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

FORM 10-Q

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

For the quarterly period ended JUNE 30, 2000

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD from ______ to ______

Commission file number 1-13782

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

DELAWARE	25-1615902
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
1001 AIR BRAKE AVENUE WILMERDING, PENNSYLVANIA 15148	(412) 825-1000
(Address of principal executive offices)	(Registrant's telephone number)

Indicate by check mark 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 and (2) has been subject to such filing requirements for at least the past 90 days. Yes __X__ No ____.

As of July 31, 2000, 51,791,686 shares of Common Stock of the registrant were issued and outstanding; of which 8,249,480 shares were unallocated ESOP shares.

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION

JUNE 30, 2000 FORM 10-Q

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WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

In thousands, except shares and par value	UNAUDITED JUNE 30 2000	DECEMBER 31 1999
ASSETS		
CURRENT ASSETS		
Cash	$ 6,873	$ 7,056
Accounts receivable	187,353	179,734
Inventories	222,779	211,396
Other current assets	38,316	39,062
Total current assets	455,321	437,248
Property, plant and equipment	403,042	395,687
Accumulated depreciation	(185,266)	(172,996)
Property, plant and equipment, net	217,776	222,691
OTHER ASSETS		
Contract underbillings	25,262	27,710
Goodwill,net	229,842	233,760
Other intangibles,net	40,998	43,287
Other noncurrent assets	28,884	31,980
Total other assets	324,986	336,737
Total Assets	$ 998,083	$ 996,676
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 749	$ 743
Accounts payable	83,967	87,388
Accrued merger and restructuring costs	6,284	8,705
Customer deposits	27,994	31,827
Accrued income taxes	7,273	5,155
Accrued interest	2,397	2,470
Other accrued liabilities	56,975	57,924
Total current liabilities	185,639	194,212
Long-term debt	560,462	567,844
Reserve for postretirement and pension benefits	22,009	19,918
Other long-term liabilities	31,516	32,824
Total liabilities	799,626	814,798
SHAREHOLDERS' EQUITY		
Preferred stock, 1,000,000 shares authorized, no shares issued	--	--
Common stock, $.01 par value; 100,000,000 shares authorized: 65,447,867 shares issued and 51,781,410 outstanding at June 30, 2000 and 51,529,331 outstanding at December 31, 1999	654	654
Additional paid-in capital	313,534	318,357
Treasury stock, at cost, 13,666,457 and 13,918,536 shares, respectively	(194,074)	(201,711)
Unearned ESOP shares, at cost, 8,265,040 and 8,366,076 shares, respectively	(123,976)	(125,491)
Retained earnings	218,353	194,772
Deferred compensation	2,827	6,595
Accumulated other comprehensive income (loss)	(18,861)	(11,298)
Total shareholders' equity	198,457	181,878
Total Liabilities and Shareholders' Equity	$ 998,083	$ 996,676

The accompanying notes are an integral part of these statements.

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

In thousands, except per share data	UNAUDITED THREE MONTHS ENDED JUNE 30 2000	1999	UNAUDITED SIX MONTHS ENDED JUNE 30 2000	1999
Net sales	$ 249,164	$ 292,644	$ 508,023	$ 591,122
Cost of sales	(181,894)	(201,626)	(364,260)	(411,036)
Gross profit	67,270	91,018	143,763	180,086
Selling, general and administrative expenses	(27,715)	(31,538)	(57,196)	(64,616)
Merger and restructuring charges	(5,591)	--	(7,939)	--
Engineering expenses	(8,051)	(9,629)	(16,287)	(18,536)
Amortization expense	(3,577)	(3,436)	(7,266)	(6,817)
Total operating expenses	(44,934)	(44,603)	(88,688)	(89,969)
Income from operations	22,336	46,415	55,075	90,117
Other income and expenses				
Interest expense	(10,861)	(11,184)	(22,031)	(22,474)
Other income (expense), net	1,062	15	5,133	(252)
Income before income taxes and extraordinary item	12,537	35,246	38,177	67,391
Income tax expense	(4,514)	(12,826)	(13,744)	(24,704)
Income before extraordinary item	8,023	22,420	24,433	42,687
Extraordinary loss on extinguishment of debt, net of tax	--	--	--	(469)
Net income	$ 8,023	$ 22,420	$ 24,433	$ 42,218
EARNINGS PER COMMON SHARE				
Basic				
Income before extraordinary item	$ 0.18	$ 0.52	$ 0.56	$ 0.99
Extraordinary item	--	--	--	(0.01)
Net income	$ 0.18	$ 0.52	$ 0.56	$ 0.98
Diluted				
Income before extraordinary item	$ 0.18	$ 0.50	$ 0.56	$ 0.96
Extraordinary item	--	--	--	(0.01)
Net income	$ 0.18	$ 0.50	$ 0.56	$ 0.95
Weighted average shares outstanding				
Basic	43,454	43,339	43,328	43,242
Diluted	43,510	44,682	43,443	44,501

The accompanying notes are an integral part of these statements.

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

In thousands	UNAUDITED SIX MONTHS ENDED JUNE 30 2000	1999
OPERATING ACTIVITIES		
Net income	$ 24,433	$ 42,218
Adjustments to reconcile net income to cash provided by operations:		
Extraordinary loss on extinguishment of debt	--	469
Depreciation and amortization	21,627	20,373
Provision for ESOP contribution	1,157	2,262
Gain on sale of product line	(4,375)	--
Changes in operating assets and liabilities, net of acquisitions		
Accounts receivable	(9,792)	12,499
Inventories	(12,301)	(13,611)
Accounts payable	(2,531)	(18,793)
Accrued income taxes	2,260	6,456
Accrued liabilities and customer deposits	(6,984)	(1,984)
Other assets and liabilities	7,782	(5,281)
Net cash provided by operating activities	21,276	44,608
INVESTING ACTIVITIES		
Purchase of property, plant and equipment, net	(11,999)	(18,039)
Acquisitions of businesses, net of cash acquired	--	(32,242)
Cash received from disposition of product line	5,500	--
Other	--	(1,538)
Net cash used for investing activities	(6,499)	(51,819)
FINANCING ACTIVITIES		
Proceeds from (repayments of) credit agreements	10,500	(25,377)
Proceeds from senior notes offering	--	75,000
Repayments of other borrowings	(17,876)	(40,492)
Purchase of treasury stock	(4,369)	--
Cash dividends	(852)	(493)
Proceeds from exercise of stock options and other benefit plans	3,542	2,625
Other	--	(818)
Net cash (used for) provided by financing activities	(9,055)	10,445
Effect of changes in currency exchange rates	(5,905)	778
(Decrease) increase in cash	(183)	4,012
Cash, beginning of year	7,056	8,983
Cash, end of period	$ 6,873	$ 12,995

The accompanying notes are an integral part of these statements.

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2000 (UNAUDITED)

1. BUSINESS

Westinghouse Air Brake Technologies Corporation (the "Company", "Wabtec") is North America's largest manufacturer of value-added equipment for locomotives, railway freight cars and passenger transit vehicles. Our major products are intended to enhance safety, improve productivity and reduce maintenance costs for our customers and include electronic controls and monitors, air brakes, traction motors, cooling equipment, turbochargers, low-horsepower locomotives, couplers, door controls, draft gears and brake shoes. The Company aggressively pursues technological advances with respect to both new product development and product enhancements.

The Company has two reporting segments: Freight Group and Transit Group. Although approximately 60% of the Company's sales are to the aftermarket, a significant portion of the Freight Group's operations and revenue base is generally dependent on the capital replacement cycles for locomotives and freight cars of the large North American-based railroad companies. The Transit Group's operations are dependent on the budgeting and expenditure appropriation process of federal, state and local governmental units for mass transit needs established by public policy.

2. ACCOUNTING POLICIES

BASIS OF PRESENTATION The unaudited condensed consolidated interim financial statements have been prepared in accordance with generally accepted accounting principles and the rules and regulations of the Securities and Exchange Commission and include the accounts of Wabtec and its majority owned subsidiaries. These condensed interim financial statements do not include all of the information and footnotes required for complete financial statements. In management's opinion, these financial statements reflect all adjustments, which are of a normal, recurring nature, necessary for a fair presentation of the results for the interim periods presented. Results for these interim periods are not necessarily indicative of results to be expected for the full year. Certain prior period amounts have been reclassified, where necessary, to conform to the current period presentation.

The Company operates on a four-four-five week accounting quarter, and accordingly, the quarters end on or about March 31, June 30, September 30 and December 31.

The notes included herein should be read in conjunction with the audited consolidated financial statements included in Wabtec's Annual Report on Form 10-K for the year ended December 31, 1999.

REVENUE RECOGNITION Revenue is recognized when products have been shipped to the respective customers and the price for the product has been determined.

The Company recognizes revenues on long-term contracts based on the percentage of completion method of accounting. Contract revenues and cost estimates are reviewed and revised at a minimum quarterly and adjustments are reflected in the accounting period as known. Provisions are made currently for estimated losses on uncompleted contracts.

Costs and estimated earnings in excess of billings ("underbillings") and billings in excess of costs and estimated earnings ("overbillings") on the contract in progress are recorded on the balance sheet and are classified as non-current .

USE OF ESTIMATES The preparation of financial statements in conformity with generally accepted accounting principles requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from the estimates.

OTHER COMPREHENSIVE INCOME Comprehensive income is defined as net income and all nonowner changes in shareholders' equity. The Company's accumulated other comprehensive income (loss) consists entirely of foreign currency translation adjustments. Total comprehensive income for the three months and six months ended June 30, 2000 and 1999 was $2.9 million and $16.9 million, and $24.3 million and $44.6 million, respectively.

3. MERGERS AND ACQUISITIONS

On November 19, 1999, Westinghouse Air Brake Company (WABCO) merged with MotivePower Industries, Inc. (MotivePower) to form Wabtec. The Company issued approximately 18 million shares of the Company's Common Stock to former MotivePower shareholders and reserved approximately 2 million shares for the contingent exercise of stock options. The transaction was accounted for by the pooling-of-interests accounting method. Accordingly, the condensed consolidated financial statements have been restated giving effect to this transaction as if it had occurred as of the beginning of the earliest period presented.

The combined results of the Company and separate results of WABCO and MotivePower for the three months and six months ended June 30, 1999 were as follows:

Three months ended June 30, 1999:

In thousands	SALES	EXTRAORDINARY ITEM	NET INCOME
WABCO	$193,981	--	$13,213
MotivePower	98,663	--	9,207
Combined	$292,644	--	$22,420

Six months ended June 30, 1999:

In thousands	SALES	EXTRAORDINARY ITEM	NET INCOME
WABCO	$385,185	(469)	$25,133
MotivePower	205,937	--	17,085
Combined	$591,122	(469)	$42,218

During 1999, the Company completed the following acquisitions:

i) In January 1999, the Company acquired certain assets of G&G Locotronics, a privately held designer of high voltage electrical cabinets and control stands for locomotives, for total consideration of $17.8 million.

ii) In January 1999, the Company acquired 100% of the Common Stock of Q-Tron, Ltd., a privately held designer and manufacturer of locomotive electronics equipment, for total consideration of $14.9 million.

iii) In February 1999, the Company acquired the mass transit electrical inverter and converter product line of AGC System & Technologies, Inc. of Canada for approximately $960,000.

The 1999 acquisitions were accounted for under the purchase method. Accordingly, the results of operations of the applicable acquisition are included in the Company's financial statements prospectively from the acquisition date.

4. 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. Cores inventory is defined as inventory units designated for unit exchange programs. The components of inventory, net of reserves, were:

In thousands	JUNE 30 2000	DECEMBER 31 1999
Cores	$34,867	$29,999
Raw materials	95,731	99,948
Work-in-process	55,765	47,319
Finished goods	36,416	34,130
Total inventory	$222,779	$211,396

5. EARNINGS PER SHARE

The computation of earnings per share is as follows:

In thousands, except per share	THREE MONTHS ENDED JUNE 30 2000	1999
BASIC EARNINGS PER SHARE		
Income before extraordinary item applicable to common shareholders	$ 8,023	$22,420
Divided by		
Weighted average shares outstanding	43,454	43,339
Basic earnings per share before extraordinary item	$0.18	$0.52
DILUTED EARNINGS PER SHARE		
Income before extraordinary item applicable to common shareholders	$ 8,023	$22,420
Divided by sum of		
Weighted average shares outstanding	43,454	43,339
Conversion of dilutive stock options	56	1,343
Diluted shares outstanding	43,510	44,682
Diluted earnings per share before extraordinary item	$0.18	$0.50

In thousands, except per share	SIX MONTHS ENDED JUNE 30 2000	1999
BASIC EARNINGS PER SHARE		
Income before extraordinary item applicable to common shareholders	$24,433	$42,687
Divided by		

Weighted average shares outstanding	43,328	43,242
Basic earnings per share before extraordinary item	$0.56	$0.99
DILUTED EARNINGS PER SHARE		
Income before extraordinary item applicable to common shareholders	$24,433	$42,687
Divided by sum of		
Weighted average shares outstanding	43,328	43,242
Conversion of dilutive stock options	115	1,259
Diluted shares outstanding	43,443	44,501
Diluted earnings per share before extraordinary item	$ 0.56	$ 0.96

6. COMMITMENTS AND CONTINGENCIES

The Company is subject to a RCRA Part B Closure Permit ("the Permit") issued by the Environmental Protection Agency (EPA) and the Idaho Department of Health and Welfare, Division of Environmental Quality relating to the monitoring and treatment of groundwater contamination on, and adjacent to, the MotivePower Company facility. In compliance with the Permit, the Company has drilled wells onsite to retrieve and treat contaminated groundwater, and onsite and offsite to monitor the amount of hazardous constituents. The Company has estimated the expected aggregate discounted liability at June 30, 2000, using a discount rate of 6% for remediation costs to be approximately $4 million, which has been accrued. The Company was in compliance with the Permit at June 30, 2000.

On February 12, 1999, GE Harris Railway Electronics, LLC and GE Harris Railway Electronic Services, LLC (collectively, "GE Harris") brought suit against the Company for alleged patent infringement and unfair competition related to a communications system installed in one of the Company's products. GE Harris is seeking to prohibit the Company from future infringement and is seeking an unspecified amount of money damages to recover, in part, royalties. As this lawsuit is in the discovery stages, the Company is unable to estimate the cost, if any, of resolving litigation and thus, no costs have been provided for. The Company's insurance carrier has agreed to defend and reimburse a portion of the costs of defending this matter.

7. EMPLOYEE STOCK OWNERSHIP PLAN TERMINATION

The Westinghouse Air Brake Company Employee Stock Ownership Plan and Trust (ESOP) terminated August 1, 2000. Cash contributions will be made to the Company's existing defined contribution 401(k) plan as opposed to Company Common Stock previously under the ESOP. In connection with the termination of the ESOP, the Company anticipates making additional discretionary cash contributions to former ESOP participants over the next three years, which the Company estimates the costs to be $2 million in each of the years and incurring a non-cash charge for the write-off of the related deferred tax asset.

8. SEGMENT INFORMATION

Wabtec has two reportable segments - the Freight Group and the Transit Group. The key factors used to identify these reportable segments are the organization and alignment of the Company's internal operations, the nature of the products and services, and customer type. Financial information for these segments has been restated in conjunction with the operational realignment of our organization pursuant to the merger of WABCO and MotivePower. The business segments are:

FREIGHT GROUP manufactures products and provides services geared to the production and operation of freight cars and locomotives, including braking control equipment, engines, traction motors, on-board electronic components and train coupler equipment. Revenues are derived from aftermarket and OEM component sales, locomotive overhauls and from freight car repairs and services.

TRANSIT GROUP consists of products for passenger transit vehicles (typically subways, rail and buses) that include braking, monitoring, climate control and door equipment engineered to meet individual customer specifications. Revenues are derived from OEM component sales and aftermarket sales as well as from repairs and services.

The Company evaluates its business segments' operating results based on income from operations before merger and restructuring charges. Corporate activities include general corporate expenses, elimination of intersegment transactions, interest income and expense and other unallocated charges. Since certain administrative and other operating expenses and other items have not been allocated to business segments, the results in the following tables are not necessarily a measure computed in accordance with generally accepted accounting principles and may not be comparable to other companies.

Segment financial information for the three months ended June 30, 2000 is as follows:

In thousands	FREIGHT GROUP	TRANSIT GROUP	CORPORATE ACTIVITIES	MERGER AND RESTRUCTURING	TOTAL
Sales to external customers	$180,678	$68,486	--	--	$249,164
Intersegment sales/(elimination)	3,158	208	(3,366)	--	-
Total sales	183,836	68,694	(3,366)	--	249,164
Income from operations	25,200	6,770	(4,043)	(5,591)	22,336
Interest expense and other	--	--	(9,799)	--	(9,799)
Income before income taxes and extraordinary item	$25,200	$ 6,770	$(13,842)	$(5,591)	$ 12,537

Segment financial information for the three months ended June 30, 1999 is as follows:

In thousands	FREIGHT GROUP	TRANSIT GROUP	CORPORATE ACTIVITIES	MERGER AND RESTRUCTURING	TOTAL
Sales to external customers	$231,159	$61,485	--	--	$292,644
Intersegment sales/(elimination)	9,352	491	(9,843)	--	--
Total sales	240,511	61,976	(9,843)	--	292,644
Income from operations	46,162	4,889	(4,636)	--	46,415
Interest expense and other	--	--	(11,169)	--	(11,169)
Income before income taxes and extraordinary item	$ 46,162	$ 4,889	$(15,805)	--	$ 35,246

Segment financial information for the six months ended June 30, 2000 is as follows:

In thousands	FREIGHT GROUP	TRANSIT GROUP	CORPORATE ACTIVITIES	MERGER AND RESTRUCTURING	TOTAL
Sales to external customers	$374,726	$133,297	--	--	$508,023
Intersegment sales/(elimination)	6,034	251	(6,285)	--	--
Total sales	380,760	133,548	(6,285)	--	508,023
Income from operations	58,422	13,461	(8,869)	(7,939)	55,075
Interest expense and other	--	--	(16,898)	--	(16,898)
Income before income taxes and extraordinary item	$ 58,422	$ 13,461	$(25,767)	$(7,939)	$ 38,177

Segment financial information for the six months ended June 30, 1999 is as follows:

In thousands	FREIGHT GROUP	TRANSIT GROUP	CORPORATE ACTIVITIES	MERGER AND RESTRUCTURING	TOTAL
Sales to external customers	$474,775	$116,347	--	--	$591,122
Intersegment sales/(elimination)	11,607	532	(12,139)	--	--
Total sales	486,382	116,879	(12,139)	--	591,122
Income from operations	91,654	9,259	(10,796)	--	90,117
Interest expense and other	--	-	(22,726)	--	(22,726)
Income before income taxes and extraordinary item	$91,654	$9,259	$(33,522)	--	$67,391

9. MERGER AND RESTRUCTURING CHARGES

The Company estimates the charges to complete its merger and restructuring plan will now total $75 million pre-tax, with approximately $58 million of the charge previously expensed. The Company incurred additional merger and restructuring-related charges of approximately $7.9 million in the six months ended June 30, 2000 and expects to incur an additional $17 million of merger and restructuring-related expenses later in 2000.

The $7.9 million charge included the following actions:

- Plant closings and plant relocation costs.

- Employee severance and relocation payments related to closing certain plants and consolidating others.

In the six month period ended June 30, 2000, the Company has expended approximately $10.3 million for merger and restructuring activities comprising of the $7.9 million current year charge and $2.4 million for payments made on the remaining 1999 accrual further discussed below.

As of June 30, 2000, $6.3 million of the $50 million merger and restructuring-related charge incurred in 1999 remained accrued on the balance sheet. The table below identifies the significant components of the accrual:

In thousands	TRANSACTION COSTS, SEVERANCE AND TERMINATION BENEFITS	LEASE IMPAIRMENTS	OTHER	TOTAL
Balance at December 31, 1999	$ 2,119	$5,738	$ 848	$ 8,705
Amounts paid	(1,808)	(194)	(419)	(2,421)
Balance at June 30, 2000	$ 311	$5,544	$ 429	$ 6,284

The remaining transaction, severance and termination benefits accrual is for approximately 93 employees, expected to be laid-off in the third and fourth quarter of 2000 as planned. This accrual represents the calculation of the severance package based on the employee's salary and tenure with the Company. The lease impairment charges relate to the relocation of the corporate headquarters, and the Company's evaluation of certain assets. The other category represents other related costs that have been incurred and not yet paid as of June 30, 2000.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the information in the unaudited condensed consolidated financial statements and notes thereto included herein and Westinghouse Air Brake Technologies Corporation's Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in its 1999 Annual Report on Form 10-K .

OVERVIEW

Net income for the first six months of 2000 was $24.4 million, or $.56 per diluted share, as compared to $42.2 million, or $.95 per diluted share in the same period of 1999. The results for the first six months of 2000 include a $7.9 million merger and restructuring charge and a $4.4 million gain on the disposition of a product line. Without the effect of the items aforementioned, net income would have been $26.7 million or $0.61 per diluted share. Net sales decreased 14% in the first six months of 2000 as compared to the same period in 1999. Operating margins in the first six months of 2000 decreased to 10.8% as compared to 15.2% in the first six months of 1999. After excluding the merger and restructuring charges that affect operating income, operating margins in the first six months of 2000 would have been 12.4%.

MERGER AND RESTRUCTURING PLAN

The Company previously announced a merger and restructuring plan pursuant to the merger of the Company and MotivePower Industries, Inc., which is anticipated to yield synergies of $20 million pre-tax in 2000 and produce an ongoing annualized benefit of $25 million pre-tax, by year-end 2000. The Company expects the benefits to be realized through reduced cost of sales and reduced selling, general and administrative expenses. The merger and restructuring plan involves the elimination of duplicate facilities and excess capacity, operational realignment and related workforce reductions, and the evaluation of certain assets as to their perceived ongoing benefit to the Company. The Company estimates the charges to complete the merger and restructuring plan will now total $75 million pre-tax, due to an acceleration of the plan, with approximately $58 million of the charge previously expensed. Of the $17 million charge left to be incurred, the Company expects the remaining charge to occur in the third and fourth quarter of 2000.

The accrual on the balance sheet is discussed in greater detail in Note 9 to "Notes to Condensed Consolidated Financial Statements" included in this report.

SECOND QUARTER 2000 COMPARED TO SECOND QUARTER 1999

The following table sets forth the Company's net sales by business segment:

	THREE MONTHS ENDED JUNE 30	
In thousands	2000	1999
Freight Group	$180,678	$231,159
Transit Group	68,486	61,485
Net sales	$249,164	$292,644

Net sales for the second quarter of 2000 decreased $43.5 million, or 14.9%, to $249.2 million. This decrease was attributable to decreased OEM freight car and locomotive component sales volumes and lower locomotive overhauls, both within the Freight Group. Partially offsetting these decreases were higher Transit Group sales. Sales volumes within the Freight Group reflect a softening OEM market for freight cars, with 14,179 freight cars delivered in the second quarter of 2000 compared to 18,882 in the same period of 1999. In 2000, the Company expects the OEM freight car and locomotive industries to deliver approximately 50,000 and 1,100 new freight cars and locomotives, respectively.

Gross profit decreased to $67.3 million in the second quarter of 2000 compared to $91 million in the same period of 1999. Gross margin is dependent on a number of factors including sales volume and product mix. Gross margin, as a percentage of sales, was 27% compared to 31.1% in 1999. Overall, this decrease is primarily attributed to the effect of the decrease in sales volumes totaling approximately $17 million. The balance is a result of changes to sales mix primarily from increased sales of Transit Group products at lower margins as compared to the Company's historical results and manufacturing inefficiencies principally related to merger integration efforts.

Total operating expenses as a percentage of net sales were 18% in the second quarter of 2000 and 15.2% in the same period a year ago. After excluding the second quarter 2000 $5.6 million merger and restructuring charge, operating expenses would have been 15.8% of net sales. Total operating expenses remained virtually the same, or without the merger and restructuring charge, decreased by $5.3 million in the comparison. This reduction was primarily due to continuing cost reduction programs and synergies from the merger.

Operating income totaled $22.3 million (or 8.9% of sales) in the second quarter of 2000 compared with $46.4 million (or 15.9%) in the same period of 1999. After excluding the merger and restructuring charges that affect operating income, operating income would have been $27.9 million (or 11.2% of sales). Lower operating income resulted from decreased sales volumes in the Freight Group and overall changes to product mix. (See Note 8 - "Notes to Condensed Consolidated Financial Statements" regarding segment-specific information, included elsewhere in this report).

Other income of approximately $1 million was recorded in the second quarter of 2000 representing a foreign exchange gain as compared to a $31,000 loss in the prior year period.

SIX MONTH PERIOD OF 2000 COMPARED TO SIX MONTH PERIOD OF 1999

A number of events have occurred over the comparative period that impacted the Company's results of operations and financial condition including:

- Expected decreases in component sales due to a slowdown in U.S. freight car and locomotive deliveries, and a downturn in the locomotive overhauling market.
- Improved sales and backlog in the transit business due to increased governmental spending for transit equipment.

The following table sets forth the Company's net sales by business segment:

	SIX MONTHS ENDED JUNE 30	
In thousands	2000	1999
Freight Group	$374,726	$474,775
Transit Group	133,297	116,347
Net sales	$508,023	$591,122

Net sales for the first six months of 2000 decreased $83 million, or 14.1%, to $508 million. This decrease was attributable to decreased OEM freight car and locomotive component sales volumes and lower locomotive overhauls, both within the Freight Group. Partially offsetting these decreases were higher Transit Group sales. Sales volumes within the Freight Group reflect a softening OEM market for freight cars, with 31,046 freight cars delivered in the first six months of 2000 compared to 40,442 in the same period of 1999. In 2000, the Company expects the OEM freight car and locomotive industries to deliver approximately 50,000 and 1,100 new freight cars and locomotives, respectively.

Gross profit decreased to $143.8 million in the first six months of 2000 compared to $180.1 million in the same period of 1999. Gross margin, as a percentage of sales, was 28.3% compared to 30.5% in 1999. Gross margin is dependent on a number of factors including sales volume and product mix. Favorable sales volumes in the Transit Group were offset by decreases in volumes within the Freight Group. Overall, this decrease is attributed to the affect of a decrease in sales volumes totaling approximately $33 million with the balance a result of changes to sales mix primarily from increased sales of Transit Group products at lower margins as compared to the Company's historical results.

Total operating expenses as a percentage of net sales were 17.5% in the first six months of 2000 as compared to 15.2% in the same period a year ago. After excluding the six month period of 2000 merger and restructuring charges of $7.9 million, operating expenses would have been 15.9% of net sales. Total operating expenses decreased $1.3 million, or $9.2 million without the merger and restructuring charge, in the comparison. This reduction was primarily due to continuing cost reduction programs and synergies from the merger.

Operating income totaled $55.1 million (or 10.8% of sales) in the first six months of 2000 compared with $90.1 million (or 15.2% of sales) in the same period of 1999. After excluding the merger and restructuring charges that effect operating income, operating income would have been $63 million (or 12.4% of sales). Lower operating income resulted from decreased sales volumes in the Freight Group and overall changes to product mix. (See Note 8 - "Notes to Condensed Consolidated Financial Statements" regarding segment-specific information, included elsewhere in this report).

In February 2000, the Company disposed of a product line for $5.5 million in cash and recognized a gain of $4.4 million, which is reported as other income.

In the first six months of 2000, the effective tax rate improved to an annual rate of 36% from 36.7% a year ago, primarily from additional benefits through our Foreign Sales Corporation.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity is provided primarily by operating cash flow and borrowings under the Company's credit facilities with a consortium of commercial banks ("credit agreement"). The following is a summary of selected cash flow information and other relevant data.

In thousands	SIX MONTHS ENDED JUNE 30 2000	1999
Cash provided (used) by:		
Operating activities	$21,276	$44,608
Investing activities-business acquisitions	--	(32,242)
Investing activities-sale of product line	5,500	--
Investing activities-other	(11,999)	(19,577)
Financing activities	(9,055)	10,445
Earnings before interest, taxes, depreciation and amortization (EBITDA)	76,702	110,490
Adjusted EBITDA (before merger and restructuring charges)	84,641	110,490

Operating cash flow in the first six months of 2000 was $21.3 million compared to $44.6 million in the same period a year ago. Working capital increased 11% since December 31, 1999, primarily due to an increase in accounts receivable and inventories. During the first six months of 2000, cash outlays for merger and restructuring activities were approximately $10.3 million and are reported as a reduction to cash provided by operating activities. Excluding these cash outlays, cash provided by operating activities would have been approximately $31.7 million. Adjusted EBITDA, excluding the merger and restructuring charge, was $84.6 million in the first six months of 2000 as compared to $110.5 million in the same period in 1999.

Cash used for investing activities declined in the first six months of 2000 to $6.5 million from $51.8 million a year ago. In the first six months of 2000, cash received from the sale of a product line was $5.5 million. In the first six months of 1999, $32.2 million was used for certain business acquisitions. Capital expenditures were $12 million and $18 million in the first six months of 2000 and 1999, respectively. The majority of capital expenditures for these periods relates to upgrades to existing equipment, replacement of existing equipment and purchases of new equipment due to expansion of Wabtec's operations, where the Company believes overall cost savings can be achieved through increasing efficiencies. The Company expects 2000 capital expenditures for equipment purchased for similar purposes to approximate $30 million to $35 million.

Cash used for financing activities was $9.1 million in the first six months of 2000 versus cash provided by financing activities of $10.4 million in the same period a year ago. In the first six months of 2000, the Company reduced long-term debt by approximately $7.4 million. The Company issued $75 million of senior notes in the first quarter of 1999 to repay amounts outstanding on certain unsecured bank term debt and repaid a portion of the Company's previous revolving credit facility. Historically, the Company has financed the purchase of significant businesses utilizing the amounts available under its credit facilities.

The Company estimates the charges to complete the merger and restructuring plan will total $75 million pre-tax with approximately $58 million of the charge expensed to date.

The Company has recently adopted a plan by which it may purchase up to $75 million of Company Common Stock through open market purchases, utilizing primarily cash generated from operations and equity forward contracts.

Based on anticipated cash flow provided by operations, forecasted results and credit available under the credit agreement, the Company believes it will be able to make planned capital expenditures and required debt payments over the next twelve months.

The following table sets forth the Company's outstanding indebtedness and average interest rates at June 30, 2000. The revolving credit note and other term loan interest rates are variable and dependent on market conditions.

In thousands	JUNE 30 2000	DECEMBER 31 1999
Revolving credit, 7.84%	$378,500	$368,000
9 3/8% Senior notes	175,000	175,000
Pulse note, 9.5%	--	16,990
5.5% Industrial revenue bond due 2008	6,463	6,749
Other	1,248	1,848
Total	561,211	568,587
Less-current portion	749	743
Long-term portion	$560,462	$567,844

Credit Agreement

In November 1999, in connection with the merger, WABCO terminated its then existing credit agreement and refinanced the then existing MotivePower credit agreement with a consortium of commercial banks. This unsecured credit agreement provides for a $275 million five-year revolving credit facility and a 364-day $275 million convertible revolving credit facility. At June 30, 2000, the Company had available borrowing capacity, net of letters of credit, of approximately $147 million.

9 3/8% Senior Notes Due June 2005

In June 1995, the Company issued $100 million of 9.375% Senior Notes due in 2005 (the "1995 Notes"). In January 1999, the Company issued an additional $75 million of 9.375% Senior Notes which are due in 2005 (the "1999 Notes"; the 1995 Notes and the 1999 Notes are collectively, the "Notes"). The 1999 Notes were issued at a premium resulting in an effective rate of 8.5%. The terms of the 1995 Notes and the 1999 Notes are substantially the same, and the 1995 Notes and the 1999 Notes were issued pursuant to indentures that are substantially the same. The issuance of the 1999 Notes improved the Company's financial liquidity by i) using a portion of the proceeds to repay a short-term, $30 million loan associated with the Rockwell acquisition that bore interest at 9.56%; ii) using a portion of the proceeds to repay variable-rate revolving credit borrowings thereby increasing amounts available under the revolving credit facility; and iii) repaying the remaining unpaid principal of $10.2 million from the Comet acquisition. As a result of this issuance, the Company wrote off previously capitalized debt issuance costs of $469,000, net of tax, or approximately $.01 per diluted share, in the first quarter of 1999.

Pulse Note

As partial payment for the Pulse acquisition, the Company issued a $17 million note due January 31, 2004, with interest in 1999 at 9.5%. In January 2000, this note was repaid.

Principal repayments of outstanding loan balances are due at various intervals until maturity.

Management believes, based upon current levels of operations and forecasted earnings, that cash flow from operations, together with borrowings under the credit agreement, will be adequate to make 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 for the foreseeable future, including 2001. The increase in financial liquidity was primarily the result of changing the base available for borrowing under the November 1999 refinanced credit agreement. The issuance of the 1999 Notes also increased the Company's liquidity by reducing its outstanding revolving credit borrowings and thereby increasing its available borrowing capacity.

Nevertheless, the Company will remain leveraged to a significant extent and its debt service obligations will continue to be substantial. The debt of the Company requires the dedication of a substantial portion of future cash flows to the payment of principal and interest on indebtedness, thereby reducing funds available for capital expenditures and future business opportunities that the Company believes are available. The Company believes cash flow and liquidity will be sufficient to meet its debt service requirements. If the Company's sources of funds were to fail 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 such new financing alternatives would be available, and, in any case, such new financing, if available, would be expected to be more costly and burdensome than the debt agreements currently in place.

FORWARD LOOKING STATEMENTS

We believe that all statements other than statements of historical facts included in this report, including certain statements under "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," may constitute forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that our assumptions made in connection with the forward-looking statements are reasonable, we cannot assure you that our assumptions and expectations are correct.

These forward-looking statements are subject to various risks, uncertainties and assumptions about us, including, among other things:

Economic and Industry Conditions

- materially adverse changes in economic or industry conditions generally or in the markets served by us, including North America, South America, Europe, Australia and Asia;
- demand for services in the freight and passenger rail industry;
- consolidations in the rail industry;
- demand for our products and services;
- continued outsourcing by our customers;
- demand for freight cars, locomotives, passenger transit cars and buses;
- industry demand for faster and more efficient braking equipment;
- fluctuations in interest rates.

Operating Factors

- supply disruptions;
- technical difficulties;
- changes in operating conditions and costs;
- successful introduction of new products;
- labor relations;
- completion and integration of additional acquisitions;
- the development and use of new technology.

Competitive Factors

- the actions of competitors.

Political/Governmental Factors

- political stability in relevant areas of the world;
- future regulation/deregulation of our customers and/or the rail industry;
- governmental funding for some of our customers;
- political developments and laws and regulations, such as forced divestiture of assets, restrictions on production, imports or exports, price controls, tax increases and retroactive tax claims, expropriation of property, cancellation of contract rights, and environmental regulations.

Transaction or Commercial Factors

- the outcome of negotiations with partners, governments, suppliers, customers or others; and

- our ability to complete the integration of the Westinghouse Air Brake and MotivePower businesses so to achieve the stated synergies.

The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

INTEREST RATE RISK In the ordinary course of business, Wabtec is exposed to risks that increases in interest rates may adversely affect funding costs associated with $269.7 million of variable-rate debt (considering the effects of existing interest rate swaps), which represents 48% of total long-term debt at June 30, 2000. The Company has recently entered into several new interest rate swap agreements which combined together with previously existing swaps, currently total $110 million in notional value. At June 30, 2000, an instantaneous 100 basis point increase in interest rates would reduce the Company's net income annually by approximately $1.7 million, net of tax, assuming no additional intervention strategies by management.

FOREIGN CURRENCY EXCHANGE RISK The Company periodically enters into several types of financial instruments for the purpose of managing its exposure to foreign currency exchange rate fluctuations in countries in which the Company has significant operations. As of June 30, 2000, the Company had no material instruments outstanding.

Wabtec is also subject to certain risks associated with changes in foreign currency exchange rates to the extent its operations are conducted in currencies other than the U.S. dollar. For the first six months of 2000, approximately 73% of net sales are in the United States, 11% in Canada, 5% in Mexico and 11% in other international locations, primarily Europe. At June 30, 2000, the Company does not believe changes in foreign currency exchanges rates represent a material risk to results of operations, financial position or liquidity.

LEGAL PROCEEDINGS AND COMMITMENTS AND CONTINGENCIES

There were no significant changes to report regarding the Company's legal proceedings and commitments and contingencies.

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Annual Meeting of Stockholders of the Company was held May 24, 2000. Three matters were considered and voted upon at the Annual Meeting: the election of three persons to serve as directors, approve amendment of the 2000 Stock Incentive Plan and 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 2000 fiscal year.

Nominations of Robert J. Brooks, Gregory T.H.Davies and Kim G. Davis to serve as directors for a term expiring in 2003, amendment of the 2000 Stock Incentive Plan and the appointment of Arthur Andersen were considered and ultimately approved.

Nominee	Votes For	Votes Against	Votes Withheld	Broker Non-Votes
Robert J. Brooks	45,189,989	--	655,277	--
Gregory T.H. Davies	45,118,502	--	726,764	--
Kim G. Davis	45,240,909	--	604,357	--

	Votes For	Votes Against	Votes Abstained	Broker Non-Votes
Approve amendment of 2000 Stock Incentive Plan	29,941,994	9,503,478	262,366	--
Arthur Andersen LLP as auditors for 2000	45,722,571	91,546	31,148	--

EXHIBITS AND REPORTS ON FORM 8-K

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
27	Financial Data Schedule as of and for the Six Months ended June 30, 2000

There were no Current Reports on Form 8-K filed during the quarter ended June 30, 2000.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION

By: /s/ ROBERT J. BROOKS

Robert J. Brooks
Chief Financial Officer

Date: August 10, 2000

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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