

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORP
Form DEF 14A
March 31, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- | | | | |
|-------------------------------------|--|--------------------------|--|
| <input type="checkbox"/> | Preliminary Proxy Statement | <input type="checkbox"/> | Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
| <input checked="" type="checkbox"/> | Definitive Proxy Statement | | |
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WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION

(NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

(NAME OF PERSON(S) FILING PROXY STATEMENT, IF OTHER THAN THE REGISTRANT)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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Notice of Annual Meeting May 13, 2009

and Proxy Statement

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION

1001 Air Brake Avenue

Wilmerding, Pennsylvania 15148

Dear Stockholder:

We invite you to attend the annual meeting of stockholders of Westinghouse Air Brake Technologies Corporation, doing business as Wabtec Corporation, on May 13, 2009 at 11:00 a.m. in Pittsburgh, Pennsylvania.

This booklet includes the formal notice of the meeting and the proxy statement. Pursuant to the rules adopted by the Securities and Exchange Commission, we have elected to provide access to our proxy materials over the Internet. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials (the Notice) to our stockholders. All stockholders will have the ability to access the proxy materials on a website referenced in the Notice or request to receive a printed set of the proxy materials. Instructions regarding how to access the proxy materials over the Internet or to request a printed copy may be found on the Notice. In addition, stockholders may request to receive proxy materials in printed form by mail, telephone or electronically by email on an ongoing basis.

The Notice was mailed to stockholders, and the proxy materials were first given to stockholders via Internet access, on or about March 31, 2009. On or before the time that the Notice was sent to stockholders, all materials identified in the Notice were publicly accessible, free of charge, at the website address specified in the Notice. Such materials will remain available on that website for 12 months subsequent to the conclusion of the meeting.

The proxy statement tells you more about the items upon which we will vote at the meeting. It also explains how the voting process works and gives information about our director candidates.

Whether you plan to attend the annual meeting, please cast your vote by proxy over the Internet by following the instructions provided in the Notice, by telephone or by requesting a paper proxy card to sign, date and return by mail. Regardless of the method used, please vote your shares so that enough shares are represented to allow us to conduct the business of the annual meeting. Voting over the Internet, by telephone or by proxy card if you request one does not affect your right to vote in person if you attend the annual meeting.

Sincerely yours,

Albert J. Neupaver

President and

Chief Executive Officer

March 31, 2009

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WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION

1001 Air Brake Avenue

Wilmerding, Pennsylvania 15148

NOTICE OF 2009 ANNUAL MEETING

Date, Time and Place

May 13, 2009

11:00 a.m.

The Duquesne Club, 325 Sixth Avenue, Pittsburgh, Pennsylvania 15222

Purpose

Elect four directors for a term of three years

Conduct other business if properly raised

Procedures

If you own stock directly, please vote by proxy over the Internet, by telephone or by requesting a proxy card as requested by the Board.

Only stockholders of record on March 18, 2009 receive notice of and may vote at the meeting.

Your vote is important. Please vote over the Internet, by telephone or by requesting a proxy card.

Alvaro Garcia-Tunon

Senior Vice President,

Chief Financial Officer and

Secretary

March 31, 2009

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General

We have provided you this booklet and proxy materials on or about March 31, 2009 because the Board of Directors of Westinghouse Air Brake Technologies Corporation, doing business as Wabtec Corporation (Wabtec), is soliciting your proxy to vote at the company's 2009 annual meeting of stockholders.

Who May Vote

Stockholders of Wabtec as reflected in our stock records at the close of business on March 18, 2009 may vote. You have one vote for each share of Wabtec common stock you own.

How to Vote

You may vote in person at the meeting or by proxy. We recommend you vote by proxy even if you plan to attend the meeting. You can always change your vote at the meeting. Your vote is important. If you are a stockholder whose shares are registered in your name, you may vote your shares in person at the meeting or by one of the three following methods:

Vote by Internet, by going to the website address <http://bnymellon.mobular.net/bnymellon/wab> and following the instructions for Internet voting shown on the website.

Vote by Telephone, by dialing 1-866-540-5760 and following the instructions for telephone voting shown on the proxy card.

Vote by Proxy Card, by completing, signing, dating and mailing a proxy card in the envelope provided if you requested copies of these proxy materials.

If you vote by Internet or telephone, you do not need to request a proxy card.

Shares registered in your name are generally covered by one Notice. If you hold shares through someone else, such as a bank or stockbroker, you will get a Notice from them asking you to vote. Please follow the instructions on their Notice. Please vote for each Notice you receive.

How a Proxy Works

Giving us a proxy means you authorize us to vote your shares in accordance with your directions. If you do not make any selections, your shares will be voted in favor of our director candidates.

Changing Your Vote

You may revoke your proxy before it is voted by submitting a new proxy with a later date including a proxy given over the Internet or by telephone, by voting in person at the meeting or by notifying Wabtec's Secretary in writing.

Common Stock Outstanding

As of the close of business on March 18, 2009, approximately 47,977,191 shares of Wabtec common stock were issued and outstanding.

Quorum and Voting Information

To conduct the business of the meeting, we must have a quorum. This means at least a majority of the outstanding shares eligible to vote must be represented at the meeting, either in person or by proxy. You are considered a part of the quorum if you vote over the Internet, by telephone or by submitting a properly signed proxy card if you requested copies of the proxy materials.

If a quorum is present at the meeting, the four director candidates receiving the most votes will be elected to fill the four open seats on the Board of Directors. Abstentions and broker non-votes are not relevant to the election of directors.

Approval of any other matter that properly comes before the annual meeting requires the favorable vote of a majority of shares present in person or by proxy, unless the matter requires more than a majority vote under statute or our by-laws.

Because the total shares voted for, against, or abstain are considered shares present, they are counted to determine the minimum votes required for approval of other proposals. Therefore, if you abstain from voting, it has the same legal effect as a vote against any other proposal. Broker non-votes will not be counted as a vote or used to determine the favorable votes required to approve any other proposal.

A broker non-vote occurs when a broker limits the number of shares voted on a proposal on its proxy card or indicates the shares represented by the proxy card are not being voted on a proposal.

Table of Contents**Common Stock Ownership****Director and Executive Officer Stock Ownership**

Under the proxy rules of the Securities and Exchange Commission, a person beneficially owns Wabtec common stock if the person has the power to vote or dispose of the shares, or if such power may be acquired, by exercising options or otherwise, within 60 days. The table below shows how much Wabtec common stock is beneficially owned as of January 31, 2009 by our directors, nominees for director, Chief Executive Officer, Chief Financial Officer and the three other most highly paid executive officers at December 31, 2008, other than the Chief Executive Officer and Chief Financial Officer. Each person has sole voting power and sole dispositive power with respect to the shares listed unless indicated otherwise. No shares have been pledged as security by the named executive officers, directors, nominees for director or the directors and executive officers as a group.

Executive Officer	Shares Owned	Percent of Class
Albert J. Neupaver	248,000(1)(2)	*
Alvaro Garcia-Tunon	133,711(1)(2)	*
Charles F. Kovac	15,650(1)(2)	*
Anthony J. Carpani	31,495(1)(2)	*
Timothy J. Logan	87,883(1)(2)	*
Director/Nominee	Shares Owned	Percent of Class
Robert J. Brooks	389,649(2)(3)	*
Emilio A. Fernandez	667,541(2)(4)	1.39%
Lee B. Foster, II	51,405(2)(5)	*
Brian P. Hehir	7,499(2)	*
Michael W.D. Howell	17,696(2)(6)	*
William E. Kassling	1,251,055(2)(7)	2.60%
James V. Napier	50,499(2)(8)	*
Gary C. Valade	23,999(2)	*
Nickolas Vande Steeg	7,666(2)	*
Directors and Executive Officers as a Group (22 persons)	3,199,253(1)(2)	6.67%
* Less than 1%		

- (1) Includes restricted shares as follows: Mr. Neupaver 104,667; Mr. Garcia-Tunon 17,750; Mr. Kovac 6,750; Mr. Carpani 13,500; Mr. Logan 12,500; and all directors and executive officers as a group 201,167. The restricted stockholders have sole voting power with respect to the restricted shares but do not have sole or shared dispositive power until the restricted shares vest.
- (2) Includes options that are exercisable on or within 60 days of January 31, 2009 as follows: Mr. Neupaver 12,500; Mr. Garcia-Tunon 67,084; Mr. Kovac 2,250; Mr. Carpani 2,250; Mr. Logan 41,500; Mr. Brooks 81,999; Mr. Fernandez 11,333; Mr. Foster 13,999; Mr. Hehir 2,999; Mr. Howell 4,000; Mr. Kassling 256,333; Mr. Napier 32,999; Mr. Valade 12,999; Mr. Vande Steeg 4,666; and all directors and executive officers as a group 619,805.
- (3) Includes 41,949 shares owned by Mr. Brooks. Also includes 265,701 shares owned by Suebro, Inc., a Delaware holding company.
- (4) Includes 399,033 shares owned by Mr. Fernandez. Also includes 257,175 shares owned by Mr. Fernandez's wife. Mr. Fernandez disclaims beneficial ownership of the shares held by his wife.

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- (5) Includes 30,806 shares owned by Mr. Foster and 6,600 shares held by Foster Holdings, Inc.
- (6) Includes 11,196 shares owned by Mr. Howell and 2,500 shares held by Hilliard Lyons, Inc. as custodian for Mr. Howell's retirement account.
- (7) Includes 4,590 shares owned by Mr. Kassling. Also includes 988,492 shares owned by Davideco, a Delaware corporation, and 1,640 shares owned by Mr. Kassling's wife. Mr. Kassling disclaims beneficial ownership of the shares held by his wife.
- (8) Includes 17,500 shares owned by Mr. Napier and 500 shares held in Mr. Napier's Keogh account.

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The following table shows shareholders who are known to Wabtec to be a beneficial owner of more than 5% of Wabtec's common stock as of December 31, 2008.

Name and Address of Beneficial Owner	Beneficial Ownership (1)	Percentage of Class
Neuberger Berman, Inc. 605 Third Avenue New York, NY 10158	3,353,465(2)	6.916%
Barclays Global Investors, NA 400 Howard Street San Francisco, CA 94105	2,983,980(3)	6.15%
Keeley Asset Management Corp 401 South LaSalle Street Chicago, Illinois 60605	2,465,657	5.1%(4)

(1) Under Securities and Exchange Commission (SEC) regulations, a person who has or shares voting or investment power with respect to a security is considered a beneficial owner of the security. Voting power is the power to vote or direct the voting of shares, and investment power is the power to dispose of or direct the disposition of shares. Unless otherwise indicated in the other footnotes below, each person has sole voting power and sole investment power as to all shares listed opposite such person's name.

(2) According to the Schedule 13G filed February 13, 2009, Neuberger Berman, Inc. owns 100% of both Neuberger Berman, LLC and Neuberger Berman Management LLC, the sub-adviser and investment manager, respectively, of Neuberger Berman's various funds. Accordingly Neuberger Berman, Inc. shares dispositive power with respect to the 3,353,465 shares and shares voting power with respect to 2,825,500 shares. Neuberger Bergman Equity Funds also shares dispositive and voting power with respect to 2,813,300 shares.

(3) According to the Schedule 13G filed February 5, 2009 by Barclay Global Investors, NA, it and certain of its affiliates, were the beneficial owners of 2,983,980 shares (sole power to vote 2,525,126 and sole power to dispose 2,983,980). The following affiliates also were attributed beneficial ownership of some shares under SEC rules:

Barclays Global Investors (Deutschland) AG.
Barclays Global Fund Advisors
Barclays Global Investors, Ltd.
Barclays Global Investors Japan Limited
Barclays Global Investors Australia Limited.

(4) According to the Schedule G filed February 13, 2009, Keely Asset Management Corp is an investment advisor with sole power to dispose of 2,465,657 shares and sole power to vote 2,410,757 shares. The percentage ownership is based on an aggregate of 48,485,991 shares of Wabtec stock outstanding as of November 3, 2008.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers to file reports of beneficial ownership and changes in beneficial ownership of Wabtec stock. Directors and officers must furnish us

with copies of these reports. Based on these copies and directors and executive officers' representations we believe all directors and executive officers complied with the requirements of Section 16(a) in 2008, except with respect to a grant of 1,500 shares of Wabtec stock received by the directors for attendance at the 2008 annual meeting. The Form 4 for each of the directors was filed on July 8, 2008.

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Proposal 1 Election of Directors

Wabtec's Board of Directors currently has 10 members and two vacant seats. The Board is divided into three classes whose terms of office end in successive years. Brian P. Hehir, Michael W.D. Howell, Gary C. Valade and Nickolas W. Vande Steeg, whose terms of office are expiring, have been nominated to serve for new terms ending in 2012. The Board may act at a future date to fill the two remaining vacancies or reduce the size of the Board. All nominations were made by the Nominating and Corporate Governance Committee, as further described under "Nominating and Corporate Governance Committee" on page 7, and approved by the entire Board of Directors.

Vote Required

Your proxy will be voted for the election of these nominees unless you withhold authority to vote for any one or more of them. If any nominee is unable or unwilling to stand for election, your proxy authorizes us to vote for a replacement nominee if the Board names one.

Only votes for a candidate are counted in the election of directors. The four nominees who receive the most votes will be elected as directors.

The Board recommends you vote FOR each of the following candidates.

Director Nominees to Serve for a Three-Year Term Expiring in 2012

Brian P. Hehir

Retired in June 2008 from Merrill Lynch as Vice Chairman of Investment Banking after almost nine years with the company.

Age 55

Director since 2007

Member of Georgetown University School of Nursing and Health Studies Board of Visitors since October 2003; Member of University of Connecticut Health Center Board of Directors since November 2005; Member since 2004 and Treasurer during 2008 of U.S. Lacrosse Foundation Board of Directors.

Michael W. D. Howell

Chief Executive Officer of Transport Initiatives Edinburgh Limited from May 2002 to July 2006; Chairman of FPT Group Limited from April 1998 to March 2002.

Age 61

Director since 2003

Chairman of Trustees of City & Guilds of London Institute since September 2006; Chairman of EVO Electric Limited, London, since September, 2007; Member of Court of Clothworkers' Company; Governor of Clothworkers Foundation, London; Director of Arlington Capital Partners Limited, Guernsey; Director of Hutchison China Meditech Limited, Hong Kong.

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Gary C. Valade

Age 65

Director since 2005

Nickolas W. Vande Steeg

Age 66

Director since 2007

Member of the Board of Management and Executive Vice President of Global Procurement and Supply for DaimlerChrysler from 1998 until his retirement in 2003; Executive Vice President and Chief Financial Officer and member of the Office of the Chairman of Chrysler Corporation from 1993 to 1998.

Member of the Board of Directors of Trimble Navigation Limited since 2003; retired in March 2007 from Parker-Hannifin Corporation as President, Chief Operating Officer and Director after 35 years with the company.

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Continuing Directors with a Three-Year Term Expiring in 2011

Emilio A. Fernandez

Vice Chairman of Wabtec since March 1998; Executive Vice President of Wabtec from prior to 1997 to February 1998.

Age 64

Director since 1995

Lee B. Foster, II

Chairman of L.B. Foster Company since 1998; Chief Executive Officer of L.B. Foster Company from prior to 1997 to 2002; President of L.B. Foster Company from prior to 1997 to 2000.

Age 62

Director since 1999

Director of L.B. Foster Company, Capital Guidance Ltd., Director of Dakota, Minnesota & Eastern Railroad from 2001 to October 2007 and Wabtec Foundation.

James V. Napier

Chairman of Scientific Atlanta, Inc. from prior to 1997 to November 2000.

Age 72

Director since 1995

Director of Vulcan Materials Company, McKesson Corporation and Intelligent Systems, Inc.

Continuing Directors with a Three-Year Term Expiring in 2010

Robert J. Brooks

Executive Vice President of Wabtec from November 1999 to March 2004; Chief Financial Officer and Secretary of Wabtec since prior to 1997 to March 2003.

Age 65

Director since 1990

Director of Crucible Materials Corporation; Executive Committee, Board of Trustees, Franklin & Marshall College

William E. Kassling

Chairman of Wabtec since prior to 1997; Chief Executive Officer of Wabtec from May 2004 to January 2006 and from prior to 1997 to February 2001; President of Wabtec from May 2004 to January 2006 and from prior to 1997 to February 1998.

Age 65

Director since 1990

Director of SmartOps, Inc., Pittsburgh Penguins Inc., Parker-Hannifin Corporation and Wabtec Foundation.

Albert J. Neupaver

President and Chief Executive Officer of Wabtec since February 2006. President of the Electromechanical Group of AMETEK, Inc. from 1998 to February 2006.

Age 58

Director since 2006

Director of Robbins & Myers, Inc., Wabtec Foundation and
Carnegie Science Center.

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The Board and Committees

The Board met 10 times during 2008. All directors attended all meetings of the Board and the committees on which they served in 2008. The standing Board committees that help the Board fulfill its duties include the Nominating and Corporate Governance Committee, the Audit Committee and the Compensation Committee. The Board also holds regularly scheduled meetings of non-employee directors. Mr. Fernandez presides at these meetings.

In addition to the independence requirements set forth in the listing standards of the New York Stock Exchange (the NYSE), the Board has adopted categorical standards to assist it in determining whether its members meet the independence requirements of the NYSE. These standards provide that the following relationships are deemed to be immaterial and would not in and of themselves impair a director's independence:

a director or an immediate family member is an executive officer or employee of a company that makes payments to, or receives payments from, Wabtec or any of its subsidiaries for property or services in an amount which, in any single fiscal year, does not exceed the greater of \$1 million or 2% of such other company's consolidated gross revenue;

a director serves as an executive officer of a charitable organization and Wabtec's charitable contributions to such charitable organization in any fiscal year do not exceed the greater of \$1 million or 2% of the charitable organization's consolidated gross revenues; and

a director beneficially owns less than 10% of Wabtec's issued and outstanding common stock.

The Board has reviewed the independence of its members considering these standards and any other commercial, legal, accounting and familial relationships between the directors and Wabtec and has determined that a majority of its members are independent. Specifically, none of the following directors, Mr. Brooks, Mr. Fernandez, Mr. Foster, Mr. Hehir, Mr. Howell, Mr. Napier, Mr. Valade and Mr. Vande Steeg, has a material relationship with Wabtec, and each such director meets the Board's categorical independence standards and the independence requirements of the NYSE listing standards.

It is the company's policy that all directors attend the annual meeting of stockholders if reasonably possible. All directors then serving attended the 2008 annual meeting of stockholders with the exception of Mr. Howell.

The Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee approved continued use of its written charter at its February 17, 2009 meeting. A current copy of the charter is available on Wabtec's website at <http://www.wabtec.com> and is available in print to any stockholder who requests it. The principal functions of the Nominating and Corporate Governance Committee are to:

identify the skills and characteristics to be found in candidates to be considered to serve on Wabtec's Board of Directors and to use such to select nominees;

recommend nominees for each Board committee;

oversee the corporate governance of Wabtec; and

to recommend changes to Wabtec's corporate governance guidelines.

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The Committee met two times during 2008. The members of the Nominating and Corporate Governance Committee in 2008 were Mr. Brooks, Mr. Fernandez, Mr. Howell and Mr. Vande Steeg, who were each independent, as independence for such members is defined in the listing standards of the NYSE. Mr. Fernandez is the Chairman of the Nominating and Corporate Governance Committee. Current members of the Nominating and Corporate Governance Committee are Mr. Brooks, Mr. Fernandez, Mr. Howell and Mr. Vande Steeg.

The Committee will consider director nominees recommended by stockholders. Stockholders wishing to recommend a director candidate for consideration by the Committee can do so by writing the Secretary of Wabtec at 1001 Air Brake Avenue, Wilmerding, PA 15148; giving the candidate's name, biographical data and qualifications. Any such recommendation should be accompanied by a written statement from the individual of his or her consent to be named as a candidate and, if nominated and elected, to serve as a director. No candidates for Board membership have been put forward by stockholders for election at the 2009 annual meeting of stockholders.

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In evaluating candidates for the Board, the Nominating and Corporate Governance Committee considers the entirety of each candidate's credentials. The Committee is guided by the objective set forth in its charter of ensuring that the Board consists of individuals from diverse educational and professional experiences and backgrounds who collectively provide meaningful counsel to management. The Committee considers the candidate's character, integrity, experience, understanding of strategy and policy-setting and reputation for working well with others. In connection with this evaluation, the Nominating and Corporate Governance Committee determines whether to interview the prospective nominee and, if warranted, one or more members of the committee, and others as appropriate, interview prospective nominees. After completing this evaluation and interview, the Nominating and Corporate Governance Committee makes a recommendation to the full Board as to the persons who should be nominated by the Board, and the Board determines the nominees after considering the recommendation and report of the Nominating and Corporate Governance Committee. If candidates are recommended by the company's stockholders, such candidates will be evaluated using the same criteria. With respect to nomination of continuing directors for re-election, the individual's contributions to the Board are also considered.

The Audit Committee

The Audit Committee acts under a written charter. The Audit Committee reviewed and approved the continued use of its written charter at its February 17, 2009 meeting. A current copy of the charter is available on Wabtec's website at <http://www.wabtec.com> and is available in print to any stockholder who requests it.

The Audit Committee provides assistance to the Board in fulfilling its oversight responsibility to stockholders, the investment community and others relating to the integrity of Wabtec's financial statements, its financial reporting process, its systems of internal accounting and financial controls, the performance of Wabtec's internal audit function and independent registered public accountants, the independent registered public accountant's qualifications and independence, and Wabtec's compliance with ethics policies and legal and regulatory requirements. The Committee is directly

responsible for appointing, compensating, retaining and overseeing the work of the independent registered public accounting firm engaged by Wabtec. The Audit Committee has established procedures for the receipt, retention and treatment of complaints received by Wabtec regarding accounting, internal controls or auditing matters and the confidential anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

The Audit Committee met nine times in 2008. The members of the Audit Committee in 2008 were Mr. Brooks, Mr. Foster, Mr. Hehir, Mr. Howell and Mr. Valade, who are each independent, as independence is defined in the rules of the Securities and Exchange Commission and in the listing standards of the NYSE. The Board has determined that Mr. Valade, the Audit Committee's Chairman, qualifies as an audit committee financial expert as defined in the regulations of the Securities and Exchange Commission. In addition to Mr. Valade as the Chairman, the members of the 2009 Audit Committee are Mr. Brooks, Mr. Foster, Mr. Hehir and Mr. Howell.

Audit Committee Report

The Audit Committee is responsible for reviewing Wabtec's financial reporting process on behalf of the Board of Directors. Management of the company has the primary responsibility for the financial statements and the reporting process, including the system of internal controls. In the performance of our oversight function, we meet with management periodically to consider the adequacy of the company's internal controls and the objectivity of its financial reporting. We meet privately with the independent registered public accountants, who have unrestricted access to the audit committee. Specifically, we have reviewed and discussed with management and the independent registered public accountants the company's consolidated financial statements as of and for the fiscal year ended December 31, 2008.

We have also discussed with the independent registered public accountants the matters required to be discussed by Statement on Auditing Standards No. 61, *Communication with Audit Committees*, as currently in effect, as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

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Furthermore, we have received and reviewed the written disclosures and the letter from the independent registered public accountants required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and have discussed with the independent registered public accountants their independence.

Based on the review and discussions referred to above, we recommended to the Board of Directors that Wabtec's audited financial statements, as of and for the fiscal year ended December 31, 2008, be included in the company's Annual Report on Form 10-K, for the year ended December 31, 2008, to be filed with the Securities and Exchange Commission.

Respectfully submitted,

Gary C. Valade, Chairman

Robert J. Brooks

Lee B. Foster, II

Brian P. Hehir

Michael W. D. Howell

The Compensation Committee

The Compensation Committee provides assistance to the Board relating to the compensation of Wabtec's officers and directors. The Compensation Committee has authority, pursuant to its charter, to make recommendations to the Board, which then establishes compensation. The Compensation Committee's principal responsibilities include:

reviewing and approving goals and objectives for the Chief Executive Officer and determining the Chief Executive Officer's compensation;

reviewing and recommending compensation of all directors and officers; and

recommending incentive compensation plans and equity-based plans.

The Compensation Committee members in 2008 were Mr. Foster, Mr. Hehir, Mr. Napier and Mr. Vande Steeg, who were each independent, as independence for such members is defined in the listing standards of the NYSE. Mr. Foster served as the Compensation Committee's Chairman. In addition to Mr. Foster who continues to serve as Chairman, the members of the 2009 Compensation

Committee are Mr. Hehir, Mr. Napier, and Mr. Vande Steeg. The Nominating and Governance Committee recommends the Compensation Committee members who are approved by the full Board of Directors. The Compensation Committee met four times in 2008. The Compensation Committee approved continued use of its written charter at its February 17, 2009 meeting. A copy of the written charter is available on Wabtec's website at <http://www.wabtec.com> and is available in print to any stockholder who requests it.

The Compensation Committee recommends executive compensation to the Board, which then establishes these items. Base salaries are established at the beginning of the fiscal year and bonuses are awarded after fiscal year results are available. Base salaries depend mainly on the executive officer's office and responsibility, while bonuses are based on pre-established performance factors. These factors are established at the beginning of the year and include (i) a financial performance factor measuring earnings before interest and taxes and working capital management and (ii) a personal performance factor which measures whether the individual executive attained certain quantitative and measureable goals established for that executive.

Executive officers also receive long-term incentive compensation. With respect to the long-term incentive portion of executive compensation, the Compensation Committee has discretion to grant long-term incentive awards under the 2000 Stock Incentive Plan. Such awards take the form of stock options, performance units and restricted share awards. The Compensation Committee bases the amount of the award upon the

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executive's job level, as well as other factors. These factors include benchmarking the total compensation an executive may earn to ensure it is competitive, compensating executives in a pay for performance manner and aligning the interests of the executives with the interests of the shareholders. The Committee also reviews the ratio of total compensation to total target cash compensation to ensure that the mix of long term compensation is appropriate for each executive.

The Chief Executive Officer and the Vice President of Human Resources suggest guidelines in discussions with the Compensation Committee regarding executive compensation. They provide recommendations and information regarding the

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competitiveness of the industry, key employees, performance of individuals, succession planning and other relevant data to the committee. The Chief Executive Officer is not present during any discussions concerning his compensation. The Compensation Committee also has the authority to retain compensation consultants as it deems necessary and has the sole authority to approve such consultants' fees.

During 2006, the Compensation Committee agreed to a management recommendation to change the compensation pay structure for the non-employee directors effective May 2006. Wabtec monitored and benchmarked the directors' pay to ensure that Wabtec was competitive. The company used surveys by the National Association of Corporate Directors (NACD) and surveys from the Conference Board to ensure competitiveness. In addition, the company created an independent index of similar sized publicly held manufacturing companies. These companies include: Tecumseh Products, Briggs and Stratton, Thomas and Betts, Regal Beloit, Woodward Governor, IDEX Corp., Sauer-Danfoss, Milacron, Kennametal, Trinity Industries, Flowserve and Greenbrier Companies. As a result, the Compensation Committee agreed with management recommendations to increase the cash retainer for non-employee directors from \$25,000 to \$35,000 to ensure that Wabtec can continue to attract new, and retain existing, non-employee directors. This increase placed Wabtec near the third Quartile in cash compensation for similar sized publicly held manufacturing companies with Wabtec's total compensation paid to directors above the index average. The benchmarking study also noted that the trend in director compensation reflected significant increases in compensation over the past few years, and Wabtec's practice of paying both a cash and a stock retainer is considered a best practice by the NACD. This compensation structure for non-employee directors has remained in place through 2008.

Compensation Committee Interlocks and Insider Participation

During 2008, Wabtec had no interlocking relationships in which (i) an executive officer of Wabtec served as a member of the compensation committee of another entity, one of whose executive officers served on the Compensation Committee of

Wabtec; (ii) an executive officer of Wabtec served as a director of another entity, one of whose executive officers served on the Compensation Committee of Wabtec; or (iii) an executive officer of Wabtec served as a member of the compensation committee of another entity, one of whose executive officers served as a director of Wabtec. No member of the Compensation Committee was at any time during the 2008 fiscal year or at any other time an officer or employee of the company, and no member had any relationship with us requiring disclosure under Item 404 of Securities and Exchange Commission Regulation S-K.

Compensation Committee Report

The Compensation Committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis included on pages 10 through 14 of this proxy statement with management.

Based on this review and discussion, the Compensation Committee recommends to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Respectfully submitted,

Lee B. Foster, II, Chairman

Brian P. Hehir

James V. Napier

Nickolas W. Vande Steeg

Compensation Discussion and Analysis

Overview. This compensation discussion describes the material elements of compensation awarded to, earned by, or paid to each of our executive officers who served as named executive officers during 2008. This discussion focuses primarily on the fiscal year 2008 information contained in the following tables and related footnotes and narrative. We discuss compensation actions taken prior to 2008 or in 2009 if we believe it provides relevant information or where required.

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The principal elements of our executive compensation program are base salary, annual cash incentives, and long-term equity incentives in the form of restricted stock, stock options and performance units. Our other benefits and perquisites consist of life and health

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insurance benefits, social and health club dues, automobile allowances for certain executive officers, tax gross-up payments and a qualified 401(k) savings or comparable foreign plan (including company matching contributions). Our philosophy is to position the aggregate of these elements at the average of that paid to executives with similar responsibilities. To ensure that the company is able to attract and retain high potential executives, the company benchmarks executive compensation using compensation surveys of similar sized companies and also uses an index average of similar sized manufacturing companies. This index includes: Tecumseh Products, Briggs and Stratton, Thomas and Betts, Regal Beloit, Woodward Governor, IDEX Corp., Sauer-Danfloss, Milacron, Kennametal, Trinity Industries, Flowserve and Greenbrier Companies.

Objectives and Philosophy. The overall objectives of our executive compensation program are to (i) enable us to attract, motivate and retain key executive talent essential to the achievement of our short-term and long-term business objectives; (ii) provide compensation competitive with others in our industry; (iii) reward senior executive officers in a pay for performance manner for accomplishment of pre-defined business goals and objectives; and (iv) align the interests of our executives with our stockholders. A significant portion of total executive compensation is variable compensation linked to corporate, business unit and individual performance. Our objective is to provide approximately 25% of an executive's total compensation as salary with the remainder contingent upon achieving established performance goals. In regard to compensation based on performance, our objective is to provide approximately 60% in the form of equity awards.

In 2008, our named executive officers compensation broke down as follows:

Name	Salary	Annual Incentive Award	Long-Term Incentive Award
Albert J. Neupaver	19.45%	16.55%	64.00%
Alvaro Garcia-Tunon	30.62%	21.31%	48.07%
Charles F. Kovac	49.27%	26.47%	24.26%