

WABCO HOLDINGS INC.
Consolidated Statement of Cash Flows
(Unaudited)

| (Amounts in millions) | <u>Three Months Ended March 31,</u> | |
|---|-------------------------------------|-----------------------|
| | <u>2008</u> | <u>2007</u> |
| Operating activities: | | |
| Net income | \$ 61,3 | \$ 40,1 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 18,0 | 14,4 |
| Amortization of capitalized software and other intangibles | 7,1 | 7,6 |
| Equity in earnings of unconsolidated joint ventures, net of dividends received | 0,3 | (0,5) |
| Non-cash stock compensation | 1,7 | 0,7 |
| Loss on disposal of facilities | 0,1 | 0,4 |
| Changes in assets and liabilities: | | |
| Accounts receivable | (38,0) | (35,7) |
| Inventories | (22,8) | (16,7) |
| Accounts payable | (6,2) | 26,6 |
| Other accrued liabilities and taxes | 30,8 | 3,4 |
| Post-retirement benefits | (0,9) | (2,4) |
| Other current and long-term assets | (2,8) | (19,2) |
| Other long-term liabilities | 2,3 | 35,4 |
| Net cash provided by operating activities | <u>50,9</u> | <u>54,1</u> |
| Investing activities: | | |
| Purchases of property, plant and equipment | (16,7) | (10,1) |
| Investments in capitalized software | (1,2) | (2,2) |
| Net cash used in investing activities | <u>(17,9)</u> | <u>(12,3)</u> |
| Financing activities: | | |
| Borrowings of long-term debt | 30,0 | 114,5 |
| Repayments of long-term debt | - | (108,6) |
| Net repayments of short-term debt | (4,8) | (5,5) |
| Purchases of treasury stock | (27,9) | - |
| Dividend payments | (4,7) | - |
| Proceeds from exercise of stock options | 5,4 | - |
| Net change in balance due from/to Trane or Trane affiliated entities | - | (45,7) |
| Net cash used in financing activities: | <u>(2,0)</u> | <u>(45,3)</u> |
| Effect of exchange rate changes on cash and cash equivalents | 12,7 | 0,3 |
| Net increase/(decrease) in cash and cash equivalents | 43,7 | (3,2) |
| Cash and cash equivalents at beginning of period | 183,2 | 34,8 |
| Cash and cash equivalents at end of period | <u>\$ 226,9</u> | <u>\$ 31,6</u> |