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, 2002

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 August 13, 2002, 43,363,305 shares of Common Stock of the registrant were issued and outstanding.

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION

JUNE 30, 2002 FORM 10-Q

TABLE OF CONTENTS

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

In thousands, except shares and par value	UNAUDITED JUNE 30 2002	DECEMBER 31 2001
ASSETS		
CURRENT ASSETS		
Cash	$ 38,228	$ 53,949
Accounts receivable	107,982	106,527
Inventories	100,269	104,930
Other current assets	31,378	30,288
Total current assets	277,857	295,694
Property, plant and equipment	324,029	318,188
Accumulated depreciation	(159,619)	(150,493)
Property, plant and equipment, net	164,410	167,695
OTHER ASSETS		
Goodwill, net	198,655	197,991
Other intangibles, net	43,034	45,145
Other noncurrent assets	21,272	23,427
Total other assets	262,961	266,563
Total Assets	$ 705,228	$ 729,952
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 807	$ 782
Accounts payable	74,620	75,150
Customer deposits	11,322	10,314
Accrued income taxes	14,781	43,741
Other accrued liabilities	51,968	56,234
Total current liabilities	153,498	186,221
Long-term debt	240,077	241,088
Reserve for postretirement and pension benefits	29,074	27,544
Other long-term liabilities	25,433	29,828
Total liabilities	448,082	484,681
SHAREHOLDERS' EQUITY		
Common stock, $.01 par value; 100,000,000 shares authorized: 65,447,867 shares issued and 43,343,090 and 43,152,546 outstanding at June 30, 2002 and December 31, 2001, respectively	654	654
Additional paid-in capital	272,421	272,674
Treasury stock, at cost, 22,104,778 and 22,295,322 shares, respectively	(274,857)	(277,489)
Retained earnings	284,616	278,569
Deferred compensation	278	538
Accumulated other comprehensive income (loss)	(25,966)	(29,675)
Total shareholders' equity	257,146	245,271
Total Liabilities and Shareholders' Equity	$ 705,228	$ 729,952

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 2002	2001	UNAUDITED SIX MONTHS ENDED JUNE 30 2002	2001
Net sales	$ 179,808	$ 194,117	$ 357,133	$ 409,422
Cost of sales	(134,452)	(140,540)	(266,997)	(294,432)
Gross profit	45,356	53,577	90,136	114,990
Selling, general and administrative expenses	(22,181)	(22,288)	(46,904)	(46,520)
Restructuring charges	--	(1,106)	--	(1,960)
Engineering expenses	(8,526)	(8,316)	(16,631)	(16,824)
Amortization expense	(1,349)	(3,293)	(2,834)	(6,619)
Total operating expenses	(32,056)	(35,003)	(66,369)	(71,923)
Income from operations	13,300	18,574	23,767	43,067
Other income and expenses				
Interest expense	(5,579)	(8,550)	(10,889)	(19,339)
Other expense, net	(392)	(406)	(1,505)	(1,502)
Income from continuing operations before income taxes	7,329	9,618	11,373	22,226
Income tax expense	(2,565)	(3,239)	(3,981)	(7,778)
Income from continuing operations	4,764	6,379	7,392	14,447
Discontinued operations, net of tax				
Income from discontinued operations	57	1,583	181	3,875
Loss on sale of discontinued operations	--	--	(529)	--
Total discontinued operations	57	1,583	(348)	3,875
Net income	$ 4,821	$ 7,962	$ 7,044	$ 18,323
EARNINGS PER COMMON SHARE				
Basic				
Income from continuing operations	$ 0.11	$ 0.15	$ 0.17	$ 0.34
Income (loss) from discontinued operations	--	0.04	(0.01)	0.09
Net income	$ 0.11	$ 0.19	$ 0.16	$ 0.43
Diluted				
Income from continuing operations	$ 0.11	$ 0.15	$ 0.17	$ 0.33
Income (loss) from discontinued operations	--	0.03	(0.01)	0.09
Net income	$ 0.11	$ 0.18	$ 0.16	$ 0.42
Weighted average shares outstanding				
Basic	43,321	42,937	43,239	42,903
Diluted	43,734	43,212	43,592	43,172

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 2002	2001
OPERATING ACTIVITIES		
Net income	$ 7,044	$ 18,323
Adjustments to reconcile net income to net cash (used for) provided by operations:		
Depreciation and amortization	13,013	16,580
Results of discontinued operations, net of tax	348	(3,875)
Loss on sale of product line	--	521
Other, primarily non-cash restructuring related charges	--	160
Discontinued operations	218	2,208
Changes in operating assets and liabilities, net of acquisition and disposition of product line		
Accounts receivable	374	28,706
Inventories	6,696	6,259
Accounts payable	(283)	(9,482)
Accrued income taxes	(29,231)	9,364
Accrued liabilities and customer deposits	(3,809)	(12,522)
Other assets and liabilities	(4,266)	18,808
Net cash (used for) provided by operating activities	(9,896)	75,050
INVESTING ACTIVITIES		
Purchase of property, plant and equipment, net	(5,327)	(7,632)
Cash received from disposition of discontinued operations	1,400	--
Cash received from disposition of product line	--	4,120
Cash paid for acquisition of product line	(1,654)	(743)
Discontinued operations	(36)	645
Net cash used for investing activities	(5,617)	(3,610)
FINANCING ACTIVITIES		
Repayments of loans under credit agreement	--	(68,000)
Repayments of other borrowings	(1,047)	(471)
Purchase of treasury stock	--	(549)
Proceeds from the issuance of treasury stock from stock options and other benefit plans	2,119	1,099
Cash dividends	(997)	(839)
Net cash provided by (used for) financing activities	75	(68,760)
Effect of changes in currency exchange rates	(283)	(1,373)
(Decrease) increase in cash	(15,721)	1,307
Cash, beginning of year	53,949	6,071
Cash, end of period	$ 38,228	$ 7,378

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, 2002 (UNAUDITED)

1. BUSINESS

Westinghouse Air Brake Technologies Corporation (the "Company", "Wabtec") is one of North America's largest manufacturers 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. Our major product offerings include electronic controls and monitors, air brakes, heat transfer and cooling equipment, switcher and commuter locomotives, couplers, door controls, draft gears and friction products. 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 51% 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 of the large North American-based railroad companies for locomotives and freight cars. 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 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, 2001.

REVENUE RECOGNITION Revenue is recognized in accordance with Staff Accounting Bulletin (SAB) 101, "Revenue Recognition in Financial Statements." Wabtec recognizes revenue upon the passage of title, ownership and risk of loss to the customer.

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.

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. On an ongoing basis, management reviews its estimates based on currently available information. Changes in facts and circumstances may result in revised estimates.

FINANCIAL DERIVATIVES AND HEDGES ACTIVITY The Company has adopted Statement of Financial Accounting Standards ("SFAS") No. 133, and as amended by SFAS 138, "Accounting for Derivative Instruments and Hedging Activities" effective January 1, 2001. In the application, the Company has concluded its interest rate swap contracts qualify for "special cash flow hedge accounting" which permit recording the fair value of the swap and corresponding adjustment to other comprehensive income (loss) on the balance sheet.

RECENT ACCOUNTING PRONOUNCEMENTS In August 2001, the Financial Accounting Standards Board issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Under its provisions, all tangible long-lived assets, whether to be held and used or to be disposed of by sale or other means, will be tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. SFAS No. 144 is effective for fiscal years beginning after December 15, 2001. The Company adopted SFAS 144 in the third quarter of 2001, prior to the time it was required.

In June 2002, the Financial Accounting Standards Board issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 nullifies Emerging Issues Task Force Issue No. 94-3, "Liability

Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity," under which a liability for an exit cost was recognized at the date of an entity's commitment to an exit plan. SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized at fair value when the liability is incurred. The provisions of this statement are effective for exit or disposal activities that are initiated after December 31, 2002.

OTHER COMPREHENSIVE INCOME (LOSS) Comprehensive income (loss) is defined as net income and all nonowner changes in shareholders' equity. The Company's accumulated other comprehensive income (loss) consists of foreign currency translation adjustments, unrealized losses on derivatives designated and qualified as cash flow hedges and pension related adjustments. Total comprehensive income (loss) for the three and six months ended June 30 was:

	THREE MONTHS ENDED JUNE 30	
In thousands	2002	2001
Net Income	$ 4,821	$ 7,962
Foreign Currency Translation	3,134	2,763
Unrealized gain on hedges, net of tax	49	133
Total Comprehensive Income	$ 8,004	$ 10,858

	SIX MONTHS ENDED JUNE 30	
In thousands	2002	2001
Net Income	$ 7,044	$ 18,323
Foreign Currency Translation	3,131	(2,401)
Unrealized gain/(loss) on hedges, net of tax	578	(1,673)
Total Comprehensive Income	$10,753	$ 14,249

The components of accumulated other comprehensive income (loss) consisted of the following at June 30, 2002 and December 31, 2001:

In thousands	JUNE 30 2002	DECEMBER 31 2001
Foreign currency translation	$(17,521)	$(20,652)
Unrealized loss on hedges, net of tax	(1,966)	(2,544)
Additional minimum pension liability, net of tax	(6,479)	(6,479)
Total Comprehensive Loss	$(25,966)	$(29,675)

3. DISCONTINUED OPERATIONS

On November 1, 2001, the Company completed the sale of certain assets to GE Transportation Systems (GETS) for $240 million in cash, subject to adjustment for the finalization of the value of the net assets sold. The assets sold primarily include locomotive aftermarket products and services for which Wabtec is not the original equipment manufacturer.

In accordance with SFAS 144, the operating results of these businesses, along with other small non-core businesses that the Company decided to exit in the fourth quarter of 2001, have been classified as discontinued operations for all years presented and are summarized for the three and six months ended June 30, as follows:

	THREE MONTHS ENDED JUNE 30	
In thousands	2002	2001
Net sales	$2,322	$47,551
Income before income taxes	87	2,379
Income tax expense	30	796
Income from discontinued operations	$ 57	$ 1,583

In thousands	SIX MONTHS ENDED JUNE 30 2002	2001
Net sales	$6,661	$98,791
Income before income taxes	278	5,961
Income tax expense	97	2,086
Income from discontinued operations	$ 181	$ 3,875

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. The components of inventory, net of reserves, were:

In thousands	JUNE 30 2002	DECEMBER 31 2001
Raw materials	$ 62,122	$ 60,013
Work-in-process	30,397	34,265
Finished goods	7,750	10,652
Total inventory	$100,269	$104,930

5. INTANGIBLES

The Company has adopted SFAS No. 142, "Goodwill and Other Intangible Assets" effective January 1, 2002. Under its provisions, all goodwill and other intangible assets with indefinite lives are no longer amortized under a straight-line basis of estimated useful life. Instead, they will be subject to assessments for impairment by applying a fair-value-based test. The Company has completed the Phase I assessment process and has determined that an impairment exists. As previously announced, Wabtec anticipates that the write down in the value of goodwill on its balance sheet will be approximately $80 million, resulting in a non-cash after-tax charge of about $50 million. However, the final amount of the impairment is still being evaluated and the actual impairment may vary from this Phase I estimate. We anticipate completing the Phase II analysis and quantifying the goodwill impairment by the end of the third quarter.

Intangible assets of the Company, other than goodwill, consist of the following:

In thousands	JUNE 30 2002	DECEMBER 31 2001
Patents, tradenames/trademarks and other, net of accumulated amortization of $41,927 and $40,571 (3-40 years)	$37,408	$38,845
Covenants not to compete, net of accumulated amortization of $16,000 and $15,326 (5 years)	2,153	2,827
Intangible pension asset	3,473	3,473
Total	$43,034	$45,145

Amortization expense for intangible assets was $1.3 and $2.8 million for the three and six months ended June 30, 2002. Estimated amortization expense for the remainder of 2002 and the five succeeding years are as follows (in thousands):

2002 (remainder)	$2,803
2003	5,239
2004	3,903
2005	2,962
2006	2,297
2007	2,084

The changes in the carrying amount of goodwill by segment for the six months ended June 30, 2002 are as follows:

In thousands	FREIGHT GROUP	TRANSIT GROUP	TOTAL
Balance at December 31, 2001	$174,288	$23,703	$197,991
Goodwill acquired	664	--	664
Balance at June 30, 2002	$174,952	$23,703	$198,655

Actual results of operations for the three and six months ended June 30, 2002 and pro forma results of operations for the same period of 2001 had we applied the non-amortization provisions of SFAS No. 142 in these periods are as follows:

In thousands, except per share amounts	THREE MONTHS ENDED JUNE 30 2002	2001
Reported net income	$ 4,821	$ 7,962
Add: goodwill amortization, net of tax	--	1,111
Adjusted net income	$ 4,821	$ 9,073
Basic earnings per share		
Reported net income	$ 0.11	$ 0.19
Goodwill amortization	--	0.03
Adjusted net income	$ 0.11	$ 0.22
Diluted earnings per share		
Reported net income	$ 0.11	$ 0.18
Goodwill amortization	--	0.03
Adjusted net income	$ 0.11	$ 0.21

In thousands, except per share amounts	SIX MONTHS ENDED JUNE 30 2002	2001
Reported net income	$ 7,044	$ 18,323
Add: goodwill amortization, net of tax	--	2,192
Adjusted net income	$ 7,044	$ 20,515
Basic earnings per share		
Reported net income	$ 0.16	$ 0.43
Goodwill amortization	--	0.05

Adjusted net income	$ 0.16	$ 0.48
Diluted earnings per share		
Reported net income	$ 0.16	$ 0.42
Goodwill amortization	--	0.05
Adjusted net income	$ 0.16	$ 0.47

6. EARNINGS PER SHARE

The computation of earnings per share is as follows:

In thousands, except per share	THREE MONTHS ENDED JUNE 30 2002	2001
BASIC EARNINGS PER SHARE		
Income applicable to common shareholders	$ 4,821	$ 7,962
Divided by		
Weighted average shares outstanding	43,321	42,937
Basic earnings per share	$ 0.11	$ 0.19
DILUTED EARNINGS PER SHARE		
Income applicable to common shareholders	$ 4,821	$ 7,962
Divided by sum of the		
Weighted average shares outstanding	43,321	42,937
Conversion of dilutive stock options	413	275
Diluted shares outstanding	43,734	43,212
Diluted earnings per share	$ 0.11	$ 0.18

In thousands, except per share	SIX MONTHS ENDED JUNE 30 2002	2001
BASIC EARNINGS PER SHARE		
Income applicable to common shareholders	$ 7,044	$18,323
Divided by		
Weighted average shares outstanding	43,239	42,903
Basic earnings per share	$ 0.16	$ 0.43
DILUTED EARNINGS PER SHARE		
Income applicable to common shareholders	$ 7,044	$18,323
Divided by sum of the		
Weighted average shares outstanding	43,239	42,903
Conversion of dilutive stock options	353	269
Diluted shares outstanding	43,592	43,172
Diluted earnings per share	$ 0.16	$ 0.42

7. COMMITMENTS AND CONTINGENCIES

Under the terms of the purchase agreement and related documents for the 1990 Acquisition, American Standard, Inc. ("ASI"), has indemnified the Company for certain items including, among others, environmental claims. The indemnification provisions of the agreement expired at various dates through 2000, except for those claims, which were timely asserted, which continue until resolved. If ASI was unable to honor or meet these indemnifications, the Company would be responsible for such items. In the opinion of management, ASI currently has the ability to meet its indemnification obligations.

The Company's and its affiliates' operations do not use and their products do not contain any asbestos. Asbestos actions have been filed against the Company and certain of its affiliates. Consistent with the experience of others, the number of claims have increased in recent years. However, it is important to note that these asbestos claims involve products sold prior to the 1990 formation of the Company. The Company and its affiliates have not incurred any significant costs related to these asbestos claims. The claims are covered by insurance or are subject to indemnity from the companies who manufactured or sold the products in question. Management believes that these claims will not be material; and accordingly, the financial statements do not reflect any costs or reserves for such claims.

The Company is subject to a number of other commitments and contingencies as described in its Annual Report on Form 10-K for the Year Ended December 31, 2001. During the first two quarters of 2002, there were no material changes to the information described in Note 18 therein.

Also, as described in Note 18 of the Form 10-K, 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 Industries (Boise, Idaho) facility. In compliance with the Permit, the Company has completed the first phase of an accelerated plan for the treatment of contaminated groundwater, and continues onsite and offsite monitoring for the amount of hazardous constituents. At June 30, 2002, the Company has accrued $940,000 representing the estimated remaining costs for remediation. The Company was in compliance with the Permit at June 30, 2002.

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. 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, on-board electronic components and train coupler equipment. Revenues are derived from OEM sales and locomotive overhauls, aftermarket sales and from freight car repairs and services.

TRANSIT GROUP consists of products for passenger transit vehicles (typically subways, commuter rail and buses) that include braking, coupling, and monitoring systems, climate control and door equipment that are engineered to meet individual customer specifications. Revenues are derived from OEM 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, 2002 is as follows:

In thousands	FREIGHT GROUP	TRANSIT GROUP	CORPORATE ACTIVITIES	RESTRUCTURING	TOTAL
Sales to external customers	$ 106,760	$ 73,048	--	--	$ 179,808
Intersegment sales/(elimination)	2,572	119	(2,691)	--	--
Total sales	$ 109,332	$ 73,167	$ (2,691)	--	$ 179,808
Income from operations	$ 11,168	$ 7,406	$ (5,274)	--	$ 13,300
Interest expense and other	--	--	(5,971)	--	(5,971)
Income before income taxes	$ 11,168	$ 7,406	$ (11,245)	--	$ 7,329

Segment financial information for the three months ended June 30, 2001 is as follows:

In thousands	FREIGHT GROUP	TRANSIT GROUP	CORPORATE ACTIVITIES	RESTRUCTURING	TOTAL
Sales to external customers	$ 120,367	$ 73,750	--	--	$ 194,117
Intersegment sales/(elimination)	2,670	294	(2,964)	--	--
Total sales	$ 123,037	$ 74,044	$ (2,964)	--	$ 194,117
Income from operations	$ 15,925	$ 8,199	$ (4,444)	$ (1,106)	$ 18,574
Interest expense and other	--	--	(8,956)	--	(8,956)
Income before income taxes	$ 15,925	$ 8,199	$ (13,400)	$ (1,106)	$ 9,618

Segment financial information for the six months ended June 30, 2002 is as follows:

In thousands	FREIGHT GROUP	TRANSIT GROUP	CORPORATE ACTIVITIES	RESTRUCTURING	TOTAL
Sales to external customers	$ 215,367	$ 141,766	--	--	$ 357,133
Intersegment sales/(elimination)	5,468	226	(5,694)	--	--
Total sales	$ 220,835	$ 141,992	$ (5,694)	--	$ 357,133
Income from operations	$ 21,027	$ 13,255	$ (10,515)	--	$ 23,767
Interest expense and other	--	--	(12,394)	--	(12,394)
Income before income taxes	$ 21,027	$ 13,255	$ (22,909)	--	$ 11,373

Segment financial information for the six months ended June 30, 2001 is as follows:

In thousands	FREIGHT GROUP	TRANSIT GROUP	CORPORATE ACTIVITIES	RESTRUCTURING	TOTAL
Sales to external customers	$ 259,962	$ 149,460	--	--	$ 409,422
Intersegment sales/(elimination)	5,925	445	(6,370)	--	--
Total sales	$ 265,887	$ 149,905	$ (6,370)	--	$ 409,422
Income from operations	$ 38,453	$ 15,942	$ (9,368)	$ (1,960)	$ 43,067
Interest expense and other	--	--	(20,841)	--	(20,841)
Income before income taxes	$ 38,453	$ 15,942	$ (30,209)	$ (1,960)	$ 22,226

9. RESTRUCTURING CHARGES

In 2001, the Company completed a merger and restructuring plan with charges totaling $71 million pre-tax, with approximately $49 million of the charge expensed in 1999, $20 million in 2000 and $2 million in 2001. The plan involved 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.

As of June 30, 2002, $1.8 million of the merger and restructuring charge was still remaining as accrued on the balance sheet as part of other accrued liabilities. The table below identifies the significant components of the charge and reflects the accrual balance at that date.

In thousands	LEASE IMPAIRMENTS AND ASSET WRITEDOWNS	SEVERANCE	OTHER	TOTAL
Beginning balance, January 1, 2002	$ 2,458	$ 525	$ 169	$ 3,152
Amounts paid	(688)	(525)	(157)	(1,370)
Balance at June 30, 2002	$ 1,770	$ --	$ 12	$ 1,782

The lease impairment charges and asset writedowns are associated with the Company's closing of several plants, the consolidation of the corporate headquarters, and the Company's evaluation of certain assets where projected cash flows from such assets over their remaining lives are estimated to be less than their carrying values. The other category represents other related costs that have been incurred and not yet paid as of June 30, 2002.

The Company began and completed a new restructuring plan for the Transit rail business in 2001. The restructuring plan involved operational realignment and related workforce reductions. The charges to complete the restructuring plan totaled $2 million pre-tax. The Company estimates synergies from the plan will yield approximately $3 million of annual pre-tax cost savings partially in 2002 and then beyond, with such benefits realized through reduced cost of sales and reduced selling, general and administrative expenses.

10. SUBSEQUENT EVENTS

On July 8, 2002, the Company redeemed $175 million of its senior notes through the use of cash on hand and additional borrowings under its credit agreement. The senior notes were callable at par (face) beginning in June of 2002.

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 2001 Annual Report on Form 10-K.

OVERVIEW

In November 2001, Wabtec sold certain assets to GE Transportation Systems (GETS) for $240 million in cash. The assets sold primarily include locomotive aftermarket products and services for which Wabtec is not the original equipment manufacturer. The results for these businesses, along with other small non-core businesses that the Company has decided to exit, are classified as discontinued operations throughout this report. Prior period results were restated for the discontinued operations format.

Net income for the first six months of 2002 was $7 million, or $0.16 per diluted share, as compared to $18.3 million, or $0.42 per diluted share in the same period in 2001. The results for the first six months of 2002 included a $348,000, net of tax, loss from discontinued operations, while 2001 included $3.9 million, net of tax, of income from discontinued operations and a $2 million restructuring-related charge. Without the effect of the aforementioned items, net income from continuing operations for the first six months of 2002 and 2001 would have been $7.4 million or $0.17 per diluted share and $15.7 million or $0.36 per diluted share. Net sales from continuing operations decreased to $357.1 million in the first six months of 2002 as compared to $409.4 million in the same period in 2001. Operating margins of continuing operations for the first six months of 2002 decreased to 6.7% as compared to 10.5% in the same period in 2001. The drop in net income was essentially volume and mix related.

SECOND QUARTER 2002 COMPARED TO SECOND QUARTER 2001

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

In thousands	THREE MONTHS ENDED JUNE 30 2002	2001
Freight Group	$106,760	$120,367
Transit Group	73,048	73,750
Net sales	$179,808	$194,117

Net sales for the second quarter of 2002 decreased $14.3 million, or 7.4%, to $179.8 million as compared to the prior year period. Both the Freight Group and Transit Group had lower sales. The Freight Group's decreased sales reflected lower sales of components for new freight cars. In the quarter, industry deliveries of new freight cars decreased to 4,155 units as compared to 8,982 in the same period in 2001. The Transit Group's decreased sales were primarily due to lower sales of doors for buses and air conditioning units for rail transit vehicles.

Gross profit decreased to $45.4 million in the second quarter of 2002 compared to $53.6 million in the same period of 2001. Gross profit is dependent on a number of factors including pricing, sales volume and product mix. Gross profit, as a percentage of sales, was 25.2% compared to 27.6% in the same period of 2001. (Gross profit was 25.3% in the first quarter of 2002.) The decrease in gross profit is primarily attributed to the decrease in sales volumes, an unfavorable product mix and pricing pressures.

After excluding goodwill amortization (due to the required adoption of Financial Accounting Standard 142, goodwill is no longer amortized) of $1.7 million and restructuring charges of $1.1 million in the second quarter of 2001, operating expenses were virtually unchanged in the second quarter of 2002 as compared to the same period of 2001.

Operating income totaled $13.3 million (or 7.4% of sales) in the second quarter of 2002 compared with $18.6 million (or 9.6% of sales) in the same period in 2001. Lower operating income resulted from $14.3 million less in sales volumes and overall changes to product mix. (See Note 8 - "Notes to Condensed Consolidated Financial Statements" regarding segment-specific information, included elsewhere in this report).

Interest expense decreased 34.7% in the second quarter of 2002 as compared to the prior year quarter primarily due to a substantial decrease in debt.

The effective income tax rate increased from 33.7% in the second quarter of 2001 to 35% in the second quarter of 2002. The 2001 tax rate reflected the year to date effect of certain tax credits.

SIX MONTH PERIOD OF 2002 COMPARED TO SIX MONTH PERIOD OF 2001

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

In thousands	THREE MONTHS ENDED JUNE 30 2002	2001
Freight Group	$215,367	$259,962
Transit Group	141,766	149,460
Net sales	$357,133	$409,422

Net sales for the first six months of 2002 decreased $52.3 million, or 12.8%, to $357.1 million as compared to the prior year period. Both the Freight Group and Transit Group had lower sales. The Freight Group's decreased sales reflected lower sales of components for new freight cars. In the first six months, industry deliveries of new freight cars decreased to 8,010 units as compared to 20,052 in the same period in 2001. The Transit Group's decreased sales were primarily due to lower sales of doors for buses and air conditioning units for rail transit vehicles.

Gross profit decreased to $90.1 million in the first six months of 2002 compared to $115 million in the same period of 2001. Gross profit is dependent on a number of factors including pricing, sales volume and product mix. Gross profit, as a percentage of sales, was 25.2% compared to 28.1% in the same period of 2001. The decrease in gross profit is primarily attributed to the decrease in sales volumes, an unfavorable product mix and pricing pressures.

After excluding goodwill amortization (due to the required adoption of Financial Accounting Standard 142, goodwill is no longer amortized) of $3.4 million and restructuring charges of $2 million in the first six months of 2001, operating expenses were virtually unchanged in the first six months of 2002 as compared to the same period of 2001.

Operating income totaled $23.8 million (or 6.7% of sales) in the first six months of 2002 compared with $43.1 million (or 10.5% of sales) in the same period in 2001. Lower operating income resulted from $52.3 million less in sales volumes and overall changes to product mix. (See Note 8 - "Notes to Condensed Consolidated Financial Statements" regarding segment-specific information, included elsewhere in this report).

Interest expense decreased 43.7% in the first six months of 2002 as compared to the prior year period primarily due to a substantial decrease in debt.

The effective tax rate was 35% for the first six months of 2002 and 2001.

LIQUIDITY AND CAPITAL RESOURCES

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

	SIX MONTHS ENDED JUNE 30	
In thousands	2002	2001
Cash provided (used) by:		
Operating activities:		
Income taxes	$(29,231)	$ 9,364
Other operating activities	19,335	65,686
Investing activities	(5,617)	(3,610)
Financing activities	75	(68,760)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	36,780	59,647

Operating cash flow in the first six months of 2002 was a use of $9.9 million compared to cash provided of $75.1 million in the same period a year ago. Planned income tax payments of approximately $30 million due primarily to the fourth quarter 2001 net gain from the sale of certain businesses to GETS were the primary use of cash for the first six months of 2002.

Cash used for investing activities was $5.6 million in the first six months of 2002 as compared to $3.6 million a year ago. In the first six months of 2002, cash received from the sale of a product line was $1.4 million, compared to $4.1 million in the first six months of 2001. In the first six months of 2002, $1.7 million was paid for the portion of a business that the Company did not already own as compared to $743,000 for a new product line in the same period of 2001. Capital expenditures in the first six months of 2002 were $5.9 million compared to $11.4 million in the same period a year ago. The majority of capital expenditures for these periods relates to upgrades to existing equipment and replacement of existing equipment to improve the overall cost savings through efficiencies.

Cash provided by financing activities was $75,000 in the first six months of 2002 versus cash used of $68.8 million in the same period a year ago. The Company reduced long-term debt by approximately $1 million in the first six months of 2002 compared to $68.5 million in the same period a year ago.

The following table sets forth the Company's outstanding indebtedness at June 30, 2002. The revolving credit agreement and other term loan interest rates are variable and dependent on market conditions.

In thousands	JUNE 30 2002	DECEMBER 31 2001
Revolving credit agreement	$ 60,000	$ 60,000
9.375% Senior notes due 2005	175,000	175,000
5.5% Industrial revenue bond due 2008	5,237	5,556

Other	647	1,314
Total	$240,884	$241,870
Less-current portion	807	782
Long-term portion	$240,077	$241,088

Credit Agreement

The Company's credit agreement provides a $275 million five-year revolving credit facility expiring in 2004 and a 364-day $100 million convertible revolving credit facility through 2004 which is to be reconfirmed in November 2002. At June 30, 2002, the Company had available borrowing capacity, net of letters of credit, of approximately $291 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 Notes were redeemed at par (face) on July 8, 2002 through the use of cash on hand and additional borrowings under the credit agreement.

The Company believes, based on current levels of operations and forecasted earnings that cash flow and liquidity will be sufficient to fund its working capital and capital equipment needs as well as meeting the 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; and

Transaction or Commercial Factors

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

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.

CRITICAL ACCOUNTING POLICIES

A summary of the Company's significant accounting policies is included in Note 2 to the audited consolidated financial statements contained in the Annual Report on Form 10-K for the year ended December 31, 2001. Management believes that the application of these policies on a consistent basis enables the Company to provide the users of the financial statements with useful and reliable information about the Company's operating results and financial condition.

The preparation of the financial statements in accordance with generally accepted accounting principles requires management to make judgments, estimates and assumptions regarding uncertainties that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Areas of uncertainty that require judgments, estimates and assumptions include the accounting for derivatives, environmental and tax matters as well as the annual testing of goodwill for impairment. Management uses historical experience and all available information to make these judgments and estimates and actual results will inevitably differ from those estimates and assumptions that are used to prepare the Company's financial statements at any given time. Despite these inherent limitations, management believes that Management's Discussion and Analysis and the financial statements and footnotes provide a meaningful and fair perspective of the Company.

RECENT ACCOUNTING PRONOUNCEMENTS

See Notes 2 and 5 of "Notes to Condensed Consolidated Financial Statements" included elsewhere in this report.

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 its variable-rate debt. After considering the effects of interest rate swaps, further described below, the Company's variable-rate debt represents less than 1% of total long-term debt at June 30, 2002. The variable portion is so low because management has entered into pay-fixed, receive-variable interest rate swap contracts that partially mitigate the impact of variable-rate debt interest rate increases. With the redemption of the notes on July 8, 2002, the Company's variable-rate debt became 73% of total long-term debt. At June 30, 2002, an instantaneous 100 basis point increase in interest rates would have minimal impact on the Company's annual earnings, assuming no additional intervention strategies by management. With the redemption of the notes on July 8, 2002, an instantaneous 100 basis point increase in interest rates would reduce the Company's annual earnings by $1.8 million, assuming no additional intervention strategies by management.

See Note 2 of the Company's Notes to Condensed Consolidated Financial Statements for the Quarterly Period Ended June 30, 2002 included herein for discussion of swap contracts. These swap contracts are not expected to have a material effect on the Company's financial condition, results of operations or liquidity.

FOREIGN CURRENCY EXCHANGE RISK

The Company occasionally 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, 2002, the Company had no such 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 2002, approximately 76% of Wabtec's net sales are in the United States, 7% in Canada, 2% in Mexico, and 15% in other international locations, primarily Europe. At June 30, 2002, the Company does not believe changes in foreign currency exchange rates represent a material risk to results of operations, financial position, or liquidity.

LEGAL PROCEEDINGS AND COMMITMENTS AND CONTINGENCIES

There have been no material changes to report regarding the Company's commitments and contingencies as described in Note 18 of the Company's Annual Report on Form 10-K for the Year Ended December 31, 2001.

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Annual Meeting of Stockholders of the Company was held May 22, 2002. One matter was considered and voted upon at the Annual Meeting: the election of three persons to serve as directors.

Nominations of Emilio A. Fernandez, Lee B. Foster, II and James V. Napier to serve as directors for a term expiring in 2005 were considered and each nominee was elected. All three directors are independent and are not employees of the Company.

The voting was as follows:

Nominee	Title	Votes For	Votes Against	Votes Withheld	Broker Non-Votes
Emilio A. Fernandez	Chairman, Pulse Medical Instruments	34,951,512	--	622,426	--
Lee B. Foster, II	Chairman, L. B. Foster Company	34,986,226	--	587,712	--
James V. Napier	Retired Chairman, Scientific Atlanta, Inc.	34,984,919	--	589,019	--

EXHIBITS AND REPORTS ON FORM 8-K

(a) The following exhibits are being filed with this report:

3.1 Restated Certificate of Incorporation of the Company dated January 30, 1995, as amended March 30, 1995, filed as an exhibit to the Company's Registration Statement on Form S-1 (No. 33-90866), and incorporated herein by reference.

3.2 Restated By-Laws of the Company, effective November 19, 1999, filed as part of the Company's Registration Statement on Form S-4 (No. 333-88903, and incorporated herein by reference.

(b) The Company filed a Current Report on Form 8-K dated May 30, 2002 for the change in the Company's certifying accountant from Arthur Andersen LLP to Ernst & Young LLP.

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 14, 2002

CERTIFICATION

Pursuant to 18 U.S.C. Section 1350, the undersigned officers of Wabtec Corporation (the "Company"), hereby certify, to the best of their knowledge, that the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ GREGORY T. H. DAVIES

Gregory T. H. Davies
President & Chief Executive Officer

Date: August 14, 2002

By: /s/ ROBERT J. BROOKS

Robert J. Brooks
Chief Financial Officer

Date: August 14, 2002

EXHIBIT INDEX

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