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# Press Release

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## **Wabtec To Lower Interest Expense By Retiring \$175 Million In Bonds; Also Announces Estimated Goodwill Charge And Selection Of Auditors**

WILMERDING, Pa., May 30, 2002 – Wabtec Corporation (NYSE: WAB) today said it would lower interest expense by retiring \$175 million in bonds in the third quarter of this year and replacing them with lower-cost bank debt. The company said it would redeem the bonds, currently paying interest at 9.375 percent, with funds available under its revolving line of credit, which carries a current interest rate of about 4 percent. The bonds are callable at par after June 30, 2002.

“We expect this refinancing to result in a cash interest savings of about \$4 million in the second half of 2002,” said Robert J. Brooks, Wabtec’s executive vice president and chief financial officer. “In the meantime, we will explore a variety of options to ensure that our longer-term capital structure fits with our future operating plans.”

The company also announced that, in accordance with the required adoption of Financial Accounting Standard No. 142, it would write down the value of goodwill on its balance sheet by about \$80 million. The writedown is expected to result in a non-cash, after-tax charge of about \$50 million, or about \$1.20 per diluted share. The charge will have no impact on the company’s operating performance or cash flow. The new accounting standard eliminated periodic amortization of goodwill resulting from acquisitions, but required companies to use new valuation procedures to revalue acquired assets.

Including the interest expense savings and excluding the goodwill charge, Wabtec said it now expects 2002 earnings from continuing operations to be in the upper portion of the range of 50 cents to 60 cents per diluted share.

The company also announced that its Board of Directors and Audit Committee have approved the appointment of Ernst & Young LLP as the company’s independent auditor for the year ended Dec. 31, 2002, after a review of several possible candidates. The company dismissed Arthur Andersen LLP as its auditor because it believed that the firm could no longer provide the necessary services on a global basis.

This press release contains forward-looking statements, such as the statements regarding the company’s expectations about future earnings. The company’s actual results could differ materially from the results suggested in any forward-looking statement. Factors that could cause or contribute to these material differences include, but are not limited to, a further slowdown in the North American economy; and other factors contained in the company’s regulatory filings, which are herein incorporated by reference. The company assumes no obligation to update these forward-looking statements or advise of changes in the assumptions on which they were based.

Wabtec Corporation ([www.wabtec.com](http://www.wabtec.com)) is one of North America’s largest providers of value-added, technology-based products and services for the rail industry.

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