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

FORM 10-Q

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

For the quarterly period ended SEPTEMBER 30, 2000

or

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

Commission file number 1-13782

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

DELAWARE (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)	(412) 825-1000 (Registrant's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for at least the past 90 days. Yes X No .

As of October 23, 2000, 42,870,232 shares of Common Stock of the registrant were issued and outstanding.

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION

SEPTEMBER 30, 2000 FORM 10-Q

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WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

In thousands, except shares and par value	UNAUDITED SEPTEMBER 30 2000	DECEMBER 31 1999
ASSETS		
CURRENT ASSETS		
Cash	$ 11,117	$ 7,056
Accounts receivable	208,714	179,734
Inventories	218,096	211,396
Other current assets	33,879	39,062
Total current assets	471,806	437,248
Property, plant and equipment	403,597	395,687
Accumulated depreciation	(189,347)	(172,996)
Property, plant and equipment, net	214,250	222,691
OTHER ASSETS		
Contract underbillings	24,994	27,710
Goodwill, net	228,169	233,760
Other intangibles, net	39,993	43,287
Other noncurrent assets	27,719	31,980
Total other assets	320,875	336,737
Total Assets	$1,006,931	$ 996,676
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 741	$ 743
Accounts payable	88,001	87,388
Accrued merger and restructuring costs	5,388	8,705
Customer deposits	23,109	31,827
Accrued income taxes	6,947	5,155
Accrued interest	6,578	2,470
Other accrued liabilities	61,286	57,924
Total current liabilities	192,050	194,212
Long-term debt	571,853	567,844
Reserve for postretirement and pension benefits	20,967	19,918
Other long-term liabilities	32,922	32,824
Total liabilities	817,792	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 43,007,032 outstanding at September 30, 2000 and 51,529,331 outstanding at December 31, 1999	654	654
Additional paid-in capital	272,541	318,357
Treasury stock, at cost, 22,440,835 and 13,918,536 shares, respectively	(282,334)	(201,711)
Unearned ESOP shares, at cost, 8,366,076 shares at December 31, 1999	--	(125,491)
Retained earnings	214,396	194,772
Deferred compensation	2,832	6,595
Accumulated other comprehensive income (loss)	(18,950)	(11,298)
Total shareholders' equity	189,139	181,878
Total Liabilities and Shareholders' Equity	$1,006,931	$ 996,676

The accompanying notes are an integral part of these statements.

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

In thousands, except per share data	UNAUDITED THREE MONTHS ENDED SEPTEMBER 30 2000	1999	UNAUDITED NINE MONTHS ENDED SEPTEMBER 30 2000	1999
Net sales	$ 255,163	$ 260,881	$ 763,186	$ 852,003
Cost of sales	(187,587)	(182,321)	(551,847)	(593,357)
Gross profit	67,576	78,560	211,339	258,646
Selling, general and administrative expenses	(28,894)	(26,167)	(86,090)	(90,783)
Restructuring charges	(11,452)	--	(19,391)	--
Engineering expenses	(7,813)	(8,796)	(24,100)	(27,332)
Amortization expense	(3,584)	(3,877)	(10,850)	(10,694)
Total operating expenses	(51,743)	(38,840)	(140,431)	(128,809)
Income from operations	15,833	39,720	70,908	129,837
Other income and expenses				
Interest expense	(11,812)	(11,273)	(33,843)	(33,747)
Other income (expense), net	(1,619)	(486)	3,514	(738)
Income before income taxes and extraordinary item	2,402	27,961	40,579	95,352
Income tax expense	(5,931)	(10,150)	(19,675)	(34,854)
(Loss) income before extraordinary item	(3,529)	17,811	20,904	60,498
Extraordinary loss on extinguishment of debt, net of tax	--	--	--	(469)
Net (loss) income	$ (3,529)	$ 17,811	$ 20,904	$ 60,029
EARNINGS PER COMMON SHARE				
Basic				
(Loss) income before extraordinary item	$ (0.08)	$ 0.41	$ 0.48	$ 1.40
Extraordinary item	--	--	--	(0.01)
Net (loss) income	$ (0.08)	$ 0.41	$ 0.48	$ 1.39
Diluted				
(Loss) income before extraordinary item	$ (0.08)	$ 0.40	$ 0.48	$ 1.36
Extraordinary item	--	--	--	(0.01)
Net (loss) income	$ (0.08)	$ 0.40	$ 0.48	$ 1.35
Weighted average shares outstanding				
Basic	43,415	43,528	43,352	43,307
Diluted	43,439	44,612	43,433	44,470

The accompanying notes are an integral part of these statements.

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

In thousands	UNAUDITED NINE MONTHS ENDED SEPTEMBER 30 2000	1999
OPERATING ACTIVITIES		
Net income	$ 20,904	$ 60,029
Adjustments to reconcile net income to cash provided by operations:		
Extraordinary loss on extinguishment of debt	--	469
Depreciation and amortization	31,654	31,471
Provision for ESOP contribution	1,315	3,273
Gain on sale of product line	(4,375)	--
Write-off deferred income tax asset	5,067	--
Other, primarily non-cash restructuring related charges	1,895	--
Changes in operating assets and liabilities, net of acquisitions		
Accounts receivable	(32,409)	16,858
Inventories	(8,979)	(13,173)
Accounts payable	2,143	(23,211)
Accrued income taxes	2,103	5,188
Accrued liabilities and customer deposits	(3,041)	(3,333)
Other assets and liabilities	9,595	(9,597)
Net cash provided by operating activities	25,872	67,974
INVESTING ACTIVITIES		
Purchase of property, plant and equipment, net	(17,833)	(25,516)
Acquisitions of businesses, net of cash acquired	(650)	(32,242)
Cash received from disposition of product line	5,500	--
Other	--	248
Net cash (used for) investing activities	(12,983)	(57,510)
FINANCING ACTIVITIES		
Proceeds from (repayments of) credit agreements	22,200	(42,615)
Proceeds from senior notes offering	--	75,000
Repayments of other borrowings	(18,193)	(40,717)
Purchase of treasury stock	(10,361)	--
Cash dividends	(1,277)	(741)
Proceeds from exercise of stock options and other stock based benefit plans	3,922	4,194
Other	--	58
Net cash (used for) financing activities	(3,709)	(4,821)
Effect of changes in currency exchange rates	(5,119)	796
Increase in cash	4,061	6,439
Cash, beginning of year	7,056	8,983
Cash, end of period	$ 11,117	$ 15,422

The accompanying notes are an integral part of these statements.

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

1. BUSINESS

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

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

2. ACCOUNTING POLICIES

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

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

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

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

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

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

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

OTHER COMPREHENSIVE INCOME Comprehensive income is defined as net income and all nonowner changes in shareholders' equity. The Company's accumulated other comprehensive income (loss) consists entirely of foreign currency translation adjustments. Total comprehensive income (loss) for the three months and nine months ended September 30, 2000 and 1999 was $(3.6) million and $18.4 million, and $13.3 million and $63 million, respectively.

3. MERGERS AND ACQUISITIONS

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

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

Three months ended September 30, 1999:

In thousands	SALES	EXTRAORDINARY ITEM	NET INCOME
WABCO	$172,471	--	$12,519
MotivePower	88,410	--	5,292
Combined	$260,881	--	$17,811

Nine months ended September 30, 1999:

In thousands	SALES	EXTRAORDINARY ITEM	NET INCOME
WABCO	$557,656	$(469)	$37,652
MotivePower	294,347	--	22,377
Combined	$852,003	$(469)	$60,029

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

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

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

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

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

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.

4. INVENTORIES

Inventories are stated at the lower of cost or market. Cost is determined under the first-in, first-out (FIFO) method. Inventory costs include material, labor and overhead. Cores inventory is defined as inventory units designated for unit exchange programs. The components of inventory, net of reserves, were:

In thousands	SEPTEMBER 30 2000	DECEMBER 31 1999
Cores	$29,901	$29,999
Raw materials	101,931	99,948
Work-in-process	53,476	47,319
Finished goods	32,788	34,130
Total inventory	$218,096	$211,396

5. EARNINGS PER SHARE

The computation of earnings per share is as follows:

In thousands, except per share	THREE MONTHS ENDED SEPTEMBER 30 2000	1999
BASIC EARNINGS PER SHARE		
(Loss) income before extraordinary item applicable to common shareholders	$(3,529)	$17,811
Divided by Weighted average shares outstanding	43,415	43,528
Basic earnings (loss) per share before extraordinary item	$ (0.08)	$ 0.41
DILUTED EARNINGS PER SHARE		

(Loss) income before extraordinary item applicable to common shareholders	$(3,529)	$17,811
Divided by sum of		
Weighted average shares outstanding	43,415	43,528
Conversion of dilutive stock options	24	1,084
Diluted shares outstanding	43,439	44,612
Diluted earnings (loss) per share before extraordinary item	$ (0.08)	$ 0.40

In thousands, except per share	NINE MONTHS ENDED SEPTEMBER 30 2000	1999
BASIC EARNINGS PER SHARE		
Income before extraordinary item applicable to common shareholders	$20,904	$60,498
Divided by		
Weighted average shares outstanding	43,352	43,307
Basic earnings per share before extraordinary item	$ 0.48	$ 1.40
DILUTED EARNINGS PER SHARE		
Income before extraordinary item applicable to common shareholders	$20,904	$60,498
Divided by sum of		
Weighted average shares outstanding	43,352	43,307
Conversion of dilutive stock options	81	1,163
Diluted shares outstanding	43,433	44,470
Diluted earnings per share before extraordinary item	$ 0.48	$ 1.36

6. COMMITMENTS AND CONTINGENCIES

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

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 expire at various dates through 2000, except those claims which are timely asserted 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 a related insurance policy which expires January 2002, 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, RFPC and Vapor Corporation. These cases involve products manufactured prior to the time the Company acquired the RFPC stocks and Vapor assets and while the Company was under prior ownership. With respect to the actions filed against the Company, ASI is responsible for administering, defending and paying any liability associated with claims filed through March 2000. Thereafter, the Company is covered by insurance. With respect to the actions filed against RFPC, the claims are covered by insurance. With respect to the actions filed against Vapor Corporation, the Company has indemnity for liability and defense costs from the prior owner of the Vapor assets. The Company is not involved with, nor has it incurred any costs related to, these asbestos claims, other than minimal processing costs. Management believes that these claims will not be material; and accordingly, the financial statements do not reflect any costs or reserves for such claims.

On February 12, 1999, GE Harris Railway Electronics, LLC and GE Harris Railway Electronic Services, LLC (collectively, "GE Harris") brought suit against the Company for alleged patent infringement and unfair competition related to a communications system installed in Company products. GE Harris is seeking to prohibit the Company from future infringement and is seeking damages. While this lawsuit is in the discovery stages, the Company has discussed settlement alternatives with GE Harris. However, no definitive settlement has been concluded.

7. EMPLOYEE STOCK OWNERSHIP PLAN TERMINATION

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

Additionally, the Company incurred a third quarter 2000 $5.1 million non-cash charge for the write-off of the related deferred tax asset. This charge is reported within the caption "Income tax expense" in the statement of operations.

8. SEGMENT INFORMATION

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

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

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

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

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

In thousands	FREIGHT GROUP	TRANSIT GROUP	CORPORATE ACTIVITIES	RESTRUCTURING	TOTAL
Sales to external customers	$184,313	$70,850	--	--	$255,163
Intersegment sales/(elimination)	2,376	149	(2,525)	--	--
Total sales	186,689	70,999	(2,525)	--	255,163
Income from operations	27,596	6,701	(7,012)	(11,452)	15,833
Interest expense and other	--	--	(13,431)	--	(13,431)
Income before income taxes and extraordinary item	$ 27,596	$ 6,701	$(20,443)	$(11,452)	$ 2,402

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

In thousands	FREIGHT GROUP	TRANSIT GROUP	CORPORATE ACTIVITIES	RESTRUCTURING	TOTAL
Sales to external customers	$203,170	$57,711	--	--	$260,881
Intersegment sales/(elimination)	2,939	--	(2,939)	--	--
Total sales	206,109	57,711	(2,939)	--	260,881
Income from operations	39,167	5,477	(4,924)	--	39,720
Interest expense and other	--	--	(11,759)	--	(11,759)
Income before income taxes and extraordinary item	$ 39,167	$ 5,477	$(16,683)	--	$27,961

Segment financial information for the nine months ended September 30, 2000 is as follows:

In thousands	FREIGHT GROUP	TRANSIT GROUP	CORPORATE ACTIVITIES	RESTRUCTURING	TOTAL
Sales to external customers	$559,039	$204,147	--	--	$763,186
Intersegment sales/(elimination)	8,410	400	(8,810)	--	--
Total sales	567,449	204,547	(8,810)	--	763,186
Income from operations	86,018	20,162	(15,881)	(19,391)	70,908
Interest expense and other	--	--	(30,329)	--	(30,329)
Income before income taxes and extraordinary item	$ 86,018	$ 20,162	$(46,210)	$(19,391)	$ 40,579

Segment financial information for the nine months ended September 30, 1999 is as follows:

In thousands	FREIGHT GROUP	TRANSIT GROUP	CORPORATE ACTIVITIES	RESTRUCTURING	TOTAL
Sales to external customers	$677,945	$174,058	--	--	$852,003
Intersegment sales/(elimination)	8,402	532	(8,934)	--	--
Total sales	686,347	174,590	(8,934)	--	852,003
Income from operations	130,821	14,736	(15,720)	--	129,837
Interest expense and other	--	--	(34,485)	--	(34,485)
Income before income taxes and extraordinary item	$130,821	$ 14,736	$(50,205)	--	$ 95,352

9. RESTRUCTURING CHARGES

The Company estimates the charges to complete its merger and restructuring plan will now total in the range of $76 million to $78 million pre-tax, due to an acceleration and refinement of the plan, with approximately $70 million of the charge previously expensed. The Company incurred additional restructuring-related charges of approximately $20 million in the nine months ended September 30, 2000 and expects to incur an additional $6 million to $8 million of restructuring-related expenses in the fourth quarter of 2000.

The $20 million charge included the following actions:

- Plant closings and plant relocation costs.

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

In the nine month period ended September 30, 2000, the Company has expended approximately $23 million for merger and restructuring activities comprising of the $20 million current year charge and $3 million for payments made on the remaining 1999 accrual further discussed below.

As of September 30, 2000, $5.4 million of the $50 million merger and restructuring-related charge incurred in 1999 remained accrued on the balance sheet. The table below identifies the significant components of the accrual:

In thousands	TRANSACTION COSTS, SEVERANCE AND TERMINATION BENEFITS	LEASE IMPAIRMENTS	OTHER	TOTAL
Balance at December 31, 1999	$ 2,119	$5,738	$ 848	$ 8,705
Amounts paid	(2,045)	(781)	(491)	(3,317)
Balance at September 30, 2000	$ 74	$4,957	$ 357	$ 5,388

The remaining transaction, severance and termination benefits accrual is for health care benefits for approximately 9 employees, expected to be completed in 2001 as planned. This accrual represents the calculation of the severance package based on the employee's salary and tenure with the Company. The lease impairment charges relate to the relocation of the corporate headquarters, and the Company's evaluation of certain assets. The other category represents other related costs that have been incurred and not yet paid as of September 30, 2000.

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

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

OVERVIEW

Net income for the first nine months of 2000 was $20.9 million, or $0.48 per diluted share, as compared to $60 million, or $1.35 per diluted share in the same period of 1999. The results for the first nine months of 2000 include a $20 million restructuring-related charge, a $1.4 million foreign exchange loss, a $4.4 million gain on the disposition of a product line and a $5.1 million write-off of a deferred tax asset relating to the termination of the ESOP. Without the effect of the items aforementioned, net income would have been $37.4 million or $0.86 per diluted share. Net sales decreased 10.4% in the first nine months of 2000 as compared to the same period in 1999. Operating margins in the first nine months of 2000 decreased to 9.3% as compared to 15.2% in the first nine months of 1999. After excluding the restructuring-related charges that affect operating income, operating margins in the first nine months of 2000 would have been 12%.

MERGER AND RESTRUCTURING PLAN

The Company previously announced a merger and restructuring plan pursuant to the merger of the Company and MotivePower Industries, Inc., which is anticipated to yield synergies of $20 million pre-tax in 2000 and produce an ongoing annualized benefit of $25 million pre-tax, by year-end 2000. The Company expects the benefits to be realized through reduced cost of sales and reduced selling, general and administrative expenses. The merger and restructuring plan involves the elimination of duplicate facilities and excess capacity, operational realignment and related workforce reductions, and the evaluation of certain assets as to their perceived ongoing benefit to the Company. The Company estimates the charges to complete the merger and restructuring plan will now total in the range of $76 million to $78 million pre-tax, due to an acceleration and refinement of the plan, with approximately $70 million of the charge previously expensed. The Company expects the remaining charge of $6 million to $8 million to occur in the fourth quarter of 2000.

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

THIRD QUARTER 2000 COMPARED TO THIRD QUARTER 1999

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

In thousands	THREE MONTHS ENDED SEPTEMBER 30 2000	1999
Freight Group	$184,313	$203,170
Transit Group	70,850	57,711
Net sales	$255,163	$260,881

Net sales for the third quarter of 2000 decreased $5.7 million, or 2.2%, to $255.2 million. This decrease was attributable to decreased OEM freight car and locomotive component sales volumes and lower locomotive overhauls, both within the Freight Group. Sales volumes within the Freight Group reflect a softening OEM market for freight cars, with 12,782 freight cars delivered in the third quarter of 2000 compared to 16,385 in the same period of 1999. Partially offsetting these decreases were higher Transit Group sales.

Gross profit decreased to $67.6 million in the third quarter of 2000 compared to $78.6 million in the same period of 1999. Gross margin is dependent on a number of factors including sales volume and product mix. Gross margin, as a percentage of sales, was 26.5% compared to 30.1% in 1999. This decrease is 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 historical results, and manufacturing inefficiencies principally related to merger integration efforts (in total, approximately $5 million). The balance is attributed to the effect of the decrease in sales volume (approximately $2 million) and to a lesser extent, pricing pressures relating to an overall decline in the freight car and locomotive components market.

Total operating expenses as a percentage of net sales were 20.3% in the third quarter of 2000 and 14.9% in the same period a year ago. After excluding the third quarter 2000 $11 million restructuring charge, operating expenses would have been 15.8% of net sales. Without the restructuring charge, operating expenses increased $1.5 million in the comparison. This increase is due to higher legal and consulting fees, partially offset by the benefits derived from cost reduction programs and synergies from the merger.

Operating income totaled $15.8 million (or 6.2% of sales) in the third quarter of 2000 compared with $39.7 million (or 15.2% of sales) in the same period of

1999. After excluding the restructuring-related charges that affect operating income, operating income would have been $28.9 million (or 11.3% of sales). Lower operating income resulted from decreased sales volumes in the Freight Group and overall changes to product mix. (See Note 8 - "Notes to Condensed Consolidated Financial

Statements" regarding segment-specific information, included elsewhere in this report).

Interest expense increased 4.8 % in the third quarter of 2000 as compared to the prior year quarter primarily due to an increase in interest rates.

Other expense includes approximately $1.4 million recorded in the third quarter of 2000 representing a foreign exchange loss as compared to a $241,000 foreign exchange loss in the prior year period.

As discussed earlier in Note 7 - "Notes to Condensed Consolidated Financial Statements" regarding the termination of the ESOP, included elsewhere in this report, income tax expense in the third quarter 2000 includes a $5.1 million non cash charge for the write-off of deferred tax benefits relating to the termination of the ESOP. Nevertheless, the effective tax rate remained substantially the same in the comparison.

NINE MONTH PERIOD OF 2000 COMPARED TO NINE MONTH PERIOD OF 1999

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

- Expected decreases in component sales due to a slowdown in North American freight car and locomotive deliveries, and a downturn in the locomotive overhaul market.

- Improved sales and backlog in the transit business due to increased governmental spending for transit equipment.

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

	NINE MONTHS ENDED SEPTEMBER 30	
In thousands	2000	1999
Freight Group	$559,039	$677,945
Transit Group	204,147	174,058
Net sales	$763,186	$852,003

Net sales for the first nine months of 2000 decreased $88.9 million, or 10.4%, to $763.2 million. This decrease was attributable to decreased OEM freight car and locomotive component sales volumes and lower locomotive overhauls, both within the Freight Group. Sales volumes within the Freight Group reflect a softening OEM market for freight cars, with 43,828 freight cars delivered in the first nine months of 2000 compared to 56,827 in the same period of 1999. In 2000, the Company expects the OEM freight car and locomotive industries to deliver approximately 50,000 and 1,100 new freight cars and locomotives, respectively. Partially offsetting these decreases were higher Transit Group sales.

Gross profit decreased to $211.3 million in the first nine months of 2000 compared to $258.6 million in the same period of 1999. Gross margin, as a percentage of sales, was 27.7% compared to 30.4% in 1999. Gross margin is dependent on a number of factors including sales volume and product mix. Overall, this decrease is attributed to the effect of a decrease in sales volume (approximately $36 million). The balance is 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 historical results, and manufacturing inefficiencies principally related to merger integration efforts.

Total operating expenses as a percentage of net sales were 18.4% in the first nine months of 2000 as compared to 15.1% in the same period a year ago. After excluding the nine month period of 2000 restructuring charges of $19.4 million, operating expenses would have been 15.9% of net sales. Without the restructuring charge, operating expenses decreased $7.8 million, in the comparison. This reduction was primarily due to continuing cost reduction programs and synergies from the merger.

Operating income totaled $70.9 million (or 9.3% of sales) in the first nine months of 2000 compared with $129.8 million (or 15.2% of sales) in the same period of 1999. After excluding restructuring-related charges that effect operating income, operating income would have been $91.9 million (or 12% of sales). Lower operating income resulted from decreased sales volumes in the Freight Group and overall changes to product mix. (See Note 8 - "Notes to Condensed Consolidated Financial Statements" regarding segment-specific information, included elsewhere in this report).

In February 2000, the Company disposed of a product line for $5.5 million in cash and recognized a gain of $4.4 million, which is reported as other income. Other expense of approximately $1.4 million in 2000 represents a foreign exchange loss as compared to a $1 million a foreign exchange loss in the prior year period.

In the first nine months of 2000, the effective tax rate improved to an annual rate of 36% from 36.6% a year ago, primarily from additional benefits through our Foreign Sales Corporation. As discussed earlier in Note 7 - "Notes to Condensed Consolidated Financial Statements" regarding the termination of the ESOP, included elsewhere in this report, income tax expense in the nine month period ending September 30, 2000 includes a $5.1 million non cash charge for the write-off of deferred tax benefits relating to the termination of the ESOP.

LIQUIDITY AND CAPITAL RESOURCES

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

In thousands	NINE MONTHS ENDED SEPTEMBER 30 2000	1999
Cash provided (used) by:		
Operating activities	$ 25,872	$ 67,974
Investing activities-business acquisitions	(650)	(32,242)
Investing activities-sale of product line	5,500	--
Investing activities-other	(17,833)	(25,268)
Financing activities	(3,709)	(4,821)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	102,562	161,308
Adjusted EBITDA (before restructuring-related charges)	123,553	161,308

Operating cash flow in the first nine months of 2000 was $25.9 million compared to $68 million in the same period a year ago. Working capital increased 15.1% since December 31, 1999, primarily due to an increase in accounts receivable and inventories. During the first nine months of 2000, cash outlays for restructuring-related activities were approximately $23 million and are reported as a reduction to cash provided by operating activities. Excluding these cash outlays, cash provided by operating activities would have been approximately $49 million.

Cash used for investing activities declined in the first nine months of 2000 to $13 million from $57.5 million a year ago. In the first nine months of 2000, cash received from the sale of a product line was $5.5 million. In the first nine months of 1999, $32.2 million was used for certain business acquisitions. Capital expenditures were $17.8 million and $25.5 million in the first nine months of 2000 and 1999, respectively. The majority of capital expenditures for these periods relates to upgrades to existing equipment, replacement of existing equipment and purchases of new equipment due to expansion of Wabtec's operations, where the Company believes overall cost savings can be achieved through increasing efficiencies. The Company expects 2000 capital expenditures for equipment purchased for similar purposes to approximate $25 million to $28 million.

Cash used for financing activities was $3.7 million in the first nine months of 2000 versus $4.8 million in the same period a year ago. In the first nine months of 2000, the Company increased long-term debt by approximately $4 million. Through September 30, 2000, the Company repurchased $10 million of its own Common Stock. 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 $76 million to $78 million pre-tax with approximately $70 million of the charge expensed to date.

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

Based on anticipated cash flow provided by operations, forecasted results and credit available under the credit agreement, the Company believes it will be able to make planned capital expenditures, make required debt payments, and to fund working capital requirements and other cash needs for the foreseeable future, including 2001.

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

In thousands	SEPTEMBER 30 2000	DECEMBER 31 1999
Credit agreement, 7.9%	$390,200	$368,000
9 3/8% Senior notes	175,000	175,000
Pulse note, 9.5%	--	16,990
5.5% Industrial revenue bond due 2008	6,315	6,749

Other	1,079	1,848
Total	572,594	568,587
Less-current portion	741	743
Long-term portion	$571,853	$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 provides for a $275 million five-year revolving credit facility and a 364-day $275 million convertible revolving credit facility. At September 30, 2000, the Company had available borrowing capacity, of approximately $135 million.

9 3/8% Senior Notes Due June 2005

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

Pulse Note

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

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

Nevertheless, the Company will remain leveraged to a significant extent and its debt service obligations will continue to be substantial. The debt of the Company requires the dedication of a substantial portion of future cash flows to the payment of principal and interest on indebtedness, thereby reducing funds available for capital expenditures and future business opportunities that the Company believes are available. The Company believes cash flow and liquidity will be sufficient to meet its debt service requirements. If the Company's sources of funds were to fail to satisfy the Company's cash requirements, the Company may need to refinance its existing debt or obtain additional financing. There is no assurance that such new financing alternatives would be available, and, in any case, such new financing, if available, would be expected to be more costly and burdensome than the debt agreements currently in place.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activity", was issued. SFAS No. 133, as amended by SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of Effective Date of FASB Statement No. 133 - an amendment of FASB Statement No. 133" is effective for financial statements for fiscal quarters of fiscal years beginning after June 15, 2000. The Company has not yet determined the effect of this standard on its financial statements.

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. The Company believes the adoption of this standard will not have a material effect on the reported 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.

Transaction or Commercial Factors

- the outcome of negotiations with partners, governments, suppliers, customers or others; and
- our ability to complete the integration of the Westinghouse Air Brake and MotivePower businesses so to achieve the stated synergies.

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

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

INTEREST RATE RISK In the ordinary course of business, Wabtec is exposed to risks that increases in interest rates may adversely affect funding costs associated with $281 million of variable-rate debt (considering the effects of existing interest rate swaps), which represents 49% of total long-term debt at September 30, 2000. The Company has recently entered into several new interest rate swap agreements which combined together with previously existing swaps, currently total $110 million in notional value. At September 30, 2000, an instantaneous 100 basis point increase in interest rates would reduce the Company's net income annually by approximately $1.8 million, net of tax, assuming no additional intervention strategies by management.

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

Wabtec is also subject to certain risks associated with changes in foreign currency exchange rates to the extent its operations are conducted in currencies other than the U.S. dollar. For the first nine months of 2000, approximately 73% of net sales are in the United States, 11% in Canada, 6% in Mexico and 10% in other international locations, primarily Europe. At September 30, 2000, the Company does not believe changes in foreign currency exchanges rates represent a material risk to results of operations, financial position or liquidity.

LEGAL PROCEEDINGS AND COMMITMENTS AND CONTINGENCIES

On February 12, 1999, GE Harris Railway Electronics, LLC and GE Harris Railway Electronic Services, LLC (collectively, "GE Harris") brought suit against the Company for alleged patent infringement and unfair competition related to a communications system installed in Company products. GE Harris is seeking to prohibit the Company from future infringement and is seeking damages. While this lawsuit is in the discovery stages, the Company has discussed settlement alternatives with GE Harris. However, no definitive settlement has been concluded.

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

EXHIBITS AND REPORTS ON FORM 8-K

INDEX TO EXHIBITS

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

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

SIGNATURES

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

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION

By: /s/ ROBERT J. BROOKS

Robert J. Brooks
Chief Financial Officer

Date: October 31, 2000

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

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