

THE CULTURAL NEWSLETTER FOR WABTEC EMPLOYEES

SAME TRACK



FRONTLINE SPOTLIGHT

Tracking SDL for the Win

COMPETITIVE EDGE

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PICTURE THIS

Which Plant Will Manufacture a New Order?

Decision-Making

March 2026



LEADER LETTER

Planning for New Contracts Happens Months in Advance

Team,

We've made big news lately with several Commercial contracts — with hybrid locomotives for MTA, ES44AC-type locos for Norfolk Southern, and mods for CSX and Union Pacific, not to mention last year's announcements in India and Kazakhstan.

But it's important to know that none of these exciting announcements was a surprise. They all required many months of planning. Before we submitted a single bid, we'd already made decisions about how and where the work would be done.

Manufacturing decision tree

For these new contracts, we made those decisions the same way we always decide where manufacturing will occur — with the decision tree on page 9.

These contracts, along with our existing backlog, provide visibility that helps us plan. When we know we have this volume of work coming down the track, we can figure out the most effective ways to fulfill these orders. How much capacity can we expect from each plant? How many locomotives do we need to come from this location — and how many mods from that one?

Even with all this careful planning, we know how much the world can change over months and years. Within our supply chains and manufacturing footprint, we always have some opportunities for changes based on 1) how we need to respond to factors outside our control or 2) how we can respond to optimize certain processes at different facilities. There is always a chance we need to change course.

Success depends on efficiency and flexibility

With last year's reorganization, we've made some really great progress in being more deliberate about our processes, learning from our mistakes, and sharing our best practices. We're adopting more standardization, and in some cases, redundancy around the system to effectively deliver for our customers.

It's exciting to see improvements across the entirety of Wabtec. I appreciate all your efforts at achieving greater efficiencies, as well as your willingness to adapt to change and help us operate with more flexibility. Efficiency and flexibility are the most important elements of our future success together.

Thanks for all you do,

Justin Downs
Group Vice President, Operations

Our Commercial team has won several exciting contracts recently — but we planned where and how we would do that work before we even bid.



Tracking SDL for the Win

Las Vegas Reman has developed a unique SDL tracking system that supports a team culture across all three shifts.

Mike Foley, Plant Manager, uses a baseball analogy to explain the new SDL tracking system at Las Vegas Reman. “We think of it as a batting average. It’s hits divided by at bats,” he explains. The hits represent the Standard Direct Labor (SDL) and the at bats are the intended hours. “How many hours do we have to come in to get that much work done?”

Instead of bats and mitts, the SDL tracking system uses laminated cards and dry-erase markers. “At the end of each shift, each person fills out their individual laminated card to document what they got done,” says Troy Christensen, Values Stream Coach. “Then the team leaders add up how the team did for that shift and put that on a whiteboard where we track performance shift by shift.”

Winning as a team

Troy points out that it’s important that only the aggregate numbers for team performance are recorded on the whiteboard, and the individual scores are erased from the laminated scorecards every day. There’s no record of how any individual performed — only the collective results of the team.



Victor Perez at the SDL tracking board



Mike Foley
Plant Manager



Troy Christensen
Values Stream Coach



Mike Sandoval
Director,
Quality Manufacturing

One team may have a callout so they’re not able to complete many units, so instead they shift to prepping work for the next shift. “To use the baseball analogy again, I might bunt and get thrown out at first base, but the guy at first base is now at second base,” Mike explains. “So we’ve set up the next shift because they come in and find all this partially completed work.”

In that example, the batting average for the later shift will look better than that of the prior shift, but “ultimately what matters is how did all three shifts do for the day,” Mike says. Instead of competing, the three shifts are looking for ways to help each other succeed.

Light work vs. heavy work

The system also discourages teams from cherry-picking light work, like an oil change, over heavy work such as a teardown that requires replacing parts and then reassembling. Although the time-on-product (TOP) required for those two jobs is very different, they each count as one unit of output.

“Output is important, but if you just do all the light, easy stuff, your batting average is going to be horrible,” Mike explains. “And if you focus on the heavy work, your batting average will be great, but your output will be lower.”

Quality counts

Mike Sandoval, Director, Quality Manufacturing, says the system has impacted the culture from a quality perspective. “It’s not necessarily how many did we produce,” he says. “It’s how many did we produce correctly that we can actually ship at the end of the day.”

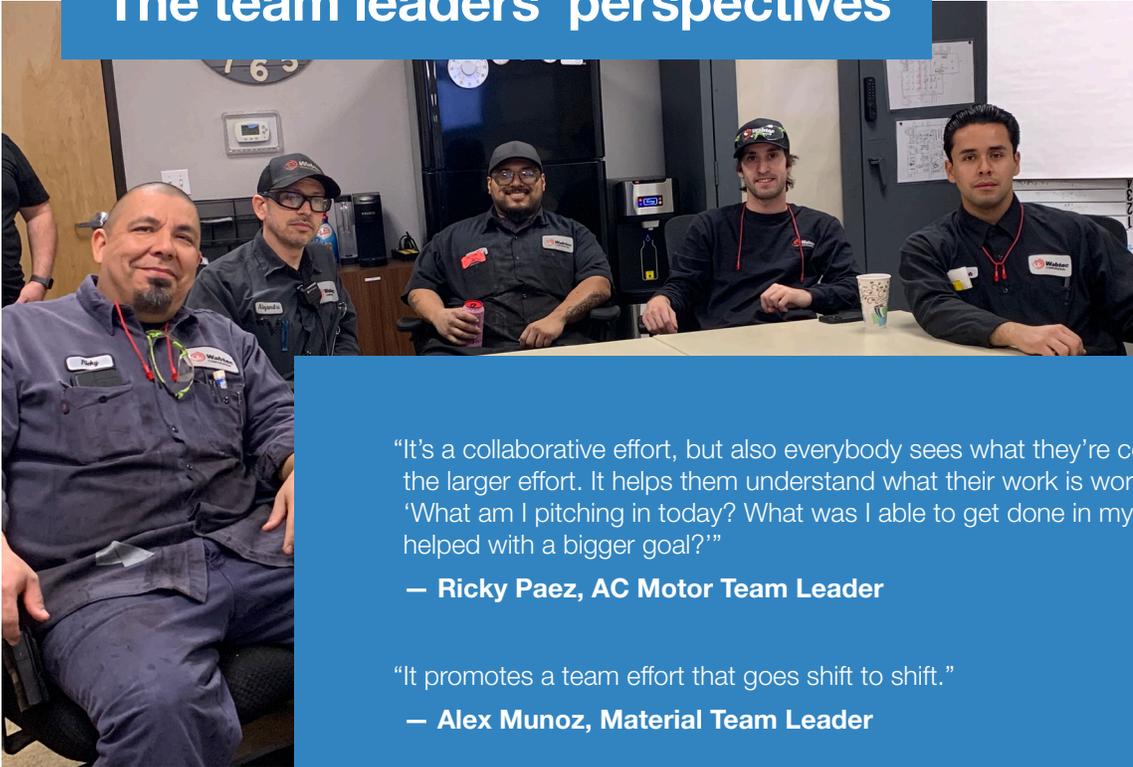
For instance, if 108 combos are produced but eight of them have a defect that requires rework, the plant has successfully produced only 100 combos. “It’s helped us focus on that first-pass yield and capturing defects earlier in the assembly process.”

Team leaders review the results

LVR selects frontline candidates to be team leaders through an annual process, and these leaders help drive the SDL tracking process. Team leaders from each of the three shifts participate in a metrics meeting each Tuesday so they’re in the loop on results.

“The team leaders are working with their team up and down the line, and they have a different mindset than they might have without those Tuesday sessions,” says Mike Foley. “It’s a chance to talk together about the metrics and try to expand the possible with those guys.”

The team leaders’ perspectives



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“It’s a collaborative effort, but also everybody sees what they’re contributing to the larger effort. It helps them understand what their work is worth. You think, ‘What am I pitching in today? What was I able to get done in my area that helped with a bigger goal?’”

— **Ricky Paez, AC Motor Team Leader**

“It promotes a team effort that goes shift to shift.”

— **Alex Munoz, Material Team Leader**

“I think people are more engaged. They understand how they can generate more SDL instead of wasting time or just keeping busy. It’s a tool to guide them in the right direction.”

— **Rocky Martinez, Radiator Team Leader**

“Because of the boards we have at each line, people put more effort into knowing what it all means, just because we track it. It makes our results more impactful.”

— **Alex Markopoulos, LEAD Program, Supervisor**

“It’s been a positive change. When there’s downtime, I’ve noticed operators insisting on doing cross-training at different stations to make up their SDL.”

— **Victor Perez, Wheel Line Team Leader**

“We’re all speaking the same language now. So the operators know what SDL means, what TOP means. The buy-in is higher because they understand it all better now.”

— **Steve Dessormeau, First Shift Supervisor**

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Success Starts on the Shop Floor

Kyra Yates discusses the frontline's contributions to a great year for Wabtec and how international wins help US plants as well.



Kyra Yates

Vice President,
Investor Relations

Wabtec had impressive results in 2025, with revenue up 7.5% and a margin increase of 1.4%. "We had a great year, so thank you to the team," says Kyra Yates, Vice President, Investor Relations. "But one of the reasons we've done so well is because we've controlled our costs."

Savings on the shop floor

Our cost improvements go beyond the changes we've made in Integration 3.0. "Those structural changes definitely play a part, with savings that will continue for several years," Kyra acknowledges. "But a big piece of our cost savings comes from operating improvements and margin increases that happen on the shop floor day to day."

Our operations teams keeping a continuous improvement mindset has a dramatic impact on Wabtec's success. Kyra points to two important factors: "One, is about operations people making smart decisions, being safe and keeping their co-workers safe. Two, is about efficiency gains and time-on-product. Operations is always looking for how to improve quality as well as costs."

That involves finding large and small ways to improve our work on the floor. It also means avoiding mistakes. "Mistakes mean rework," Kyra says. "Whatever you're building is going to be more costly if you have to go back and rework things."

"But a big piece of our cost savings comes from operating improvements and margin increases that happen on the shop floor day to day."

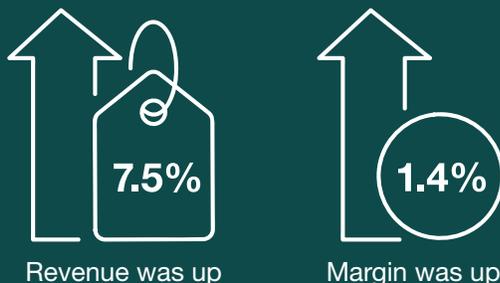
Controlling costs helps us win bids

In addition to improving Wabtec's financial results, controlling costs on the shop floor contributes to our ability to win contracts. "Across all our plants, whether you're focused on lean manufacturing, time-on-product improvements, or reducing rework," says Kyra, "all those things go into a more cost-effective product which helps us win in the market when we're bidding against competitors."

Historic win in Kazakhstan

Our \$4 billion contract with Kazakhstan is noteworthy not only because it's the largest order in rail history. It also means business for US plants that will supply key components. "Erie has propulsion technology that will get sent over. Grove City is where we build our engines," Kyra says. "An international win is a win for the company overall. It impacts everyone."

2025 Results



Long-term customer relationships

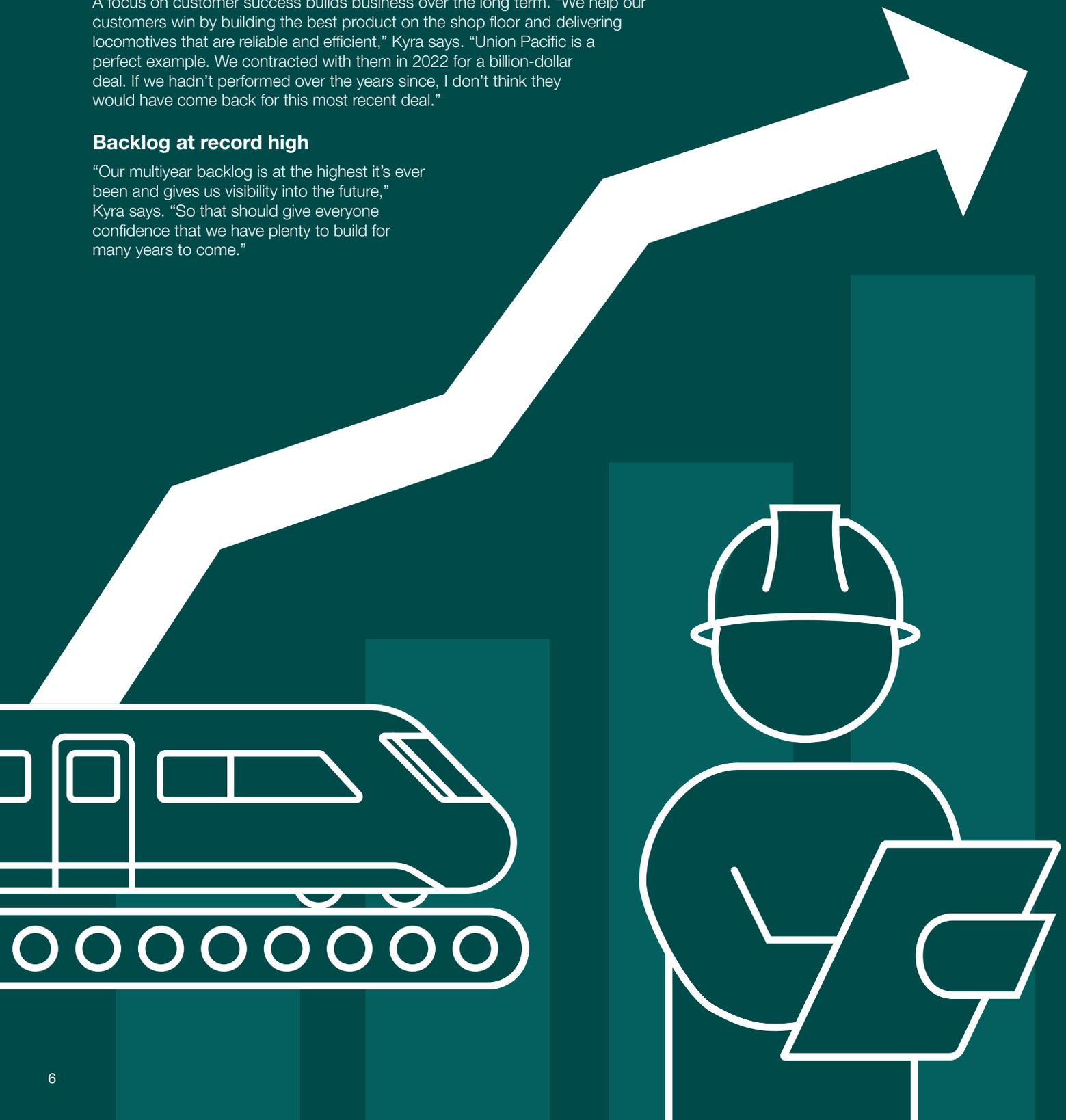
“Whether we’re selling locomotives to move the world’s freight or for transit, or components, or anything else from our vast portfolio, Wabtec is winning in the marketplace,” Kyra notes. “Our customers are going to come back because our product is the best.”

But we also win just by having our products out there in the market. “It helps us feed the business for years to come,” Kyra explains. “Once we sell a locomotive, we’re going to sell them more parts and services associated with that loco. Our team has boots on the ground, providing technology expertise to help them run their business.”

A focus on customer success builds business over the long term. “We help our customers win by building the best product on the shop floor and delivering locomotives that are reliable and efficient,” Kyra says. “Union Pacific is a perfect example. We contracted with them in 2022 for a billion-dollar deal. If we hadn’t performed over the years since, I don’t think they would have come back for this most recent deal.”

Backlog at record high

“Our multiyear backlog is at the highest it’s ever been and gives us visibility into the future,” Kyra says. “So that should give everyone confidence that we have plenty to build for many years to come.”



Prepping in Erie and Fort Worth

Both plants prepare for big jobs coming down the track: the hybrid transit locos for the MTA and the new freight locos for Norfolk Southern.



Can you tell us about these new orders?

Chris: The MTA hybrid — or the New York City Transit units as we know them in Erie — they're a work locomotive. So they're designed to go down into the tunnels of the

New York City subway. They're a lot smaller than our traditional freight locomotives.

Derrick: These locomotives are hybrid in nature. They have a battery pack as well as a diesel engine on board. So the MTA can use them in outdoor conditions running the diesel engine, but they can also use them underground in the subway system using battery power.

Kevin: We're building Tier 4C locomotives, what we call the Evolution Series, for Norfolk Southern.

Wade: The exciting part for us is transitioning from the modernizations we've done for NS to now getting the opportunity to build some new locomotives for them.



How are you preparing now so that the builds go more smoothly?

Derrick: We just built 25 of these hybrids over the last couple of years. So we've been having a lot of conversations here recently about how do we get better and prepare for this upcoming

order? We're trying to think through it, all over the board.

Chris: For this new order we're going to take those learnings, we're going to learn from them, improve upon them, and make the process more efficient.

Kevin: We'll take everything that we've learned from the builds that we've done with other Tier 4Cs and say, okay, what worked,



Derrick McCoy

Plant Manager for Locomotives Erie, Pennsylvania



Chris Curtis

Business Leader for Commercial Test Erie, Pennsylvania



Kevin Kerr

NPI Manufacturing Engineering Fort Worth, Texas



Wade Mahon

Planning and Configuration Control Specialist Fort Worth, Texas

“What changes did we make on those builds that we want to make on this one?”

— Kevin Kerr

what didn't? How did we improve? What changes did we make on those builds that we want to make on this one?

Wade: Once engineering finishes their work and drawings are being released, our job is to quickly turn that over so that the revisions get into our Oracle system within a day or two for purchase orders to our suppliers. Having that done early gives us the best chance for success of having material here on time, ready to build.



Any parting thoughts you'd like to add?

Kevin: It's always exciting to see a customer that we've been working with us come in and say: "You know what? We want to continue this relationship."



Check out the Managers' Roundtable video on the digital version of *Same Track*.

"It's the epitome of One Wabtec to get a whole brand new locomotive sent through the shop."

— Derrick McCoy

Wade: We've done a lot of mods for Norfolk Southern, but doing new builds for them is really exciting.

Chris: We're excited about this. It really brings the site together because everybody's involved in it.

Derrick: It's a full team effort. It's the epitome of One Wabtec to get a whole brand-new locomotive sent through the shop.

A previous Tier 4C build on the floor in Fort Worth



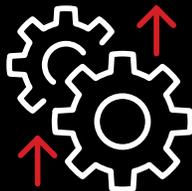
Which Plant Will Manufacture a New Order?

Most new contracts involve parts and components from several different plants, but the plant that assembles the work benefits the most. When assigning projects, we're looking for the plant that will be the most efficient, flexible, and competitive choice for that particular type of locomotive work.

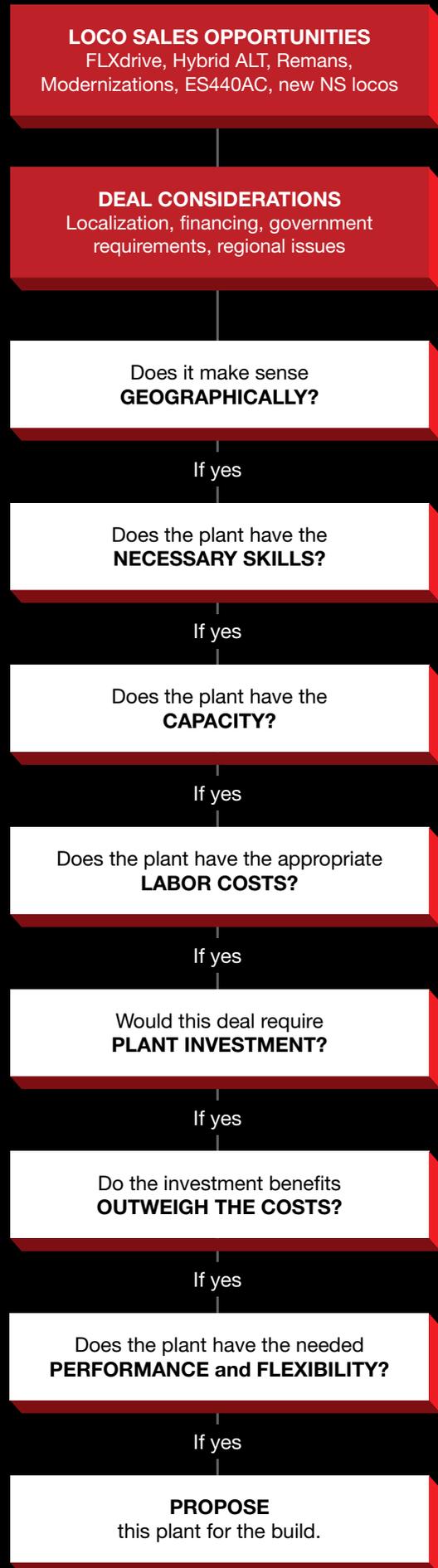
Part of the bidding process

The decision for where a contract will be built is made before we even submit a bid. It's not something we decide on the spur of the moment.

We use a well-established and clearly defined decision process that involves answering a series of questions to determine the best place for the build. If any of these responses are no, we might consider another plant — or possibly decline to bid on that contract.



When assigning projects, we're looking for the plant that will be the most efficient, flexible, and competitive choice for that particular type of locomotive work.



LOCO SALES OPPORTUNITIES

FLXdrive, Hybrid ALT, Remans, Modernizations, ES440AC, new NS locos

DEAL CONSIDERATIONS

Localization, financing, government requirements, regional issues

Does it make sense
GEOGRAPHICALLY?

If yes

Does the plant have the
NECESSARY SKILLS?

If yes

Does the plant have the
CAPACITY?

If yes

Does the plant have the appropriate
LABOR COSTS?

If yes

Would this deal require
PLANT INVESTMENT?

If yes

Do the investment benefits
OUTWEIGH THE COSTS?

If yes

Does the plant have the needed
PERFORMANCE and FLEXIBILITY?

If yes

PROPOSE
this plant for the build.