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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 MARCH 31, 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 May 10, 2001, 42,922,780 shares of Common Stock of the registrant were issued and outstanding.

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WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION

MARCH 31, 2001 FORM 10-Q

TABLE OF CONTENTS

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

In thousands, except shares and par value	UNAUDITED MARCH 31 2001	DECEMBER 31 2000
ASSETS		
CURRENT ASSETS		
Cash	$ 7,950	$ 6,071
Accounts receivable	185,838	194,379
Inventories	195,307	202,828
Other current assets	36,260	44,277
Total current assets	425,355	447,555
Property, plant and equipment	406,851	407,322
Accumulated depreciation	(196,347)	(192,677)
Property, plant and equipment, net	210,504	214,645
OTHER ASSETS		
Contract underbillings	21,788	23,898
Goodwill,net	223,994	226,597
Other intangibles,net	44,313	38,797
Other noncurrent assets	30,120	32,555
Total other assets	320,215	321,847
Total Assets	$ 956,074	$ 984,047
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 753	$ 751
Accounts payable	80,594	86,316
Accrued merger and restructuring costs	4,714	6,257
Customer deposits	29,034	25,125
Accrued income taxes	12,634	8,758
Accrued interest	8,159	2,104
Other accrued liabilities	61,114	61,345
Total current liabilities	197,002	190,656
Long-term debt	507,160	539,446
Reserve for postretirement and pension benefits	19,929	19,387
Other long-term liabilities	31,933	38,187
Total liabilities	756,024	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 42,925,637 outstanding at March 31, 2001 and 42,841,985 outstanding at December 31, 2000	654	654
Additional paid-in capital	273,179	273,494
Treasury stock, at cost, 22,522,230 and 22,605,882 shares, respectively	(280,530)	(281,665)
Retained earnings	228,410	218,470
Deferred compensation	788	900
Accumulated other comprehensive income (loss)	(22,451)	(15,482)
Total shareholders' equity	200,050	196,371
Total Liabilities and Shareholders' Equity	$ 956,074	$ 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 MARCH 31 2001	2000
Net sales	$ 266,545	$ 258,859
Cost of sales	(195,579)	(182,366)
Gross profit	70,966	76,493
Selling, general and administrative expenses	(29,180)	(29,481)
Restructuring charges	(1,173)	(2,348)
Engineering expenses	(8,543)	(8,236)
Amortization expense	(3,790)	(3,689)
Total operating expenses	(42,686)	(43,754)
Income from operations	28,280	32,739
Other income and expenses		
Interest expense	(11,278)	(11,170)
Other income (expense), net	(812)	4,071
Income before income taxes	16,190	25,640
Income tax expense	(5,829)	(9,230)
Net income	$ 10,361	$ 16,410
EARNINGS PER COMMON SHARE		
Basic	$ 0.24	$ 0.38
Diluted	$ 0.24	$ 0.38
Weighted average shares outstanding		
Basic	42,884	43,259
Diluted	43,144	43,350

The accompanying notes are an integral part of these statements.

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

In thousands	UNAUDITED THREE MONTHS ENDED MARCH 31 2001	2000
OPERATING ACTIVITIES		
Net income	$ 10,361	$ 16,410
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	10,320	11,203
Provision for ESOP contribution	--	700
Gain on sale of product line	--	(4,375)
Other, primarily non-cash restructuring related charges	160	--
Changes in operating assets and liabilities		
Accounts receivable	4,667	(783)
Inventories	3,174	(11,795)
Accounts payable	(4,123)	(4,583)
Income taxes receivable and accrued income taxes	9,374	5,070
Accrued liabilities and customer deposits	3,844	2,084
Other assets and liabilities	1,788	4,904
Net cash provided by operating activities	39,565	18,835
INVESTING ACTIVITIES		
Purchase of property, plant and equipment, net	(5,852)	(6,910)
Disposal of fixed assets	864	--
Cash received from disposition of product line	500	4,500
Net cash used for investing activities	(4,488)	(2,410)
FINANCING ACTIVITIES		
(Repayments of) proceeds from credit agreement	(32,000)	12,200
Repayments of other borrowings	(218)	(17,181)
Purchase of treasury stock	(232)	(4,369)
Proceeds from the issuance of treasury stock from stock options and other benefit plans	802	3,338
Cash dividends	(420)	(427)
Net cash used for financing activities	(32,068)	(6,439)
Effect of changes in currency exchange rates	(1,130)	(2,311)
Increase in cash	1,879	7,675
Cash, beginning of year	6,071	7,056
Cash, end of period	$ 7,950	$ 14,731

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 MARCH 31, 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 currently for estimated losses on uncompleted contracts.

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

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

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.

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 months ended March 31 was:

In thousands	2001	2000
Net Income	$ 10,361	$ 16,410
Foreign Currency Translation	(5,164)	(2,396)
Unrealized losses on hedges, net of tax	(1,805)	--
Total Comprehensive Income	$ 3,392	$ 14,014

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	MARCH 31 2001	DECEMBER 31 2000
Cores	$ 27,456	$ 28,213
Raw materials	92,364	95,430
Work-in-process	46,468	53,240
Finished goods	29,019	25,945
Total inventory	$195,307	$202,828

4. EARNINGS PER SHARE

The computation of earnings per share is as follows:

	THREE MONTHS ENDED MARCH 31	
In thousands, except per share	2001	2000
BASIC EARNINGS PER SHARE		
Income applicable to common shareholders	$10,361	$16,410
Divided by		
Weighted average shares outstanding	42,884	43,259
Basic earnings per share	$ 0.24	$ 0.38
DILUTED EARNINGS PER SHARE		
Income applicable to common shareholders	$10,361	$16,410
Divided by sum of the		
Weighted average shares outstanding	42,884	43,259
Conversion of dilutive stock options	260	91
Diluted shares outstanding	43,144	43,350
Diluted earnings per share	$ 0.24	$ 0.38

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 by the companies who manufactured the products in question or are covered by insurance. Management believes that these claims will not be material; and accordingly, the financial statements do not reflect any costs or reserves for such claims.

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 first 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 March 31, 2001, the Company has accrued $2.5 million representing the estimated remaining costs for remediation. The Company was in compliance with the Permit at March 31, 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 March 31, 2001 is as follows:

In thousands	FREIGHT GROUP	TRANSIT GROUP	CORPORATE ACTIVITIES	RESTRUCTURING	TOTAL
Sales to external customers	$190,835	$75,710	--	--	$ 266,545
Intersegment sales/(elimination)	3,255	151	(3,406)	--	--
Total sales	$194,090	$75,861	$ (3,406)	--	$ 266,545
Income from operations	$ 26,634	$ 7,743	$ (4,924)	$(1,173)	$ 28,280
Interest expense and other	--	--	(12,090)	--	(12,090)
Income before income taxes and extraordinary item	$ 26,634	$ 7,743	$(17,014)	$(1,173)	$ 16,190

Segment financial information for the three months ended March 31, 2000 is as follows:

In thousands	FREIGHT GROUP	TRANSIT GROUP	CORPORATE ACTIVITIES	RESTRUCTURING	TOTAL
Sales to external customers	$194,048	$64,811	--	--	$ 258,859
Intersegment sales/(elimination)	2,876	43	(2,919)	--	--
Total sales	$196,924	$64,854	$ (2,919)	--	$ 258,859
Income from operations	$ 33,222	$ 6,691	$ (4,826)	$(2,348)	$ 32,739
Interest expense and other	--	--	(7,099)	--	(7,099)
Income before income taxes and extraordinary item	$ 33,222	$ 6,691	$(11,925)	$(2,348)	$ 25,640

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.

The $80 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 March 31, 2001, $4.7 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
Amounts paid	(1,477)	(66)	(1,543)
Balance at March 31, 2001	$ 4,484	$230	$4,714

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 March 31, 2001.

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 quarter of 2001 was $10.4 million, or $0.24 per diluted share, as compared to $16.4 million, or $0.38 per diluted share in the same period in 2000. The results for the first quarter of 2001 include a $1.2 million restructuring-related charge. The results for the same period in 2000 include a $2.3 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 quarter of 2001 would have been $11.1 million or $0.26 per diluted share as compared to $15 million or $0.35 per diluted share in the same period in 2000. Net sales increased 3% in the first quarter of 2001 as compared to the same period in 2000. Operating margins for the first quarter of 2001 decreased to 10.6% as compared to 12.6% in the same period in 2000. After excluding the restructuring-related charges that affect operating income, operating margins in the first quarter of 2001 would have been 11% compared to 13.6% 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, $80 million incurred through the end of the first quarter 2001 with the remaining charge of $4 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.

FIRST QUARTER 2001 COMPARED TO FIRST QUARTER 2000

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

In thousands	THREE MONTHS ENDED MARCH 31 2001	2000
Freight Group	$190,835	$194,048
Transit Group	75,710	64,811
Net sales	$266,545	$258,859

Net sales for the first quarter of 2001 increased $7.7 million, or 3%, to $266.5 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, partially offset by lower OEM freight car and locomotive component sales volumes and lower locomotive overhauls, both within the Freight Group. Sales volumes within the Freight Group reflect a softening OEM market for freight cars, with approximately 11,000 freight cars delivered in the first quarter of 2001 compared with 16,867 in the same period in 2000.

Gross profit decreased to $71.0 million in the first quarter of 2001 compared to $76.5 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 26.6% compared to 29.6% 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% in the first quarter of 2001 and 16.9% in the same period a year ago. After excluding restructuring charges of $1.2 million and $2.3 million in the first quarter of 2001 and 2000, operating expenses would have been 15.6% and 16% of net sales, respectively. This decrease, excluding restructuring charges, is due to benefits derived from cost reduction programs and synergies from the merger.

Operating income totaled $28.3 million (or 10.6% of sales) in the first quarter of 2001 compared with $32.7 million (or 12.6% 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 $29.5 million (or 11% of sales) and $35.1 million (or 13.6% 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 February 2000, the Company disposed its transit electrification product line for $4.5 million in cash and a note receivable, 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	THREE MONTHS ENDED MARCH 31 2001	2000
Cash provided (used) by:		
Operating activities	$39,565	$18,835
Investing activities	(4,488)	(2,410)
Financing activities	(32,068)	(6,439)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	38,600	43,942
Adjusted EBITDA (before restructuring-related charges)	39,773	46,290

Operating cash flow in the first quarter of 2001 was $39.6 million compared to $18.8 million in the same period a year ago. Working capital decreased 11.5% since December 31, 2000, primarily due to a decrease in accounts receivable and inventories. During the first quarter of 2001 and 2000, cash outlays for restructuring-related activities were approximately $1 million and $2.3 million, respectively, and are reported as a reduction to cash provided by operating activities. Excluding these cash outlays, cash provided by operating activities in the first quarter of 2001 and 2000 would have been approximately $40.6 million and $21.1 million, respectively.

Cash used for investing activities increased in the first quarter of 2001 to $4.5 million from $2.4 million a year ago. In the first quarter of 2000, cash received from the sale of a product line was $4.5 million. Capital expenditures were $5.9 million and $6.9 million in the first quarter of 2001 and 2000, respectively. The majority of capital expenditures for these periods relates to upgrades to existing equipment, replacement of existing equipment and purchases of new equipment due to expansion of Wabtec's operations, where the Company believes overall cost savings can be achieved through increasing efficiencies.

Cash used for financing activities was $32.1 million in the first quarter of 2001 versus $6.4 million in the same period a year ago. In the first quarter of 2001, the Company reduced long term debt, specifically outstanding borrowings on its credit facility, by approximately $32 million as compared to a reduction in long term debt of $5 million in the same period of 2000.

The Company estimates the charges at completion of the merger and restructuring plan will total approximately $84 million pre-tax with approximately $80 million of the charge expensed to date with the remaining $4 million to be incurred in 2001.

The following table sets forth the Company's outstanding indebtedness and average interest rates at March 31, 2001. The revolving credit note and other term loan interest rates are variable and dependent on market conditions.

In thousands	MARCH 31 2001	DECEMBER 31 2000
Revolving credit agreement, 6.53%	$326,000	$358,000
9.375% Senior notes due 2005	175,000	175,000
5.5% Industrial revenue bond due 2008	6,019	6,169
Other	894	1,028
Total	$507,913	$540,197
Less-current portion	753	751
Long-term portion	$507,160	$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 maturing in November 2001. At March 31, 2001, the Company had available borrowing capacity, net of letters of credit, of approximately $137 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.

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.

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 $242 million of variable-rate debt (after considering the effects of interest rate swaps, further described below), which represent 48% of total long-term debt at March 31, 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 March 31, 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

March 31, 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 three month period ended March 31, 2001, approximately 74% of Wabtec's net sales are in the United States, 11% in Canada, 5% in Mexico, and 10% in other international locations, primarily Europe. At March 31, 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.

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: May 10, 2001