

Partnerships Built on > PERFORMANCE

03 Annual Report

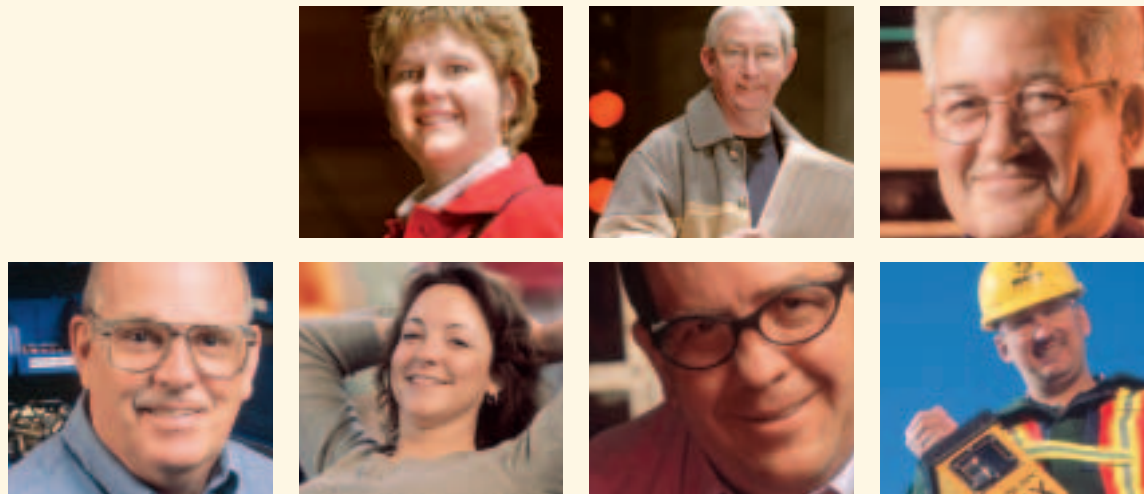


Wabtec Corporation is one of North America's largest providers of value-added, technology-based products and services for the global rail industry. Through its subsidiaries, the company manufactures a range of products for locomotives, freight cars and passenger transit vehicles, and builds new switcher and commuter locomotives. Aftermarket products and services represent about 56 percent of sales. Wabtec's mission is to help its customers achieve higher levels of quality, safety and productivity so they can compete more effectively.

This annual report contains 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. The Form 10-K filed with the Securities and Exchange Commission lists the factors that could cause actual results to differ materially from the forward-looking statements. In making these forward-looking statements, the company assumes no obligation to update them or advise of changes in the assumptions on which they were based.



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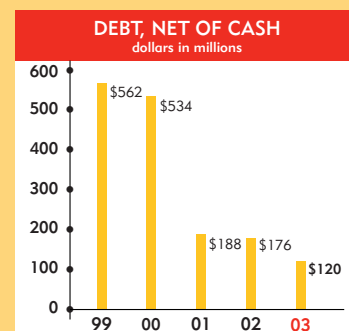
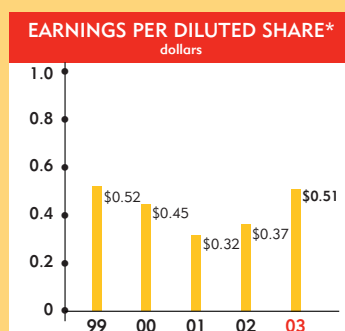
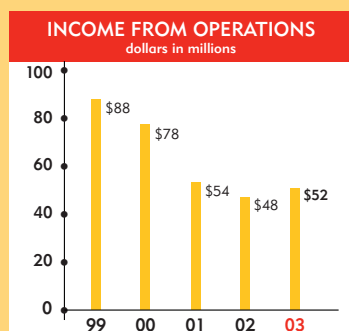
High performance drives strong customer relationships.

> OUR PARTNERSHIPS WITH CUSTOMERS are driven by our ability to apply a solution to a need, by our commitment to follow through. In a word: performance. High performance puts Wabtec's mettle to the metal.

We are focused on pursuing mutually beneficial customer relationships, and on working together to help our customers improve the safety, efficiency and productivity of their businesses, whether it's a freight rail system in Australia or a passenger transit authority in North America.

At Wabtec, we will do whatever we can, whenever we need to, wherever we need to, so that our customers know they can count on us to provide the best possible performance. Over and over, Wabtec employees go above and beyond to provide our customers with practical, timely, effective solutions. The examples on pages 6–11 demonstrate the kind of high performance we must provide every day to build strong partnerships with our valued customers.

And we are committed to doing just that.



FINANCIAL SUMMARY

In thousands, except per share data

	2003	2002	2001	2000	1999
Net sales	\$ 717,924	\$ 696,195	\$ 783,698	\$ 811,178	\$ 844,079
Income from operations	51,709	47,534	54,058	77,791	87,752
Earnings per diluted share from continuing operations before cumulative effect of accounting change*	0.51	0.37	0.32	0.45	0.52
Debt, net of cash	119,897	175,941	187,921	534,126	561,531
Shareholders' equity	248,293	199,262	245,271	196,371	181,878
Capital expenditures	17,470	14,137	20,674	23,173	24,067
Depreciation and amortization	25,284	25,513	33,061	32,416	33,292
Gross margin	26.4%	25.8%	26.8%	29.1%	32.6%
Operating margin	7.2%	6.8%	6.9%	9.6%	10.4%
Weighted average diluted shares outstanding	43,974	43,617	43,198	43,382	44,234

Letter to > SHAREHOLDERS



Gregory T. H. Davies
President and
Chief Executive Officer

I love engines, and I've always been obsessed with their performance. To me, it's fascinating to watch human ingenuity take raw energy, harness it and use it to make something perform better and better. Adjust the carburetor here. Tweak the fuel mixture there. Always tinkering, always seeking a better way.

It's a lot like running a business. As managers of Wabtec, our job is to deliver optimum performance today, but more important, to drive the company to perform even better tomorrow. Performance, measured in many ways, is first and foremost. Our customers rely on it. Our investors demand it. And our employees must have the tools they need to deliver it. Performance comes first.

In 2003, Wabtec did deliver an improved performance, based on many measures.

First, the numbers: We generated \$46 million of cash flow (not including \$10 million from the sale of stock), beating our \$40 million target handily. Earnings per diluted share from continuing operations increased to 51 cents, within the target range we set at the beginning of the year and 38 percent higher than the prior year. At year-end, our debt, net of cash on hand, stood at \$120 million, the lowest figure since we became a public company in 1995. Wall Street rewarded this performance by sending our stock up 21 percent for the year, the third consecutive year it's increased.

Our factories delivered some good numbers as well. Quality, as measured by first-time pass rate, improved 40 percent and on-time delivery increased 8 percent. We reduced our days' supply of inventory by 27 percent, and surpassed our goal for raw material cost reductions.

Wabtec's success in 2003 went beyond the numbers, too, as we made progress in our strategic growth initiatives, which remain consistent with prior years: to speed up the development of new products and services; to offer complete assemblies or packages, not just components (what we call our Tier 1 strategy); to increase international sales; and to use lean principles to drive process improvements.

Sales from new products and services—those that we did not have in our portfolio five years ago—accounted for 20 percent of our total sales, doubling the target we set just two years ago. Examples are plentiful. Our service centers, previously focused only on testing and repairing air brake valves, now perform a wide variety of services for electronics products, also.

I'm often asked if we've already harvested the low-hanging fruit when it comes to lean principles, but the truth is that lean provides a continuous supply of easy pickings if you remain committed to the process.

We started programs to manage inventory for CSX and end-of-train devices for Norfolk Southern. We began manufacturing a new radiator using a bonding process that makes it stronger, yet lighter. We began installing our Electronic Train Management System on locomotives for a pilot project at Burlington Northern Santa Fe. And we introduced our next-generation electronic braking package, called FastBrake™.

The UBX™ brake assembly also hit the market in 2003, demonstrating not only our new product capabilities, but our Tier 1 strategy. UBX combines mechanical and pneumatic components with all the required piping and rigging so that freight car builders can simply drop the assembly into place, instead of buying components from many different suppliers and taking the time to put everything together on the production line. About a year old, UBX offers exciting growth possibilities.

And speaking of growth, our international sales grew at a fast pace (36 percent!) and set a corporate record of nearly \$150 million in 2003. We shipped products to 62 countries around the globe and opened new markets in Turkey, Hong Kong, Thailand and the Philippines. Although we probably can't duplicate that growth rate in 2004 without a meaningful acquisition, we do expect to continue growing this important segment of our business.

We've always said that continuous improvement through the application of lean principles is the engine that drives our performance to a higher level and enables us to invest in these

growth strategies. In 2003, lean progress was evident throughout the corporation. For example, you don't achieve the improvements in quality and delivery that I mentioned earlier without using lean tools. I'm often asked if we've already harvested the low-hanging fruit when it comes to lean principles, but the truth is that lean provides a continuous supply of easy pickings if you remain committed to the process.

Finally, in 2003 we took steps to solidify our capital structure for the future. These actions included a successful placement of \$150 million of 10-year, senior notes at an attractive interest rate and the renegotiation of our revolving credit agreement with a group of banks, most of which have been long-time lenders to the company. In addition, we completed a secondary stock offering that received strong investor demand and has contributed to greater trading liquidity for all shareholders. We believe this new capital structure provides us with the flexibility and capability to fund our internal growth plans and to consider potential acquisitions.

So, from many viewpoints, 2003 was a successful year for our company. Our engine, if you will, performed well.

Whether it's working through the holidays to meet a deadline or using creativity to make a machine do the impossible, we need to build a new Wabtec culture around a never-ending drive to put Performance First.

And yet, I know we can drive this engine to perform even better. I know we can continue to improve our performance. In fact, it's not an option; we must drive for better performance. We must take our performance to the next level. Our customers are constantly raising the performance bar and relying on us to scale it at the lowest cost possible. To meet their expectations, we need to deliver every day the kind of focused performance demonstrated by our employees in this report. Whether it's working through the holidays to meet a deadline or using creativity to make a machine do the impossible, we need to build a new Wabtec culture around a never-ending drive to put *Performance First*.

Performance First is a culture where customer requirements rule the day. Where we strive to eliminate waste, every day, everywhere. Where we plan thoroughly, whether it's for a new product introduction or an annual financial commitment. Where we give our people the tools they need so they can contribute their very best today and continuously improve for tomorrow. Where we harness the collective energy of our 4,000-plus employees and convince them all to pull in the same direction at the same time.

Sound a little like motherhood and apple pie? Well, I can assure you that we've already started to kick this cultural shift into high gear, with important management and process changes designed to give it teeth. For example, a team led by Barry Pennypacker, as vice president of Performance First, now works closely with our business units to help

ensure that we meet monthly financial and operational targets, and that we take corrective actions if we don't. Jim McClaine, formerly in charge of marketing our existing products to railroad customers, is now vice president of Railroad Service. This new role includes responsibility for Wabtec Global Services, a unit with terrific growth potential, so that Jim and his team can pursue new service opportunities faster.

We're adding new training programs for management development and lean tools. We've also overhauled our strategic planning process and added three-year economic profit goals to our long-term incentive compensation plan. These actions are just the beginning of our drive to improve the performance of the Wabtec engine.

We enter 2004 with ample growth opportunities as we work to take full advantage of the rebounding rail market in North America. Also in 2004 we must overcome a variety of financial challenges such as fluctuations in foreign currency exchange rates, and higher raw material and insurance costs. But I am confident that if we put Performance First, we can achieve our goals this year and beyond.

On behalf of our management team and the Board of Directors, thank you for your support and your continued investment in Wabtec.



Gregory T. H. Davies
President and
Chief Executive Officer



Running on Time

Brigette Moore and Don Ellis

>WHEN WABTEC'S FOUNDRY IN CANADA received a call from our WABCO Transit plant in South Carolina, it was a real rush. Transit needed a part immediately for an important customer requirement.

Filling the order for this uncommon part meant squeezing more work into the existing schedule, making the molds, pouring metal to form the pieces, heat-treating at an offsite location, grinding the pieces and delivering them to South Carolina in less than a week—one-fourth the usual time.

But with Brigette Moore on logistics and Don Ellis on production, the parts made it to WABCO Transit, which machined, tested and delivered them ahead of schedule to its customer.

A working mom who's used to crazy schedules and improvising on the run, Moore knew how to handle this

challenge. And as one of the most senior people at the foundry, Ellis had the knowledge and the credentials to make it happen.

"From the moment the request came in, motion never stopped," said John Vickers, the foundry's general manager. "It took a lot of coordination and was a tremendous accomplishment."

An accomplishment that resulted in the customer placing the rest of this parts order with WABCO Transit.

"This is the kind of story that needs to be told, because this type of effort goes on every day, and not enough people know."

John Meister
President, WABCO Transit



Singing a Happy Tune

Marshall Chavis

>MARSHALL CHAVIS KNOWS HOW to make a guitar sing, but he has no plans to give up his day job. After all, he's also pretty good at making machines hum.

Chavis, manager of the machine shop at Wabtec's Railroad Friction Products Corporation (RFPC) subsidiary, has played lead guitar in a gospel singing group for 33 years. The creativity necessary for strumming a six-string also comes in handy when he's asked to help solve a complex manufacturing problem.

For example, CN, the largest railroad in Canada, recently asked RFPC to modify the design of its TreadGuard™ brake shoe—fast. Chavis and the RFPC team went to work and, within three weeks, designed and developed a new mold, a special grinding machine

and the new Day One TreadGuard™ shoe to meet the customer's requirements.

"I like the challenge of completing a task like that," Chavis said. "We have a good team here, and we know that satisfying our customer comes first."

Now that's music to any customer's ears.

"At CN, we certainly appreciate excellent customer service—both providing it and receiving it. The quick turnaround on this project is an example of why we value our relationship with Wabtec."

James Danielwicz
Chief Mechanical Officer, CN



An Overnight Success

Larry Parham

>THERE'S NO SLEEPING ON THE JOB for Larry Parham. Sleeping *at* the job is another story.

An assembly technician in our WABCO Transit plant in South Carolina, Parham faced a predicament one day last year when a rare snowstorm hit the area. He knew that inspectors for ALSTOM Transportation would be in town later that week to check on parts they needed for a transit car overhaul project for the Washington Metropolitan Area Transit Authority (WMATA).

Knowing the deadline was approaching and that more snow was on the way that night, Larry decided to work late and sleep at the plant to make sure he would be at work the next day.

"Any time I do a job, I like to put my all into it, and I've never missed a deadline," he said. "I just slept at the plant, got up the next day and was on the assembly floor before my usual time."

When the inspectors showed up at the plant later that week, the parts were ready to be shipped, allowing the customer to rest easy.

"This effort is an example of the work ethic that I think everyone in our industry should have."

Fred Brink
Program Manager, WMATA



A Cool Solution

Kathy Plunkett

>THE HEAT WAS ON. But Kathy Plunkett, director of engineering at Wabtec's Young Touchstone subsidiary, kept her cool.

Kohler Power Systems Americas, a longtime Wabtec customer, had to come up with a cooling system to fit a new engine that one of its suppliers was developing. As engine design work continued, Kohler called on Young Touchstone to help design the appropriate radiator for its generator set.

The process heated up as the team faced a series of issues: air flow from the fan was too low, the engine was creating too much hot air, coolant temperatures needed to be lowered. One by one, Plunkett and her team coolly and methodically devised solutions.

"It took many meetings, and we went through numerous design and testing iterations," she said. "But it was very rewarding for our team to demonstrate the science of why the cooling system was having trouble, then to find solutions so it could work properly."

Cool solutions, indeed.

"Over and over, Young Touchstone has responded to the dynamic needs of our business. As an engineer, I appreciate their ability to analyze problems by breaking down the issues into the core basics."

Richard Locke, Manager
Industrial Generator Set Design, Kohler Power Systems



Yes, Virginia, We *Can* Deliver

Curtis Duncan

>“I’LL BE HOME FOR CHRISTMAS,” says the sentimental old song. But the day *after* Christmas? Well, that’s another story.

Just ask Curtis Duncan, director of manufacturing for Wabtec’s MotivePower subsidiary. He and nearly a dozen employees turned wrenches and built major components for GE Transportation Systems on December 26—with some of them working the line right up until New Year’s Eve. All in response to an important, late-year customer request.

In a novel twist on the British tradition of “Boxing Day,” the day after Christmas when people present gifts to those who provide services throughout the year, Duncan and his colleagues took direction from two of the top assembly workers on the line.

“We were the workforce and the craft guys were the bosses,” Duncan recalled. “They enjoyed seeing senior managers on the shop floor, getting our hands dirty. Morale went way up.”

So did the appreciation of GE Transportation Systems, which saw its year-end crunch turn into a cause for celebration—thanks to Wabtec people switching roles and sacrificing their holiday to complete the job.

“We were very happy with the performance of the people of MotivePower, who did three months of program planning, training, ramp-up and execution in less than a month.”

Mike Foley
Western Region Manager, GE Transportation Systems



Putting an End to the Issue

Gary Grace

>WHAT'S THE FIRST THING A TRAIN NEEDS but the last thing you see? The answer to this railroad riddle is the End-of-Train device, or EOT, which, among other things, monitors air brake pressure throughout the train. Without an EOT, the train can't leave the yard.

To keep their trains moving and the bottom line healthy, railroads must keep EOTs in good repair and ready to go at a moment's notice, a complex task involving both service and scheduling. To improve this process, Wabtec developed a program to service EOTs throughout the entire Norfolk Southern network, bringing together the expertise of both our Global Services and Railway Electronics units.

"We expected to service about 150 EOTs a week,

but it turned out to be almost double that initially, so it involved working many weekends for our teams," said Gary Grace, Wabtec's manager of electronic product services. "Now, we turn the units around in about three days, and we're keeping the trains rolling."

At Norfolk Southern, the EOT issue has ceased to be an issue. It's the first thing these Wabtec teams think about and the last thing on Norfolk Southern's mind.

"Since the EOT service program started, telemetry-related train delays have been significantly reduced, and Wabtec's service has met our expectations."

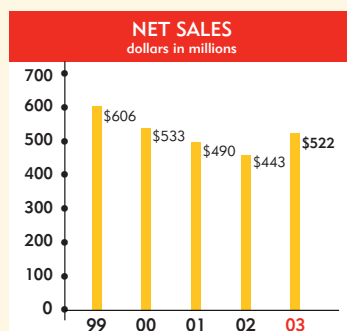
Norfolk Southern

FREIGHT GROUP

> 2003 HIGHLIGHTS The improving freight car market in North America resulted in strong growth in revenues for our WABCO Freight Car Products and Cardwell Westinghouse units, which provide braking equipment and draft gears... Wabtec Global Services was awarded a three-year contract to manage a car repair billing system for BC Rail... Wabtec Rail, which celebrated its 150th anniversary with a record year, was awarded a \$7 million contract to build specialty ballast cars for Network Rail in England... Strong global demand for iron ore resulted in record sales in Australia for freight brake equipment and brake assemblies, as well as increased sales of locomotive control equipment and locomotive cooling systems.

Burlington Northern Santa Fe awarded Wabtec Railway Electronics a contract to conduct a pilot project for our Electronic Train Management System... The system combines global positioning and wireless communication with on-board computers and screen-based displays to improve train operations and safety.

Young Touchstone developed a new radiator line that uses a bonding process that allows the company to build more durable, less expensive radiators for non-rail markets... Our MotivePower unit delivered new commuter locomotives to Chicago's Metra as part of an \$80 million contract; and it also delivered commuter locomotives to Caltrain, Caltrans and MBTA... Our Railroad Friction Products Corporation subsidiary generated substantial sales from its line of "value-added" brake shoes, which offer customers improved performance features and benefits.



2003 Results

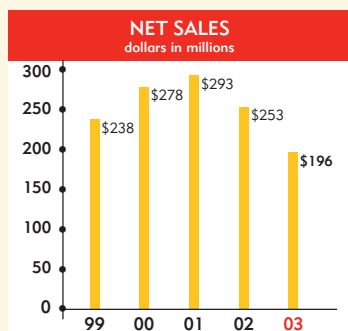
Net sales increased 18 percent, the group's first annual increase since 1999... The increase was due primarily to higher sales of components for new freight cars, increased sales of new commuter locomotives and higher international sales... Industry deliveries of new freight cars increased about 80 percent, while deliveries of new locomotives dropped about 20 percent... Rail traffic, as measured by carloadings, increased slightly.

TRANSIT GROUP

> 2003 HIGHLIGHTS WABCO Transit and Vapor Rail signed contracts to provide a variety of components (brakes, couplers, current collectors, door operators, door panels and event recorders) for New York City subway cars to be built by ALSTOM Transportation and Kawasaki...The total order is worth about \$250 million, including options...The components are to be delivered beginning in 2005, with a ramp-up in 2006 and beyond.

Vapor Europe was awarded a contract, worth up to \$12 million, to supply doors for transit vehicles for Metro Rome; and a separate contract to supply bus doors for another transit system in Milan...TransBus International of the U.K. named Vapor Bus door assemblies its standard for all buses made for the U.S. market...Vapor Bus celebrated its 100th anniversary.

Several Transit units were awarded contracts to provide \$18 million worth of equipment, including brakes, couplers, current collectors, HVAC units and door operators, to Kawasaki for transit vehicles in New York and Boston...WABCO Transit was selected by Bombardier to provide brake equipment for 100 bi-level coaches for New Jersey Transit (\$10 million) and by Kinkisharyo to supply brakes and couplers for Dallas Area Rapid Transit (\$4 million)...WABCO Transit and Vapor Rail were awarded contracts for \$22 million to supply air brakes, couplers, door operators and controllers to ALSTOM Transportation for the overhaul of subway cars for the Metropolitan Atlanta Rapid Transit Authority...Vapor Rail provided door assemblies for subway cars built by Rotem for the subway system in Athens, Greece, in preparation for the Olympics this year.



2003 Results

Sales decreased 23 percent. The decrease was mainly due to the completion in 2002 of major contracts to provide original equipment components for New York City subway cars...In addition, aftermarket sales continued to be negatively impacted by spending cutbacks at the state and local levels.

Condensed Consolidated Balance Sheets

<i>(In thousands)</i>	2003	2002
Assets		
Current assets		
Cash	\$ 70,328	\$ 19,210
Receivables	129,074	108,019
Inventories	91,809	88,470
Other current assets	30,881	29,524
Total current assets	322,092	245,223
Property, plant and equipment, net	153,839	148,592
Intangibles and other assets	180,374	195,050
Total assets	\$ 656,305	\$ 588,865
Liabilities and shareholders' equity		
Current liabilities, excluding debt	\$ 152,780	\$ 134,430
Total debt, including current portion	190,225	195,151
Other liabilities	65,007	60,022
Shareholders' equity	248,293	199,262
Total liabilities and shareholders' equity	\$ 656,305	\$ 588,865

The company strengthened its balance sheet further in 2003, primarily by reducing debt, net of cash, by \$56 million. Wabtec achieved this debt reduction primarily through cash flow from operations, as well as with \$10 million in proceeds from a secondary stock offering. In 2004, the

company expects to continue to generate positive cash flow, which it expects to use for debt reduction and to fund growth opportunities, including possible acquisitions.

Consolidated Statements of Operations

(In thousands, except per share data)

	2003	2002	2001
Net sales	\$ 717,924	\$ 696,195	\$ 783,698
Cost of sales	(528,474)	(516,724)	(573,772)
Gross profit	189,450	179,471	209,926
Selling, general and administrative expenses	(100,503)	(93,023)	(96,723)
Merger and restructuring charges	—	—	(3,723)
Engineering expenses	(32,929)	(33,592)	(33,156)
Asset write-downs	—	—	(9,253)
Amortization expense	(4,309)	(5,322)	(13,013)
Total operating expenses	(137,741)	(131,937)	(155,868)
Income from operations	51,709	47,534	54,058
Other income and expenses			
Interest expense	(10,377)	(18,072)	(33,501)
Other expense, net	(6,290)	(5,558)	(2,130)
Income from continuing operations before income taxes and cumulative effect of accounting change	35,042	23,904	18,427
Income tax expense	(12,790)	(7,594)	(4,465)
Income from continuing operations before cumulative effect of accounting change	22,252	16,310	13,962
Discontinued operations			
Income from discontinued operations (net of tax)	451	403	6,360
Gain (loss) on sale of discontinued operations (net of tax)	—	(529)	41,458
Total discontinued operations	451	(126)	47,818
Income before cumulative effect of accounting change	22,703	16,184	61,780
Cumulative effect of accounting change for goodwill, net of tax	—	(61,663)	—
Net income (loss)	\$ 22,703	\$ (45,479)	\$ 61,780
Earnings per common share			
Basic			
Income from continuing operations before cumulative effect of accounting change	\$ 0.51	\$ 0.37	\$ 0.33
Income from discontinued operations	0.01	—	1.11
Cumulative effect of accounting change	—	(1.42)	—
Net income (loss)	\$ 0.52	\$ (1.05)	\$ 1.44
Diluted			
Income from continuing operations before cumulative effect of accounting change	\$ 0.51	\$ 0.37	\$ 0.32
Income from discontinued operations	0.01	—	1.11
Cumulative effect of accounting change	—	(1.41)	—
Net income (loss)	\$ 0.52	\$ (1.04)	\$ 1.43
Weighted average shares outstanding			
Basic	43,538	43,291	42,949
Diluted	43,974	43,617	43,198

In 2003, **net sales** increased 3 percent, as higher sales in the Freight Group more than offset lower sales in the Transit Group.

Gross profit increased 6 percent, and the company's gross margin was 26.4 percent, compared to 25.8 percent in 2002. The increases were due to higher sales and a more favorable product mix.

Operating expenses increased 4 percent, due to a \$1.6 million writeoff of non-operating assets, and higher medical and insurance premiums. **Income from operations** increased 9 percent due to higher sales and gross profit.

As a result of the company's debt reduction throughout the year and lower interest rates, **interest expense** decreased 43 percent in 2003.

Income tax expense was recorded at a rate of 36.5 percent, compared to 32 percent in 2002, primarily due to higher effective state and foreign tax rates. The company expects its ongoing tax rate to be 36.5 percent.

For the reasons discussed previously, **income from continuing operations** before cumulative effect of accounting change increased 36 percent and **earnings per diluted share from continuing operations** before cumulative effect of accounting change increased 38 percent.

For the year, the company had **net income** of \$22.7 million, compared to a net loss of \$45.5 million in 2002.

Condensed Consolidated Statements of Cash Flows

<i>(In thousands)</i>	2003	2002	2001
Net income (loss)	\$ 22,703	\$ (45,479)	\$ 61,780
Cumulative effect of accounting change for goodwill, net of tax	—	61,663	—
Depreciation and amortization	25,284	25,513	33,061
Discontinued operations and product lines	(344)	184	(48,510)
Asset writedowns, including deferred tax asset	—	—	9,253
Changes in deferred income taxes	8,824	702	(6,278)
Changes in other operating assets and liabilities	(563)	(26,925)	69,791
Cash provided by operating activities	55,904	15,658	119,097
Capital expenditures	(17,470)	(14,137)	(20,674)
Cash received from asset sales and property disposals	5,048	5,073	250,893
Acquisitions of businesses, net of cash acquired	—	(1,654)	(3,730)
Discontinued operations	(127)	(99)	924
Cash (used for) provided by investing activities	(12,549)	(10,817)	227,413
Changes in debt	(4,949)	(45,941)	(298,280)
Proceeds from the issuance of stock	9,977	—	—
Proceeds from the issuance of stock under stock-based benefit plans, net of purchases of treasury stock	5,899	3,695	2,774
Cash dividends	(1,751)	(1,808)	(1,681)
Cash provided by (used for) financing activities	9,176	(44,054)	(297,187)
Effect of changes in currency exchange rates	(1,413)	4,474	(1,445)
Increase (decrease) in cash	51,118	(34,739)	47,878
Cash at beginning of year	19,210	53,949	6,071
Cash at end of year	\$ 70,328	\$ 19,210	\$ 53,949

Cash provided by operating activities was \$55.9 million, primarily due to the company's net income and the addition of non-cash depreciation and amortization charges. Working capital remained essentially unchanged, as higher payables more than offset an increase in receivables and inventory.

The company used \$17.5 million of **cash for investing activities** for capital expenditures. The company expects 2004 capital expenditures to be about \$20 million.

Cash provided by financing activities was \$9.2 million, primarily due to \$10 million of proceeds from a secondary stock offering. Also during the year, the company issued \$150 million of senior notes and used the proceeds to reduce the balance on its revolving credit agreement.

Board of Directors

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Wabtec Corporation

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Vice Chairman of the Board
Wabtec Corporation

Gregory T. H. Davies
President and
Chief Executive Officer
Wabtec Corporation

Robert J. Brooks
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Bank of America

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(2) Compensation Committee
(3) Nominating and Corporate
Governance Committee

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Chairman of the Board

Gregory T. H. Davies
President and
Chief Executive Officer

Alvaro Garcia-Tunon
Senior Vice President,
Chief Financial Officer
and Secretary

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Vice President and
Group Executive
Friction

Patrick D. Dugan
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Controller

Paul E. Golden
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Group Executive
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Timothy J. Logan
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James E. McClaine
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Railroad Service

Barry L. Pennypacker
Vice President
Performance First

Gary P. Prasser
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Group Executive
Passenger Systems

George A. Socher
Vice President
Internal Audit and Taxation

Scott E. Wahlstrom
Vice President
Human Resources

Mark S. Warner
Vice President and
General Manager
MotivePower
Microphor

Timothy R. Wesley
Vice President
Investor Relations
and Corporate
Communications

Operating Management Freight Group

Darren J. Beatty
Vice President and
General Manager
Wabtec Rubber Products

Robert C. Bourg
Vice President and
General Manager
Locomotive Products

Robert D. Dimsa
Vice President and
General Manager
Freight Car Products

Frederick J. Grejda
Vice President and
General Manager
Railroad Friction
Products Corp.

James C. Hoffner
Vice President and
General Manager
Wabtec Global Services

James R. Jenkins II
President
Young Touchstone

Mark D. Kuenzle
General Manager
F.I.P.
Allied Friction

John D. Meehan
Managing Director
Wabtec Rail

David J. Meyer
Vice President and
General Manager
Cardwell Westinghouse

James C. Pontious
Vice President
Special Projects—
Ramp Car

Gerald M. Rowe
Vice President and
Managing Director
Friction Products, Europe

John R. Vickers
Vice President and
General Manager
Wabtec Foundry

Ronald L. Witt
Managing Director
Wabtec Australia

Operating Management Transit Group

Luigi Camellini
Managing Director
Vapor Europe

Michel Y. Chouinard
President
Vapor Rail

John M. Meister
President
WABCO Transit

Keith N. Nippes
Vice President and
General Manager
Vapor Bus International
Jinwu Control Systems

Anthony J. Walsh
Managing Director
Vapor-Stone U.K.

Corporate Information

Transfer Agent and Registrar

Our transfer agent is responsible for shareholder records, issuance of stock certificates and distribution of dividends and I.R.S. forms 1099. Your requests, as shareholders, concerning these matters are most efficiently answered by communicating directly with our transfer agent and registrar: LaSalle Bank Shareholder Services 135 S. LaSalle Street Chicago, IL 60603 800.246.5761 312.904.2458 www.lasallebank.com

Stock Exchange Listing

New York Stock Exchange
Ticker Symbol: WAB

Independent Public Accountants

Ernst & Young
Pittsburgh, PA

General Counsel

Reed Smith LLP
Pittsburgh, PA

Form 10-K

To obtain a copy of the company's Form 10-K annual report, write to: Investor Relations Department Wabtec Corporation 1001 Air Brake Avenue Wilmerding, PA 15148

Annual Meeting

May 19, 2004
11 a.m.
Omni William Penn
Pittsburgh, PA



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