op Margin ⁽¹⁾	12.9% - 13.3%	12.9% - 13.1%
Performance EPS ⁽²⁾	\$5.45 - \$5.75	\$5.45 - \$5.55
Free Cash Flow Conversion ⁽³⁾	80% - 90% (excl. Stream., Separ. and Acquisition items)	80% - 90%* (excl. Stream., Separ. and Acquisition items)

Key Inputs

- Annual price erosion: 1.0% to 1.5%
- Raw material inflation: <0.5% of material costs
- Productivity levels in line with past performance
- Transactional FX at 2013 YE rates adversely affecting profits by ~\$5M YoY
- Performance tax rate ~13.5%
- Average diluted shares ~61M

Refer to Slide #14 for Footnotes

Solid outperformance and mitigating declining market at EPS level

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Summary

- Continuing to solidly outperform volatile and eroding global market
- Sustaining healthy incremental margin within committed framework
- Record quarterly performance EPS ⁽²⁾ of \$1.44
- Generated \$89.3M of Free Cash Flow ⁽³⁾ representing 103% conversion
- Initial take on 2015 market indicates favorable trend
- Share buy-back program ongoing
- Updated full year guidance 2014

Refer to Slide #14 for Footnotes

Continuing to generate and return strong value to shareholders

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APPENDIX

RECONCILIATIONS OF NON-GAAP MEASURES TO GAAP MEASURES

Footnotes, Tables & Definitions

Footnotes

1. Adjusted for streamlining and separation costs, EC fine reimbursement and acquisition related expenses
2. Adjusted for streamlining, separation, one-time tax & discrete tax items and '13 EC fine reimbursement and acquisition related expenses
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, streamlining, separation costs and acquisition related expenses
6. Adjusted for currency translation, transactional FX and streamlining, separation costs and acquisition related expenses

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.
- **Acquisition related expenses:** covers costs related to acquiring a business and non-cash expenses associated with purchase accounting including amortization of identifiable intangible assets

WABCO HOLDINGS INC.
Three months ended September 30, 2014 Data Supplement Sheet (Unaudited)

	Three Months Ended September 30,					
	2014	% of Sales/ Adj Sales	2013	% of Sales/ Adj Sales	Chg vs. 2013	% Chg vs. 2013
<i>(Amounts in millions, except per share data)</i>						
Sales						
Reported	\$ 707.3		\$ 677.1		\$ 30.2	4.5%
Foreign exchange translational effects	0.5		-		0.5	
Adjusted Sales	\$ 707.8		\$ 677.1		\$ 30.7	4.5%
Gross Profit						
Reported	\$ 220.0	31.1%	\$ 199.5	29.5%	\$ 20.5	10.3%
Streamlining costs	0.3		0.9		(0.6)	
Separation costs	0.1		0.2		(0.1)	
Acquisition related items	-		-		-	
Performance Gross Profit	\$ 220.4	31.2%	\$ 200.6	29.6%	\$ 19.8	9.9%
Foreign exchange translational effects	-		-		-	
Adjusted Gross Profit	\$ 220.4	31.1%	\$ 200.6	29.6%	\$ 19.8	9.9%
Selling, Administrative, Product Engineering Expenses and Other						
Reported	\$ 132.3	18.7%	\$ 112.6	16.6%	\$ 19.7	17.5%
Streamlining costs	(2.9)		(1.0)		(1.9)	
Separation costs	(1.3)		(0.5)		(0.8)	
Acquisition related items	(2.5)		-		(2.5)	
Performance Selling, Administrative, Product Engineering Expenses and Other	\$ 125.6	17.8%	\$ 111.1	16.4%	\$ 14.5	13.1%
Foreign exchange translational effects	(0.3)		-		(0.3)	
Adjusted Selling, Administrative, Product Engineering Expenses and Other	\$ 125.3	17.7%	\$ 111.1	16.4%	\$ 14.2	12.8%
Operating Income						
Reported	\$ 87.7	12.4%	\$ 86.9	12.8%	\$ 0.8	0.9%
Streamlining costs	3.2		1.9		1.3	
Separation costs	1.4		0.7		0.7	
Acquisition related items	2.5		-		2.5	
Performance Operating Income	\$ 94.8	13.4%	\$ 89.5	13.2%	\$ 5.3	5.9%
Foreign exchange translational effects	0.3		-		0.3	
Adjusted Operating Income	\$ 95.1	13.4%	\$ 89.5	13.2%	\$ 5.6	6.3%

WABCO HOLDINGS INC.
Three months ended September 30, 2014 Data Supplement Sheet (Unaudited)

(Amounts in millions, except per share data)

	Three Months Ended September 30,					
	2014	% of Sales/ Adj Sales	2013	% of Sales/ Adj Sales	Chg vs. 2013	% Chg vs. 2013
Sales						
EBIT (Earnings Before Interest and Taxes)						
Reported Net Income Attributable to Company	\$ 82.0		\$ 80.0		\$ 2.0	
Income tax expense	9.5		8.0		1.5	
Interest expense, net	(0.1)		(0.2)		0.1	
EBIT	\$ 91.6	13.0%	\$ 88.2	13.0%	\$ 3.4	3.9%
Streamlining costs	3.2		1.9		1.3	
Separation costs	0.5		1.0		(0.5)	
Acquisition related items	2.6		-		2.6	
Performance EBIT (Earnings Before Interest and Taxes)	\$ 97.9	13.8%	\$ 91.1	13.5%	\$ 6.8	7.5%
Pre-Tax Income						
EBIT	\$ 91.6		\$ 88.2		\$ 3.4	
Interest expense, net	(0.1)		(0.2)		0.1	
Pre-Tax Income	\$ 91.5		\$ 88.0		\$ 3.5	
Streamlining costs	3.2		1.9		1.3	
Separation costs	0.5		1.0		(0.5)	
Acquisition related items	2.6		-		2.6	
Performance Pre-Tax Income	\$ 97.8		\$ 90.9		\$ 6.9	
Tax rate on a performance basis	11.6%		12.6%			
Net Income Attributable to Company						
Reported Net Income Attributable to Company	\$ 82.0		\$ 80.0		\$ 2.0	
Streamlining cost, net of tax	2.4		1.5		0.9	
Separation costs, net of tax	0.1		0.8		(0.7)	
Acquisition related items, net of tax	1.8		-		1.8	
Tax items	0.2		(2.8)		3.0	
Performance Net Income Attributable to Company	\$ 86.5		\$ 79.5		\$ 7.0	
Performance Net Income Attributable to Company per Diluted Common Share	\$ 1.44		\$ 1.26			
Common Shares Outstanding - Diluted	60.0		63.2			

Incremental Gross Profit and Operating Income Margin	Gross Profit	Operating Income
Increase in adjusted sales from '13	30.7	30.7
Increase in adjusted income from '13	19.8	5.6
Incremental Income as a % of Sales	64.5%	18.2%
YoY Transactional Foreign Exchange (FX) Impact		(1.1)
Increase in adjusted income from '13 excluding transactional FX impact		4.5
Incremental income excluding transactional FX as a % of Sales		14.7%

WABCO HOLDINGS INC.
Nine months ended September 30, 2014 Data Supplement Sheet (Unaudited)

(Amounts in millions, except per share data)

	Nine Months Ended September 30,					
	2014	% of Sales/ Adj Sales	2013	% of Sales/ Adj Sales	Chg vs. 2013	% Chg vs. 2013
Sales						
Reported	\$ 2,171.8		\$ 2,000.1		\$ 171.7	8.6%
Foreign exchange translational effects	(19.4)		-		(19.4)	
Adjusted Sales	\$ 2,152.4		\$ 2,000.1		\$ 152.3	7.6%
Gross Profit						
Reported	\$ 667.5	30.7%	\$ 603.8	30.2%	\$ 63.7	10.5%
Streamlining costs	5.6		4.1		1.5	
Separation costs	0.5		0.7		(0.2)	
Acquisition related items	-		-		-	
Performance Gross Profit	\$ 673.6	31.0%	\$ 608.6	30.4%	\$ 65.0	10.7%
Foreign exchange translational effects	(9.1)		-		(9.1)	
Adjusted Gross Profit	\$ 664.5	30.9%	\$ 608.6	30.4%	\$ 55.9	9.2%
Selling, Administrative, Product Engineering Expenses and Other						
Reported	\$ 405.2	18.7%	\$ 348.7	17.4%	\$ 56.5	16.2%
Streamlining costs	(5.2)		(7.6)		2.4	
Separation costs	(3.0)		(1.3)		(1.7)	
Acquisition related items	(6.3)		-		(6.3)	
Performance Selling, Administrative, Product Engineering Expenses and Other	\$ 390.7	18.0%	\$ 339.8	17.0%	\$ 50.9	15.0%
Foreign exchange translational effects	(7.1)		-		(7.1)	
Adjusted Selling, Administrative, Product Engineering Expenses and Other	\$ 383.6	17.8%	\$ 339.8	17.0%	\$ 43.8	12.9%
Operating Income						
Reported	\$ 262.3	12.1%	\$ 255.1	12.8%	\$ 7.2	2.8%
Streamlining costs	10.8		11.7		(0.9)	
Separation costs	3.5		2.0		1.5	
Acquisition related items	6.3		-		6.3	
Performance Operating Income	\$ 282.9	13.0%	\$ 268.8	13.4%	14.1	5.2%
Foreign exchange translational effects	(2.0)		-		(2.0)	
Adjusted Operating Income	\$ 280.9	13.1%	\$ 268.8	13.4%	\$ 12.1	4.5%

WABCO HOLDINGS INC.
Nine months ended September 30, 2014 Data Supplement Sheet (Unaudited)

(Amounts in millions, except per share data)

	Nine Months Ended September 30,					
	2014	% of Sales/ Adj Sales	2013	% of Sales/ Adj Sales	Chg vs. 2013	% Chg vs. 2013
<u>EBIT (Earnings Before Interest and Taxes)</u>						
Reported Net Income Attributable to Company	\$ 226.4		\$ 236.9		\$ (10.5)	
Income tax expense	43.3		25.8		17.5	
Interest income/(expense), net	0.1		(0.7)		0.8	
EBIT	\$ 269.6	12.4%	\$ 263.4	13.2%	\$ 6.2	2.4%
Streamlining costs	10.8		11.7		(0.9)	
Separation costs	3.3		(0.7)		4.0	
Acquisition related items	8.0		-		8.0	
Performance EBIT (Earnings Before Interest and Taxes)	\$ 291.7	13.4%	\$ 274.4	13.7%	\$ 17.3	6.3%
<u>Pre-Tax Income</u>						
EBIT	\$ 269.6		\$ 263.4		\$ 6.2	
Interest income/(expense), net	0.1		(0.7)		0.8	
Pre-Tax Income	\$ 269.7		\$ 262.7		\$ 7.0	
Streamlining costs	10.8		11.7		(0.9)	
Separation costs	3.3		(0.7)		4.0	
Acquisition related items	8.0		-		8.0	
Performance Pre-Tax Income	\$ 291.8		\$ 273.7		\$ 18.1	
Tax rate on a performance basis	13.5%		13.5%			
<u>Net Income Attributable to Company</u>						
Reported Net Income Attributable to Company	\$ 226.4		\$ 236.9		\$ (10.5)	
Streamlining cost, net of tax	7.1		8.9		(1.8)	
Separation costs, net of tax	2.4		(1.4)		3.8	
Acquisition related items, net of tax	5.5		-		5.5	
Tax items	11.0		(7.6)		18.6	
Performance Net Income Attributable to Company	\$ 252.4		\$ 236.8		\$ 15.6	
Performance Net Income Attributable to Company per Diluted Common Share	\$ 4.14		\$ 3.72			
Common Shares Outstanding - Diluted	61.0		63.6			

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,	
	2014	2013	2014	2013
Net Cash Provided by Operating Activities	\$ 48.0	\$ 92.0	\$ 210.8	\$ 248.1
Deductions or Additions to Reconcile to Free Cash Flow:				
Net purchases of property, plant, equipment and computer software	(38.3)	(26.7)	(89.3)	(67.7)
Free Cash Flow	<u>\$ 9.7</u>	<u>\$ 65.3</u>	<u>\$ 121.5</u>	<u>\$ 180.4</u>
Less: Streamlining & separation payments	(5.8)	(4.8)	(14.5)	(17.2)
Less: A/R securitization related payments	(73.5)	-	(73.5)	-
Less: Acquisition related payments	<u>(0.3)</u>	<u>-</u>	<u>(1.4)</u>	<u>-</u>
Free Cash Flow excluding streamlining, separation, securitization & acquisition related payments	<u>\$ 89.3</u>	<u>\$ 70.1</u>	<u>\$ 210.9</u>	<u>\$ 197.6</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.

**Reconciliation of GAAP to Non-GAAP Financial Measures for Full Year 2014 Guidance
(Unaudited)**

(Amounts in millions, except per share data)

	<u>Previous Full Year 2014 Guidance</u>	<u>Updated Full Year 2014 Guidance</u>
<u>Operating Income</u>		
Reported Operating Income Margin	12.2% - 12.6%	12.2% - 12.4%
Streamlining cost, impact to margin	0.2%	0.2%
Separation costs, impact to margin	0.2%	0.2%
Acquisition related items, impact to margin	0.3%	0.3%
Performance Operating Income Margin	<u>12.9% - 13.3%</u>	<u>12.9% - 13.1%</u>
Net Income Attributable to Company		
Reported Net Income Attributable to Company	\$290.7 - \$309.0	\$290.7 - \$296.8
Streamlining cost, net of tax	10.9	10.9
Tax items	19.1	19.1
Acquisition related items, net of tax	7.0	7.0
Separation costs, net of tax and separation related taxes	4.8	4.8
Performance Net Income Attributable to Company	<u>\$332.5 - \$350.8</u>	<u>\$332.5 - \$338.6</u>
Reported Net Income Attributable to Company per Diluted Common Share	\$4.77 - \$5.07	\$4.77 - \$4.87
Performance Net Income Attributable to Company per Diluted Common Share	\$5.45 - \$5.75	\$5.45 - \$5.55
Diluted common shares outstanding	~61	~61

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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