WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORP
Form 11-K
June 29, 2006
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

(Mark One):

x **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2005

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ______ to ______

Commission file number 1-13782

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Westinghouse Air Brake Technologies Corporation Savings Plan

B. Name of issuer of the securities held pursuant to the plan and the address of the principal executive office.

Westinghouse Air Brake Technologies Corporation

1001 Air Brake Avenue

Wilmerding, PA 15148

Table of Contents

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION SAVINGS PLAN

Form 11-K Annual Report Pursuant To Section 15(D) of

the Securities Exchange Act of 1934

For the Fiscal Year Ended December 31, 2005

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION SAVINGS PLAN

ANNUAL REPORT ON FORM 11-K

DECEMBER 31, 2005 AND 2004

TABLE OF CONTENTS

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and Administrator of Westinghouse Air Brake Technologies Corporation Savings Plan:

We have audited the accompanying statements of net assets available for plan benefits of the Westinghouse Air Brake Technologies Corporation Savings Plan as of December 31, 2005 and 2004, and the related statements of changes in net assets available for plan benefits for the years then ended. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Westinghouse Air Brake Technologies Corporation Savings Plan as of December 31, 2005 and 2004, and the changes in its net assets available for plan benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2005 and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Freed Maxick & Battaglia, CPAs, PC

Buffalo, New York

May 30, 2006

Table of Contents

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

	December 31, 2005	December 31, 2004
Investments at market value:		
Shares of registered investment companies	$ 133,453,984	$ 123,180,970
Employer securities	17,376,018	14,823,434
Participant loans	3,399,225	3,116,756
	154,229,227	141,121,160
Receivables:		
Employee contributions receivable	419,813	195,021
Employer contributions receivable	3,201,911	2,985,030
Net assets available for benefits	$ 157,850,951	$ 144,301,211

The accompanying notes are an integral part of these financial statements.

2

Table of Contents

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION SAVINGS PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

	Years ended December 31, 2005	2004
Sources of net assets:		
Unrealized gain on investment transactions	$ 8,578,341	$ 9,009,423
Employee contributions	7,654,075	6,710,340
Transfer in from other plans		5,507,065
Employer contributions	5,402,962	5,290,030
Interest and dividend income	3,954,425	2,764,869
Realized gain on investment transactions	435,456	449,689
Total sources of net assets	26,025,259	29,731,416
Applications of net assets:		
Benefit payments	12,435,455	9,526,270
Administrative expenses	40,064	27,845
Total applications of net assets	12,475,519	9,554,115
Increase in net assets	13,549,740	20,177,301
Net assets available for plan benefits:		
Beginning of year	144,301,211	124,123,910
End of year	$ 157,850,951	$ 144,301,211

The accompanying notes are an integral part of these financial statements.

3

Table of Contents

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION SAVINGS PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2005 AND 2004

1. DESCRIPTION OF PLAN

The following description of the Westinghouse Air Brake Technologies Corporation Savings Plan (the Plan) provides only general information. Participants should refer to the Plan document and Summary Plan Description for a more complete description of the Plan s provisions.

General

The Plan, effective March 9, 1990, amended and restated effective January 1, 1997, is a contributory plan intended to comply with the provisions of Sections 401(a), 401(k), and 401(m) of the Internal Revenue Code (IRC). All employees of Westinghouse Air Brake Technologies Corporation and its subsidiaries (Wabtec) (the Company) are eligible to participate upon their hire date. All collective bargaining employees in Boise, Idaho and those in Wilmerding, Pennsylvania and Greensburg, Pennsylvania hired before October 1, 2004 are eligible to participate in the Plan, but are not eligible for employer contributions.

Transfer In from Other Plans

Effective January 1, 2004, assets allocated to the Wabtec Supplemental Plan were transferred into the Westinghouse Air Brake Technologies Corporation Savings Plan in the amount of $5,205,247. Effective August 2, 2004, assets allocated to the Westinghouse Air Brake Technologies Corporation Savings Plan for Hourly Employees were transferred into the Westinghouse Air Brake Technologies Corporation Savings Plan in the amount of $301,818.

Contributions

Participants may contribute, through payroll deductions, employee elective contributions from 1% to 20% of their compensation, limited to $14,000 in 2005 ($13,000 in 2004). In addition, participants may contribute employee after-tax contributions from 1% to 20% of their compensation. Participants who were 50 years of age or older during the plan year are allowed to contribute catch-up contributions in addition to the 20% maximum. Participants total annual contributions may not exceed the contributions limits under Section 415(c) of the IRC. In addition, the combination of an employee s elective contribution and after-tax contribution could not exceed 20% of their compensation in 2005 and 2004.

The Company makes an annual contribution of 3% of a participant s eligible compensation, as long as the Company employs the participant at December 31. In addition, the Company makes a dollar for dollar matching contribution of up to 3% of the participant s contributions.

The Plan allows participants to direct their contributions, and contributions made on their behalf, to any of the investment alternatives offered under the Plan.

Withdrawals

Participants may make the following types of withdrawals:

In-Service Withdrawals A participant may withdraw any amount of the vested portion of their employer matching account, employer basic account, employee after-tax account, and rollover accounts once in any six-month period. Once a participant has reached age 59 $^{1}/2$, they can withdraw any portion of their employee elective account.

Table of Contents

Hardship Withdrawals In the case of hardship, as defined in the plan document, the participant can receive 100% of their employee elective account. Hardship withdrawals are limited to once every plan year. Employee contributions cannot be made to the Plan for a period of six months following the hardship withdrawal.

Loans

Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of 50% of the value of the participant s vested balance of their account, reduced by any outstanding loan balance, or $50,000. The loans bear interest based on prevailing commercial rates determined quarterly by the plan administrator. The interest rates on participant loans range from 5% to 10.5%.

Participant Accounts

Each participant s account is credited with the participant s contribution and allocations of (a) the Company s contribution and, (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant s vested account.

Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event the Plan is terminated, the Company will direct either (a) that the investment manager and trustee continue to hold the participants accounts in accordance with the Plan, or (b) that the investment manager and trustee immediately distribute to each participant all amounts in the participant s account in a single lump-sum payment.

Vesting

Employee contributions are at all times 100% vested and nonforfeitable. Plan participants become 100% vested in employer contributions after three years of service as described in the Plan document.

Forfeitures

Amounts forfeited by participants are used to reduce future employer contributions. For the year ended December 31, 2005, forfeited non-vested accounts totaled $182,932 ($314,060 in 2004).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounts of the Plan are maintained on an accrual basis of accounting. Certain expenses incurred by the plan administrator, investment manager and trustee for their services and costs in administering the Plan are paid directly by the Company.

Accounting Estimates

The process of preparing financial statements in conformity with U.S. generally accepted accounting principles requires management to use estimates and assumptions that affect certain types of assets, liabilities and changes therein. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, actual results may differ from estimated amounts.

Table of Contents

Investment Valuation and Income Recognition

The Plan s assets are invested in the common stock of Westinghouse Air Brake Technologies Corporation and several mutual funds through Fidelity Management Trust Company, the Plan custodian and trustee. All investments are presented at market value based on quoted market prices. Shares of registered investment companies are valued at the net asset value of shares held by the Plan at year end. Participant loans are valued at their outstanding balances, which approximates fair value. Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

Income Taxes

The Plan has received a determination letter from the Internal Revenue Service dated March 27, 2002, stating that the Plan is qualified under Section 410 (a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax-exempt.

Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the participants account balances and the amounts reported in the statements of net assets available for benefits.

Recent Accounting Pronouncements

In December 2005, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) AAG INV-1 & SOP 94-4-1, *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans* . The FSP addresses the application of contract value accounting for benefit-responsive investment contracts owned by certain stable-value commingled pools, such as a Trust. While the FSP permits the continued use of contract value accounting to determine the net asset value of the Trust, it will require several changes in financial statement presentation and disclosure, including presentation of both the fair value and contract value for benefit-responsive investment contracts. The FSP will be effective for years ending after December 16, 2006. If comparative financial statements are presented, the guidance in that FSP shall be applied retroactively to all prior periods presented. Management has not yet determined the impact on the financial statements of the Plan.

3. INVESTMENTS

The trustee of the Plan is Fidelity Management Trust Company (Fidelity) per the Trust Agreement dated June 21, 1990. Fidelity maintains the investments and provides record-keeping functions for the Plan. The fair market values of individual assets that represent 5% or more of the Plan s net assets as of December 31, 2005 are as follows:

	December 31, 2005
Fidelity Managed Income Portfolio II Fund	$ 29,873,859
Wabtec Stock Fund	17,376,018
Fidelity Magellan Fund	13,153,164
Fidelity Growth Fund	12,985,104
Fidelity Contrafund	12,198,322
Spartan US Equity Index Fund	10,966,705
Fidelity Asset Manager Fund	9,723,335
Fidelity Equity Income Fund	8,980,863
Fidelity Blue Chip Growth Fund	8,139,277

The Plan s investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by $9,013,797 for the year ended December 31, 2005 ($9,459,112 in 2004) as follows:

	Year ended December 31, 2005	2004
Wabtec common stock	$ 3,634,194	$ 2,913,238
Shares of registered investment companies	5,379,603	6,545,874
Total appreciation	$ 9,013,797	$ 9,459,112

Table of Contents

4. PARTY-IN-INTEREST TRANSACTIONS

Plan investments are shares of mutual funds managed by Fidelity Management Trust Company. Fidelity Management Trust Company is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest. Fees paid by the Plan for the investment management services amounted to $40,064 for the year ended December 31, 2005 ($27,845 in 2004). The Plan also invests in Wabtec common stock. Wabtec is the Plan sponsor, and therefore, transactions qualify as party-in-interest. Investment income from investments sponsored by Fidelity Management Trust Company and Wabtec amounted to $12,033,276 for the year ended December 31, 2005 ($10,733,108 in 2004).

Table of Contents

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION

SAVINGS PLAN

PLAN NUMBER 004

EMPLOYER IDENTIFICATION NUMBER 25-1615902

SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES

DECEMBER 31, 2005

Identity of Issuer	Description of Asset	Fair Value
Fidelity	Fidelity Managed Income Portfolio II Fund*	$ 29,873,859
Fidelity	Fidelity Magellan Fund*	13,153,164
Fidelity	Fidelity Growth Fund*	12,985,104
Fidelity	Fidelity Contrafund*	12,198,322
Spartan	Spartan U.S. Equity Index Fund*	10,966,705
Fidelity	Fidelity Asset Manager Fund*	9,732,335
Fidelity	Fidelity Equity Income Fund*	8,980,863
Fidelity	Fidelity Blue Chip Growth Fund*	8,139,277
Fidelity	Fidelity Overseas Fund*	7,152,265
Fidelity	Fidelity Freedom 2040 Fund*	4,494,897
JP Morgan	JP Morgan Core Bond	3,635,930
Fidelity	Fidelity Low-Priced Stock Fund*	2,715,444
T. Rowe Price	T. Rowe Price Science & Technology Fund	2,638,772
MSI	MSI Small Company Growth Fund	1,588,805
Fidelity	Fidelity Freedom 2020 Fund*	1,578,974
Fidelity	Fidelity Freedom 2030 Fund*	1,209,518
Fidelity	Fidelity Freedom 2010 Fund*	943,222
Fidelity	Fidelity Freedom 2015 Fund*	344,769
Fidelity	Fidelity Freedom Income Fund*	321,545
Fidelity	Fidelity Freedom 2000 Fund*	315,554
Fidelity	Fidelity Freedom 2025 Fund*	204,709
Fidelity	Fidelity Freedom 2005 Fund*	159,267
Fidelity	Fidelity Freedom 2035 Fund*	120,684
Wabtec	Wabtec Stock Fund*	17,376,018
	Participant Loan Fund*	3,399,225
		$ 154,229,227

* The above named institution is a party-in-interest.

Table of Contents

SIGNATURE

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/ Scott E. Wahlstrom
Scott E. Wahlstrom
Vice President, Human Resources and Plan

Administrator of the Westinghouse Air Brake

Technologies Corporation Savings Plan

June 29, 2006