

FORM 8-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 25049

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Act of 1934

Date of Report (Date of earliest event reported): October 14, 1999.

Westinghouse Air Brake Company

(Exact name of registrant as specified in its charter)

Delaware

1-13782

25-1615902

(State or other jurisdiction
of incorporation)-----
(Commission file
number)-----
(IRS Employer Identification
Number)1001 Air Brake Avenue
Wilmerding, Pennsylvania 15148

15222

(Address of principal executive offices)-----
Zip Code

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

Not applicable

(Former name or former address, if changed since last report)

ITEM 5. OTHER EVENTS.

The Registrant hereby incorporates by reference the information contained in Exhibits 99.1 and 99.2 hereto in response to this Item 5.

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

(a) -- (b) Not applicable.

(c) Exhibits.

99.1 Text of press release dated October 14, 1999, issued by Westinghouse Air Brake Company, regarding 1999 third quarter earnings.

99.2 Text of press release dated October 14, 1999, issued by Westinghouse Air Brake Company, regarding share repurchase program.

SIGNATURE

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

Date: October 15, 1999

By: Robert J. Brooks

Robert J. Brooks
Vice President and
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number -----	Description of Exhibit -----
99.1	Text of press release dated October 14, 1999, issued by Westinghouse Air Brake Company, regarding 1999 third quarter earnings.
99.2	Text of press release dated October 14, 1999, issued by Westinghouse Air Brake Company, regarding share repurchase program.

WESTINGHOUSE AIR BRAKE COMPANY ANNOUNCES
A 14.3% INCREASE IN 3rd QUARTER EARNINGS PER SHARE,
FOR THE 13TH CONSECUTIVE QUARTER WITH YEAR-OVER-YEAR GROWTH

WILMERDING, Pa., October 14, 1999 - Westinghouse Air Brake Company (NYSE: WAB) (WABCO) today reported a 14.3% increase in diluted earnings per share of \$0.48 for the third quarter ended September 30, 1999, compared to \$0.42 per diluted share in the third quarter of 1998.

THIRD QUARTER 1999 RESULTS

Revenues for the third quarter of 1999 increased \$12.0 million, or 7.5%, to \$172.5 million compared with \$160.5 million in the prior-year quarter. The increase is primarily associated with the incremental revenues from the 1998 acquisitions and increased aftermarket sales, offsetting the return to more normal freight car OE replacement levels.

Gross profit for the third quarter of 1999 was \$58.2 million, or 33.7% of sales compared with \$51.3 million, or 32.0% of sales, in the same period in 1998, an increase of \$6.9 million. The improvement in margins is due to favorable changes in product mix related almost entirely to increased aftermarket sales in all major product lines. The reduction in freight OE sales has been more than offset by higher aftermarket sales. Additionally, the entire increase in both transit and molded products sales related to aftermarket sales.

Operating expenses increased \$3.0 million in the quarter-to-quarter comparison, with the increase relating to expenses associated with new businesses acquired in the fourth quarter of 1998. Income from operations increased \$3.8 million to \$29.0 million in the third quarter of 1999 compared with \$25.2 million in the same period of 1998. Interest expense in the third quarter of 1999 was \$8.7 million compared to \$7.4 million in the prior year quarter. The increase reflects the incremental borrowing costs associated with the fourth quarter 1998 acquisitions of Rockwell Railroad Electronics and the Comet Industries service centers, net of \$26 million debt payments through September 30, 1999. Income tax expense was \$7.2 million for the third quarter of 1999, reflecting the benefit of a lower effective-tax rate. This lower tax rate is primarily attributable to increased benefits of the foreign sales corporation.

Net income was \$12.5 million, compared to \$10.8 million for the third quarter of 1998, and comparable diluted earnings per share increased 14.3% to \$0.48, compared to \$0.42, for the prior year.

YEAR TO DATE RESULTS

Revenues for the nine months ended September 30, 1999 were \$557.7 million, compared to \$490.7 million for the same period in 1998, a 13.6 % increase. The increase was primarily due to additional revenues from acquisitions, as well as increased demand for the Company's products. Gross profit was

\$183.1 million for the first nine months of 1999, compared to \$158.2 million in the first nine months of 1998. Gross profit increased \$24.9 million, with improved margins resulting from a favorable sales mix of increased aftermarket sales in 1999 as compared to 1998. Operating expenses as a percentage of revenues increased to 17.0% for the nine months ended September 30, 1999, compared to 16.7% for the prior period, due to costs associated with the integration of our 1998 acquisitions. Interest expense was \$26.6 million, compared with \$22.3 million in 1998. Income before extraordinary item increased to \$38.1 million, compared with \$33.4 million for 1998, and diluted earnings per share before the extraordinary item increased 13.1 % to \$1.47, compared to \$1.30 for the prior year. During the first nine months of 1999, the Company issued additional senior notes and wrote-off certain costs associated with the early extinguishment of other debt. In the prior year, the Company refinanced its credit agreement and wrote-off costs related to the old agreement. The effect of these transactions was an extraordinary charge, net of tax, of \$0.5 million, or \$0.02 per diluted share for the period ended September 30, 1999, compared to an extraordinary charge, net of tax, of \$2.7 million, or \$0.11 per diluted share for the period ended September 30, 1998.

OUTLOOK

In terms of the rail industry, the overall long-term outlook for both the industry and WABCO products remains positive. The freight car market OEM appears to be leveling off from record highs in 1998 and 1999, and has adjusted to anticipated demand levels for 2000. Our operating plan currently reflects new freight car builds in the 55,000 range for 2000, representing a normal replacement year. Locomotive OEM builds will remain at favorable levels, in light of the recent order placed by the Union Pacific for 1,000 new locomotives over the next three to four years. The transit market is prepared for increased growth in 2000, as additional orders are placed and as delivery begins on previously awarded contracts. Our molded products segment continues to produce very positive results, as demand for value-added aftermarket components remains high.

WABCO Chairman and CEO William E. Kassling stated: "Our goal continues to be double-digit bottom-line growth in the coming year. Our revenue diversification strategy continues to benefit WABCO by providing growth opportunities for our company as changes in the various business cycles occur. As freight car production levels come down from record highs seen in 1998 and 1999, WABCO is uniquely positioned to benefit by the growth in the transit sector. Additionally, our continued emphasis on aftermarket products and services remains another solid building block of our success. Assuming market conditions remain favorable, we anticipate that 2000 will provide another year of continued growth for WABCO."

MERGER WITH MOTIVEPOWER INDUSTRIES

During the third quarter of 1999, WABCO and MotivePower Industries announced the signing of a revised merger agreement that will create the premier supplier of products and services for the railroad industry. The original transaction was postponed in August 1999. Under the revised agreement, shareholders of MotivePower Industries will receive .66 shares of Westinghouse Air Brake stock in exchange for each share of MotivePower Industries. The merger is expected to be completed by year-end, subject to shareholder approvals. Both companies have set a record date of October 20,

1999 for notice of and the right to vote at each company's special meeting of shareholders. The date of such meetings will be November 19, 1999. At that time, the shareholders will consider and vote upon the proposed merger.

FORWARD LOOKING STATEMENTS

This news release contains various forward-looking statements and includes assumptions about future market conditions, operations and results. These statements are based on current expectations and are subject to risks and uncertainties. They are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Among the many factors that could cause actual results to differ materially from the forward-looking statements are: changes in the competitive environment for the Company's products, changes in market conditions and other factors included in the Company's filings with the Securities and Exchange Commission, incorporated by reference herein. The Company assumes no obligation to update these forward-looking statements or advise of changes in the assumptions on which they were based.

Westinghouse Air Brake Company is North America's largest manufacturer of value added equipment for locomotives, railway freight cars and passenger transit vehicles. The Company's mission is to be the leading supplier of world class products and services to the railroad freight and transit industries, helping its customers to achieve higher levels of safety and productivity so they can compete more effectively.

WESTINGHOUSE AIR BRAKE COMPANY AND SUBSIDIARIES
Condensed Consolidated Statement of Operations
For the Three and Nine Months Ended September 30, 1999 and 1998
(Dollars in Thousands Except Per Share Data)
(Unaudited)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1999	1998	1999	1998
Net Sales	\$172,471	\$160,476	\$557,656	\$490,664
Cost of Sales	114,297	109,142	374,605	332,487
Gross Profit	58,174	51,334	183,051	158,117
Selling & Marketing Expenses	7,325	7,747	23,435	21,815
General & Administrative Expenses	10,188	9,713	36,438	34,016
Engineering Expenses	8,796	6,999	27,332	20,453
Amortization Expense	2,887	1,694	7,724	5,873
Total Operating Expenses	29,196	26,153	94,929	82,157
Income From Operations	28,978	25,181	88,122	76,020
Other Income and Expenses:				
Interest expense	8,748	7,386	26,612	22,284
Other (Income) expense, net	520	302	1,000	(141)
Income before income taxes and extraordinary item	19,710	17,493	60,510	53,877
Income Tax Expense	7,191	6,647	22,389	20,473
Income Before Extraordinary Item	12,519	10,846	38,121	33,404
Loss On Early Extinguishment of Debt, Net of Tax	--	--	469	2,730
Net Income	\$12,519	\$10,846	\$37,652	\$30,674
Diluted Earnings Per Common Share:				
Income before extraordinary item	\$ 0.48	\$ 0.42	\$ 1.47	\$ 1.30
Extraordinary item, net of tax	--	--	(0.02)	(0.11)

Net Income	\$ 0.48	\$ 0.42	\$ 1.45	\$ 1.19
Weighted Average Number of Shares Outstanding	26,129	25,696	25,960	25,696
Notes:				
Depreciation And Amortization Expense	\$ 6,964	\$ 6,636	\$19,622	\$19,294
Capital Expenditures	\$ 6,023	\$10,662	\$17,694	\$22,333

WESTINGHOUSE AIR BRAKE COMPANY AND SUBSIDIARIES
Additional Sales Information
(Dollars In Thousands)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	9/30/99	9/30/98	9/30/99	9/30/98
Railroad Group	\$ 95,866	\$ 92,294	\$327,068	\$282,501
Transit Group	57,711	51,679	174,058	154,314
Molded Products Group	18,894	16,503	56,530	53,849
Total	\$172,471	\$160,476	\$557,656	\$490,664

WESTINGHOUSE AIR BRAKE COMPANY AND SUBSIDIARIES
Condensed Consolidated Balance Sheet
(Dollars in Thousands)
(Unaudited)

	9/30/99	12/31/98
Assets:		
Current assets	\$267,029	\$262,961
Property, plant and equipment, net	132,948	124,981
Other assets, net	205,635	208,242
Total Assets	\$605,612	\$596,184
Liabilities & Shareholders' Equity:		
Current liabilities, excluding current portion of long-term debt	\$122,491	\$136,971
Total debt	441,394	467,817
Other liabilities	28,851	25,249
Shareholders' Equity	12,876	(33,853)
Total Liabilities and Shareholders' Equity	\$605,612	\$596,184
Notes: Current portion of long-term debt	\$ 27,666	\$ 30,579

SOURCE Westinghouse Air Brake Co.
- -0- 10/14/1999

\Contact: Alvaro Garcia-Tunon or Kristen L. Backo, both of Westinghouse Air
Brake Company, 412 825-1000/
Web-site: [http://www.wabco-rail.com/\(WAB\)](http://www.wabco-rail.com/(WAB))

WESTINGHOUSE AIR BRAKE COMPANY ANNOUNCES
SHARE REPURCHASE PROGRAM

WILMERDING, Pa., October 14, 1999 - Westinghouse Air Brake Company (NYSE: WAB) (WABCO) today announced that its board has authorized a stock repurchase program of up to \$13 million of the company's common stock. The timing and extent of purchases will depend upon market conditions, may be made by way of open market or privately negotiated purchases and will be made in accordance with applicable Securities and Exchange Commission regulations. The company will have no obligation to purchase any shares and may cancel or suspend the purchase of shares at any time. Repurchased common shares, if any, will be added to the company's treasury shares and will be used for general corporate purposes.

WABCO also announced the filing yesterday with the Securities and Exchange Commission of its Registration Statement on Form S-4 relating to its previously announced merger with MotivePower Industries, Inc. The shareholders meeting for each company is expected to be held on November 19th. WABCO's meeting will be held at the Westin William Penn in Pittsburgh at 10:00 a.m., local time.

Westinghouse Air Brake Company is North America's largest manufacturer of value added equipment for locomotives, railway freight cars and passenger transit vehicles. The Company's mission is to be the leading supplier of world class products and services to the railroad freight and transit industries, helping its customers to achieve higher levels of safety and productivity so they can compete more effectively.

\Contact: Alvaro Garcia-Tunon or Kristen L. Backo, Westinghouse Air Brake Company, 412 825-1000/
Additional information on the Company is available by contacting our web-site at (www.wabco-rail.com)
(WAB) -0-