

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORP

Form 11-K

June 24, 2009

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

(Mark One):

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2008

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:

Wabtec 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

WABTEC 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, 2008

Table of Contents

WABTEC SAVINGS PLAN

ANNUAL REPORT ON FORM 11-K

DECEMBER 31, 2008 AND 2007

TABLE OF CONTENTS

	Page
<u>Report of Independent Registered Public Accounting Firm</u>	4
Audited Financial Statements	
<u>Statements of Net Assets Available for Plan Benefits</u>	5
<u>Statements of Changes in Net Assets Available for Plan Benefits</u>	6
<u>Notes to Financial Statements</u>	7 - 10
Supplemental Schedule	
<u>Schedule of Assets Held for Investment Purposes at December 31, 2008</u>	11

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and Administrator of Wabtec Savings Plan:

We have audited the accompanying statements of net assets available for plan benefits of Wabtec Savings Plan as of and for the years ending December 31, 2008 and 2007, 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 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 Wabtec Savings Plan as of December 31, 2008 and 2007, and the changes in 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, 2008 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

June 24, 2009

Table of Contents**WABTEC SAVINGS PLAN****STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS**

	December 31,	
	2008	2007
Investments at fair value:		
Shares of registered investment companies	\$ 89,755,612	\$ 134,694,758
Common collective trust	32,977,713	31,424,260
Employer securities	20,484,663	18,121,005
Participant loans	4,320,251	3,862,692
	147,538,239	188,102,715
Receivables:		
Employee contributions receivable	314,805	337,170
Employer contributions receivable	4,096,430	3,888,285
Net assets available for benefits	\$ 151,949,474	\$ 192,328,170
Adjustment from fair value to contract value for interest in collective trust relating to fully benefit-responsive investment contracts	1,338,248	238,247
Net assets available for benefits	\$ 153,287,722	\$ 192,566,417

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

Table of ContentsWABTEC SAVINGS PLANSTATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

	Years ended December 31,	
	2008	2007
Sources of net assets:		
Unrealized (loss) gain on investment transactions	\$ (48,802,579)	\$ 5,366,791
Employee contributions	9,685,254	8,817,617
Employer contributions	7,337,711	6,678,494
Interest and dividend income	5,262,392	9,207,423
Realized (loss) gain on investment transactions	(2,303,087)	2,754,989
Transfer of assets into plan	3,355,219	543,228
 Total (use) sources of net assets	 (25,465,090)	 33,368,542
 Applications of net assets:		
Benefit payments	13,734,153	16,817,117
Administrative expenses	79,452	64,664
 Total applications of net assets	 13,813,605	 16,881,781
 (Decrease) increase in net assets	 (39,278,695)	 16,486,761
 Net assets available for plan benefits:		
Beginning of year	192,566,417	176,079,656
 End of year	 \$ 153,287,722	 \$ 192,566,417

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

Table of Contents

WABTEC SAVINGS PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

1. DESCRIPTION OF PLAN

The following description of the Wabtec 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, 2006, 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 United States employees of Westinghouse Air Brake Technologies Corporation and its subsidiaries (Wabtec) (the Company) are eligible to participate upon their hire date except those employees that were part of the Standard Car Truck Company acquisition in December 2008. All collective bargaining employees in Wilmerding, Pennsylvania and Greensburg, Pennsylvania hired on or after October 1, 2004 are eligible to participate in the Plan upon their hire date. All collective bargaining employees 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. All collective bargaining employees in Boise, Idaho are eligible to participate in the Plan, but are not eligible for employer contributions.

The Ricon 401(k) Plan was merged into the Plan effective October 6, 2008. The total fair market value of the net assets transferred into the Plan as a result of this merger was \$3,355,219.

The Schaefer 401(k) Plan was merged into the Plan effective April 30, 2007. The total fair market value of the net assets transferred into the Plan as a result of this merger was \$543,228.

Contributions

Participants may contribute, through payroll deductions, employee elective contributions from 1% to 50% of their compensation, limited to \$15,500 in 2008 (\$15,500 2007). In addition, participants may contribute employee after-tax contributions from 1% to 50% of their compensation. Participants who were 50 years of age or older during the plan year are allowed to contribute catch up contributions, up to \$5,000 annually in 2008, in addition to the 50% 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 may not exceed 50% of their compensation in 2008 and 2007.

For those participants that are eligible, 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 will match 100% of the contribution up to a total of 3% of eligible earnings.

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.

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.

Edgar Filing: WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORP - Form 11-K

Loans - Participants may borrow from their fund accounts a maximum loan amount 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 4.25% 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. 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.

Table of Contents

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. Effective April 1, 2007, the Plan was amended to allow forfeitures to be used to pay Plan expenses. For the year ended December 31, 2008, the amount in the forfeited non-vested accounts totaled \$368,705 (\$134,993 in 2007).

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.

As described in Financial Accounting Standards Board Staff Position, FSP AAG INV-1 and 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), investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through a collective trust. As required by the FSP, the Statement of Net Assets Available for Benefits presents the fair value of the investment in the collective trust as well as the adjustment of the investment in the collective trust from fair value to contract value relating to the investment contracts. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis. Adoption of the FSP had no effect on the Statement of Changes in Net Assets Available for Benefits for any period presented.

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.

Investment Valuation and Income Recognition

The Plan's assets are invested in the common stock of Westinghouse Air Brake Technologies Corporation through a unitized stock fund, which includes an investment in a money market fund for liquidity purposes and several mutual funds through Fidelity Management Trust Company, the Plan custodian and trustee. Shares of registered investment companies are valued at the Net Asset Value (NAV) of shares, provided by Fidelity that was held by the Plan at year end. The Plan's interest in the collective trust is valued at fair value based on information reported by the investment advisor using the audited financial statements of the collective trust. Participant loans are valued at their outstanding balances, which approximates fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date.

Income Taxes

Edgar Filing: WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORP - Form 11-K

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 has since been amended, but 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. The Plan applied for a new determination letter in January 2008.

Table of Contents

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.

3. FAIR VALUE MEASUREMENT

On January 1, 2008, the Plan adopted FASB Statement on Financial Accounting Standards (SFAS) No. 157, Fair Value Measurements. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair value measurements. SFAS No. 157 applies to fair value measurements already required or permitted by existing standards. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 17, 2007 and interim periods within those fiscal years. The changes to generally accepted accounting principles in the United States of America from the application of this statement relate to the definition of fair value, the methods used to measure fair value, and the expanded disclosures about fair value measurements. As of December 31, 2008, the Plan's adoption of SFAS No. 157 did not have a material impact on the amounts reported in the financial statements; however, additional disclosures were required.

SFAS 157 establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based on the Company's assumptions used to measure assets and liabilities at fair value. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

Investments Measured at Fair Value on a Recurring Basis

Investments measured at fair value on a recurring basis consisted of the following types of instruments as of December 31, 2008 (Level 1, 2 and 3 inputs are defined above):

<i>Assets (in thousands)</i>	Total Fair Value at December 31, 2008	Fair Value Measurements at December 31, 2008 Using Quoted Prices in Active Markets for		
		Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Shares of registered investment companies	\$ 89,755,612	\$ 89,755,612	\$	\$
Employer securities	20,484,663	20,484,663		
Common collective trust	32,977,713		32,977,713	
Participants loans	4,320,251			4,320,251
Total	\$ 147,538,239	\$ 110,240,275	\$ 32,977,713	\$ 4,320,251

The table below sets forth a summary of changes in the fair value of the Plan's level 3 investment assets and liabilities for the year ended December 31, 2008:

<i>In thousands</i>	Level 3 Assets Participant Loans
Balance as of January 1, 2008	\$ 3,862,692
Issuances, repayments and settlements, net	457,559
Balance as of December 31, 2008	\$ 4,320,251

Table of Contents

4. 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 recordkeeping 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, 2008 and 2007 are as follows:

	December 31, 2008	December 31, 2007
Fidelity Managed Income Portfolio II Class I	\$ 32,977,713	\$ 31,424,260
Wabtec Stock Fund (unitized)	20,484,663	18,121,005
Spartan U.S. Equity Index Fund Investor Class	14,526,430	24,489,592
Fidelity Contrafund	10,621,147	16,063,044
Fidelity Growth Company Fund	10,400,823	17,628,650
Fidelity Equity-Income Fund	6,316,883*	10,185,594
Fidelity Overseas Fund	5,562,533*	10,915,457

* Presented for comparative purposes only

The Plan's investments (including gains and losses on investment bought and sold, as well as held during the year) depreciated in value by \$51,105,666 as of December 31, 2008 (the Plan's investments appreciated in value by \$8,121,780 in 2007) as follows:

	Year ended December 31, 2008	2007
Wabtec Stock Fund (unitized)	\$ 2,830,850	\$ 2,593,276
Shares of registered investment companies	(53,936,516)	5,528,504
Total (depreciation) appreciation	\$ (51,105,666)	\$ 8,121,780

5. 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 professional, legal, and accounting expenses amounted to \$40,425 for the year ended December 31, 2008 (\$26,076 in 2007). All remaining expenses paid by the Plan represent fees paid by the participants for the setup of loans and maintenance. The Plan also invests in the Wabtec Stock Fund. Wabtec is the plan sponsor, and therefore, transactions qualify as party-in-interest. Investment (loss) income from investments sponsored by Fidelity Management Trust Company and Wabtec amounted to \$(33,559,490) for the year ended December 31, 2008 (\$14,684,478 in 2007).

6. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

	Year ended December 31, 2008	2007
Net assets available for plan benefits per the financial statements	\$ 153,287,722	\$ 192,566,417
Adjustment from fair value to contract value for fully benefit responsive investment contract	(1,338,248)	(238,247)
Net assets available for plan benefits per the form 5500	\$ 151,949,474	\$ 192,328,170

Table of ContentsWABTEC SAVINGS PLANPLAN NUMBER 004EMPLOYER IDENTIFICATION NUMBER 25-1615902SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSESDECEMBER 31, 2008

Identity of Issuer	Description of Asset	Fair Value
Fidelity	Fidelity Managed Income Portfolio II Class I*	\$ 32,977,713
Wabtec	Wabtec Stock Fund (unitized)*	20,484,663
Geode Capital Management	Spartan U.S. Equity Index Fund Investor Class	14,526,430
Fidelity	Fidelity Contrafund*	10,621,147
Fidelity	Fidelity Growth Company Fund*	10,400,823
Fidelity	Fidelity Equity-Income Fund*	6,316,883
JP Morgan	JP Morgan Core Bond Select CL	5,981,439
Fidelity	Fidelity Overseas Fund*	5,562,533
Fidelity	Fidelity Blue Chip Growth Fund*	5,527,778
Fidelity	Fidelity Freedom 2020 Fund*	4,738,955
Fidelity	Fidelity Freedom 2010 Fund*	3,706,619
Fidelity	Fidelity Freedom 2040 Fund*	3,502,553
Fidelity	Fidelity Freedom 2015 Fund*	3,042,457
Fidelity	Fidelity Freedom 2030 Fund*	2,726,045
Capital Research and Management Company	American Funds EuroPacific Growth Fund Class R4	2,641,386
Fidelity	Fidelity Freedom 2025 Fund*	2,014,548
Fidelity	Fidelity Low-Priced Stock Fund*	1,560,505
Wells Fargo Funds Management	Wells Fargo Small Cap Value CL Z	1,386,437
Goldman Sachs Asset Management	Goldman Sachs Mid Cap Value CL A	1,224,819
Morgan Stanley Investment Management	MSIF Small Company Growth Portfolio Class P Shares	1,071,455
Fidelity	Fidelity Freedom 2035 Fund*	1,026,865
Fidelity	Fidelity Freedom 2000 Fund*	668,033
Fidelity	Fidelity Freedom 2005 Fund*	499,351
Fidelity	Fidelity Freedom Income Fund*	474,096
Fidelity	Fidelity Freedom 2050 Fund*	282,692
Fidelity	Fidelity Freedom 2045 Fund*	251,763
Wabtec Savings Plan	Participant Loan Fund* (Interest rates range from 4.25% to 10.5%)	4,320,251
		\$ 147,538,239

* 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.

Wabtec Savings Plan

By /s/ Scott E. Wahlstrom
Scott E. Wahlstrom
Vice President, Human Resources and Plan
Administrator of the Wabtec Savings Plan

June 24, 2009