WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2017 AND 2016 (AMOUNTS IN THOUSANDS EXCEPT PER SHARE DATA) (UNAUDITED)

		Fourth Quarter 2017		Fourth Quarter 2016	Υ	For the //ear Ended	,	For the Year Ended 2016
Net sales	\$	1,075,538	\$	759,982	\$	3,881,756	\$	2,931,188
Cost of sales		(807,098)		(540,793)		(2,816,443)		(2,006,949)
Gross profit Gross profit as a % of Net Sales		268,440 25.0%		219,189 28.8%		1,065,313 27.4%		924,239 31.5%
Selling, general and administrative expenses		(144,145)		(130,687)		(511,898)		(371,805)
Engineering expenses Amortization expense		(23,655) (9,477)		(19,104) (6,598)		(95,166) (36,516)		(71,375) (22,698)
Total operating expenses Operating expenses as a % of Net Sales		(177,277) 16.5%		(156,389) 20.6%		(643,580) 16.6%		(465,878) 15.9%
Income from operations		91,163		62,800		421,733		458,361
Income from operations as a % of Net Sales		8.5%		8.3%		10.9%		15.6%
Interest expense, net		(17,679)		(26,664)		(68,704)		(42,561)
Other (expense) income, net		1,200		(3,076)		(966)		(2,963)
Income from operations before income taxes		74,684		33,060		352,063		412,837
Income tax expense		(24,997)		13,268		(89,773)		(99,433)
Effective tax rate		33.5%		-40.1%		25.5%		24.1%
Net Income		49,687		46,328		262,290		313,404
Less: Net (Gain) Loss attributable to noncontrolling interest		(739)		(8,517)		(29)		(8,517)
Net income attributable to Wabtec shareholders	\$	48,948	\$	37,811	\$	262,261	\$	304,887
Earnings Per Common Share Basic								
Net income attributable to Wabtec shareholders	\$	0.51	\$	0.42	\$	2.74	\$	3.37
Diluted								
Net income attributable to Wabtec shareholders	\$	0.51	\$	0.42	\$	2.72	\$	3.34
Weighted average shares outstanding								
Basic		95,714		89,445		95,453		90,359
Diluted		96,368		90,228		96,12 <u>5</u>		91,141
Segment Information								
Freight Net Sales	\$	363,629	\$	341,364	\$	1,396,588	\$	1,543,098
Freight Income from Operations Freight Operating Margin	\$	68,275 18.8%	\$	67,465 19.8%	\$	264,603 18.9%	\$	344,455 22.3%
Transit Net Sales	\$	711,909	\$	418,618	\$	2,485,168	\$	1,388,090
Transit Income from Operations	\$	32,645	\$	23,125	\$	188,546	\$	171,446
Transit Operating Margin		4.6%		5.5%		7.6%		12.4%
Backlog Information (Note: 12-month is a sub-set of total)	Dece	mber 31, 2017	Septe	mber 30, 2017				
Freight Total	\$	549,188	\$	610,686				
Transit Total	\$	4,050,460	\$	3,920,280				
Wabtec Total	\$	4,599,648	\$	4,530,966				
Freight 12-Month	\$	423,805	\$	419,659				
Transit 12-Month	\$	1,891,079	\$	1,822,208				
Wabtec 12-Month	\$	2,314,884	\$	2,241,867				

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION CONDENSED CONSOLIDATED BALANCE SHEETS

	L <u>Dece</u>	December 31, 2016		
In thousands			· · · · · · · · · · · · · · · · · · ·	
Cash and cash equivalents	\$	233,401	\$	398,484
Receivables, net		1,166,787		942,508
Inventories		742,634		658,510
Current assets - other		122,291		868,129
Total current assets		2,265,113		2,867,631
Property, plant and equipment, net		573,972		518,376
Goodwill		2,460,103		2,078,765
Other intangibles, net		1,204,432		1,053,860
Other long term assets		76,360		62,386
Total assets	\$	6,579,980	\$	6,581,018
Current liabilities	\$	1,573,330	\$	1,446,639
Long-term debt		1,823,303		1,762,967
Long-term liabilities - other		354,815		394,587
Total liabilities		3,751,448		3,604,193
Shareholders' equity		2,808,868		2,205,977
Non-controlling interest		19,664		770,848
Total shareholders' equity	\$	2,828,532	\$	2,976,825
Total Liabilities and Shareholders' Equity	\$	6,579,980	\$	6,581,018

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited
Twelve Months Ended December 31
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	<u>2017</u>			<u>2016</u>		
In thousands						
Net cash provided by operating activities	\$	188,811	\$	450,530		
Net cash used in investing activities		(275,729)		(775,065)		
Net cash (used in) provided by financing activities		(97,431)		522,971		
Effect of changes in currency exchange rates		19,266		(26,143)		
(Decrease) increase in cash		(165,083)		172,293		
Cash, beginning of period		398,484		226,191		
Cash, end of period	\$	233,401	\$	398,484		

Set forth below is the calculation of the non-GAAP performance measures included in this press release. We believe that these measures provide useful supplemental information to assess our operating performance and to evaluate period-to-period comparisons. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, Wabtec's reported results prepared in accordance with GAAP.

Wabtec Corporation									
Reconciliation of Reported Results to	Adjusted Result	s							
(in millions)				Fo	urth Quarter	2017			
	Gross <u>Profit</u>	Operating Expenses	Income from Operations	Interest & Other Exp	Tax	Net Income	Noncontrolling <u>Interest</u>	Wabtec Net Income	EPS
Reported Results	\$ 268.4	\$ (177.3)	\$ 91.2	\$ (16.5)	\$ (25.0)	\$ 49.7	\$ (0.7)	\$ 49.0	\$ 0.51
Integration & Restructuring costs	6.0	11.7	17.7	-	(4.9)	12.8	-	12.8	\$ 0.13
Contract Adjustments	24.1	-	24.1	-	(6.6)	17.5	-	17.5	\$ 0.18
Q4 Non-recurring Tax Adjustments	-	-	-	-	7.9	7.9	-	7.9	\$ 0.08
Adjusted Results	\$ 298.5	\$ (165.6)	\$ 133.0	\$ (16.5)	\$ (28.6)	\$ 87.9	\$ (0.7)	\$ 87.2	\$ 0.90
Fully Diluted Shares Outstanding									96.4

Wabtec Corporation										
Reconciliation of Reported Results to A	djusted Results	5								
(in millions)		Year-to-Date 2017								
	Gross	Operating	Income from	Interest &			Noncontrolling	Wabtec		
	Profit	Expenses	Operations	Other Exp	<u>Tax</u>	Net Income	Interest	Net Income	<u>EPS</u>	
Reported Results	\$ 1,065.3	\$ (643.6)	\$ 421.7	\$ (69.7)	\$ (89.8)	\$ 262.3	s -	\$ 262.3	\$ 2.72	
Integration & Restructuring costs	11.8	29.7	41.5	(2.2)	(10.6)	28.6	-	28.6	\$ 0.30	
Tax on Opening Balance Sheet Adjustments	-	-	-	-	3.0	3.0	-	3.0	\$ 0.03	
Contract Adjustments	44.5	-	44.5	-	(13.7)	30.8	-	30.8	\$ 0.32	
Q4 Non-recurring Tax Adjustments	-	-	-	-	7.9	7.9	-	7.9	\$ 0.08	
Noncontrolling Interest Adjustment	-	-	-	-			(1.9)	(1.9)	\$ (0.02)	
Adjusted Results	\$ 1,121.6	\$ (613.9)	\$ 507.7	\$ (71.9)	\$ (103.3)	\$ 332.5	\$ (1.9)	\$ 330.6	\$ 3.43	
Fully Diluted Shares Outstanding									96.1	