WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORP
Form S-4
November 19, 2003

As filed with the Securities and Exchange Commission on November 19, 2003

Registration No.

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM S-4

REGISTRATION STATEMENT

Under THE SECURITIES ACT OF 1933

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**3743**	**25-1615902**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

1001 Air Brake Avenue

Wilmerding, Pennsylvania 15148

412-825-1000

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Alvaro Garcia-Tunon

Senior Vice President, Chief Financial Officer and Secretary

Westinghouse Air Brake Technologies Corporation

1001 Air Brake Avenue

Wilmerding, Pennsylvania 15148

412-825-1000

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

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435 Sixth Avenue

Pittsburgh, PA 15219

412-288-3131

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration number for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration number of the earlier, effective statement for the same offering. ¨

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Note(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
6.875% Senior Notes due 2013	$150,000,000	100%	$150,000,000	$12,135

(1) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(f).

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion, dated November 19, 2003

PROSPECTUS

Offer to Exchange

6.875% Senior Notes due 2013

which have been registered under the Securities Act of 1933

for all outstanding 6.875% Senior Notes due 2013

($150,000,000 aggregate principal amount outstanding)

of

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION

We are offering to exchange up to $150,000,000 aggregate principal amount of 6.875% Senior Notes due 2013 (which we refer to as the exchange notes) which will be registered under the Securities Act of 1933, as amended, for up to $150,000,000 aggregate principal amount of our issued and outstanding 6.875% Senior Notes due 2013 (which we refer to as the original notes).

The terms of the exchange offer are summarized below and more fully described in this prospectus.

The exchange offer will expire at 5:00 p.m., New York City time, on , 2003, unless extended.

We will exchange all original notes that are validly tendered and not withdrawn before the exchange offer expires for an equal principal amount of exchange notes which are registered under the Securities Act.

You may withdraw tenders of original notes at any time before the exchange offer expires.

The exchange of original notes for exchange notes will generally not be a taxable event for U.S. federal income tax purposes.

We can amend or terminate the exchange offer.

The terms of the exchange notes will be substantially identical to the original notes, except that the transfer restrictions and registration rights relating to the original notes will not apply to the exchange notes.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for original notes where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the expiration date (as defined herein), we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of distribution.

Please refer to Risk factors beginning on page 11 of this prospectus for a discussion of risks you should consider in connection with the exchange offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the exchange notes or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus is November , 2003.

In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus. This prospectus is part of a registration statement we filed with the Securities and Exchange Commission. This prospectus incorporates important business and financial information about us that is not included in this prospectus. You may obtain a copy of this information, without charge, as described in the Where you can find more information section. In order to obtain timely delivery, please provide us with at least five business days notice. ***To ensure the timely delivery of any requested information with regard to this exchange offer, we must receive your request for information no later than , 2003*****. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this prospectus is accurate as of the date on the front cover of this prospectus only. Our business, financial condition, results of operations, and prospects may have changed since that date. Neither the delivery of this prospectus nor any sale made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date on the cover of this prospectus.**

In this prospectus, we, us, our, Wabtec, and the Company refer to Westinghouse Air Brake Technologies Corporation and its consolidated subsidiaries unless otherwise specified.

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FORWARD-LOOKING STATEMENTS

We believe that all statements other than statements of historical facts included in this prospectus, including certain statements under Business and Management s discussion and analysis of financial condition and results of operations, may constitute forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Words such as may, will, should, could, would, predic potential, continue, expects, anticipates, future, intends, plans, believes, estimates and similar expressions, identify forward-look We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that our assumptions made in connection with the forward-looking statements are reasonable, we cannot assure you that our assumptions and expectations are correct.

These forward-looking statements are subject to various risks, uncertainties and assumptions about us, including, among other things:

Economic and industry conditions

materially adverse changes in economic or industry conditions generally or in the markets served by us, including North America, South America, Europe, Australia and Asia;

demand for freight cars, locomotives, passenger transit cars, buses and related products and services;

reliance on major original equipment manufacturer customers;

original equipment manufacturers program delays;

demand for services in the freight and passenger rail industry;

demand for our products and services;

recovery in our industry, and in particular, orders either being delayed, cancelled, not returning to historical levels, or reduced or any combination of the foregoing;

consolidations in the rail industry;

continued outsourcing by our customers;

industry demand for faster and more efficient braking equipment; or

fluctuations in interest rates;

Operating factors

supply disruptions;

technical difficulties;

changes in operating conditions and costs;

successful introduction of new products;
labor relations;

completion and integration of acquisitions; or

the development and use of new technology;

Competitive factors

the actions of competitors;

Political/governmental factors

political stability in relevant areas of the world;

future regulation/deregulation of our customers and/or the rail industry;

levels of governmental funding on transit projects, including for some of our customers;

political developments and laws and regulations; or

the outcome of our existing or any future legal proceedings, including litigation involving our principal customers and any litigation with respect to environmental, asbestos-related matters and pension liabilities; and

Transaction or commercial factors

the outcome of negotiations with partners, governments, suppliers, customers or others.

The factors discussed under the heading Risk factors and elsewhere in this prospectus are not necessarily all of the important factors that could cause our results to differ materially from expected results. Other factors could cause actual results to vary materially from expected results. Forward-looking statements speak only as of the dates they were made and we undertake no obligation to update them, whether as a result of new information, future events or otherwise. You are advised to consult any additional disclosures we may make in our reports filed with the Securities and Exchange Commission (SEC).

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

We are incorporating by reference in this prospectus the documents we file with the SEC. This means that we are disclosing important information to you by referring to those documents. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede the information contained in this prospectus. We incorporate by reference the following documents:

Our Annual Report on Form 10-K for the year ended December 31, 2002, as amended by our Current Report on Form 8-K filed on October 22, 2003;

Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2003, June 30, 2003 and September 30, 2003;

Current Reports on Form 8-K dated July 11, 2003, July 25, 2003 and October 22, 2003.

Any statement contained in a document incorporated by reference, or deemed to be incorporated by reference, in this prospectus shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document which also is incorporated by reference in this prospectus modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

As used in this prospectus, the term prospectus means this prospectus, including the documents incorporated by reference, as the same may be amended, supplemented or otherwise modified from time to time. Statements contained in this prospectus as to the contents of any contract or other document referred to in this prospectus do not purport to be complete, and where reference is made to the particular provisions of such contract or other document, such provisions are qualified in all respects by reference to all of the provisions of such contract or other document. We will provide without charge to each person to whom a copy of this prospectus has been delivered, on the written or oral request of such person, a copy of any or all of the documents which have been or may be incorporated in this prospectus by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference in any such documents) and a copy of any or all other contracts or documents which are referred to in this prospectus. You may request a copy of these filings at the address and telephone number set forth above.

PROSPECTUS SUMMARY

This summary highlights the information contained elsewhere in this prospectus. Because this is only a summary, it does not contain all of the information that may be important to you. We encourage you to read this entire prospectus and the documents to which this prospectus refers or are incorporated by reference herein. You should read the following summary together with the Risk factors included elsewhere in this prospectus and consolidated financial statements and the notes to those statements incorporated by reference in this prospectus before making an investment decision.

Our Company

We are one of the largest providers in North America of value-added, technology-based equipment and services for the global rail industry. We believe we hold a greater than 50% market share in North America for our primary braking-related equipment and a number 1 or number 2 position in North America for most of our other product lines. Our highly engineered products, which are intended to enhance safety, improve productivity and reduce maintenance costs for customers, can be found on virtually all U.S. locomotives, freight cars and passenger transit vehicles. Our primary products and services are essential in the safe and efficient operation of freight rail and passenger transit vehicles. We are a Tier-1 supplier, with approximately 46% of our net sales in 2002 made directly to Original Equipment Manufacturers (OEMs), such as GE Transportation Systems (GETS), the Electro-Motive Division of General Motors Corporation (EMD), Bombardier Transportation, DaimlerChrysler Corporation and Trinity Transportation, Inc. In 2002, approximately 84% of our net sales were to customers in North America. For the twelve months ended September 30, 2003, our net sales and EBITDA, as defined herein, were $689.2 million and $67.0 million, respectively.

We provide our products and services through two principal business segments, the Freight Group and the Transit Group. The Freight Group manufactures and services components for new and existing freight cars and locomotives, while the Transit Group does the same for passenger transit vehicles, typically subways and buses. Both business segments serve OEMs and provide aftermarket services. In 2002, the Freight Group accounted for 64% of our total net sales, and the Transit Group accounted for the remaining 36%. In 2002, the Freight Group generated 34% of its net sales from OEMs and Class I railroads and 66% of its net sales from the aftermarket, while the Transit Group generated 69% of its net sales from OEMs and 31% of its net sales from the aftermarket. A summary of our leading product lines across both of our business segments is outlined below.

- Brakes and related components
- Brake assemblies
- Draft gears, couplers and slack adjusters
- Air compressors and dryers
- Railway electronics, including event recorders, control and monitoring equipment, and end of train devices
- Friction products
- Rail and bus door assemblies
- Heat exchangers and cooling systems
- Sanitation systems and locomotive refrigerators
- Switcher and commuter locomotives
- Heating, ventilation and air conditioning systems

We manufacture, sell and service high-quality electronics for railroads in the form of on-board systems and braking for locomotives and freight cars. We design our products to protect them from severe conditions, including extreme temperatures and high-vibration environments.

Recently, we have concentrated our new product development on extending electronic technology to braking and control systems.

We have become a leader in the rail industry by capitalizing on the strength of our existing products, technological capabilities and new product innovation. Our new product development effort has focused on electronic technology for brakes and controls. Over the past several years, we introduced a number of significant new products including electronic brakes and Positive Train Control equipment that encompasses onboard digital data and global positioning communication protocols. The Transit Group also focuses on new product development and has introduced a number of new products during the past several years. Supported by our technical staff of over 500 engineers, we have extensive experience in a broad range of product lines, which enables us to provide comprehensive, systems-based solutions for our customers. We currently own over 2,000 patents worldwide, 500 domestic patents, and over the last three years, we have filed for more than 150 U.S. patents in support of our evolving product lines.

Industry environment

We expect increased demand for our products as the U.S. economy recovers, government transit spending increases and Class I railroads, utilities and leasing companies begin to reinvest in their fleets after deferring capital spending during the difficult U.S. economic environment since 2001. We anticipate that this increased capital spending will positively impact rail industry fundamentals, which have shown gradual improvement over the past few quarters, as evidenced by better-than-expected freight car orders and backlog. For example, freight car deliveries increased to 8,251 in the third quarter of 2003, an increase of 12% over the prior quarter and up 68% over the prior year. The table below demonstrates the improving trends in the freight car segment of the rail industry:

	Orders	Deliveries	Backlog
First quarter 2002	2,637	3,855	24,055
Second quarter 2002	6,973	4,155	9,281
Third quarter 2002	10,135	4,925	14,491
Fourth quarter 2002	8,712	4,801	18,402
First quarter 2003	11,767	6,614	24,055
Second quarter 2003	16,693	7,365	33,383
Third quarter 2003	6,726	8,251	31,858

Source: Railway Supply Institute

In mid-2002, Metropolitan Transit Authority of New York awarded a $1.0 billion contract to ALSTOM Transportation Inc., in partnership with Kawasaki Rail Car, Inc., for the production of 660 transit cars with the option for an additional 1,040 cars priced at $1.4 billion, making it the largest such contract in New York City history. The cars are expected to be delivered beginning in 2006. WABCO Transit, a Wabtec division, has recently been awarded the contract, valued at $60 million, to be the exclusive supplier of brakes, couplers and current collectors for the base order of 660 cars. If New York City exercises the option for the additional 1,040 cars, the total value of this order could be $150 million. Design work on the contract has already started, with prototypes to be delivered in 2004. In addition, we continue to negotiate to supply door assemblies for the cars. Under our previous contracts with Kawasaki Rail Car, Inc. and Bombardier Transportation, which were completed in 2002, we were the exclusive provider of brakes, doors, current collectors and couplers to 1,630 transit cars for the Metropolitan Transit Authority of New York.

Separately, the U.S. Federal Government is considering a new proposal that would provide transportation funding of $7.2 billion in fiscal 2004, with 2% annual increases through 2009.

See Risk factors Recent announcements made by ALSTOM SA, the parent of ALSTOM Transportation Inc. which is a substantial customer of ours, could affect our future business results.

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Competitive strengths

Our key strengths include:

Leading market positions in core products. Dating back to 1869 and George Westinghouse s invention of the straight air brake, we are an established leader in the development and manufacture of pneumatic braking equipment for freight and passenger transit vehicles. We have leveraged our leading position by focusing on research and engineering to expand beyond pneumatic braking system components to supplying integrated parts and assemblies for the locomotive through the end-of-train. We are a recognized leader in the development and production of electronic recording, measuring and communications systems, highly engineered compressors and heat exchange systems for locomotives and a leading manufacturer of freight car components, including electronic braking equipment, draft gears, brake shoes and electronic end-of-train devices. Additionally, we are a leading provider of complete door systems and couplers for passenger and transit vehicles. Wabtec has a market share of approximately 50% in North America for our braking-related equipment and has a number 1 or number 2 position in North America for most of its other product lines.

Breadth of product offering with a stable mix of OEM and aftermarket business. We believe our product portfolio is one of the broadest in the rail industry, as we offer a wide selection of quality parts, components and assemblies across the entire train. In addition, our existing installed base provides us with a competitive advantage in serving the aftermarket, as customers usually prefer the original product manufacturer to provide service and maintenance on products they purchase. Over the last several years, approximately 50% of our total net sales have come from our aftermarket products and services business.

Leading design and engineering capabilities. We believe a hallmark of our relationship with our customers has been our leading design and engineering practice. With over 500 domestic patents and approximately 2,000 worldwide, our dedicated staff of over 500 engineers has, in our opinion, assisted in the improvement and modernization of global railway equipment. We believe both our customers and the federal transit authorities value our technological capabilities and commitment to innovation, as we seek not only to enhance the profitability of our customers, but also to improve the overall safety of the railways through continuous product improvement.

Significant barriers to entry. We believe that there are a number of company- and industry-specific factors that represent meaningful barriers to entry:

Proprietary product offering. We have an established record of product improvements and new product development. We have assembled a wide range of patented products, which we believe provides us with a competitive advantage.

Substantial installed base. We believe our installed base presents a meaningful barrier to entry in both the new product market and the aftermarket. As OEMs and Class I railroad operators attempt to modernize fleets with new products designed to improve and maintain safety and efficiency, new products must be designed to be interoperable with existing equipment. We believe our dedicated research and development staff and comprehensive product offering enables us to leverage our installed base to maintain our leadership position with OEMs and the Class I railroads. Similarly, we believe our substantial installed base makes us a preferred supplier in the aftermarket, as end-users typically prefer to source performance and safety-related replacement parts and service from the original product supplier.

Regulatory nature of the rail industry. Oversight of the rail industry is governed by a number of federal regulatory agencies, including the National Transportation Safety Board (NTSB), the Federal Railroad Administration (FRA) and the Association of American Railroads (AAR). These groups mandate rigorous manufacturer certification and new product testing and approval processes that we believe are difficult for new entrants to cost-effectively and efficiently meet without the scale and extensive experience we possess.

Experienced management team. Our management team has over 150 years of combined experience with the Company, and has implemented numerous initiatives that have enabled us to manage the sharp cyclical downturn in the rail supply market in 2001 and 2002. Our management team has implemented the Wabtec Quality and Performance System (QPS), an ongoing program that focuses on lean manufacturing principles and continuous improvement across all aspects of our business. In addition, in 2001, we completed a plan to eliminate excess manufacturing capacity by closing several facilities, realigning operations, reducing head count and divesting certain non-core assets. Since 2000, we have also reduced our debt by approximately $350 million, lowering our percentage of debt to book capitalization from 73% at December 31, 2000 to 46% at September 30, 2003. Through these kinds of initiatives, our management team has improved our cost structure, operating leverage and financial flexibility and placed us in an excellent position to benefit from growth opportunities in an improving operating environment.

Business strategy

Our primary goal is to gain market share and operate efficiently by executing the following four-point plan:

Expand systems offerings as Tier 1 supplier. We are currently a Tier I supplier to OEMs in certain markets, but desire to expand our business with these customers to become an even more integral part of their operations. We plan to focus on integrating our electronic, pneumatic and mechanical technologies within and across business units and combining them as a complete package. Increasingly, customers will be able to purchase complete assemblies from us, rather than purchasing individual components from multiple suppliers. This will likely improve reliability and reduce product integration issues. We expect this capability to strengthen our position against competitors that do not have the breadth and depth of our product line. In addition, we will have the opportunity to service these assemblies in the aftermarket as they require replacement, upgrade or repair. In this way, we expect to increase the installed base of our products over time.

Accelerate new product and service development. During the recent industry downturn, we maintained research and development spending at historical levels and continued to fund major development projects, and we will continue to emphasize research and development to create new and improved products. We are focusing on technological advances, especially in the areas of electronics, braking products and other on-board equipment, as a means of new product growth. We seek to provide customers with incremental technological advances that offer immediate benefits for relatively low investments. In addition, we are focused on expanding the level and type of aftermarket services that we currently provide to customers. In this way, we expect to take advantage of the industry trend toward outsourcing, as railroads and transit authorities focus on their core function of transporting goods and people, rather than maintaining and servicing their equipment.

Expand globally. Our net sales outside of North America totaled 16% in 2002, and we believe that international markets represent a significant opportunity for future growth. We intend to increase our existing international sales through strategic acquisitions, direct sales of products through our existing subsidiaries and licensees and joint ventures with railway suppliers having a strong presence in their local markets. We are specifically targeting markets that operate significant fleets of U.S.-style locomotives and freight cars, including Australia, China, India, Russia, South Africa, South America and select areas within Europe.

Continuous improvement through lean principles. We intend to build on what we consider to be a leading position as a low-cost producer in the industry while maintaining world-class product quality, technology and customer responsiveness. Through QPS and employee-directed initiatives such as

Kaizen, a Japanese-developed team concept, we continuously strive to improve quality, lead time and productivity, and to reduce costs. These efforts enable us to streamline processes, improve product quality and customer satisfaction, reduce product cycle times and respond more rapidly to market developments. Over time, we expect these lean initiatives to enable us to increase profit margins, which would improve cash flow and strengthen our ability to invest in new product and service programs.

Industry overview

Our operating results are strongly influenced by the level of activity, financial condition and capital spending plans of the global railroad industry, which in large part is driven by the overall health and growth prospects of the national and local economies in the markets we serve. In global freight rail markets, rail traffic, in terms of revenue ton-miles and carloadings, is a key factor underlying the demand for our products and services. Additionally, railroads continuously seek to increase the efficiency and productivity of their rail operations to improve profitability, which results in the purchase of new, more efficient equipment. In global transit markets, government investment in public transportation and ridership levels are key factors underlying the demand for our products and services.

Demand for North American locomotive and freight car products is driven by a number of factors, including:

Rail traffic revenue ton-miles and carloadings. In 2002, revenue ton-miles increased approximately 1% and car loadings decreased approximately 1% compared to 2001, which we believe reflects North America s relatively slow economic growth during the year. In response to the slow economy and little growth in rail traffic, we believe railroads deferred maintenance on some of the existing locomotives and freight cars in their fleets, which reduced our aftermarket sales. As the economy and rail traffic strengthen, we expect that railroads may return to a more typical pattern of maintenance spending.

OEM demand for new locomotives. Currently, the active locomotive fleet in the North American market numbers approximately 20,000 units. The average number of new locomotives delivered in each of the past 10 years was about 1,000 annually. In 2002, deliveries of new, heavy-haul locomotives were 969, down from 1,085 in 2001. In 2003, we expect the industry to deliver about 700 new locomotives. Our expectation is that the locomotive market will increase to about 1,000 units in 2004 as railroads opt to purchase new units before stricter U.S. federal government emissions standards take effect in January 2005.

OEM demand for new freight cars. Currently, the active freight car fleet in North America numbers approximately 1.3 million. The average number of new freight cars delivered in each of the past 10 years was about 50,000 annually. In 2002, new freight car deliveries were substantially below the 10-year average for the second consecutive year (17,736, compared to 34,260 in 2001), which we believe was due to abnormally high purchases in 1998-99 (about 75,000 units each year). Year-to-date results indicate that about 30,000 new cars will be delivered this year, well below average and below the 40,000 units we view as a normal replacement demand. It is our belief that the delivery rate for the next several years may increase, as railroads and leasing companies recognize the benefit of new technology and specialty cars designed to increase and maintain safety and efficiency.

Demand for North American transit products is driven by a number of factors, including:

Replacement; building and/or expansion programs of transit authorities. These programs are funded in part by national and local government programs. Currently, the U.S. federal government is considering new spending legislation, known as SAFETEA, that would provide federal funding for transit projects for the fiscal years 2004-09. Although the amount of future funding is yet to be finalized, the current legislation calls for a funding level of about $7.2 billion in fiscal 2004 (about the same as in fiscal year

2003), with annual increases of about 2% per year through fiscal 2009. The amount of funding in the legislation will have an impact on the capital spending plans of transit authorities. In recent years, strong U.S. federal funding for transit projects has served as a countercyclical balance during the downturn in our freight rail markets.

The average annual number of new transit car deliveries over the past 10 years is about 600 units. Due to strong funding levels under previous federal legislation, transit authorities, particularly in New York City, have increased purchases of new vehicles in recent years. In 2002, for example, 1,230 new transit cars were delivered. In 2003, we expect transit car deliveries to be about 700 units, reflecting the completion of a major order by the Metropolitan Transportation Authority of New York, which owns about 40% of the transit vehicles in North America. In late 2002, New York City placed another major order for new subway cars, with deliveries expected to begin in 2006. As a result, management expects the annual transit vehicle delivery rate to be in the range of 500-800 units for the next several years.

Ridership levels. Ridership on U.S. transit vehicles increased steadily from 1995-2001. In 2002, ridership decreased for the first time since 1995 due to higher unemployment levels in the U.S. The lower ridership level, as well as government funding cutbacks, negatively impacted aftermarket spending in 2002 and that trend has continued in 2003. We believe, however, that the current underspending will create a pent-up demand for maintenance and service work if ridership and funding levels increase in future years.

Recent developments

On November 14, 2003 we completed our secondary offering of 4,846,000 shares of common stock at $14.68 per share. The shares were sold by Charlesbank Equity Fund II, Limited Partnership, the successor to Harvard Private Capital Holdings, Inc.; Vestar Equity Partners, L.P. and Vestar Capital Partners, Inc., all of which held the shares since 1997 or prior. The shares represent 11.1 percent of total shares outstanding.

Additionally, the underwriters purchased an additional 726,900 shares from us pursuant to an overallotment option. The managing underwriters for the offering were Credit Suisse First Boston and Morgan Stanley as joint bookrunners, and BB&T Capital Markets and Morgan Keegan as co-managers.

A registration statement relating to these securities was filed on Oct. 23, 2003 with the Securities and Exchange Commission, and was declared effective by the Securities and Exchange Commission on Nov. 10, 2003.

The Exchange Offer

Background	On August 6, 2003, we completed a private placement of the original notes. In connection with that private placement, we entered into a registration rights agreement in which we agreed to deliver this prospectus to you and to make an exchange offer. This exchange offer is intended to satisfy the exchange and registration rights granted to the initial purchasers of the original notes in the registration rights agreement. Except in the limited circumstances described below, after the exchange offer is complete, you will no longer be entitled to any exchange or registration rights with respect to your original notes.
Exchange notes	Up to $150,000,000 of 6.875% notes due 2013. The terms of the exchange notes and the original notes are identical in all material respects, except for certain transfer restrictions and registration rights relating to the original notes.

The exchange offer	We are offering to exchange the original notes for a like principal amount of exchange notes. Original notes may only be exchanged in integral principal multiples of $1,000.
Expiration date; withdrawal of tender	Our exchange offer will expire 5:00 p.m., New York City time, on , 2003, or a later time if we choose to extend the exchange offer. You may withdraw your tender of original notes at any time prior to the expiration date. All outstanding original notes that are validly tendered and not validly withdrawn will be exchanged. Any original notes not accepted by us for exchange for any reason will be returned to you at our expense as promptly as possible after the expiration or termination of the exchange offer.
Resales of exchange notes	Based on interpretive letters of the SEC staff to third parties, we believe that you can offer for resale, resell and otherwise transfer the exchange notes without complying with the registration and prospectus delivery requirements of the Securities Act if:

- you acquire the exchange notes in the ordinary course of business;
- you are not participating, do not intend to participate, and have no arrangement or understanding with any person to participate, in the distribution of the exchange notes; and
- you are not an affiliate of ours, as defined in Rule 405 of the Securities Act.

If any of these conditions is not satisfied and you transfer any exchange notes without qualifying for a registration exemption, you may incur liability under the Securities Act. We do not assume or indemnify you against this liability.

Each broker-dealer that receives exchange notes for its own account in exchange for original notes, where such original notes were acquired by such broker-dealer as a result of market-making activities, or other trading activities must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. We have agreed that for a period of 180 days after the expiration date (as defined herein) we will keep the prospectus current and make it available for this purpose to broker-dealers who request it in writing for such use. See Plan of distribution.

Conditions to the exchange offer	Our obligation to accept for exchange, or to issue the exchange notes in exchange for, any original notes is subject to certain customary conditions relating to compliance with any applicable law, or any applicable interpretation by the staff of the SEC, or any order of any governmental agency or court of law. See The exchange offer Conditions to the exchange offer.
Procedures for tendering notes held in the form of book-entry interests	The original notes were issued as global securities and were deposited upon issuance with the Trustee, as custodian for The Depository Trust

Company (DTC). The Trustee issued certificateless depositary interests in those outstanding original notes, which represent a 100% interest in those original notes, to DTC. Beneficial interests in the outstanding original notes, which are held by direct or indirect participants in DTC through the certificateless depository interest, are shown on, and transfers of the original notes can only be made through, records maintained in book-entry form by DTC.

You may tender your outstanding original notes:

through a computer-generated message transmitted using DTC s transfer procedures and received by the exchange agent and forming a part of a confirmation of book-entry transfer in which you acknowledge and agree to be bound by the terms of the letter of transmittal; or

by sending a properly completed and signed letter of transmittal, which accompanies this prospectus, and other documents required by the letter of transmittal, or a facsimile of the letter of transmittal and other required documents, to the exchange agent at the address on the cover page of the letter of transmittal;

and either:

a timely confirmation of book-entry transfer of your outstanding original notes into the exchange agent s account at DTC, under the procedure for book-entry transfers described in this prospectus under the heading The exchange offer-Book entry transfers must be received by the exchange agent on or before the expiration date; or

the documents necessary for compliance with the guaranteed delivery described in The exchange offer-Guaranteed delivery procedures must be received by the exchange agent on or before the expiration date.

United States federal income tax considerations	The exchange offer should not result in any income, gain or loss to the holders of original notes or to us for United States federal income tax purposes. See Certain U.S. federal income tax considerations.
Use of proceeds	We will not receive any proceeds from the issuance of the exchange notes in the exchange offer.

The proceeds from the offering of the original notes were used to reduce revolving credit borrowings under our credit agreement to approximately $40.0 million and for general corporate purposes.

Exchange agent	The Bank of New York is serving as the exchange agent for the exchange offer.
Shelf registration statement	In limited circumstances, holders of original notes may require us to register their original notes under a shelf registration statement. See The exchange offer Shelf registration.

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THE EXCHANGE NOTES

The terms of the exchange notes and those of the original notes are substantially identical, except that the transfer restrictions and registration rights relating to the original notes do not apply to the exchange notes. For a more complete understanding of the exchange notes, please refer to the section of this prospectus entitled Description of exchange notes.

Issuer	Westinghouse Air Brake Technologies Corporation.
Notes offered	$150,000,000 aggregate principal amount of 6.875% Senior Notes due 2013.
Maturity date	July 31, 2013.
Interest rate	6.875% per year.
Interest payment dates	January 31 and July 31 of each year, beginning on January 31, 2004.
Guarantees	Each of our subsidiaries guaranteeing our credit agreement will unconditionally guarantee the exchange notes on a senior unsecured basis.
Ranking	The exchange notes will be our unsecured senior obligations and will rank equally with all of our existing and future senior debt and rank senior to all of our existing and future senior subordinated debt. The exchange notes will be effectively subordinated to all of our existing and future secured debt, to the extent of the value of the assets securing such debt.

The guarantees by our subsidiaries will rank equally with existing and future senior debt of such subsidiaries. The guarantees by our subsidiaries will be effectively subordinated to all of the existing and future secured debt of such subsidiaries, to the extent of the value of the assets securing such debt.

Equity clawback	We may redeem up to 35% of the aggregate principal amount of the exchange notes using the proceeds from certain public equity offerings completed on or before July 31, 2006. See Description of exchange notes Equity clawback.
Change of control and asset sales	If we experience specific kinds of changes of control, we will be required to make an offer to purchase the exchange notes at a purchase price of 101% of the principal amount thereof plus accrued and unpaid interest to the purchase date. See Description of exchange notes Change of control.

If we sell assets under certain circumstances, we will be required to make an offer to purchase the exchange notes at the prices listed in Description of exchange notes Repurchase at option of holder.

Certain covenants	The indenture restricts our ability and the ability of our restricted subsidiaries to, among other things:

- incur additional debt and issue preferred stock;
- make certain distributions, investments and other restricted payments;
- create certain liens;
- enter into transactions with affiliates;
- restrict distributions to us from our restricted subsidiaries;
- merge, consolidate or sell substantially all of our assets;
- limit the ability of our subsidiaries to incur indebtedness and issue preferred stock;
- enter into sale/leaseback transactions; and
- sell assets.

These covenants are subject to important exceptions and qualifications. See Description of exchange notes Certain covenants.

Covenant suspension	At any time when the notes are rated investment grade by both Moody s and S&P and no default or event of default has occurred and is continuing under the indenture, we and our subsidiaries will not be subject to certain of the foregoing covenants. See Description of exchange notes Suspension of covenants.
Listing	We do not intend to list the exchange notes on any securities exchange.
Further Issues	We may from time to time, without notice to or the consent of the holders of the exchange notes, create and issue further notes ranking equally and ratably with the exchange notes. Such further notes may be issued under the indenture relating to the exchange notes and will have the same terms and conditions as the exchange notes.
Risk factors	See Risk factors for a discussion of certain factors that you should carefully consider before investing in the exchange notes.

RISK FACTORS

You should carefully consider the risks below before making an investment decision. The risks described below are not the only ones facing us. Risks not presently known to us or that we currently consider immaterial may also impact us. Any of these risks could materially adversely affect our business, financial condition, results of operations and the trading price of our common stock.

Risks relating to our indebtedness

Our substantial indebtedness could adversely affect our financial health and prevent us from fulfilling our obligations under the exchange notes.

We have a significant amount of indebtedness. At September 30, 2003 we had total net debt of $163.8 million.

Our substantial indebtedness could have important consequences to you. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to the exchange notes;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate;
- place us at a disadvantage compared to competitors that have less debt; and
- limit our ability to borrow additional funds.

The indenture for the exchange notes and our credit agreement contain various covenants that limit our management s discretion in the operation of our businesses.

The indenture governing the exchange notes and our credit agreement contain various covenants that limit our management s discretion by restricting our ability to:

- incur additional debt and issue preferred stock;

- pay dividends and make other distributions;
- make investments and other restricted payments; and
- create liens.

Risks related to our business

Our revenues are subject to cyclical variations in the railway markets and changes in government spending.

The railway industry historically has been subject to significant fluctuations due to overall economic conditions and the level of use of alternate methods of transportation and the levels of federal, state and local government spending on railroad transit projects. In economic downturns, railroads have deferred, and may continue to defer certain expenditures in order to conserve cash in the short term, and reductions in freight traffic may reduce demand for our replacement products.

The passenger transit railroad industry is also cyclical. New passenger transit car orders vary from year to year and are influenced greatly by major replacement programs and by the construction or expansion of transit systems by transit authorities. A substantial portion of our net sales has been, and we expect that a material portion of our future net sales may be, derived from contracts with metropolitan transit and commuter rail authorities and Amtrak. To the extent that future funding for proposed public projects is curtailed or withdrawn altogether as a result of changes in political, economic, fiscal or other conditions beyond our control, such projects may be delayed or cancelled, resulting in a potential loss of new business for us including transit aftermarket and new transit car orders. For example, for the quarter ended September 30, 2003, sales in our Transit Group decreased by 21% as compared to the same quarter the prior year primarily due to lower aftermarket sales. A substantial portion of our transit business is dependent upon aftermarket sales. There can be no assurance that economic conditions will be favorable or that there will not be significant fluctuations adversely affecting the industry as a whole and, as a result, us. In addition, even if an economic recovery occurs, there can be no assurance that demand for our products will match or exceed historical levels.

We are dependent upon key customers.

We rely on several key customers who represent a significant portion of our business. For the fiscal year ended December 31, 2002, five customers accounted for 30% of our net sales and one customer, Bombardier Transportation, accounted for 11% of our net sales in 2002 and 2001. Our top five customers have remained essentially the same over the past three years. While we believe our relationships with our customers are generally good, our top customers could choose to reduce or terminate their relationships with us. In addition, many of our customers place orders for products on an as needed basis and operate in cyclical industries and, as a result, their order levels have varied from period to period in the past and may vary significantly in the future. Such customer orders are dependent upon their markets and customers, and may be subject to delays and cancellations. As a result of our dependence on our key customers, we could experience a material adverse effect on our business, results of operations and financial condition if we lost any one or more of our key customers or if there is a reduction in their demand for our products.

Our business operates in a highly competitive industry.

We operate in a competitive marketplace and face substantial competition from a limited number of established competitors in the United States and abroad, some of which may have greater financial resources than us. Price competition is strong and, coupled with the existence of a limited number of cost conscious purchasers, has historically limited our ability to increase prices. In addition to price, competition is based on product performance and technological leadership, quality, reliability of delivery and customer service and support. There can be no assurance that competition in one or more of our markets will not adversely affect us and our results of operations.

We intend to pursue future acquisition strategies that involve a number of inherent risks, any of which may cause us not to realize anticipated benefits.

One aspect of our business strategy is to selectively pursue acquisitions, joint ventures and other business combinations that we believe will improve our market position and realize operating synergies, operating expense reductions and overhead cost savings. Acquisitions, joint ventures and other business combinations involve inherent risks and uncertainties, any one of which could have a material adverse effect on our business and results of operations, including:

- difficulties in achieving identified financial and operating synergies, including the integration of operations, services and products;
- diversion of management attention from other business concerns;

the assumption of unknown liabilities; and

unanticipated changes in the market conditions, business and economic factors affecting such an acquisition.

We cannot assure you that we will be able to consummate any future acquisitions, joint ventures or other business combinations. If we are unable to identify suitable acquisition candidates or to consummate synergistic and strategic acquisitions, we may be unable to fully implement our business strategy and our business and results of operations may be adversely affected as a result. In addition, our ability to engage in strategic acquisitions will be dependent on our ability to raise substantial capital, and we may not be able to raise the funds necessary to implement our acquisition strategy on terms satisfactory to us, if at all.

As we introduce new products and services, a failure to predict and react to consumer demand could adversely affect our business.

We have dedicated significant resources to the development, manufacturing and marketing of new products. Decisions to develop and market new transportation products are typically made without firm indications of customer acceptance. Moreover, by their nature, new products may require alteration of existing business methods or threaten to displace existing equipment in which our customers may have a substantial capital investment. There can be no assurance that any new products that we develop will gain widespread acceptance in the marketplace or that such products will be able to compete successfully with other new products or services that may be introduced by competitors.

Prolonged unfavorable economic and market conditions could adversely affect our business.

Unfavorable general economic and market conditions in the United States and internationally (including as a result of terrorist activities and the military response by the United States and other countries) could have a negative impact on our sales and operations. To the extent that these factors result in continued instability of capital markets, shortages of raw materials or component parts, longer sales cycles, deferral or delay of customer orders or an inability to market our products effectively, our business and results of operations could be materially adversely effected.

A growing portion of our sales may be derived from our international operations which exposes us to certain risks inherent in doing business on an international level.

In fiscal year 2002, 16% of our consolidated net sales were derived from sales outside of North America and we intend to expand our international operations in the future. We currently conduct our international operations through a variety of wholly- and majority-owned subsidiaries and joint ventures in Australia, Canada, China, France, India, Italy, Mexico and the United Kingdom. As a result, we are subject to various risks, any one of which could have a material adverse effect on those operations on our business as a whole, including:

- lack of complete operating control;
- lack of local business experience;
- currency exchange fluctuations;
- foreign trade restrictions and exchange controls;
- difficulty enforcing intellectual property rights;

- the potential for nationalization of enterprises; and

- economic, political and social instability.

In addition, certain jurisdictions have laws that limit the ability of non-U.S. subsidiaries and their affiliates to pay dividends and repatriate cash flows.

We may incur increased costs due to fluctuations in interest rates and foreign currency exchange rates.

In the ordinary course of business, we are exposed to increases in interest rates that may adversely affect funding costs associated with our variable-rate debt and changes in foreign currency exchange rates. We seek to minimize these risks through the use of interest rate swap contracts and currency hedging agreements. There can be no assurance that any of these measures will be effective. Any material changes in interest or exchange rates could result in material losses to us. For the quarter ended September 30, 2003, our gross margins were negatively impacted by the unfavorable effects of foreign exchange rates on our Canadian operations. Based on our September 30, 2003 capital structure, we do not believe we have any material exposure to changes in interest rates.

We may have liability arising from asbestos litigation.

Actions have been filed against us and certain of our affiliates in various jurisdictions across the United States by persons alleging bodily injury as a result of exposure to asbestos-containing products. Since 2000, the number of such claims has increased. Most of these claims have been made against our wholly-owned subsidiary, Railroad Friction Products Corporation (RFPC), and are based on a product sold by RFPC before we acquired American Standard Inc. s (ASI) 50% interest in RFPC in 1990. We acquired the remaining interest in RFPC in 1992. These claims include a suit against RFPC by ASI seeking contribution and indemnity for asbestos claims brought against ASI that ASI alleges claim exposure to RFPC s products.

Most of these claims, including all of the RFPC claims, are submitted to insurance carriers for defense and indemnity or to non-affiliated companies that retained the liabilities for the asbestos-containing products at issue. Neither we nor our affiliates have to date incurred material costs related to these asbestos claims. We cannot, however, assure that all these claims will be fully covered by insurance or that the indemnitors will remain financially viable. Our ultimate legal and financial liability with respect to these claims, as is the case with other pending litigation, cannot be estimated with certainty.

We are subject to a variety of environmental laws and regulations.

We are subject to a variety of federal, state and local environmental laws and regulations. Although we believe we are in material compliance with all of the various regulations applicable to its business, there can be no assurance that requirements will not change in the future or that we will not incur significant costs to comply with such requirements. There can be no assurance that we will not incur significant environmental costs in the future to comply with such requirements. If we violate or fail to comply with these regulations, we could be fined or otherwise sanctioned by regulators. In addition, these requirements are complex, change frequently and may become more stringent over time. These requirements may change in the future in a manner that could have a material adverse effect on our business.

Our manufacturer s warranties may expose us to potentially significant claims.

We warrant the workmanship and materials of many of our products. Accordingly, we are subject to a risk of product liability or warranty claims in the event that the failure of any of our products results in personal injury or death, or does not conform to our customers specifications. In addition, in recent years, we have introduced a number of new products for which we do not have the same level of historical warranty experience. Although we have not had any material product liability or warranty claims made against us and we currently maintain liability insurance coverage, we cannot assure you that product liability claims, if made, would not exceed our insurance coverage limits or that insurance will continue to be available on commercially acceptable terms, if at all. The possibility exists for these types of warranty claims to result in costly product recalls, significant repair costs and damage to our reputation.

Labor disputes may have a material adverse effect on our operations and profitability.

We collectively bargain with eleven labor unions that represent approximately 35% of our employees. Our current collective bargaining agreements expire in 2004, 2005 and 2006. Failure to reach an agreement could result in strikes or other labor protests which could disrupt our operations. If we were to experience a strike or work stoppage, it would be difficult for us to find a sufficient number of employees with the necessary skills to replace these employees. We cannot assure you that we will reach any such agreement or that we will not encounter strikes or other types of conflicts with the labor unions of our personnel. Such labor disputes could have an adverse effect on our business, financial condition or results of operations, could cause us to lose revenues and customers and might have permanent effects on our business.

Recent announcements made by ALSTOM SA, the parent of ALSTOM Transportation Inc. which is a substantial customer of ours, could affect our future business results.

ALSTOM SA, the parent corporation of ALSTOM Transportation Inc., recently announced in filings with the United States Securities and Exchange Commission that it is conducting an internal review assisted by external accountants and lawyers following receipt of letters earlier alleging accounting improprieties on a railcar contract being executed at the Hornell, New York facility of Alstom Transportation. In addition, ALSTOM SA has publicly reported that the United States Securities and Exchange Commission and the Federal Bureau of Investigation have opened informal investigations into ALSTOM Transportation Inc. Finally, ALSTOM SA has announced several initiatives to strengthen its balance sheet, including to meet upcoming debt maturities.

At September 30, 2003 our accounts receivable, as stated on our balance sheet, included in the aggregate approximately $6 million due from ALSTOM Transportation Inc. We have ongoing existing and potential business relationships with ALSTOM Transportation Inc. Although no assurances can be given, we do not currently believe that the announcements described in the preceding paragraph or any developments as a result thereof would materially adversely affect us.

From time to time we are engaged in contractual disputes with our customers.

From time to time we are engaged in contractual disputes with our customers regarding routine delivery and performance issues as well as adjustments for design changes and related extra work. These disputes are generally resolved in the ordinary course of business without having a material adverse impact on us. We recently made two separate claims against one of our customers for $3.1 million and $3.6 million, respectively, of additional costs in connection with a contract. Our customer has responded with general assertions provided without support or specificity, of delay damages and costs in the amount of $26.1 million and $4.5 million, respectively. We believe that we have no liability with respect to these disputes.

Risks related to the exchange notes

The exchange notes and the guarantees will be effectively subordinated to all of our and our subsidiary guarantors secured indebtedness and all indebtedness and other obligations of our nonguarantor subsidiaries.

The exchange notes will not be secured. The exchange notes are effectively subordinated to our and our subsidiaries secured indebtedness that we may incur from time to time to the extent of the value of the assets securing that indebtedness and the holders of the exchange notes would in all likelihood recover ratably less than the lenders of our and our subsidiaries secured indebtedness in the event of our bankruptcy, liquidation or dissolution. At September 30, 2003, we had no secured indebtedness.

In addition, the exchange notes will be structurally subordinated to all of the liabilities and other obligations of our subsidiaries that do not guarantee the exchange notes. In the event of a bankruptcy, liquidation or dissolution of any of the non-guarantor subsidiaries, holders of their indebtedness, their trade creditors and holders of their preferred equity will generally be entitled to payment on their claims from assets of those subsidiaries before any assets are made available for distribution to us. However, under some circumstances, the terms of the exchange notes will permit our non-guarantor subsidiaries to incur additional specified indebtedness.

We may not be able to purchase the exchange notes upon a change of control.

Upon the occurrence of certain specific kinds of change of control events, we will be required to offer to repurchase all outstanding exchange notes at a price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to the date of repurchase. However, it is possible that we will not have sufficient funds at the time of the change of control to make the required repurchase of exchange notes.

Federal and state statutes allow courts, under specific circumstances, to void the guarantees of the exchange notes by our subsidiaries and require the holders of the exchange notes to return payments received from the subsidiary guarantors.

Under the federal bankruptcy law and comparable provisions of state fraudulent transfer laws, the subsidiary guarantees could be voided, or claims in respect of the subsidiary guarantees could be subordinated to all other debts of a subsidiary guarantor if, either, the subsidiary guarantee was incurred with the intent to hinder, delay or defraud any present or future creditors of any subsidiary guarantor, at the time it incurred the indebtedness evidenced by its subsidiary guarantee, received less than reasonably equivalent value or fair consideration for the incurrence of such indebtedness and the subsidiary guarantor either:

- as insolvent or rendered insolvent by reason of such incurrence;

- was engaged in a business or transaction for which such subsidiary guarantor s remaining assets constituted unreasonably small capital; or

- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

If a subsidiary guarantee is voided, you will be unable to rely on the applicable subsidiary guarantor to satisfy your claim in the event that we fail to make one or more required payments due on the exchange notes. In addition, any payment by such subsidiary guarantor pursuant to its subsidiary guarantee could be voided and required to be returned to such subsidiary guarantor, or to a fund for the benefit of creditors of such subsidiary guarantor.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a subsidiary guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, were greater than the fair saleable value of all of its assets;

- the present fair saleable value of its assets were less than the amount that would be required to pay its probable liability on its existing debts, including the contingent liabilities, as they become absolute and mature; or

- it could not pay its debts as they become due.

On the basis of historical financial information, recent operating history and other factors, we and each subsidiary guarantor believe that, after giving effect to the indebtedness incurred in connection with this offering, no subsidiary guarantor will be insolvent, will have unreasonably small capital for the business in which it is engaged or will have incurred debts beyond its ability to pay such debts as they mature. There can be no assurance, however, as to what standard a court would apply in making such determination or that a court would agree with our or the subsidiary guarantors conclusions in this regard.

Certain covenants contained in the indenture will not be applicable during any period in which the exchange notes are rated investment grade by both Standard & Poor s and Moody s.

The indenture provides that certain covenants will not apply to us during any period in which the exchange notes are rated investment grade by both Standard & Poor s and Moody s. The covenants restrict, among other things, our ability to pay dividends, incur debt, and to enter into other transactions. There can be no assurance that the exchange notes will ever be rated investment grade, or that if they are rated investment grade, the exchange notes will maintain such rating. However, suspension of these covenants would allow us to engage in certain transactions that would not be permitted while these covenants were in force and any such actions that we take while these covenants are not enforce will be permitted event if the exchange notes are subsequently downgraded below investment grade. See Description of exchange notes Suspension of covenants.

There is no public market for the exchange notes and it is unlikely that one will develop.

The exchange notes are a new issue of securities with no established trading market and will not be listed on any securities exchange. The initial purchasers have informed us that they currently intend to make a market in the exchange notes. However, the initial purchasers are not obligated to do so and may discontinue any such market making at any time without notice. In addition, the liquidity of the trading market in the exchange notes, and the market price quoted for the exchange notes, may be adversely affected by changes in the overall market for debt securities and by changes in our financial performance or prospects or in the prospects for companies in our industry generally.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the exchange notes. We cannot assure you that the market for the exchange notes, if any, will not be subject to similar disruptions. Any such disruptions may adversely affect you as a holder of the exchange notes.

Risks related to our former auditor

Arthur Andersen LLP, our former auditors, audited certain financial information set forth and incorporated by reference in this prospectus. In the event such financial information is later determined to contain false statements, you may be unable to recover damages from Arthur Andersen LLP.

Arthur Andersen LLP completed its audit of our financial statements as of December 31, 2001 and for the three years then ended and issued its report with respect to such financial statements on February 18, 2002. Subsequently, Arthur Andersen was convicted of obstruction of justice for activities relating to its previous work for Enron Corporation.

In May 2002, both our audit committee and our board of directors approved the appointment of Ernst & Young LLP as our independent public accountants to audit our financial statements for fiscal year 2002. Ernst & Young replaced Arthur Andersen, which had served as our independent auditors for over 10 years. We had no disagreements required to be disclosed pursuant to Item 304 of Regulation S-K with Arthur Andersen on any matter of accounting principle or practice, financial statement disclosure or auditing scope or procedure. Arthur Andersen audited the financial statements that we incorporate by reference in this prospectus as of December 31, 2001 and 2000, and for each of the years in the two-year period ended December 31, 2001, as set forth in their report. We include these financial statements in reliance on the authority of Arthur Andersen s experience giving said report.

Arthur Andersen has stopped conducting business before the Commission, has ceased accounting and audit-related practice and has limited assets available to satisfy the claims of creditors. As a result, you may be limited in your ability to recover damages from Arthur Andersen under federal or state law if it is later determined that there are false statements contained in this prospectus relating to or contained in financial data audited by Arthur Andersen.

RATIO OF EARNINGS TO FIXED CHARGES

	Years ended December 31,					Nine months ended September 30,	
	1998	1999	2000	2001	2002	2002	2003
Ratio of earnings to fixed charges	3.3x	2.0x	1.8x	1.5x	2.2x	2.0x	4.2x

The ratio of earnings to fixed charges is calculated as follows:

$$\frac{\text{(earnings)}}{\text{(fixed charges)}}$$

For purposes of calculating the ratios, earnings generally consist of:

- income from continuing operations;
- plus fixed charges; and
- minus capitalized interest.

For purposes of calculating the ratios, fixed charges generally consist of:

- interest expense on debt;
- the portion of rental expense considered representative of the interest factor; and
- capitalized interest.

THE EXCHANGE OFFER

Terms of the exchange offer; Period for tendering original notes

On August 6, 2003, we sold the original notes to J.P. Morgan Securities, Inc., Morgan Stanley & Co. Incorporated, BNY Capital Markets, Inc., Morgan Keegan & Company, Inc., ABN AMRO Incorporated, BB&T Capital Markets, a division of Scott & Stringfellow, Inc., NatCity Investments, Inc. and PNC Capital Markets, Inc. (collectively referred to as the initial purchasers) pursuant to a Purchase Agreement dated July 23, 2003. The initial purchasers subsequently resold the original notes to qualified institutional buyers in accordance with Rule 144A under the Securities Act and outside the United States in accordance with Regulation S under the Securities Act. When we sold the original notes, we entered into an exchange and registration rights agreement with the initial purchasers under which we agreed:

- to prepare and file with the SEC a registration statement under the Securities Act relating to a registered exchange offer;
- to use our reasonable best efforts to cause the registration statement to become effective under the Securities Act;
- upon the effectiveness of the registration statement, to offer the exchange notes in exchange for surrender of the original notes; and
- to keep the exchange offer open for not less than 20 business days (or longer if required by applicable law) after the date notice of the exchange offer is mailed to the holders of the original notes.

Subject to terms and conditions detailed in this prospectus, we will accept for exchange original notes which are properly tendered on or prior to the expiration date and not withdrawn as permitted below. As used herein, the term expiration date means 5:00 p.m., New York City time, on , 2003, as it may be extended in our sole discretion.

As of the date of this prospectus, $150.0 million aggregate principal amount of original notes are outstanding. This prospectus, together with the letter of transmittal, is first being sent on or about the date hereof, to all holders of original notes known to us.

Original notes tendered in the exchange offer must be in denominations of principal amount of $1,000 and any integral multiple thereof.

The form and terms of the exchange notes are the same as the form and terms of the outstanding original notes except that:

- the exchange notes being issued in the exchange offer will be registered under the Securities Act and will not have legends restricting their transfer;
- the provisions for payment of additional interest in case of non-registration will be eliminated;
- the exchange notes being issued in the exchange offer will not have the registration rights applicable to the original notes; and

interest on the exchange notes will accrue from the last interest date to which interest was paid on your original notes or, if none, from the date of issuance.

Outstanding original notes that we accept for exchange will not accrue interest after we complete the exchange offer. The exchange offer will expire at 5:00 p.m., New York City time, on the expiration date. If we extend the exchange offer, we will issue a notice by press release or other public announcement before 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date.

If we extend the exchange offer, original notes that you have previously tendered will still be subject to the exchange offer, and we may accept them.

To the extent we are legally permitted to do so, we reserve the right, in our sole discretion:

- to delay accepting your original notes;
- to terminate the exchange offer and not accept any original notes for exchange if any of the conditions have not been satisfied; or
- to amend the exchange offer in any manner.

Any such delay in acceptance, termination or amendment will be followed as promptly as practicable by oral or written notice to the registered holders of original notes.

Without limiting the manner by which we may choose to give notice of any extension, delay in acceptance, amendment or termination of the exchange offer, we will have no obligation to publish, advertise or otherwise communicate any public announcement, other than by making a timely press release to a financial news service.

We will promptly return your original notes without expense to you after the exchange offer expires or terminates if we do not accept them for exchange for any reason.

Procedures for tendering original notes

Only you may tender your original notes in the exchange offer. To tender your original notes in the exchange offer, you must:

- complete, sign, and date the letter of transmittal which accompanied this prospectus, or a copy of it;
- have the signature on the letter of transmittal guaranteed if required by the letter of transmittal; and
- mail, fax or otherwise deliver the letter of transmittal or copy to the exchange agent;

OR

if you tender your original notes under The Depository Trust Company s book-entry transfer procedures, arrange for The Depository Trust Company (DTC) to transmit an agent s message to Bank of New York, as exchange agent, at the address set forth below under Exchange agent on or before the expiration date.

In addition, either:

- the exchange agent must receive certificates for outstanding original notes and the letter of transmittal;
- the exchange agent must receive a timely confirmation of a book-entry transfer of your original notes into the exchange agent s account at DTC, along with the agent s message; or
- you must comply with the guaranteed delivery procedures described below.

An agent s message is a computer-generated message transmitted to the exchange agent by DTC using its transfer procedures. To tender your original notes effectively, a tendering party must make sure that the exchange agent receives a letter of transmittal and other required documents or an agent s message before the expiration date. When you tender your outstanding original notes and we accept them, the tender will be a binding agreement between you and us in accordance with the terms and conditions in this prospectus and in the letter of transmittal.

The method of delivery to the exchange agent of original notes, letters of transmittal and all other required documents is at your election and risk. We recommend that you use an overnight or hand delivery service instead of mail. If you do deliver by mail, we recommend that you use registered mail, properly insured, with return receipt requested. In all cases, you should allow enough time to make sure your documents reach the exchange agent before the expiration date. Do not send a letter of transmittal or your original notes directly to us. You may request your brokers, dealers, commercial banks, trust companies, or nominees to make the exchange on your behalf.

Unless you are a registered holder who requests that the exchange notes be mailed to you and issued in your name, or unless you are an eligible institution (as defined below), you must have your signature on a letter of transmittal or a notice of withdrawal guaranteed by an eligible institution. An eligible institution is a firm which is a financial institution that is a member of a registered national securities exchange or a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchanges Medallion Program.

If the person who signs the letter of transmittal and tenders the original notes is not the registered holder of the original notes, the registered holders must endorse the original notes or sign a written instrument of transfer or exchange that is included with the original notes, with the registered holder s signature guaranteed by an eligible institution. We will decide whether the endorsement or transfer instrument is satisfactory.

We will decide all questions about the validity, form, eligibility, acceptance, and withdrawal of tendered original notes, and such determination will be final and binding on you. We reserve the absolute right to:

- reject any and all tenders of any particular original note not properly tendered;
- refuse to accept any original note if, in our judgment or the judgment of our counsel, the acceptance would be unlawful; and
- waive any defects or irregularities or conditions of the exchange offer as to any particular original note either before or after the expiration date. This includes the right to waive the ineligibility of any holder who seeks to tender original notes in the exchange offer.

Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties. You must cure any defects or irregularities in connection with tenders of original notes as we will determine. Neither we, the exchange agent nor any other person are under any duty to notify you, nor will we, the exchange agent or any other person incur any liability for failure to notify you, of any defect or irregularity with respect to your tender of original notes.

If trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity sign the letter of transmittal or any original notes or power of attorney on your behalf, those persons must indicate their capacity when signing, and submit to us with the letter of transmittal satisfactory evidence demonstrating their authority to act on your behalf.

By tendering original notes, you represent to us that:

- you or any other person acquiring exchange notes for your original notes in the exchange offer is acquiring them in the ordinary course of business;

neither you nor any other person acquiring exchange notes in exchange for your original notes is engaging in or intends to engage in a distribution of the exchange notes issued in the exchange offer;

neither you nor any other person acquiring exchange notes in exchange for your original notes has an arrangement or understanding with any person to participate in the distribution of exchange notes issued in the exchange offer; and

if you or another person acquiring exchange notes for your original notes is a broker-dealer, you will receive exchange notes for your own account, you acquired exchange notes as a result of market-making activities or other trading activities, and you acknowledge that you will deliver a prospectus in connection with any resale of your exchange notes.

If you are our affiliate, as defined under Rule 405 of the Securities Act, you are a broker-dealer who acquired your original notes in the initial offering and not as a result of market-making or trading activities, or if you are engaged in or intend to engage in or have an arrangement or understanding with any person to participate in a distribution of exchange notes acquired in the exchange offer, you or that person:

- may not rely on the applicable interpretations of the staff of the SEC; and

- must comply with the registration and prospectus delivery requirements of the Securities Act when reselling the exchange notes.

The delivery of an agent s message to the exchange agent on your behalf will be deemed a representation by you to the effects stated above.

By its acceptance of the exchange offer, any broker-dealer that receives exchange notes pursuant to the exchange offer agrees to notify us in writing before using the prospectus in connection with the resale or transfer of exchange notes. The broker-dealer further acknowledges and agrees that, upon receipt of notice from us of the happening of any event which makes any statement in the prospectus untrue in any material respect or which requires the making of any changes in the prospectus to make the statements in the prospectus not misleading or which may impose upon us disclosure obligations that may have a material adverse effect on us, which notice we agree to deliver promptly to the broker-dealer, the broker-dealer will suspend use of the prospectus until we have notified the broker-dealer that delivery of the prospectus may resume and have furnished to the broker-dealer copies of any amendment or supplement to the prospectus. We have agreed in the exchange and registration rights agreement that for a period of 180 days after the consummation of the exchange offer we will make this prospectus, as amended or supplemented, available to any broker-dealer.

Broker-dealers who cannot make the representations in the third bullet point of the paragraph above cannot use this exchange offer prospectus in connection with resales of exchange notes.

Acceptance of original notes for exchange; Delivery of exchange notes issued in the exchange offer

We will accept validly tendered original notes when the conditions to the exchange offer have been satisfied or we have waived them. We will have accepted your validly tendered original notes when we have given oral or written notice to the exchange agent. The exchange agent will act as agent for the tendering holders for the purpose of receiving the exchange notes from us. If we do not accept any tendered original notes for exchange because of an invalid tender or other valid reason, the exchange agent will return the certificates, without expense, to the tendering holder. If a holder has tendered original notes by book-entry transfer, we will credit the notes to an account maintained with DTC. We will return certificates or credit the account at DTC as promptly as practicable after the exchange offer terminates or expires.

Book-entry procedures for the global notes

The exchange agent will make a request to establish an account at DTC for purposes of the exchange offer within two business days after the date of this prospectus. Any financial institution that is a participant in DTC s systems must make book-entry delivery of outstanding original notes by causing DTC to transfer those outstanding original notes into the exchange agent s account at DTC in accordance with DTC s Automated Tender Offer Procedures. The participant should transmit its acceptance to DTC on or before the expiration date or comply with the guaranteed delivery procedures described below. DTC will verify acceptance, execute a book-entry transfer of the tendered outstanding original notes into the exchange agent s account at DTC and then send to the exchange agent confirmation of the book-entry transfer. The confirmation of the book-entry transfer will include an agent s message confirming that DTC has received an express acknowledgment from the participant that the participant has received and agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against the participant. Delivery of exchange notes issued in the exchange offer may be effected through book-entry transfer at DTC. However, the letter of transmittal or facsimile of it or an agent s message, with any required signature guarantees and any other required documents, must:

be transmitted to and received by the exchange agent at the address listed below under Exchange agent on or before the expiration date; or

the guaranteed delivery procedures described below must be complied with.

Certificated notes

Notes in physical, certificated form will be issued and delivered to each person that DTC identifies as a beneficial owner of the related notes only if:

DTC notifies us at any time that it is unwilling or unable to continue as depositary for the global notes and a successor depositary is not appointed within 90 days;

DTC ceases to be registered as a clearing agency under the Securities Exchange Act of 1934 and a successor depositary is not appointed within 90 days;

we, at our option, notify the Trustee that we elect to cause the issuance of certificated notes; or

certain other events provided in the indenture should occur.

Guaranteed delivery procedures

If you are a registered holder of outstanding original notes who desires to tender original notes but your original notes are not immediately available, time will not permit your original notes or other required documents to reach the exchange agent before the expiration date or the procedure for book-entry transfer cannot be completed on a timely basis, you may effect a tender if:

you tender the original notes through an eligible institution;

before the expiration date, the exchange agent receives from the eligible institution a notice of guaranteed delivery in the form we have provided. The notice of guaranteed delivery will state the name and address of the holder of the original notes being tendered and the amount of original notes being tendered, that the tender is being made and guarantee that within five New York Stock Exchange trading days after the notice of guaranteed delivery is signed, the certificates for all physically tendered original notes, in proper form for transfer, or a book-entry confirmation, together with a properly completed and signed letter of transmittal with any required signature guarantees, and any other documents required by the letter of transmittal will be deposited by the eligible institution with the exchange agent; and the certificates for all physically tendered outstanding original notes, in proper form for transfer, or a book-entry confirmation, together with a properly completed and signed letter of transmittal with any required signature guarantees, and all other documents required by the letter of transmittal, are received by the exchange agent within five New York Stock Exchange trading days after the date of execution of the notice of guaranteed delivery.

Withdrawal rights

You may withdraw your tender of original notes at any time before 5:00 p.m., New York City time, on the expiration date.

For a withdrawal to be effective, you must make sure that, before 5:00 p.m., New York City time, on the expiration date, the exchange agent receives a written notice of withdrawal at one of the addresses below or, if you are a participant of DTC, an electronic message using DTC s automated procedures.

A notice of withdrawal must:

- specify the name of the person that tendered the original notes to be withdrawn;
- identify the original notes to be withdrawn, including the principal amount of the original notes;
- be signed by the holder in the same manner as the original signature on the letter of transmittal by which the original notes were tendered or be accompanied by documents of transfer; and
- if you have transmitted certificates for outstanding original notes, specify the name in which the original notes are registered, if different from that of the withdrawing holder, and identify the serial numbers of the certificates.

If you have tendered original notes under the book-entry transfer procedure, your notice of withdrawal must also specify the name and number of an account at DTC to which your withdrawn original notes can be credited.

We will decide all questions as to the validity, form, and eligibility of the notices and our determination will be final and binding on all parties. Any tendered original notes that you withdraw will be not be considered to have been validly tendered. We will return any outstanding original notes that have been tendered but not exchanged, or credit them to DTC s account, as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. You may retender properly withdrawn original notes before the expiration date by following one of the procedures described above.

Conditions to the exchange offer

We are not required to accept for exchange, or to issue exchange notes in exchange for, any outstanding original notes. We may terminate or amend the exchange offer, if at any time before the acceptance of original notes:

- any federal law, statute, rule or regulation has been adopted or enacted which, in our judgment, would reasonably be expected to impair our ability to proceed with the exchange offer;
- if any stop order is threatened or in effect with respect to the registration statement of which this prospectus is a part or the qualification of the indenture under the Trust Indenture Act of 1939; or
- there is a change in the current interpretation by the staff of the SEC which permits holders who have made the required representations to us to resell, offer for resale, or otherwise transfer exchange notes issued in the exchange offer without registration of the exchange notes and delivery of a prospectus, as discussed above.

These conditions are for our sole benefit and we may assert or waive them at any time and for any reason. However, the exchange offer will remain open for at least five business days following any waiver of the preceding conditions. Our failure to exercise any of the foregoing rights will not be a waiver of our rights.

Exchange agent

You should direct all signed letters of transmittal to the exchange agent, The Bank of New York. You should direct questions, requests for assistance, and requests for additional copies of this prospectus, the letter of transmittal, and the notice of guaranteed delivery to the exchange agent addressed as follows:

By Registered or Certified Mail:	**By Hand Delivery:**
The Bank of New York	The Bank of New York
Corporate Trust Operations	Corporate Trust Operations
Reorganization Unit	Reorganization Unit
101 Barclay Street 7E	101 Barclay Street Lobby Window
New York, NY 10286	New York, NY 10286
Attention: Mr. Bernard Arsenec	Attention: Mr. Bernard Arsenec

By Overnight Courier:	**By Facsimile (for authorized institutions only):**
The Bank of New York	(212) 298-1915
Corporate Trust Operations	Attention: Mr. Bernard Arsenec
Reorganization Unit	Confirmed by telephone:
101 Barclay Street 7E	(212) 815-5098
New York, NY 10286	
Attention: Mr. Bernard Arsenec	

Delivery or fax of the letter of transmittal to an address or number other than those above is not a valid delivery of the letter of transmittal.

Fees and expenses

We will not make any payment to brokers, dealers, or others soliciting acceptances of the exchange offer except for reimbursement of mailing expenses. The expenses to be incurred in connection with the exchange offer will be paid by us. These expenses will include reasonable and customary fees and out-of-pocket expenses of the exchange agent and reasonable out-of-pocket expenses incurred by brokerage houses and other fiduciaries in forwarding materials to beneficial holders in connection with the exchange offer.

Accounting treatment

The exchange notes will be recorded at the same carrying value as the existing original notes, as reflected in our accounting records on the date of exchange. Accordingly, we will recognize no gain or loss for accounting purposes. The expenses of the exchange offer will be amortized over the term of the exchange notes.

Transfer taxes

If you tender outstanding original notes for exchange, you will not be obligated to pay any transfer taxes. However, if you instruct us to register exchange notes in the name of, or request that your original notes not tendered or not accepted in the exchange offer be returned to, a person other than you, you will be responsible for paying any transfer tax owed.

You may suffer adverse consequences if you fail to exchange outstanding exchange notes

Original notes that are not tendered or that are tendered but not accepted by us will, following completion of the exchange offer, continue to be subject to existing restrictions upon transfer under the Securities Act. Upon completion of the exchange offer, specified rights under the exchange and registration rights agreement, including registration rights and any right to additional interest, will be either limited or eliminated. Accordingly, if you do not tender your notes in the exchange offer, your ability to sell your original notes could be adversely affected. Once we have completed the exchange offer, holders who have not tendered notes will not continue to be entitled to any increase in interest rate that the indenture provides for should we not complete the exchange offer.

Holders of the exchange notes issued in the exchange offer and original notes that are not tendered in the exchange offer will vote together as a single class under the indenture.

Consequences of exchanging outstanding original notes

Holders of original notes who do not exchange their original notes for exchange notes in the exchange offer will continue to be subject to the restrictions on transfer of the original notes as set forth in the legend on the original notes as a consequence of the issuance of the original notes in accordance with exceptions from, or in transactions not subject to, the registration requirements of, the Securities Act and applicable state securities laws. Original notes not exchanged in accordance with the exchange offer will continue to accrue interest at

6.875% per annum and will otherwise remain outstanding in accordance with their terms. Holders of original notes do not have any appraisal or dissenters rights under the Delaware General Corporation Law in connection with the exchange offer. In general, the original notes may not be offered or sold unless registered under the Securities Act, except in accordance with an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not currently anticipate that we will register the original notes under the Securities Act.

Based on interpretive letters issued by the staff of the SEC to third parties in unrelated transactions, we are of the view that Exchange notes issued in accordance with the exchange offer may be offered for resale, resold or otherwise transferred by the holders (other than (1) any holder which is an affiliate of us within the meaning of Rule 405 under the Securities Act or (2) any broker-dealer that purchases notes from us to resell in accordance with Rule 144A or any other available exemption) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that the exchange notes are acquired in the ordinary course of the holders business and the holders have no arrangement or understanding with any person to participate in the distribution of the exchange notes. If any holder has any arrangement or understanding regarding the distribution of the exchange notes to be acquired in accordance with the exchange offer, the holder (1) could not rely on the applicable interpretations of the staff of the SEC and (2) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction. A broker-dealer who holds original notes that were acquired for its own account as a result of market-making or other trading activities may be deemed to be an underwriter within the meaning of the Securities Act and must, therefore, deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of exchange notes. Each broker-dealer that receives exchange notes for its own account in exchange for original notes, where the original notes were acquired by the broker-dealer as a result of market-making activities or other trading activities, must acknowledge in the letter of transmittal that it will deliver a prospectus in connection with any resale of the exchange notes. See Plan of distribution. We have not requested the staff of the SEC to consider the exchange offer in the context of a no-action letter, and there can be no assurance that the staff would take positions similar to those taken in the interpretive letters referred to above is we were to make a no-action request.

Shelf registration

The exchange and registration rights agreement requires that we file a shelf registration statement if:

- we are not permitted to effect the exchange offer as contemplated by this prospectus because of any change in law or applicable interpretations of the law by the staff of the SEC;
- for any other reason any original notes validly tendered are not exchanged for exchange notes within 180 days after the date of issuance of the original notes;
- any initial purchaser so requests with respect to original notes held by the initial purchasers that are not eligible to be exchanged for exchange notes in the exchange offer;
- any applicable law or interpretations do not permit any holder of original notes to participate in the exchange offer;
- any holder of original notes that participates in the exchange offer does not receive freely transferable exchange notes in exchange for tendered original notes; or
- we so elect.

Original notes will be subject to restrictions on transfer until:

the date on which that original note has been exchanged for a freely transferable exchange note in the exchange offer;

the date on which that original note has been effectively registered under the Securities Act and disposed of in accordance with the shelf registration statement; or

the date on which that original note is distributed to the public pursuant to Rule 144 under the Securities Act or may be sold under Rule 144(k) under the Securities Act.

USE OF PROCEEDS

We are making the exchange offer to satisfy our obligation under the exchange and registration rights agreement we entered into with the initial purchasers when we issued the original notes. We will not receive any cash proceeds from the issuance of the exchange notes. In consideration for issuing the exchange notes, we will receive an equal principal amount of original notes. The original notes surrendered in exchange for the exchange notes will be retired and cancelled.

The net proceeds from the issuance and sale of the original notes were approximately $146.6 million after deducting the initial purchasers commissions and other estimated offering expenses.

We used the net proceeds to reduce revolving credit borrowings under our credit agreement to approximately $40.0 million and for general corporate purposes. In connection with the amendment to our credit agreement, we reduced the total commitments under our revolving credit facilities to $225.0 million substantially simultaneously with the offering. See Management s discussion and analysis of financial condition and results of operations Credit agreement.

CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2002 and September 30, 2003. This table should be read in conjunction with the consolidated financial statements and the related notes thereto contained in our Annual Report on Form 10-K for the year ended December 31, 2002, as amended by our Current Report on Form 8-K filed on October 22, 2003, and contained in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2003, each of which is incorporated by reference into this prospectus.

	As of September 30,	
(Dollars in thousands)	**2002**	**2003**
Cash and cash equivalents	$ 18,040	$ 26,392
Debt (including current portion):		
Five-year revolving credit facility[1]	206,000	40,000
Notes offered hereby, due 2013		150,000
5.5% industrial revenue bond due 2008	5,074	
Other	530	220
Total debt	$ 211,604	$ 190,220
Shareholders equity:		
Common stock	654	654
Additional paid-in capital	272,357	272,695
Less-treasury stock, at cost	(273,900)	(270,595)
Retained earnings	226,490	246,779
Deferred compensation	278	
Accumulated other comprehensive income (loss)	(28,788)	(22,788)
Total shareholders equity	$ 197,091	$ 226,745
Total capitalization	$ 408,695	$ 416,965

(1) Our $225.0 million revolving credit facility matures in November 2004. The Company elected not to renew $57.8 million of the facility in November 2003, as it currently expects to refinance and replace its existing bank facility with a new $175.0 million five-year facility, prior to December 31, 2003. At September 30, 2003 we had available borrowing capacity, net of letters of credit, of approximately $165.0 million, subject to certain financial covenants.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following selected financial data for the fiscal year ended December 31, 2002 are derived from our audited financial statements, which have been audited by Ernst & Young LLP, independent auditors. Such information is contained in and should be read in conjunction with the financial statements and accompanying notes included in our Annual Report on Form 10-K for such year, as amended by our Current Report on Form 8-K filed on October 22, 2003, and other information incorporated by reference in this prospectus. Our consolidated financial statements and schedules for the years ended December 31, 1998, 1999, 2000 and 2001 and for earlier years were audited by Arthur Andersen LLP. Because Arthur Andersen has ceased accounting and auditing operations, we are unable to obtain a consent to incorporate their report into this prospectus. The selected financial data for the nine months ended September 30, 2002 and the nine and twelve months ended September 30, 2003 was derived from our unaudited interim financial statements, which in the opinion of management include all adjustments, consisting only of normal recurring adjustments, which we consider necessary for a fair presentation of the financial position and results of our operations for these periods. Operating results for the nine and twelve months ended September 30, 2003 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2003. The nine month data should be read in conjunction with our Quarterly Reports on Form 10-Q, as amended, for such periods. You should read the following information in conjunction with Management s discussion and analysis of financial condition and results of operations in this prospectus and our consolidated financial statements and related notes incorporated in this prospectus by reference.

	Year ended December 31,					Nine months ended September 30,		Twelve months ended September 30,
(Dollars in thousands)	**1998**	**1999**	**2000**	**2001**	**2002**	**2002**	**2003**	**2003**
						(unaudited)		(unaudited)
Statement of operations date:								
Net sales[a]	$ 790,672	$ 844,079	$ 811,178	$ 783,698	$ 696,195	$ 518,555	$ 511,568	$ 689,208
Cost of sales	(541,506)	(569,169)	(575,516)	(573,772)	(516,724)	(385,135)	(375,305)	(506,894)
Gross profit[b]	249,166	274,910	235,662	209,926	179,471	133,420	136,263	182,314
Total operating expenses[c]	(131,846)	(144,255)	(139,669)	(152,145)	(131,937)	(98,483)	(99,473)	(132,927)
Merger and restructuring charge		(42,903)	(18,202)	(3,723)				
Income from operations	117,320	87,752	77,791	54,058	47,534	34,937	36,790	49,387
Interest expense[d]	(38,228)	(44,109)	(43,649)	(33,501)	(18,072)	(15,832)	(7,230)	(9,470)
Other income (expense), net[e]	11,223	428	3,776	(2,130)	(5,558)	(1,822)	(3,283)	(7,019)
Income from continuing operations before income taxes and cumulative effect of accounting change	90,315	44,071	37,918	18,427	23,904	17,283	26,277	32,898
Income tax expense[d]	(31,908)	(20,887)	(18,718)	(4,465)	(7,594)	(6,049)	(9,591)	(11,136)
Income from continuing operations before cumulative effect of accounting change	58,407	23,184	19,200	13,962	16,310	11,234	16,686	21,762
Income from discontinued operations (net of tax)	15,444	13,439	6,193	6,360	403	229	126	300
Gain (loss) on sale of discontinued operations (net of tax)[f]				41,458	(529)	(529)		
Income before cumulative effect of accounting change	73,851	36,623	25,393	61,780	16,184	10,934	16,812	22,062
					(61,663)	(61,663)		

Cumulative effect of accounting change for goodwill (net of tax)								
Net income (loss)[(g)]	$ 73,851	$ 36,623	$ 25,393	$ 61,780	$ (45,479)	$ (50,729)	$ 16,812	$ 22,062
Earnings per share:								
Continuing operations								
Basic	$ 1.37	$ 0.54	$ 0.45	$ 0.33	$ 0.37	$ 0.26	$ 0.39	$ 0.50
Diluted	$ 1.32	$ 0.52	$ 0.45	$ 0.32	$ 0.37	$ 0.26	$ 0.38	$ 0.50
Net income (loss)								
Basic	$ 1.73	$ 0.85	$ 0.59	$ 1.44	$ (1.05)	$ (1.17)	$ 0.39	$ 0.51
Diluted	$ 1.67	$ 0.83	$ 0.59	$ 1.43	$ (1.04)	$ (1.16)	$ 0.38	$ 0.50
Weighted average common shares outstanding:								
Basic	42,750	43,287	43,318	42,949	43,291	43,267	43,480	43,461
Fully diluted	44,141	44,234	43,382	43,198	43,617	43,587	43,813	43,803

(Dollars in thousands)	Year ended December 31, 1998	1999	2000	2001	2002	Nine months ended September 30, 2002	2003	Twelve months ended September 30, 2003
						(unaudited)		(unaudited)
Balance sheet data at end of period:								
Working capital[h]	$ 211,325	$ 215,705	$ 230,081	$ 77,087	$ 71,898	$ 78,444	$ 89,619	$ 89,619
Total assets	967,382	966,676	984,047	729,952	588,865	605,435	635,493	635,493
Short-term debt	41,128	743	751	782	833	819		
Long-term debt	532,487	567,844	539,446	241,088	194,318	210,785	190,220	190,220
Total shareholders equity	144,076	181,878	196,371	245,271	199,262	197,091	226,745	226,745
Statement of cash flows data:								
Net cash provided (used) by operating activities	$ 73,411	$ 77,389	$ 60,214	$ 119,097	$ 15,658	$ 1,222	$ 21,754	$ 36,190
Net cash provided by (used for) investing activities	(243,795)	(66,371)	(21,485)	227,413	(10,817)	(8,749)	(9,771)	(11,839)
Net cash provided by (used for) financing activities	161,941	(11,733)	(38,009)	(297,187)	(44,054)	(28,659)	(3,577)	(18,972)
Other financial data:								
EBITDA, as defined[i]	$ 174,232	$ 134,911	$ 120,176	$ 132,807	$ 67,363	$ 52,082	$ 51,970	$ 67,251
Depreciation and amortization	30,245	33,292	32,416	33,061	25,513	19,267	18,337	24,583
Capital expenditures	39,084	24,067	23,173	20,674	14,137	10,149	9,771	13,646
Ratio of EBITDA to interest expense[j]	4.56x	3.06x	2.75x	3.96x	3.73x	3.29x	7.19x	7.10x
Ratio of earnings to fixed charges[k]	3.3x	2.0x	1.8x	1.5x	2.2x	2.0x	4.2x	4.1x

(a) Net sales decreased in 2001 and 2002 primarily due to decreased North American OEM freight car and locomotive component sales volumes and lower locomotive overhauls, all within the Freight Group.

(b) In 2000, includes charges for the merger and restructuring plan of $2.0 million and a legal settlement of $2.0 million.

(c) In 2001, includes charges for asset writedowns of $9.3 million consisting primarily of an asset impairment related to the locomotive lease fleet of $5.2 million, a writeoff of $1.8 million of an investment in Argentina and a $1.5 million writedown of a facility to its estimated realizable value, and severance costs of $1.7 million. Goodwill amortization was $6.9 million, $7.0 million and $0.0 million in 2000, 2001 and 2002 respectively.

(d) In April 2002, the Financial Accounting Standards Board (FASB) issued SFAS No. 145, Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13 and Technical Corrections, which, among other things, eliminates the requirement to report certain extinguishments of debt as extraordinary items. As a result, gains and losses from extinguishment of debt should be classified as extraordinary items only if they meet the criteria of Accounting Principles Board Opinion No. 30, Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions. The provisions of this Statement were required to be adopted by the Company on January 1, 2003. In connection with this offering, the Company adopted SFAS No. 145 effective January 1, 2003. Accordingly, the loss on extinguishment of debt of approximately $5.3 million (net of tax provision of approximately $2.0 million) in 1998, $1.3 million (net of tax provision of approximately $800,000) in 1999 and $1.2 million (net of tax provision of approximately $648,000) in 2002 all previously recorded as extraordinary items, have been reclassified as interest and income tax expense in the accompanying consolidated statements of operations and in other financial information.

(e) In 2000, includes a gain on asset sales of $4.4 million. In 2001, includes a gain on asset sales of $685,000.

(f) Reflects the gain on the sale of certain assets to GE Transportation Systems in 2001 and the writedown of other assets the company decided to exit.

(g) Includes the items noted above, as well as the following: In 2000, a writeoff of $5.1 million for a deferred tax asset relating to the termination of the Employee Stock Ownership Plan (ESOP). In 2001, a $2.0 million tax benefit for research and development tax credits. In 2002, a $61.7 million, net of tax, cumulative effect of accounting change for goodwill (which occurred in the quarter ended March 31, 2002).

(h) Working capital is defined as net accounts receivable plus net inventory current plus current assets less total payables and accruals (which include trade accounts payable, advance billings, accrued payroll, warranty accruals and other accruals).

(i) EBITDA is defined as net income plus income taxes, interest expense, depreciation and amortization and cumulative effect of accounting change. EBITDA is not a calculation based upon generally accepted accounting principles. The amounts included in the EBITDA calculation, however, are derived from amounts included in the historical statements of income data. In addition, EBITDA should not be considered as an alternative to net income or operating income as an indicator of our operating performance, or as an alternative to operating cash flows as a measure of liquidity. We have reported EBITDA because we regularly review EBITDA as a measure of our ability to incur and service debt. In addition, we believe our debt holders utilize and analyze our EBITDA for similar purposes. We also believe EBITDA assists investors in comparing a company s performance on a consistent basis without regard to depreciation and amortization, which can vary significantly depending upon many factors. However, the EBITDA measure presented in this document may not always be comparable to similarly titled measures reported by other companies due to differences in the components of the calculation.

EBITDA is derived from the statements of income as follows:

	Year ended December 31,					Nine months ended September 30,		Twelve months ended September 30,
(Dollars in thousands)	1998	1999	2000	2001	2002	2002	2003	2003
						(unaudited)		(unaudited)
Net income (loss)	$ 73,851	$ 36,623	$ 25,393	$ 61,780	$ (45,479)	$ (50,729)	$ 16,812	$ 22,062
Cumulative effect of accounting change for goodwill, net of tax					61,663	61,663		
Income tax expense	31,908	20,887	18,718	4,465	7,594	6,049	9,591	11,136
Interest expense	38,228	44,109	43,649	33,501	18,072	15,832	7,230	9,470
Depreciation and amortization	30,245	33,292	32,416	33,061	25,513	19,267	18,337	24,583
EBITDA(1)	$ 174,232	$ 134,911	$ 120,176	$ 132,807	$ 67,363	52,082	51,970	67,251

(1) EBITDA, as presented above, includes the following items:

	Year ended December 31,					Nine months ended September 30,		Twelve months ended September 30,
(Dollars in thousands)	1998	1999	2000	2001	2002	2002	2003	2003
						(unaudited)		(unaudited)
Income from discontinued operations, net of tax	$ 15,444	$ 13,439	$ 6,193	$ 6,360	$ 403	$ 229	$ 126	$ 300
Gain (loss) on sale of discontinued operations, net of tax				41,458	(529)	(529)		
Other income (expense), net	11,223	428	3,776	(2,130)	(5,558)	(1,822)	(3,283)	(7,019)
	$ 26,667	$ 13,867	$ 9,969	$ 45,688	$ (5,684)	$ (2,122)	$ (3,157)	$ (6,719)

(j) Our interest expense increased by $6.1 million on an annualized basis after we issued the original notes described in this prospectus.

(k) For purpose of computing this ratio, earnings generally consist of income from continuing operations before income taxes and fixed charges excluding capitalized interest. Fixed charges consist of interest expense, the portion of rental expense considered representative of the interest factor and capitalized interest.

As described in note (j) above, our interest expense increased after we issued the original notes described in this prospectus.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our audited historical consolidated financial statements and the notes accompanying those statements, which are incorporated by reference in this prospectus.

Results of operations

The following table sets forth our consolidated statements of operations for the years indicated.

	Year ended December 31,			Nine months ended September 30,	
(Dollars in thousands)	**2000**	**2001**	**2002**	**2002**	**2003**
				(unaudited)	
Net sales[(a)]	$ 811,178	$ 783,698	$ 696,195	$ 518,555	$ 511,568
Cost of sales	(575,516)	(573,772)	(516,724)	(385,135)	(375,305)
Gross profit[(b)]	235,662	209,926	179,471	133,420	136,263
Selling, general and administrative expenses	(94,757)	(96,723)	(93,023)	(69,124)	(72,084)
Merger and restructuring charge	(18,202)	(3,723)			
Engineering expenses	(32,297)	(33,156)	(33,592)	(25,113)	(24,260)
Asset writedowns		(9,253)			
Amortization expense	(12,615)	(13,013)	(5,322)	(4,246)	(3,129)
Total operating expenses	(157,871)	(155,868)	(131,937)	(98,483)	(99,473)
Income from operations	77,791	54,058	47,534	34,937	36,790
Interest expense[(c)]	(43,649)	(33,501)	(18,072)	(15,832)	(7,230)
Other income (expense), net[(d)]	3,776	(2,130)	(5,558)	(1,822)	(3,283)
Income from continuing operations before income taxes and cumulative effect of accounting change	37,918	18,427	23,904	17,283	26,277
Income tax expense[(d)]	(18,718)	(4,465)	(7,594)	(6,049)	(9,591)
Income from continuing operations before cumulative effect of accounting change	19,200	13,962	16,310	11,234	16,686
Discontinued operations					
Income from discontinued operations (net of tax)	6,193	6,360	403	229	126
Gain (loss) on sale of discontinued operations (net of tax)[(e)]		41,458	(529)	(529)	
Income before cumulative effect of accounting change	25,393	61,780	16,184	10,934	16,812
Cumulative effect of accounting change for goodwill (net of tax)			(61,663)	(61,663)	
Net income (loss)[(f)]	$ 25,393	$ 61,780	$ (45,479)	$ (50,729)	$ 16,812

(a)

Net sales decreased in 2001 and 2002 primarily due to decreased North American OEM freight car and locomotive component sales volumes and lower locomotive overhauls, all within the Freight Group.

(b) In 2000, includes charges for the merger and restructuring plan of $2.0 million and a legal settlement of $2.0 million.

(c) In April 2002, the Financial Accounting Standards Board (FASB) issued SFAS No. 145, Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections, which, among other things, eliminates the requirement to report certain extinguishments of debt as extraordinary items. As a result, gains and losses from extinguishment of debt should be classified as extraordinary items only if they meet the criteria of Accounting Principles Board Opinion No. 30, Reporting the Results of Operations Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions. The provisions of this Statement were required to be adopted by the Company on January 1, 2003. In connection with this offering, the Company adopted SFAS No. 145 effective January 1, 2003. Accordingly, the loss on extinguishment of debt of approximately $1.2 million (net of tax provision of approximately $648,000) previously recorded as an extraordinary item, has been reclassified as interest and income tax expense in the accompanying consolidated statements of operations and in other financial information.

(d) In 2000, includes a gain on asset sales of $4.4 million. In 2001, includes a gain on asset sales of $685,000.

(e) Reflects the gain on the sale of certain assets to GE Transportation Systems in 2001 and the writedown of other assets the company decided to exit.

(f) Includes the items noted above, as well as the following: In 2000, a writeoff of $5.1 million for a deferred tax asset relating to the termination of the Employee Stock Ownership Plan (ESOP). In 2001, a $2.0 million tax benefit for research and development tax credits. In 2002, a $61.7 million, net of tax, cumulative effect of accounting change for goodwill (which occurred in the quarter ended March 31, 2002).

Nine months ended September 30, 2003 compared to nine months ended September 30, 2002.

Summary results of operations:

	Nine months ended September 30,		
(Dollars in thousands)	**2002**	**2003**	**Percent change**
	(unaudited)		
Net sales	$ 518,555	$ 511,568	(1.3)%
Income from operations	34,937	36,790	5.3%
Net (loss) income	(50,729)	16,812	N/A

A number of events have occurred over the comparative period that impacted our results of operations and financial condition including:

In 2002, we completed fair value assessments of goodwill and wrote down the carrying value of goodwill by $90.0 million pre-tax ($83.2 million for the freight group and $6.8 million for the transit group) in accordance with the adoption of SFAS No. 142 Goodwill and Other Intangible Assets.

Net sales. The following table sets forth our net sales by business segment:

	Nine months ended September 30,	
(Dollars in thousands)	**2002**	**2003**
	(unaudited)	
Freight Group	$ 322,454	$ 375,624
Transit Group	196,101	135,944

Net Sales	$ 518,555	$ 511,568

Net sales for the first nine months of 2003 decreased $7.0 million, or 1.3%, as compared to the same period in 2002. The increased sales in the Freight Group were offset by lower sales in the Transit Group. The Freight Group s increased sales reflected higher sales of components for new freight cars and sales of commuter locomotives and also higher aftermarket sales. Industry deliveries of new freight cars for the first nine months increased to 22,230 units as compared to 12,935 in the same period in 2002. The Transit Group s decreased sales were due to the completion of a contract to supply components for New York City subway cars in 2002 and lower aftermarket sales.

Gross profit. Gross profit increased to $136.3 million in the first nine months of 2003 compared to $133.4 million in the same period in 2002. Gross profit is dependent on a number of factors including pricing, sales volume and product mix. Gross profit, as a percentage of sales, was 26.6% compared to 25.7% in the same period in 2002. The increase in gross profit percentage is primarily due to operating efficiencies and favorable product mix.

Operating expenses. The following table sets forth our operating expenses for the period:

	Nine months ended September 30,		
(Dollars in thousands)	**2002**	**2003**	**Percent change**
	(unaudited)		
Selling, general and administrative expenses	69,124	72,084	4.3%
Engineering expenses	25,113	24,260	(3.4)%
Amortization expense	4,246	3,129	(26.3)%
Total operating expense	98,483	99,473	1.0%

Operating expenses increased by approximately $1.0 million in the first nine months of 2003 as compared to the same period in 2002. Selling, general and administrative expenses, increased primarily as a result of higher insurance costs, both medical and general, while engineering expenses decreased as we capitalized design engineering costs associated with a significant new New York City transit order. Amortization expenses decreased due to certain intangible assets having been fully amortized.

Operating income. Operating income totaled $36.8 million (or 7.2% of sales) in the first nine months of 2003 compared with $34.9 million (or 6.7% of sales) in the same period in 2002. Higher operating income resulted from increased margins in the first nine months of 2003.

Interest expense. Interest expense decreased 54.3% in the first nine months of 2003 as compared to the same period in 2002 primarily due to a substantial decrease in debt and interest rates. In July 2002, we repaid $175.0 million of senior notes through cash on hand and borrowings at lower rates under our revolving credit agreement.

Income taxes. The effective income tax rate was 36.5% in the third quarter of 2003 and 35% in the third quarter of 2002. The increase in the effective tax rate was due to higher effective state tax rates.

Net income. Net income for the first nine months of 2003 increased $67.5 million, compared with the same period in 2002. Net income in the first nine months of 2002 included a $61.7 million, net of tax, write off of goodwill. Income before the cumulative effect of an accounting change increased $5.9 million, compared with the same period in 2002. The increase was primarily due to improved margins and lower interest expense.

Fiscal year 2002 compared to fiscal year 2001

Summary results of operations:

	Year ended December 31,		
(Dollars in thousands)	**2001**	**2002**	**Percent change**
Net sales	$ 783,698	$ 696,195	(11.2)%
Income from operations	54,058	47,534	(1.2)%
Income before cumulative effect of accounting change	61,780	16,184	(73.8)%
Net income	61,780	(45,479)	NA

A number of events occurred over the comparative period that impacted our results of operations and financial condition including:

In 2002, we completed fair value assessments of goodwill and wrote down the carrying value of goodwill by $90.0 million pre-tax ($83.2 million for the freight group and $6.8 million for the transit group) in accordance with the adoption of SFAS No. 14.2 Goodwill and Other Intangible Assets.

In July 2002, we redeemed at par (face) $175.0 million of the 9.375% senior notes due in 2005 through the use of cash on hand and additional borrowings under the credit agreement. This redemption resulted in a non-cash expense of $1.9 million, relating to a write-off of deferred debt issuance costs which was recorded as interest expense.

In November 2001, we sold certain assets to GE Transportation Systems for $238.0 million in cash. The assets sold primarily included locomotive aftermarket products and services for which we were not the OEM. The sale resulted in an after-tax gain of $48.7 million.

In the fourth quarter of 2001, we decided to exit certain businesses. The net assets of these businesses were written down to their estimated realizable value. This resulted in a pre-tax charge of $9.3 million and an after-tax charge of $7.2 million.

Net sales. The following table sets forth our net sales by business segment:

	Year ended December 31,		
(Dollars in thousands)	**2001**	**2002**	**Percent change**
	(unaudited)		
Freight Group	$ 490,261	$ 443,443	(9.6)%
Transit Group	293,437	252,752	(13.9)%
Net Sales	$ 783,698	$ 696,195	(11.2)%

Net sales for 2002 decreased $87.5 million or 11.2% to $696.2 million as compared to the prior period. Both the Freight Group and Transit Group had lower sales. The Freight Group s decreased sales reflected lower sales of components for new freight cars and locomotives. In 2002, industry deliveries of new freight cars decreased to 17,736 units as compared to 34,260 in the same period in 2001. In 2002, industry deliveries of new locomotives decreased to 969 as compared to 1,085 in the same period in 2001. The Transit Group s decreased sales were primarily due to the completion of a supply contract for New York City subway cars in the third quarter of 2002.

Gross profit. Gross profit decreased to $179.5 million (or 25.8% of sales) in 2002 compared to $209.9 million (or 26.8% of sales) in the same period of 2001. Gross profit is dependent on a number of factors including pricing, sales volume and product mix. The decrease in gross profit and margin is largely attributed to the effect of a decrease in sales volumes (approximately $35.0 million in gross profit). The resulting favorable balance is principally a result of cost reductions.

Operating expenses. The following table sets forth our operating expenses by business segment:

(Dollars in thousands)	Year ended December 31, 2001	2002	Percent change
Selling, general and administrative expense	$ 96,723	$ 93,023	(3.8)%
Merger and restructuring charges	3,723		NA
Engineering expenses	33,156	33,592	1.3%
Asset writedowns	9,253		NA
Amortization expense	13,013	5,322	(59.1)%
Total operating expense	$ 155,868	$ 131,937	(15.4)%

Operating expenses improved by $23.9 million in 2002 as compared to 2001. Included in operating expenses for 2001 were goodwill amortization (due to the required adoption of Financial Accounting Standard 142) of $7.0 million, $9.3 million for asset writedowns, $3.7 million for merger and restructuring charges and $1.7 million for severance costs in 2001. The remaining decrease in operating expenses was due to a decrease in selling, general and administrative expenses.

Income from operations. Income from operations totaled $47.5 million in 2002 compared with $54.1 million in 2001. Lower operating income resulted from decreased sales volumes in 2002.

Interest expense. Interest expense decreased 46.1 % in 2002 as compared to 2001, primarily due to a decrease in debt and interest rates. Debt, net of cash and equivalents, was $175.9 million at December 31, 2002 versus $187.9 million at the end of 2001.

Other income (expense). The Company recorded foreign exchange losses of $1.2 million and $1.7 million, respectively, in 2002 and 2001 due to the continued strength of the dollar. Also in 2002, the Company wrote down a facility held for sale, resulting in a $2.0 million charge. These items were reported as other income (expense).

Income taxes. The effective income tax rate for 2002 was 31.8% as compared to 24.2% in 2001. We expect the ongoing rate to be approximately 35-36%. The 2002 rate includes the effect of research and development and foreign tax credits ($772,000). The 2001 rate includes the effect of substantial research and development tax credits ($2.0 million).

Net income. Net income decreased $107.3 million, or 173.6%, compared with the same period the prior year. Income before the accounting change decreased $45.6 million, or 74%, compared with the same period the prior year.

Fiscal year 2001 compared to fiscal year 2000

Summary results of operations:

	Year ended December 31,		
(Dollars in thousands)	**2000**	**2001**	**Percent change**
Net sales	$ 811,178	$ 783,698	(3.4)%
Income from operations	77,791	54,058	(30.5)%
Income before cumulative effect of accounting change	25,393	61,780	143.0%
Net income	25,393	61,780	143.0%

A number of events occurred over the comparative period that impacted our results of operations and financial condition including:

In 2001, we completed a merger and restructuring plan with charges totaling $71 million pre-tax, with approximately $2.0 million of the charge expensed in 2001 and $20 million in 2000. The plan involved the elimination of duplicate facilities and excess capacity, operational realignment and related workforce reductions.

In the fourth quarter of 2001, we decided to exist certain business. These businesses were written down to their estimated realizable value. This resulted in a pre-tax charge of $9.3 million and an after-tax charge of $7.2 million.

In November 2001, we sold certain assets to GE Transportation Systems for $238.0 million in cash. The assets sold primarily included locomotive aftermarket products and services for which we were not the OEM. The sale resulted in an after-tax gain of $48.7 million.

Net sales. The following table sets forth the Company s net sales by business segment:

(Dollars in thousands)	Year ended December 31, 2000	2001	Percent change
Freight Group	$ 532,889	$ 490,261	(8.0)%
Transit Group	278,289	293,437	5.4%
Net Sales	$ 811,178	$ 783,698	(3.4)%

Net sales decreased $27.5 million or 3.4% to $783.7 million in 2001 from $811.2 million in 2000. This overall decrease was primarily attributable to decreased North American OEM freight car and locomotive component sales volumes and lower locomotive overhauls, all within the Freight Group. Sales volumes within the freight Group reflected a softening OEM market for freight cars, with 34,260 freight cars delivered in 2001 compared to 55,791 in 2000. Partially offsetting these decreases were increases in Transit Group sales, due to increased shipments under the contract with the Metropolitan Transit Authority of New York.

Gross profit. Gross profit decreased to $209.9 million (or 26.8% of sales) in 2001 compared to $235.7 million (or 29.1% of sales) in the same period of 2000. Gross margin is dependent on a number of factors including pricing, sales volume and product mix. The decrease in gross profit and margin is largely attributed to the effect of a decrease in sales volumes (approximately $11.0 million in gross profit). The balance is principally a result of changes to the sales mix primarily from a drop in the Freight Group of 8% offset by an increase in the Transit Group of 5% and overall pricing pressures in many product lines.

Operating expenses. The following table sets forth our operating expenses for the period:

(Dollars in thousands)	Year ended December 31, 2000	2001	Percent change
Selling, general and administrative expenses	$ 94,757	$ 96,723	2.1%
Merger and restructuring charges	18,202	3,723	(79.5)%
Engineering expenses	32,297	33,156	2.7%
Asset writedowns		9,253	NA
Amortization expense	12,615	13,013	3.2%
Total operating expense	$ 157,871	155,868	(1.3)%

Total operating expenses as a percentage of net sales were 19.9% in 2001 as compared to 19.5% in 2000. Included in operating expenses were $9.3 million for asset writedowns, $3.7 million for merger and restructuring charges and $1.7 million for severance costs in 2001 and $18.2 million for 2000 merger and restructuring charges.

Income from operations. Income from operations totaled $54.1 million in 2001 compared with $77.8 million in 2000. Lower adjusted operating income resulted from decreased sales volumes in the Freight Group and changes in product mix.

Interest expense. Interest expense decreased 23.2% to $33.5 million in 2001 from $43.6 million in 2000. Debt, net of cash and equivalents, was $187.9 million at December 31, 2001 versus $534.1 million at the end of 2000. The decrease in interest expense is primarily due to the lower debt amount as a result of working capital management and the sale proceeds from GETS received in November 2001 (with payment of taxes on the gain deferred to 2002).

Other income (expense). In 2001, the Company recorded foreign exchange losses of $1.7 million. In February 2000, the Company disposed of its transit electrification product line for $5.5 million in cash and recognized a gain of $4.4 million. These items were reported as other income (expense).

Income taxes. The effective income tax rate for 2001 was 24.2% as compared to 49.4% in 2000. The 2001 rate includes the effect of substantial research and development tax credits ($2.0 million). The 2000 rate includes the effect of the one-time, non-cash write-off of the deferred tax asset ($5.1 million) relating to the termination of the 1995 established ESOP.

Net income. Net income and income before the accounting change in 2001 each increased $36.4 million, or 143%, compared with the same period in 2000. Net income increased in 2001 primarily as a result of the asset sale to GETS which resulted in an after-tax gain of $48.7 million.

Liquidity and capital resources

Liquidity is provided primarily by operating cash flow and borrowings under our revolving credit facilities with a consortium of commercial banks. The following is a summary of selected cash flow information and other relevant data.

	Year ended December 31,		
(Dollars in thousands)	**2000**	**2001**	**2002**
Cash provided (used) by:			
Operating activities	$ 60,214	$ 119,097	$ 15,658
Investing activities	(21,485)	227,413	(10,817)
Financing activities	(38,009)	(297,187)	(44,054)
EBITDA(1)	120,176	132,807	67,363

(1) See footnote (i) to Selected consolidated financial data for a reconciliation of EBITDA to net income.

Cash provided by operating activities in 2002 was $15.7 million as compared to $119.1 million in 2001. Working capital decreased $6.0 million in 2002, due to an inventory decrease of $16.0 million offset by a payables and accruals decrease of $10.0 million. In 2001, working capital decreased significantly primarily due to a decrease in accounts receivable and inventory. During 2002 and 2001, cash outlays for merger and restructuring activities were approximately $2.5 million and $6.8 million, respectively, and are reported as a reduction to cash provided by operating activities. Also, in 2002, $30.0 million was paid in taxes related to the gain on the sale of locomotive aftermarket assets to GE Transportation Systems in 2001.

Cash used for investing activities was $10.8 million versus cash generated by investing activities of $227.4 million in 2001. Included in 2001 was $238 million for the sale of businesses to GETS. In 2002, 2001 and 2000, we used $1.7 million, $3.7 million and $650,000, respectively, for certain business acquisitions. Capital expenditures in 2002, 2001 and 2000 for continuing operations were $14.1 million, $20.7 million and $23.2 million, respectively. The majority of capital expenditures for these periods relates to upgrades to existing equipment and replacement of existing equipment.

Cash used for financing activities was $44.1 million in 2002 versus $297.2 million in 2001. During 2002, we reduced long-term debt by $45.9 million. During 2001, we reduced long-term debt by $298.3 million. We repaid $175.0 million of senior notes in the third quarter of 2002 to take advantage of lower interest rates on our revolving credit agreement. Historically, we have financed the purchase of businesses utilizing cash flow generated from operations and amounts available under our credit agreement.

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The following table sets forth our outstanding indebtedness at September 30, 2003 and 2002. The revolving credit note and other term loan interest rates are variable and dependent on market conditions.

	As of September 30,	
(Dollars in thousands)	2002	2003
Five-year revolving credit facility	$ 206,000	$ 40,000
364-day revolving credit facility		
6.875% senior notes due 2013		150,000
5.5% industrial revenue bond due 2008	5,074	
Other	530	220
Total	$ 211,604	$ 190,220
Less-current portion	819	
Long-term portion	$ 210,785	$ 190,220

We believe, based on current levels of operations and forecasted earnings, cash flow and liquidity will be sufficient to fund our working capital and capital equipment needs as well as to meet our debt service requirements. If our sources of funds become inadequate to satisfy our cash requirements, we may need to refinance our existing debt or obtain additional financing. There is no assurance that such new financing alternatives would be available, and, in any case, such new financing, if available, would be expected to be more costly and burdensome than the debt agreements currently in place.

The following table summarizes our contractual obligations and commercial commitments at September 30, 2003:

		Cash payments due by period			
(Dollars in thousands)	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Total debt	$ 194,326		$ 44,288	$ 38	$ 150,000
Capital lease obligations	251	251			
Operating leases	35,610	5,621	9,433	6,630	13,926
Total contractual cash obligations	230,187	5,872	53,721	6,668	163,926