

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORP
Form SC 13G/A
February 14, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934

(Amendment No. 2) *

Westinghouse Air Brake Technologies Corporation
(Name of Issuer)

Common Stock, par value \$0.01 per share
(Title of Class of Securities)

929740108
(Cusip Number)

December 31, 2018
(Date of Event which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

(Continued on following pages)

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Exhibit Index Found on Page 37

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13G

CUSIP No. 929740108

NAMES OF REPORTING PERSONS

1

**Farallon Capital Partners, L.P.
CHECK THE APPROPRIATE
BOX IF A MEMBER OF A GROUP
(See Instructions)**

(a)

(b)

2

**** The reporting persons making this filing hold an aggregate of 5,531,059 Shares, which is 5.7% of the class of securities. The reporting person on this cover page, however, is a beneficial owner only of the securities reported by it on this cover page.
SEC USE ONLY**

3

CITIZENSHIP OR PLACE OF ORGANIZATION

4

**California
NUMBER OF SOLE VOTING POWER**

5

**-0-
SHARES SHARED VOTING POWER
BENEFICIALLY**

6

**OWNED BY
728,906
7SOLE DISPOSITIVE POWER**

EACH

-0-

8 SHARED DISPOSITIVE POWER

REPORTING

PERSON WITH

728,906

**AGGREGATE AMOUNT
BENEFICIALLY OWNED BY
EACH REPORTING PERSON**

9

728,906

**CHECK IF THE AGGREGATE
AMOUNT IN ROW (9)
EXCLUDES**

10

**CERTAIN SHARES (See
Instructions)**

..

**PERCENT OF CLASS
REPRESENTED BY AMOUNT IN
ROW (9)**

11

0.8%

**TYPE OF REPORTING PERSON
(See Instructions)**

12

PN

13G

CUSIP No. 929740108

**NAMES OF REPORTING
PERSONS**

1

**Farallon Capital Institutional
Partners, L.P.
CHECK THE APPROPRIATE
BOX IF A MEMBER OF A GROUP
(See Instructions)**

(a)

(b) **

2

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**CITIZENSHIP OR PLACE OF
ORGANIZATION**

4

NUMBER OF California
SOLE VOTING POWER

5

SHARES -0-
SHARED VOTING POWER

BENEFICIALLY

6

OWNED BY
829,446

SOLE DISPOSITIVE POWER

EACH **7**

-0-

8 SHARED DISPOSITIVE POWER

REPORTING

PERSON WITH

829,446

**AGGREGATE AMOUNT
BENEFICIALLY OWNED BY
EACH REPORTING PERSON**

9

829,446

**CHECK IF THE AGGREGATE
AMOUNT IN ROW (9)
EXCLUDES**

10

**CERTAIN SHARES (See
Instructions)**

..

**PERCENT OF CLASS
REPRESENTED BY AMOUNT IN
ROW (9)**

11

0.9%

**TYPE OF REPORTING PERSON
(See Instructions)**

12

PN

13G

CUSIP No. 929740108

**NAMES OF REPORTING
PERSONS**

1

**Farallon Capital Institutional
Partners II, L.P.
CHECK THE APPROPRIATE
BOX IF A MEMBER OF A GROUP
(See Instructions)**

(a)

(b) **

2

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**CITIZENSHIP OR PLACE OF
ORGANIZATION**

4

**NUMBER OF California
SOLE VOTING POWER**

5

**SHARES -0-
SHARED VOTING POWER**

BENEFICIALLY

6

**OWNED BY
151,469**

SOLE DISPOSITIVE POWER

EACH **7**

-0-

8 SHARED DISPOSITIVE POWER

REPORTING

PERSON WITH

151,469

**AGGREGATE AMOUNT
BENEFICIALLY OWNED BY
EACH REPORTING PERSON**

9

151,469

**CHECK IF THE AGGREGATE
AMOUNT IN ROW (9)
EXCLUDES**

10

**CERTAIN SHARES (See
Instructions)**

..

**PERCENT OF CLASS
REPRESENTED BY AMOUNT IN
ROW (9)**

11

0.2%

**TYPE OF REPORTING PERSON
(See Instructions)**

12

PN

13G

CUSIP No. 929740108

**NAMES OF REPORTING
PERSONS**

1

**Farallon Capital Institutional
Partners III, L.P.
CHECK THE APPROPRIATE
BOX IF A MEMBER OF A GROUP
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(a)

(b) **

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**CITIZENSHIP OR PLACE OF
ORGANIZATION**

4

NUMBER OF Delaware
SOLE VOTING POWER

5

SHARES -0-
SHARED VOTING POWER

BENEFICIALLY

6

OWNED BY

113,633

SOLE DISPOSITIVE POWER

EACH **7**

-0-

8 SHARED DISPOSITIVE POWER

REPORTING

PERSON WITH

113,633

**AGGREGATE AMOUNT
BENEFICIALLY OWNED BY
EACH REPORTING PERSON**

9

113,633

**CHECK IF THE AGGREGATE
AMOUNT IN ROW (9)
EXCLUDES**

10

**CERTAIN SHARES (See
Instructions)**

..

**PERCENT OF CLASS
REPRESENTED BY AMOUNT IN
ROW (9)**

11

0.1%

**TYPE OF REPORTING PERSON
(See Instructions)**

12

PN

13G

CUSIP No. 929740108

**NAMES OF REPORTING
PERSONS**

1

**Four Crossings Institutional
Partners V, L.P.
CHECK THE APPROPRIATE
BOX IF A MEMBER OF A GROUP
(See Instructions)**

(a)

(b) **

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**CITIZENSHIP OR PLACE OF
ORGANIZATION**

4

**Delaware
NUMBER OF SOLE VOTING POWER**

5

**SHARES -0-
BENEFICIALLY SHARED VOTING POWER**

6

**OWNED BY
146,162**

SOLE DISPOSITIVE POWER

EACH **7**

-0-

8 SHARED DISPOSITIVE POWER

REPORTING

PERSON WITH

146,162

**AGGREGATE AMOUNT
BENEFICIALLY OWNED BY
EACH REPORTING PERSON**

9

146,162

**CHECK IF THE AGGREGATE
AMOUNT IN ROW (9)
EXCLUDES**

10

**CERTAIN SHARES (See
Instructions)**

..

**PERCENT OF CLASS
REPRESENTED BY AMOUNT IN
ROW (9)**

11

0.2%

**TYPE OF REPORTING PERSON
(See Instructions)**

12

PN

13G

CUSIP No. 929740108

**NAMES OF REPORTING
PERSONS**

1

**Farallon Capital Offshore Investors
II, L.P.
CHECK THE APPROPRIATE
BOX IF A MEMBER OF A GROUP
(See Instructions)**

(a)

(b) **

2

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**CITIZENSHIP OR PLACE OF
ORGANIZATION**

4

NUMBER OF Cayman Islands
SOLE VOTING POWER

5

SHARES -0-
SHARED VOTING POWER

BENEFICIALLY

6

OWNED BY
1,571,697

SOLE DISPOSITIVE POWER

EACH **7**

-0-

8 SHARED DISPOSITIVE POWER

REPORTING

PERSON WITH

1,571,697

**AGGREGATE AMOUNT
BENEFICIALLY OWNED BY
EACH REPORTING PERSON**

9

1,571,697

**CHECK IF THE AGGREGATE
AMOUNT IN ROW (9)
EXCLUDES**

10

**CERTAIN SHARES (See
Instructions)**

..

**PERCENT OF CLASS
REPRESENTED BY AMOUNT IN
ROW (9)**

11

1.6%

**TYPE OF REPORTING PERSON
(See Instructions)**

12

PN

13G

CUSIP No. 929740108

**NAMES OF REPORTING
PERSONS**

1

**Farallon Capital (AM) Investors,
L.P.
CHECK THE APPROPRIATE
BOX IF A MEMBER OF A GROUP
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(a)

(b) **

2

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**CITIZENSHIP OR PLACE OF
ORGANIZATION**

4

NUMBER OF Delaware
SOLE VOTING POWER

5

SHARES -0-
SHARED VOTING POWER

BENEFICIALLY

6

OWNED BY
59,511

SOLE DISPOSITIVE POWER

EACH **7**

-0-

8 SHARED DISPOSITIVE POWER

REPORTING

PERSON WITH

59,511

**AGGREGATE AMOUNT
BENEFICIALLY OWNED BY
EACH REPORTING PERSON**

9

59,511

**CHECK IF THE AGGREGATE
AMOUNT IN ROW (9)
EXCLUDES**

10

**CERTAIN SHARES (See
Instructions)**

..

**PERCENT OF CLASS
REPRESENTED BY AMOUNT IN
ROW (9)**

11

0.1%

**TYPE OF REPORTING PERSON
(See Instructions)**

12

PN

13G

CUSIP No. 929740108

**NAMES OF REPORTING
PERSONS**

1

**Farallon Capital AA Investors, L.P.
CHECK THE APPROPRIATE
BOX IF A MEMBER OF A GROUP
(See Instructions)**

(a)

(b) **

2

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**CITIZENSHIP OR PLACE OF
ORGANIZATION**

4

**Delaware
NUMBER OF SOLE VOTING POWER**

5

**SHARES -0-
BENEFICIALLY SHARED VOTING POWER**

6

**OWNED BY
95,626
7SOLE DISPOSITIVE POWER**

EACH

-0-

8 SHARED DISPOSITIVE POWER

REPORTING

PERSON WITH

95,626

**AGGREGATE AMOUNT
BENEFICIALLY OWNED BY
EACH REPORTING PERSON**

9

95,626

**CHECK IF THE AGGREGATE
AMOUNT IN ROW (9)
EXCLUDES**

10

**CERTAIN SHARES (See
Instructions)**

..

**PERCENT OF CLASS
REPRESENTED BY AMOUNT IN
ROW (9)**

11

0.1%

**TYPE OF REPORTING PERSON
(See Instructions)**

12

PN

13G

CUSIP No. 929740108

**NAMES OF REPORTING
PERSONS**

1

**Farallon Capital F5 Master I, L.P.
CHECK THE APPROPRIATE
BOX IF A MEMBER OF A GROUP
(See Instructions)**

(a)

(b) **

2

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**CITIZENSHIP OR PLACE OF
ORGANIZATION**

4

**Delaware
NUMBER OF SOLE VOTING POWER**

5

**SHARES -0-
BENEFICIALLY SHARED VOTING POWER**

6

**OWNED BY
89,776
7SOLE DISPOSITIVE POWER**

EACH

-0-

8 SHARED DISPOSITIVE POWER

REPORTING

PERSON WITH

89,776

**AGGREGATE AMOUNT
BENEFICIALLY OWNED BY
EACH REPORTING PERSON**

9

89,776

**CHECK IF THE AGGREGATE
AMOUNT IN ROW (9)
EXCLUDES**

10

**CERTAIN SHARES (See
Instructions)**

..

**PERCENT OF CLASS
REPRESENTED BY AMOUNT IN
ROW (9)**

11

0.1%

**TYPE OF REPORTING PERSON
(See Instructions)**

12

PN

13G

CUSIP No. 929740108

**NAMES OF REPORTING
PERSONS**

1

**Farallon Equity Partners Master,
L.P.
CHECK THE APPROPRIATE
BOX IF A MEMBER OF A GROUP
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(a)

(b) **

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**CITIZENSHIP OR PLACE OF
ORGANIZATION**

4

NUMBER OF Cayman Islands
SOLE VOTING POWER

5

SHARES -0-
SHARED VOTING POWER

BENEFICIALLY

6

OWNED BY
1,744,833

SOLE DISPOSITIVE POWER

EACH **7**

-0-

8 SHARED DISPOSITIVE POWER

REPORTING

PERSON WITH

1,744,833

**AGGREGATE AMOUNT
BENEFICIALLY OWNED BY
EACH REPORTING PERSON**

9

1,744,833

**CHECK IF THE AGGREGATE
AMOUNT IN ROW (9)
EXCLUDES**

10

**CERTAIN SHARES (See
Instructions)**

..

**PERCENT OF CLASS
REPRESENTED BY AMOUNT IN
ROW (9)**

11

1.8%

**TYPE OF REPORTING PERSON
(See Instructions)**

12

PN

13G

CUSIP No. 929740108

**NAMES OF REPORTING
PERSONS**

1

**Farallon Capital Management,
L.L.C.
CHECK THE APPROPRIATE
BOX IF A MEMBER OF A GROUP
(See Instructions)**

(a)

(b) **

2

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**CITIZENSHIP OR PLACE OF
ORGANIZATION**

4

NUMBER OF Delaware
SOLE VOTING POWER

5

SHARES -0-
SHARED VOTING POWER

BENEFICIALLY

6

OWNED BY

0

SOLE DISPOSITIVE POWER

EACH **7**

-0-

8 SHARED DISPOSITIVE POWER

REPORTING

PERSON WITH

0

**AGGREGATE AMOUNT
BENEFICIALLY OWNED BY
EACH REPORTING PERSON**

9

0

**CHECK IF THE AGGREGATE
AMOUNT IN ROW (9)
EXCLUDES**

10

**CERTAIN SHARES (See
Instructions)**

..

**PERCENT OF CLASS
REPRESENTED BY AMOUNT IN
ROW (9)**

11

0.0%

**TYPE OF REPORTING PERSON
(See Instructions)**

12

IA, OO

13G

CUSIP No. 929740108

NAMES OF REPORTING PERSONS

1

Farallon Partners, L.L.C.
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)

(b) **

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VALIGN="BOTTOM">

2

President, Chief	2001	666,250	714,000	0	0	15,235	53,055
------------------	------	---------	---------	---	---	--------	--------

Executive Officer, Chair of the Board and Director	2000	612,500	570,000	725,514	0	0	54,932
Eric P. Lofgren	2002	500,000	313,500	0	104,500	0	33,231

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Vice President and Global	2001	485,000	375,000	0	0	8,000	27,930
Director, Benefits Consulting Group and Director	2000	430,000	350,000	367,736	0	0	23,107
Charles P. Wood, Jr. Vice President, Regional Manager (U.S.), Divisional Manager (U.S. West) and Director	2002	470,000	231,000	0	77,000	0	39,158
David Friend, M.D. Vice President and Divisional Manager (U.S. East)	2001	430,000	270,000	0	0	7,040	77,989
Kevin L. Meehan Vice President and Director	2000	390,000	250,000	413,750	0	0	22,969
David Friend, M.D. Vice President and Divisional Manager (U.S. East)	2002	460,000	189,750	0	63,250	0	47,683
Kevin L. Meehan Vice President and Director	2001	455,000	300,000	0	0	7,360	54,016
Kevin L. Meehan Vice President and Director	2000	435,000	325,000	239,704	0	0	32,746
Kevin L. Meehan Vice President and Director	2002	400,000	247,500	0	82,500	0	30,165
Kevin L. Meehan Vice President and Director	2001	388,500	400,000	0	0	6,400	42,030
Kevin L. Meehan Vice President and Director	2000	350,500	318,600	379,243	0	0	21,146

- (a) No associates in salary bands 5 and above in North America received an annual merit increase on October 1, 2001, the Company's annual salary adjustment date. The variance between salary in fiscal years 2001 and 2002 is due to the salary adjustment date's impact on the fiscal year calculation.
- (b) In 1996, Watson Wyatt & Company adopted a supplemental bonus plan called the stock incentive bonus plan (SIBP). Following the IPO, the SIBP was terminated and replaced with equity-based incentives more customary to publicly-traded companies.

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- (c) The first deferred stock units under the 2001 Deferred Stock Unit Plan for Selected Employees were granted in September 2002. Generally, 25% of each eligible associate's fiscal year end bonus will be delivered in the form of deferred stock units. Awards generally will vest over a two-year period at 50% per year. For the first year awards granted in September 2002, 100% of the deferred stock units vested immediately at grant. Dividends will not be paid on the deferred stock units reported in this column.
- (d) All Other Compensation consists of the following amounts: (1) Company matching contributions of 50% of the first 6% of total compensation contributed to the Company's 401(k) plan as a 401(k) salary deferral by the named executive up to the IRS maximum; (2) an additional Company matching contribution to a non-qualified savings plan of 3% of total compensation above the IRS compensation limit of \$160,000 for 1999 and 2000, and \$170,000 for 2001, if individual 401(k) contributions equal the IRS maximum; and (3) payment for the annual cash out of excess unused paid time off, as amended in 1999 (all associates are subject to the same paid time off limits).

All Other Compensation Components For Fiscal Year 2002

All Other Compensation Components For Fiscal Year 2002

Name	d(1)	d(2)	d(3)	Total
Haley	\$9,750	\$46,633	\$39,231	\$95,614
Lofgren	5,600	27,631	0	33,231
Wood	5,600	20,981	12,577	39,158
Friend	8,874	24,655	14,154	47,683
Meehan	5,600	24,565	0	30,165

Option Grants in Fiscal Year 2002

Under the 2000 Long-Term Incentive Plan, each associate was granted options in October 2000 (at the time of the IPO) to purchase stock valued at 40% of his or her target bonus amount, subject to a minimum grant of 100 options. The Company's executive officers and directors were granted options at that time using the same formula. These options will expire after seven years, subject to early termination in specified circumstances, and will vest in five equal annual installments over a period of five years. The Company did not grant any options under the Plan to the named executive officers in fiscal year 2002. The Company does not currently intend to issue further stock options under the 2000 Long-Term Incentive Plan.

Aggregated Option Exercises and Fiscal Year 2002 Year-End Option Values

The following table sets forth information concerning the number and value of unexercised options held by the named executive officers at fiscal year 2002 year-end. The value of unexercised in-the-money options held at fiscal year 2002 year-end represents the pre-tax total gain which the option holder would realize if he exercised all of the in-the-money options held at fiscal year 2002 year-end, and is determined by multiplying the number of shares of common stock underlying the options by the difference between \$24.22, which was the closing price per share of the Company's common stock on the New York Stock Exchange on June 28, 2002 (the last trading day of fiscal year 2002), and the applicable per share option exercise price. An option is in-the-money if the fair market value of the underlying shares exceeds the exercise price of the option. Two of the named executive officers exercised options during fiscal year 2002 - Dr. Friend exercised 500 options and Mr. Meehan exercised 1,280 options.

15

	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options as of June 30, 2002 (#)		Value of Unexercised In-the-Money Options as of June 30, 2002 (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Haley			3,047	12,188	\$35,711	\$142,843
Lofgren			1,600	6,400	18,752	75,008
Wood			1,408	5,632	16,502	66,007
Friend	500	\$ 3,275	972	5,888	11,392	69,007
Meehan	1,280	13,062	0	5,120	0	60,006

DEFINED BENEFIT PLANS

Pension Plan for U.S. Associates. The following table sets forth the estimated annual benefits payable on a five-year certain and life basis (excluding Social Security) under the Company's qualified pension plan and non-qualified excess pension plans to a U.S. associate who qualifies for normal retirement in 2002 with the specified average compensation equal to the average of the highest 36 consecutive months of compensation prior to retirement and the specified years of continuous service:

Annual Benefit Amounts¹

Average Annual Compensation for 36 Consecutive Months with the Highest Average Preceding Retirement	Years of Continuous Service				
	5	10	15	20	25
\$ 150,000	\$ 14,961	\$ 29,922	\$ 44,883	\$ 59,844	\$ 74,806
250,000*	25,461	50,922	76,383	101,844	127,306
350,000*	35,961	71,922	107,883	143,844	179,806
450,000*	46,461	92,922	139,383	185,844	232,306
550,000*	56,961	113,922	170,883	227,844	284,806
650,000*	67,461	134,922	202,383	269,844	337,306
750,000*	77,961	155,922	233,883	311,844	389,806
850,000*	88,461	176,922	265,383	353,844	442,306
950,000*	98,961	197,922	296,883	395,844	494,806
1,050,000*	109,461	218,922	328,383	437,844	547,306
1,150,000*	119,961	239,922	359,883	479,844	599,806
1,250,000*	130,461	260,922	391,383	521,844	652,306

¹ The annual benefit at normal retirement (age 65) under the qualified plan is equal to 1.7% times the associate's average compensation for the 36 consecutive months with the highest compensation plus 0.4% times the associate's average compensation for the 36 consecutive months with the highest compensation that exceeds Social Security Covered Compensation, all times the number of completed years and months of continuous service up to 25 years.

* As required by Section 415 of the IRC, qualified plan payments may not provide annual benefits exceeding a maximum amount, currently \$160,000. For those associates who are covered under the excess plans, amounts above this maximum will be paid under the terms of the excess plans, up to the amounts shown in the table above. Pursuant to Section 401(a)(17) of the IRC, annual compensation in excess of \$200,000 cannot be taken into account in determining qualified plan benefits.

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The years of credited service for the associates named in the cash compensation table as of June 30, 2002 are: Mr. Haley 25.17 years; Mr. Lofgren 13.00 years; Mr. Wood 26.75 years; Dr. Friend 7.00 years; Mr. Meehan 19.17 years. Benefits are based solely on the compensation shown in the Salary, the Cash Bonus, and Restricted Stock Award(s) columns of the Summary Compensation Table.

Supplemental Retirement Program for U.S. Associates. This non-qualified program provides additional retirement benefits to eligible associates who retire from active employment with the Company. Prior to January 1, 1997, the qualified pension plan recognized base pay only, with this Supplemental Retirement Program (SRP) recognizing total pay. Associates eligible for benefits under this program were those who had total annual average compensation in excess of a minimum compensation level (\$129,329 as of June 30, 2001 and indexed in the future) and who had attained age 50 with 10 or more years of service.

Effective January 1, 1997, the qualified pension plan was amended to recognize total pay; therefore, the SRP was phased out over a transition period that extended for five years through December 31, 2001. Associates eligible for transition benefits must meet all of the following criteria: total pay exceeds the minimum compensation level described previously; age 45 or older with 10 years or more of service as of December 31, 1996 and 60 or more points as of December 31, 1996 (sum of age and service is 60 or greater).

For purposes of the SRP, annual compensation refers to the total of the compensation amounts shown in the Salary and Bonus columns of the Summary Compensation Table. Transition benefits will equal the amount of total retirement benefits that would have been paid under the qualified plan and SRP formulas in effect prior to January 1, 1997, less any benefits paid under the qualified plan in effect after that date. Prior to January 1, 1997, the qualified plan provided a benefit equal to 2.5% times the

participant's average salary (base pay only) for the three consecutive years with the highest annual salaries for each completed year and month of continuous service up to 20 years, plus 2% of such compensation for each completed year and month of continuous service over 20 years, up to a maximum of 8-1/3 years, less 30/17% of the participant's estimated Social Security benefit for each completed year and month of continuous service, up to a maximum of 28-1/3 years. Prior to January 1, 1997, the SRP formula was approximately the same as the qualified plan, except bonus compensation was also recognized. For determining benefits under the prior plans, no pay increases after December 31, 1996 were recognized. The form of benefit under the SRP was a temporary annuity from the retirement date until the eligible associate reached age 65. Any pension effect related to this program has not been considered in the preceding table, which assumes normal retirement (age 65).

Other Pension Plans. The Company also has other pension plans that have been established in various countries for the benefit of eligible associates in those jurisdictions.

General Employment Arrangement

Generally, executive officers are not parties to employment agreements with the Company. Independent directors are paid pursuant to a compensation plan approved by the Board. Executives and other associates in salary bands 4 and higher are required to sign non-competition and confidentiality agreements.

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Compensation Committee Interlocks and Insider Participation

The members of the Company's Compensation Committee for fiscal year 2002 were Barbara Hackman Franklin, John J. Gabarro, R. Michael McCullough and Gilbert T. Ray (Chair). All are independent directors of the Company. The Compensation Committee members did not participate in decisions regarding their own compensation. No interlocking relationship exists between the Company's board of directors or our Compensation Committee and any member of any other company's board of directors or their compensation committee, nor has any interlocking relationship existed in the past.

Report of the Compensation Committee on Executive Compensation

The Compensation Committee was comprised of four independent directors. It oversees executive compensation policies, including the compensation of the chief executive officer (CEO), the 2001 Employee Stock Purchase Plan, the 2001 Deferred Stock Unit Plan for Selected Employees and the 2000 Long-Term Incentive Plan. The Committee held four meetings during fiscal year 2002.

Compensation Philosophy

The Company compensation philosophy is applied to all associates, including executive officers. The compensation program takes into consideration the Company's business strategy and market conditions. Specifically, the compensation program has been designed to:

1. Attract, motivate and retain associates by providing competitive compensation based on individual and Company performance;
2. Focus management on maximizing stockholder value;
3. Provide competitive base compensation, supplemented with variable compensation based on individual achievement of annual and long-term results;
4. Foster an ownership mentality among associates and reward their focus on long-term objectives;
5. Compensate associates fairly on a global basis, relative to other associates and the market; and
6. Provide compensation that reflects the Company's performance, relative to its key competitors.

The Committee commissioned an external survey of peer group senior executive compensation, including CEOs, in fiscal year 2002. Of the companies surveyed, the differences in size, complexity and organizational structure make direct competitor comparisons difficult. In making its determinations, the Committee relied on publicly available information, the above-mentioned survey and its knowledge of the market for key executives. The Committee believes that the level of executive compensation is sufficient to achieve financial objectives in a competitive environment.

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Base and Bonus Compensation

For the fiscal year ending June 30, 2002, the compensation of the Company's executive officers and all other bonus-eligible associates was comprised primarily of two elements: base salary and fiscal year-end bonus. Such compensation for the company's executives who report to the CEO was determined by the CEO.

With respect to base compensation, the CEO's decisions were based on each associate's experience, competencies, expected level of responsibility in the coming year, and external market value, as well as internal equity.

The CEO's decisions with respect to bonus compensation were based on the Company's overall financial performance, business unit financial performance, and individual achievement of other business objectives.

The Company's compensation program establishes target bonuses for all bonus-eligible associates, based on their band level. Funding for the bonus pool is based on the Company's fiscal year-end net operating income and may be greater than or less than total target bonuses. Individual bonus awards are at each manager's discretion and are based on the manager's assessment of the associate's achievement of stated goals and support of Company values.

The Committee reviewed and approved the CEO's recommendations concerning base and bonus compensation for his direct reports.

Stock Programs

The Company's long-term compensation plans are designed to recognize the individual's past, present and potential future contributions. The Company believes that stock ownership aligns associate financial interest with those of other stockholders and the Company.

Stock Options

In connection with the IPO in October 2000, the Company implemented the 2000 Long-Term Incentive Plan, under which it may grant stock options. In October 2000, executive officers and other eligible associates were granted options to purchase the Company's common stock pursuant to this plan, based on a formula related to their target bonus amounts. There were no grants of options under the plan in fiscal year 2002 other than grants made to associates with pending offer letter commitments and/or administrative adjustments to existing grants. The total number of options granted in these categories was approximately 19,000.

Stock Purchase Plan

In January 2002, the Company implemented the 2001 Employee Stock Purchase Plan, which is available to all associates. Currently, 32% of associates participate in this plan.

Deferred Stock Unit Plan

In January 2002, the Company implemented the 2001 Deferred Stock Unit Plan for Selected Employees. Under this Plan, associates of the Company in bands 5 and above are granted deferred stock units in lieu of a portion of their discretionary bonus.

Compensation of the Chief Executive Officer

In addition to the specific factors listed below, quantitative and qualitative factors mentioned in the Base and Bonus Compensation section are also taken into consideration in assessing the performance of the CEO.

During fiscal year 2002, Mr. Haley's base salary was \$680,000, unchanged from fiscal year 2001. As part of the implementation of the new compensation philosophy that emphasizes variable pay, no associates in salary bands 5 and above in North America received an annual merit increase on October 1, 2001.

Mr. Haley's fiscal year 2002 bonus was approved by the board of directors based on the recommendation of the Compensation Committee. The Committee recommended, and the board approved, a bonus equal to 99 percent of Mr. Haley's target bonus. The following factors were taken into account:

1. Financial performance of the Company in light of the difficult economic environment and in comparison to its competitors;
2. Leadership in representing the Company with the investment community;
3. Successful promotion of continuous quality improvements and effective risk management;
4. Actions taken to strengthen the Latin America operations of the Company;
5. Development of succession plans for leadership teams and key client service teams;
6. Initiation of a diversity program throughout the Company; and
7. Relativity to the bonus compensation levels of the CEO's direct reports for fiscal year 2002.

Deductibility of Executive Compensation

In order to maximize the deductibility for federal income tax purposes of compensation paid to executive officers, the Company has a Senior Officers Deferred Compensation Plan that requires deferral of compensation in excess of \$1.0 million that would otherwise be payable to the CEO and the four other highest compensated executive officers.

Submitted by the Watson Wyatt & Company Holdings Compensation Committee:

Gilbert T. Ray Chair
Barbara Hackman Franklin
John J. Gabarro
R. Michael McCullough

STOCKHOLDER RETURN GRAPH

The graph below depicts total cumulative stockholder return on \$100 invested on July 1, 1997 in (1) Watson Wyatt & Company Holdings common stock, (2) an independently-compiled, industry peer group index comprised of the common stock of all publicly-traded companies within the management consulting services standard industrial classification code, and (3) the New York Stock Exchange Broad Market Index. The graph assumes reinvestment of dividends.

An independently-compiled, industry peer group index was utilized because financial information on the Company's most direct competitors is not publicly available.

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Watson Wyatt & Company Holdings Common Stock (a)	100.00	114.15	126.04	147.17	882.26	913.96
Peer Group Index (b)	100.00	120.84	84.79	90.70	62.96	53.77
NYSE Broad Market Index	100.00	127.43	144.86	143.84	140.98	122.59

(a) Prior to its initial public offering in fiscal year 2001, the price of Watson Wyatt's common stock was determined by a formula based on book value.

(b) Companies included in the independently-compiled industry peer group index: ARC Communications, Inc.; Brandpartners Group, Inc.; Comforce Corporation; Corporate Executive Board Company; Diamondcluster International, Inc.; Donini, Inc.; Education Lending Group; Exponent, Inc.; Exult, Inc.; First Consulting Group, Inc.; FTI Consulting, Inc.; Harris Interactive, Inc.; Heidrick & Struggle International; Hewitt Associates, Inc.; I-Trax.com Inc; KPMG Consulting, Inc.; Latinocare Management Corp.; Lehman T H & Co Income;

Management Network Group, Inc.; New Century Equity Holdings, Corp.; Nextera Enterprises, Inc.; On-Site Sourcing, Inc; Orthodontix, Inc.; PracticeWorks, Inc.; Provant, Inc.; Resources Connection, Inc.; Right Management Consultants, Inc.; SMA Stonepath Group, Inc.; Superior Consultant Holdings Corporation; Synergy 2000, Inc.; Thomas Group, Inc.; Ventiv Health, Inc.; and Watson Wyatt & Company Holdings.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On April 1, 1995, Watson Wyatt & Company transferred its United Kingdom operations to R. Watson & Sons, subsequently renamed Watson Wyatt LLP, and received a beneficial interest and a 10% interest in a defined profit pool of the partnership. Watson Wyatt & Company also transferred its Continental European operations to a newly-formed holding company owned by a subsidiary of Watson Wyatt & Company and Watson Wyatt LLP in exchange for 50.1% of its shares. Effective July 1, 1998, Watson Wyatt & Company sold one-half of its investment in the holding company to Watson Wyatt LLP. Mr. Paul N. Thornton, Senior Partner of Watson Wyatt LLP, is currently a member of the Company's board of directors. Mr. Haley is a member of the Watson Wyatt LLP Partnership Board. Watson Wyatt LLP and Watson Wyatt & Company provide various services to and on behalf of each other in the ordinary course of business.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's executive officers and directors, among others, to file with the SEC initial reports of ownership and reports of changes in ownership of the Company's common stock. Persons subject to Section 16 are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file. As a matter of practice, the Company's administrative staff assists the Company's executive officers and directors in preparing initial reports of ownership and reports of changes in ownership, and files those reports with the SEC on their behalf.

Based solely on a review of the copies of such forms furnished to the Company and written representations from the Company's executive officers and directors, the Company believes that all of its executive officers and directors filed required reports on a timely basis under Section 16(a). Due to an administrative oversight, one report of a sale of stock for Mr. John Caldarella, a Section 16(a) reporting person, was filed one day late.

MANNER IN WHICH THE PROXIES WILL BE SOLICITED AND VOTED

The cost of soliciting proxies will be borne by the Company. Officers and regular associates of the Company may, but without compensation other than their regular compensation, solicit proxies by additional mailings, personal conversations, telephone, facsimile, or electronically. The Company will, upon request, reimburse brokerage firms and others for their reasonable

expenses in forwarding solicitation material to the beneficial owners of the Company's common stock.

Management knows of no other matter that may come up for action at the annual meeting. However, if any other matter properly comes before the meeting, the proxies named on the enclosed proxy will vote in accordance with their judgment upon such matter. Individual proxies will be counted by ADP Investor Communication Services in an effort to ensure the confidentiality and anonymity of each stockholder's votes. **Whether or not you expect to be present at the meeting, you are urged to vote your proxy, by telephone, internet, or if you have received your proxy materials by mail, to sign, date and promptly mail in your proxy.**

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Representatives of PricewaterhouseCoopers LLP are not expected to attend the annual meeting. If a representative of PricewaterhouseCoopers LLP attends the annual meeting, he or she will have an opportunity to make a statement if he or she desires to do so. Also, if such representative chooses to attend the annual meeting, he or she is expected to be available to respond to appropriate questions.

STOCKHOLDER PROPOSALS

Any stockholder wishing to present a proposal to be included in the proxy statement for the 2003 annual meeting of the Company, currently expected to be held on or about November 18, 2003, may submit such proposal in writing to Watson Wyatt & Company Holdings, Office of the Secretary, 1717 H Street, N.W., Washington, D.C. 20006. Such proposals must be received no later than July 21, 2003.

Alternatively, stockholders of record may introduce certain types of proposals that they believe should be voted upon at the annual meeting or nominate persons for election to the board of directors. Under the Company's Amended and Restated Bylaws, unless the date of the 2003 annual meeting of stockholders is advanced by more than 40 days or delayed by more than 40 days from the anniversary of the 2002 annual meeting, notice of any such proposal or nomination must be provided in writing to the Secretary of the Company no later than the close of business on August 21, 2003. In addition, stockholders wishing to make such proposals or nominations must satisfy other requirements set forth the Company's Amended and Restated Bylaws. If the stockholder does not also comply with the requirements of Rule 14a-4 under the Securities Exchange Act of 1934, the Company may exercise discretionary voting authority under proxies it solicits to vote in accordance with its best judgment on any such proposal submitted by a stockholder.

ANNUAL REPORT

A copy of the Annual Report of the Company containing financial statements for the fiscal year ended June 30, 2002 accompanies this proxy statement. A copy of the Company's Annual Report on Form 10-K is available without charge upon request to the Company. Requests may be made to Watson Wyatt & Company Holdings, Office of the Secretary, 1717 H Street, N.W., Washington, D.C. 20006.

By order of the board of directors

Walter W. Bardenwerper
Vice President, General Counsel and Secretary

Washington, D.C.
October 18, 2002

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WATSON WYATT & COMPANY HOLDINGS
1717 H STREET, NW
WASHINGTON, D.C. 20006

**You can submit your proxy by mail, by telephone or through
the Internet.**
Please use only one of the three response methods.

1. By mail. Mark, sign and date your proxy card and return it in the enclosed envelope as soon as possible to Watson Wyatt & Company Holdings, c/o ADP, 51 Mercedes Way, Edgewood, NY 11717.

Or

2. By telephone. Call toll-free **1-800-690-6903** on any touch-tone telephone to authorize the voting of your shares. You may call 24 hours a day, 7 days a week. You will be prompted to enter the control number below; then just follow the simple instructions. You may submit your vote in this manner no later than 11:59 p.m. EST on Sunday, November 17, 2002.

Or

3. Through the Internet. Access the website at www.proxyvote.com to authorize the voting of your shares. You may access the site 24 hours a day, 7 days a week. You will be prompted to enter the control number below; then just follow the simple instructions. You may submit your vote in this manner no later than 11:59 p.m. EST on Sunday, November 17, 2002.

If you vote by telephone or by Internet, please DO NOT mail back the proxy form.

THANK YOU FOR VOTING!

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

WYATT1

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

WATSON WYATT & COMPANY HOLDINGS

This proxy will be voted as directed. If no direction is made, it will be voted FOR Item 1.

1. Election of Directors	For All	Withhold All	For All Except	To withhold authority to vote, mark For All Except and write the nominee's number on the line below.
CLASS II DIRECTORS (TERM EXPIRES IN 2005):				_____
(01) John J. Gabarro	/ /	/ /	/ /	
(02) John J. Haley				
(03) Linda D. Rabbitt				
(04) Gene H. Wickes				
(05) John C. Wright				

THE BOARD OF DIRECTORS OF THE COMPANY RECOMMENDS A VOTE FOR ITEM 1.

Please sign exactly as name appears. Joint owners should each sign. Executors, administrators, trustees, custodians, etc. should so indicate when signing. If signer is a corporation, please sign full name by duly authorized officer.

Signature [PLEASE SIGN WITHIN BOX] Date

Signature (Joint Owners) Date

**Watson Wyatt & Company Holdings
Annual Meeting of Stockholders
Marriott Suites
6711 Democracy Boulevard
Bethesda, Maryland**

**Monday, November 18, 2002
9:30 a.m. (EST)**

FOLD AND DETACH HERE

**WATSON WYATT & COMPANY HOLDINGS
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.**

The undersigned hereby appoints John J. Haley and Walter W. Bardenwerper, and each of them, as his or her proxies, each with full power of substitution, to vote all of the undersigned's shares of capital stock of Watson Wyatt & Company Holdings at the Annual Meeting of Stockholders of the Company to be held on Monday, November 18, 2002, at the Bethesda Marriott, 9:30 a.m. and at any adjournments thereof, with the same authority as if the undersigned were personally present, as specified on the reverse.

THE UNDERSIGNED HEREBY REVOKES ANY PROXY HERETOFORE GIVEN AND ACKNOWLEDGES RECEIPT OF THE NOTICE AND PROXY STATEMENT FOR THE ANNUAL MEETING.
