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

FORM 10-K

MARK ONE

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Act of 1934

For the Fiscal Year Ended December 31, 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 (State or other jurisdiction of incorporation or organization)	25-1615902 (IRS Employer Identification No.)
1001 AIR BRAKE AVENUE WILMERDING, PENNSYLVANIA 15148 (Address of principal executive offices, including zip code)	(412) 825-1000 (Registrant's telephone number)

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

TITLE OF CLASS	NAME OF EXCHANGE ON WHICH REGISTERED
COMMON STOCK, PAR VALUE $.01 PER SHARE	NEW YORK STOCK EXCHANGE

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT: NONE

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 _____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K _____.

As of March 16, 2001, 42,922,780 shares of Common Stock of the registrant were issued and outstanding. The registrant estimates that as of this date, the aggregate market value of the voting shares held by non-affiliates of the registrant was approximately $387.6 million based on the closing price on the New York Stock Exchange for such stock.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Proxy Statement for the registrant's Annual Meeting of Stockholders to be held on May 22, 2001 are incorporated by reference into Part III of this Form 10-K.

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PART I

ITEM 1. BUSINESS

GENERAL

Westinghouse Air Brake Technologies Corporation does business as Wabtec Corporation. All references to "we", "our", "us", the "Company" and "Wabtec" refer to Westinghouse Air Brake Technologies Corporation, a Delaware corporation, and its subsidiaries. The Company was formed from the November 1999 merger of Westinghouse Air Brake Company ("WABCO") and MotivePower Industries, Inc. ("MotivePower"). WABCO has its origin in a business founded by George Westinghouse in 1869. The 1999 merger was accounted for as a "pooling-of-interests." Accordingly, prior period 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 discussions that follow are based on the combined companies for each year.

Wabtec is one of North America's largest providers of value-added, technology-based equipment and services for the rail industry. The Company's products can be found on virtually all U.S. locomotives, freight cars and passenger transit vehicles. The Company is based in Wilmerding, Pa., and has 6,244 employees at facilities throughout North America and around the world.

The Company believes that it maintains a market share in excess of 50% in North America for its primary braking-related equipment, and significant market shares in North America for its other principal products. Wabtec also sells products in Europe, Africa, Australia, South America and Asia. The Company's products, which are intended to enhance safety, improve productivity and reduce maintenance costs for customers, include the following: air brakes, electronic controls and monitors, traction motors, cooling equipment, turbochargers, low-horsepower locomotives, couplers, door controls, draft gears and brake shoes. The Company aggressively pursues technological advances for both new product development and product enhancements.

Management and insiders of the Company own approximately 25% of Wabtec's outstanding shares, with the remaining shares held by investment companies and individuals. The Company encourages its employees to own Wabtec stock so that they have a significant stake in the success of the Company. In addition, executive management incentives are designed to align management interests with those of outside shareholders by focusing on cash flow generation and working capital reduction.

INDUSTRY OVERVIEW

The Company's operating results are strongly influenced by general economic conditions, and the financial conditions and level of activity of the global railroad industry. Rail traffic, in terms of both freight and passengers, is a key factor underlying the demand for the Company's products. Government investment in public rail transportation also plays a significant role.

In 2000, U.S. freight railroads carried a record 1.46 trillion revenue ton-miles (a main indicator of rail activity; defined as weight times distance traveled by Class I railroads), up 1.7% from the prior year. Although ton-miles increased, however, railroads began to defer maintenance of existing locomotives and freight cars to offset significantly higher fuel costs. In addition, railroads had excess capacity of locomotives and freight cars, after the high rate of new equipment deliveries in recent years. As a result, railroads were able to park existing equipment and reduce purchases of aftermarket components for repair and maintenance of their equipment fleets.

Demand for components for new locomotives and freight cars has been strong in recent years due to historically high deliveries of new equipment. In 2000, however, deliveries of new equipment were lower than the previous year for both locomotives and freight cars.

Currently, the active locomotive fleet in the North American market numbers approximately 33,000 units, which include heavy-haul freight locomotives, commuter locomotives and lower-horsepower, short-haul and terminal locomotives. Deliveries of new, heavy-haul locomotives reached approximately 1,400 in 2000 as railroads invested in modernizing a portion of their fleets. This compares to approximately 1,500 in 1999. In 2001, the Company expects the industry to deliver approximately 1,200 new locomotives.

Currently, the active freight car fleet in North America numbers approximately 1.3 million. Deliveries of new freight cars reached a 20-year high of approximately 76,000 in 1998, as railroads and shippers invested in modernizing their fleets. In 2000, new freight car deliveries dropped to approximately 56,000. In 2001, the Company expects the industry to

deliver about 45,000 new freight cars, which would be slightly below the average delivery rate of the past 10 years.

Demand for fleet maintenance services is driven by the railroads' focus on cost reduction and productivity improvements as the industry has consolidated over recent decades, and as railroads consider outsourcing non-transportation functions. When possible, the Company supplies its own component parts for use in overhaul and maintenance under these contracts. In this manner, the locomotive fleet maintenance contracts provide additional opportunities for sales of component parts.

Since the deregulation of the U.S. railroad industry in 1980, freight railroads have reduced their equipment base, consolidated operations, and reduced suppliers in order to lower operating costs and improve their competitive position compared to trucking companies, which compete with the railroad industry. In addition, they have been consolidating and merging, hoping to achieve additional operating and financial efficiencies that will allow them to compete more effectively.

The Company believes these consolidations offer opportunities to increase business with the surviving railroads as these railroads seek operating efficiencies through such means as outsourcing locomotive fleet maintenance and components repair. In addition, the supplier base has been consolidating, and the Company is a primary consolidator. The Company operates in a highly competitive environment, and there can be no assurance that increased rail traffic, higher fleet utilization, or other economically favorable industry conditions will benefit the Company.

Demand for passenger transit original equipment and aftermarket products is driven by the replacement, building and/or expansion programs of transit authorities. These programs are funded in part by federal and state government programs, such as TEA-21 (Intermodal Surface Transportation and Efficiency Act), which is expected to provide up to $42 billion nationally, subject to appropriations for transit-related infrastructure through 2003. Increased funding by federal and state governments under TEA-21 has resulted in strong demand for new passenger transit vehicles.

BUSINESS SEGMENTS AND PRODUCTS

Approximately 58% of net sales in 2000 were derived from the sale of aftermarket replacement parts, repair services and overhaul work purchased by operators of rail vehicles such as railroads, transit authorities, utilities and leasing companies (collectively, "end users" or the "aftermarket"). The balance of sales was directly to North American Original Equipment Manufacturers (OEMs) of locomotives, railway freight cars and passenger transit vehicles. We believe that our substantial installed base of OEM products is a significant competitive advantage for providing products and services to the aftermarket because end-users often look to purchase safety- and performance-related replacement parts from the OEM.

We provide products and services through two principal business segments, the Freight Group and the Transit Group.

FREIGHT GROUP -- Includes products geared to the production of components for and the repair and servicing of freight cars and locomotives. Revenues are derived principally from OEM and aftermarket sales, including repairs and services. Revenues from these products, as a percentage of total net sales, were 73%, 79%, and 80% in 2000, 1999 and 1998, respectively.

Specific product lines within the Freight Group are:

- FREIGHT CAR PRODUCTS AND SERVICES -- We manufacture, sell and service air brake equipment, draft gears, hand brakes and slack adjusters, and composite brake shoes, blocks and pads, for the OEM freight car market and for the aftermarket in the form of parts and repair services. Net sales per typical freight car can vary considerably based upon the type and purpose of the freight platform, with articulated or intermodal cars generally having the highest Wabtec product content. The Company's traditional freight products include the ABDX Freight Brake Valve, the Mark Series draft gears, hand brakes and slack adjusters, and SAC-1(TM) Articulated Coupler.

- LOCOMOTIVE PRODUCTS AND SERVICES -- We manufacture, sell and service air brake equipment, traction motors, generators, alternators, turbochargers, cooling equipment, gearing, diesel engines, compressors, air dryers, slack adjusters, brake cylinders, and monitoring and control equipment for the locomotive OEM and aftermarket.

We also provide fleet maintenance, overhauling and remanufacturing of locomotives and diesel engines, and manufacturing of switcher, commuter and mid-range locomotives up to 4,000 horsepower. The Locomotive product line also includes manufacturing

and distribution of replacement, new and remanufactured components and parts for freight and passenger railroads, including every Class I railroad in North America, industrial power-related markets and, to a lesser extent, OEMs. Wabtec provides aftermarket components for locomotives manufactured by the Electro-Motive Division of General Motors Corporation ("EMD"), certain components for locomotives made by the GE Transportation Systems unit of General Electric Company ("GE") and certain components for Alco locomotives. Wabtec believes it is the leading independent supplier in North America of many aftermarket locomotive components.

Demand for components is influenced by rail traffic activity and the maintenance requirements of the railroads. Currently, railroads have deferred maintenance to offset higher fuel costs. This business is highly competitive, as the Company faces competition from EMD, GE and numerous smaller, independent manufacturers and distributors. EMD and GE accounted for virtually 100% of the new high-horsepower locomotives delivered in the United States in the past five years and, as OEMs, are the principal suppliers of original parts for their locomotives.

-- ELECTRONICS -- We manufacture, sell and service high-quality electronics for the railroads in the form of on-board systems and braking for locomotives and freight cars. We are an industry leader in insulating or "hardening" electronic components to protect them from severe conditions, including extreme temperatures and high/shock vibration environments. Our new product development effort has focused on electronic technology for brakes and controls, and over the past several years, we introduced a number of significant new products including the EPIC(R) Electronic Brake, Electronically Controlled Pneumatic (ECP) freight brake, Positive Train Control equipment that encompasses onboard digital data and global positioning communication protocols, PowerLink(TM), compressor aftercoolers, Train Trax(TM), Trainlink(TM), Train Sentry III(R), Fuellink(TM) and Armadillo(TM).

TRANSIT GROUP -- Includes products for passenger transit vehicles (typically subways and buses). Revenues are derived primarily from OEM and aftermarket component parts sales. Revenues from these products, as a percentage of total net sales, were 27%, 21% and 20% in 2000, 1999 and 1998, respectively.

We manufacture, sell and service electronic brake equipment, pneumatic control equipment, air compressors, tread brakes and disc brakes, couplers, collection equipment, monitoring systems, wheels, climate control and door equipment and other components for passenger transit vehicles. In 1997 we received contracts valued at $150 million to provide equipment for 1,080 passenger transit cars for the Metropolitan Transportation Authority/New York City Transit (the "MTA"). Deliveries of equipment began in late 1999 and are expected to increase significantly during 2001.

Substantially all of our principal passenger transit products are engineered to customer specifications. Consequently, there is less standardization among these products than with the Freight Group products. We believe the OEM market presents an opportunity for improved growth during the next several years as funding from TEA-21 becomes available.

For additional information on our business segments, see Note 16 of "Notes to Consolidated Financial Statements" included in Part II, Item 8 of this report.

STRATEGY

We are committed to building shareholder value by reducing debt and debt service costs, capitalizing on the synergies of our merger with MotivePower Industries and enhancing our leading position as a producer of value-added equipment for the rail industry. Building on our leading market position, strong aftermarket presence and technological leadership, we are pursuing a strategy with the following key elements:

Expand Technology-Driven New Product Development and Product Lines -- We will continue to emphasize research and development to create new and improved products to increase our market share and profitability. We are focusing on technological advances, especially in the areas of electronics, braking products and other on-board equipment, as a means of new product growth.

Increase Repair and Upgrade Services -- By continuing to leverage our broad product offering and our large installed product base, we intend to expand our presence in the repair and upgrade services market. We believe our services are more cost-effective than, and offer product upgrades not available in, most independent repair shops. To capitalize on the growing aftermarket and the railroads' desire to outsource non-transportation functions, we are developing and marketing retrofit and upgrade products that serve as

a platform for offering additional installation, replacement parts and repair services to customers.

Grow International Presence -- We believe that international markets represent a significant opportunity for future growth. Our net sales outside of the United States comprised approximately 27%, 26% and 27% in 2000, 1999, and 1998, respectively (see Note 16 of "Notes to Consolidated Financial Statements" included in Part II, Item 8 of this report). We intend to increase our existing international sales through acquisitions, direct sales of products through our subsidiaries and licensees, and joint ventures with railway suppliers having a strong presence in their local markets.

Pursue Strategic Alliances and Acquisitions -- We intend to pursue strategic alliances and, possibly, acquisitions that expand our product lines, increase our aftermarket business, increase international sales and increase our technical capabilities.

Improve Manufacturing Efficiency and Quality -- We intend to build on what we consider to be a leading position as a low-cost producer in the industry while maintaining world-class product quality, technology and customer responsiveness. Through the Wabtec Quality and Performance System, we are dedicated to "lean manufacturing" principles and continuous improvement across all phases of our business. Our QPS includes employee-directed initiatives through Kaizen, a Japanese-developed team concept used to continuously improve quality, lead time and productivity, and to reduce costs. Our QPS tools also include Statistical Engineering and Value Stream Mapping. These efforts enable us to streamline processes, improve product quality and customer satisfaction, reduce product cycle times and respond more rapidly to market developments.

BACKLOG

The backlog of customer orders as of December 31, 2000, and December 31, 1999, and the expected year of recognition is as follows:

IN THOUSANDS	TOTAL BACKLOG 12/31/00	2001	OTHER YEARS	TOTAL BACKLOG 12/31/99	2000	OTHER YEARS
Freight Group	$624,994	$225,924	$399,070	$ 958,861	$310,848	$648,013
Transit Group	227,443	201,044	26,399	312,310	211,776	100,534
Total	$852,437	$426,968	$425,469	$1,271,171	$522,624	$748,547

The Company's contracts are subject to standard industry cancellation provisions, including cancellations on short notice or upon completion of designated stages, including, without limitation, contracts relating to the MTA. Substantial scope-of-work adjustments are common. For these and other reasons, work in the Company's backlog may be delayed or cancelled and backlog should not be relied upon as an indicator of the Company's future performance. The railroad industry, in general, has historically been subject to fluctuations due to overall economic conditions and the level of use of alternate modes of transportation. The Freight Group has significant multiple year locomotive overhaul and fleet contracts that may provide some level of assurance that additional component parts sales in support of overhauling services will occur in the future.

For OEM passenger transit products, there is a longer lead-time for car deliveries and, accordingly, the Company carries a large backlog of orders.

Based upon widely available industry data concerning freight and locomotive OEM backlog and projected 2001 deliveries (that indicate a decline from 2000 deliveries), the Company believes demand for its products will remain reasonably strong for the foreseeable future.

ENGINEERING AND DEVELOPMENT

Consistent with its strategy of using technology to develop new products, the Company is actively engaged in a variety of engineering and development activities. For the fiscal years ended December 31, 2000, 1999, and 1998, the Company incurred costs of approximately $32.5 million, $35.7 million and $31.6 million, respectively, on product development and improvement activities (exclusive of manufacturing support). Such expenditures represented approximately 3.2%, 3.2%, and 3% of net sales for the same periods, respectively. From time to time, the Company conducts specific research projects in conjunc-

tion with universities, customers and other railroad product suppliers.

The Company's engineering and development program is largely focused upon new braking technologies, with an emphasis on the application of electronics to traditional pneumatic equipment. Electronic actuation of braking has long been a part of the Company's transit product line but interchangeability, connectivity and durability have presented problems to the industry in establishing electronics in freight railway applications. Efforts are proceeding in the enhancement of the major components for existing hard-wired braking equipment and development of new electronic technologies.

INTELLECTUAL PROPERTY

The Company has numerous U.S. patents, patent applications pending and trademarks as well as foreign patents and trademarks throughout the world. The Company also relies on a combination of trade secrets and other intellectual property laws, nondisclosure agreements and other protective measures to establish and protect its proprietary rights in its intellectual property.

Certain trademarks, among them the name WABCO(R), were acquired or licensed by the Company from American Standard Inc. in 1990 at the time of the Company's acquisition of the North American operations of the Railway Products Group of American Standard (the "1990 Acquisition").

The Company is a party, as licensor and licensee, to a variety of license agreements. The Company does not believe that any single license agreement, other than the SAB License discussed in the following paragraph, is of material importance to its business as a whole.

The Company and SAB WABCO Holdings B.V. ("SAB WABCO") entered into a license agreement (the "SAB License") on December 31, 1993, pursuant to which SAB WABCO granted the Company a license to the intellectual property and know-how related to the manufacturing and marketing of certain disc brakes, tread brakes and low noise and resilient wheel products. SAB WABCO is a Swedish corporation that was a former affiliate of the Company, both having been owned by the same parent in the early 1990's.

The Company is authorized to manufacture and sell the licensed products (described above) in North America (including to OEM manufacturers located outside North America if such licensed products are incorporated into a final product to be sold in North America). SAB WABCO has a right of first refusal to supply the Company with bought-in components of the licensed products on commercially competitive terms. To the extent SAB WABCO files additional patent or trademark applications, or develops additional know-how in connection with the licensed products, such additional intellectual property and know-how are also subject to the SAB License. The Company may, at its expense, request the service of SAB WABCO in manufacturing, installing, testing and maintaining the licensed products and providing customer support. SAB WABCO is entitled to a free, nonexclusive license of the use of any improvements to the licensed products developed by the Company. If any such improvements are patented by the Company, SAB WABCO has the right to request the transfer of such patents upon payment of reasonable compensation therefore; in such cases, the Company is entitled to a free, nonexclusive license to use the patented product. Under the SAB license, the Company is required to pay a lump sum fee for certain licensed products as well as royalties based on specified percentages of sales. The SAB license expires December 31, 2003, but may be renewed for additional one-year terms.

CUSTOMERS

A few customers within each business segment represent a significant portion of the Company's net sales; however, no one customer represented more than 10% of consolidated sales in 2000. One customer represented 12% of Freight Group sales and three customers represented 15%, 13% and 10%, of Transit Group sales, respectively. Nevertheless, the loss of a few key customers within the Company's Freight and Transit Groups could have an adverse effect on the Company's financial condition, results of operations and liquidity.

COMPETITION

The Company operates in a competitive marketplace. Price competition is strong and the existence of cost-conscious purchasers of a limited number has historically limited Wabtec's ability to increase prices. In addition to price, competition is based on product performance and technological leadership, quality, reliability of delivery and customer service and support. The Company's principal competitors vary to some extent across its principal product lines. However, within North America, New York Air Brake

Company, a subsidiary of the German air brake producer Knorr-Bremse AG (collectively, "NYAB/ Knorr"), is the Company's principal overall OEM competitor along with the OEM's themselves. The Company's competition for locomotive, freight and passenger transit service and repair business is primarily from the railroads' and passenger transit authorities' in-house operations, the in-house operations of EMD and GE, and NYAB/Knorr.

EMPLOYEES

At December 31, 2000, the Company had 6,244 employees, approximately 42% of whom are unionized. Almost all of the employees subject to collective bargaining agreements are within North America and these agreements are generally effective through 2001, 2002 and 2003.

The Company considers its relations with its employees and union representation to be good, but cannot assure that future contract negotiations will be favorable to the Company.

REGULATION

In the course of its operations, the Company is subject to various regulations, agencies and entities. In the United States, these include principally the Federal Railroad Administration ("FRA") and the Association of American Railroads ("AAR").

The FRA administers and enforces federal laws and regulations relating to railroad safety. These regulations govern equipment and safety standards for freight cars and other rail equipment used in interstate commerce.

The AAR promulgates a wide variety of rules and regulations governing safety and design of equipment, relationships among railroads with respect to railcars in interchange and other matters. The AAR also certifies railcar builders and component manufacturers that provide equipment for use on railroads in the United States. New products generally must undergo AAR testing and approval processes.

As a result of these regulations and regulations in other countries in which the Company derives its revenues, we must maintain certain certifications as a component manufacturer and for products we sell.

EFFECTS OF SEASONALITY

The Company's business is not seasonal, although the third quarter results may be impacted by vacation and plant shut-downs at several of its major customers during this period.

ENVIRONMENTAL MATTERS

Information with respect to environmental matters is included in Note 15 of "Notes to Consolidated Financial Statements" included in Part II, Item 8 of this report.

We believe that all statements other than statements of historical fact included in this report, including certain statements here under "Business" may constitute forward looking statements. For a complete discussion of the risks associated with these forward looking statements, see pg. 19 of this report.

ITEM 2. PROPERTIES

The following table provides certain summary information with respect to the principal facilities owned or leased by the Company. The Company believes that its facilities and equipment are generally in good condition and that, together with scheduled capital improvements, they are adequate for its present and immediately projected needs. The Company's corporate headquarters are located in the Wilmerding, PA site.

LOCATION	PRIMARY USE	PRIMARY SEGMENT	OWN/LEASE	APPROXIMATE SQUARE FEET
DOMESTIC				
Wilmerding, PA	Manufacturing/Service	Freight Group	Own	850,000(1)
Boise, ID	Manufacturing	Freight Group	Own	294,700
Lexington, TN	Manufacturing	Freight Group	Own	170,000
Elk Grove Village, IL	Distribution	Freight Group	Lease	150,700
Jackson, TN	Manufacturing	Freight Group	Own	150,000
Chicago, IL	Manufacturing	Freight Group	Own	111,500
Laurinburg, NC	Manufacturing	Freight Group	Own	105,000
Greensburg, PA	Manufacturing	Freight Group	Own	97,800
Germantown, MD	Manufacturing/Service	Freight Group	Own	80,000
Willits, CA	Manufacturing	Freight Group	Own	70,000
Latham, NY	Manufacturing	Freight Group	Own	66,000
St. Louis, MO	Manufacturing	Freight Group	Own	62,000
Kansas City, MO	Service Center	Freight Group	Lease	55,900
Emporium, PA	Manufacturing	Freight Group	Own	53,000
Racine, WI	Engineering/Office	Freight Group	Own	50,000
Cedar Rapids, IA	Manufacturing	Freight Group	Lease	37,000
Carson City, NV	Service Center	Freight Group	Lease	22,000
Chicago, IL	Service Center	Freight Group	Lease	19,200
Columbia, SC	Service Center	Freight Group	Lease	12,300
Niles, IL	Manufacturing	Transit Group	Own	355,300
Spartanburg, SC	Manufacturing/Service	Transit Group	Lease	183,600
Plattsburgh, NY	Manufacturing	Transit Group	Lease	64,000
Elmsford , NY	Service Center	Transit Group	Lease	28,000
Richmond, CA	Service Center	Transit Group	Lease	5,400
Sun Valley , CA	Service Center	Transit Group	Lease	4,000
Atlanta, GA	Service Center	Transit Group	Lease	1,200

LOCATION	PRIMARY USE	PRIMARY SEGMENT	OWN/LEASE	APPROXIMATE SQUARE FEET
INTERNATIONAL				
San Luis Potosi, Mexico	Manufacturing/Service	Freight Group	Lease	1,235,700
Doncaster, UK	Manufacturing/Service	Freight Group	Own	330,000
Stoney Creek, Ontario	Manufacturing/Service	Freight Group	Own	189,200
Acambaro, Mexico	Maintenance	Freight Group	Lease	132,300
Wallaceburg, Ontario	Foundry	Freight Group	Own	127,600
Wetherill Park, Australia	Manufacturing	Freight Group	Lease	73,100
San Luis Potosi, Mexico	Manufacturing	Freight Group	Own	48,600
Calgary, Alberta	Manufacturing	Freight Group	Own	38,000
Schweighouse, France	Manufacturing	Freight Group	Lease	30,000
Burlington, Ontario	Manufacturing	Freight Group	Own	28,200
Tottenham, Australia	Manufacturing	Freight Group	Lease	26,900
San Luis Potosi, Mexico	Manufacturing	Freight Group	Lease	20,200
Winnipeg, Manitoba	Service Center	Freight Group	Lease	20,000
Sydney, Australia	Sales Office	Freight Group	Lease	11,250
St-Laurent, Quebec	Manufacturing	Transit Group	Own	106,000
Sassuolo, Italy	Manufacturing	Transit Group	Lease	30,000
Burton on Trent, UK	Manufacturing	Transit Group	Lease	18,000
Etobicoke, Ontario	Service Center	Transit Group	Lease	3,800

(1) Approximately 250,000 square feet are currently used in connection with the Company's corporate and manufacturing operations. The remainder is leased to third parties.

Leases on the above facilities are long-term and generally include options to renew.

ITEM 3. LEGAL PROCEEDINGS

Information with respect to legal proceedings is included in Note 15 of "Notes to Consolidated Financial Statements" included in Part II, Item 8 of this report.

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

None.

EXECUTIVE OFFICERS OF THE COMPANY

The following table sets forth certain information with respect to executive officers of the Company as of March 2001.

NAME	AGE	OFFICE WITH THE COMPANY
William E. Kassling	57	Director and Chairman of the Board
Gregory T. H. Davies	54	Director, President and Chief Executive Officer
Robert J. Brooks	56	Director, Executive Vice President and Chief Financial Officer, Secretary
John M. Meister	53	Executive Vice President, Transit
Alvaro Garcia-Tunon	48	Senior Vice President, Finance
Timothy J. Logan	48	Vice President, International
George A. Socher	52	Vice President, Internal Audit and Taxation
Timothy R. Wesley	39	Vice President, Investor Relations and Corporate Communications

WILLIAM E. KASSLING has been a director and Chairman of the Company since 1990, and served as Chief Executive Officer until February 2001. Mr. Kassling was also President of WABCO from 1990 through February 1998. From 1984 until 1990 he headed the Railway Products Group of American Standard Inc. Between 1980 and 1984 he headed American Standard's Building Specialties Group and between 1978 and 1980 he headed Business Planning for American Standard. Mr. Kassling is a director of Aearo Corporation and Scientific Atlanta, Inc.

GREGORY T. H. DAVIES joined the Company in March 1998 as President and Chief Operating Officer, in February 1999 became a director and in February 2001 became Chief Executive Officer. Prior to March 1998, Mr. Davies had been with Danaher Corporation since 1988, where he was Vice President and Group Executive responsible for its Jacobs Vehicle Systems, Delta Consolidated Industries and A.L. Hyde Corporation operating units. Prior to that, he held executive positions at Cummins Engine Company and Ford Motor Company.

ROBERT J. BROOKS has been a director, Executive Vice President and Chief Financial Officer, Secretary of the Company since 1990. From 1986 until 1990 he served as worldwide Vice President, Finance for the Railway Products Group of American Standard. Mr. Brooks is a director of Crucible Materials Corp.

JOHN M. MEISTER has been Vice President and General Manager of the Company's Passenger Unit since 1990. In 1997, he was appointed to the newly created position of Executive Vice President, Transit Group. From 1985 until 1990 he was General Manager of the passenger transit business unit for the Railway Products Group of American Standard.

ALVARO GARCIA-TUNON has been Senior Vice President, Finance of the Company since November 1999. Mr. Garcia-Tunon was Vice President and Treasurer of the Company from August 1995 until November 1999. From 1990 until August 1995, Mr. Garcia-Tunon was Vice President of Business Development of Pulse Electronics, Inc.

TIMOTHY J. LOGAN has been Vice President, International since August 1996. From 1987 until August 1996, Mr. Logan was Vice President, International Operations for Ajax Magnethermic Corporation and from 1983 until 1987 he was President of Ajax Magnethermic Canada, Ltd.

GEORGE A. SOCHER has been Vice President, Internal Audit and Taxation of the Company since November 1999. Previously, from July 1995 until November 1999, Mr. Socher was Vice President and Corporate Controller of the Company.

TIMOTHY R. WESLEY has been Vice President, Investor Relations and Corporate Communications since November 1999. Previously, Mr. Wesley was Vice President,

Investor and Public Relations of MotivePower Industries, Inc. from August 1996 until November 1999. From February 1995 until August 1996, he served as Director, Investor and Public Relations of MotivePower Industries, Inc. From 1993 until February 1995, Mr. Wesley served as Director, Investor and Public Relations of Michael Baker Corporation.

The executive officers are affirmed annually by the Board of Directors of the Company.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The Common Stock of the Company is listed on the New York Stock Exchange. As of March 16, 2001, there were 42,922,780 shares of Common Stock outstanding held by 1,104 holders of record. The high and low sales price of the shares and dividends declared per share were as follows:

QUARTER	HIGH	LOW	DIVIDEND
2000			
Fourth	$12.75	$ 8.31	$.01
Third	$11.00	$ 9.57	$.01
Second	$12.57	$ 9.50	$.01
First	$17.19	$ 8.50	$.01
1999			
Fourth	$19.38	$16.19	$.01
Third	$25.75	$17.81	$.01
Second	$25.94	$20.00	$.01
First	$23.63	$17.75	$.01

The Company's credit agreement restricts the ability to make dividend payments. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and see Note 6 of "Notes to Consolidated Financial Statements" included in Part II, Item 8 of this report.

At the close of business on March 16, 2001, the Company's Common Stock traded at $12.46 per share.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth certain selected consolidated financial information of the Company and has been derived from restated audited financial statements. This financial information should be read in conjunction with, and is qualified by reference to, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements of the Company and the Notes thereto included elsewhere in this Form 10-K.

	YEAR ENDED DECEMBER 31,				
IN THOUSANDS, EXCEPT PER SHARE AMOUNTS	2000	1999	1998	1997	1996
INCOME STATEMENT DATA					
Net sales	$1,027,976	$1,121,068	$1,036,127	$ 870,371	$ 744,919
Gross profit (1)(3)	277,800	333,179	301,701	258,460	210,196
Operating expenses	(161,178)	(173,522)	(156,672)	(133,867)	(106,246)
Merger and restructuring charge (1)	(27,142)	(43,648)	--	--	--
Income from operations	$ 89,480	$ 116,009	$ 145,029	$ 124,593	$ 103,950
Interest expense	$ (45,505)	$ (44,420)	$ (37,111)	$ (34,892)	$ (35,295)
Other income (expense) (2) (3)	3,620	(90)	13,393	2,878	5,280
Income before extraordinary item	25,393	37,942	79,196	57,539	45,298
Net income	$ 25,393	$ 36,623	$ 73,851	$ 57,539	$ 44,234
DILUTED EARNINGS PER COMMON SHARE					
Income before extraordinary item	$ 0.59	$ 0.86	$ 1.79	$ 1.30	$ 0.99
Net income (1) (2) (3)	$ 0.59	$ 0.83	$ 1.67	$ 1.30	$ 0.97
Cash dividends declared per share	$ 0.04	$ 0.04	$ 0.04	$ 0.04	$ 0.04

	AS OF DECEMBER 31,				
	2000	1999	1998	1997	1996
BALANCE SHEET DATA					
Total assets	$ 984,047	$ 996,676	$ 967,382	$ 693,981	$ 597,280
Total debt	540,197	568,587	573,615	415,441	391,282
Shareholders' equity	196,371	181,878	144,076	65,285	44,785

(1) In 2000, the Company recorded a $29.1 million charge, of which $27.1 million is the operating expense component and $2 million the charge to gross profit, for merger and restructuring activities pursuant to a plan that 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 effect on diluted earnings per share for 2000 was $0.43, net of tax. In 1999, the Company recorded $50.1 million, of which $43.6 million is the operating expense component, $5.2 million the charge to gross profit and $1.3 million as an extraordinary item in accordance with the aforementioned plan. The effect on diluted earnings per share for 1999 was a charge of $0.91, net of tax.

(2) In 1998, the Company sold its Argentine investment in Trenes de Buenos Aires S.A. and recognized an investment gain of $8.4 million. The effect on diluted earnings per share was a gain of $0.12, net of tax.

(3) In 2000, the Company recorded a $4.4 million gain, or $0.07 net of tax, per diluted share, on the sale of a product line, a $2 million charge, or $0.03 net of tax, per diluted share, for a legal settlement and also terminated the Employee Stock Ownership Plan (ESOP) which resulted in the write-off of the related deferred tax asset of $5.1 million or $0.12 per diluted share. The write-off of the deferred tax asset is reported as a component of Income tax expense in the statement of operations.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Net sales decreased by 8.3% from $1.1 billion in 1999 to $1.0 billion in 2000. The major causes for the change and their effect on the Company's 2000 results of operations and financial condition include decreases in component sales due to a slowdown in North American freight car and locomotive deliveries, and a severe downturn in the locomotive overhaul market, offsetting improved sales and backlog in the transit business due to increased governmental spending for transit equipment.

Net income for 2000 was $25.4 million, or $0.59 per diluted share, as compared to $36.6 million, or $0.83 per diluted share in 1999. The results for 2000 include a $29.1 million restructuring related charge, a $4.4 million gain on the disposition of a product line, a $5.1 million write-off of a deferred tax asset relating to the termination of the ESOP and a $2 million legal settlement. The 1999 results include a $50.1 million merger and restructuring related charge. Excluding these items, earnings per diluted share would have been $1.10 and $1.74 in 2000 and 1999, respectively.

MERGER AND RESTRUCTURING PLAN

The Company previously announced a merger and restructuring plan pursuant to the merger of the Company and MotivePower Industries, Inc. ("the merger"). The Company estimates synergies from the plan yielded approximately $20 million of pre-tax cost savings in 2000 and reached an ongoing annualized savings of $25 million pre-tax, with such benefits 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 $84 million pre-tax, due to an acceleration and refinement of the plan, with approximately $50 million of the charge previously expensed in 1999 and $29 million in 2000. The Company expects the remaining charge of $5 million to be incurred in 2001.

The $79 million charge to date included the following announced actions:

- Costs associated with the transaction for items such as investment bankers, legal fees, accountant fees, SEC fees, etc.

- Consolidation of the corporate headquarters to Wilmerding, PA and the elimination of duplicate corporate functions.

- Closing and moving of Young Radiator's Centerville, IA plant and consolidating the Young administrative offices into the Company's Jackson, TN facility, from Racine, WI.

- Closing and relocation of several production operations to San Luis Potosi, Mexico.

- Closing and relocation of several additional manufacturing operations.

- Eliminating duplicate sales functions.

As of December 31, 2000, $6.3 million of the merger and restructuring charge was still remaining as accrued on the balance sheet. The accrual on the balance sheet is discussed in greater detail in Note 19 of "Notes to Consolidated Financial Statements" included in Part II, Item 8 of this report.

RESULTS OF OPERATIONS

The following table sets forth Wabtec's Consolidated Statements of Operations for the years indicated. To enhance comparability with results of prior periods, the 2000 adjusted column represents the reported income statement excluding restructuring related charges, a legal settlement charge, the write-off of a deferred tax asset and gain on the sale of a product line. The 1999 adjusted column represent the reported income statement excluding the effects of merger and restructuring related charges.

IN MILLIONS	YEAR ENDED DECEMBER 31, ADJUSTED 2000	REPORTED 2000	ADJUSTED 1999	REPORTED 1999	REPORTED 1998
Net sales	$1,028.0	$1,028.0	$1,121.1	$1,121.1	$1,036.1
Cost of sales	(746.2)	(750.2)	(782.7)	(787.9)	(734.4)
Gross profit	281.8	277.8	338.4	333.2	301.7
Selling, general and administrative expenses	(114.1)	(114.1)	(122.0)	(122.0)	(113.6)
Merger and restructuring charges	--	(27.1)	--	(43.6)	--
Engineering expenses	(32.5)	(32.5)	(35.7)	(35.7)	(31.6)
Amortization expense	(14.6)	(14.6)	(15.8)	(15.8)	(11.5)
Total operating expenses	(161.2)	(188.3)	(173.5)	(217.2)	(156.7)
Income from operations	120.6	89.5	164.9	116.0	145.0
Interest expense	(46.0)	(45.5)	(44.4)	(44.4)	(37.1)
Investment income -- Argentina	--	--	--	--	10.4
Other (expense) income, net	(.4)	3.6	(.1)	(.1)	3.0
Income before income taxes and extraordinary item	74.2	47.6	120.2	71.5	121.3
Income tax expense	(26.7)	(22.2)	(42.8)	(33.6)	(42.1)
Income before extraordinary item	47.5	25.4	77.5	37.9	79.2
Extraordinary loss on extinguishment of debt, net of tax	--	--	(.5)	(1.3)	(5.3)
Net income	$ 47.5	$ 25.4	$ 77.0	$ 36.6	$ 73.9

2000 COMPARED TO 1999

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

IN THOUSANDS	FOR THE YEAR ENDED DECEMBER 31, 2000	1999
Freight Group	$ 749,687	$ 882,866
Transit Group	278,289	238,202
Net sales	$1,027,976	$1,121,068

Net sales decreased $93.1 million or 8.3% to $1 billion in 2000 from $1.1 billion in 1999. This overall decrease was primarily attributable to decreased North American OEM freight car and locomotive component sales volumes and lower locomotive overhauls, all within the Freight Group. Sales volumes within the Freight Group reflect a softening OEM market for freight cars, with 55,821 freight cars delivered in 2000 compared to 74,223 in 1999. Partially offsetting these decreases were increases in Transit Group sales, due to increased shipments under the MTA contract. The Company estimates the OEM freight car and locomotive industries will deliver 45,000 freight cars and 1,200 locomotives, respectively, in 2001.

Gross profit decreased to $277.8 million in 2000 compared to $333.2 million in the same period of 1999. Gross margin, as a percentage of sales, was 27% compared to 29.7% in 1999. Gross margin is dependent on a number of factors including pricing, sales volume and product mix. The decrease in gross profit and margins is largely attributed to the effect of a decrease in sales volumes (approximately $40 million), offsetting approximately $10 million of synergies realized as a result of recent restructuring and integration efforts. The balance is principally a result of changes to sales mix primarily from increased OEM component sales of Transit Group products at lower margins as compared to the Company's overall historical results, pricing pressures and manufacturing inefficiencies primarily related to merger integration efforts.

Total operating expenses as a percentage of net sales were 18.3% in 2000 and 19.4% in the same period a year ago. After excluding the 2000 $27.1 million and the 1999 $43.6 million merger and restructuring charges, operating expenses would have been 15.7% and 15.5% of net sales, respectively. Without the merger and restructuring charges in both periods, operating expenses would have decreased $11.1 million in 2000 as compared to 1999. This reduction was primarily the result of continuing cost reduction programs and the realization of approximately $10 million of synergies from the 1999 merger.

Income from operations totaled $89.5 million in 2000 compared with $116 million in 1999 with operating margins of 8.7% and 10.3% respectively. After excluding the merger and restructuring related charges in both periods, operating income would have been $120.6 million and $164.9 million in 2000 and 1999, respectively, and 2000 operating margins as a percentage of sales decreased to 11.7% from 14.7% in 1999. Lower adjusted operating income resulted from decreased sales volumes in the Freight Group and changes in product mix (see Note 16 of "Notes to Consolidated Financial Statements" included in Part II, Item 8 of this report).

Interest expense increased 2.5% to $45.5 million in 2000 from $44.4 million in 1999. Debt, net of cash and equivalents, was $534.1 million at December 31, 2000 versus $561.5 million at the end of 1999. The increase in interest expense, even though the net debt balance decreased in the fourth quarter of 2000, is primarily due to higher interest rates.

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

The effective income tax rate for 2000 was 46.7% as compared to 46.9% in 1999. Wabtec expects the ongoing rate to be approximately 36%. The 2000 rate includes the effect of the one time, non-cash write-off of the deferred tax asset ($5.1 million) relating to the termination of the ESOP and after excluding this effect, the rate would be 36%. In 1999, after excluding the assumed tax benefit component of the merger and restructuring charge, the effective tax rate would be 35.6%. The Company has consolidated United States federal net operating loss carryforwards of $18.9 million expiring at various times through year 2010.

In 1999, a $469,000 extraordinary loss, net of tax, was incurred on the extinguishment of certain term debt as well as an $850,000 extraordinary loss, net of tax, for the write-off of deferred financing fees on the refinancing of the Company's principal credit facility in November 1999 in connection with the merger.

1999 COMPARED TO 1998

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

IN THOUSANDS	FOR THE YEAR ENDED DECEMBER 31, 1999	1998
Freight Group	$ 882,866	$ 824,326
Transit Group	238,202	211,801
Net sales	$1,121,068	$1,036,127

Net sales increased 8.2% to $1.1 billion in 1999 from $1 billion in 1998. The increase was driven by acquisitions, primarily within the Freight Group, which contributed $113 million of sales in 1999. Incremental revenue from the acquisitions, along with an increase in Transit Group sales, were partially offset by a slowdown in the locomotive overhaul market and in U.S. freight car deliveries which decreased slightly in 1999 to 74,223 from 75,685 in 1998.

Cost of sales increased 7.3% to $787.9 million in 1999 from $734.4 million in 1998. Gross margin increased to 29.7% as compared to 29.1% in 1998. After excluding the cost of sales component of the merger and restructuring charge, gross margin would have increased to 30.2% compared to 29.1% in 1998. The increase is attributed to volume and a favorable product mix in the Freight Group component companies, and from the increased volume of the Transit Group.

Selling, general and administrative expenses increased 7.4% to $122 million from $113.6 million in 1998. Cost reductions and lower incentive-related expenses were offset by the operating expenses of acquired companies ($18 million).

Engineering expenses increased 13% to $35.7 million from $31.6 million primarily as a result of the Rockwell acquisition in October 1998 and new product development efforts.

Amortization expense increased 38% to $15.8 million in 1999 from $11.5 million in 1998. The increase is primarily attributable to the acquisitions made late in

1998 (Rockwell Railroad Electronics division

(Rockwell) in October 1998 and Young Radiator (Young) in November 1998) and the acquisitions made early in 1999 (G&G Locotronics and Q-Tron in January 1999 and AGC Technologies in February 1999).

Income from operations totaled $116 million in 1999 compared with $145 million in 1998 with operating margins of 10.3% and 14% respectively. After excluding the operating expense component of the merger and restructuring charge, operating income for 1999 would have been $164.9 million and operating margins as a percentage of sales for 1999 increased to 14.7%, slightly higher than 14% in the prior year. Higher adjusted operating income resulted from higher sales volume and related gross profit. Favorable aftermarket sales volume at relatively strong operating margins in the Transit Group and the component companies in the Freight Group were the primary reasons for the increase in operating income (see Note 16 of "Notes to Consolidated Financial Statements" included in Part II, Item 8 of this report).

Interest expense increased 19.7% to $44.4 million in 1999 from $37.1 million in 1998. Debt, net of cash and equivalents, was $562 million as of December 31, 1999 versus $565 million as of December 31, 1998. The increase in interest expense, even though the net debt balance decreased, is due to Wabtec carrying a higher average debt balance in 1999 as a result of the late 1998 acquisitions (Rockwell -- $80 million and Young -- $68 million) and the 1999 acquisitions of G&G Locotronics, Q-Tron and AGC Technologies ($32 million). Wabtec also funded cash transaction costs associated with the merger, which totaled approximately $29 million.

Investment income -- Argentina represents income recognized related to an investment in Argentina which was sold in 1998 for cash and a secured note receivable.

Other expense of $90,000 was recorded in 1999 versus other income of $3 million in 1998. The fluctuation is due to foreign exchange gains/losses as a foreign exchange loss virtually offsetting in 1999 compared to a foreign exchange gain of $2 million in 1998.

The Company recorded income tax expense of $33.6 million as compared to $42.1 million in 1998. The effective tax rate for 1999 was 46.9% as compared to 34.7% in 1998. After excluding the assumed tax benefit component of the merger and restructuring charge, Wabtec incurred income tax expense of $43 million in 1999, or an effective tax rate of 35.6%, as compared to 34.7% in 1998. The 1998 rate was lower due to a non-recurring deferred tax liability reversal. Wabtec expects the ongoing rate to be approximately 36%. The Company has consolidated Mexican and United States federal net operating loss carryforwards of $5 million and $19 million expiring at various times through year 2005 and 2010, respectively.

In 1999, a $469,000 extraordinary loss, net of tax, was incurred on the extinguishment of certain term debt as well as an $850,000 extraordinary loss, net of tax, for the write-off of deferred financing fees on the refinancing of the Company's principal credit facility in November 1999 in connection with the merger. In 1998, Wabtec incurred a $5.3 million extraordinary loss, net of tax, related to amending certain credit facilities.

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.

	YEAR ENDED DECEMBER 31,		
IN THOUSANDS	2000	1999	1998
Cash provided (used) by:			
Operating activities	$ 60,214	$ 77,389	$ 73,411
Investing activities	(21,485)	(66,371)	(243,795)
Financing activities	(38,009)	(11,733)	161,941
Earnings before interest, taxes, depreciation and amortization (EBITDA)	131,142	158,623	181,644
Adjusted EBITDA (before restructuring-related charges)	160,297	207,480	181,644

Operating cash flow in 2000 was $60.2 million as compared to $77.4 million in the same period a year ago. Working capital increased 5.7% since 1999 primarily

due to an increase to accounts receivable. During 2000 and 1999, cash outlays for merger and restructuring activities were approximately $28 million and $29 million, respectively, 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 $88.7

and $106.7 million, respectively. This decrease in operating cash flow in 2000 was primarily the result of lower operating income.

Cash used for investing activities declined in 2000 to $21.5 million from $66.4 million a year ago. In 2000, 1999 and 1998, the Company used $.7 million, $32.2 million and $180.2 million, respectively, for certain business acquisitions. Capital expenditures were $26.3 million, $30.8 million and $57.8 million in 2000, 1999 and 1998, 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 2001 capital expenditures for equipment purchased for similar purposes to approximate $35 million.

Cash used for financing activities was $38 million in 2000 versus $11.7 million in 1999. During 2000, the Company reduced long-term debt by $28.4 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 cash flow generated from operations and amounts available under its credit facilities. In addition, the issuance of the 1999 Notes increased the Company's liquidity by reducing its outstanding revolving credit borrowings and thereby increasing its available borrowing capacity.

The Company estimates the charges at completion of the merger and restructuring plan will total approximately $84 million pre-tax with approximately $79 million incurred to date.

The Company has adopted a plan by which it may repurchase up to $75 million of Company Common Stock through open market purchases, if the Company believes it is more advantageous to proceed than the projected results of other alternatives, utilizing primarily cash generated from operations and equity forward contracts.

The following table sets forth the Company's outstanding indebtedness and average interest rates at December 31, 2000. The revolving credit note and other term loan interest rates are variable and dependent on market conditions.

IN THOUSANDS	YEAR ENDED DECEMBER 31, 2000	1999
Revolving credit agreement, 8.37%	$358,000	$368,000
9.375% Senior notes due 2005	175,000	175,000
Pulse note, 9.5%	--	16,990
5.5% Industrial revenue bond due 2008	6,169	6,749
Other	1,028	1,848
Total	$540,197	568,587
Less -- current portion	751	743
Long-term portion	$539,446	$567,844

Credit Agreement

In November 1999, in connection with the merger, WABCO terminated its then existing secured credit agreement and refinanced the then existing unsecured MotivePower credit agreement with a consortium of commercial banks. This unsecured credit agreement currently provides a $275 million five-year revolving credit facility expiring in 2004 and a 364 -day $213 million convertible revolving credit facility maturing in November 2001. In November 2000, the Company and the banks negotiated a reduction in the 364-day facility from $275 million to $213 million, primarily due to having credit availability in excess of current and forecasted needs in an effort to reduce commitment costs and other related fees. At December 31, 2000, the Company had available borrowing capacity, net of letters of credit, of approximately $106 million.

Under the credit agreement, the Company may elect a base rate, an interest rate based on the London Interbank Offered Rates of Interest ("LIBOR"), a cost of funds rate and a bid rate. The base rate is the greater of ABN AMRO Bank N.V.'s prime rate or the federal funds effective rate plus 0.5% per annum. The LIBOR rate is based on LIBOR plus a margin that ranges from 87.5 to 200 basis points depending on the Company's consolidated total indebtedness to cash flow ratios. The cost of funds rate is a fluctuating interest rate based on ABN AMRO Bank N.V.'s then cost of funds. Under the bid rate option, any participating bank may propose the interest rate at which it will lend funds, which rate may either be

a fixed rate or a floating rate based on LIBOR.

The credit agreement limits the Company's ability to declare or pay cash dividends and prohibits the Company from declaring or making other distributions, subject to certain exceptions. The credit agreement contains various other covenants and restrictions including, without limitation, the following: a limitation on the incurrence of additional indebtedness; a limitation on mergers, consolidations and sales of assets and acquisitions; a limitation on liens; a limitation on sale and leasebacks; a limitation on investments, loans and advances; a limitation on certain debt payments; a limitation on capital expenditures; a minimum interest expense coverage ratio; and a maximum debt to cash flow ratio.

The credit agreement contains customary events of default, including payment defaults, failure of representations or warranties to be true in any material respect, covenant defaults, defaults with respect to other indebtedness of the Company, bankruptcy, certain judgments against the Company, ERISA defaults and "change of control" of the Company.

Credit agreement borrowings bear variable interest rates indexed to common indexes such as LIBOR. The weighted-average contractual interest rate on credit agreement borrowings was 8.37% at December 31, 2000. To reduce the impact of interest rate changes on a portion of this variable-rate debt, the Company entered into interest rate swaps which effectively convert a portion of the debt from variable to fixed-rate borrowings during the term of the swap contracts. On December 31, 2000, the notional value of interest rate swaps outstanding totaled $85 million and effectively changed the Company's interest rate from a variable rate to a fixed rate of 8.29%. The interest rate swap agreements mature in 2001 and 2003. The Company is exposed to credit risk in the event of nonperformance by the counterparties. However, since only the cash interest payments are exchanged, exposure is significantly less than the notional amount. The counterparties are large financial institutions and the Company does not anticipate nonperformance.

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 a $10.2 million loan from a prior acquisition.

The Notes are senior unsecured obligations of the Company and rank pari passu in right of payment with all existing and future indebtedness under (i) capitalized lease obligations, (ii) the Credit Agreement, (iii) indebtedness of the Company for money borrowed and (iv) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which the Company is responsible or liable unless, in the case of clause (iii) or (iv), in the instrument creating or evidencing the same or pursuant to which the same is outstanding, it is provided that such obligations are subordinate in right of payment to the Notes.

Pulse Note

As partial payment for the 1995 Pulse acquisition, the Company issued a $17 million note due January 31, 2004, with interest at 9.5% to the former Pulse shareholder. In January 2000, this note was repaid.

Industrial Revenue Bond

In July 1998, a subsidiary of the Company entered into a 10-year $7.5 million debt obligation that bears an interest rate of 5.5% to provide financing for the purchase of a building used in the Company's operations.

Principal repayments of outstanding loan balances are due at various intervals until maturity. See Note 6 of "Notes to Consolidated Financial Statements" included in Part II, Item 8 of this report.

The Company is highly leveraged 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, based on current levels of operations and forecasted earnings, 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.

EFFECTS OF INFLATION

General price inflation has not had a material impact on the Company's results of operations. Some of the Company's labor contracts contain negotiated salary and benefit increases and others contain cost of living adjustment clauses, which would cause the Company's cost automatically to increase if inflation were to become significant.

CONVERSION TO THE EURO CURRENCY

On January 1, 1999, certain members of the European Union established fixed conversion rates between their existing currencies and the European Union's common currency (the "Euro"). The Company conducts business in member countries. The transition period for the introduction of the Euro is from January 1, 1999 through June 30, 2002. The Company is assessing the issues involved with the introduction of the Euro; however, it does not expect conversion to the Euro to have a material impact on its operations or financial results.

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.

ITEM 7A. 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 $274 million of variable-rate debt (after considering the effects of interest rate swaps, further described below), which represent 51% of total long-term debt at December 31, 2000 and 56% in 1999. Management has entered into pay-fixed, receive-variable interest rate swap contracts that partially mitigate the impact of variable-rate debt interest rate increases (see Note 6 of "Notes to Consolidated Financial Statements" included in Part II, Item 8 of this report). At December 31, 2000, 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.

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 that its 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 on the balance sheet while creating some volatility in future earnings, due to market sensitivity and ineffectiveness in offsetting changes in interest rates of Wabtec's variable rate borrowings (see Note 17 of "Notes to Consolidated Financial Statements" included in Part II, Item 8 of this report). This fluctuation is not expected to have a material effect on the Company's financial condition, results of operations and 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 December 31, 2000, 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 year ended December 31, 2000, approximately 73% of Wabtec's net sales are in the United States (74% in 1999), 12% in Canada, 5% in Mexico, and 10% in other international locations, primarily Europe. (See Note 16 of "Notes to Consolidated Financial Statements" included in Part II, Item 8 of this report). At December 31, 2000, the Company does not believe changes in foreign currency exchange rates represent a material risk to results of operations, financial position, or liquidity.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Financial statements and supplementary data are set forth in Item 14, of Part IV hereof.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEMS 10 THROUGH 13.

In accordance with the provisions of General Instruction G to Form 10-K, the information required by Item 10 (Directors and Executive Officers of the Registrant), Item 11 (Executive Compensation), Item 12 (Security Ownership of Certain Beneficial Owners and Management) and Item 13 (Certain Relationships and Related Transactions) is incorporated herein by reference to the Company's definitive Proxy Statement for its Annual Meeting of Stockholders to be held on May 22, 2001. The definitive Proxy Statement will be filed with the Securities and Exchange Commission not later than 120 days after December 31, 2000. Information relating to the executive officers of the Company is set forth in Part I.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

The financial statements, financial statement schedules and exhibits listed below are filed as part of this annual report:

			PAGE
(a)	(1)	FINANCIAL STATEMENTS	
		Reports of Independent Public Accountants	25
		Consolidated Balance Sheets as of December 31, 2000 and 1999	27
		Consolidated Statements of Operations for the three years ended December 31, 2000, 1999 and 1998	28
		Consolidated Statements of Cash Flows for the three years ended December 31, 2000, 1999 and 1998	29
		Consolidated Statements of Shareholders' Equity for the three years ended December 31, 2000, 1999 and 1998	30
		Notes to Consolidated Financial Statements	31
	(2)	FINANCIAL STATEMENT SCHEDULES	
		Report of Independent Public Accountants	50
		Schedule II -- Valuation and Qualifying Accounts	51
(b)		REPORTS ON FORM 8-K	
		The Company filed a Current Report on Form 8-K on the date below pertaining to the following items:	
		On November 14, 2000, text of press release announcing the settlement of a lawsuit filed by GE Harris (Items 5 and 7).	

(C)	EXHIBITS	FILING METHOD
2.1	Amended and Restated Agreement and Plan of Merger, as amended (originally included as Annex A to the Joint Proxy Statement/Prospectus)	8
3.1	Restated Certificate of Incorporation of the Company dated January 30, 1995, as amended March 30, 1995	2
3.3	Amended and Restated By-Laws of the Company, effective November 19, 1999	8
4.1	Form of Indenture between the Company and The Bank of New York with respect to the public offering of $100,000,000 of 9 3/8% Senior Notes due 2005	2
4.2	Form of Note (included in Exhibit 4.1)	2
4.3	First Supplemental Indenture dated as of March 21, 1997 between the Company and The Bank of New York	5
4.4	Indenture dated as of January 12, 1999 by and between the Company and The Bank of New York with respect to the private offering of $75,000,000 of 9 3/8% Senior Notes due 2005, Series B	7
4.5	Form of Note (included in Exhibit 4.4)	7
10.1	MotivePower Stock Option Agreement (originally included as Annex B to the Joint Proxy Statement/Prospectus)	8
10.2	Westinghouse Air Brake Stock Option Agreement (originally included as Annex C to the Joint Proxy Statement/Prospectus)	8

(C)	EXHIBITS	FILING METHOD
10.3	Voting Agreement dated as of September 26, 1999 among William E. Kassling, Robert J. Brooks, Harvard Private Capital Holdings, Inc. Vestar Equity Partners, L.P. and MotivePower Industries, Inc. (originally included as Annex D to the Joint Proxy Statement/Prospectus)	8
10.5	Westinghouse Air Brake Company Employee Stock Ownership Plan and Trust, effective January 31, 1995	2
10.6	ESOP Loan Agreement dated January 31, 1995 between Westinghouse Air Brake Company Employee Stock Ownership Trust ("ESOP") and the Company (Exhibits omitted)	2
10.7	Employee Stock Ownership Trust Agreement dated January 31, 1995 between the Company and U.S. Trust Company of California, N.A.	2
10.8	Pledge Agreement dated January 31, 1995 between ESOT and the Company	2
10.9	Amended and Restated Refinancing Credit Agreement dated as of November 19, 1999 among the Company, various financial institutions, ABN AMRO Bank N.V., The Chase Manhattan Bank, and The Bank of New York (Schedules and Exhibits omitted)	9
10.10	Amended and Restated Stockholders Agreement dated as of March 5, 1997 among the RAC Voting Trust ("Voting Trust"), Vestar Equity Partners, L.P. ("Vestar Equity"), Harvard Private Capital Holdings, Inc. ("Harvard"), American Industrial Partners Capital Fund II, L.P. ("AIP") and the Company	5
10.11	Common Stock Registration Rights Agreement dated as of January 31, 1995 among the Company, Scandinavian Incentive Holding B.V. ("SIH"), Voting Trust, Vestar Equity, Pulse Electronics, Inc., Pulse Embedded Computer Systems, Inc., the Pulse Shareholders and ESOT (Schedules and Exhibits omitted)	2
10.12	Indemnification Agreement dated January 31, 1995 between the Company and the Voting Trust Trustees	2
10.13	Agreement of Sale and Purchase of the North American Operations of the Railway Products Group, an operating division of American Standard Inc., dated as of 1990 between Rail Acquisition Corp. and American Standard Inc. (only provisions on indemnification are reproduced)	2
10.14	Letter Agreement (undated) between the Company and American Standard Inc. on environmental costs and sharing	2
10.15	Purchase Agreement dated as of June 17, 1992 among the Company, Schuller International, Inc., Manville Corporation and European Overseas Corporation (only provisions on indemnification are reproduced)	2
10.16	Asset Purchase Agreement dated as of January 23, 1995 among the Company, Pulse Acquisition Corporation, Pulse Electronics, Inc., Pulse Embedded Computer Systems, Inc. and the Pulse Shareholders (Schedules and Exhibits omitted)	2
10.17	License Agreement dated as of December 31, 1993 between SAB WABCO Holdings B.V. and the Company	2
10.18	Letter Agreement dated as of January 19, 1995 between the Company and Vestar Capital Partners, Inc.	2
10.19	Westinghouse Air Brake Company 1995 Stock Incentive Plan, as amended	7
10.20	Westinghouse Air Brake Company 1995 Non-Employee Directors' Fee and Stock Option Plan, as amended	9
10.21	Employment Agreement between William E. Kassling and the Company	2

(C)	EXHIBITS	FILING METHOD
10.22	Letter Agreement dated as of January 1, 1995 between the Company and Vestar Capital Partners, Inc.	2
10.23	Form of Indemnification Agreement between the Company and Authorized Representatives	2
10.24	Share Purchase Agreement between Futuris Corporation Limited and the Company (Exhibits omitted)	2
10.25	Purchase Agreement dated as of September 19, 1996 by and among Mark IV Industries, Inc., Mark IV PLC, and W&P Holding Corp. (Exhibits and Schedules omitted) (Originally filed as Exhibit No. 2.01)	3
10.26	Purchase Agreement dated as of September 19,1996 by and among Mark IV Industries Limited and Westinghouse Railway Holdings (Canada) Inc. (Exhibits and Schedules omitted) (Originally filed as Exhibit No. 2.02)	3
10.27	Amendment No. 1 to Amended and Restated Stockholders Agreement dated as of March 5, 1997 among the Voting Trust, Vestar, Harvard, AIP and the Company	5
10.28	Common Stock Registration Rights Agreement dated as of March 5, 1997 among the Company, Harvard, AIP and the Voting Trust	5
10.29	1998 Employee Stock Purchase Plan	7
10.30	Sale Agreement dated as of August 7, 1998 by and between Rockwell Collins, Inc. and the Company (Schedules and Exhibits omitted) (Originally filed as Exhibit No. 2.01)	6
10.31	Amendment No. 1 dated as of October 5, 1998 to Sale Agreement dated as of August 7, 1998 by and between Rockwell Collins, Inc. and the Company (Originally filed as Exhibit No. 2.02)	6
10.32	Westinghouse Air Brake Technologies Corporation 2000 Stock Incentive Plan	10
10.33	Amendment No. 1, dated as of November 16, 2000, by and among the Company and the Guarantors from Time to Time Party Thereto, and the Banks From Time to Time Party Thereto, and ABN AMRO Bank N.V. as bookrunner and co-syndication agent, The Bank of New York, as co-syndication agent, Mellon Bank, N.A., as documentation agent, and The Chase Manhattan Bank USA, N.A., (successor in interest to Chase Manhattan Bank Delaware), as an issuing bank, to the Amended and Restated Refinancing Credit Agreement, dated as of November 19, 1999 among the Company, various financial institutions, ABN AMRO Bank N.V., The Chase Manhattan Bank, and The Bank of New York which was filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K for the period ended December 31, 1999 (Exhibits omitted)	1
21	List of subsidiaries of the Company	1
23	Consent of Arthur Andersen LLP	1
23.1	Consent of Deloitte & Touche LLP	1
99	Annual Report on Form 11-K for the year ended December 31, 2000 of the Westinghouse Air Brake Company Employee Stock Ownership Plan and Trust	1

FILING METHOD

1	Filed herewith.
2	Filed as an exhibit to the Company's Registration Statement on Form S-1 (No. 33-90866).
3	Filed as an exhibit to the Company's Current Report on Form 8-K, dated October 3, 1996.
4	Filed as an exhibit to the Company's Registration Statement on Form S-8 (No. 333-39159).
5	Filed as an exhibit to the Company's Annual Report on Form 10-K for the period ended December 31, 1997.
6	Filed as an exhibit to the Company's Current Report on Form 8-K, dated October 5, 1998.
7	Filed as an exhibit to the Company's Annual Report on Form 10-K for the period ended December 31, 1998.
8	Filed as part of the Company's Registration Statement on Form S-4 (No. 333-88903).
9	Filed as an exhibit to the Company's Annual Report on Form 10-K for the period ended December 31, 1999.
10	Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2000.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF
WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION:

We have audited the accompanying consolidated balance sheets of Westinghouse Air Brake Technologies Corporation (a Delaware corporation) and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of operations, shareholders' equity and cashflows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. For the year ended December 31, 1998, we did not audit the consolidated financial statements of MotivePower Industries, Inc., a company acquired during 1999 in a transaction accounted for as a pooling-of-interests, as discussed in Note 4. Such statements are included in the consolidated financial statements of Westinghouse Air Brake Technologies Corporation and reflect total assets and total revenues of 38 percent and 35 percent, respectively, of the related consolidated totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to amounts included for MotivePower Industries, Inc, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Westinghouse Air Brake Technologies Corporation and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

Pittsburgh, Pennsylvania
February 12, 2001

INDEPENDENT AUDITOR'S REPORT

TO THE STOCKHOLDERS AND BOARD OF
DIRECTORS OF MOTIVEPOWER INDUSTRIES, INC.:

We have audited the consolidated statements of income, stockholders' equity and cash flows for MotivePower Industries, Inc. and subsidiaries for the year ended December 31, 1998, not separately presented herein. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the results of operations and cash flows of MotivePower Industries, Inc. for the year ended December 31, 1998 in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

Pittsburgh, Pennsylvania
February 11, 1999 (March 2, 1999 as to Note 18)

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONSOLIDATED BALANCE SHEETS

IN THOUSANDS, EXCEPT SHARE AND PAR VALUE	DECEMBER 31, 2000	DECEMBER 31, 1999
ASSETS		
CURRENT ASSETS		
Cash	$ 6,071	$ 7,056
Accounts receivable	194,379	179,734
Inventories	202,828	211,396
Deferred taxes	23,777	26,173
Income tax receivable	6,479	--
Other	14,021	12,889
Total current assets	447,555	437,248
Property, plant and equipment	407,322	395,687
Accumulated depreciation	(192,677)	(172,996)
Property, plant and equipment, net	214,645	222,691
OTHER ASSETS		
Prepaid pension costs	7,100	9,178
Contact underbillings	23,898	27,710
Goodwill, net	226,597	233,760
Other intangibles, net	38,797	43,287
Other noncurrent assets	25,455	22,802
Total other assets	321,847	336,737
Total Assets	$ 984,047	$ 996,676
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 751	$ 743
Accounts payable	86,316	87,388
Accrued merger and restructuring costs	6,257	8,705
Accrued income taxes	8,758	5,155
Customer deposits	25,125	31,827
Accrued compensation	17,013	15,754
Accrued warranty	23,482	26,832
Other accrued liabilities	22,954	17,808
Total current liabilities	190,656	194,212
Long-term debt	539,446	567,844
Reserve for postretirement and pension benefits	19,387	19,918
Deferred income taxes	17,110	8,054
Commitments and contingencies	12,852	18,933
Other long-term liabilities	8,225	5,837
Total liabilities	787,676	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 42,841,985 outstanding at December 31, 2000 and 51,529,331 shares outstanding at December 31, 1999	654	654
Additional paid-in capital	273,494	318,357
Treasury stock, at cost, 22,605,882 and 13,918,536 shares, respectively	(281,665)	(201,711)
Unearned ESOP shares, at cost, 8,366,076 shares at December 31, 1999	--	(125,491)
Retained earnings	218,470	194,772
Deferred compensation	900	6,595
Accumulated other comprehensive income (loss)	(15,482)	(11,298)
Total shareholders' equity	196,371	181,878
Liabilities and Shareholders' Equity	$ 984,047	$ 996,676

The accompanying notes are an integral part of these statements.

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

IN THOUSANDS, EXCEPT PER SHARE DATA	YEAR ENDED DECEMBER 31, 2000	1999	1998
Net sales	$1,027,976	$1,121,068	$1,036,127
Cost of sales	(750,176)	(787,889)	(734,426)
Gross profit	277,800	333,179	301,701
Selling, general and administrative expenses	(114,069)	(121,990)	(113,581)
Merger and restructuring charges	(27,142)	(43,648)	--
Engineering expenses	(32,466)	(35,724)	(31,636)
Amortization expense	(14,643)	(15,808)	(11,455)
Total operating expenses	(188,320)	(217,170)	(156,672)
Income from operations	89,480	116,009	145,029
Other income and expenses			
Interest expense	(45,505)	(44,420)	(37,111)
Investment income -- Argentina	--	--	10,362
Other income, (expense) net	3,620	(90)	3,031
Income before income taxes and extraordinary item	47,595	71,499	121,311
Income tax expense	(22,202)	(33,557)	(42,115)
Income before extraordinary item	25,393	37,942	79,196
Extraordinary loss on extinguishment of debt, net of tax	--	(1,319)	(5,345)
Net income	$ 25,393	$ 36,623	$ 73,851
EARNINGS PER COMMON SHARE			
Basic			
Income before extraordinary item	$ 0.59	$ 0.88	$ 1.85
Extraordinary item	--	(0.03)	(0.13)
Net income	$ 0.59	$ 0.85	$ 1.72
Diluted			
Income before extraordinary item	$ 0.59	$ 0.86	$ 1.79
Extraordinary item	--	(0.03)	(0.12)
Net income	$ 0.59	$ 0.83	$ 1.67
Weighted average shares outstanding			
Basic	43,318	43,287	42,750
Diluted	43,382	44,234	44,141

The accompanying notes are an integral part of these statements.

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

IN THOUSANDS	YEAR ENDED DECEMBER 31, 2000	1999	1998
OPERATING ACTIVITIES			
Net income	$ 25,393	$ 36,623	$ 73,851
Adjustments to reconcile net income to cash provided by operations:			
Extraordinary loss on extinguishment of debt	--	1,319	5,345
Depreciation and amortization	41,662	42,614	36,615
Provision for ESOP contribution	1,315	4,078	4,472
Gain on sale of product line	(4,375)	--	--
Deferred income taxes	12,193	8,189	6,283
Other, primarily non-cash portion of merger and restructuring charges	3,106	8,907	--
Changes in operating assets and liabilities, net of acquisitions			
Accounts receivable	(17,513)	16,611	(42,419)
Inventories	6,716	(12,875)	(20,426)
Underbillings	3,812	(935)	5,523
Accounts payable	90	(13,661)	22,316
Accrued income taxes	(4,926)	(2,897)	12,025
Accrued liabilities and customer deposits	4,026	(9,004)	(22,609)
Commitments and contingencies	(6,081)	(272)	3,653
Other assets and liabilities	(5,204)	(1,308)	(11,218)
Net cash provided by operating activities	60,214	77,389	73,411
INVESTING ACTIVITIES			
Purchase of property, plant and equipment, net	(26,335)	(30,808)	(57,838)
Acquisitions of businesses, net of cash acquired	(650)	(32,242)	(180,199)
Cash received from disposition of product line	5,500	--	--
Other	--	(3,321)	(5,758)
Net cash used for investing activities	(21,485)	(66,371)	(243,795)
FINANCING ACTIVITIES			
(Repayments of) proceeds from credit agreements	(10,000)	(38,555)	109,668
Proceeds from senior notes offering	--	75,000	--
(Repayments of) proceeds from other borrowings	(18,390)	(41,473)	48,506
Decrease in restricted cash	--	--	5,194
Debt issuance fees	--	--	(3,819)
Purchase of treasury stock	(12,215)	(10,630)	--
Proceeds from treasury stock from stock based benefit plans	4,291	4,911	3,372
Cash dividends	(1,695)	(986)	(980)
Net cash (used for) provided by financing activities	(38,009)	(11,733)	161,941
Effect of changes in currency exchange rates	(1,705)	(1,212)	(307)
Decrease in cash	(985)	(1,927)	(8,750)
Cash, beginning of year	7,056	8,983	17,733
Cash, end of year	$ 6,071	$ 7,056	$ 8,983

The accompanying notes are an integral part of these statements.

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

In thousands	COMPREHENSIVE INCOME	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	TREASURY STOCK	UNEARNED ESOP SHARES	RETAINED EARNINGS	DEFERRED COMPENSATION
BALANCE, DECEMBER 31, 1997		$652	$311,131	$(190,657)	$(131,273)	$ 86,264	$ (781)
Cash dividends..................						(980)	
Compensatory stock options granted through a Rabbi Trust.........................				(4,536)			4,536
Proceeds from treasury stock issued from the exercise of stock options and other benefit plans, net of tax........................			1,988	3,003			196
Allocation of ESOP shares, net of tax effect................			1,036		2,801		
Net income......................	$73,851					73,851	
Translation adjustment..........	(3,104)						
	$70,747						
BALANCE, DECEMBER 31, 1998		652	314,155	(192,190)	(128,472)	159,135	3,951
Cash dividends..................						(986)	
Purchase of treasury stock......				(10,630)			
Proceeds from treasury stock issued from the exercise of stock options and other benefit plans, net of tax........................		2	3,522	3,200			553
Allocation of ESOP shares, net of tax effect................			680		2,981		
Compensatory stock options granted through a Rabbi Trust.........................				(2,091)			2,091
Net income......................	$36,623					36,623	
Translation adjustment..........	1,857						
	$38,480						
BALANCE, DECEMBER 31, 1999		654	318,357	(201,711)	(125,491)	194,772	6,595
Cash dividends..................						(1,695)	
Purchase of treasury stock......				(12,215)			
Proceeds from treasury stock issued from the exercise of stock options and other benefit plans, net of tax........................			(3,697)	9,545			31
Compensatory stock options granted through a Rabbi Trust.........................				5,726			(5,726)
Allocation of ESOP shares, net of tax effect................			(434)		1,749		
ESOP Termination................			(40,732)	(83,010)	123,742		
Net income......................	$25,393					25,393	
Translation adjustment..........	(4,184)						
	$21,209						
BALANCE, DECEMBER 31, 2000		$654	$273,494	$(281,665)	--	$218,470	$ 900

In thousands	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)
BALANCE, DECEMBER 31, 1997	$(10,051)
Cash dividends..................	
Compensatory stock options granted through a Rabbi Trust.........................	
Proceeds from treasury stock issued from the exercise of stock options and other benefit plans, net of tax........................	
Allocation of ESOP shares, net of tax effect................	
Net income......................	

Translation adjustment..........	(3,104)

BALANCE, DECEMBER 31, 1998	(13,155)
Cash dividends..................	
Purchase of treasury stock......	
Proceeds from treasury stock issued from the exercise of stock options and other benefit plans, net of tax........................	
Allocation of ESOP shares, net of tax effect.................	
Compensatory stock options granted through a Rabbi Trust.........................	
Net income......................	
Translation adjustment..........	1,857

BALANCE, DECEMBER 31, 1999	
Cash dividends..................	(11,298)
Purchase of treasury stock......	
Proceeds from treasury stock issued from the exercise of stock options and other benefit plans, net of tax........................	
Compensatory stock options granted through a Rabbi Trust.........................	
Allocation of ESOP shares, net of tax effect.................	
ESOP Termination................	
Net income......................	
Translation adjustment..........	(4,184)

BALANCE, DECEMBER 31, 2000	$(15,482)
	==========

The accompanying notes are an integral part of these statements

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS

Westinghouse Air Brake Technologies Corporation (the "Company") is one of North America's largest manufacturers of value-added equipment for locomotives, railway freight cars and passenger transit vehicles. The Company was formed in November 1999 from the merger of Westinghouse Air Brake Company and MotivePower Industries, Inc. 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, traction motors, cooling equipment, turbochargers, low-horsepower locomotives, couplers, door controls, draft gears and brake shoes. We aggressively pursue technological advances with respect to both new product development and product enhancements. The Company has its headquarters in Wilmerding, Pennsylvania and has 6,244 employees at facilities throughout the world.

A portion of the Company's 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 Company's Passenger 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION The consolidated financial statements include the accounts of the Company and its majority owned subsidiaries. Such statements have been prepared in accordance with generally accepted accounting principles. Sales between the subsidiaries are billed at prices consistent with sales to third parties and are eliminated in consolidation. All prior period financial statements and footnote disclosures have been restated in accordance with Accounting Principles Board Number 16 "Business Combinations" related to the merger between WABCO and MotivePower accounted for as a pooling-of-interests (see Note 4).

Certain prior year amounts have been reclassified, where necessary, to conform to the current year presentation.

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.

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	DECEMBER 31, 2000	DECEMBER 31, 1999
Cores	$ 28,213	$ 29,999
Raw materials	95,430	99,948
Work-in-process	53,240	47,319
Finished goods	25,945	34,130
Total inventory	$202,828	$211,396

PROPERTY, PLANT AND EQUIPMENT Property, plant and equipment additions are stated at cost. Expenditures for renewals and betterments are capitalized. Expenditures for ordinary maintenance and repairs are expensed as incurred. The Company provides for book depreciation principally on the straight-line method over the following estimated useful lives of plant, property and equipment.

	YEARS
Land improvements	10 to 20
Buildings and improvements	20 to 40
Machinery and equipment	3 to 15
Locomotive leased fleet	4 to 15

Accelerated depreciation methods are utilized for income tax purposes.

The major classes of depreciable assets are as follows:

IN THOUSANDS	DECEMBER 31, 2000	1999
Machinery and equipment	$ 255,153	$ 245,199
Buildings and improvements	134,847	132,276
Land and improvements	14,303	14,266
Locomotive leased fleet	3,019	3,946
Plant, property & equipment, cost	407,322	395,687
Less accumulated depreciation	(192,677)	(172,996)
Total	$ 214,645	$ 222,691

INTANGIBLE ASSETS Goodwill is amortized on a straight-line basis over 40 years. Other intangibles are amortized on a straight-line basis over their estimated economic lives. Goodwill and other intangible assets, including patents and tradenames, are periodically reviewed for impairment based on an assessment of future operations that indicate the remaining balance of the intangible asset may not be recoverable. The Company's reviews for impairment, to date, have not resulted in any revision to intangible assets or their related amortization periods (see Note 5).

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 (see Note 20).

In December 1999, the Securities and Exchange Commission released Staff Accounting Bulletin No. 101, Revenue Recognition ("SAB 101"), to provide guidance on the recognition, presentation and disclosure of revenue in financial statements. SAB 101 does not change existing literature on revenue recognition, but rather explains and clarifies the SEC staff's general framework for revenue recognition. SAB 101 did not require the Company to change existing revenue recognition policies and therefore, had no impact on the Company's results of operations, or financial condition as of December 31, 2000.

STOCK-BASED COMPENSATION The Company accounts for stock-based compensation, including stock options and employee stock purchases, under APB Opinion No. 25, "Accounting for Stock Issued to Employees" (see Note 11 for related pro forma disclosures).

RESEARCH AND DEVELOPMENT Research and development costs are charged to expense as incurred. For the years ended December 31, 2000, 1999 and 1998, the Company incurred costs of approximately $32.5 million, $34.5 million and $30.4 million, respectively.

WARRANTY COSTS Warranty costs are accrued based on management's estimates of repair or upgrade costs per unit and historical experience. In recent years, the Company has introduced several new products. The Company does not have the same level of historical warranty experience for these new products as it does for its continuing products. Therefore, warranty reserves have been established for these new products based upon management's estimates. Actual future results may vary from such estimates. Warranty expense was $16.4 million, $10.8 million and $14 million for 2000, 1999 and 1998, respectively. Warranty reserves were $23.5 million and $26.8 million at December 31, 2000 and 1999, respectively.

FINANCIAL DERIVATIVES AND HEDGING ACTIVITIES The Company periodically enters into interest rate swap agreements to reduce the impact of interest rate changes on its variable rate borrowings. Interest rate swaps are agreements with a counterparty to exchange periodic interest payments (such as pay fixed, receive variable) calculated on a notional principal amount. The interest rate differential to be paid or received is accrued to interest expense (see Note 6).

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 on the balance sheet while creating some volatility in future earnings, due to market sensitivity and ineffectiveness

in offsetting changes in interest rates of the Company's variable rate borrowings.

INCOME TAXES Income taxes are accounted for under the liability method. Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The provision for income taxes includes federal, state and foreign income taxes (see Note 9).

FOREIGN CURRENCY TRANSLATION Assets and liabilities of foreign subsidiaries, except for the Company's Mexican operations whose functional currency is the U.S. Dollar, are translated at the rate of exchange in effect on the balance sheet date while income and expenses are translated at the average rates of exchange prevailing during the year. Foreign currency gains and losses resulting from transactions, and the translation of financial statements are recorded in the Company's consolidated financial statements based upon the provisions of Statement of Financial Accounting Standards ("SFAS") No. 52, "Foreign Currency Translation." The effects of currency exchange rate changes on intercompany transactions of a long-term investment nature are accumulated and carried as a component of shareholders' equity. The effects of currency exchange rate changes on intercompany transactions that are non U.S. dollar denominated amounts are charged or credited to earnings.

EARNINGS PER SHARE Basic earnings per common share are computed by dividing net income applicable to common shareholders by the weighted-average number of shares of common stock outstanding during the year. Diluted earnings per common share are computed by dividing net income applicable to common shareholders by the weighted average number of shares of common stock outstanding adjusted for the assumed conversion of all dilutive securities (such as employee stock options). See Note 10.

OTHER COMPREHENSIVE INCOME Comprehensive income is defined as net income and all other nonowner changes in shareholders' equity. The Company's accumulated other comprehensive income (loss) consists entirely of foreign currency translation adjustments.

SIGNIFICANT CUSTOMERS AND CONCENTRATIONS OF CREDIT RISK The Company's trade receivables are primarily from rail and transit industry original equipment manufacturers, Class I railroads, railroad carriers and commercial companies that utilize rail cars in their operations, such as utility and chemical companies. No one customer accounted for more than 10% of the Company's consolidated net sales in 2000, 1999, or 1998. The allowance for doubtful accounts was $3.9 million and $4 million as of December 31, 2000 and 1999, respectively.

EMPLOYEES As of December 31, 2000, approximately 42% of the Company's workforce was covered by collective bargaining agreements. These agreements are generally effective through 2001, 2002 and 2003.

DEFERRED COMPENSATION AGREEMENTS In May 1998, a consensus on Emerging Issues Task Force Issue No. 97-14, "Accounting for Deferred Compensation Arrangements Where Amounts Earned Are Held in a Rabbi Trust and Invested" ("EITF 97-14"), was issued. The adoption of EITF 97-14 required the Company to record as treasury stock the historical value of the Company's stock maintained in its deferred compensation plans.

3. SUPPLEMENTAL CASH FLOW DISCLOSURES

IN THOUSANDS	FOR THE YEARS ENDED DECEMBER 31, 2000	1999	1998
Interest paid during the year	$45,871	$ 44,087	$ 37,391
Income taxes paid during the year	14,935	30,635	27,434
Young Radiator acquisition:			
Fair value of assets acquired	--	--	89,594
Liabilities assumed	--	--	(10,188)
Cash paid	--	--	79,406
Less cash acquired	--	--	11,721
Net cash paid	--	--	67,685
Rockwell Railroad Electronics acquisition:			
Fair value of assets acquired	--	--	95,246
Liabilities assumed	--	--	(15,246)
Cash paid	--	--	80,000
Less cash acquired	--	--	--
Net cash paid	--	--	80,000
Other business acquisitions:			
Fair value of assets acquired	897	48,202	51,969
Liabilities assumed	(247)	(14,646)	(19,452)
Cash paid	650	33,556	32,517
Less cash acquired	--	1,314	3
Net cash paid	650	32,242	32,514
Noncash investing and financing activities:			
Deferred compensation	5,726	2,091	4,536
Treasury stock	(5,726)	(2,091)	(4,536)

4. MERGERS AND ACQUISITIONS

On November 19, 1999, WABCO completed its merger with MotivePower Industries, Inc. a leading manufacturer and supplier of locomotive components, fleet overhauls and related services. The Company issued approximately 18 million shares of Common Stock to former MotivePower shareholders and reserved for the contingent exercise of stock options approximately 2 million shares, in a transaction that was accounted for by the pooling-of-interests accounting method. Accordingly, the prior period 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 periods preceding the merger are as follows:

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1999

IN THOUSANDS	SALES	EXTRAORDINARY ITEM	NET INCOME
WABCO	$ 557,656	$ (469)	$37,652
MotivePower	294,347	--	22,376
Combined	$ 852,003	$ (469)	$60,028

FOR THE YEAR ENDED DECEMBER 31, 1998

IN THOUSANDS	SALES	EXTRAORDINARY ITEM	NET INCOME
WABCO	$ 670,909	$(3,315)	$41,654
MotivePower	365,218	(2,030)	32,197

Combined	$1,036,127	$(5,345)	$73,851

During 2000 and 1999, the Company completed the following acquisitions:

i) In July 2000, the Company purchased certain assets of Iron Fireman, a manufacturer of transportation boiler equipment for $650,000.

ii) 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.

iii) 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.

iv) 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.

These 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. The excess of the purchase price over the fair value of identifiable net assets of approximately $26 million was allocated to goodwill and is being amortized on a straight-line basis over 40 years.

On October 5, 1998, the Company purchased the railway electronics business, Rockwell Railroad Electronics, (Rockwell) of Rockwell Collins, Inc., a wholly owned subsidiary of Rockwell International Corporation, for $80 million in cash. Rockwell was a manufacturer and supplier of mobile electronics (display and positioning equipment), data communications, and electronic braking equipment for the railroad industry. The acquisition has been accounted for by the purchase method of accounting, and accordingly, the results of operations of Rockwell have been included in the Company's consolidated financial statements from the date of acquisition. The $70 million excess of the purchase price over the fair value of the net identifiable assets acquired has been recorded as goodwill and is being amortized on a straight-line basis over 40 years.

On November 18, 1998, the Company acquired 100% of the common stock of Young Radiator Company, a manufacturer of radiators, air coolers and heat exchange equipment for rail and industrial power-related markets, for $67.7 million, net of cash and marketable securities acquired. The acquisition has been accounted for by the purchase method of accounting, and accordingly, the results of operations of Young have been included in the Company's consolidated financial statements from the date of acquisition. The $43 million excess of the purchase price over the fair value of the net identifiable assets acquired has been recorded as goodwill and is being amortized on a straight-line basis over 40 years.

The following unaudited pro forma results of operations, including the effects of pro forma adjustments related to the acquisition of Rockwell and Young have been prepared as if these transactions occurred at the beginning of 1998:

IN THOUSANDS, EXCEPT PER SHARE	(UNAUDITED) 1998
Net sales	$1,116,846
Income before extraordinary item	76,328
Net income	70,983
Diluted earnings per share	
As reported	$ 1.67
Pro forma	$ 1.61

The pro forma financial information above does not purport to present what the Company's results of operations would have been if these two acquisitions had actually occurred on January 1, 1998, or to project the Company's results of operations for any future period, and does not reflect anticipated cost savings through the combination of these operations.

5. INTANGIBLES

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

IN THOUSANDS	DECEMBER 31, 2000	1999
Patents, tradenames/trademarks and other, net of accumulated amortization of $38,006 and $35,820 (3-40		

years)	$33,239	$35,333
Covenants not to compete, net of accumulated amortization of $18,756 and $16,381 (5 years)	5,558	7,954
Total	$38,797	$43,287

At December 31, 2000 and 1999, goodwill totaled $226.6 million and $233.8 million, net of accumulated amortization of $29.7 million and $23.4 million, respectively.

6. LONG-TERM DEBT

Long-term debt consisted of the following:

IN THOUSANDS	DECEMBER 31, 2000	1999
Revolving credit agreement	$358,000	$368,000
9.375% Senior notes due 2005	175,000	175,000
Pulse note	--	16,990
5.5% Industrial revenue bond due 2008	6,169	6,749
Other	1,028	1,848
Total	540,197	568,587
Less-current portion	751	743
Long-term portion	$539,446	$567,844

Credit Agreement

In November 1999, in connection with the merger, WABCO terminated its then existing secured credit agreement and refinanced the then existing unsecured MotivePower credit agreement with a consortium of commercial banks. This resulted in an unsecured credit agreement which provided a $275 million five-year revolving credit facility expiring in 2004 and a 364-day $275 million convertible revolving credit facility. In November 2000, the Company and the banks negotiated a reduction in the 364-day facility from $275 million to $213 million, primarily due to having credit availability in excess of current and forecasted needs in an effort to reduce commitment costs and other related fees. At December 31, 2000, the Company had available borrowing capacity, net of letters of credit, of approximately $106 million. In connection with the establishment of its new revolving credit facilities in 1999, the Company wrote off previously deferred financing costs of approximately $850,000, net of tax ($.02 per diluted share), which has been reported as an extraordinary item in the accompanying financial statements.

Under the credit agreement, the Company may elect a base rate, an interest rate based on the London Interbank Offered Rates of Interest ("LIBOR"), a cost of funds rate and a bid rate. The base rate is the greater of ABN AMRO Bank N.V.'s prime rate or the federal funds effective rate plus 0.5% per annum. The LIBOR rate is based on LIBOR plus a margin that ranges from 87.5 to 200 basis points depending on the Company's consolidated total indebtedness to cash flow ratios. The cost of funds rate is a fluctuating interest rate based on ABN AMRO Bank N.V.'s then cost of funds. Under the bid rate option, any participating bank may propose the interest rate at which it will lend funds, which rate may either be a fixed rate or a floating rate based on LIBOR.

The credit agreement limits the Company's ability to declare or pay cash dividends and prohibits the Company from declaring or making other distributions, subject to certain exceptions. The credit agreement contains various other covenants and restrictions including, without limitation, the following: a limitation on the incurrence of additional indebtedness; a limitation on mergers, consolidations and sales of assets and acquisitions; a limitation on liens; a limitation on sale and leasebacks; a limitation on investments, loans and advances; a limitation on certain debt payments; a limitation on capital expenditures; a minimum interest expense coverage ratio; and a maximum debt to cash flow ratio.

The credit agreement contains customary events of default, including payment defaults, failure of representations or warranties to be true in any material respect, covenant defaults, defaults with respect to other indebtedness of the Company, bankruptcy, certain judgments against the Company, ERISA defaults and "change of control" of the Company.

Credit agreement borrowings bear variable interest rates indexed to common indexes such as LIBOR. The weighted-average contractual interest rate on credit agreement borrowings was 8.37% at December 31, 2000. To reduce the impact of interest rate changes on a portion of this variable-rate debt, the Company entered into interest rate swaps which effectively convert a portion of the debt from variable to fixed-rate borrowings during the term of the swap contracts. On December 31, 2000, the notional value of interest rate swaps outstanding totaled $85 million and effectively changed the Company's interest rate from a variable rate to a fixed rate of 8.29%. The interest rate swap agreements mature in 2001 and 2003. The Company is exposed to credit risk in the event of nonperformance by the counterparties. However, since only the cash interest payments are exchanged, exposure is significantly less than the notional amount. The counterparties are large financial institutions and the Company does not anticipate nonperformance.

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 a $10.2 million loan from a prior 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 1999.

The Notes are senior unsecured obligations of the Company and rank pari passu in right of payment with all existing and future indebtedness under (i) capitalized lease obligations, (ii) the Credit Agreement, (iii) indebtedness of the Company for money borrowed and (iv) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which the Company is responsible or liable unless, in the case of clause (iii) or (iv), in the instrument creating or evidencing the same or pursuant to which the same is outstanding, it is provided that such obligations are subordinate in right of payment to the Notes.

Pulse Note

As partial payment for the 1995 Pulse acquisition, the Company issued a $17 million note due January 31, 2004, with interest at 9.5% to the former Pulse shareholder. In January 2000, this note was repaid.

Industrial Revenue Bond

In July 1998, a subsidiary of the Company entered into a 10 year $7.5 million debt obligation that bears an interest rate of 5.5% to provide financing for the purchase of a building used in the Company's operations.

Scheduled principal repayments of outstanding loan balances required as of December 31, 2000 are as follows:

In thousands	
2001	$ 751
2002	1,369
2003	778
2004	358,788
2005	175,552
Future years	2,959
Total	$540,197

7. EMPLOYEE BENEFIT PLANS

In thousands, except percentages AS OF OR FOR THE YEAR ENDED DECEMBER 31,	PENSION PLANS 2000	PENSION PLANS 1999	POSTRETIREMENT PLANS 2000	POSTRETIREMENT PLANS 1999
DEFINED BENEFIT PLANS				
CHANGE IN BENEFIT OBLIGATION				
Obligation at beginning of year	$(60,359)	$(63,650)	$(18,595)	$(20,611)
Service cost	(1,492)	(1,746)	(231)	(337)
Interest cost	(4,572)	(4,231)	(1,430)	(1,364)
Participant contributions	(298)	(40)	--	--
Special termination benefits	(2,957)	--	--	--
Plan amendments	--	(461)	--	(205)
Actuarial gain (loss)	(2,505)	7,427	(874)	3,440
Benefits paid	12,895	3,988	696	563
Obligation assumed through an acquisition	--	--	--	(81)
Effect of currency rate changes	879	(1,646)	--	--
Obligation at end of year	$(58,409)	$(60,359)	$(20,434)	$(18,595)
CHANGE IN PLAN ASSETS				
Fair value of plan assets at beginning of year	$ 74,554	$ 68,290	--	--
Actual return on plan assets	2,584	6,458	--	--
Employer contribution	2,521	2,325	--	--
Participant contributions	298	40	--	--
Benefits paid	(12,895)	(3,988)	--	--
Administrative expenses	(112)	(257)	--	--
Effect of currency rate changes	(1,240)	1,686	--	--
Fair value of plan assets at end of year	$ 65,710	$ 74,554	--	--
FUNDED STATUS				
Funded status at year end	$ 7,301	$ 14,195	$(20,434)	$(18,595)
Unrecognized net actuarial (gain) loss	(3,305)	(10,109)	1,112	359
Unrecognized prior service cost	2,806	3,212	(26)	(83)
Unrecognized transition obligation	--	--	259	281
Prepaid (accrued) benefit cost	$ 6,802	$ 7,298	$(19,089)	$(18,038)

	PENSION PLANS 2000	PENSION PLANS 1999	PENSION PLANS 1998	POSTRETIREMENT PLANS 2000	POSTRETIREMENT PLANS 1999	POSTRETIREMENT PLANS 1998
NET PERIODIC BENEFIT COST						
Service cost	$ 1,492	$ 1,746	$ 1,363	$ 231	$ 337	$ 400
Interest cost	4,572	4,231	2,904	1,430	1,364	1,304
Expected return on plan assets	(6,708)	(6,045)	(3,968)	--	--	--
Net amortization/deferrals	219	734	1,072	69	233	230
Net periodic benefit (income) cost	$ (425)	$ 666	$ 1,371	$1,730	$1,934	$1,934
ASSUMPTIONS						
Discount rate	7.25%	7.75%	6.75%	7.5%	8%	6.75%
Expected long-term rate of return	9%	9%	10%	na	na	na
Rate of compensation increase	5%	5%	5%	na	na	na

A 1% change in the assumed health care cost trend rate will change the amount of expense recognized for the postretirement plans by approximately $200,000 for each future year, and change the accu-

mulated postretirement benefit obligation by approximately $2.5 million.

The composition of plan assets consists primarily of equities, corporate bonds, governmental notes and temporary investments.

In 2000, as a result of an early retirement package offered to certain union employees, the Company incurred a charge of approximately $3 million reflected above as a special termination benefit.

Included in the above table, the Company had a $0.3 million pension plan benefit obligation that was in excess of plan assets at December 31, 2000.

DEFINED CONTRIBUTION PLANS

Costs recognized under multi-employer and other defined contribution plans are summarized as follows:

IN THOUSANDS	2000	1999	1998
Multi-employer pension and health & welfare plans	$2,399	$2,251	$3,765
401(k) savings and other defined contribution plans	6,164	1,782	1,298
Employee stock ownership plan (ESOP)	1,315	4,078	4,472
Total	$9,878	$8,111	$9,535

The Company sponsors defined benefit pension plans that cover certain U.S. and Canadian employees and provide benefits of stated amounts for each year of service of the employee. In connection with the establishment of the ESOP (see Note 8) in January 1995, the pension plan for U.S. salaried employees was modified to eliminate any credit (or accrual) for current service costs for any future periods, effective March 31, 1995.

The Company's funding methods, which are primarily based on the ERISA requirements, differ from those used to recognize pension expense, which is primarily based on the projected unit credit method applied in the accompanying financial statements.

In addition to providing pension benefits, the Company has provided certain unfunded postretirement health care and life insurance benefits for substantially all U.S. employees. In conjunction with the establishment of the ESOP in January 1995 (see Note 8), the postretirement health care and life insurance benefits for salaried employees were modified to discontinue benefits for employees who had not attained the age of 50 by March 31, 1995. The Company is not obligated to pay health care and life insurance benefits to individuals who had retired prior to 1990.

The Company also participates in a variety of defined contribution, 401(k) and multiemployer pension, health and welfare plans. Additionally, the Company has stock option-based benefit and other plans further described in Note 11.

8. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST (ESOP)

Effective January 31, 1995, the Company established the Westinghouse Air Brake Company Employee Stock Ownership Plan and Trust (ESOP) to enable participating employees to obtain ownership interests in the Company. Employees eligible to participate in the ESOP primarily include the salaried U.S. employees and, as described in Note 7, the ESOP contributions were intended to supplement or replace other salaried employee benefit plans.

In connection with the establishment of the ESOP, the Company made a $140 million loan to the ESOP, which was used to purchase 9,336,000 shares of the Company's outstanding common stock. The ESOP loan initially had a term of 50 years with interest at 8.5% and was collateralized by the shares purchased by the ESOP. Company contributions to the ESOP were used to repay the ESOP loan's annual debt service requirements of approximately $12 million. The Company was obligated to contribute amounts sufficient to repay the ESOP loan. The ESOP used such Company contributions to repay the ESOP loan. Approximately 187,000 shares were to be allocated annually to participants over a 50-year period. These transactions occurred simultaneously and, for accounting purposes, offset each other. Allocated ESOP shares through August 1, 2000 were approximately 1.1 million shares.

Under a plan that was devised to terminate the ESOP in order to provide a comparable retirement benefit structure between the former WABCO and MotivePower employees, Company contributions to the ESOP ceased August 1, 2000. Due to certain regulatory and other administrative constraints, the Trust and the ESOP

loan continue in place and the voting rights of the unallocated ESOP shares
continue to be governed by the Trust until the termination has been effected.
For accounting purposes, the unallocated

shares are considered Treasury Stock at December 31, 2000.

Effective August 1, 2000, cash contributions are made to the Company's existing defined contribution 401(k) plan in lieu of Company Common Stock previously contributed to ESOP participants and the Company anticipates making additional discretionary cash contributions to former ESOP participants over the next three years, for which the Company estimates the costs to be $2 million per year. Also in 2000, the Company incurred a $5.1 million non-cash charge for the write-off of the related deferred tax asset, due to its ESOP tax benefits, that otherwise would have been realized had the ESOP continued, will not be utilized in future periods. This charge is reported within the caption "Income tax expense" in the consolidated statement of operations.

9. INCOME TAXES

The provision for income taxes consisted of the following:

	YEAR ENDED DECEMBER 31,		
IN THOUSANDS	2000	1999	1998
Current taxes Federal	$ --	$12,569	$22,871
State	1,009	2,264	1,862
Foreign	8,999	10,535	11,099
	10,008	25,368	35,832
Deferred taxes			
Federal	8,669	2,596	5,311
State	749	(1,020)	(387)
Foreign	2,776	6,613	1,359
	12,194	8,189	6,283
Total provision	$22,202	$33,557	$42,115

The 1999 and 1998 provision excludes $0.8 million and $2.0 million, respectively, for the income tax effect of the extraordinary loss. (See Note 6).

The components of income before taxes for U.S. and foreign operations were $23.4 million and $24.2 million, respectively, for 2000, $38.7 million and $32.8 million, respectively, for 1999, and $81.2 million and $40.1 million, respectively, for 1998.

A reconciliation of the United States federal statutory income tax rate to the effective income tax rate is provided below:

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
U.S. federal statutory rate	35.0%	35.0%	35.0%
State taxes	0.8	3.2	1.5
Foreign	2.2	0.8	(1.8)
Valuation allowance	--	(1.3)	--
Merger and Restructuring charge	--	11.3	--
ESOP	10.6	--	--
Other, net	(1.9)	(2.1)	--
Effective rate	46.7%	46.9%	34.7%

Components of deferred tax assets and liabilities were as follows:

	DECEMBER 31,	
IN THOUSANDS	2000	1999
Accrued expenses and reserves	$ 9,083	$ 9,044
ESOP	--	5,067
Employee benefits/pension	10,730	6,352
Inventory	3,295	2,445
Accrued warranty	7,455	8,202

Restructuring reserve	3,842	4,599
Deferred debt costs	1,405	--
Net operating loss	6,690	9,429
Plant, equipment and intangibles	(20,678)	(10,613)
Underbillings	(7,815)	(7,734)
Other	1,301	(31)
	15,308	26,760
Valuation allowance	(8,641)	(8,641)
Net deferred tax assets	$ 6,667	$ 18,119

A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company has established a valuation allowance for certain net operating loss carryforwards and for losses anticipated to produce no tax benefit. Although realization of the net deferred tax asset is not assured, management believes that it is more likely than not that the net deferred tax asset will be realized.

The Company's net operating loss carryforward for the year ended December 31, 2000 is $18.9 million, and will expire in 2010.

10. EARNINGS PER SHARE

The computation of earnings per share is as follows:

In thousands, EXCEPT PER SHARE	YEAR ENDED DECEMBER 31, 2000	1999	1998
BASIC			
Income before extraordinary item applicable to common shareholders	$25,393	$37,942	$79,196
Divided by:			
Weighted average shares outstanding	43,318	43,287	42,750
Basic earnings per share before extraordinary item	$ 0.59	$ 0.88	$ 1.85
DILUTED			
Income before extraordinary item applicable to common shareholders	$25,393	$37,942	$79,196
Divided by the sum of:			
Weighted average shares outstanding	43,318	43,287	42,750
Assumed conversion of dilutive stock options	64	947	1,391
Diluted shares outstanding	43,382	44,234	44,141
Diluted earnings per share before extraordinary item	$ 0.59	$ 0.86	$ 1.79

Options to purchase approximately 4.2 million, 700,000 and 200,000 shares of Common Stock were outstanding in 2000, 1999 and 1998, respectively, but were not included in the computation of diluted earnings per share because the options' exercise price exceeded the average market price of the common shares.

11. STOCK-BASED COMPENSATION PLANS

STOCK OPTIONS Under the 2000 Stock Incentive Plan (the 2000 Plan), the Company may grant options to employees for an initial amount of 1.1 million shares of Common Stock. This amount is subject to annual modification based on a formula. Under the formula, 1.5% of total common shares outstanding at the end of the preceding fiscal year (excluding any shares held by the ESOP or the related trust) are added to shares available for grant under the 2000 Plan. Based on the adjustment, the Company had approximately 1.8 million shares available for 2000 grants and has available approximately 1,150,078 shares through the end of fiscal 2001. The shares available for grants on any given date may not exceed 15% of Wabtec's total common shares outstanding (excluding any shares held by the ESOP or the related trust). Generally, the options become exercisable over three and five-year vesting periods and expire ten years from the date of grant.

As part of a long-term incentive program, in 1998, the Company granted options to purchase up to 500,020, to certain executives under a plan that preceded the 2000 Plan. The option price is $20 per share. The options vest 100% after eight years and are subject to accelerated vesting after three years if the Company achieves certain earnings targets as established by the compensation committee of the board of directors. No further grants may be made under this plan.

The Company also has a non-employee director's stock option plan under which 500,000 shares of Common Stock are reserved for issuance. Through year-end 2000, the Company granted nonqualified stock options to non-employee directors to purchase a total of 110,000 shares.

EMPLOYEE STOCK PURCHASE PLAN In 1998, the Company adopted an employee stock purchase plan (ESPP). The ESPP had 500,000 shares available for issuance. Participants can purchase the Company's Common Stock at 85% of the lesser of fair market value on the first or last day of each offering period. Stock issued under this plan thru December 31, 2000 was 134,241 shares.

The Company applies APB 25 and related interpretations in accounting for its stock-based compensation plans. Accordingly, no compensation expense has been recognized under these plans. Had compensation expense for these plans been

determined based on the fair value at the grant dates for awards, the Company's net income and earnings per share would be as set forth in the following table. For purposes of pro forma disclosures, the estimated fair value is

amortized to expense over the options' vesting period.

In thousands, EXCEPT PER SHARE	YEAR ENDED DECEMBER 31, 2000	1999	1998
Net income			
As reported	$25,393	$36,623	$73,851
Pro forma	20,601	31,996	69,250
Diluted earnings per share			
As reported	$ 0.59	$ 0.83	$ 1.67
Pro forma	0.47	0.72	1.57

Since compensation expense associated with option grants would be recognized over the vesting period, the initial impact of applying SFAS No. 123 on pro forma net income is not representative of the potential impact on pro forma net income in future years. In each subsequent year, pro forma compensation expense would include the effect of recognizing a portion of compensation expense from multiple awards.

For purposes of presenting pro forma results, the fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	YEAR ENDED DECEMBER 31, 2000	1999	1998
Dividend yield	.40%	.30%	.20%
Risk-free interest rate	5.090%	5.875%	4.560%
Stock price volatility	46.74	36.58	29.10
Expected life (years)	5.0	5.0	5.0

The Black-Scholes option valuation model was developed for use in estimating fair value of traded options, which are significantly different than employee stock options. Although this valuation model is an acceptable method for use in presenting pro forma information, because of the differences in traded options and employee stock options, the Black-Scholes model does not necessarily provide a single measure of the fair value of employee stock options.

A summary of the Company's stock option activity and related information for the years indicated follows:

	2000		1999		1998	
	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Beginning of year......................	4,977,008	$15.14	5,340,182	$16.29	4,744,533	$14.64
Granted................................	1,310,000	10.81	173,642	24.33	1,091,908	20.99
Exercised..............................	(581,318)	6.20	(361,664)	11.64	(277,158)	14.39
Canceled...............................	(316,293)	20.82	(175,152)	15.03	(219,101)	15.86
End of year............................	5,389,397	$14.74	4,977,008	$15.14	5,340,182	$16.29
Exercisable at end of year.............	3,621,317		3,958,854		2,116,820	
Available for future grant.............	1,150,078		678,028		1,213,334	
Weighted average fair value of options granted during the year..............	$ 5.97		$9.04		$8.98	

The following table summarizes information about stock options outstanding at December 31, 2000:

RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING AS OF 12/31/00	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE AS OF 12/31/00

$ 3.86--$ 8.63	112,941	5.3	$ 5.14	107,941
$ 9.54--$ 9.54	695,000	9.9	$ 9.54	--
$ 9.88--$10.86	610,839	6.1	$10.64	535,839
$11.00--$12.75	772,625	8.0	$12.16	292,625
$14.00--$14.00	1,577,256	5.1	$14.00	1,577,256
$14.53--$19.91	556,675	7.3	$18.77	553,425
$20.00--$20.00	656,020	7.8	$20.00	171,690
$20.09--$31.63	408,041	8.2	$25.82	382,541
	5,389,397	7.0	$14.74	3,621,317

RESTRICTED STOCK AWARD In 1998, the Company granted 15,000 shares of restricted Common Stock to an officer. The shares vest according to a vesting schedule over a three-year period. The grant date market value totaled $372,188 and is being amortized to expense over the vesting period. Unamortized compensation is recorded as a component of shareholders' equity.

EXECUTIVE RETIREMENT PLAN Under the 1997 Executive Retirement Plan, the Company may award its Common Stock to certain employees including certain executives who did not participate in the ESOP. The plan was terminated in August 2000 through which time, 50,031 shares had been awarded with a fair market value of approximately $859,027.

With respect to the Restricted Stock Award and the Executive Retirement Plan, compensation expense is recognized in the consolidated statement of operations.

12. OPERATING LEASES

The Company leases office and manufacturing facilities under operating leases with terms ranging from one to fifteen years, excluding renewal options.

The Company has sold remanufactured locomotives to various financial institutions and leased them back under operating leases with terms from five to 20 years.

Total net rental expense charged to operations in 2000, 1999, and 1998 was $7.8 million, $8.6 million and $6.2 million, respectively. Certain of the Company's equipment rental obligations under operating leases pertain to locomotives, which are subleased to customers under both short-term and long-term agreements. The amounts above are shown net of sublease rentals of $4.3 million, $5.7 million and $7.6 million for the years 2000, 1999 and 1998, respectively.

Future minimum rental payments under operating leases with remaining noncancelable terms in excess of one year are as follows:

IN THOUSANDS YEAR	REAL ESTATE	EQUIPMENT	SUBLEASE RENTALS	TOTAL
2001	$5,862	$ 7,399	$(3,294)	$ 9,967
2002	5,012	5,457	(2,708)	7,761
2003	4,643	4,888	(2,716)	6,815
2004	3,352	5,743	(2,702)	6,393
2005	2,205	4,100	(2,472)	3,833
2006 and after	$5,352	$10,709	$(5,183)	$10,878

13. STOCKHOLDERS' AGREEMENTS

As of December 31, 2000, the approximate ownership interests in the Company's Common Stock are held by management (13%), the ESOP (22%), the investors consisting of Vestar Equity Partners, L.P., Harvard Private Capital Holdings, Inc., American Industrial Partners Capital Fund II, L.P. (14%), and all others including public shareholders (51%).

A Stockholders Agreement exists between management and the investors referred to above that provides for, among other things, the composition of the Board of Directors as long as certain minimum stock ownership percentages are maintained, restrictions on the disposition of shares and rights to request the registration of the shares.

The shares held by the ESOP (established January 31, 1995) are subject to the terms of the related ESOP Loan Agreement, Employee Stock Ownership Trust Agreement, Employee Stock Ownership Plan and the Pledge Agreement. Although the ESOP has terminated, the unallocated shares remain with the trustee until all regulatory and administrative actions are completed. The ESOP is further described in Note 8.

14. PREFERRED STOCK

The Company's authorized capital stock includes 1,000,000 shares of preferred stock. The Board of Directors has the authority to issue the preferred stock and to fix the designations, powers, preferences and rights of the shares of each such class or series, including dividend rates, conversion rights, voting rights, terms of redemption and liquidation preferences, without any further vote or action by the Company's shareholders. The rights and preferences of the preferred stock would be superior to those of the common stock. At December 31, 2000 and 1999 there was no preferred stock issued or outstanding.

15. COMMITMENTS AND CONTINGENCIES

The Company is subject to a variety of environmental laws and regulations governing discharges to air and water, the handling, storage and disposal of hazardous or solid waste materials and the remediation of contamination associated with releases of hazardous substances. The Company believes its

operations currently comply in all material respects with all of the various environmental laws and regulations applica-

ble to our business; however, there can be no assurance that environmental requirements will not change in the future or that we will not incur significant costs to comply with such requirements.

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, through one of its operating subsidiaries, has been named, along with other parties, as a Potentially Responsible Party (PRP) under the North Carolina Inactive Sites Response Act because of an alleged release or threat of release of hazardous substances at the "Old James Landfill" site in North Carolina. The Company believes unreimbursed costs, if any, associated with the cleanup activities at this site will not be material, and as a result of the indemnification provisions referred to above and an insurance policy from Rocky Mountain International Insurance Ltd., which has acknowledged coverage and is currently paying on the claim. The Company has not established a reserve for such costs.

The Company's operations do not use and its products do not contain any asbestos. Asbestos actions have been filed against the Company and certain of its affiliates. These cases involve products manufactured prior to the time the Company was formed. The Company has not incurred any significant costs related to these asbestos claims as the claims are indemnified by the companies who manufactured the products in question or are covered by insurance. Management believes that these claims will not be material; and accordingly, the financial statements do not reflect any costs or reserves for such claims.

BOISE, IDAHO

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 Boise Locomotive Company 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. The Company has accrued $3.2 million at December 31, 2000, the estimated remaining costs for remediation. The Company was in compliance with the Permit at December 31, 2000.

MOUNTAINTOP, PENNSYLVANIA

Foster Wheeler Energy Corporation ("FWEC") the seller of the Mountaintop property to the predecessor of one of the Company's subsidiaries in 1989, agreed to indemnify the Company's predecessor and its successors and assigns against certain identified environmental liabilities for which FWEC executed a Consent Order Agreement with the Pennsylvania Department of Environmental Protection (PADEP) and EPA. Management believes that this indemnification arrangement is enforceable for the benefit of the Company and that FWEC has the financial resources to honor its obligations under this indemnification arrangement.

MATTOON, ILLINOIS

Prior to the Company's acquisition of Young Radiator, Young agreed to clean up alleged contamination on a prior production site in Mattoon, Ill. The Company is in the process of recharacterizing the site with the state of Illinois and now estimates the costs to remediate the site to be approximately $700,000, which has been accrued at December 31, 2000.

RACINE, WISCONSIN

Young ceased manufacturing operations at its Racine facility in the early 1990's. Investigations prior to the acquisition of Young revealed some levels of contamination on the Racine property and the Company has begun remediation efforts. The Company has initiated a comprehensive site evaluation with the state of Wisconsin and believes this governing body is generally in agreement with the findings. The Company has accrued approximately $700,000 at December 31, 2000 as its estimate of remaining restoration costs.

GE HARRIS

On November 3, 2000 the company settled the suit brought against it by GE-Harris Railway Electronics, L.L.C. and GE-Harris Railway Electronics Services, L.L.C. (collectively, "GE-Harris"). In exchange for settlement of the suit, the Company agreed to deliver $2 million worth of products for GE-Harris by De-

cember 15, 2000, which the Company expensed in the fourth quarter of 2000. In addition, the Company will pay GE-Harris $7 million in exchange for a license of certain intellectual property.

The Company has other contingent obligations relating to certain sale-leaseback transactions for which reserves have been established.

From time to time the Company is involved in litigation relating to claims arising out of its operations in the ordinary course of business. As of the date hereof, the Company is involved in no litigation that the Company believes will have a material adverse effect on its financial condition, results of operations or liquidity.

16. 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, engines, traction motors, on-board electronic systems and train coupler equipment. Revenues are derived from OEM and locomotive overhauls, aftermarket sales and from freight car repairs and services.

TRANSIT GROUP consists of products for passenger transit vehicles (typically subways, rail and busses) that include braking 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 below 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 2000 is as follows:

IN THOUSANDS	FREIGHT GROUP	TRANSIT GROUP	CORPORATE ACTIVITIES	MERGER AND RESTRUCTURING	TOTAL
Sales to external customers............	$749,687	$278,289	--	--	$1,027,976
Intersegment sales/(elimination).......	10,189	570	$ (10,759)		--
Total sales......................	$759,876	$278,859	$ (10,759)	--	$1,027,976
Income from operations.................	$108,548	$ 27,440	$ (17,353)	$(29,155)	$ 89,480
Interest expense and other.............	--	--	(41,885)	--	(41,885)
Income before income taxes and extraordinary item...............	$108,548	$ 27,440	$ (59,238)	$(29,155)	$ 47,595
Depreciation and amortization..........	$ 31,142	$ 7,971	$ 2,549	--	$ 41,662
Capital expenditures...................	16,841	6,742	2,752	--	26,335
Segment assets.........................	734,378	197,487	52,182	--	984,047

Segment financial information for 1999 is as follows:

IN THOUSANDS	FREIGHT GROUP	TRANSIT GROUP	CORPORATE ACTIVITIES	MERGER AND RESTRUCTURING	TOTAL
Sales to external customers	$882,866	$238,202	--	--	$1,121,068
Intersegment sales/(elimination)	26,614	--	$ (26,614)	--	--
Total sales	$909,480	$238,202	$ (26,614)	--	$1,121,068
Income from operations	$162,350	$ 21,279	$ (18,763)	$ (48,857)	$ 116,009
Interest expense and other	--	--	(44,510)	--	(44,510)
Income before income taxes and extraordinary item	$162,350	$ 21,279	$ (63,273)	$ (48,857)	$ 71,499
Depreciation and amortization	$ 32,600	$ 8,191	$ 1,823	--	$ 42,614
Capital expenditures	20,748	9,364	696	--	30,808
Segment assets	757,171	208,106	31,399	--	996,676

Segment financial information for 1998 is as follows:

IN THOUSANDS	FREIGHT GROUP	TRANSIT GROUP	CORPORATE ACTIVITIES	TOTAL
Sales to external customers	$824,326	$211,801	--	$1,036,127
Intersegment sales/(elimination)	22,942	1,276	$(24,218)	--
Total sales	$847,268	$213,077	$(24,218)	$1,036,127
Income from operations	$150,974	$ 16,047	$(21,992)	$ 145,029
Interest expense and other	--	--	(23,718)	(23,718)
Income before income taxes and extraordinary item	$150,974	$ 16,047	$(45,710)	$ 121,311
Depreciation and amortization	$ 27,724	$ 6,544	$ 2,347	$ 36,615
Capital expenditures	46,047	8,470	3,321	57,838
Segment assets	738,230	182,398	46,754	967,382

The following geographic area data include net sales based on product shipment destination. Long-lived assets consists of plant, property and equipment, net of depreciation, which are resident in their respective countries.

IN THOUSANDS	NET SALES			LONG-LIVED ASSETS		
YEAR ENDED DECEMBER 31,	2000	1999	1998	2000	1999	1998
United States	$ 751,232	$ 829,725	$ 753,377	$146,576	$156,106	$157,362
Canada	118,224	100,221	90,193	40,136	42,661	38,775
Mexico	52,244	78,661	76,140	19,852	15,260	15,615
Other international	106,276	112,461	116,417	8,081	8,664	7,486
Total	$1,027,976	$1,121,068	$1,036,127	$214,645	$222,691	$219,238

Export sales from the Company's United States operations were $135.1 million, $132.7 million and $111.8 million for the years ending December 31, 2000, 1999 and 1998, respectively. The following data reflects income from operations, including merger and restructuring related charges by major geographic area, attributed to the Company's operations within each of the following countries or regions.

IN THOUSANDS	INCOME FROM OPERATIONS		
YEAR ENDED DECEMBER 31,	2000	1999	1998

United States	$ 55,262	$ 71,905	$ 98,446
Canada	16,465	19,176	20,364
Mexico	11,893	16,228	18,790
Other international	5,860	8,700	7,429
Total	$ 89,480	$116,009	$145,029

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of the Company's financial instruments approximate their related carrying values, except for the following:

IN THOUSANDS	2000 CARRY VALUE	2000 FAIR VALUE	1999 CARRY VALUE	1999 FAIR VALUE
9.375% Senior Notes	$(175,000)	$(168,000)	$(175,000)	$(183,000)
Note Payable -- Pulse 9.5%	--	--	(16,990)	(16,990)
Interest rate swaps	--	(1,900)	--	367

Fair values of the fixed rate obligations were estimated using discounted cash flow analyses. The fair value of the Company's interest rate swaps (see Note 6) were based on dealer quotes and represent the estimated amount the Company would pay to the counterparty to terminate the swap agreements.

18. SELECTED QUARTERLY FINANCIAL DATA

IN THOUSANDS, EXCEPT PER SHARE DATA	(UNAUDITED) FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
2000				
Net sales	$258,859	$249,164	$255,163	$264,790
Gross profit	76,493	67,270	67,576	66,461
Operating income	32,739	22,336	15,833	18,572
Income before taxes	25,640	12,537	2,402	7,015
Income (loss) before extraordinary item	16,410	8,023	(3,529)	4,489
Net income (loss)	16,410	8,023	(3,529)	4,489
Diluted earnings (loss) per common share before extraordinary item	0.38	0.18	(0.08)	0.10
Diluted earnings (loss) per common share	$ 0.38	$ 0.18	$ (0.08)	$ 0.10
1999				
Net sales	$298,478	$292,644	$260,881	$269,065
Gross profit	89,068	91,018	78,560	73,333
Operating income (loss)	43,702	46,415	39,720	(13,828)
Income (loss) before taxes	32,145	35,246	27,961	(23,853)
Income (loss) before extraordinary item	20,267	22,420	17,811	(22,556)
Net income (loss)	19,798	22,420	17,811	(23,406)
Diluted earnings (loss) per common share before extraordinary item	0.46	0.50	0.40	(0.51)
Diluted earnings (loss) per common share	$ 0.45	$ 0.50	$ 0.40	$ (0.53)

The amounts in the table above differ from those previously reported on Form 10-Q for 1999 due to the merger of Westinghouse Air Brake Company and MotivePower Industries, Inc. and the application of the pooling-of-interests accounting and reporting method.

The Company recorded restructuring-related costs of approximately $2.3 million or $0.03 in the first quarter of 2000, $5.6 million or $0.08, $13.4 million or $0.20, and $7.8 million or $0.12, net of tax, per diluted share, in the second, third and fourth quarters of 2000, respectively. The Company also recorded a $4.4 million, or $0.07, net of tax, per diluted share gain on sale of a product line in the second quarter of 2000. In the third quarter of 2000, in conjunction with the ESOP termination, the Company incurred a $5.1 million non-cash, or $0.12 per diluted share charge, for the write-off of the related deferred tax asset. Also during the fourth quarter of 2000, the Company recorded a $2 million, or $0.03, net of tax, per diluted share charge for a legal settlement.

In the fourth quarter of 1999, the Company recorded merger and restructuring costs of approximately $50 million or $0.91, net of tax, per diluted share, which was the only merger charge in 1999.

19. MERGER AND RESTRUCTURING CHARGES

The Company previously announced a merger and restructuring plan pursuant to the merger of the Company and MotivePower Industries, Inc. ("the merger"). The Company estimates synergies from the plan yielded approximately $20 million of pre-tax cost savings in 2000 and reached an ongoing annualized savings of $25 million pre-tax, with such benefits 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 $84 million pre-tax, due to an acceleration and refinement of the plan, with approximately $50 million of the charge previously expensed in 1999 and $29 million in 2000. The Company expects the remaining charge of $5 million to be incurred in 2001.

The $79 million charge to date included the following announced actions:

- Costs associated with the transaction for items such as investment bankers, legal fees, accountant fees, SEC fees, etc.
- Consolidation of the corporate headquarters to Wilmerding, PA and the elimination of duplicate corporate functions.
- Closing and moving of Young Radiator's Centerville, IA plant and consolidating the Young administrative offices into the Company's Jackson, TN facility from Racine, WI.
- Closing and relocation of several production operations to San Luis Potosi, Mexico.
- Closing and relocation of several additional manufacturing operations.
- Eliminating duplicate sales functions.

As of December 31, 2000, $6.3 million of the merger and restructuring charge was still remaining as accrued on the balance sheet. The table below identifies the significant components of the charge and reflects the accrual balance at that date.

IN THOUSANDS	TRANSACTION COSTS, SEVERANCE AND TERMINATION BENEFITS	LEASE IMPAIRMENTS AND ASSET WRITEDOWNS	OTHER	TOTAL
Beginning balance, January 1, 2000	$ 2,119	$5,738	$848	$8,705
Amounts provided in 2000	--	1,178	285	1,463
Amounts paid in 2000	(2,119)	(955)	(837)	(3,911)
Balance at December 31, 2000	$ --	$5,961	$296	$6,257

The lease impairment charges and asset writedowns are associated with the Company's closing of the plants noted, the relocation of the corporate headquarters, and the Company's evaluation of certain assets where projected cash flows from such assets over their remaining useful 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 December 31, 2000.

20. CONTRACT UNDERBILLINGS

The Company has a long-term contract to provide maintenance and other locomotive services. Details relative to cumulative costs incurred and revenues recognized were as follows:

IN THOUSANDS	DECEMBER 31, 2000	1999
Costs incurred	$ 248,865	$ 224,452
Estimated earnings	60,798	51,837
	309,663	276,289
Less billings to date	(285,765)	(248,579)
Total contract underbillings	$ 23,898	$ 27,710

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/ GREGORY T. H. DAVIES

Gregory T. H. Davies, Chief Executive Officer
Date: March 28, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company in the capacities indicated and on the dates indicated.

SIGNATURE AND TITLE	DATE
/s/ WILLIAM E. KASSLING William E. Kassling, Chairman of the Board	March 23, 2001
/s/ GREGORY T. H. DAVIES Gregory T. H. Davies, President, Chief Executive Officer and Director	March 28, 2001
/s/ ROBERT J. BROOKS Robert J. Brooks, Chief Financial Officer, Chief Accounting Officer and Director	March 21, 2001
/s/ KIM G. DAVIS Kim G. Davis, Director	March 26, 2001
/s/ GILBERT E. CARMICHAEL Gilbert E. Carmichael, Director and Vice Chairman	March 21, 2001
/s/ EMILIO A. FERNANDEZ Emilio A. Fernandez, Director and Vice Chairman	March 23, 2001
/s/ LEE B. FOSTER, II Lee B. Foster, II, Director	March 20, 2001
/s/ JAMES P. KELLEY James P. Kelley, Director	March 19, 2001
/s/ JAMES P. MISCOLL James P. Miscoll, Director	March 19, 2001
/s/ JAMES V. NAPIER James V. Napier, Director	March 21, 2001
/s/ JAMES C. HUNTINGTON, JR. James C. Huntington, Jr., Director	March 20, 2001

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF
WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION:

We have audited, in accordance with auditing standards generally accepted in the United States, the consolidated financial statements of Westinghouse Air Brake Technologies Corporation included in this Form 10-K, and have issued our report thereon dated February 12, 2001. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in the index in Item 14(a) 2 of this Form 10-K is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audits and the report of other auditors, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/s/ ARTHUR ANDERSEN LLP

Pittsburgh, Pennsylvania
February 12, 2001

SCHEDULE II

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION

VALUATION AND QUALIFYING ACCOUNTS
FOR EACH OF THE THREE YEARS ENDED DECEMBER 31

IN THOUSANDS	BALANCE AT BEGINNING OF PERIOD	CHARGED/ (CREDITED) TO EXPENSE	CHARGED TO OTHER ACCOUNTS (1)	DEDUCTIONS FROM RESERVES(2)	BALANCE AT END OF PERIOD
2000					
Warranty and overhaul reserves.......	$26,832	$16,352	$ --	$19,702	$23,482
Allowance for doubtful accounts......	3,983	639	--	673	3,949
Valuation allowance - taxes..........	8,641	--	--	--	8,641
Inventory reserves...................	21,543	8,261	252	12,747	17,309
Merger and restructuring reserve.....	8,705	1,463	--	3,911	6,257
1999					
Warranty and overhaul reserves.......	$22,985	$10,805	$4,813	$11,771	$26,832
Allowance for doubtful accounts......	3,530	1,409	117	1,073	3,983
Valuation allowance - taxes..........	17,204	--	7,163	1,400	8,641
Inventory reserves...................	16,862	14,480	886	10,685	21,543
Merger and restructuring reserve.....	--	50,184	--	41,479	8,705
1998					
Warranty and overhaul reserves.......	$21,473	$13,956	$4,936	$17,380	$22,985
Allowance for doubtful accounts......	2,439	906	712	527	3,530
Valuation allowance - taxes..........	17,204	--	--	--	17,204
Inventory reserves...................	10,219	6,170	4,590	4,117	16,862

(1) Reserves of acquired companies

(2) Actual disbursements and/or charges

INDEX TO EXHIBITS

(C)	EXHIBITS	FILING METHOD
2.1	Amended and Restated Agreement and Plan of Merger, as amended (originally included as Annex A to the Joint Proxy Statement/Prospectus)	8
3.1	Restated Certificate of Incorporation of the Company dated January 30, 1995, as amended March 30, 1995	2
3.3	Amended and Restated By-Laws of the Company, effective November 19, 1999	8
4.1	Form of Indenture between the Company and The Bank of New York with respect to the public offering of $100,000,000 of 9 3/8% Senior Notes due 2005	2
4.2	Form of Note (included in Exhibit 4.1)	2
4.3	First Supplemental Indenture dated as of March 21, 1997 between the Company and The Bank of New York	5
4.4	Indenture dated as of January 12, 1999 by and between the Company and The Bank of New York with respect to the private offering of $75,000,000 of 9 3/8% Senior Notes due 2005, Series B	7
4.5	Form of Note (included in Exhibit 4.4)	7
10.1	MotivePower Stock Option Agreement (originally included as Annex B to the Joint Proxy Statement/Prospectus)	8
10.2	Westinghouse Air Brake Stock Option Agreement (originally included as Annex C to the Joint Proxy Statement/Prospectus)	8
10.3	Voting Agreement dated as of September 26, 1999 among William E. Kassling, Robert J. Brooks, Harvard Private Capital Holdings, Inc. Vestar Equity Partners, L.P. and MotivePower Industries, Inc. (originally included as Annex D to the Joint Proxy Statement/Prospectus)	8
10.5	Westinghouse Air Brake Company Employee Stock Ownership Plan and Trust, effective January 31, 1995	2
10.6	ESOP Loan Agreement dated January 31, 1995 between Westinghouse Air Brake Company Employee Stock Ownership Trust ("ESOP") and the Company (Exhibits omitted)	2
10.7	Employee Stock Ownership Trust Agreement dated January 31, 1995 between the Company and U.S. Trust Company of California, N.A.	2
10.8	Pledge Agreement dated January 31, 1995 between ESOT and the Company	2
10.9	Amended and Restated Refinancing Credit Agreement dated as of November 19, 1999 among the Company, various financial institutions, ABN AMRO Bank N.V., The Chase Manhattan Bank, and The Bank of New York (Schedules and Exhibits omitted)	9
10.10	Amended and Restated Stockholders Agreement dated as of March 5, 1997 among the RAC Voting Trust ("Voting Trust"), Vestar Equity Partners, L.P. ("Vestar Equity"), Harvard Private Capital Holdings, Inc. ("Harvard"), American Industrial Partners Capital Fund II, L.P. ("AIP") and the Company	5
10.11	Common Stock Registration Rights Agreement dated as of January 31, 1995 among the Company, Scandinavian Incentive Holding B.V. ("SIH"), Voting Trust, Vestar Equity, Pulse Electronics, Inc., Pulse Embedded Computer Systems, Inc., the Pulse Shareholders and ESOT (Schedules and Exhibits omitted)	2
10.12	Indemnification Agreement dated January 31, 1995 between the Company and the Voting Trust Trustees	2

(C)	EXHIBITS	FILING METHOD
10.13	Agreement of Sale and Purchase of the North American Operations of the Railway Products Group, an operating division of American Standard Inc., dated as of 1990 between Rail Acquisition Corp. and American Standard Inc. (only provisions on indemnification are reproduced)	2
10.14	Letter Agreement (undated) between the Company and American Standard Inc. on environmental costs and sharing	2
10.15	Purchase Agreement dated as of June 17, 1992 among the Company, Schuller International, Inc., Manville Corporation and European Overseas Corporation (only provisions on indemnification are reproduced)	2
10.16	Asset Purchase Agreement dated as of January 23, 1995 among the Company, Pulse Acquisition Corporation, Pulse Electronics, Inc., Pulse Embedded Computer Systems, Inc. and the Pulse Shareholders (Schedules and Exhibits omitted)	2
10.17	License Agreement dated as of December 31, 1993 between SAB WABCO Holdings B.V. and the Company	2
10.18	Letter Agreement dated as of January 19, 1995 between the Company and Vestar Capital Partners, Inc.	2
10.19	Westinghouse Air Brake Company 1995 Stock Incentive Plan, as amended	7
10.20	Westinghouse Air Brake Company 1995 Non-Employee Directors' Fee and Stock Option Plan, as amended	9
10.21	Employment Agreement between William E. Kassling and the Company	2
10.22	Letter Agreement dated as of January 1, 1995 between the Company and Vestar Capital Partners, Inc.	2
10.23	Form of Indemnification Agreement between the Company and Authorized Representatives	2
10.24	Share Purchase Agreement between Futuris Corporation Limited and the Company (Exhibits omitted)	2
10.25	Purchase Agreement dated as of September 19, 1996 by and among Mark IV Industries, Inc., Mark IV PLC, and W&P Holding Corp. (Exhibits and Schedules omitted) (Originally filed as Exhibit No. 2.01)	3
10.26	Purchase Agreement dated as of September 19,1996 by and among Mark IV Industries Limited and Westinghouse Railway Holdings (Canada) Inc. (Exhibits and Schedules omitted) (Originally filed as Exhibit No. 2.02)	3
10.27	Amendment No. 1 to Amended and Restated Stockholders Agreement dated as of March 5, 1997 among the Voting Trust, Vestar, Harvard, AIP and the Company	5
10.28	Common Stock Registration Rights Agreement dated as of March 5, 1997 among the Company, Harvard, AIP and the Voting Trust	5
10.29	1998 Employee Stock Purchase Plan	7
10.30	Sale Agreement dated as of August 7, 1998 by and between Rockwell Collins, Inc. and the Company (Schedules and Exhibits omitted) (Originally filed as Exhibit No. 2.01)	6
10.31	Amendment No. 1 dated as of October 5, 1998 to Sale Agreement dated as of August 7, 1998 by and between Rockwell Collins, Inc. and the Company (Originally filed as Exhibit No. 2.02)	6
10.32	Westinghouse Air Brake Technologies Corporation 2000 Stock Incentive Plan	10

(C)	EXHIBITS	FILING METHOD
10.33	Amendment No. 1, dated as of November 16, 2000, by and among the Company and the Guarantors from Time to Time Party Thereto, and the Banks From Time to Time Party Thereto, and ABN AMRO Bank N.V. as bookrunner and co-syndication agent, The Bank of New York, as co-syndication agent, Mellon Bank, N.A., as documentation agent, and The Chase Manhattan Bank USA, N.A., (successor in interest to Chase Manhattan Bank Delaware), as an issuing bank, to the Amended and Restated Refinancing Credit Agreement, dated as of November 19, 1999 among the Company, various financial institutions, ABN AMRO Bank N.V., The Chase Manhattan Bank, and The Bank of New York which was filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K for the period ended December 31, 1999 (Exhibits omitted)	1
21	List of subsidiaries of the Company	1
23	Consent of Arthur Andersen LLP	1
23.1	Consent of Deloitte & Touche LLP	1
99	Annual Report on Form 11-K for the year ended December 31, 2000 of the Westinghouse Air Brake Company Employee Stock Ownership Plan and Trust	1

FILING METHOD	
1	Filed herewith.
2	Filed as an exhibit to the Company's Registration Statement on Form S-1 (No. 33-90866).
3	Filed as an exhibit to the Company's Current Report on Form 8-K, dated October 3, 1996.
4	Filed as an exhibit to the Company's Registration Statement on Form S-8 (No. 333-39159).
5	Filed as an exhibit to the Company's Annual Report on Form 10-K for the period ended December 31, 1997.
6	Filed as an exhibit to the Company's Current Report on Form 8-K, dated October 5, 1998.
7	Filed as an exhibit to the Company's Annual Report on Form 10-K for the period ended December 31, 1998.
8	Filed as part of the Company's Registration Statement on Form S-4 (No. 333-88903).
9	Filed as an exhibit to the Company's Annual Report on Form 10-K for the period ended December 31, 1999.
10	Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2000.

EXHIBIT 10.33

AMENDMENT NO. 1 TO AMENDED AND RESTATED
REFINANCING CREDIT AGREEMENT

THIS AMENDMENT NO. 1 (this "AMENDMENT") is dated as of November 16, 2000, and amends the Amended and Restated Refinancing Credit Agreement, by and among WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION (formerly known as Westinghouse Air Brake Company) and THE GUARANTORS FROM TIME TO TIME PARTY THERETO and THE BANKS FROM TIME TO TIME PARTY THERETO and ABN AMRO BANK N.V., as bookrunner and co-syndication agent, THE CHASE MANHATTAN BANK, as administrative agent, and THE BANK OF NEW YORK, as co-syndication agent, MELLON BANK, N.A., as documentation agent, and CHASE MANHATTAN BANK USA, N.A. (successor in interest to Chase Manhattan Bank Delaware), as an issuing bank, dated as of November 19, 1999 (the "ORIGINAL CREDIT AGREEMENT").

BACKGROUND

The parties hereto desire to amend the Original Credit Agreement to extend the Convertible Revolving Credit Expiration Date and modify additional provisions of the Original Credit Agreement relating to pricing, fees, and the calculation of financial covenants.

OPERATIVE PROVISIONS

NOW THEREFORE, the parties hereto, in consideration of their mutual covenants and agreements herein contained, incorporating the above-defined terms herein and intending to be legally bound hereby agree as follows:

ARTICLE I
AMENDMENTS

1.01. Defined Terms; References. Terms not otherwise defined in this Amendment shall have the respective meanings ascribed to them in the Original Credit Agreement. Each reference to "hereof," "hereunder," "herein," and "hereby" and similar references contained in the Original Credit Agreement and each reference to "this Agreement" and similar references contained in the Original Credit Agreement shall, on and after the date hereof, refer to the Original Credit Agreement as amended hereby.

1.02. Extension of Convertible Revolving Credit Expiration Date. As of the date hereof, the definition of "Convertible Revolving Credit Expiration Date" as set forth in Section 1.1 of the Original Credit Agreement shall be deleted in its entirety and the following shall be inserted therefor:

> "CONVERTIBLE REVOLVING CREDIT EXPIRATION DATE shall mean, with respect to the Convertible Revolving Credit Commitments, November 14, 2001, as such date may be extended in accordance with the terms hereof, but in no event beyond the Revolving Credit Expiration Date."

1.03. Pricing. As of the date hereof, the Pricing Grid attached to the Original Credit Agreement as SCHEDULE 1.1(A) shall be deleted in its entirety and the Pricing Grid attached hereto as SCHEDULE 1.1(A) shall be inserted therefor.

1.04. Cash Flow Definition. As of September 29, 2000, the definition of "Cash Flow" as set forth in Section 1.1 of the Original Credit Agreement is deleted in its entirety and the following is inserted therefor:

"CASH FLOW for any period of determination shall mean (i) the sum of net income, depreciation, amortization, other noncash charges to net income, interest expense (including the interest component of payments made in connection with capitalized leases, synthetic leases, and the like), income tax expense, and the actual and direct costs and expenses of and restructuring charges associated with the Merger incurred by Borrower and its Subsidiaries in 1999 and 2000 up to an amount equal to $47,060,000 for Borrower's fiscal year ending in 1999 and up to an amount equal to $25,000,000 for Borrower's fiscal year ending in 2000 minus (ii) noncash credits to net income and extraordinary income, in each case of the Borrower and its Subsidiaries for such period determined and consolidated in accordance with GAAP."

1.05. Maximum Debt to Cash Flow Covenant. As of September 29, 2000, Section 8.2.15 of the Original Credit Agreement is deleted in its entirety and the following is inserted therefor:

"8.2.15. MAXIMUM DEBT TO CASH FLOW.

The Loan Parties shall not permit the ratio of Adjusted Consolidated Total Indebtedness to Cash Flow, calculated as of the end of each fiscal quarter for the immediately preceding four (4) fiscal quarters then ended, to exceed 3.75 to 1.0. `Adjusted Consolidated Total Indebtedness' shall mean at any time the Consolidated Total Indebtedness at such time less the unencumbered cash of the Borrower and its Subsidiaries at such time on a consolidated basis and without duplication of amounts."

1.06. Commitments. As of the date hereof, SCHEDULE 1.1(B) to the Original Credit Agreement is hereby deleted and replaced in its entirety with SCHEDULE 1.1(B) hereto. For the avoidance of doubt and notwithstanding any provision of the Original Credit Agreement to the contrary, the Convertible Revolving Credit Commitment of each Bank for whom the "Amount of Commitment for Convertible Revolving Credit Loans" is established on Schedule 1.1(B) to this Amendment at zero, "$0.00," or the like is hereby terminated and each such Bank shall have no obligation whatsoever to make any Convertible Revolving Credit Loan under the Original Credit Agreement as modified hereby.

1.07. Name Changes, Mergers. Each of the Loan Parties acknowledges, represents, warrants, and covenants as follows:

(a) As of December 23, 1999, Westinghouse Air Brake Company changed its name to Westinghouse Air Brake Technologies Corporation; for all purposes of the Original Credit Agreement and the other Loan Documents, as amended hereby, Westinghouse Air Brake Company and Westinghouse Air Brake Technologies Corporation are one and the same, and all references in each of the Loan Documents to Westinghouse Air Brake Company are and shall be deemed to be references to Westinghouse Air Brake Technologies Corporation;

(b) As of June 30, 2000, Boise Locomotive Company changed its name to MotivePower, Inc.; for all purposes of the Original Credit Agreement and the other Loan Documents, as amended hereby, Boise Locomotive Company and MotivePower, Inc., are one and the same, and all references in each of the Loan Documents to Boise Locomotive Company are and shall be deemed to be references to MotivePower, Inc.;

(c) Pursuant to an Agreement and Plan of Merger among Young Radiator Company and MotivePower USA, Inc., and Motor Coils Manufacturing Company, dated as of June 30,

2000, MotivePower USA, Inc., and Motor Coils Manufacturing Company merged with and into Young Radiator Company which was the surviving company of the merger and which changed its name to Young Touchstone Company; for all purposes of the Original Credit Agreement and the other Loan Documents, as amended hereby, Young Radiator Company, MotivePower USA, Inc., Motor Coils Manufacturing Company, and Young Touchstone Company are one and the same, and all references in each of the Loan Documents to any of Young Radiator Company, MotivePower USA, Inc., or Motor Coils Manufacturing Company are and shall be deemed to be references to Young Touchstone Company, and Young Touchstone Company hereby assumes all obligations of Young Radiator Company, MotivePower USA, Inc., and Motor Coils Manufacturing Company under the Loan Documents, as amended hereby;

(d) As of June 30, 2000, Gateway Rebuild Company changed its name to WABTEC Engine Systems Company; for all purposes of the Original Credit Agreement and the other Loan Documents, as amended hereby, Gateway Rebuild Company and WABTEC Engine Systems Company are one and the same, and all references in each of the Loan Documents to Gateway Rebuild Company are and shall be deemed to be references to WABTEC Engine Systems Company;

(e) On or about June 30, 2000, Microphor Company merged with and into Borrower which was the surviving company of the merger; on or about June 30, 2000, Technical Service & Marketing L.L.C. combined with the Borrower which was the surviving company; and

(f) On or about June 30, 2000, RFI Properties, Inc., merged with and into MotivePower Investments Limited which was the surviving company of the merger and which changed its name to WABTEC Holding Corp.; for all purposes of the Original Credit Agreement and the other Loan Documents, as amended hereby, RFI Properties, Inc., MotivePower Investments Limited, WABTEC Holding Corp., and WABTEC Holding Corporation are one and the same, and all references in each of the Loan Documents to RFI Properties, Inc. or MotivePower Investments Limited are and shall be deemed to be references to WABTEC Holding Corp., and WABTEC Holding Corp. hereby assumes all obligations of RFI Properties, Inc., and MotivePower Investments Limited under the Loan Documents, as amended hereby.

1.08. Renewal Fees. On or before November 16, 2000, and as a condition to the effectiveness of this Amendment, Borrower shall pay in immediately available funds to each Bank an amount equal to one tenth of one percent (0.10% or 10 basis points) of the amount of such Bank's Commitment for Convertible Revolving Credit Loans as set forth on SCHEDULE 1.1(B) hereto (which Schedule, pursuant to Section 1.06 hereof, replaces SCHEDULE 1.1(B) to the Original Credit Agreement).

ARTICLE II
REPRESENTATIONS AND WARRANTIES

As of the date hereof, the Loan Parties, jointly and severally, represent and warrant to the Agent and each of the Banks as follows:

2.01. The execution and delivery by the Loan Parties of this Amendment, the consummation by the Loan Parties of the transactions contemplated by the Original Credit Agreement as amended hereby, and the performance by each Loan Party of its respective obligations hereunder and thereunder have been duly authorized by all necessary corporate proceedings, if any, on the part of each Loan Party. On the date of Borrower's execution hereof, there are no set-offs, claims, defenses, counterclaims, causes of action, or deductions of any nature against any of the Obligations.

2.02. This Amendment has been duly and validly executed and delivered by each Loan Party and constitutes, and the Original Credit Agreement as amended hereby constitutes, the legal, valid and binding obligations of each Loan Party enforceable in accordance with the terms hereof and thereof, except as the enforceability of this Amendment or the Original Loan Agreement as amended hereby may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights or by general principles of equity limiting the availability of equitable remedies.

2.03. Neither the execution and delivery of this Amendment, nor consummation of the transactions contemplated hereby or by the Original Credit Agreement as amended hereby, nor compliance with the terms and provisions hereof or thereof will (a) violate any Law, (b) conflict with or result in a breach of or a default under the articles or certificate of incorporation or bylaws of any Loan Party or any material agreement or instrument to which any Loan Party is a party or by which any Loan Party or any of their respective properties (now owned or hereafter acquired) may be subject or bound, (c) require any consent or approval of any Person under the terms of any such agreement or instrument, (d) result in the creation or imposition of any Lien upon any property (now owned or hereafter acquired) of any Loan Party or (e) require any authorization, consent, approval, license, permit, exemption or other action by, or any registration, qualification, designation, declaration or filing with, any Official Body.

2.04. After giving effect to the amendments made herein: (i) no Event of Default under and as defined in the Original Credit Agreement has occurred and is continuing, and (ii) the representations and warranties of each of Borrower and the other Loan Parties contained in the Credit Agreement and the other Loan Documents are true and correct on and as of the date hereof with the same force and effect as though made on such date, except to the extent that any such representation or warranty expressly relates solely to a previous date.

ARTICLE III
EFFECT, EFFECTIVENESS, CONSENT OF GUARANTORS

3.01. Effectiveness. This Amendment shall become effective in accordance with its terms on the date that Agent shall have received from each of the Borrower, the Loan Parties, and the Banks a counterpart hereof signed by such party or facsimile or other written confirmation (in form satisfactory to Agent) that such party has signed a counterpart hereof.

3.02. Amendment. The Credit Agreement is hereby amended in accordance with the terms hereof, and this Amendment and the Credit Agreement shall hereafter be one agreement and any reference to the Credit Agreement in any document, instrument, or agreement shall hereafter mean and include the Credit Agreement as amended hereby. In the event of irreconcilable inconsistency between the terms or provisions hereof and the terms or provisions of the Credit Agreement, the terms and provisions hereof shall control.

3.03. Joinder of Guarantors. Each of the Guarantors hereby joins in this Amendment to evidence its consent hereto, and each Guarantor hereby reaffirms its obligations set forth in the Credit Agreement, as hereby amended, and in each Guaranty Agreement and each other Loan Document given by it in connection therewith.

ARTICLE IV
MISCELLANEOUS

4.01. Original Credit Agreement. Except as specifically amended by the provisions hereof, the Original Credit Agreement and all other Loan Documents shall remain in full force and effect and are hereby ratified and confirmed by the parties hereto.

4.02. Counterparts, Telecopy Signatures. This Amendment may be signed in any number of counterparts each of which shall be deemed an original, but all of which together shall constitute one and the same instrument; and, delivery of executed signature pages hereof by telecopy transmission from one party to another shall constitute effective and binding execution and delivery respectively of this Amendment by such party.

4.03. Governing Law. This Amendment shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania without regard to its conflict of laws principles.

4.04. Expenses. The Loan Parties agree, jointly and severally, to reimburse the Agent for its reasonable out-of-pocket expenses arising in connection with the negotiation, preparation and execution of this Amendment, including the reasonable fees and expenses of Buchanan Ingersoll PC, counsel for the Agent.

4.05. Severability. If any provision of this Amendment, or the application thereof to any party hereto, shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions or applications of this Amendment which can be given effect without the invalid and unenforceable provision or application, and to this end the parties hereto agree that the provisions of this Amendment are and shall be severable.

4.06. Banks' Consent. Each Bank, by its execution hereof, hereby consents to this Amendment pursuant Section 11.1 of the Credit Agreement.

4.05. Return of Convertible Revolving Credit Notes by Non-Agreeing Banks. Upon payment by Borrower, in accordance with the terms of the Credit Agreement, of all amounts outstanding under each Convertible Revolving Credit Note held by a Non-Agreeing Bank (defined at Section 3.4.1(c) of the Credit Agreement), each such Bank shall, as soon as practicable, return to Borrower such Bank's Convertible Revolving Credit Note; or, in the event such note has been lost or destroyed, such Bank shall evidence to the Borrower, in a manner reasonably satisfactory to the Borrower, such Bank's cancellation of such note.

IN WITNESS WHEREOF, the parties hereto, by their officers duly authorized, have executed and delivered this Amendment as of the date first above written.

[SIGNATURE PAGES FOLLOW]

[SIGNATURE PAGE 1 OF 21 OF AMENDMENT]

BORROWER:

WESTINGHOUSE AIR BRAKE
TECHNOLOGIES CORPORATION

By: /s/ Alvaro Garcia-Tunon (SEAL)

Name: Alvaro Garcia-Tunon
Title: Sr. Vice President - Finance

GUARANTORS:

RAILROAD FRICTION PRODUCTS CORPORATION; VAPOR CORPORATION; MP INTERNATIONAL I, INC.; MP INTERNATIONAL II, INC.; MOTIVEPOWER CANADA CORPORATION; WABTEC DISTRIBUTION COMPANY; MOTIVEPOWER, INC. (formerly known as Boise Locomotive Company); YOUNG TOUCHSTONE COMPANY (formerly known as Young Radiator Company and successor by merger to MotivePower USA, Inc., and Motor Coils Manufacturing Company); WABTEC ENGINE SYSTEMS COMPANY (formerly known was Gateway Rebuild Company); WABTEC HOLDING CORP. (formerly known as MotivePower Investments Limited and successor by merger to RFI Properties, Inc.); WABTEC CORPORATION

By: /s/ Alvaro Garcia-Tunon (SEAL)

Name: Alvaro Garcia-Tunon
Title: Vice President of each of the above listed companies

[SIGNATURE PAGE 2 OF 21 OF AMENDMENT]

BANKS:

ABN AMRO BANK N.V., individually and
and Co-Syndication Agent
as Bookrunner

By: /s/ David J. Mahanes

Name: David J. Mahanes
Title: Group Vice President &
Director

By: /s/ Promila Anand

Name: Promila Anand
Title: Vice President and
Director

[SIGNATURE PAGE 3 OF 21 OF AMENDMENT]

MELLON BANK, N.A., individually and
as Documentation Agent

By: /s/ Mark F. Johnston

Name: Mark F. Johnston
Title: VP

[SIGNATURE PAGE 4 OF 21 OF AMENDMENT]

THE CHASE MANHATTAN BANK,
individually and as
Administrative Agent

By: /s/ John Malone

Name: John Malone
Title: Vice President

[SIGNATURE PAGE 5 OF 21 OF AMENDMENT]

NATIONAL CITY BANK OF PENNSYLVANIA

By: /s/ Lori B. Shure

Name: Lori B. Shure
Title: Vice President

[SIGNATURE PAGE 6 OF 21 OF AMENDMENT]

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Bruce G. Shearer

Name: Bruce G. Shearer
Title: Vice President

[SIGNATURE PAGE 7 OF 21 OF AMENDMENT]

FLEET NATIONAL BANK (formerly
BankBoston, N.A.)

By: /s/ Mark Fawcett

Name: Mark Fawcett
Title: Director

[SIGNATURE PAGE 8 OF 21 OF AMENDMENT]

U.S. BANK NATIONAL ASSOCIATION

By:

Name:
Title:

[SIGNATURE PAGE 9 OF 21 OF AMENDMENT]

THE BANK OF NEW YORK, individually
and as Co-Syndication Agent

By: /s/ Walter C. Parelli

Name: Walter C. Parelli
Title: Vice President

[SIGNATURE PAGE 10 OF 21 OF AMENDMENT]

BANK ONE MICHIGAN

By: /s/ William J. Mccaffrey

Name: William J. McCaffrey
Title: First Vice President

[SIGNATURE PAGE 11 OF 21 OF AMENDMENT]

FIRST UNION NATIONAL BANK

By: /s/ W. Gareth Horan

Name: W. Gareth Horan
Title: Vice President

[SIGNATURE PAGE 12 OF 21 OF AMENDMENT]

DG BANK
DEUTSCHE GENOSSENSCHAFTSBANK AG

By: /s/ W. D. Casey

Name: William D. Casey
Title: Vice President

By: /s/ Richard W. Wilbert

Name: Richard W. Wilbert
Title: Vice President

[SIGNATURE PAGE 13 OF 21 OF AMENDMENT]

THE BANK OF NOVA SCOTIA

By: /s/ M. D. Smith

Name: M.D. Smith
Title: Agent Operations

[SIGNATURE PAGE 14 OF 21 OF AMENDMENT]

BANK OF TOKYO-MITSUBISHI TRUST CO.

By: /s/ Heather Zimmermann

Name: Heather Zimmermann
Title: Vice President

[SIGNATURE PAGE 15 OF 21 OF AMENDMENT]

CREDIT AGRICOLE INDOSUEZ

By: /s/ Sarah U. Johnston

Name: Sarah U. Johnston
Title: Vice President
Senior Relationship
Manager

By: /s/ Raymond A. Falkenberg

Name: Raymond A. Falkenberg
Title: Vice President
Senior Relationship
Manager

[SIGNATURE PAGE 16 OF 21 OF AMENDMENT]

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ Scott R. Chappelka

Name: Scott R. Chappelka
Title: Vice President

[SIGNATURE PAGE 17 OF 21 OF AMENDMENT]

CREDIT SUISSE FIRST BOSTON

By: /s/ Bill O'Daly

Name: Bill O'Daly
Title: Vice President

By: /s/ Kristin Lepri

Name: Kristen Lepri
Title: Associate

[SIGNATURE PAGE 18 OF 21 OF AMENDMENT]

THE DAI-ICHI KANGYO BANK, LTD.

By: /s/ Maureen Carson

Name: Maureen Carson
Title: Account Officer

[SIGNATURE PAGE 19 OF 21 OF AMENDMENT]

MANUFACTURERS AND TRADERS TRUST
COMPANY

By: /s/ Christopher Kania

Name: Christopher Kania
Title: Vice President

[SIGNATURE PAGE 20 OF 21 OF AMENDMENT]

SUNTRUST BANK

By:

Name:
Title:

[SIGNATURE PAGE 21 OF 21 OF AMENDMENT]

ISSUING BANK:

CHASE MANHATTAN BANK USA, N.A.
(successor in interest to Chase
Manhattan Bank Delaware)

By: /s/ Michael P. Handago

Name: Michael P. Handago
Title: Vice President

EXHIBIT 21

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
SUBSIDIARIES AND AFFILIATES

COMPANY	JURISDICTION OF INCORPORATION	OWNERSHIP INTEREST
Allied Friction Products Australia Pty Ltd.	Australia	100%
Bay State Transit Services, LLC	Delaware	75%
Cobra Europe S.A.	France	100%
Evand Pty Ltd.	Australia	100%
F.I.P. Pty Ltd.	Australia	100%
Greysham Railway Friction Products	India	65%
H.P. s.r.l.	Italy	100%
MCM Tecnologia S.A., de C.V.	Mexico	100%
MotivePower Canada Corporation	Nova Scotia	100%
MotivePower Foreign Sales Corporation	Barbados	100%
MotivePower, Inc.	Delaware	100%
Motor Coils de Mexico S.A., de C.V.	Mexico	100%
MPI Comercial S.A., de C.V.	Mexico	100%
MPI de Mexico S.A. de C.V.	Mexico	100%
MPI Noreste S.A., de C.V.	Mexico	100%
MPI Sureste S.A., de C.V.	Mexico	100%
Pioneer Friction Limited	India	51%
Railroad Friction Products Corporation	Delaware	100%
RFPC Holding Corporation	Delaware	100%
Stone UK, Ltd.	United Kingdom	100%
ThermoSealed Castings Ltd.	Canada	100%
Vapor Canada Inc.	Canada	100%
Vapor Corporation	Delaware	100%
Vapor UK Limited	United Kingdom	100%
Wabco Freight Car Products Ltd.	Canada	100%
Wabco/MPI de Mexico S.A., de C.V.	Mexico	100%
Wabtec Australia Pty. Limited	Australia	100%
Wabtec Corporation	New York	100%
Wabtec Distribution Company	Delaware	100%
Wabtec Engine Systems Company	Delaware	100%
Wabtec Foundry Ltd.	Canada	100%
Wabtec Holding Corp.	Delaware	100%
Wabtec Rail Limited	United Kingdom	100%
Wabtec Railway Products India Private Ltd.	India	100%
Westinghouse International Corporation	Barbados	100%
Westinghouse Railway Holdings (Canada) Inc.	Canada	100%
Young Touchstone Company	Wisconsin	100%

EXHIBIT 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included in this Form 10-K, into the Company's previously filed Registration Statements on Form S-8, Registration Numbers 33-80417, 333-59441, 333-53753, 333-39159, and 333-02979.

/s/ ARTHUR ANDERSEN LLP

Pittsburgh, Pennsylvania
March 28, 2001

EXHIBIT 23.1

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Numbers 33-80417, 333-59441, 333-53753, 333-02979, and 333-39159 of Westinghouse Air Brake Technologies Corporation on Forms S-8 of our reports dated February 11, 1999 (March 2, 1999 as to Note 18) on the consolidated financial statements of MotivePower Industries, Inc. and subsidiaries appearing in this Annual Report on Form 10-K of Westinghouse Air Brake Technologies Corporation for the year ended December 31, 2000.

/s/ DELOITTE & TOUCHE LLP

Pittsburgh, Pennsylvania

March 28, 2001

EXHIBIT 99

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

FORM 11-K

(Mark One):

 X ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
--- EXCHANGE ACT OF 1934

For the fiscal year ended DECEMBER 31, 2000

or

    TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
--- SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to ___________

COMMISSION FILE NUMBER 1-13782

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Westinghouse Air Brake Company Employee Stock Ownership Plan and Trust

B. Name of issuer of the securities held pursuant to the plan and the address of the principal executive office:

Westinghouse Air Brake Technologies Corporation
1001 Air Brake Avenue
Wilmerding, PA 15148

The Westinghouse Air Brake Company Employee Stock Ownership Plan and Trust is subject to the Employee Retirement Income Security Act of 1974. The required financial statements will be filed by amendment within the time prescribed by the rules of Form 11-K.

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the ESOP Committee of Westinghouse Air Brake Company has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Westinghouse Air Brake Company
Employee Stock Ownership Plan and
Trust

By /s/ Robert J. Brooks

Robert J. Brooks,
Member of the ESOP Committee

March 28, 2001