

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (date of earliest event reported): March 31, 1997

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

DELAWARE
(State or other jurisdiction
of Incorporation)

1-13782
(Commission
File Number)

25-1615902
(IRS Employer
Identification No.)

1001 AIR BRAKE AVENUE
WILMERDING, PENNSYLVANIA 15148
(Address of principal executive offices)

Registrant's telephone number, including area code: (412) 825-1000

ITEM 5. OTHER

On March 31, 1997, Westinghouse Air Brake Company (the "Company"), repurchased from Scandinavian Incentive Holdings, B.V., a corporation organized under the laws of The Netherlands ("SIH"), 4,000,000 shares of the Company's Common Stock, par value \$.01 per share (the "Common Stock"), for a purchase price of \$11 per share in cash and an aggregate purchase price of \$44 million (such transaction being hereinafter referred to as the "Redemption"). The Redemption was effected pursuant to a Redemption Agreement (the "Redemption Agreement") dated as of March 5, 1997 among the Company, SIH and Incentive AB, the sole shareholder of SIH ("Incentive"). Concurrently therewith, SIH sold its remaining 6,000,000 shares of Common Stock to a group of investors consisting of Vestar Equity Partners, L.P. ("Vestar"), Harvard Private Capital Holdings, Inc. ("Harvard"), American Industrial Partners Capital Fund II, L.P. ("AIP") and certain members of management of the Company (the "Management Purchasers") for a purchase price of \$11 per share in cash, pursuant to a Stock Purchase Agreement dated as of March 5, 1997, which sale was effective as of March 31, 1997 (such transaction being hereinafter referred to as the "SIH Purchase").

In addition, the Company entered into a Common Stock Registration Rights Agreement (the "Registration Rights Agreement") dated as of March 5, 1997 among the Company, Harvard, AIP, the RAC Voting Trust (the "Voting Trust"), Vestar, Vestar Capital Partners, Inc. ("Vestar Capital") and Emilio A. Fernandez, Jr. ("Mr. Fernandez") and Mr. Fernandez as custodian for Eric A. Fernandez and Ofelia B. Fernandez (collectively, the "Pulse Shareholders"), which Registration Rights Agreement provides for, among other things, the registration of sales of shares of Common Stock under the Securities Act of 1933, as amended, by Holders (as defined in the Registration Rights Agreement) at the expense, subject to certain specified exceptions, of the Company.

To finance the Redemption, the Company amended its credit agreement with The Chase Manhattan Bank, as successor to Chemical Bank, The Chase Manhattan Bank Delaware, as successor to Chemical Bank Delaware, The Bank of New York and the other financial institutions named therein, to increase the revolving credit availability by \$15 million (from \$125 million to \$140 million) and to obtain a waiver of the requirement to make a prepayment in an aggregate principal amount equal to 50% of excess cash flow for 1996, or approximately \$11.5 million. The Company borrowed \$46 million to fund the Redemption.

Also, the Company obtained consents from record owners as of March 3, 1997 (the "Note Holders") of its 9 3/8% Senior Notes Due 2005 (the "Notes") to certain amendments to a covenant contained in the Indenture dated as of June 20, 1995 among the Company, as issuer, and The Bank of

New York, as trustee, pursuant to which the Notes were issued (the "Indenture"). The covenant in question limited the Company's ability to make "Restricted Payments," including payments in connection with the purchase or redemption of Common Stock.

Upon the Company's receipt of the requisite consents, the Indenture was amended (i) to permit additional Restricted Payments in an amount of approximately \$22 million in order to complete the Redemption, and (ii) to permit up to \$2 million of additional Restricted Payments to be made in advance of when they would otherwise have been permitted.

In addition, an Amended and Restated Stockholders Agreement dated as of March 5, 1997 by and among the Voting Trust, Vestar, Harvard, AIP and the Company, and joined for certain purposes by Vestar Capital, Mr. Kassling, Mr. Fernandez, Ofelia B. Fernandez ("Mrs. Fernandez"), Mr. Brooks, Mr. Meister, Davideco, Inc. ("Davideco") and Suebro, Inc. ("Suebro"), as amended by Amendment No. 1 thereto dated as of March 28, 1997 (the "Stockholders Agreement"), was executed in connection with the SIH Purchase. The Stockholders Agreement contains provisions regarding, among other things, the disposition and voting of shares of Common Stock by the parties to such agreement, as well as certain provisions regarding the composition of the Board of Directors of the Company.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

(c) The exhibits identified below are filed herewith as a part of this Report. The Company agrees to furnish to the Commission upon request a copy of any omitted schedule (or other similar attachment) to the agreements identified below.

Exhibit No. -----	Description -----
2.1	Redemption Agreement dated as of March 5, 1997 among the Company, SIH and Incentive (Exhibits omitted)*
3.2	Amended and Restated Bylaws of the Company, effective as of March 31, 1997**
4.3	Amended and Restated Stockholders Agreement dated as of March 5, 1997 by and among the Voting Trust, Vestar, Harvard, AIP and the Company, and joined for certain purposes by Vestar Capital and Mr. Kassling,

Mr. Fernandez, Mrs. Fernandez, Mr. Brooks, Mr. Meister,
Davideco and Suebro**

- 4.4 Amendment No. 1 to the Amended and Restated Stockholders Agreement dated as of March 28, 1997 by and among the Voting Trust, Vestar, Harvard, AIP and the Company, and joined for certain purposes by Vestar Capital and Mr. Kassling, Mr. Fernandez, Mrs. Fernandez, Mr. Brooks, Mr. Meister, Davideco and Suebro**
- 4.5 First Supplemental Indenture dated as of March 21, 1997 among the Company, as issuer, and The Bank of New York, as trustee*
- 10.6 Common Stock Registration Rights Agreement dated as of March 5, 1997 by and among the Company, Harvard, AIP, the Voting Trust, Vestar, Vestar Capital and the Pulse Shareholders**
- 10.23 First Amendment and Waiver Agreement dated as of February 28, 1997 among the Company, certain of the Company's subsidiaries and the Company's principal lenders relating to the Credit Agreement dated as of January 31, 1995, amended and restated as of February 15, 1995, amended and restated as of June 9, 1995 and amended and restated as of September 19, 1996 (Schedules omitted)*

* Filed herewith.

** Filed as an exhibit to the Schedule 13D filed jointly on March 31, 1997 by Mr. Kassling, Mr. Fernandez, Mrs. Fernandez, Mr. Brooks, Mr. Meister, the Voting Trust, Davideco and Suebro.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WESTINGHOUSE AIR BRAKE COMPANY

Dated: April 9, 1997

By /s/ ROBERT J. BROOKS

Robert J. Brooks
Vice President and Chief Financial Officer

INDEX TO EXHIBITS

EXHIBIT NUMBER -----		SEQUENTIAL PAGE NUMBER -----
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** Filed as an exhibit to the Schedule 13D filed jointly on March 31, 1997 by Mr. Kassling, Mr. Fernandez, Mrs. Fernandez, Mr. Brooks, Mr. Meister, the Voting Trust, Davideco, and Suebro.

REDEMPTION AGREEMENT

REDEMPTION AGREEMENT (this "Agreement"), dated as of March 5, 1997, among Westinghouse Air Brake Company, a Delaware corporation (the "Company"), Scandinavian Incentive Holdings, B.V., a corporation organized under the laws of the Netherlands ("SIH"), and Incentive AB ("Incentive"), a corporation organized under the laws of the Kingdom of Sweden and the sole stockholder of SIH.

W I T N E S S E T H

WHEREAS, SIH is the owner, beneficially and of record, of 10,000,000 shares of common stock, par value \$0.01 per share, of the Company (the "Common Stock"); and

WHEREAS, the Company desires to redeem 4,000,000 shares of Common Stock (the "Shares") from SIH substantially simultaneously with the purchase by Vestar Equity Partners, L.P., a Delaware limited partnership ("Vestar"), Harvard Private Capital Holdings, Inc., a Massachusetts corporation ("Harvard"), American Industrial Partners Capital Fund II, L.P., a Delaware limited partnership ("AIP"), and certain members of the Company's management (the "Management Purchasers" and, together with Vestar, Harvard and AIP, the "Buyer"), collectively, of the remaining 6,000,000 shares pursuant to the SIH Purchase (as defined below), and SIH is willing to sell the Shares to the Company upon the terms and subject to the conditions stated herein (the "Redemption");

WHEREAS, substantially simultaneously with, and as a condition to, the consummation of the Redemption, Buyer will purchase (at a price equal to the Redemption Price paid by the Company for each share redeemed by the Company in the Redemption) from SIH 6,000,000 shares of Common Stock (the "SIH Purchase") pursuant to the SIH Purchase Agreement, dated as of the date hereof, among SIH, Incentive, Vestar, Harvard AIP and the Management Purchasers (the "SIH Purchase Agreement"), a copy of which is attached as Exhibit A hereto;

WHEREAS, the respective Board of Directors of each of the Company, SIH and Incentive have approved the Transaction (as defined herein) and the execution, delivery and performance of the Transaction Documents (as defined herein) to which it is a party;

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements contained herein and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, SIH, Incentive and the Company hereby agree as follows:

ARTICLE I
DEFINITIONS

SECTION 1.1. Definitions. As used in this Agreement, terms defined in the preamble and recitals to this Agreement shall have the meanings given to them therein and the following capitalized terms shall have the following respective meanings:

"Acquisition Proposal" shall have the meaning specified in Section 6.1.

"Business Day" shall mean any day other than a Saturday or Sunday or a day on which banking institutions in Boston, Massachusetts, New York, New York,

Pittsburgh, Pennsylvania or Stockholm, Sweden are authorized or required by law or executive order to remain closed.

"Closing" shall have the meaning specified in Section 3.1.

"Closing Date" shall have the meaning specified in Section 3.1.

"Existing Stockholders Agreement" shall mean the Stockholders Agreement, dated as of January 31, 1995, by and among SIH, the Voting Trust and the Company, and joined for certain limited purposes by Vestar/Company Investors, L.P., Vestar Capital Partners, Inc., William E. Kassling, Emilio A. Fernandez and Incentive.

"Redemption Price" shall have the meaning specified in Section 2.1.

"SEC" shall mean the United States Securities and Exchange Commission.

"Transaction" shall mean the collective reference to the SIH Purchase and the Redemption.

"Voting Trust" shall mean the Voting Trust created pursuant to the Voting Trust Agreement.

"Voting Trust Agreement" shall mean the Second Amended WABCO Voting Trust/Disposition Agreement, dated as of December 13, 1995, by and among the trustholders and the trustees parties thereto.

ARTICLE II REDEMPTION AND SALE

SECTION 2.1. Redemption of Common Stock. On the terms and subject to the conditions set forth in this Agreement, on the Closing Date (as hereinafter defined), the Company agrees to redeem from SIH and SIH agrees to sell to the Company the Shares. In consideration for the sale by SIH of the Shares, SIH will be paid \$44,000,000 (the "Redemption Price"), a Redemption Price of \$11.00 per Share.

ARTICLE III THE CLOSING

SECTION 3.1. Closing; Deliveries. (a) Unless this Agreement shall have been terminated and the transactions herein contemplated shall have been abandoned pursuant to Section 8.1 hereof, the closing of the Redemption (the "Closing") shall take place at the offices of Simpson Thacher & Bartlett, 425 Lexington Avenue, New York, New York, at 10:00 a.m., New York City time, on March 31, 1997 or as soon as practicable following the satisfaction (or, where permissible, due waiver by the parties entitled to the benefits thereof) of the conditions set forth in Article 7 hereof, or on such other date and at such other time and place as may be mutually agreed upon by the parties hereto. The date on and time at which the Closing actually occurs being hereinafter referred to as the "Closing Date."

(b) At the Closing, on the terms and subject to the conditions of this Agreement, (i) the Company shall wire transfer to the bank account specified in writing by SIH not later than two Business Days prior to the Closing Date immediately available funds in the amount of the Redemption Price, against delivery by SIH of certificates representing the Shares, and (ii) SIH

shall deliver to the Company, against delivery by the Company of the Redemption Price, stock certificates representing the Shares, duly endorsed for transfer to the Company by SIH or accompanied by stock powers duly executed in favor of the Company, and, in either case, accompanied by such other documents as may be necessary to transfer record ownership of the Shares on the stock transfer books of the Company, together with evidence of payment of any applicable transfer and documentary stamp taxes and other fees.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

SECTION 4.1. Representations of the Company. The Company represents and warrants to SIH and Incentive that:

(a) the Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware; and the Company has the corporate power and authority to own and operate its properties and conduct its business as it is presently conducted;

(b) the Company has all requisite corporate power and authority to execute and deliver this Agreement, and any other document necessary to consummate the Redemption;

(c) the execution and delivery of this Agreement by the Company and the consummation by it of the transactions contemplated hereby have been duly and validly authorized by its Board of Directors and no other corporate action on the part of the Company is required therefor;

(d) this Agreement has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing;

(e) neither the execution, delivery and performance of this Agreement by the Company nor the consummation by the Company of the transactions contemplated hereby to be consummated by it will: (i) violate the certificate of incorporation or by-laws of the Company; (ii) violate any law, rule, regulation, order, judgment, injunction, ruling or decree of any court or governmental authority applicable to it or any of its assets; or (iii) with or without notice or lapse of time or both, require any consent, approval or notice under, constitute a violation of or default under, conflict with, give rise to any right of termination, cancellation or acceleration under, or result in the creation of any lien, security interest, encumbrance or other charge upon any of its assets under, any contract, agreement, note, mortgage, license, permit or instrument by which it is bound or to which its assets are subject;

(f) no consent, approval, order or authorization of, or exemption by, or filing or registration with, or notice to, any governmental or regulatory authority is required to be obtained or made by the Company in connection with the execution, delivery and performance by the Company of this Agreement or the consummation by the Company of the transactions contemplated hereby to be consummated by it, other than the consents of the Company's principal lenders and holders of the Company's Senior Notes referenced in Section 7.2 (f) and (g), respectively, and filings with the SEC required to be made by it after the Closing;

(g) there is no litigation or proceeding pending, or to the actual knowledge of the executive officers of the Company, threatened or any investigation pending or threatened against the Company which would prohibit the Company from consummating, or otherwise impair its ability to consummate, the Transaction; and

(h) the Company has financing available to complete the Redemption.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF SIH AND INCENTIVE

SECTION 5.1. Representations of SIH and Incentive. SIH and Incentive, jointly and severally, represent and warrant to the Company that:

(a) each of SIH and Incentive is duly organized and validly existing under its jurisdiction of incorporation;

(b) each of SIH and Incentive has all requisite corporate power and authority to execute and deliver this Agreement and the SIH Purchase Agreement and to consummate the transactions contemplated hereby and thereby to be consummated by it;

(c) the execution and delivery of this Agreement and the SIH Purchase Agreement by each of SIH and Incentive and the consummation by each of SIH and Incentive of the transactions contemplated hereby and thereby to be consummated by each of them have been duly and validly authorized and approved by all necessary corporate or other action required on the part of each of SIH and Incentive;

(d) this Agreement has been duly executed and delivered by each of SIH and Incentive;

(e) when executed and delivered by SIH and Incentive, this Agreement and the SIH Purchase Agreement each will constitute a legal, valid and binding obligation, enforceable against each of SIH and Incentive in accordance with their respective terms subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing;

(f) neither SIH nor Incentive has employed any broker, finder or agent nor agreed to pay to any person any broker's fee, finder's fee, commission or other similar form of compensation in connection with this Agreement or the transactions contemplated hereby;

(g) there is no litigation or proceeding pending or, to the actual knowledge of the executive officers of SIH or Incentive, threatened or any investigation pending or threatened against SIH or Incentive which would prohibit either SIH or Incentive from consummating, or otherwise impair the ability of either SIH or Incentive to consummate, any of the transactions contemplated hereby;

(h) on the date hereof SIH does, and on the Closing Date SIH will, own the Shares of record and beneficially and the Shares are fully paid and nonassessable;

(i) on the date hereof, SIH has, and on the Closing Date SIH will have, good, valid and marketable title to the Shares free and clear of all claims, liens, encumbrances,

restrictions (including without limitation restrictions on the power to vote or dispose of the Shares), security interests and charges of any nature whatsoever, including without limitation any preemptive right or right of first refusal or first offer of any party (except for those restrictions set forth in the Existing Stockholders Agreement) or any agreement, arrangement or understanding regarding the sale or transfer of the Shares (other than this Agreement, the SIH Purchase Agreement and the Existing Stockholders Agreement);

(j) on the Closing Date, upon delivery to the Company of the Shares by SIH in exchange for the Redemption Price, the Company will receive good, valid and marketable title to the Shares, free and clear of all claims, liens, encumbrances, restrictions, security interests and charges of any nature whatsoever;

(k) neither the execution, delivery and performance by SIH and Incentive of this Agreement and the SIH Purchase Agreement nor the consummation by each of them of the transactions contemplated hereby or thereby will: (i) violate any organizational document of SIH or Incentive; (ii) violate any law, rule or regulation, order, judgment, injunction, ruling or decree of any court or governmental authority applicable to SIH or Incentive or any of their respective assets; or (iii) with or without notice or lapse of time or both, require any consent, approval or notice under, constitute a violation of or default under, conflict with, give rise to any right of termination, cancellation or acceleration under, or result in the creation of any lien, security interest, encumbrance or other charge upon any of the assets of SIH or Incentive under, any contract, agreement, note, mortgage, license, permit or instrument by which either SIH or Incentive is bound or to which either of their respective assets is subject, except for the waiver by the Company of its right of first refusal under the Existing Stockholders Agreement; and

(l) no consent, approval, order or authorization of, or exemption by, or filing or registration with, or notice to, any governmental or regulatory authority is required to be obtained or made by SIH or Incentive in connection with the execution, delivery and performance by each of SIH and Incentive of this Agreement and the SIH Purchase Agreement or the consummation by them of the transactions contemplated hereby and thereby (other than any filings with the SEC required to be made by Incentive or SIH after the Closing).

(m) as of the date hereof, Incentive is not aware of any discussions regarding any Acquisition Proposal after October 30, 1996.

ARTICLE VI COVENANTS

SECTION 6.1. Covenants of the Parties.

(a) Further Assurances and Cooperation. Subject to the terms and conditions hereof, (i) each of the parties hereto agrees to use its reasonable best efforts to effect the Closing of the Redemption by March 31, 1997 and (ii) each of the parties hereto agrees to use its reasonable best efforts to insure that the conditions set forth in Article VII are satisfied, insofar as such matters are within the control of such party.

(b) Public Announcements. Each of the parties hereto will consult with each other before issuing any press release or otherwise making any public statements with respect to the Transaction and other matters contemplated hereby and will not issue any such press release or make any other public statement prior to such consultation, and, except to the

extent that outside counsel advises that applicable law requires otherwise, any such press release or public statement will be approved in advance by each of the parties hereto.

(c) Other Acquisition Proposals. (i) Incentive and SIH will not, directly or indirectly, through any officer, director, representative, affiliate or agent (A) solicit, initiate, encourage or assist in the submission of any inquiries, proposals or offers from any corporation, partnership, person or other entity or group relating to any acquisition or purchase of assets of the Company, or any equity interest in, the Company (including any Shares), or any other form of recapitalization transaction involving the Company, or any merger, consolidation, business combination, spin-off, liquidation or similar transaction involving the Company other than the Transaction (each an "Acquisition Proposal"), (B) participate in any discussions or negotiations regarding an Acquisition Proposal or furnish to any person or entity (other than Buyer or the Company) any information concerning the Company or the proposed Transaction, (C) otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other person (other than Buyer or the Company) to make or enter into an Acquisition Proposal or (D) sell, assign, convey or transfer the Shares or any interest therein or grant any right to acquire any of the foregoing or agree or propose to do any of the foregoing.

(ii) If either Incentive or SIH receives any inquiry, proposal or offer to enter into any transaction of the type referred to in Section 6.1(c)(i) (A), (B), (C) or (D) above, such party will inform the Company of the terms thereof, except to the extent prohibited by applicable law, rule or regulation of any governmental authority or stock exchange by which Incentive or SIH is bound.

(iii) Except to the extent that outside counsel advises that applicable law requires otherwise, neither Incentive, SIH nor any of their respective officers, directors, representatives, affiliates or agents will disclose to any person, without the prior written consent of the Company, the fact that Incentive and SIH have entered into this Agreement and are engaged in the Transaction.

(d) Expenses. Each of the parties hereto will pay its own expenses incurred or to be incurred in connection with the Transaction.

ARTICLE VII CONDITIONS TO CLOSING

SECTION 7.1. Conditions Precedent to Each Party's Obligation to Effect the Closing. The obligation of each party hereto to consummate the Closing hereunder shall be subject to the satisfaction (or, where permissible, waiver by the party or parties, as the case may be, entitled to the benefits thereof) on the Closing Date of each of the following conditions:

(a) no preliminary or permanent injunction or other order issued by any United States federal or state court or any court in the Kingdom of Sweden of competent jurisdiction or by any United States federal or state governmental or regulatory body or any governmental or regulatory body of the Kingdom of Sweden nor any statute, rule, regulation or order of any United States federal or state governmental authority or governmental authority of the Kingdom of Sweden shall be in effect which (i) restrains, enjoins or otherwise prohibits the Company, SIH or Incentive from consummating the Transaction or (ii) impose any material limitations on the Company's ability to exercise full rights of ownership of the Shares; and

(b) substantially simultaneously with the Closing, the SIH Purchase shall be consummated in accordance with the SIH Purchase Agreement.

SECTION 7.2. Conditions Precedent to the Obligation of the Company. The obligation of the Company to effect the Closing shall be subject to the satisfaction (or, where permissible, waiver by the Company) on the Closing Date of each of the following conditions:

(a) each of SIH and Incentive shall have performed and complied in all material respects with each of its agreements and covenants contained herein to be performed or complied with by SIH or Incentive, as the case may be, on or prior to the Closing Date;

(b) each of the representations and warranties of SIH and Incentive contained herein shall be true in all material respects on and as of the Closing Date with the same effect as though made on and as of the Closing Date (except to the extent such representations and warranties speak as of an earlier date);

(c) the Company shall have received a certificate to the effect that the conditions set forth in the foregoing clauses (a) and (b) have been satisfied, signed by the Chief Executive Officer, President, Chief Financial Officer or any Vice President of SIH and Incentive;

(d) there shall not have occurred any event that could reasonably be expected to have a material adverse effect on the business, assets, properties, operations (financial or otherwise) or prospects of the Company and its subsidiaries taken as a whole;

(e) there shall not have occurred any material disruption or any other event that could reasonably be expected to have a material adverse effect on the financial, banking or capital markets in the United States;

(f) prior to or concurrently with the Closing the First Amendment and Waiver Agreement dated as of February 28, 1997 among the Company, certain of the Company's subsidiaries and the Company's principal lenders relating to the Credit Agreement, dated as of January 31, 1995, amended and restated as of February 15, 1995, amended and restated as of June 9, 1995, and amended and restated as of September 19, 1996, shall have been executed and delivered by the parties thereto and shall be effective in the form of Exhibit B hereto;

(g) prior to or concurrently with the Closing the requisite majority of the holders of the Company's 9 3/8% Senior Notes Due 2005 shall have consented to the amendments in the form of Exhibit C hereto proposed by the Company to the Indenture dated as of June 20, 1995 pursuant to which such Senior Notes were issued so as to permit the Redemption; and

(h) Vestar, Harvard and AIP shall have executed and delivered the Amended and Restated Stockholders Agreement in the form of Exhibit D hereto and Vestar, Harvard and AIP shall have executed and delivered the Registration Rights Agreement in the form of Exhibit E hereto.

SECTION 7.3. Conditions Precedent to the Obligations of SIH and Incentive. The obligations of each of SIH and Incentive to effect the Closing shall be subject to the satisfaction (or, where permissible, waiver by SIH and Incentive) on the Closing Date of all of the following conditions:

(a) the Company shall have performed and complied in all material respects with each of its agreements and covenants contained herein to be performed or complied with by the Company on or prior to the Closing Date;

(b) each of the representations and warranties of the Company contained herein shall be true in all material respects on and as of the Closing Date with the same effect as though made on and as of the Closing Date (except to the extent such representations and warranties speak as of an earlier date);

(c) SIH and Incentive shall have received a certificate to the effect that the conditions set forth in the foregoing clauses (a) and (b) have been satisfied, signed by the Chief Executive Officer, President, Chief Financial Officer or any Vice President of the Company; and

(d) SIH and Incentive shall have received a letter from the Company substantially in the form of Exhibit F hereto.

ARTICLE VIII
TERMINATION; SUCCESSORS AND ASSIGNS

SECTION 8.1. Termination. (a) This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing:

(i) by the mutual written consent of the Company, SIH and Incentive; or

(ii) by either of the Company, SIH or Incentive in writing, if the Closing shall not have occurred on or before March 31, 1997, provided that the right to terminate this Agreement pursuant to this Section 8.1(a)(ii) shall not be available to any party whose failure to fulfill any of its obligations under this Agreement, or whose breach of any representation or warranty by it set forth herein, has been the cause of, or resulted in, the failure of the Closing to have occurred on or before such date.

(b) In the event of the termination of this Agreement pursuant to Section 8.1(a) hereof, written notice thereof shall forthwith be given to the other parties hereto and this Agreement shall be of no further force and effect, except that the provisions of this Article VIII and Sections 6.1(b) and (d) and Article IX hereof shall remain in full force and effect. The foregoing provisions shall not limit or restrict the availability of specific performance or other injunctive relief to the extent that specific performance or other injunctive relief would be otherwise available to a party hereunder. Nothing in this Section 8.1 shall be deemed to relieve any party from any liability for any breach by such party of its representations, warranties, covenants or agreements set forth in this Agreement.

SECTION 8.2. Amendments and Waivers. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto. Incentive and SIH, on the one hand, and the Company, on the other hand, may, by an instrument in writing signed on behalf of such party, waive compliance by the other party with any term or provision of this Agreement that such other party was or is obligated to comply with or perform. In particular, it is acknowledged and agreed that the Company may not waive the condition set forth in Section 7.1(b) as conditions to the obligations of SIH and Incentive to effect the Closing.

ARTICLE IX
MISCELLANEOUS

SECTION 9.1. Conciliation and Arbitration. (a) If any dispute, claim or difference arises out of or relating to this Agreement (a "Dispute"), the parties hereto shall use their reasonable best efforts to resolve the Dispute and, if they so desire, may consult outside experts for assistance in arriving at such a resolution.

(b) Any Dispute shall be finally settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA") effective as of the commencement of the arbitration (the "Rules"), except as such Rules may be modified as provided herein. The arbitration shall be held in New York, New York, unless the parties mutually agree to have the arbitration held elsewhere, and judgment upon the award made therein may be entered by any court having jurisdiction thereof provided, however, that nothing contained in this Section 9.1 shall be construed to preclude a party from bringing any action in any court of competent jurisdiction for injunctive or other provisional relief to compel another party to comply with its obligations under this Agreement during the pendency of the arbitration proceedings. The arbitral tribunal shall be composed of three arbitrators, whose names shall be set forth on a list of arbitrators approved by the AAA and who shall be experienced litigators admitted to practice law in the State of New York. The Company shall appoint one arbitrator and SIH and Incentive shall together appoint one arbitrator; provided that to the extent any Dispute relates only to SIH, SIH shall appoint such arbitrator. A third arbitrator shall be nominated in accordance with Rule 14 of the Rules. The two arbitrators thus appointed shall attempt to agree upon the third arbitrator to act as chairperson of the arbitration tribunal. If said two arbitrators fail to appoint the chairperson within thirty days from the date of appointment of the second arbitrator, upon written request of either party to the AAA, such appointment shall be made in accordance with Rule 13 of the Rules. The arbitrators shall have no power to waive, alter, amend, revoke or suspend any of the provisions of this Agreement; provided, however, that the arbitrators shall have the power to decide all questions with respect to the interpretation and validity of this Section 9.1. The arbitration shall be conducted, and the award shall be rendered, in the English language. An arbitrator may not act as an advocate for the party nominating him, and all three arbitrators shall be impartial and unbiased. A majority vote by the three arbitrators shall be required on any decision made by them; provided, however, that lacking such a majority in the case of questions of amounts of dollar or other quantities the vote for the greatest amount or quantity shall be deemed to be a vote for the amount or quantity next in magnitude in order to form a majority for such vote. The arbitrators shall permit such discovery as they shall determine is appropriate in the circumstances taking into account the needs of the parties and the desirability of making discovery expeditious and cost effective. Any such discovery shall be limited to information directly relevant to the controversy or claim in arbitration and shall be concluded within thirty days after the appointment of the arbitration panel. This agreement to arbitrate shall be binding upon the successors and assigns of any party hereto. Except to the extent required by law or court or administrative order, no party, arbitrator, representative, counsel or witness shall disclose or confirm to any person not present at the arbitration hearings any information about the arbitration proceeding or hearings, including the names of the parties and arbitrators, the nature and amount of the claims, the financial condition of any party the expected date of hearing or the award made.

(c) Subject to and not in any way limiting the preceding subparagraph, each of the parties hereto irrevocably consents and submits to the jurisdiction in any action brought in connection with this Agreement in the United States District Court for the Southern District of New York or any court of competent jurisdiction in New York, New York, including, but not limited to, any action to enforce an award rendered pursuant to the preceding subparagraph. SIH and Incentive hereby appoint CT Corporation System as their agent for service of process in

New York and the Company hereby appoints Reed Smith Shaw & McClay, 375 Park Avenue, New York, New York 10152, Attention: Ruth S. Perfido, Esq., as its agent for service of process in New York. The submission of the parties to jurisdiction as set forth in this Section 9.1(c) does not constitute and shall not be deemed a consent to jurisdiction for any purpose other than those expressly set forth in this Agreement.

SECTION 9.2. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to the conflicts of law principles thereof.

SECTION 9.3. Notices. Any notice, request, demand, waiver or other communication required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given (a) when delivered by hand, (b) five Business Days after it is mailed, certified or registered mail, return receipt requested with postage prepaid, (c) when answered back if sent by telecopy (with receipt confirmed) or (d) three Business Days after it is sent by express delivery service, as follows:

- (a) if to the Company, to:
- Westinghouse Air Brake Company
1001 Air Brake Avenue
Wilmerding, Pennsylvania 15148
Attention: Robert Brooks
Telephone No.: (412) 825-1315
Telecopier No.: (412) 825-1156

with a copy to:

Reed Smith Shaw & McClay
435 Sixth Avenue
Pittsburgh, Pennsylvania 15219
Attention: David L. DeNinno
Telephone No.: (412) 288-3214
Telecopier No.: (412) 288-3063

- (b) if to SIH, to:
- Scandinavian Incentive Holdings, B.V.
c/o Incentive AB
Hamngatan 2
S-11147 Stockholm, Sweden
Attention: Mr. Mikael Lilius
Telephone No.: (011) 46-8-613-65-17
Telecopier No.: (011) 46-8-611-81-61

with a copy to:

Adokatfirman Vinge KB
Smalandsgatan 20, Box 1703
S-111 87 Stockholm, Sweden
Attention: Hans Wibom, Esq.
Telephone No.: (011) 46-8-614-31-45
Telecopier No.: (011) 46-8-614-31-90

- (c) if to Incentive, to:

Incentive AB
Hamngatan 2
S-111 47 Stockholm, Sweden
Attention: Mr. Mikael Lilius
Telephone No: (011) 46-8 613-65-17
Telecopier No: (011) 46-8-611-81-61

with a copy to:

Adokatfirman Vinge KB
Smalandsgatan 20, Box 1703
S-111 87 Stockholm, Sweden
Attention: Hans Wibom, Esq.
Telephone No.: (011) 46-8-614-31-45
Telecopier No.: (011) 46-8-614-31-90

SECTION 9.4. Entire Agreement. This Agreement, the Transaction Documents and the other Exhibits hereto constitute the entire agreement among the parties hereto and supersede any prior agreements and understandings, oral and written, among the parties hereto with respect to the subject matter hereof.

SECTION 9.5. Successors and Assigns. This Agreement shall not be assignable by SIH or Incentive without the prior written consent of the Company or by the Company without the prior written consent of SIH and Incentive. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer on any person other than the parties hereto or their respective successors and permitted assigns, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein.

SECTION 9.6. Interpretation. The section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties and shall not in any way affect the meaning or interpretation of this Agreement. As used in this Agreement, the term "affiliate" shall have the meaning set forth in Rule 12b-2 of the General Rules and Regulations promulgated under the Securities Exchange Act of 1934, as amended.

SECTION 9.8. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

SECTION 9.9. Non-Survival of Representations and Warranties. None of the representations and warranties contained in this Agreement shall survive the Closing, except for the representations and warranties made by each of SIH and Incentive in Sections 5.1 (h), (i) and (j).

SECTION 9.10. Severability. The provisions of the Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not effect the validity or enforceability of the other provisions hereof.

SECTION 9.11. Existing Stockholders Agreement. The Company hereby acknowledges and agrees that all obligations owed by SIH and its affiliates to the Company under the Existing Stockholders Agreement (other than under Section 10 thereof) are terminated effective as of the Closing. SIH hereby acknowledges and agrees that all rights and benefits accruing to SIH and its affiliates under the Existing Stockholders Agreement are terminated effective as of the Closing.

SECTION 9.12. Registration Rights Agreement. SIH hereby acknowledges and agrees that all rights and benefits accruing to it under that certain Common Stock Registration Rights Agreement, dated as of January 31, 1995, with the Company are terminated effective as of the Closing.

IN WITNESS HEREOF, the undersigned have executed this agreement as of the date first above written.

WESTINGHOUSE AIR BRAKE COMPANY

By: _____

Title: _____

SCANDINAVIAN INCENTIVE HOLDINGS, B.V.

By: _____

Title: _____

INCENTIVE AB

By: _____

Title: _____

WESTINGHOUSE AIR BRAKE COMPANY
Issuer

AND

THE BANK OF NEW YORK
Trustee

FIRST SUPPLEMENTAL INDENTURE

Dated as of March 21, 1997

\$100,000,000

9 3/8% Senior Notes Due 2005

FIRST SUPPLEMENTAL INDENTURE (hereinafter, the "First Supplemental Indenture"), dated as of March 21, 1997, between Westinghouse Air Brake Company, a Delaware corporation, as Issuer (the "Company") and The Bank of New York, a New York banking corporation, as Trustee (the "Trustee").

A. The Company has executed and delivered to the Trustee an Indenture dated as of June 20, 1995 (the "Indenture"), providing for the issuance of \$100,000,000 principal amount of the Company's 9 3/8% Senior Notes due 2005 (the "Senior Notes").

B. The Company desires to amend the Indenture in accordance with Article 9 thereof as follows, which amendments have been authorized by a majority of the holders of the outstanding Senior Notes in accordance with Section 9.2 of the Indenture.

C. The Company has executed and delivered to the Trustee (i) resolutions by the board of directors of the Company authorizing the execution of the First Supplemental Indenture and (ii) evidence of receipt by the Company of the requisite consents of the Senior Note holders pursuant to Section 9.2 of the Indenture.

D. The Company has executed and delivered to the Trustee (i) an officers' certificate and (ii) an opinion from the Company's counsel as conclusive evidence that the First Supplemental Indenture is permitted by the Indenture, not inconsistent with the Indenture and valid and binding upon the Company in accordance with its terms pursuant to Section 9.6 of the Indenture.

In consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Company and the Trustee hereby amend the Indenture as follows:

1. Section 4.11(b) is hereby amended by deleting the word "and" at the end of clause (vi) thereto, deleting "." at the end of clause (vii) thereto, inserting ";" at the end of clause (vii) thereto, and adding the following new clauses (viii) and (ix):

(viii) the redemption of up to 4,000,000 shares of Common Stock from Scandinavian Incentive Holdings, B.V. on or prior to April 30, 1997 at an aggregate price that, together with Restricted Payments otherwise permitted under Section 4.11(a), would not exceed \$44,000,000; provided, however, that Restricted Payments made pursuant to this clause (viii) shall be included in the calculation of Restricted Payments for all purposes under Section 4.11(a)(3); and

(ix) up to an aggregate amount of \$2,000,000 of additional Restricted Payments from and after the effective date of the First Supplemental

Indenture to this Indenture until such time as the Company has the authority under Section 4.11(a) to make such Restricted Payments; provided, however, that Restricted Payments made pursuant to this clause (viii) shall be included in the calculation of Restricted Payments for all purposes under Section 4.11(a)(3).

2. For all purposes of this First Supplemental Indenture, except as otherwise herein expressly provided or unless the context otherwise requires, the terms and expressions used herein shall have the same meanings as corresponding terms and expressions used in the Indenture.

3. Except as hereby expressly amended, the Indenture and the Senior Notes issued thereunder are in all respects ratified and confirmed and all terms, conditions and provisions thereof shall remain in full force and effect.

4. This First Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Senior Notes theretofore or hereafter authenticated and delivered shall be bound hereby.

5. This First Supplemental Indenture may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument.

6. This First Supplemental Indenture shall be governed by the laws of the State of New York, without regard to conflicts of law principles thereof.

7. This First Supplemental Indenture shall become effective upon execution by the Company and the Trustee in accordance with the terms of the Indenture; however, the amendments to the Indenture set forth in this First Supplemental Indenture shall not become operative until the Company has deposited with the Trustee sufficient immediately available funds to make payments equal to \$15.00 for each \$1,000 principal amount of Senior Notes held by Holders who have delivered to the Trustee prior to 12:00 p.m., New York City time, on March 19, 1997 valid and unrevoked consents in form and substance satisfactory to the Company and the Trustee.

IN WITNESS WHEREOF, the parties have caused this First Supplemental Indenture to be duly executed as of the date and year first written above.

ISSUER

WESTINGHOUSE AIR BRAKE COMPANY

By: _____

Title: _____

TRUSTEE

THE BANK OF NEW YORK

By: _____

Title: _____

FIRST AMENDMENT AND WAIVER AGREEMENT dated as of February 28, 1997, among WESTINGHOUSE AIR BRAKE COMPANY, a Delaware corporation (the "Borrower"); W&P HOLDING CORP.; PULSE ELECTRONICS, INC.; RFPC HOLDING CORPORATION; TFL, INC.; VAPOR CORP.; RAILROAD FRICTION PRODUCTS CORPORATION; the financial institutions listed on the signature pages hereto (together with the Swingline Lender (as defined below), the "Lenders"); THE CHASE MANHATTAN BANK, as successor to Chemical Bank, as swingline lender (in such capacity, the "Swingline Lender") and as agent (in such capacity, the "Administrative Agent") and collateral agent (in such capacity, the "Collateral Agent") for the Lenders; THE CHASE MANHATTAN BANK DELAWARE, as successor to Chemical Bank Delaware, as issuing bank (in such capacity, the "Issuing Bank"); and THE BANK OF NEW YORK ("BNY") as documentation agent (in such capacity the "Documentation Agent") for the Lenders.

A. The parties hereto have agreed, subject to the terms and conditions hereof, to increase the Commitments and make new advances under, and make other amendments to and waivers of, the Credit Agreement, dated as of January 31, 1995, amended and restated as of February 15, 1995, amended and restated as of June 9, 1995, and amended and restated as of September 19, 1996 (the "Credit Agreement"), among the Borrower; the financial institutions party thereto; the Swingline Lender; the Administrative Agent; the Collateral Agent; the Issuing Bank; and the Documentation Agent; by amending the Credit Agreement as set forth herein.

B. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

Accordingly, the parties hereto hereby agree as follows:

SECTION 1. Amendment of Credit Agreement. (a) The Preamble of the Credit Agreement is hereby amended by deleting the amount "\$125,000,000" appearing in the seventh line of the first paragraph thereof and substituting therefor the amount "\$140,000,000".

(b) Section 1.01 of the Credit Agreement is hereby amended by adding, in proper alphabetical order, the following defined term:

"First Amendment Effective Date" shall mean the date the First Amendment dated as of February 28, 1997 to this Agreement shall become effective in accordance with its terms.

(c) Section 1.01 of the Credit Agreement is hereby amended by deleting the defined term "Stock Repurchases" in its entirety and substituting therefor the following:

"Stock Repurchases" shall mean (a) the repurchase of Common Stock during the period from November 9, 1995 through November 9, 1996, in the open market or in private negotiated transactions, for an aggregate purchase price for all such repurchases not in excess of \$11,000,000, (b) the repurchases of Common Stock during the period from the First Amendment Effective Date through April 30, 1997, from SIH, for an aggregate purchase price for all such repurchases by the Borrower not in excess of the lesser of (i) \$46,000,000 and (ii) 40% of the aggregate purchase price for all such purchases by the Borrower and a group of investors, led by Vestar Capital Partners (the "Vestar Investment Group"), and (c) the financing of all or a portion of such repurchases with the proceeds of Revolving Credit Borrowings.

(d) Schedule 2.01 to the Credit Agreement is hereby amended and restated to read in its entirety as set forth in Schedule 2.01 hereto.

SECTION 2. Waivers. (a) The Required Lenders hereby waive the provisions of Section 2.12(d) of the Credit Agreement to the extent, but only to the extent, that such provisions require the prepayment by the Borrower of the Loans in an aggregate principal amount equal to 50% of Excess Cash Flow with respect to the fiscal year ended December 31, 1996.

(b) The Required Lenders hereby waive the provisions of Sections 5.11(b) and 5.12 of the Credit Agreement to the extent, but only to the extent, that such provisions (i) apply to the Vapor Mortgage and (ii) shall be complied with on or before March 31, 1997.

SECTION 3. Representations and Warranties. The Borrower and each Guarantor hereby represents and warrants to each Lender, the Administrative Agent, the Collateral Agent, the Documentation Agent and the Issuing Bank, on and as of the date hereof and as of the Effective Date, as follows:

(a) The execution, delivery and performance by each Loan Party of this Amendment Agreement (i) has been duly authorized by all requisite corporate and, if required, stockholder action and (ii) will not (A) violate (I) any provision of law, statute, rule or regulation, other than any law, statute, rule or regulation, the violation of which will not result in a Material Adverse Effect, or of the certificate or articles of incorporation or other constitutive documents or by-laws of the Borrower or any Guarantor, (II) any order of any Governmental Authority or (III) any material provision of any material indenture, agreement or other instrument to which the Borrower or any Guarantor is a party or by which any of them or any of their property (including the Mortgaged Properties) or assets is or may be bound, (B) be in conflict with, result in a breach of, constitute (along or with notice or lapse of time or both) a default under or give rise to any right to accelerate any material obligation on the party of the Borrower or any Guarantor, under any such indenture, agreement or other instrument or (C) result in the creation under the Security Documents) upon or with respect to any property or assets now owned or hereafter acquired by the Borrower or any Subsidiary.

(b) The Amendment Agreement has been duly executed and delivered by each Loan Party and constitutes legal, valid and binding obligations of the Borrower and such Loan Party enforceable against the Borrower and such Loan Party in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium or other similar laws affecting creditors' rights generally and to general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity) and an implied covenant of good faith and fair dealing.

(c) No action, consent or approval of, registration or filing with or any other action by any Governmental Authority is or will be required in connection with the execution, delivery and performance of the Amendment Agreement or the consummation of the transactions contemplated by the Amendment Agreement, except for such as have been made or obtained and are in full force and effect.

(d) No Default or Event of Default has occurred and is continuing. No Default or Event of Default will occur or be continuing immediately following the Effective Date after giving effect to the transactions contemplated by the Amendment Agreement.

The representations and warranties contained in this Section 3 shall survive the making by the Lenders of the Loans under this Amendment Agreement, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Amendment Agreement is outstanding and unpaid and so long as the Commitments under this Amendment Agreement have not been terminated.

SECTION 4. Effectiveness. This Amendment Agreement shall become effective only upon satisfaction of the following conditions precedent on or prior to April 30, 1997 (the first date upon which each such condition has been satisfied being herein called the "Effective Date"):

(a) The Administrative Agent shall have received duly executed counterparts of this Amendment Agreement, in each case bearing the authorized signatures of the Borrower, each of the Guarantors, the Required Lenders and each Revolving Credit Lender and Revolving Credit Commitment of which has been increased pursuant to this Amendment Agreement.

(b) The Administrative Agent shall have received a certificate of a Financial Officer of the Borrower, dated the Effective Date, to the effect that the representations and warranties set forth in Section 3 hereof are true and correct on and as of the Effective Date.

(c) The Collateral Agent shall have received fully executed copies of amendments or supplements, as applicable, to each of the Mortgages (other than the Vapor Mortgage), in form and substance satisfactory to it, that grant the Collateral Agent a security interest in all of the real property of the Borrower or any such Subsidiary that is a Domestic Subsidiary, and each such document (including each Uniform Commercial Code financing statement) required by law or reasonably requested by the Administrative Agent to be filed, registered or recorded in order to create in favor of the Collateral Agent for the benefit of the Secured Parties a valid, legal and perfected first-priority security interest in and lien on the Collateral (subject to any Lien expressly permitted by Section 6.02 of the Credit Agreement) described in such agreement shall have been delivered to the Collateral Agent.

(d) The Collateral Agent shall have received an endorsement to the title policies insuring each Mortgage (other than the Vapor Mortgage) as a valid first lien on the Mortgaged Property, free of Liens other than Liens permitted by Section 6.02 of the Credit Agreement.

(e) The Administrative Agent shall have received evidence satisfactory to it that the holders of the Senior Unsecured Notes shall have consented to the Stock Repurchase from SIH and that, after giving effect to such Stock Repurchase and other stock purchases, no default or event of default exists with respect to the Senior Unsecured Notes.

(f) The Administrative Agent shall have received, for its own account and the account of the Lenders, the fees set forth in the Fee Letter dated as of the date hereof between the Borrower and the Administrative Agent.

(g) All legal matters incident to this Agreement, the Amended Credit Agreement, the borrowings and extensions of credit hereunder and thereunder shall be satisfactory to the Lenders, to the Issuing Bank, and to Cravath, Swaine & Moore, counsel for the Administrative Agent.

SECTION 5. APPLICABLE LAW. THIS AMENDMENT AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 6. Counterparts. This Amendment Agreement may be executed in any number of counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one agreement. Delivery of an executed counterpart of a signature page by facsimile transmission shall be effective as delivery of a manually executed counterpart of this Amendment Agreement.

SECTION 7. Guarantors. Each Guarantor hereby acknowledges and agrees to (i) be bound by the terms of this Amendment Agreement and (ii) the amendments effected hereby.

SECTION 8. Security Documents. The Security Documents are hereby acknowledged and reaffirmed and shall remain operative and in full force and effect each in accordance with its terms and with the terms of the Credit Agreement.

SECTION 9. Loan Documents. This Amendment shall be a Loan Document for all purposes.

SECTION 10. Notices. All notices hereunder shall be given in accordance with the provisions of Section 9.01 of the Credit Agreement.

SECTION 11. Headings. Section headings used herein are for convenience of reference only, are not part of this Amendment Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Amendment Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment Agreement to be duly executed by their respect duly authorized officers as of the day and year first above written.

WESTINGHOUSE AIR BRAKE COMPANY,

By: _____
Name:
Title:

W&P HOLDING CORP.,

By: _____
Name:
Title:

PULSE ELECTRONICS, INC.,

By: _____
Name:
Title:

RFPC HOLDING CORPORATION

By: _____
Name:
Title:

TFL, INC.,

By: _____
Name:
Title:

VAPOR CORP.,

By: _____
Name:
Title:

RAILROAD FRICTION PRODUCTS CORPORATION,

By: _____
Name:
Title:

THE CHASE MANHATTAN BANK, individually and as
Administrative Agent, Collateral Agent and
Swingline Lender,

By: _____
Name:
Title:

THE CHASE MANHATTAN BANK DELAWARE, as Issuing Bank,

By: _____
Name:
Title:

THE BANK OF NEW YORK, individually and as
Documentation Agent,

By: _____
Name:
Title:

THE BANK OF NOVA SCOTIA,

By: _____
Name:
Title:

THE BANK OF TOKYO/MITSUBISHI TRUST COMPANY,

By: _____
Name:
Title:

CAISSE NATIONALE DE CREDIT AGRICOLE,

By: _____
Name:
Title:

COMERICA BANK,

By: _____
Name:
Title:

CREDIT LYONNAIS NEW YORK BRANCH,

By: _____
Name:
Title:

CREDIT LYONNAIS CAYMAN ISLAND BRANCH,

By: _____
Name:
Title:

CREDIT SUISSE,

By: _____
Name:
Title:

By: _____
Name:
Title:

THE FIRST NATIONAL BANK OF BOSTON,

By: _____
Name:
Title:

THE FIRST NATIONAL BANK OF CHICAGO,

By: _____
Name:
Title:

THE FUJI BANK, LIMITED NEW YORK BRANCH

By: _____
Name:
Title:

THE LONG-TERM CREDIT BANK OF JAPAN, LIMITED,
NEW YORK BRANCH

By: _____
Name:
Title:

MANUFACTURERS & TRADERS TRUST COMPANY,

By: _____
Name:
Title:

MELLON BANK, N.A.

By: _____
Name:
Title:

MITSUI LEASING (USA) INC.,

By: _____
Name:
Title:

THE SANWA BANK, LIMITED, NEW YORK BRANCH,

By: _____
Name:
Title:

SOCIETE GENERALE, NEW YORK BRANCH,

By: _____
Name:
Title:

THE SUMITOMO TRUST & BANKING CO., LTD.,
NEW YORK BRANCH,

By: _____
Name:
Title:

UNION BANK OF CALIFORNIA,

By: _____
Name:
Title:

UNITED STATES NATIONAL BANK OF OREGON,

By: _____
Name:
Title: