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

FORM 10-Q

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

For the quarterly period ended JUNE 30, 2001

or

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

Commission file number 1-13782

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

DELAWARE	25-1615902
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

1001 AIR BRAKE AVENUE WILMERDING, PENNSYLVANIA 15148	(412) 825-1000
(Address of principal executive offices)	(Registrant's telephone number)

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

As of August 13, 2001, 43,056,658 shares of Common Stock of the registrant were issued and outstanding.

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION

JUNE 30, 2001 FORM 10-Q

TABLE OF CONTENTS

		Page
	PART I - FINANCIAL INFORMATION	
Item 1.	Financial Statements	
	Condensed Consolidated Balance Sheets as of June 30, 2001 and December 31, 2000	3
	Condensed Consolidated Statements of Operations for the three months and six months ended June 30, 2001 and 2000	4
	Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2001 and 2000	5
	Notes to Condensed Consolidated Financial Statements	6
Item 2.	Management's Discussion and Analysis of Financial Position and Results of Operations	12
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	15
	PART II - OTHER INFORMATION	
Item 1.	Legal Proceedings	15
Item 4.	Submission of Matters to a Vote of Security Holders	15
Item 6.	Exhibits and Reports on Form 8-K	16
	Signatures	17

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

In thousands, except shares and par value	UNAUDITED JUNE 30 2001	DECEMBER 31 2000
ASSETS		
CURRENT ASSETS		
Cash	$7,378	$6,071
Accounts receivable	153,983	194,379
Inventories	189,844	202,828
Other current assets	36,149	44,277
Total current assets	387,354	447,555
Property, plant and equipment	394,011	407,322
Accumulated depreciation	(188,232)	(192,677)
Property, plant and equipment, net	205,779	214,645
OTHER ASSETS		
Contract underbillings	19,214	23,898
Goodwill, net	222,429	226,597
Other intangibles, net	44,350	38,797
Other noncurrent assets	26,696	32,555
Total other assets	312,689	321,847
Total Assets	$905,822	$984,047
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	$761	$751
Accounts payable	74,938	86,316
Accrued merger and restructuring costs	4,258	6,257
Customer deposits	19,749	25,125
Accrued income taxes	12,794	8,758
Accrued interest	3,576	2,104
Other accrued liabilities	55,250	61,345
Total current liabilities	171,326	190,656
Long-term debt	470,912	539,446
Reserve for postretirement and pension benefits	20,417	19,387
Other long-term liabilities	32,613	38,187
Total liabilities	695,268	787,676
SHAREHOLDERS' EQUITY		
Preferred stock, 1,000,000 shares authorized, no shares issued	-	-
Common stock, $.01 par value; 100,000,000 shares authorized: 65,447,867 shares issued and 42,938,925 outstanding at June 30, 2001 and 42,841,985 outstanding at December 31, 2000	654	654
Additional paid-in capital	273,099	273,494
Treasury stock, at cost, 22,508,942 and 22,605,882 shares, respectively	(280,219)	(281,665)
Retained earnings	235,956	218,470
Deferred compensation	619	900
Accumulated other comprehensive income (loss)	(19,555)	(15,482)
Total shareholders' equity	210,554	196,371
Total Liabilities and Shareholders' Equity	$905,822	$984,047

The accompanying notes are an integral part of these statements.

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

In thousands, except per share data	UNAUDITED THREE MONTHS ENDED JUNE 30 2001	2000	UNAUDITED SIX MONTHS ENDED JUNE 30 2001	2000
Net sales	$241,669	$249,164	$508,213	$508,023
Cost of sales	(179,363)	(181,894)	(374,942)	(364,260)
Gross profit	62,306	67,270	133,271	143,763
Selling, general and administrative expenses	(27,010)	(27,715)	(56,189)	(57,196)
Restructuring charges	(1,526)	(5,591)	(2,699)	(7,939)
Engineering expenses	(8,349)	(8,051)	(16,892)	(16,287)
Amortization expense	(3,758)	(3,577)	(7,548)	(7,266)
Total operating expenses	(40,643)	(44,934)	(83,328)	(88,688)
Income from operations	21,663	22,336	49,943	55,075
Other income and expenses				
Interest expense	(8,972)	(10,861)	(20,250)	(22,031)
Other income (expense), net	(694)	1,062	(1,506)	5,133
Income before income taxes	11,997	12,537	28,187	38,177
Income tax expense	(4,036)	(4,514)	(9,865)	(13,744)
Net income	$7,961	$8,023	$18,322	$24,433
EARNINGS PER COMMON SHARE				
Basic	$0.19	$0.18	$0.43	$0.56
Diluted	$0.18	$0.18	$0.42	$0.56
Weighted average shares outstanding				
Basic	42,937	43,454	42,903	43,328
Diluted	43,212	43,510	43,172	43,443

The accompanying notes are an integral part of these statements.

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

In thousands	UNAUDITED SIX MONTHS ENDED JUNE 30 2001	2000
OPERATING ACTIVITIES		
Net income	$18,322	$24,433
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	20,680	21,627
Provision for ESOP contribution	-	1,157
Loss (gain) on sale of product line	521	(4,375)
Other, primarily non-cash restructuring related charges	160	-
Changes in operating assets and liabilities, net of acquisition and disposition of product line		
Accounts receivable	37,910	(9,792)
Inventories	9,271	(12,301)
Accounts payable	(9,992)	(2,531)
Accrued income taxes	9,512	2,260
Accrued liabilities and customer deposits	(17,604)	(6,984)
Other assets and liabilities	6,270	7,782
Net cash provided by operating activities	75,050	21,276
INVESTING ACTIVITIES		
Purchase of property, plant and equipment, net	(6,987)	(11,999)
Cash received from disposition of product line	4,120	5,500
Cash paid for acquisition of product line	(743)	-
Net cash used for investing activities	(3,610)	(6,499)
FINANCING ACTIVITIES		
(Repayments of) proceeds from credit agreement	(68,000)	10,500
Repayments of other borrowings	(471)	(17,876)
Purchase of treasury stock	(549)	(4,369)
Proceeds from the issuance of treasury stock from stock options and other benefit plans	1,099	3,542
Cash dividends	(839)	(852)
Net cash used for financing activities	(68,760)	(9,055)
Effect of changes in currency exchange rates	(1,373)	(5,905)
Increase (decrease) in cash	1,307	(183)
Cash, beginning of year	6,071	7,056
Cash, end of period	$7,378	$6,873

The accompanying notes are an integral part of these statements.

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2001 (UNAUDITED)

1. BUSINESS

Westinghouse Air Brake Technologies Corporation (the "Company", "Wabtec") is one of North America's largest providers of value-added, technology-based equipment and services for the rail industry. 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 58% 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, 2000.

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 if estimated losses on uncompleted contracts are projected.

Costs and estimated earnings in excess of billings ("contract underbillings") and billings in excess of costs and estimated earnings ("contract overbillings") on a 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.

FINANCIAL DERIVATIVES AND HEDGES ACTIVITY The Company has adopted Statement of Financial Accounting Standards ("SFAS") No. 133, and as amended by SFAS 138, "Accounting for Derivative Instruments and Hedging Activities" effective January 1, 2001. In the application, the Company has concluded its interest rate swap contracts qualify for "special cash flow hedge accounting" which permit recording the fair value of the swap and corresponding adjustment to other comprehensive income on the balance sheet while creating some volatility in future earnings, due to market sensitivity and ineffectiveness in offsetting changes in interest rates of the Company's variable rate borrowings.

RECENT ACCOUNTING PRONOUNCEMENTS In June 2001, the Financial Accounting Standards Board issued SFAS No. 142, "Goodwill and Other Intangible Assets." Under its provisions, all goodwill and other intangible assets with indefinite lives will no longer be routinely amortized under a straight-line basis of estimated useful life. Instead, they will be subject to assessments for impairment by applying a fair-value-based test. SFAS No. 142 is effective for fiscal years beginning after December 15, 2001. The Company has not completed the process of evaluating the impact that will result from adopting it.

In June 2001, the Financial Accounting Standards Board issued SFAS No. 141, "Business Combinations," which establishes new accounting and reporting standards for business combinations. The Company has not completed the process of evaluating the impact that will result from adopting it.

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 of foreign currency translation adjustments and cumulative adjustment relating to the fair value of cash flow hedge derivatives. Prior to the adoption of SFAS 133, the company's accumulated other comprehensive income (loss) consisted solely of foreign currency translation adjustments. Total comprehensive income for the three and six months ended June 30 was:

	SIX MONTHS ENDED JUNE 30	
In thousands	2001	2000
Net Income	$ 18,322	$ 24,433
Foreign Currency Translation	(2,400)	(7,563)
Unrealized losses on hedges, net of tax	(1,673)	--
Total Comprehensive Income	$ 14,249	$ 16,870

	THREE MONTHS ENDED JUNE 30	
In thousands	2001	2000
Net Income	$ 7,961	$ 8,023
Foreign Currency Translation	2,764	(5,167)
Unrealized gains on hedges, net of tax	133	--
Total Comprehensive Income	$10,858	$ 2,856

3. 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	JUNE 30 2001	DECEMBER 31 2000
Cores	$28,386	$28,213
Raw materials	94,983	95,430
Work-in-process	34,902	53,240
Finished goods	31,573	25,945
Total inventory	$189,844	$202,828

4. EARNINGS PER SHARE

The computation of earnings per share is as follows:

	THREE MONTHS ENDED JUNE 30	
In thousands, except per share	2001	2000
BASIC EARNINGS PER SHARE		
Income applicable to common shareholders	$7,961	$8,023
Divided by		
Weighted average shares outstanding	42,937	43,454
Basic earnings per share	$0.19	$0.18
DILUTED EARNINGS PER SHARE		
Income applicable to common shareholders	$7,961	$8,023
Divided by sum of the		
Weighted average shares outstanding	42,937	43,454
Conversion of dilutive stock options	275	56
Diluted shares outstanding	43,212	43,510
Diluted earnings per share	$0.18	$0.18

	SIX MONTHS ENDED JUNE 30	
In thousands, except per share	2001	2000

BASIC EARNINGS PER SHARE		
Income applicable to common shareholders	$18,322	$24,433
Divided by		
Weighted average shares outstanding	42,903	43,328
Basic earnings per share	$0.43	$0.56

DILUTED EARNINGS PER SHARE		
Income applicable to common shareholders	$18,322	$24,433
Divided by sum of the		
Weighted average shares outstanding	42,903	43,328
Conversion of dilutive stock options	269	115
Diluted shares outstanding	43,172	43,443
Diluted earnings per share	$0.42	$0.56

5. COMMITMENTS AND CONTINGENCIES

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

responsible for such items. In the opinion of management, ASI currently has the ability to meet its indemnification obligations.

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

The Company is subject to a number of other commitments and contingencies as described in its Annual Report on Form 10-K for the Year Ended December 31, 2000. During the second quarter, there were no material changes to the information described in Note 15 therein.

Also, as described in Note 15 of the Form 10-K, the Company is subject to a RCRA Part B Closure Permit ("the Permit") issued by the Environmental Protection Agency (EPA) and the Idaho Department of Health and Welfare, Division of Environmental Quality relating to the monitoring and treatment of groundwater contamination on, and adjacent to, the Boise Locomotive Company facility. In compliance with the Permit, the Company has completed the first phase of an accelerated plan for the treatment of contaminated groundwater, and continues onsite and offsite monitoring for the amount of hazardous constituents. At June 30, 2001, the Company has accrued $2 million representing the estimated remaining costs for remediation. The Company was in compliance with the Permit at June 30, 2001.

6. SEGMENT INFORMATION

Wabtec has two reportable segments - the Freight Group and the Transit Group. The key factors used to identify these reportable segments are the organization and alignment of the Company's internal operations, the nature of the products and services, and customer type. The business segments are:

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

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

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

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

In thousands	FREIGHT GROUP	TRANSIT GROUP	CORPORATE ACTIVITIES	RESTRUCTURING	TOTAL
Sales to external customers	$167,919	$73,750	--	--	$241,669
Intersegment sales/(elimination)	2,670	294	(2,964)	--	--
Total sales	$170,589	$74,044	$ (2,964)	--	$241,669
Income from operations	$ 19,434	$ 8,199	$ (4,444)	$(1,526)	$ 21,663
Interest expense and other	--	--	(9,666)	--	(9,666)
Income before income taxes and extraordinary item	$ 19,434	$ 8,199	$(14,110)	$(1,526)	$ 11,997

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

In thousands	FREIGHT GROUP	TRANSIT GROUP	CORPORATE ACTIVITIES	RESTRUCTURING	TOTAL
Sales to external customers	$180,678	$68,486	--	--	$249,164
Intersegment sales/(elimination)	3,158	208	(3,366)	--	--
Total sales	$183,836	$68,694	$ (3,366)	--	$249,164
Income from operations	$ 25,200	$ 6,770	$ (4,043)	$(5,591)	$ 22,336
Interest expense and other	--	--	(9,799)	--	(9,799)
Income before income taxes and extraordinary item	$ 25,200	$ 6,770	$(13,842)	$(5,591)	$ 12,537

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

In thousands	FREIGHT GROUP	TRANSIT GROUP	CORPORATE ACTIVITIES	RESTRUCTURING	TOTAL
Sales to external customers	$358,753	$149,460	--	--	$508,213
Intersegment sales/(elimination)	5,925	445	(6,370)	--	--
Total sales	$364,678	$149,905	$ (6,370)	--	$508,213
Income from operations	$ 46,068	$ 15,942	$ (9,368)	$(2,699)	$ 49,943
Interest expense and other	--	--	(21,756)	--	(21,756)
Income before income taxes and extraordinary item	$ 46,068	$ 15,942	$(31,124)	$(2,699)	$ 28,187

Segment financial information for the six months ended June 30, 2000 is as follows:

In thousands	FREIGHT GROUP	TRANSIT GROUP	CORPORATE ACTIVITIES	RESTRUCTURING	TOTAL
Sales to external customers	$374,726	$133,297	--	--	$508,023
Intersegment sales/(elimination)	6,034	251	(6,285)	--	--
Total sales	$380,760	$133,548	$ (6,285)	--	$508,023
Income from operations	$ 58,422	$ 13,461	$ (8,869)	$(7,939)	$ 55,075
Interest expense and other	--	--	(16,898)	--	(16,898)
Income before income taxes and extraordinary item	$ 58,422	$ 13,461	$(25,767)	$(7,939)	$ 38,177

7. RESTRUCTURING CHARGES

The Company previously announced a merger and restructuring plan pursuant to the merger of the Company and MotivePower Industries, Inc. ("the merger"). The Company estimates synergies from the plan yielded approximately $20 million of pre-tax cost savings in 2000 and reached an ongoing annualized savings of $25 million pre-tax, with such benefits realized through reduced cost of sales and reduced selling, general and administrative expenses. The merger and restructuring plan involves the elimination of duplicate facilities and excess capacity, operational realignment and related workforce reductions, and the evaluation of certain assets as to their perceived ongoing benefit to the Company. The Company estimates the charges to complete the merger and restructuring plan will now total $84 million pre-tax, due to an acceleration and refinement of the plan, with approximately $50 million of the charge previously expensed in 1999 and $29 million in 2000. The Company expects to incur $5 million in 2001, of which $3 million has been incurred through June 30.

The $82 million charge to date included the following announced actions:

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

As of June 30, 2001, $4.3 million of the merger and restructuring charge was

still remaining as accrued on the balance sheet. The table below identifies the significant components of the charge and reflects the accrual balance at that date.

In thousands	LEASE IMPAIRMENTS AND ASSET WRITEDOWNS	OTHER	TOTAL
Beginning balance, January 1, 2001	$ 5,961	$ 296	$ 6,257
Increase to accrual	--	525	525
Amounts paid	(2,426)	(98)	(2,524)
Balance at June 30, 2001	$ 3,535	$ 723	$ 4,258

The lease impairment charges and asset writedowns are associated with the Company's closing of the plants noted, the relocation of the corporate headquarters, and the Company's evaluation of certain assets where projected cash flows from such assets over their remaining lives are estimated to be less than their carrying values. The other category represents other related costs that have been incurred and not yet paid as of June 30, 2001.

8. SUBSEQUENT EVENT

On July 25, 2001, the Company signed a definitive agreement to sell certain assets to GE Transportation Systems for $240 million in cash. The assets to be sold primarily include locomotive aftermarket products and services for which Wabtec is not the original equipment manufacturer. The transaction is expected to close at the end of the third quarter, subject to regulatory approvals.

Pro forma information related to the sale for the six months ended June 30, 2001 is as follows:

In thousands	REPORTED	DISPOSITION OF BUSINESS	PROFORMA ADJUSTMENT	ADJUSTED FINANCIALS
Net sales	$508,213	$(88,105)	$ 5,396	$425,504
Gross profit	133,271	(16,821)	--	116,450
Income from operations	49,943	(7,777)	--	42,166
Interest expense	20,250	(904)	(7,408)	11,938
Net income	18,322	(4,492)	4,815	18,645
Diluted earnings per share	$ 0.42	$ (0.10)	$ 0.11	$ 0.43

Pro forma information related to the sale for the year ended December 31, 2000 is as follows:

In thousands	REPORTED	DISPOSITION OF BUSINESS	PROFORMA ADJUSTMENT	ADJUSTED FINANCIALS
Net sales	$1,027,976	$(187,264)	$ 10,939	$851,651
Gross profit	277,800	(37,720)	--	240,080
Income from operations	89,480	(20,415)	--	69,065
Interest expense	45,505	(2,286)	(15,714)	27,505
Net income	25,393	(11,934)	10,057	23,516
Diluted earnings per share	$ 0.59	$ (0.27)	$ 0.23	$ 0.54

Proforma adjustments to net sales reflect the fact that intercompany sales to the disposed businesses would have been recorded as external sales.

Proforma adjustments to interest expense reflect the decreased interest from the use of the proceeds of the sale to pay down debt.

Pro forma balance sheet as of June 30,2001 related to the sale is as follows:

In thousands	REPORTED	DISPOSITION OF BUSINESS	PROFORMA ADJUSTMENT	ADJUSTED FINANCIALS
Accounts receivable	$ 153,983	$ (32,215)	$ --	$ 121,768
Inventory	189,844	(59,106)	--	130,738
Other current assets	43,527	(3,980)	--	39,547
Property, plant and equipment, net	205,779	(31,349)	--	174,430
Other noncurrent assets	312,689	(38,510)	--	274,179
Current liabilities	171,326	(23,623)	--	147,703
Debt	470,912	--	(200,000)	270,912
Other long term liabilities	53,030	(10,013)	--	43,017
Equity	210,554	(131,524)	200,000	279,030

Pro forma balance sheet as of December 31,2000 related to the sale is as follows:

In thousands	REPORTED	DISPOSITION OF BUSINESS	PROFORMA ADJUSTMENT	ADJUSTED FINANCIALS
Accounts receivable	$ 194,379	$ (41,949)	$ --	$ 152,430
Inventory	202,828	(64,123)	--	138,705
Other current assets	50,348	(1,164)	--	49,184
Property, plant and equipment, net	214,645	(34,579)	--	180,066
Other noncurrent assets	321,847	(46,564)	--	275,283
Current liabilities	190,656	(29,263)	--	161,393
Debt	539,446	--	(200,000)	339,446
Other long term liabilities	57,574	(9,800)	--	47,774
Equity	196,371	(149,316)	200,000	247,055

Proforma adjustments to debt and equity reflect the use of the cash proceeds, net of tax, to pay down debt.

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 2000 Annual Report on Form 10-K.

OVERVIEW

Net income for the first six months of 2001 was $18.3 million, or $0.42 per diluted share, as compared to $24.4 million, or $0.56 per diluted share in the same period in 2000. The results for the first six months of 2001 include a $2.7 million restructuring-related charge. The results for the same period in 2000 include a $7.9 million restructuring-related charge and a $4.4 million gain on the disposition of a product line. Without the effect of the aforementioned items, net income for the first six months of 2001 would have been $20.1 million or $0.47 per diluted share as compared to $26.7 million or $0.61 per diluted share in the same period in 2000. Net sales were flat in the first six months of 2001 as compared to the same period in 2000. Operating margins for the first six months of 2001 decreased to 9.8% as compared to 10.8% in the same period in 2000. After excluding the restructuring-related charges that affect operating income, operating margins in the first six months of 2001 would have been 10.4% compared to 12.4% in the same period in 2000.

MERGER AND RESTRUCTURING PLAN

The Company previously announced a merger and restructuring plan pursuant to the merger of the Company and MotivePower Industries, Inc. ("the merger"). The Company estimates synergies from the plan yielded approximately an ongoing annualized savings of $25 million pre-tax, with such benefits realized through reduced cost of sales and reduced selling, general and administrative expenses. The merger and restructuring plan involves the elimination of duplicate facilities and excess capacity, operational realignment and related workforce reductions, and the evaluation of certain assets as to their perceived ongoing benefit to the Company. The Company estimates the charges to complete the merger and restructuring plan will now total $84 million pre-tax, $82 million incurred through the end of the second quarter 2001 with the remaining charge of $2 million to be incurred in 2001.

The accrual on the balance sheet is discussed in greater detail in Note 7 to "Notes to Condensed Consolidated Financial Statements" included in this report.

SECOND QUARTER 2001 COMPARED TO SECOND QUARTER 2000

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

In thousands	THREE MONTHS ENDED JUNE 30 2001	2000
Freight Group	$167,919	$180,678
Transit Group	73,750	68,486
Net sales	$241,669	$249,164

Net sales for the second quarter of 2001 decreased $7.5 million, or 3%, to $241.7 million as compared to the prior year period. This decrease was attributable to lower Freight Group sales, reflecting lower OEM freight car and locomotive component sales volumes and lower locomotive overhauls, partially offset by higher continued significant shipments of product under the MTA contract in the Transit Group. Sales volumes within the Freight Group reflect a softening OEM market for freight cars, with approximately 9,000 freight cars delivered in the second quarter of 2001 compared with 14,179 in the same period in 2000.

Gross profit decreased to $62.3 million in the second quarter of 2001 compared to $67.3 million in the same period of 2000. Gross profit is dependent on a number of factors including pricing, sales volume and product mix. Gross profit, as a percentage of sales, was 25.8% compared to 27% in the same period of 2000. The decrease in gross profit is primarily attributed to the effect of a decrease in sales volumes of OEM freight car components.

Total operating expenses as a percentage of net sales were 16.8% in the second quarter of 2001 and 18% in the same period a year ago. After excluding restructuring charges of $1.5 million and $5.6 million in the second quarter of 2001 and 2000, operating expenses would have been $39.1 million and $39.3 million, respectively. This change, excluding restructuring charges, is due to higher engineering and amortization expense offset by lower sales, general and administrative expenses.

Operating income totaled $21.7 million (or 9% of sales) in the second quarter of 2001 compared with $22.3 million (or 9% of sales) in the same period in 2000. After excluding the restructuring-related charges that affect operating income in both periods, operating income would have been $23.2 million (or 9.6% of sales) and $27.9 million (or 11.2% of sales). Lower operating income resulted from decreased sales volumes of OEM freight car components in the Freight Group and overall changes to product mix. (See Note 6 - "Notes to Condensed Consolidated Financial Statements" regarding segment-specific information, included elsewhere in this report).

SIX MONTH PERIOD OF 2001 COMPARED TO SIX MONTH PERIOD OF 2000

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

In thousands	SIX MONTHS ENDED JUNE 30 2001	2000
Freight Group	$358,753	$374,726
Transit Group	149,460	133,297
Net sales	$508,213	$508,023

Net sales for the first six months of 2001 increased $0.2 million to $508.2 million as compared to the prior year period. This increase was attributable to higher Transit Group sales, reflecting continued significant shipments of product under the MTA contract, offset by lower OEM freight car and locomotive component sales volumes and lower locomotive overhauls, both in the Freight Group. Sales volumes within the Freight Group reflect a softening OEM market for freight cars by 35%, with approximately 20,100 freight cars delivered in the first six months of 2001 compared with 31,046 in the same period in 2000.

Gross profit decreased to $133.3 million in the first six months of 2001 compared to $143.8 million in the same period of 2000. Gross profit is dependent on a number of factors including pricing, sales volume and product mix. Gross profit, as a percentage of sales, was 26.2% compared to 28.3% in the same period of 2000. The decrease in gross profit is primarily attributed to the effect of a decrease in sales volumes of OEM freight car components.

Total operating expenses as a percentage of net sales were 16.4% in the first six months of 2001 and 17.5% in the same period a year ago. After excluding restructuring charges of $2.7 million and $7.9 million in the first six months of 2001 and 2000, operating expenses would have been $80.6 million and $80.7 million, respectively.

Operating income totaled $49.9 million (or 9.8% of sales) in the first six months of 2001 compared with $55.1 million (or 10.8% of sales) in the same period in 2000. After excluding the restructuring-related charges that affect operating income in both periods, operating income would have been $52.6 million (or 10.4% of sales) and $63 million (or 12.4% of sales). Lower operating income resulted from decreased sales volumes of OEM freight car components in the Freight Group and overall changes to product mix. (See Note 6 - "Notes to Condensed Consolidated Financial Statements" regarding segment-specific information, included elsewhere in this report).

In June 2001, the Company acquired a repair billings systems company for the rail industry for $0.7 million in cash.

In March 2001, the Company disposed of its Vapor Power product line for $4.1 million in cash and a note receivable, and recognized a loss of $0.5 million, which is reported as other expense.

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

LIQUIDITY AND CAPITAL RESOURCES

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

In thousands	SIX MONTHS ENDED JUNE 30 2001	2000
Cash provided (used) by:		
Operating activities	$75,050	$21,276
Investing activities	(3,610)	(6,499)
Financing activities	(68,760)	(9,055)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	70,623	76,702
Adjusted EBITDA (before restructuring-related charges)	73,322	84,641

Operating cash flow in the first six months of 2001 was $75.1 million compared to $21.3 million in the same period a year ago. Working capital decreased 11.3% since December 31, 2000, primarily due to a decrease in inventories and accounts receivable. During the first six months of 2001 and 2000, cash outlays for restructuring-related activities were approximately $1.8 million and $10.3 million, respectively, and are reported as a reduction to cash provided by operating activities.

Cash used for investing activities dropped in the first six months of 2001 to $3.6 million from $6.5 million a year ago. In the first six months of 2001, cash received from the sale of a product line was $4.1 million, compared to $5.5 million in the first six months of 2000. Also, in the first six months of 2001, fixed assets were sold for $4.3 million in cash. Capital expenditures were essentially the same at $12 million in the first six months of 2001 and 2000. The majority of capital expenditures for these periods relates to upgrades to existing equipment and replacement of existing equipment to improve the overall cost savings through efficiencies.

Cash used for financing activities was $68.8 million in the first six months of 2001 versus $9.1 million in the same period a year ago. In the first six months of 2001, the Company reduced long term debt, specifically outstanding borrowings on its credit facility, by approximately $68 million.

The Company estimates the charges at completion of the merger and restructuring plan will total approximately $84 million pre-tax with approximately $82 million of the charge expensed to date and the remaining $2 million to be incurred in the remainder of 2001.

The following table sets forth the Company's outstanding indebtedness and average interest rates at June 30, 2001. The revolving credit note and other term loan interest rates are variable and dependent on market conditions.

In thousands	JUNE 30 2001	DECEMBER 31 2000
Revolving credit agreement, 6.53%	$290,000	$358,000
9.375% Senior notes due 2005	175,000	175,000
5.5% Industrial revenue bond due 2008	5,867	6,169
Other	806	1,028
Total	$471,673	$540,197
Less-current portion	761	751
Long-term portion	$470,912	$539,446

Credit Agreement

The company currently has an unsecured credit agreement that provides a $275 million five-year revolving credit facility expiring in 2004 and a 364-day $213 million convertible revolving credit facility to be reconfirmed in November 2001. At June 30, 2001, the Company had available borrowing capacity, net of letters of credit, of approximately $174 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.

Principal repayments of outstanding loan balances are due at various intervals until maturity, with 2004 as the primary payment date.

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

FORWARD LOOKING STATEMENTS

We believe that all statements other than statements of historical facts included in this report, including certain statements under "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," may constitute forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that our assumptions made in connection with the forward-looking statements are reasonable, we cannot assure you that our assumptions and expectations are correct.

These forward-looking statements are subject to various risks, uncertainties and assumptions about us, including, among other things:

Economic and Industry Conditions
- materially adverse changes in economic or industry conditions generally or in the markets served by us, including North America, South America, Europe, Australia and Asia;
- demand for services in the freight and passenger rail industry;
- consolidations in the rail industry;
- demand for our products and services;
- continued outsourcing by our customers;
- demand for freight cars, locomotives, passenger transit cars and buses;
- industry demand for faster and more efficient braking equipment;
- fluctuations in interest rates;

Operating Factors
- supply disruptions;
- technical difficulties;
- changes in operating conditions and costs;
- successful introduction of new products;
- labor relations;
- completion and integration of additional acquisitions;
- the development and use of new technology;

Competitive Factors
- the actions of competitors;

Political/Governmental Factors
- political stability in relevant areas of the world;
- future regulation/deregulation of our customers and/or the rail industry;
- governmental funding for some of our customers;
- political developments and laws and regulations, such as forced

divestiture of assets, restrictions on production, imports or exports, price controls, tax increases and retroactive tax claims, expropriation of property, cancellation of contract rights, and environmental regulations; and

Transaction or Commercial Factors

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

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

RECENT ACCOUNTING PRONOUNCEMENTS In June 2001, the Financial Accounting Standards Board issued SFAS No. 142, "Goodwill and Other Intangible Assets." Under its provisions, all goodwill and other intangible assets with indefinite lives will no longer be routinely amortized under a straight-line basis of estimated useful life. Instead, they will be subject to assessments for impairment by applying a fair-value-based test. SFAS No. 142 is effective for fiscal years beginning after December 15, 2001. The Company has not completed the process of evaluating the impact that will result from adopting it.

In June 2001, the Financial Accounting Standards Board issued SFAS No. 141, "Business Combinations," which establishes new accounting and reporting standards for business combinations. The Company has not completed the process of evaluating the impact that will result from adopting it.

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 $231 million of variable-rate debt (after considering the effects of interest rate swaps, further described below), which represent 49% of total long-term debt at June 30, 2001. Management has entered into pay-fixed, receive-variable interest rate swap contracts that partially mitigate the impact of variable-rate debt interest rate increases. At June 30, 2001, an instantaneous 100 basis point increase in interest rates would reduce the Company's annual earnings by $1.5 million, assuming no additional intervention strategies by management.

The Company has adopted Statement of Financial Accounting Standards ("SFAS") No. 133, and as amended by SFAS 138, "Accounting for Derivative Instruments and Hedging Activities" effective January 1, 2001. In the application, the Company has concluded that its swap contracts qualify for "special cash flow hedge accounting" which permit recording the fair value of the swap and corresponding adjustment to other comprehensive income on the balance sheet while creating some volatility in future earnings, due to market sensitivity and ineffectiveness in offsetting changes in interest rates of Wabtec's variable rate borrowings. This fluctuation is not expected to have a material effect on the Company's financial condition, results of operations or liquidity.

FOREIGN CURRENCY EXCHANGE RISK

The Company occasionally enters into several types of financial instruments for the purpose of managing its exposure to foreign currency exchange rate fluctuations in countries in which the Company has significant operations. As of June 30, 2001, the Company had no such instruments outstanding.

Wabtec is also subject to certain risks associated with changes in foreign currency exchange rates to the extent its operations are conducted in currencies other than the U.S. dollar. For the first six months of 2001, approximately 74% of Wabtec's net sales are in the United States, 11% in Canada, 4% in Mexico, and 11% in other international locations, primarily Europe. At June 30, 2001, the Company does not believe changes in foreign currency exchange rates represent a material risk to results of operations, financial position, or liquidity.

LEGAL PROCEEDINGS AND COMMITMENTS AND CONTINGENCIES

There have been no material changes to report regarding the Company's commitments and contingencies as described in Note 15 of the Company's Annual Report on Form 10-K for the Year Ended December 31, 2000.

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Annual Meeting of Stockholders of the Company was held May 22, 2001. Two matters were considered and voted upon at the Annual Meeting: the election of three persons to serve as directors and ratification of the appointment of Arthur Andersen LLP as independent public accountants to audit the financial statements of the Company and its subsidiaries for the 2001 fiscal year.

Nominations of William E. Kassling, James P. Kelley and James P. Miscoll to serve as directors for a term expiring in 2004 and the appointment of Arthur Andersen LLP were considered and ultimately approved.

Nominee	Votes For	Votes Against	Votes Withheld	Broker Non-Votes
William E. Kassling	41,349,721	-	2,627,188	-
James P. Kelley	43,468,974	-	507,935	-
James P. Miscoll	43,468,247	-	508,662	-

	Votes For	Votes Against	Votes Withheld	Broker Non-Votes
Arthur Andersen LLP as auditors for 2001	43,852,124	88,581	36,203	-

EXHIBITS AND REPORTS ON FORM 8-K

None.

SIGNATURES

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

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION

By: /s/ ROBERT J. BROOKS

Robert J. Brooks
Chief Financial Officer

Date: August 14, 2001