UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1997
COMMISSION FILE NO. 1-13782

WESTINGHOUSE AIR BRAKE COMPANY
(Exact name of registrant as specified in its charter)

DELAWARE	25-1615902
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1001 Air Brake Avenue
Wilmerding, Pennsylvania 15148
(Address of principal executive offices)

(412) 825-1000
Registrant's telephone number, including area code

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

Number of shares of common stock outstanding, excluding unearned ESOP shares, as of August 1, 1997:

24,718,271

Number of shares of common stock outstanding, including unearned ESOP shares, as of August 1, 1997:

33,503,858

WESTINGHOUSE AIR BRAKE COMPANY

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1997

INDEX

WESTINGHOUSE AIR BRAKE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 1997 AND 1996
(Dollars in thousands except per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1997	1996	1997	1996
NET SALES	$ 138,066	$ 109,135	$ 274,574	$ 214,866
COST OF SALES	91,163	72,066	182,111	142,700
Gross Profit	46,903	37,069	92,463	72,166
SELLING AND MARKETING EXPENSES	6,108	3,816	11,734	7,372
GENERAL AND ADMINISTRATIVE EXPENSES	9,719	7,418	18,979	13,692
ENGINEERING EXPENSES	6,318	3,923	12,315	8,177
AMORTIZATION EXPENSE	1,974	1,925	4,109	3,717
Income from operations	22,784	19,987	45,326	39,208
OTHER INCOME AND EXPENSES:				
Interest expense	7,613	6,262	14,484	12,694
Other (income) expense, net	(108)	(36)	(156)	(73)
Income before income taxes	15,279	13,761	30,998	26,587
INCOME TAXES	5,959	5,505	12,089	10,635
NET INCOME	$ 9,320	$ 8,256	$ 18,909	$ 15,952
EARNINGS PER COMMON SHARE	$ 0.37	$ 0.29	$ 0.71	$ 0.56
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	24,924	28,410	26,719	28,446

The accompanying notes are an integral part of this statement.

WESTINGHOUSE AIR BRAKE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
JUNE 30, 1997 AND DECEMBER 31, 1996
(Dollars in thousands)

	June 30, 1997 (Unaudited)	December 31, 1996
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,969	$ 618
Accounts receivable	79,040	73,507
Inventories	65,284	62,355
Other current assets	16,551	13,689
Total current assets	163,844	150,169
PROPERTY, PLANT AND EQUIPMENT	172,030	162,324
Less: Accumulated depreciation	(71,379)	(66,480)
Property, plant and equipment, net	100,651	95,844
OTHER ASSETS:		
Prepaid pension costs	4,653	4,608
Goodwill	60,714	60,490
Intangibles	44,804	44,241
Debt issuance costs and Other	8,527	7,884
Total other assets	118,698	117,223
TOTAL ASSETS	$ 383,193	$ 363,236
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 22,124	$ 29,700
Accounts payable	29,758	23,789
Accrued income taxes	974	2,634
Other current liabilities	49,031	45,870
Total current liabilities	101,887	101,993
Long-term debt	354,890	311,990
Reserve for Post Retirement Benefits	13,855	13,309
Accrued Pension Costs	5,242	4,724
Deferred Income Taxes	7,066	7,415
Minority Interest	255	-
Total liabilities	483,195	439,431
SHAREHOLDERS' EQUITY:		
Common stock, $.01 par value; 100,000,000 shares authorized and 47,426,600 shares issued	474	474
Additional paid-in capital	104,413	104,321
Less: Treasury stock, at cost, 13,922,742 and 9,937,867 shares	(193,123)	(149,331)
Less: Unearned ESOP shares, 8,785,587 and 8,927,565 shares	(131,944)	(133,914)
Retained earnings	123,749	105,363
Cumulative translation adjustment	(3,571)	(3,108)
Total shareholders' equity	(100,002)	(76,195)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 383,193	$ 363,236

The accompanying notes are an integral part of this statement.

WESTINGHOUSE AIR BRAKE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 1997 AND 1996
(Dollars in thousands)
(Unaudited)

	Six months ended June 30, 1997	Six months ended June 30, 1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 18,909	$ 15,952
Adjustments to reconcile net income to cash provided by operations:		
Depreciation and amortization	12,148	10,602
Provision for contribution to ESOP	1,866	1,113
Deferred income taxes	(337)	213
Changes in certain assets and liabilities:		
Accounts receivable	800	(9,981)
Inventories	4,360	4,506
Other assets and liabilities	(616)	3,328
Accounts payable	2,382	(1,700)
Accrued income taxes	(1,606)	(212)
Accrued liabilities and advanced deposits	(4,551)	3,316
Net cash provided by operating activities	33,355	27,137
INVESTING ACTIVITIES:		
Purchase of property, plant and equipment, net	(11,698)	(5,716)
Cost of business acquisitions	(7,730)	(15,040)
Net cash used for investing activities	(19,428)	(20,756)
FINANCING ACTIVITIES:		
Net bank debt borrowings	44,470	18,055
Payments of term debt	(9,100)	(19,400)
Purchase of treasury stock, including fees	(46,068)	(1,629)
Issuance of treasury stock	404	-
Cash dividends	(523)	(564)
Net cash used for financing activities	(10,817)	(3,538)
FOREIGN CURRENCY TRANSLATION ADJUSTMENT	(759)	143
Increase in cash and cash equivalents	2,351	2,986
CASH AND CASH EQUIVALENTS, beginning of period	618	210
CASH AND CASH EQUIVALENTS, end of period	$ 2,969	$ 3,196

The accompanying notes are an integral part of this statement.

WESTINGHOUSE AIR BRAKE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 1997
(Dollars in thousands)
(Unaudited)

	Common Stock	Additional Paid-In Capital	Treasury Stock	Unallocated ESOP Shares	Retained Earnings	Cumulative Translation Adjustment	Total Shareholders' Equity
BALANCE, December 31, 1996	$ 474	$104,321	$(149,331)	$(133,914)	$105,363	$ (3,108)	$ (76,195)
Net income	-	-	-	-	18,909	-	18,909
Purchase of treasury stock	-	-	(44,000)	-	-	-	(44,000)
Exercise of stock options	-	196	208	-	-	-	404
Allocation of ESOP shares	-	(104)	-	1,970	-	-	1,866
Dividends paid	-	-	-	-	(523)	-	(523)
Cumulative translation adjustment	-	-	-	-	-	(463)	(463)
BALANCE, June 30, 1997	$ 474	$104,413	$(193,123)	$(131,944)	$123,749	$ (3,571)	$(100,002)

The accompanying notes are an integral part of this statement.

WESTINGHOUSE AIR BRAKE COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1997

(Unaudited)

1. BASIS OF PRESENTATION:

The information contained in these financial statements and notes for the three and six months ended June 30, 1997, should be read in conjunction with the financial statements and notes for the year ended December 31, 1996, contained in the Company's Annual Report, as filed with the Securities and Exchange Commission on Form 10-K. The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles and the rules and regulations of the Securities and Exchange Commission. These condensed interim statements do not include all of the information and footnotes required for complete financial statements. It is management's opinion that all adjustments (including all normal recurring accruals) considered necessary for a fair presentation have been made; however, results for these interim periods are not necessarily indicative of results to be expected for the full year.

Earnings Per Share

Earnings per common and common equivalent share is based upon the weighted average common and common equivalent shares outstanding during the period. Primary and fully diluted earnings per share are the same.

Employee stock options, when dilutive, are considered common stock equivalents using the treasury stock method. Also included in the weighted average shares is the pro-rata amount of the annual allocation of approximately 284,000 shares to the ESOP participants.

In February 1997, the Financial Accounting Standards Board issued Statement on Financial Accounting Standards No. 128, "Earnings per Share" ("SFAS 128"). SFAS No. 128 differs from current accounting guidance in that earnings per share is classified as basic earnings per share and diluted earnings per share, compared to primary earnings per share and fully diluted earnings per share under current standards. Basic earnings per share differs from primary earnings per share in that it includes only the weighted average common shares outstanding and does not include any dilutive securities in the calculation. Diluted earnings per share under the new standard differs in certain calculations compared to fully diluted earnings per share under the existing standards. Adoption of SFAS No. 128 is required for interim and annual periods ending after December 15, 1997. The Company currently believes that the effect of adopting SFAS No. 128 will not have a material impact on its earnings per share.

2. STOCK REDEMPTION

On March 31, 1997, the Company repurchased from Scandinavian Incentive Holdings, B.V., ("SIH"), 4,000,000 shares of the Company's Common Stock for a purchase price of $11 per share in cash and an aggregate purchase price of $44 million plus fees and expenses of approximately $2 million (such transaction being hereinafter referred to as the "Redemption"). The Redemption was effected pursuant to a Redemption Agreement (the "Redemption Agreement") dated as of March 5, 1997 among the Company, SIH and Incentive AB, the sole shareholder of SIH ("Incentive"). Concurrently therewith, SIH sold its remaining 6,000,000 shares of Common Stock to a group of investors consisting of Vestar Equity Partners, L.P. ("Vestar"), Harvard Private Capital Holdings, Inc. ("Harvard"), American Industrial Partners Capital Fund II, L.P. ("AIP") and certain members of management of the Company (the "Management Purchasers") for a purchase price of $11 per share in cash, pursuant to a Stock Purchase Agreement dated as of March 5, 1997, which sale was effective as of March 31, 1997 (such transaction being hereinafter referred to as the "SIH Purchase").

In addition, the Company entered into a Common Stock Registration Rights Agreement (the "Registration Rights Agreement") dated as of March 5, 1997 among the Company, Harvard, AIP, the RAC Voting Trust (the "Voting Trust"), Vestar, Vestar Capital Partners, Inc. ("Vestar Capital") and the former Pulse Shareholders, which Registration Rights Agreement provides for, among other things, the registration of sales of shares of Common Stock under the Securities Act of 1933, as amended, by Holders (as defined in the Registration Rights Agreement) at the expense, subject to certain specified exceptions, of the Company.

To finance the Redemption, the Company amended its credit agreement with The Chase Manhattan Bank, The Bank of New York and the other financial institutions named therein, to increase the revolving credit availability by $15 million (from $125 million to $140 million) and to obtain a waiver of the requirement to make a prepayment in an aggregate principal amount equal to 50% of excess cash flow for 1996, or approximately $11.5 million. The Company obtained consents from record owners as of March 3, 1997 of its 9-3/8% Senior Notes Due 2005 (the "Notes") to certain amendments to a covenant contained in the Indenture dated as of June 20, 1995 among the Company, as issuer, and The Bank of New York, as trustee, pursuant to which the Notes were issued (the "Indenture"). The Company borrowed $46 million to fund the Redemption and related expenses.

Upon the Company's receipt of the requisite consents, the Indenture was amended (i) to permit additional Restricted Payments in an amount of approximately $22 million in order to complete the Redemption, and (ii) to permit up to $2 million of additional Restricted Payments to be made in advance of when they would otherwise have been permitted.

In addition, an Amended and Restated Stockholders Agreement dated as of March 5, 1997 by and among the Voting Trust, Vestar, Harvard, AIP and the Company, and joined for certain purposes by Vestar Capital, William E. Kassling, Emilio A. Fernandez, Ofelia B. Fernandez, Robert J. Brooks, John M. Meister, Davideco, Inc. and Suebro, Inc., as amended by Amendment No. 1 thereto dated as of March 28, 1997 (the "Stockholders Agreement"), was executed in connection with the SIH Purchase. The Stockholders Agreement contains provisions regarding, among other things, the disposition and voting of shares of Common Stock by the parties to such agreement, as well as certain provisions regarding the composition of the Board of Directors of the Company.

The following presents the Company's results for the six months ended June 30, 1997 on a pro forma basis as if this transaction had occurred on January 1, 1997:

	In thousands, except per share data
Net Income	$18,420
Earnings per Share	$ .74
Weighted Average Shares	24,752

3. INVENTORIES:

Inventories are stated at the lower of cost or market. Cost is determined under the first-in, first-out (FIFO) method. Inventory costs include material, labor and overhead. The components of inventory at June 30, 1997, and December 31, 1996 are:

	(Dollars in Thousands)	
	June 30, 1997	December 31, 1996
Raw materials	$25,487	$20,140
Work-in-process	27,364	31,294
Finished goods	12,433	10,921
	$65,284	$62,355

4. ACQUISITIONS:

Effective January 31, 1996, the Company acquired 100% of the stock of Futuris Industrial Products Pty. Ltd. (Futuris), an Australian company, for a cash purchase price of approximately $15 million. Futuris is a leading manufacturer of brake shoes and disc brake pads for railroads in Australia and the Pacific Rim.

On September 19, 1996, the Company acquired from Mark IV Industries Inc. the Vapor Group (Vapor) for a cash purchase price of approximately $63.9 million. The transaction, which has been accounted for as a purchase, was effective September 1, 1996. Pursuant to an earn out provision, the purchase price may be increased by up to $2 million based on a sales formula. Vapor is the leading manufacturer of door controls for transit rail cars and metropolitan buses in the United States, with annual revenues for its most recent fiscal year (prior to the acquisition) of approximately $65 million. The net tangible assets of Vapor were approximately $36 million at the date of purchase. The fair market valuations and allocation of the purchase price to the acquired tangible and intangible assets have been based upon an independent appraisal. The purchase price paid in excess of the fair value of the acquired net tangible assets was approximately $28.2 million and has been allocated to goodwill and other intangibles.

Effective May 1, 1997 the Company purchased Stone Safety Service Corporation and Stone U.K. Limited (Stone) from Enprotech Corporation, a subsidiary of Itochu International. Stone is located in New Jersey and England, and is one of the world's leading manufacturers of air conditioning equipment with an established product base in North America, Europe and the Far East. On June 27, 1997 the Company acquired the heavy rail air conditioning business of Thermo King Corporation (Thermo King) from Westinghouse Electric. The Thermo King purchase included certain inventory, equipment and drawings. The aggregate purchase price for the Stone and Thermo King acquisitions was approximately $7.5 million and was financed by utilizing the Company's revolving line of credit. Annual revenues of the Stone and Thermo King acquisitions aggregate approximately $20 million. The acquisitions have been accounted for under the purchase method and the excess of the purchase price over the fair value of net assets acquired was approximately $1 million which has been allocated primarily to goodwill.

5. SUBSEQUENT EVENT:

Effective July 31, 1997 the Company acquired 100% of the stock of H.P. S.r.l. (HP), an Italian company. HP is a leading supplier of door controls for transit rail cars and buses in the Italian market, with revenues of approximately $9 million for its most recent fiscal year.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis by management of financial condition provides information with respect to the results of operations of the Company for the three month and six month periods ended June 30, 1997 and 1996, respectively. This discussion should be read in connection with the information in the condensed consolidated financial statements and the notes pertaining thereto.

Certain statements in this quarterly report on Form 10-Q are forward-looking statements concerning the future operations of the Company. Such statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, and there are many important factors that could cause actual results to differ materially from those in the forward-looking statements.

Results of Operations

The following table summarizes sales by market:

	For the three months ended June 30,		For the six months ended June 30,	
	1997	1996	1997	1996
Electronics	$ 22,206	$ 18,676	$ 45,299	$ 31,825
Freight Car	43,117	48,987	88,027	102,222
Transit	42,659	15,523	79,994	31,295
Locomotive	12,233	11,252	23,831	22,090
Friction & Other	17,851	14,697	37,423	27,434
	$ 138,066	$ 109,135	$ 274,574	$ 214,866

SECOND QUARTER 1997 COMPARED TO SECOND QUARTER 1996

Net Sales

Net sales increased 27% to $138.1 million in the second quarter of 1997 compared to $109.1 million in the same period of 1996, due primarily to the acquisitions of Vapor Corporation on September 1, 1996 and Stone Safety Service Corporation on May 1, 1997 ($26.5 million of combined sales reflected in transit sales), as well as continued strong performances from the Company's electronics, transit and friction product segments.

Freight car sales decreased $5.9 million to $43.1 million in the second quarter of 1997 from $49.0 million in 1996 due to the reduction in the number of new freight car deliveries from 14,129 to 11,414.

Gross Profit

Gross profit increased $9.8 million or 27%, to $46.9 million in 1997 versus $37.1 million in 1996; gross profit margins remained constant at 34%. The overall increase in sales resulted in the higher gross profit for the quarter ended June 30, 1997.

Selling and Marketing Expenses

Selling and marketing expenses increased $2.3 million in 1997 compared to 1996; increased expenses related to the acquisitions of Vapor and Stone accounted for $1.4 million and the balance was attributable to international marketing expansion and higher sales levels.

General and Administrative Expenses

General and administrative expenses increased $2.3 million to $9.7 million in 1997 from $7.4 million in 1996. The increase was primarily due to the addition of Vapor and Stone which accounted for $1.7 million.

Engineering Expenses

Engineering expenses, which do not include that portion of engineering which supports manufacturing, increased $2.4 million to $6.3 million in 1997 from $3.9 million in 1996, due primarily to the acquisitions of Vapor and Stone ($1.8 million). The remainder of the increase in engineering expenses was due to new product development in the Company's Integrated Railway Systems group.

Income from Operations

Operating income increased 14% to $22.8 million in 1997 over the prior year due primarily to the higher sales volume while the Company was able to maintain gross profit margins at 34%.

Interest Expense

Second quarter 1997 interest expense was $7.6 million, a 22% increase over the $6.3 million incurred in the second quarter of 1996. The increase is attributed to additional debt levels in 1997, primarily associated with the Share Redemption on March 31, 1997 and the incremental borrowing costs to finance acquisitions less paydowns.

Income Taxes

The effective tax rate was 39% for the second quarter of 1997 compared with 40% for the comparable quarter of 1997. This decline was due to the establishment of a Foreign Sales Corporation in October 1996 and lower overall state tax rates. The provision for income taxes was $6.0 million in 1997 compared to $5.5 million in 1996.

Net Income

Higher sales volume coupled with increased gross profits and a lower overall effective tax rate were principal reasons for the increase in profitability. Net income increased 13% to $9.3 million in 1997 from $8.3 million in 1996, and earnings per share increased 28% to $.37 from $.29 despite the 21% decline in the freight Original Equipment Manufacturing ("OEM") market. The Company's strategy to become less dependent on the cyclical freight market continued to contribute to the favorable results of the Company as is evidenced in the second quarter results.

SIX MONTH PERIOD ENDED JUNE 30, 1997 COMPARED TO SIX MONTH PERIOD ENDED JUNE 30, 1996

Net Sales

Net sales increased 28% or $59.7 million to $274.6 million in 1997 compared to $214.9 million in 1996. The 1997 increase in net sales over those generated in 1996 was due primarily to the acquisitions of Vapor and Stone ($48.4 million shown in transit sales) as well as increased volume in the electronics, transit and friction businesses. The federal mandate that most trains be equipped with the two-way end-of-train monitoring device coupled with new products was the reason for the electronics sales increase.

Net sales in the Locomotive business increased $1.7 million, or 8%, from $22.1 million in 1996 to $23.8 million in 1997. The Freight Car division sales declined from $102.2 million in 1996 to $88.0 million in 1997, as the result of the slowdown in the freight car OEM market by 21%.

Gross Profit

Gross profit increased $20.3 million or 28%, to $92.5 million in 1997 compared to $72.2 million in 1996. The gross profit increase was due to the overall 28% increase in net sales. Gross margin, as a percentage of sales, remained level.

Selling and Marketing Expenses

Selling and marketing expenses increased $4.4 million in 1997 of which the acquisitions accounted for $2.8 million; increased marketing expenses in conjunction with new products and the Company's expanded international marketing activities accounted for the remainder of the increase.

General and Administrative Expenses

General and administrative expenses increased $5.3 million to $19.0 million in 1997 from $13.7 million in 1996. Approximately $3.1 million of the increase was due to the effects of the Vapor and Stone acquisitions; the remainder was due to increased corporate expenses.

Engineering Expenses

Engineering expenses, which do not include that portion of engineering which supports manufacturing, increased $4.1 million to $12.3 million in 1997 from $8.2 million in 1996, due primarily to the acquisitions which accounted for $3.3 million of the increase. Engineering expenses were also up in conjunction with new product development.

Amortization Expense

Amortization expense increased $.4 million in 1997 due primarily to the amortization of intangibles, including goodwill, associated with the acquisition of Vapor in September 1996.

Income from Operations

Operating income increased $6.1 million to $45.3 million in 1997 from $39.2 million in 1996. Operating income for the six months ended June 30, 1997 was favorably impacted by the aforementioned increased sales volumes and increased gross profit.

Interest Expense

Interest expense increased $1.8 million to $14.5 million in 1997 from $12.7 million in 1996, due to higher debt levels in 1997 primarily as the result of financing the Share Redemption.

Income Taxes

The provision for income taxes was $12.1 million in 1997 compared to $10.6 million in 1996. The effective tax rate declined from 40% in 1996 to 39% in 1997, due to the establishment of a Foreign Sales Corporation and lower overall state tax rates.

Net Income

Net income increased by $2.9 million from $16.0 million in 1996 to $18.9 million in 1997 as the result of the increased sales volume and associated increased gross profits.

Liquidity and Capital Resources

The Company has generated cash from operating activities of $33.4 million and $27.1 million in the first six months of 1997 and 1996, respectively. During the six months ended June 30, 1997, the Company increased its bank debt obligations by a net $35 million as a result of funding the $46 million payment for the stock repurchase, as is described below, and financing related to the Stone and Thermo King acquisitions . Excluding the borrowings for the share buyback and acquisitions, the Company would have decreased debt by approximately $18.4 million. Also, cash and cash equivalents increased by $2.4 million during the six months ended June 30, 1997. Cash generated from operating activities has remained strong due to continued profitability and improved asset management, which has enabled the Company to fund both its anticipated capital expenditures and the related working capital requirements.

On March 4, 1997, one of the Company's major shareholders, Scandinavian Incentive Holding B.V. ("SIH"), agreed to sell the 10 million shares of WABCO Common Stock that it holds. Under the terms of the March 5, 1997 agreement, the Company bought 4 million shares at $11 per share, upon obtaining approval of the Company's senior note holders, and an investment group consisting of Vestar Equity Partners, L.P., Harvard Private Capital Group, American Industrial Partners Capital Fund II, L.P. and certain members of Company management acquired the remaining 6 million shares at the same price. This transaction was completed on March 31, 1997 and increased total bank debt obligations by $46 million.

The Company's primary source of liquidity, other than operations, is the $140 million revolving credit facility (the Revolving Credit Facility) pursuant to the Amended Credit Agreement, of which approximately $104 million had been utilized for borrowings at June 30, 1997. The financing for the stock repurchase was made under the Company's Revolving Credit Facility.

At June 30, 1997, the total indebtedness of the Company is approximately $377.0 million, of which approximately $260 million is outstanding under the Amended Credit Agreement, $100.0 million is outstanding under the Company's Senior Notes and $17.0 million is due to the former owners of Pulse. The Company's total annual interest obligation on such indebtedness would be approximately $30.5 million based on the interest rates in effect as of June 30, 1997 (using a weighted average interest rate of approximately 8.1%). The interest rate for the Notes is fixed at 9.375%, which will result in an annual interest obligation of $9.4 million (based on a total outstanding amount of $100 million). Most of the remaining indebtedness bears interest at variable interest rates and, therefore, the Company's total annual interest obligation will change based on the applicable interest rates in effect from time to time. However, the Company has entered into interest rate swap agreements that fix the interest cost on $75 million at a weighted average interest rate of approximately 7.95%.

Management believes, based upon current levels of operations and forecasted earnings, that cash flows from operations, together with borrowings under the Amended Credit Agreement, will be adequate to make required payments of principal and interest on debt, including the Notes, to permit anticipated capital expenditures, and to fund working capital requirements and other cash needs. Nevertheless, the Company will remain leveraged to a significant extent with corresponding requirements for debt service obligations. Moreover, the ability of the Company to comply with the covenants and other restrictions contained in the Notes and the Amended Credit Agreement may be affected by events beyond its control. If the Company's sources of funds were to be inadequate to satisfy the Company's cash requirements, the Company may need to refinance its existing debt or obtain additional financing. There is no assurance that any such new financing alternatives would be available and, in any case, such new financing, if available, could be expected to be more costly and burdensome than the debt agreements currently in place.

PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Annual Meeting of Stockholders of the Company was held on April 22, 1997. Two matters were considered and voted upon at the Annual Meeting: the election of two persons to serve as directors and the ratification of the appointment of Arthur Andersen LLP as independent public accountants to audit the financial statements of the Company and its subsidiaries for the 1997 fiscal year.

Nominations of Robert J. Brooks and Mikael Lilius to serve as directors for a term expiring in 2000 were considered.

Nominee	Votes For	Votes Against	Votes Withheld	Broker Non-Votes
Robert J. Brooks	29,566,259	-	89,606	-
Mikael Lilius	29,585,366	-	70,499	-

The holders of 29,647,768 shares of the Common Stock voted to ratify the appointment of Arthur Andersen LLP. The holders of 5,487 shares voted against such appointment. There were 0 abstentions and 2,610 broker non-votes as to such matter. Accordingly such appointment was ratified.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WESTINGHOUSE AIR BRAKE COMPANY
(Registrant)

August 14, 1997

By /s/ ROBERT J. BROOKS

Robert J. Brooks, Vice President and
Chief Financial Officer

5
1,000

6-MOS
DEC-31-1997
JAN-01-1997
JUN-30-1997
2,969
0
79,040
0
65,284
163,844
172,030
71,379
383,193
101,887
354,890
0
0
474
(100,476)
383,193
274,574
274,574
182,111
182,111
(156)
0
14,484
30,998
12,089
18,909
0
0
0
18,909
.71
.71