

Section 1: 10-Q (10-Q)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2019

or

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 000-51237

FREIGHTCAR AMERICA, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

25-1837219
(I.R.S. Employer
Identification No.)

Two North Riverside Plaza, Suite 1300
Chicago, Illinois
(Address of principal executive offices)

60606
(Zip Code)

(800) 458-2235

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer	<input type="checkbox"/>	Accelerated Filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by a check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act:

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

Title of each class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common stock, par value \$0.01 per share	RAIL	Nasdaq Global Market

As of April 17, 2019, there were 12,596,142 shares of the registrant's common stock outstanding.

FREIGHTCAR AMERICA, INC.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

FreightCar America, Inc.
Condensed Consolidated Balance Sheets (Unaudited)

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
	(in thousands, except for share and per share data)	
Assets		
Current assets		
Cash, cash equivalents and restricted cash equivalents	\$ 65,000	\$ 45,070
Restricted certificates of deposit	1,668	4,952
Marketable securities	1,998	18,019
Accounts receivable, net of allowance for doubtful accounts of \$108 and \$91, respectively	9,290	18,218
Inventories, net	52,700	64,562
Other current assets	7,373	5,012
Total current assets	138,029	155,833
Property, plant and equipment, net	43,406	45,317
Railcars available for lease, net	64,370	64,755
Right of use asset	74,174	—
Goodwill	21,521	21,521
Other long-term assets	2,583	2,311
Total assets	<u>\$ 344,083</u>	<u>\$ 289,737</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts and contractual payables	\$ 30,586	\$ 34,749
Accrued payroll and other employee costs	1,998	1,639
Reserve for workers' compensation	3,527	3,344
Accrued warranty	11,045	9,309
Customer deposits	1,281	3,000
Deferred income state and local incentives, current	2,219	2,219
Deferred rent, current	—	6,466
Lease liability, current	16,840	—
Other current liabilities	1,325	1,324
Total current liabilities	68,821	62,050
Accrued pension costs	5,752	5,841
Accrued postretirement benefits, less current portion	4,907	4,975
Deferred income state and local incentives, long-term	6,387	6,941
Deferred rent, long-term	—	15,519
Lease liability, long-term	77,281	—
Accrued taxes and other long-term liabilities	476	801
Total liabilities	163,624	96,127
Stockholders' equity		
Preferred stock, \$0.01 par value, 2,500,000 shares authorized (100,000 shares each designated as Series A voting and Series B non-voting, 0 shares issued and outstanding at March 31, 2019 and December 31, 2018)	—	—
Common stock, \$0.01 par value, 50,000,000 shares authorized, 12,731,678 shares issued at March 31, 2019 and December 31, 2018	127	127
Additional paid in capital	86,074	90,593
Treasury stock, at cost, 135,286 and 272,030 shares at March 31, 2019 and December 31, 2018, respectively	(4,572)	(9,721)
Accumulated other comprehensive loss	(8,145)	(8,188)
Retained earnings	106,975	120,799
Total stockholders' equity	180,459	193,610
Total liabilities and stockholders' equity	<u>\$ 344,083</u>	<u>\$ 289,737</u>

See Notes to Condensed Consolidated Financial Statements (Unaudited).

FreightCar America, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended	
	March 31,	
	2019	2018
	(in thousands, except for share and per share data)	
Revenues	\$ 70,708	\$ 82,973
Cost of sales	<u>77,557</u>	<u>83,569</u>
Gross loss	(6,849)	(596)
Selling, general and administrative expenses	<u>7,667</u>	<u>7,996</u>
Operating loss	(14,516)	(8,592)
Interest expense and deferred financing costs	(36)	(32)
Other income	<u>319</u>	<u>381</u>
Loss before income taxes	(14,233)	(8,243)
Income tax benefit	<u>(201)</u>	<u>(1,839)</u>
Net loss	\$ (14,032)	\$ (6,404)
Net loss per common share – basic	\$ (1.12)	\$ (0.51)
Net loss per common share – diluted	\$ (1.12)	\$ (0.51)
Weighted average common shares outstanding – basic	<u>12,337,013</u>	<u>12,306,011</u>
Weighted average common shares outstanding – diluted	<u>12,337,013</u>	<u>12,306,011</u>
Dividends declared per common share	\$ —	\$ —

See Notes to Condensed Consolidated Financial Statements (Unaudited).

FreightCar America, Inc.
Condensed Consolidated Statements of Comprehensive Loss
(Unaudited)

	Three Months Ended March 31,	
	2019	2018
	(in thousands)	
Net loss	\$ (14,032)	\$ (6,404)
Other comprehensive (loss) income, net of tax:		
Pension liability adjustments, net of tax	137	88
Postretirement liability adjustments, net of tax	(94)	(52)
Other comprehensive (loss) income	43	36
Comprehensive loss	<u>\$ (13,989)</u>	<u>\$ (6,368)</u>

See Notes to Condensed Consolidated Financial Statements (Unaudited).

FreightCar America, Inc.
Condensed Consolidated Statements of Stockholders' Equity (Unaudited)
(in thousands, except for share data)

	Common Stock		Additional Paid In Capital	Treasury Stock		Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
	Shares	Amount		Shares	Amount			
Balance, December 31, 2017	<u>12,731,678</u>	<u>\$ 127</u>	<u>\$ 90,347</u>	<u>(336,982)</u>	<u>\$(12,555)</u>	<u>\$ (7,567)</u>	<u>\$ 161,380</u>	<u>\$ 231,732</u>
Net loss	—	—	—	—	—	—	(6,404)	(6,404)
Other comprehensive income	—	—	—	—	—	36	—	36
Restricted stock awards	—	—	(2,392)	64,457	2,392	—	—	—
Employee stock settlement	—	—	—	(7,089)	(118)	—	—	(118)
Forfeiture of restricted stock awards	—	—	117	(7,991)	(117)	—	—	—
Stock-based compensation recognized	—	—	836	—	—	—	—	836
Balance, March 31, 2018	<u>12,731,678</u>	<u>\$ 127</u>	<u>\$ 88,908</u>	<u>(287,605)</u>	<u>\$(10,398)</u>	<u>\$ (7,531)</u>	<u>\$ 154,976</u>	<u>\$ 226,082</u>
Balance, December 31, 2018	<u>12,731,678</u>	<u>\$ 127</u>	<u>\$ 90,593</u>	<u>(272,030)</u>	<u>\$ (9,721)</u>	<u>\$ (8,188)</u>	<u>\$ 120,799</u>	<u>\$ 193,610</u>
Cumulative effect of adoption of ASC 842	—	—	—	—	—	—	208	208
Net loss	—	—	—	—	—	—	(14,032)	(14,032)
Other comprehensive loss	—	—	—	—	—	43	—	43
Restricted stock awards	—	—	(5,227)	146,948	5,227	—	—	—
Employee stock settlement	—	—	—	(7,404)	(59)	—	—	(59)
Forfeiture of restricted stock awards	—	—	19	(2,800)	(19)	—	—	—
Stock-based compensation recognized	—	—	689	—	—	—	—	689
Balance, March 31, 2019	<u>12,731,678</u>	<u>\$ 127</u>	<u>\$ 86,074</u>	<u>(135,286)</u>	<u>\$ (4,572)</u>	<u>\$ (8,145)</u>	<u>\$ 106,975</u>	<u>\$ 180,459</u>

See Notes to Condensed Consolidated Financial Statements (Unaudited).

FreightCar America, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended March 31,	
	2019	2018
	(in thousands)	
Cash flows from operating activities		
Net loss	\$ (14,032)	\$ (6,404)
Adjustments to reconcile net loss to net cash flows provided by (used in) by operating activities:		
Net proceeds from Shoals transaction	—	2,655
Depreciation and amortization	3,206	2,550
Amortization expense – right-of-use leased assets	3,202	—
Recognition of deferred income from state and local incentives	(554)	(555)
Deferred income taxes	—	(1,992)
Stock-based compensation recognized	689	836
Other non-cash items, net	(736)	273
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	8,928	(5,330)
Inventories	12,591	1,930
Inventories on lease	—	(9,186)
Other assets	(2,355)	(3,323)
Accounts and contractual payables	(4,516)	2,284
Accrued payroll and employee benefits	359	338
Income taxes receivable/payable	(200)	650
Accrued warranty	1,736	979
Lease liability	(5,037)	—
Other liabilities	(1,460)	1,223
Accrued pension costs and accrued postretirement benefits	(114)	(418)
Net cash flows provided by (used in) operating activities	<u>1,707</u>	<u>(13,490)</u>
Cash flows from investing activities		
Purchase of restricted certificates of deposit	(1,117)	(1,040)
Maturity of restricted certificates of deposit	4,400	1,308
Purchase of securities held to maturity	(1,986)	(41,244)
Proceeds from maturity of securities	18,025	32,005
Purchase of property, plant and equipment	(760)	(182)
Proceeds from sale of property, plant and equipment and railcars available for lease	—	228
Net cash flows provided by (used in) investing activities	<u>18,562</u>	<u>(8,925)</u>
Cash flows from financing activities		
Employee stock settlement	(59)	(118)
Deferred financing costs	(280)	—
Net cash flows used in financing activities	<u>(339)</u>	<u>(118)</u>
Net increase (decrease) in cash and cash equivalents	19,930	(22,533)
Cash, cash equivalents and restricted cash equivalents at beginning of period	45,070	87,788
Cash, cash equivalents and restricted cash equivalents at end of period	<u>\$ 65,000</u>	<u>\$ 65,255</u>
Supplemental cash flow information		
Interest paid	\$ 15	\$ 18
Income tax refunds received	\$ —	\$ 487
Income tax paid	\$ —	\$ —

See Notes to Condensed Consolidated Financial Statements (Unaudited).

FreightCar America, Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)
(In thousands, except for share and per share data)

Note 1 – Description of the Business

FreightCar America, Inc. (“FreightCar”) operates primarily in North America through its direct and indirect subsidiaries, JAC Operations, Inc., Johnstown America, LLC, Freight Car Services, Inc., JAIX Leasing Company (“JAIX”), FreightCar Roanoke, LLC, FreightCar Mauritius Ltd. (“Mauritius”), FreightCar Rail Services, LLC (“FCRS”), FreightCar Short Line, Inc. (“FCSL”), FreightCar Alabama, LLC and FreightCar (Shanghai) Trading Co., Ltd. (herein collectively referred to as the “Company”), and manufactures a wide range of railroad freight cars, supplies railcar parts and leases freight cars. The Company designs and builds high-quality railcars, including coal cars, bulk commodity cars, covered hopper cars, intermodal and non-intermodal flat cars, mill gondola cars, coil steel cars and boxcars. The Company is headquartered in Chicago, Illinois and has facilities in the following locations: Cherokee, Alabama; Grand Island, Nebraska; Johnstown, Pennsylvania; Roanoke, Virginia; and Shanghai, People’s Republic of China.

The Company and its direct and indirect subsidiaries are all Delaware corporations or Delaware limited liability companies except Mauritius, which is incorporated in Mauritius, and FreightCar (Shanghai) Trading Co., Ltd., which is organized in the People’s Republic of China. The Company’s direct and indirect subsidiaries are all wholly owned.

Note 2 – Basis of Presentation

The accompanying condensed consolidated financial statements include the accounts of FreightCar America, Inc. and subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The foregoing financial information has been prepared in accordance with the accounting principles generally accepted in the United States of America (“GAAP”) and rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”) for interim financial reporting. The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. The results of operations for the three months ended March 31, 2019 are not necessarily indicative of the results to be expected for the full year. The accompanying interim financial information is unaudited; however, the Company believes the financial information reflects all adjustments (consisting of items of a normal recurring nature) necessary for a fair presentation of financial position, results of operations and cash flows in conformity with GAAP. The 2018 year-end balance sheet data was derived from the audited financial statements as of December 31, 2018. Certain information and note disclosures normally included in the Company’s annual financial statements prepared in accordance with GAAP have been condensed or omitted. These interim financial statements should be read in conjunction with the audited financial statements contained in the Company’s annual report on Form 10-K for the year ended December 31, 2018.

Note 3 – Recent Accounting Pronouncements

In August 2018, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software*, which requires capitalization of certain implementation costs incurred in a cloud computing arrangement that is a service contract. ASU 2018-15 is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted. The Company is currently assessing the impact of this standard on its consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU 2018-14, *Compensation – Retirement Benefits – Defined Benefit Plans – General*, which modifies the disclosure requirements for defined benefit and other postretirement plans. ASU 2018-14 eliminates certain disclosures related to accumulated other comprehensive income, plan assets, related parties and the effects of interest rate basis point changes on assumed health care costs, and adds disclosures to address significant gains and losses related to changes in benefit obligations. ASU 2018-14 also clarifies disclosure requirements for projected benefit and accumulated benefit obligations. ASU 2018-14 is effective for fiscal years ending after December 15, 2020, and interim periods within those fiscal years. Early adoption is permitted. Adoption on a retrospective basis for all periods presented is required. The Company is currently assessing the impact of this standard on its consolidated financial statements and related disclosures.

In February 2018, the FASB issued ASU 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, which permits entities to reclassify tax effects stranded in accumulated other comprehensive income as a result of the recent U.S. tax reform to retained earnings. Companies that elect to reclassify these amounts must reclassify stranded tax effects for all items accounted for in accumulated other comprehensive income. ASU 2018-02 is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. The Company did not elect to reclassify tax effects stranded in accumulated other comprehensive income as a result of the recent U.S. tax reform to retained earnings.

In January 2017, the FASB issued ASU 2017-04, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. Topic 350 currently requires an entity to perform a two-step test to determine the amount, if any, of goodwill impairment. The amendment in ASU 2017-04 removes the second step of the test. An entity will apply a one-step quantitative test and record the amount of goodwill impairment as the excess of a reporting unit's carrying amount over its fair value, not to exceed the total amount of goodwill allocated to the reporting unit. This standard is effective for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019 and early adoption is permitted. The Company is currently assessing the impact of this standard on its consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, as amended, *Leases (Topic 842)*, which requires a lessee to record a right-of-use asset and a lease liability for all leases with a term greater than twelve months regardless of whether the lease is classified as an operating lease or a financing lease. The Company adopted ASU 2016-02 effective January 1, 2019. See Note 4 – Leases for the impact on the financial statements and related disclosures from the adoption of this standard.

Note 4 – Leases

Effective January 1, 2019, the Company adopted ASU 2016-02, as amended, *Leases (Topic 842)* using the modified retrospective method of applying the new standard at the adoption date. In addition, the Company has elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, does not require reassessment of prior conclusions related to contracts containing a lease, lease classification, and initial direct lease costs. Adoption of this standard resulted in the recording of net operating lease right-of-use (ROU) assets of \$45,727 and corresponding operating lease liabilities of \$67,508 as of January 1, 2019. The condensed consolidated balance sheets for reporting periods beginning on or after January 1, 2019 are presented under the new guidance, while prior period amounts are not adjusted and continue to be reported in accordance with ASC Topic 840, Leases.

The Company determines if an arrangement is a lease at inception of a contract. Substantially all of the Company's leases are operating leases. A significant portion of the Company's operating lease portfolio includes manufacturing sites, component warehouses and corporate offices. The remaining lease terms on the majority of the Company's leases is between 2.5 to 8 years, some of which include options to extend the lease terms. Leases with initial term of 12 months or less are not recorded on the condensed consolidated balance sheet. Operating lease ROU assets are presented within long term assets, the current portion of operating lease liabilities is presented within current liabilities and the non-current portion of operating lease liabilities are presented within long term liabilities on the consolidated condensed consolidated balance sheet.

ROU assets represent the Company's right to use an underlying asset during the lease term and the lease liabilities represent the Company's obligation to make the lease payments arising during the lease. ROU assets and liabilities are recognized at commencement date based on the net present value of fixed lease payments over the lease term. The Company's ROU assets have been reduced by the remaining unamortized lease incentive that the Company received on February 28, 2018 from Navistar, Inc in exchange for the Company assuming all of the remaining contractual lease obligations for the Shoals facility. The Company's lease term includes options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. As most of the Company's operating leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Operating lease expense is recognized on a straight-line basis over the lease term. The components of the lease costs were as follows:

	Three Months Ended March 31, 2019
Operating lease costs:	
Fixed	\$ 3,534
Variable	—
Short-term	183
Total lease cost	\$ 3,717

Supplemental balance sheet information related to leases were as follows:

	March 31, 2019
Operating leases:	
Right of use assets	\$ 74,174
Lease liabilities:	
Lease liability, current	\$ 16,840
Lease liability, long-term	77,281
Total operating lease liabilities	\$ 94,121

Supplemental cash flow information is as follows:

	Three Months Ended March 31, 2019
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 5,366
Total	\$ 5,366
Right of use assets obtained in exchange for new lease obligations:	
Operating leases	\$ 32,079
Total	\$ 32,079

The aggregate future lease payments for operating leases as of March 31, 2019 are as follows

	Operating leases
2019 (Excluding the three months ending March 31, 2019)	\$ 15,593
2020	20,326
2021	20,032
2022	12,869
2023	11,817
Thereafter	27,313
Total lease payments	107,949
Less: interest	(13,828)
Total	\$ 94,121

The aggregate future lease payments for operating leases as of December 31, 2018 were as follows

	Operating leases
2019	\$ 20,295
2020	20,595
2021	20,424
2022	4,873
2023	3,820
Thereafter	3,024
Total	\$ 73,031
Weighted-average remaining lease term (years)	
Operating leases	8.1
Weighted-average discount rate	
Operating leases	4.5%

On February 26, 2019, the Company entered into an Amendment to its lease of the Shoals, Alabama manufacturing facility to extend the initial term thereof from December 31, 2021 to December 31, 2026, with two five-year extension terms thereafter through December 31, 2031 and December 31, 2036, at the Company's option. In addition, the Company will vacate up to 40% of the manufacturing facility on or before December 31, 2021 with the base rent payable to the Landlord reduced on proportional basis.

The Company has accounted for the amendment as a modification of the lease, resulting in a non-cash increase to lease liability and right of use asset of \$32,079. The company concluded that the initial term through December 31, 2026 would be included in the measurement of lease liabilities as of March 31, 2019. The Company has concluded that the options for extensions beyond that date are not reasonably certain of exercise, and have been excluded from the measurement of lease liabilities.

Note 5 – Revenue Recognition

The following table disaggregates the Company's revenues by major source:

	Three months ended	
	March 31,	
	2019	2018
Railcar sales	\$65,944	\$79,079
Parts sales	3,064	3,212
Other sales	19	56
Revenues from contracts with customers	69,027	82,347
Leasing revenues	1,681	626
Total revenues	<u>\$70,708</u>	<u>\$82,973</u>

Contract Balances and Accounts Receivable

Contract assets represent the Company's rights to consideration for performance obligations that have been satisfied but for which the terms of the contract do not permit billing at the reporting date. The Company has no contract assets as of March 31, 2019. The Company may receive cash payments from customers in advance of the Company satisfying performance obligations under its sales contracts resulting in deferred revenue or customer deposits, which are considered contract liabilities. Deferred revenue and customer deposits are classified as either current or long-term in the Condensed

Consolidated Balance Sheet based on the timing of when the Company expects to recognize the related revenue. Deferred revenue and customer deposits included in customer deposits, other current liabilities and other long-term liabilities in the Company's Condensed Consolidated Balance Sheet as of March 31, 2019 were not material.

Performance Obligations

The Company is electing not to disclose the value of the remaining unsatisfied performance obligation with a duration of one year or less as permitted by the practical expedient in ASU 2014-09, *Revenue from Contracts with Customers*. The Company had no material remaining unsatisfied performance obligations as of March 31, 2019 with expected duration of greater than one year.

Note 6 – Segment Information

The Company's operations comprise two operating segments, Manufacturing and Parts, and one reportable segment, Manufacturing. The Company's Manufacturing segment includes new railcar manufacturing, used railcar sales, railcar leasing and major railcar rebuilds. The Company's Parts operating segment is not significant for reporting purposes and has been combined with corporate and other non-operating activities as Corporate and Other.

Segment operating income is an internal performance measure used by the Company's Chief Operating Decision Maker to assess the performance of each segment in a given period. Segment operating income includes all external revenues attributable to the segments as well as operating costs and income that management believes are directly attributable to the current production of goods and services. The Company's management reporting package does not include interest revenue, interest expense or income taxes allocated to individual segments and these items are not considered as a component of segment operating income. Segment assets represent operating assets and exclude intersegment accounts, deferred tax assets and income tax receivables. The Company does not allocate cash and cash equivalents and restricted cash and restricted cash equivalents to its operating segments as the Company's treasury function is managed at the corporate level. Intersegment revenues were not material in any period presented.

	Three months ended	
	March 31,	
	2019	2018
Revenues:		
Manufacturing	\$ 67,595	\$79,733
Corporate and Other	3,113	3,240
Consolidated Revenues	<u>\$ 70,708</u>	<u>\$82,973</u>
Operating (Loss) Income:		
Manufacturing	\$ (9,637)	\$(3,816)
Corporate and Other	(4,879)	(4,776)
Consolidated Operating (Loss) Income	(14,516)	(8,592)
Consolidated interest expense and deferred financing costs	(36)	(32)
Consolidated other income	319	381
Consolidated (Loss) Income Before Income Taxes	<u>\$(14,233)</u>	<u>\$(8,243)</u>
Depreciation and Amortization:		
Manufacturing	\$ 3,013	\$ 2,484
Corporate and Other	184	66
Consolidated Depreciation and Amortization	<u>\$ 3,197</u>	<u>\$ 2,550</u>
Capital Expenditures:		
Manufacturing (1)	\$ 535	\$ 141
Corporate and Other	225	41
Consolidated Capital Expenditures	<u>\$ 760</u>	<u>\$ 182</u>

(1) Excluding assets of \$17.2 million acquired as part of a business acquisition on February 28, 2018.

	March 31, 2019	December 31, 2018
Assets:		
Manufacturing	\$ 257,040	\$ 208,663
Corporate and Other	84,989	79,028
Total Operating Assets	342,029	287,691
Consolidated income taxes receivable	2,054	2,046
Consolidated Assets	\$ 344,083	\$ 289,737

Note 7 – Fair Value Measurements

The following table sets forth by level within the fair value hierarchy the Company's financial assets that were recorded at fair value on a recurring basis and the Company's non-financial assets that were recorded at fair value on a non-recurring basis.

Recurring Fair Value Measurements	As of March 31, 2019			
	Level 1	Level 2	Level 3	Total
ASSETS:				
Cash equivalents	\$33,315	\$ —	\$ —	\$33,315
Restricted certificates of deposit	\$ 5,028	\$ —	\$ —	\$ 5,028
Escrow receivable	\$ —	\$ —	\$ 930	\$ 930

Recurring Fair Value Measurements	As of December 31, 2018			
	Level 1	Level 2	Level 3	Total
ASSETS:				
Cash equivalents	\$17,012	\$ —	\$ —	\$17,012
Restricted certificates of deposit	\$ 4,952	\$ —	\$ —	\$ 4,952
Escrow receivable	\$ —	\$ —	\$ 930	\$ 930

The sale of the Company's railcar repair and maintenance services business on September 30, 2015 resulted in \$1,960 of the aggregate purchase price being placed into escrow in order to secure the indemnification obligations of FCRS and FCSL. The fair market value of the remaining escrow receivable above represents the escrow balance of \$980 as of each of March 31, 2019 and December 31, 2018, net of the fair value of the indemnification obligations, which was estimated using the discounted probability-weighted cash flow method.

Note 8 – Marketable Securities

The Company's current investment policy is to invest in cash, certificates of deposit, U.S. Treasury securities, U.S. government agency obligations and money market funds invested in U.S. government securities. Marketable securities of \$1,998 and \$18,019 as of March 31, 2019 and December 31, 2018, respectively, consisted of U.S. Treasury securities held to maturity and certificates of deposit with original maturities of greater than 90 days and up to one year. Due to the short-term nature of these securities and their low interest rates, there is no material difference between their fair market values and amortized costs.

Note 9 – Inventories

Inventories, net of reserve for excess and obsolete items, consist of the following:

	<u>March 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Work in process	\$ 48,281	\$ 60,112
Finished new railcars	—	—
Parts inventory	4,419	4,450
Total inventories, net	<u>\$ 52,700</u>	<u>\$ 64,562</u>

Inventory on the Company's Condensed Consolidated Balance Sheets includes reserves of \$6,083 and \$6,812 relating to excess or slow-moving inventory for parts and work in process at March 31, 2019 and December 31, 2018, respectively.

Note 10 – Revolving Credit Facility

On June 13, 2016, the Company amended the credit agreement, dated as of July 26, 2013 (as so amended, the "Credit Agreement"), by and among FreightCar and certain of its subsidiaries, as borrowers and guarantors (together, the "Borrowers"), and Bank of America, N.A., as lender, administrative agent, swingline lender and letter of credit issuer (the "Bank") to, among other things, extend the term of the Credit Agreement to July 26, 2019.

As of March 31, 2019 and December 31, 2018, the Company had no borrowings under the \$50,000 senior secured revolving credit facility (the "Revolving Credit Facility") provided under the Credit Agreement. As of March 31, 2019 and December 31, 2018, the Company had \$4,789 and \$4,924, respectively in outstanding letters of credit under the Revolving Credit Facility. On April 12, 2019, the Credit Agreement was terminated and replaced by a new credit agreement. See Note 16 –Subsequent Events.

Note 11 – Accumulated Other Comprehensive Income (Loss)

The changes in accumulated other comprehensive income (loss) consist of the following:

	<u>Pre-Tax</u>	<u>Tax</u>	<u>After-Tax</u>
<u>Three months ended March 31, 2019</u>			
Pension liability activity:			
Reclassification adjustment for amortization of net loss (pre-tax other income (expense))	\$ 137	\$—	\$ 137
Postretirement liability activity:			
Reclassification adjustment for amortization of net gain (pre-tax other income (expense))	(97)	—	(97)
Reclassification adjustment for amortization of prior service cost (pre-tax other income (expense))	3	—	3
	<u>\$ 43</u>	<u>\$—</u>	<u>\$ 43</u>

	<u>Pre-Tax</u>	<u>Tax</u>	<u>After-Tax</u>
Three months ended March 31, 2018			
Pension liability activity:			
Reclassification adjustment for amortization of net loss (pre-tax other income (expense))	\$ 113	\$ 25	\$ 88
Postretirement liability activity:			
Reclassification adjustment for amortization of net gain (pre-tax other income (expense))	(70)	(15)	(55)
Reclassification adjustment for amortization of prior service cost (pre-tax other income (expense))	4	1	3
	<u>\$ 47</u>	<u>\$ 11</u>	<u>\$ 36</u>

The components of accumulated other comprehensive loss consist of the following:

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Unrecognized pension cost, net of tax of \$6,282 and \$6,282	\$ (10,167)	\$ (10,304)
Unrecognized postretirement income, net of tax of \$527 and \$527	2,022	2,116
	<u>\$ (8,145)</u>	<u>\$ (8,188)</u>

Note 12 – Stock-Based Compensation

Total stock-based compensation was \$689 and \$836 for the three months ended March 31, 2019 and 2018, respectively. As of March 31, 2019, there was \$1,760 of unearned compensation expense related to restricted stock awards, which will be recognized over the remaining weighed average service period of 27 months. As of March 31, 2019, there was \$651 of unearned compensation related to performance stock options, which will be recognized over the remaining weighted average derived service period of 10 months. As of March 31, 2019, there was \$1,066 of unearned compensation related to time-vested stock options, which will be recognized over the remaining service period of 29 months.

Note 13 – Employee Benefit Plans

The Company has a qualified, defined benefit pension plan that was established to provide benefits to certain employees. The plan is frozen and participants are no longer accruing benefits. Generally, contributions to the plan are not less than the minimum amounts required under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and not more than the maximum amount that can be deducted for federal income tax purposes. The plan assets are held by an independent trustee and consist primarily of equity and fixed income securities.

The Company also provides certain postretirement health care benefits for certain of its salaried retired employees. Generally, employees may become eligible for health care benefits if they retire after attaining specified age and service requirements. These benefits are subject to deductibles, co-payment provisions and other limitations.

The components of net periodic benefit cost (benefit) for the three months ended March 31, 2019 and 2018, are as follows:

	Three Months Ended March 31,	
	2019	2018
Pension Benefits		
Interest cost	\$ 466	\$ 427
Expected return on plan assets	(555)	(711)
Amortization of unrecognized net loss	137	113
	<u>\$ 48</u>	<u>\$ (171)</u>
	Three Months Ended March 31,	
	2019	2018
Postretirement Benefit Plan		
Service cost	\$ 5	\$ 8
Interest cost	45	45
Amortization of prior service cost	4	4
Amortization of unrecognized net (gain) loss	(97)	(70)
	<u>\$ (43)</u>	<u>\$ (13)</u>

The Company made no contributions to the Company's defined benefit pension plan for each of the three months ended March 31, 2019 and 2018. The Company expects to make no contributions to its pension plan in 2019.

The Company made contributions to the Company's postretirement benefit plan for salaried retirees of \$118 and \$225 for the three months ended March 31, 2019 and 2018, respectively. The Company expects to make \$472 in contributions (including contributions already made) to its postretirement benefit plan in 2019 for salaried retirees.

The Company also maintains qualified defined contribution plans, which provide benefits to employees based on employee contributions, employee earnings or certain subsidiary earnings, with discretionary contributions allowed. Expenses related to these plans were \$371 and \$430 for the three months ended March 31, 2019 and 2018, respectively.

Note 14 – Contingencies

The Company is involved in various warranty and repair claims and, in certain cases, related pending and threatened legal proceedings with its customers in the normal course of business. In the opinion of management, the Company's potential losses in excess of the accrued warranty and legal provisions, if any, are not expected to be material to the Company's consolidated financial condition, results of operations or cash flows.

The Company received cash payments of \$15,733 and \$1,410 during 2015 and 2017, respectively, for Alabama state and local incentives related to its capital investment and employment levels at its Cherokee, Alabama ("Shoals") facility. Under the incentive agreements a certain portion of the incentives may be repayable by the Company if targeted levels of employment are not maintained for a period of up to six years from the date of the incentive. The Company's level of employment at its Shoals facility currently exceeds the minimum targeted levels of employment. In the event that employment levels drop below the minimum targeted levels of employment and any portion of the incentives is required to be paid back, the amount is unlikely to exceed the deferred liability balance of \$8,606 as of March 31, 2019.

In addition to the foregoing, the Company is involved in certain other pending and threatened legal proceedings, including commercial disputes and workers' compensation and employee matters arising out of the conduct of its business. While the ultimate outcome of these other legal proceedings cannot be determined at this time, it is the opinion of management that the resolution of these other actions will not have a material adverse effect on the Company's financial condition, results of operations or cash flows.

Note 15 – Earnings Per Share

Shares used in the computation of the Company’s basic and diluted earnings per common share are reconciled as follows:

	Three Months Ended March 31,	
	2019	2018
Weighted average common shares outstanding	12,337,013	12,306,011
Dilutive effect of employee stock options and nonvested share awards	—	—
Weighted average diluted common shares outstanding	<u>12,337,013</u>	<u>12,306,011</u>

Weighted average diluted common shares outstanding include the incremental shares that would be issued upon the assumed exercise of stock options and the assumed vesting of nonvested share awards. For the three months ended March 31, 2019 and 2018, 628,912 and 355,631 shares, respectively, were not included in the weighted average common shares outstanding calculation as they were anti-dilutive.

Note 16 – Subsequent Events

BMO Credit Agreement

On April 12, 2019, the Company entered into a Credit and Security Agreement (the “BMO Credit Agreement”) by and among the Company and certain of its subsidiaries, as borrowers and guarantors (together with the Company, the “Borrowers”), and BMO Harris Bank N.A., as lender (“BMO”). Pursuant to the BMO Credit Agreement, BMO extended an asset backed credit facility, in the maximum aggregate principal amount of up to \$50,000, consisting of revolving loans and a sub-facility for letters of credit not to exceed the lesser of \$10,000 and the amount of the revolving credit facility.

The BMO Credit Agreement replaces the Company’s prior revolving credit facility pursuant to a Credit Agreement dated as of July 26, 2013, among the Company and certain of its subsidiaries, as borrowers and guarantors, Bank of America, N.A., as administrative agent, swingline lender and letter of credit issuer, and the lenders party thereto, as amended from time to time, which was terminated effective April 12, 2019 and otherwise would have matured on July 26, 2019.

The BMO Credit Agreement has a term ending on April 12, 2024. Revolving loans outstanding thereunder will bear interest, at Borrowers’ option and subject to the provisions of the BMO Credit Agreement, at Base Rate (as defined in the BMO Credit Agreement) or LIBOR Rate (as defined in the BMO Credit Agreement) plus the Applicable Margin for each such interest rate set forth in the BMO Credit Agreement.

The BMO Credit Agreement provides for a revolving credit facility with maximum availability of \$42,500, subject to borrowing base requirements set forth in the BMO Credit Agreement, which generally limit availability under the revolving credit facility to (a) 85% of the value of eligible assets, (b) 90% of the value of eligible accounts supported by credit insurance or letters of credit acceptable to BMO, and (c) up to the lesser of (i) 85% of the net orderly liquidation value of eligible inventory, (ii) 75% of the cost of eligible inventory and (iii) \$30,000 and as reduced by the greater of \$7,500 and 15% of the revolving credit facility and other reserves established by BMO from time to time.

The BMO Credit Agreement has both affirmative and negative covenants, including, without limitation, limitations on indebtedness, liens and investments. The BMO Credit Agreement also provides for customary events of default. Borrowings under the BMO Credit Agreement are collateralized by substantially all of the Borrowers’ assets.

M&T Credit Agreement

On April 16, 2019, Freightcar America Leasing 1, LLC, an indirect wholly-owned subsidiary of the Company (“Freightcar Leasing Borrower”) entered into a Credit Agreement (the “M&T Credit Agreement”) with M & T Bank, N.A., as lender (“M&T”). Pursuant to the M&T Credit Agreement, M&T extended a revolving credit facility to Freightcar Leasing Borrower in an aggregate amount of up to \$40,000 for the purpose of financing railcars which will be leased to third parties.

Freightcar Leasing Borrower also entered into a Security Agreement on April 16, 2019 (the “M&T Security Agreement”) pursuant to which it granted a security interest in all of its assets to M&T to secure its obligations under the M&T Credit Agreement.

On April 16, 2019, Freightcar America Leasing, LLC, a wholly-owned subsidiary of the Company and parent of Freightcar Leasing Borrower (“Freightcar Leasing Guarantor”), entered into (i) a Guaranty Agreement (the “M&T Guaranty Agreement”) pursuant to which Freightcar Leasing Guarantor guaranties the repayment and performance of certain obligations of Freightcar Leasing Borrower and Freightcar Leasing Guarantor and (ii) a Pledge Agreement (the “M&T Pledge Agreement”) pursuant to which Freightcar Leasing Guarantor pledged all of the equity of Freightcar Leasing Borrower held by Freightcar Leasing Guarantor.

The loans under the M&T Credit Agreement are non-recourse to the assets of the Company or its subsidiaries other than the assets of Freightcar Leasing Borrower and Freightcar Leasing Guarantor.

The M&T Credit Agreement has a term ending on April 16, 2021. Loans outstanding thereunder will bear interest, accrued daily, at the Adjusted LIBOR Rate (as defined in the M&T Credit Agreement) or the Adjusted Base Rate (as defined in the M&T Credit Agreement).

The M&T Credit Agreement has both affirmative and negative covenants, including, without limitation, maintaining an Interest Coverage Ratio (as defined in the M&T Credit Agreement) of not less than 1.25:1.00, measured quarterly, and limitations on indebtedness, loans, liens and investments. The M&T Credit Agreement also provides for customary events of default.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

OVERVIEW

You should read the following discussion in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this quarterly report on Form 10-Q. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about our business and operations. Our actual results may differ materially from those currently anticipated and expressed in such forward-looking statements. See "Cautionary Statement Regarding Forward-Looking Statements."

We are a diversified manufacturer of railcars and railcar components. We design and manufacture a broad variety of railcar types for transportation of bulk commodities and containerized freight products primarily in North America. We rebuild and convert railcars and sell forged, cast and fabricated parts for all of the railcars we produce, as well as those manufactured by others. We also lease freight cars. Our primary customers are railroads, shippers and financial institutions.

The Company's operations comprise two operating segments, Manufacturing and Parts, and one reportable segment, Manufacturing. The Company's Manufacturing segment includes new railcar manufacturing, used railcar sales, railcar leasing and major railcar rebuilds. The Company's Parts operating segment is not significant for reporting purposes and has been combined with corporate and other non-operating activities as Corporate and Other.

Our railcar manufacturing facilities are located in Cherokee, Alabama ("Shoals") and Roanoke, Virginia. Our Shoals facility is an important part of our long-term growth strategy as we continue to expand our railcar product and service offerings. On February 28, 2018, we acquired substantially all of the operating assets at the Shoals facility of Navistar, Inc. ("Navistar") and its subsidiary, International Truck and Engine Investments Corporation, including their railcar business, and assumed the lease for the facility (the "Acquisition"). Our Roanoke facility has the capacity to build a variety of railcar types in a cost-effective manner and will continue to support our coal car products as market conditions improve.

Total orders for railcars in the first quarter of 2019 were 694 units, consisting of 194 new railcars and 500 rebuilt railcars, compared to orders for 756 units, consisting of 156 new railcars and 600 leased railcars, in the first quarter of 2018. Total backlog of unfilled orders was 1,752 units at March 31, 2019, compared to 1,699 units at December 31, 2018. The estimated sales value of the backlog was \$152 million and \$160 million, respectively, as of March 31, 2019 and December 31, 2018.

RESULTS OF OPERATIONS

Three Months Ended March 31, 2019 compared to Three Months Ended March 31, 2018

Revenues

Our consolidated revenues for the three months ended March 31, 2019 were \$70.7 million compared to \$83.0 million for the three months ended March 31, 2018. Manufacturing segment revenues for the three months ended March 31, 2019 were \$67.6 million compared to \$79.7 million for the three months ended March 31, 2018. Railcar deliveries totaled 641 units, all of which were new railcars, in the first quarter of 2019, compared to 1,094 units, consisting of 891 new railcars, 122 leased railcars and 81 rebuilt railcars, in the first quarter of 2018. The decrease in Manufacturing segment revenues for the 2019 period compared to the 2018 period reflects a decrease in the number of railcars delivered which was partially offset by a higher average selling price for new railcars and a higher number of new versus rebuilt railcars. Corporate and Other revenues for the three months ended March 31, 2019 were \$3.1 million compared to \$3.2 million for the three months ended March 31, 2018 reflecting slightly lower parts sales.

Gross Loss

Our consolidated gross margin was (9.7)% for the three months ended March 31, 2019 compared to (0.7)% for the three months ended March 31, 2018. Our consolidated gross loss was \$6.8 million for the three months ended March 31, 2019 compared to \$0.6 million for the three months ended March 31, 2018. Manufacturing segment gross loss for the three months ended March 31, 2019 was \$7.6 million compared to \$1.8 million for the three months ended March 31, 2018. The decline in railcar deliveries contributed a \$1.7 million increase in gross loss in our Manufacturing segment and product mix, pricing and production costs contributed a \$4.8 million increase in our Manufacturing segment gross loss for the 2019 period compared to 2018. The increase in our Manufacturing segment gross loss for the three months ended March 31, 2019 compared to the three months ended March 31, 2018 was also impacted by an increase in product warranty reserve, related to railcars produced in prior years, recorded for the three months ended March 31, 2019.

Selling, General and Administrative Expenses

Consolidated selling, general and administrative expenses for the three months ended March 31, 2019 were \$7.7 million compared to \$8.0 million for the three months ended March 31, 2018. Manufacturing segment selling, general and administrative expenses for the three months ended March 31, 2019 were \$2.1 million compared to \$2.0 million for the three months ended March 31, 2018 and included higher allocated costs of \$0.2 million which were offset by lower sales commissions of \$0.2 million. Corporate and Other selling, general and administrative expenses were \$5.6 million for the three months ended March 31, 2019 compared to \$6.0 million for the three months ended March 31, 2018. The reduction in Corporate and Other selling, general and administrative expenses for the three months ended March 31, 2019 were primarily due to decreases of \$0.3 million in incentive compensation and \$0.3 million in professional fees which were partially offset by increases in research and development costs of \$0.2 million.

Operating Loss

Our consolidated operating loss for the three months ended March 31, 2019 was \$14.5 million compared to \$8.6 million for the three months ended March 31, 2018. Operating loss for the Manufacturing segment was \$ 9.6 million for the three months ended March 31, 2019 compared to \$3.8 million for the three months ended March 31, 2018 reflecting the increase in Manufacturing segment gross loss described above. Corporate and Other operating loss was \$4.9 million for the three months ended March 31, 2019 compared to \$4.8 million for the three months ended March 31, 2018 as decreases in Corporate and Other gross profit of \$0.5 million were offset by decreases in Corporate and Other selling, general and administrative expenses of \$0.4 million.

Income Taxes

Our income tax benefit was \$0.2 million for the three months ended March 31, 2019 compared to \$1.8 million for the three months ended March 31, 2018. Our effective tax rate for the three months ended March 31, 2019 was 1.4% compared to 22.3% for the three months ended March 31, 2018. As a result of additional valuation allowance recorded for the three months ended March 31, 2019, our effective tax rate for the three months ended March 31, 2019 primarily included the impact of a change in uncertain tax positions recorded during the three months ended March 31, 2019.

Net Loss

As a result of the foregoing, our net loss was \$14.0 million for the three months ended March 31, 2019 compared to \$6.4 million for the three months ended March 31, 2018. For the three months ended March 31, 2019, our diluted net loss per share was \$1.12 compared to \$0.51 for the three months ended March 31, 2018.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity for the three months ended March 31, 2019 and 2018, were our cash provided by operations, cash and cash equivalent balances on hand and our securities held to maturity.

On June 13, 2016, we amended the credit agreement, dated as of July 26, 2013 (as so amended, the “Credit Agreement”), by and among FreightCar and certain of its subsidiaries, as borrowers and guarantors (together, the “Borrowers”), and Bank of America, N.A., as lender, administrative agent, swingline lender and letter of credit issuer (the “Bank”) to, among other things, extend the term of the Credit Agreement to July 26, 2019.

As of March 31, 2019 and December 31, 2018, we had no borrowings under the \$50 million senior secured revolving credit facility (the “Revolving Credit Facility”) provided under the Credit Agreement. As of March 31, 2019, and December 31, 2018, we had \$4.8 million and \$4.9 million, respectively, in outstanding letters of credit under the Revolving Credit Facility. On April 12, 2019, the Credit Agreement was terminated and replaced by a new credit agreement. See Note 16 – Subsequent Events.

Our restricted certificates of deposit balance was \$5.0 million as of each of March 31, 2019 and December 31, 2018, and consisted of certificates of deposit used to collateralize standby letters of credit with respect to performance guarantees and to

support our workers' compensation insurance claims. The standby letters of credit outstanding as of March 31, 2019 are scheduled to expire at various dates through February 1, 2020. We expect to establish restricted cash balances and restricted certificates of deposit in future periods to minimize bank fees related to standby letters of credit.

We adopted ASU 2016-02, the new lease accounting standard, effective January 1, 2019 and also entered into an amendment of the lease of our Shoals, Alabama facility to extend the term. See Note 4 – Leases for additional information and discussion.

Based on our current level of operations and known changes in planned volume based on our backlog, we believe that our operating cash flows, our marketable securities and our cash balances, together with amounts available under our revolving credit facilities, will be sufficient to meet our expected liquidity needs. Our long-term liquidity is contingent upon future operating performance and our ability to continue to meet financial covenants under our revolving credit facilities and any other indebtedness. We may also require additional capital in the future to fund working capital as demand for railcars increases, payments for contractual obligations, organic growth opportunities, including new plant and equipment and development of railcars, joint ventures, international expansion and acquisitions, and these capital requirements could be substantial.

Based upon our operating performance and capital requirements, we may, from time to time, be required to raise additional funds through additional offerings of our common stock and through long-term borrowings. There can be no assurance that long-term debt, if needed, will be available on terms attractive to us, or at all. Furthermore, any additional equity financing may be dilutive to stockholders and debt financing, if available, may involve restrictive covenants. Our failure to raise capital if and when needed could have a material adverse effect on our results of operations and financial condition.

Cash Flows

The following table summarizes our net cash provided by (used in) operating activities, investing activities and financing activities for the three months ended March 31, 2019 and 2018:

	Three Months Ended March 31,	
	2019	2018
	<i>(In thousands)</i>	
Net cash provided by (used in):		
Operating activities	\$ 1,707	\$ (13,490)
Investing activities	18,562	(8,925)
Financing activities	(339)	(118)
Total	\$ 19,930	\$ (22,533)

Operating Activities. Our net cash provided by or used in operating activities reflects net income or loss adjusted for non-cash charges and changes in operating assets and liabilities. Cash flows from operating activities are affected by several factors, including fluctuations in business volume, contract terms for billings and collections, the timing of collections on our contract receivables, processing of bi-weekly payroll and associated taxes, and payments to our suppliers. As some of our customers accept delivery of new railcars in train-set quantities, variations in our sales lead to significant fluctuations in our operating profits and cash from operating activities. We do not usually experience business credit issues, although a payment may be delayed pending completion of closing documentation.

Our net cash provided by operating activities for the three months ended March 31, 2019 was \$1.7 million compared to net cash used in operating activities of \$13.5 million for the three months ended March 31, 2018. Our net cash provided by operating activities for the three months ended March 31, 2019 reflects changes in working capital, including decreases in inventory and accounts receivable due to the timing of deliveries of railcars and the related cash receipts. Our net cash used in operating activities for the three months ended March 31, 2018 reflects changes in working capital, including a \$9.2 million increase in inventory on lease and a \$5.3 million increase in accounts receivable.

Investing Activities. Net cash provided by investing activities for the three months ended March 31, 2019 was \$18.6 million and primarily represented the \$16.0 million maturity of U.S. Treasury securities and certificates of deposit (net of purchases) and the \$3.3 million maturity of restricted certificates of deposit (net of purchases) which was partially offset by the \$0.8 million cost of property, plant and equipment. Net cash used in investing activities for the three months ended March 31, 2018 was \$8.9 million and primarily represented the \$9.2 million purchase of U.S. Treasury securities and certificates of deposit (net of maturities).

Financing Activities. Net cash used in financing activities was \$0.3 million for the three months ended March 31, 2019, compared to \$0.1 million for the three months ended March 31, 2018. Net cash used in financing activities for the three months ended March 31, 2019 primarily represented deferred financing costs related to our new credit facilities.

Capital Expenditures

Our capital expenditures were \$0.8 million in the three months ended March 31, 2019 compared to \$0.2 million in the three months ended March 31, 2018. Excluding unforeseen expenditures, management anticipates that total capital expenditures for 2019 will be between \$4.0 million and \$5.0 million, including amounts already paid.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q contains certain forward-looking statements including, in particular, statements about our plans, strategies and prospects. We have used the words “may,” “will,” “expect,” “anticipate,” “believe,” “estimate,” “plan,” “intend” and similar expressions in this report to identify forward-looking statements. We have based these forward-looking statements on our current views with respect to future events and financial performance. However, forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those projected in the forward-looking statements. These risks and uncertainties relate to, among other things, the cyclical nature of our business, the competitive nature of our industry, our reliance upon a small number of customers that represent a large percentage of our sales, the variable purchase patterns of our customers and the timing of completion, delivery and customer acceptance of orders, fluctuating costs of raw materials, including steel and aluminum, and delays in the delivery of raw materials, the risk of lack of acceptance of our new railcar offerings by our customers, risks relating to our relationship with our unionized employees and their unions and other competitive factors. The factors listed above are not exhaustive. Other sections of this quarterly report on Form 10-Q include additional factors that could materially and adversely affect our business, financial condition and results of operations. New factors emerge from time to time and it is not possible for management to predict the impact of all of these factors on our business, financial condition or results of operations or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not rely on forward-looking statements as a prediction of actual results. We expressly disclaim any duty to provide updates to forward-looking statements, and the estimates and assumptions associated with them, in order to reflect changes in circumstances or expectations or the occurrence of unanticipated events except to the extent required by applicable securities laws.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our Chief Executive Officer and Principal Financial Officer, our management evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of the end of the period covered by this quarterly report on Form 10-Q (the “Evaluation Date”). Based upon that evaluation, our Chief Executive Officer and Principal Financial Officer concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

The information in response to this item is included in Note 14 – Contingencies to our condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

(a) Exhibits filed as part of this Form 10-Q:

10.1	<u>Second Amendment to Industrial Facility Lease, dated as of February 26, 2019, by and among Teachers' Retirement Systems of Alabama, Employees' Retirement System of Alabama, FreightCar Alabama, LLC and FreightCar America, Inc.</u>
31.1	<u>Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32	<u>Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FREIGHTCAR AMERICA, INC.

Date: May 2, 2019

By: /s/ JAMES R. MEYER
James R. Meyer, President and Chief Executive Officer (Principal Executive Officer)

By: /s/ CHRISTOPHER J. EPPEL
Christopher J. Eppel, Vice President, Finance, Chief Financial Officer and Treasurer (Principal Financial Officer)

By: /s/ JOSEPH J. MALIEKEL
Joseph J. Maliekel, Vice President and Corporate Controller (Principal Accounting Officer)

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
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31.2	<u>Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32	<u>Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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Section 2: EX-10.1 (EX-10.1)

Exhibit 10.1

Certain identified information in this document has been excluded because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed, and has been marked with “[*]” to indicate where omissions have been made.**

SECOND AMENDMENT TO INDUSTRIAL FACILITY LEASE

THIS SECOND AMENDMENT TO INDUSTRIAL FACILITY LEASE (this “Second Amendment”) is made and entered into as of February 26, 2019 by and between TEACHERS’ RETIREMENT SYSTEMS OF ALABAMA, an instrumentality of the State of Alabama, and EMPLOYEES’ RETIREMENT SYSTEM OF ALABAMA, an instrumentality of the State of Alabama (collectively, “Landlord”), and FREIGHTCAR ALABAMA, LLC, a Delaware limited liability company (“Tenant”), and FREIGHTCAR AMERICA, INC., a Delaware corporation (“Guarantor”).

WHEREAS, Landlord and Navistar, Inc. (“Original Tenant”) entered into that certain Industrial Facility Lease dated as of September 29, 2011 (the “Original Lease”) pursuant to which Original Tenant leased from Landlord certain land and improvements located in the City of Cherokee, County of Colbert and State of Alabama, commonly known as 1200 Haley Drive, Cherokee, Alabama, and more particularly described in the Original Lease as the “Leased Premises”; and

WHEREAS, a memorandum of lease with respect to the Original Lease was recorded in the land records of Colbert County, Alabama on October 25, 2011 in Book 2011, page 22555; and

WHEREAS, the Original Lease was amended by that certain Amendment to Industrial Facility Lease and Consent to Sublease dated as of February 19, 2013, by and among Original Tenant, Landlord and Tenant (as a subtenant); and

WHEREAS, by Assignment and Assumption of Lease dated as of February 28, 2018 (the “Assignment”), Original Tenant assigned to Tenant all of its right, title and interest in and under the foregoing lease and Tenant accepted said assignment, said instrument was recorded in the land records of Colbert County, Alabama on March 6, 2018 in Book 2018, Page 5752 (the Original Lease, as heretofore amended and assigned, is referred to herein as the “Lease”); and

WHEREAS, by Guaranty dated February 26, 2018 (the “Guaranty”), Guarantor guaranteed the obligations of Tenant under the Lease; and

WHEREAS, Landlord and Tenant have agreed to extend the term of the Lease, provide for two extension terms at Tenant’s option, provide for the Tenant’s right to reduce the amount of property included in the Leased Premises with a reduction in the amount of rent payable under the Lease, for the extended term of the Lease, all on the terms and conditions set forth in the Lease, as amended by this Second Amendment (capitalized terms used herein and not otherwise defined herein shall have the meaning given to such terms in the Lease).

NOW THEREFORE, in consideration of the respective covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, Landlord and Tenant do hereby agree as follows:

1. Estoppel. Landlord hereby represents and warrants that, to Landlord's knowledge, as of the date hereof, there are no defaults of Tenant under the Lease, and no circumstance exists which, if left uncured, would result in a default of Tenant under the Lease. Tenant hereby represents and warrants that, to Tenant's knowledge, as of the date hereof, there are no defaults of Landlord under the Lease, and no circumstance exists which, if left uncured, would result in a default of Landlord under the Lease.

2. Amendment of Lease. The Lease is hereby amended as follows:

(a) **Extension of Initial Term**. Section 1.2 of the Lease is hereby amended by deleting the date "December 31, 2021" and substituting therefor the date "December 31, 2026".

(b) **Extension of Extension Term**. Section 1.3 of the Lease is hereby amended and restated as follows:

"Section 1.3 Extension Terms. Tenant shall have the right, upon written notice to Landlord given no later than June 30, 2025 and provided no Event of Default shall have occurred and be continuing as of the date of such written notice, to elect to extend the term of this Lease for an additional term of sixty (60) months (the **"First Extension Term"**) upon all of the terms, covenants and conditions contained in this Lease but at the rental rate specified for the First Extension Term in Section 4.1(d) below. Further, if such right to the First Extension Term shall have been elected, Tenant shall have the additional right, upon written notice to Landlord given no later than June 30, 2030 and provided no Event of Default shall have occurred and be continuing as of the date of such written notice, to elect to extend the term of this Lease for a further additional term of sixty (60) months (the **"Second Extension Term"**) upon all of the terms, covenants and conditions contained in this Lease but at the rental rate specified for the Second Extension Term in Section 4.1(e) below. Any and all references contained herein to the **"Term"** shall be deemed to include the Initial Term, if and as extended pursuant hereto, each such extension, an **"Extension Term"**."

(c) **Reduction in Leased Premises**. Article I of the Lease is hereby amended by adding the following as new Sections 1.5, 1.6, 1.7, 1.8 and 1.9 at the end thereof:

"Section 1.5 One Time Reduction in Leased Premises. On or before December 31, 2021 (as such date may be accelerated pursuant to Sections 1.7, the **"One Time Surrender Date"**), Tenant shall vacate and surrender to Landlord that portion of the Leased Premises described in Exhibit A-1 attached hereto (the **"Vacated Premises"**), in good order and condition, reasonable wear and tear excepted. Tenant shall have the one-time right to adjust the description of the Vacated Premises attached as Exhibit A-1

hereto subject to Tenant's compliance with the following conditions: (a) Tenant shall give Landlord written notice of the change (which notice shall include the proposed revised Exhibit A-1 and the amount of the increase or decrease in the square footage of the Vacated Premises located in the Facility as compared to the Exhibit A-1 previously agreed upon) on or before December 15, 2019; (b) the change to the Vacated Premises described in Exhibit A-1 shall only involve a change to the portion of the Vacated Premises located in the Facility and shall not involve areas of the Leased Premises located outside the Facility; (c) the Vacated Premises located in the Facility shall not exceed 993,000 square feet and (d) the Vacated Premises located in the Facility shall be contiguously located and shall not be separated by or interspersed with Retained Premises (except to the extent of the "Vacated Premises/Office Space" currently designated on Exhibit A-2). Thereafter, Tenant shall retain the balance of the Leased Premises (the "**Retained Premises**") which thereafter shall be the "**Leased Premises**" for the purpose of this Lease, as described in Section 1.9 below. Tenant shall have no right to use or occupy any of the Vacated Premises after the One Time Surrender Date, and, if vacated by Tenant in compliance with the terms and conditions of this Lease, Tenant shall not be responsible for and shall not have any obligation with respect to the Vacated Premises, except as set forth in this Second Amendment. If Tenant fails to fully vacate the Vacated Premises in conformity with this Lease by the One Time Surrender Date, then Tenant shall proceed to fully vacate the Vacated Premises as soon as possible and Tenant shall remain liable for the payment of Rent hereunder at the full unreduced rate provided for in Section 4.1(b) for all of the Leased Premises plus the Delay Fee (as defined below). If Tenant has not fully vacated the Vacated Premises in conformity with this Lease within 10 days after the One Time Surrender Date, Landlord may, at its option (and in addition to collecting full unreduced Rent under Section 4.1(b) and the Delay Fee as provided herein), declare an Event of Default hereunder. "**Delay Fee**" means an amount determined as follows: (i) if Tenant has failed to fully vacate the Vacated Premises in conformity with this Lease by the One Time Surrender Date, an amount equal to ten percent (10%) of the monthly Rent then due hereunder; (ii) if Tenant has failed to fully vacate the Vacated Premises in conformity with this Lease by the one month anniversary of the One Time Surrender Date, an amount equal to twenty percent (20%) of the monthly Rent then due hereunder; and (iii) if Tenant has failed to fully vacate the Vacated Premises in conformity with this Lease by the second month anniversary or any subsequent monthly anniversary of the One Time Surrender Date, an amount equal to fifty percent (50%) of the monthly Rent then due hereunder as of the applicable monthly anniversary.

Section 1.6 Access to Vacated Premises. It is understood that Landlord will seek to lease the Vacated Premises to one or more tenants (the "**Other Tenants**") for their use and occupation. In connection therewith, Tenant agrees that Tenant shall cooperate with Landlord in permitting access to the

Leased Premises at any time prior to the Conversion Date (as defined below), subject to reasonable prior arrangements made between Landlord and Tenant from time to time. It is further understood that any Other Tenant shall, in connection with leasing the Vacated Premises, have the option to (a) purchase from Tenant for its fair market value all equipment (including cranes, power units and the like) located in the Vacated Premises, said purchase to take place simultaneously with the commencement of said Other Tenant's lease or (b) request the removal of all equipment (including cranes, power units and the like) located in the Vacated Premises, said removal to take place prior to the commencement of said Other Tenant's lease, which such removal and the repair of any damage caused by such removal being at Tenant's sole cost and expense. Prior to entering into a lease or leases with any Other Tenant that is a Competitor, Landlord shall obtain the written approval by Tenant of such Other Tenant. For purposes of this Section 1.6 a "Competitor" shall mean an entity that is a builder or rebuilder of the specific kinds of railcars built by Tenant as more particularly identified on Schedule 1.6 attached hereto.

Section 1.7 Acceleration of One Time Surrender Date Landlord may give Tenant written notice of Landlord's request that Tenant agree to accelerate the One Time Surrender Date to a date that is at least 270 days from the date of such written notice. Tenant shall endeavor to accommodate such request and shall provide Landlord with a written response within 10 days either agreeing to the accelerated date proposed by Landlord or proposing an alternative date. Failure to respond shall be deemed acceptance of the proposed date. Once Landlord and Tenant mutually agree to a new accelerated One Time Surrender Date, the parties shall confirm such date in writing and such date shall then become the One Time Surrender Date for purposes of this Lease.

Section 1.8 Staged Vacating of Leased Premises and Multiple Partial Surrender Dates. The parties acknowledge and agree that in connection with Landlord's efforts to lease the Vacated Premises to Other Tenants, it may be necessary or advantageous to accelerate the vacation and surrender by Tenant of only some and not all of the Vacated Premises from time to time prior to the One Time Surrender Date and Tenant agrees that Landlord may stage the Tenant's vacation and surrender of the Vacated Space so that Tenant will surrender portions of the Vacated Space on various dates as requested by Landlord pursuant to the terms and conditions of this Section 1.8. Landlord may give Tenant written notice of Landlord's request that Tenant agree to vacate and surrender a portion of the Vacated Premises (the "**Partially Vacated Premises**") on any date prior to the One Time Surrender Date (a "**Partial Surrender Date**"), which notice shall describe the Partially Vacated Premises and the Partial Surrender Date. The Partial Surrender Date must be a date that is at least 270 days from the date of such written notice. Tenant shall endeavor to accommodate such request and shall provide Landlord with a written response within 10 days either

agreeing to the Partially Vacated Premises and the Partial Surrender Date or proposing an alternative Partial Surrender Date. Failure to respond shall be deemed acceptance of the proposed Partially Vacated Premises and the Partial Surrender Date. The parties agree that multiple Partial Surrender Dates and the creation of multiple Partially Vacated Premises are allowed hereunder. Tenant shall have no right to use or occupy any of the Partially Vacated Premises after the associated Partial Surrender Date occurs. If Tenant fails to fully vacate the Partially Vacated Premises in conformity with this Lease by the applicable Partial Surrender Date, then Tenant shall proceed to fully vacate the Partially Vacated Premises as soon as possible and Tenant shall remain liable for the payment of Rent hereunder at the full unreduced rate provided for in Section 4.1(b) for all of the Leased Premises (except for any previous reductions in rent pursuant to Section 4.4 for the vacation and surrender of Partially Vacated Premises on a prior Partial Surrender Date) plus the Partial Vacation Delay Fee (as defined below). If Tenant has not fully vacated the Partially Vacated Premises in conformity with this Lease within 10 days after the Partial Surrender Date, Landlord may, at its option (and in addition to collecting Rent at the rate provided herein and the Partial Vacation Delay Fee as provided herein), declare an Event of Default hereunder. **“Partial Vacation Delay Fee”** means an amount determined as follows: (i) if Tenant has failed to fully vacate the Partially Vacated Premises in conformity with this Lease by the Partial Surrender Date, an amount equal to ten percent (10%) of the monthly Rent then due hereunder; (ii) if Tenant has failed to fully vacate the Partially Vacated Premises in conformity with this Lease by the one month anniversary of the Partial Surrender Date, an amount equal to twenty percent (20%) of the monthly Rent then due hereunder; and (iii) if Tenant has failed to fully vacate the Partially Vacated Premises in conformity with this Lease by the second month anniversary or any subsequent monthly anniversary of the Partial Surrender Date, an amount equal to fifty percent (50%) of the monthly Rent then due hereunder as of the applicable monthly anniversary. If Landlord has not previously requested the vacation and surrender of all of the Vacated Premises pursuant to Partial Surrender Dates under this Section 1.8, any remaining portions of the Vacated Premises shall be deemed to be Partially Vacated Premises with a Partial Surrender Date of December 31, 2021 and the Tenant’s failure to fully vacate and surrender any such portion of the Vacated Premises by such date shall be subject to the provisions of this Section 1.8 above as it relates to Rent payment, Partial Vacation Delay Fees and Landlord’s right to declare an Event of Default.

Section 1.9 Change to Definition of Leased Premises. Each time the Tenant vacates and surrenders to Landlord all or any portion of the Vacated Premises (including Partially Vacated Premises), the definition of Leased Premises hereunder shall automatically be revised to equal the Leased Premises less the applicable portion of the Vacated Premises (including all Partially Vacated Premises surrendered and vacated from time to time).

(d) **Rent Reduction on Conversion Date(s)**. Section 4.1 of the Lease is hereby amended by deleting clauses (b) and (c) thereof and inserting the following as clauses (b), (c), and (d):

“(b) [***] per month for each of the subsequent months of the Initial Term until the Conversion Date (as defined in Section 4.4 below), subject to any reductions provided for pursuant to the terms and conditions of Section 4.4;

(c) [***] per month for each month subsequent to the Conversion Date through the end of the Initial Term (based on the assumption that Tenant is renting 1,157,909 square feet of space in the Facility; provided, however: (i) the parties shall agree by December 15, 2019 on an addition to the foregoing Base Rent amount to add a base rental rate applicable to the “Front Office” space exclusively used by Tenant in the Facility, which rate shall be discounted to account for improvements to such space previously paid for by Tenant and (ii) if Tenant exercises the option under Section 1.5 to change the amount of Vacated Premises located in the Facility, then the foregoing Base Rent amount shall be adjusted by increasing such amount on the basis of the increase in the amount of square feet of Vacated Premises (and conversely the Retained Space) located in the Facility based on a rental rate of [***] per square foot;

(d) The CPI Adjusted Base Rent (as hereinafter defined) for each of the 120 months constituting the First Extension Term and the Second Extension Term. For the first 12 months of the First Extension Term, the CPI Adjusted Base Rent shall be the monthly Base Rent in effect immediately prior to the First Extension Term adjusted upward by the amount of the percentage increase (if any) in the Consumer Price Index (as hereinafter defined) for the calendar month of December 2011 over December 2021. For each 12 month period thereafter, the CPI Adjusted Base Rent shall be the monthly Base Rent in effect immediately prior to such 12 month period adjusted upward by the amount of the greater of (i) 2.0% or (ii) the percentage increase (if any) in the Consumer Price Index for the calendar month immediately preceding such 12 month period over the same month in the immediately preceding year. “Consumer Price Index” shall mean the Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the United States Department of Labor for All Items—New York-Northern New Jersey-Long Island, NY-NJ-CT-PA (1982-84=100), or any successor index thereto as hereinafter provided. In the event that the Consumer Price Index is converted to a different standard reference base or otherwise revised in the terms or number or kind of items contained therein or otherwise, the determination to be made shall be made with the use of such conversion factor, formula or table for converting the Consumer Price Index as may be published by the Bureau of Labor Statistics or, if said Bureau shall not publish the same, then with the use of such conversion factor, formula or table as may be published by Prentice-Hall, Inc. or any other nationally recognized publisher of similar statistical

information, or if a conversion factor, formula or table is unavailable, the parties shall, acting reasonably (within ten (10) business days thereof) agree upon in writing to use any other method to adjust the Consumer Price Index, or any successor thereto, to the figure that would have been arrived at had the manner of computing the Consumer Price Index in effect on the date of this Lease not been altered; if the Consumer Price Index ceases to be published on a monthly basis, then the shortest period for which the Consumer Price Index is published which includes the relevant months shall be used; if the Consumer Price Index ceases to be published, and there is no successor thereto, such other index as Landlord and Tenant shall agree upon in writing shall be substituted for the Consumer Price Index.”

(e) **Rent Reduction on Conversion Date(s).** Section 4.4 of the Lease is hereby deleted and the following is hereby substituted therefor:

Section 4.4 Conversion Date; Rent Reduction for Partial Surrender Dates. Once Tenant has completely and fully surrendered all of the Vacated Premises in full conformity with the terms and conditions of this Lease, the date immediately succeeding such surrender of all of the Vacated Premises shall be the “**Conversion Date**” (which shall date shall occur no later than January 1, 2022). If Partial Surrender Dates are created hereunder pursuant to Section 1.8 above, then Base Rent payable under Section 4.1(c) shall be reduced as provided for herein (but subject to the terms of Section 1.8 for Tenant’s failure to properly vacate). On each Partial Surrender Date where Tenant has completely and fully surrendered the applicable Partially Vacated Premises in full conformity with the terms and conditions of this Lease, the monthly Base Rent due under Section 4.1(c) shall be reduced by the amount obtained by multiplying the number of square feet in such Partially Vacated Premises by [***] and dividing the product obtained by 12. If the Conversion Date or any such Partial Surrender Date occurs on a date that is not the first day of a month, then the change in rent occurring on such date shall be prorated on a daily basis for such partial month.

(f) **Insurance and Casualty After Conversion Date.** Due to Tenant no longer leasing the entirety of the Facility after the Conversion Date, certain obligations and rights related to casualties and insuring of the Facility need to be adjusted as between Tenant and Landlord. Therefore, notwithstanding Section 4.3 of the Lease, commencing on and after the Conversion Date, the following provisions of the Lease shall be amended as follows:

(i) The introductory sentence of Section 6.2 of the Lease shall be amended and restated as follows:

“Except as otherwise provided in Section 6.4 below, Tenant, at its sole cost and expense, shall procure and Tenant shall maintain throughout the Term, the following policies of insurance:”

(ii) Section 6.4 of the Lease shall be amended by addition the following sentence at the end thereof:

Notwithstanding the foregoing provisions of this Section 6.4, commencing on and after the Conversion Date, Tenant shall cause the insurance premium for the property insurance coverage required under the first paragraph of Section 6.2(a) above to be billed separately by the insurance company providing such coverage as follows: (i) the premium for such coverage related to the Retained Premises shall be billed to and paid by Tenant and (ii) the premium for such coverage related to the Vacated Premises shall be billed to and paid by Landlord. The determination of the allocation of the premiums for such coverage between the Retained Premises and the Vacated Premises shall be made in a commercially reasonable and good faith manner considering the relative size, use and construction of the Retained Premises and the Vacated Premises. Either Landlord or Tenant may request an explanation of the basis for such allocation of premiums from the insurance company. If either Landlord or Tenant is dissatisfied with such explanation, they may request a review by an independent insurance broker or consultant, at the cost and expense of the dissatisfied party. If the independent insurance broker or consultant determines that the allocation of premiums does not reflect a commercially reasonable and good faith allocation considering the relative size, use and construction of the Retained Premises and the Vacated Premises, Landlord and Tenant shall cause the insurance company to reallocate the premium in conformity with such finding.

(iii) Section 6.10 of the Lease shall be amended by addition the following sentence at the end thereof:

Notwithstanding the foregoing provisions of this Section 6.10, commencing on and after the Conversion Date, the deductible related to a casualty insurance claim shall be allocated between the Vacated Premises and the Retained Premises based on the relative percentage of the claim allocated to such portion of the Facility or such other allocation as may be mutually agreed upon in writing by Landlord and Tenant. For example, if 90% of the claim amount was associated with damage to the Retained Premises and 10% of the claim amount was associated with damage to the Vacated Premises, 90% of any deductible would be allocated to Tenant and the Retained Premises and 10% of the deductible would be allocated to Landlord and the Vacated Premises.

(iv) Section 7.1 of the Lease shall be amended by adding the following sentences at the end thereof:

Landlord and Tenant acknowledge and agree that commencing on and after the Conversion Date (i) Tenant's obligations under this Section 7.1 shall only apply to the Leased Premises (and the portion of any Improvements

located thereon) as such are reduced by the removal of the Vacated Premises therefrom and (ii) in the event of damage to, or destruction of, any Improvements on the Vacated Premises, by fire or other casualty, Landlord, at its sole cost and expense and in its sole discretion, may (A) repair, restore or rebuild the same (or such portions thereof as Landlord may determine, in its sole discretion) to the quality and condition existing immediately prior to such event of damage or destruction or (B) not repair or restore or rebuild the same, in which case, Landlord shall at its cost and expense create a physical barrier between the portions of the Facility that constitute the Vacated Premises and the Retained Premises using such materials and construction methods as Landlord shall propose, and which Tenant consents to, with such consent not being unreasonably withheld, conditioned, or delayed; provided, that, Landlord shall not be obligated to repair or replace any Improvements located on the Retained Premises in connection with the creation of such physical barrier.

(v) Article VII shall be amended to add the following as Section 7.5 thereto:

Section 7.5 Administration of Casualty Claims after the Conversion Date. After the Conversion Date, in the event of damage to, or destruction of, any Improvements on the Vacated Premises or Retained Premises, by fire or other casualty, the following provisions shall apply:

(a) Tenant shall be obligated to notify the applicable insurance company and make proof of loss. In the event the insurance claim related to such damage to, or destruction of, by fire or other casualty, relates solely to the Vacated Premises, then (i) Tenant shall make such proof of loss on behalf of Landlord, and shall settle, adjust and compromise the claims related thereto only as directed by Landlord in Landlord's sole discretion, (ii) Tenant shall direct the insurance company to pay all insurance proceeds payable for such claim directly to Landlord, (iii) if Tenant fails to make any such filings or settle, adjust or compromise the claims as directed by Landlord, then Landlord may, but shall not be obligated to, file any such notices, proof of claims and settle, adjust or compromise such claims.

(b) In the event the insurance claim related to such damage to, or destruction of, by fire or other casualty, relates solely to the Retained Premises, then Tenant shall make such proof of loss, and shall settle, adjust and compromise the claims related thereto as Tenant may determine; provided, that the foregoing does not relieve Tenant of any of its other obligations hereunder after a casualty, including, but not limited to, Sections 7.1 and 7.3.

(c) In the event the insurance claim related to such damage to, or destruction of, by fire or other casualty, relates to both the Vacated Premises and the Retained Premises, then (i) Tenant and Landlord shall

mutually agree on the proof of loss; (ii) Tenant and Landlord must mutually agree on the terms of any settlement, adjustment or compromise of the claims related thereto, including, but not limited to the allocation of any proceeds between the Retained Premises and the Vacated Premises, (iii) Tenant shall direct the insurance company to pay the insurance proceeds allocated to the Vacated Premises directly to Landlord; and (iv) Landlord shall direct the insurance company to pay the insurance proceeds allocated to the Retained Premises directly to Tenant. The foregoing does not relieve Tenant of any of its other obligations hereunder after a casualty, including, but not limited to, Sections 7.1 and 7.3. In connection with the allocation of insurance proceeds under this Subsection 7.5(c), the allocation shall be based on the estimate of the cost of repair or reconstruction of the damaged Improvements located in the Retained Premises and the Vacated Premises (with the allocation of deductibles addressed by Section 6.10). If the parties cannot agree on the relative costs of such repair or reconstruction of the damaged Improvements as between those located in the Retained Premises and the Vacated Premises, then either party may request a review and a determination by an independent insurance casualty claims adjuster, the cost and expense of which shall be shared equally by each party. Once the independent insurance casualty claims adjuster determines the relative costs of such repair and reconstruction as between the Retained Premises and the Vacated Premises, the insurance proceeds shall be allocated (with the allocation of deductibles addressed by Section 6.10) on such basis.

(g) **Deletion of Certain Lease Provisions.** Sections 6.9, 9.4 and 11.3 of the Lease are hereby deleted and the following substituted therefor in each case after the Section number designation: “[Intentionally Deleted].”

(h) **Conversion Alterations.** Section 10.1 and the first sentence of Section 10.2 of the Lease are hereby deleted and the following is substituted for Section 10.1 after the Section number designation: “[Intentionally Deleted].”

(i) **Alterations.** Section 10.4(a) of the Lease is hereby amended by inserting the following sentence therein as the first sentence thereof:

“Subject to Landlord’s prior written consent, Tenant shall be permitted to make all alterations, additions, build outs and improvements (hereinafter “**Alterations**”) on the Leased Premises.”

(j) Article XIII is hereby amended by adding the following as Section 13.4 at the end thereof:

“**Section 13.4 Shared Utilities.** It is acknowledged that the Retained Premises and the Vacated Premises share certain utilities services. On or before the Conversion Date, Landlord shall (at its sole cost and expense) arrange for all such utilities to be separately metered or to be submetered as between the Retained Premises and the Vacated Premises. To the extent that

any such utilities services or the costs related thereto cannot practically be so separately metered or submetered, the costs and charges related thereto shall be reimbursed in part by Landlord to Tenant as part of Shared Facilities Costs pursuant to clause (b) of Section 25.26 of this Lease.”

(k) **Purchase Option Application to Vacated Premises.** Article XXI is hereby amended by deleting the term “Leased Premises” wherever it occurs therein and substituting the phrase “Leased Premises and any Vacated Premises” therefor.

(l) **Purchase Option Title Exceptions.** Section 21.5 is hereby amended by (i) deleting the word “and” before clause (e) in the first sentence thereof and substituting a semicolon therefor and (ii) inserting the following at the end of the first sentence thereof immediately prior to the period “and (f) any leases entered into by Landlord and Other Tenants”.

(m) **Cross Usage Rights.** Article XXV is hereby amended by adding the following as Sections 25.25 and 25.26 at the end thereof:

Section 25.25 Creation and Retention of Cross Usage Rights. Landlord and Tenant acknowledge that after the occurrence of a Partial Surrender Date, the Landlord and Other Tenants shall need rights of ingress and egress to and over the Retained Premises (or the amended Leased Premises) for the benefit of the Vacated Premises. Tenant hereby agrees with Landlord, for the benefit of Landlord, Other Tenants and each of their invitees, permittees and all others claiming by or through them that such parties shall have, and Landlord as fee owner of the Land, Leased Premises, Retained Premises and Vacated Premises shall retain, the following rights (along with the right to allow others to use such rights) all without being in breach or violation of the covenant of quiet enjoyment or the conveyance of the leasehold estate to Tenant in any manner:

(a) a non-exclusive, right, license and privilege for (i) the right of passage and use, both pedestrian and automotive, over, across and upon any and all portions of the Leased Premises upon which roads and/or driveways are now or hereafter located for the purpose of ingress to and egress from the Vacated Premises (and Tenant shall, at all times, provide reasonable and sufficient access for pedestrian and motor vehicle ingress and egress to and from the Vacated Premises to Haley Drive), (ii) right to park on any and all portions of the Leased Premises upon which parking lots are now or hereafter located (and Tenant shall, at all times, provide an aggregate number of parking spaces which are adequate and sufficient to serve the Facility and all other buildings and improvements located thereon from time to time and which comply with the requirements of all applicable building or zoning codes of all governmental authorities with jurisdiction over the Leased Premises and Vacated Premises; provided that if additional parking lots or spaces are constructed due to an Other Tenant to maintain such compliance, the costs thereof shall be Shared Facilities Costs), (iii) the right to construct, maintain, operate, use and locate utilities, including, but

not limited to, electrical lines, gas lines, water lines, sewer lines, cable television lines and telephone lines across and under the Leased Premises for the purpose of providing utility services, to and from the Vacated Premises as mutually agreed upon by Landlord and Tenant (such mutual approvals not to be unreasonably withheld or delayed), (iv) the right to use all storm and surface drainage pipes, conduits, basins, excavations, and other improvements now or hereafter located on the Leased Premises for the drainage of water from the Vacated Premises across or through the Leased Premises (and Tenant shall, at all times, provide a commercially reasonable and sufficient drainage system approved by the appropriate governmental authorities for the drainage of water from the Vacated Premises across or through the Leased Premises to a publicly dedicated storm sewer, a retention pond or other reasonable infrastructure for the handling of water runoff); (v) the right of passage and use, over, across and upon any and all portions of the Leased Premises upon which railroad tracks and associated infrastructure of the passage of railcars are now or hereafter located for the purpose of ingress to and egress from the Vacated Premises to Norfolk Southern rail line; (vi) the right of pedestrian passage and use over, across and upon any and all portions of the Leased Premises designated in Exhibit C as "Pedestrian Easement" for the purpose of ingress to and egress from the Vacated Premises designated as "Open Space" in Exhibit C to the portions of the Leased Premises designated in Exhibit C as "Common Area" and from any portion of the Vacated Premises to any other portion of the Vacated Premises that is not contiguous; and (vii) the right of usage of restrooms, elevators, data rooms and other amenities located in the portions of the Leased Premises designated in Exhibit C as "Common Area." Except as set forth in Section 25.25(c) or Exhibit D, the foregoing rights of Landlord, the Other Tenants and their respective invitees and permittees with respect to the usage of the areas of the Leased Premises located outside the Facility are anticipated and intended to be limited to the areas described as "Common use areas" in Exhibit D. Tenant, to the extent otherwise permitted by the terms of this Lease and in conformity with the other terms and conditions imposed by this Lease in connection with such activities, retains the right to, and Landlord, with the prior consent of Tenant (which consent shall not be unreasonably withheld, conditioned or delayed) shall have the right to, relocate any of the utilities, and the person undertaking such relocation shall pay all the costs thereof; provided; however, that such relocation shall not materially interfere with any existing or planned construction and shall conform to all applicable governmental requirements. Tenant, to the extent otherwise permitted by the terms of this Lease and in conformity with the other terms and conditions imposed by this Lease in connection with such activities, shall also have the right to relocate any of the roads, driveways or walkways that are now or may hereafter provide ingress and egress to the Vacated Premises as long as such relocated means of ingress and egress is not a materially less convenient means of ingress and egress to a publicly dedicated right of way via the

Leased Premises and during such relocation a sufficient means of such ingress and egress is continuously provided. Tenant, to the extent otherwise permitted by the terms of this Lease and in conformity with the other terms and conditions imposed by this Lease in connection with such activities, shall also have the right to relocate any of the storm and surface drainage pipes, conduits, basins, excavations, and other improvements now or hereafter located on the Leased Premises for the drainage of water from the Vacated Premises across or through the Leased Premises to a publicly dedicated storm sewer, a retention pond or other reasonable infrastructure for the handling of water runoff as long as such relocated drainage system is a commercially reasonable and sufficient drainage system approved by the appropriate governmental authorities for the drainage of water from the Vacated Premises across or through the Leased Premises to a publicly dedicated storm sewer, a retention pond or other reasonable infrastructure for the handling of water runoff and during such relocation suitable drainage is continuously provided. After the Partial Surrender Date, Tenant shall not use the areas of the Leased Premises located outside the Facility described as "Common use areas" in Exhibit D for storage of materials of Tenant. The intention of the foregoing grants is to place a general right of usage of the ingress, egress, utility and drainage infrastructure of the Leased Premises for the purposes stated above on the Leased Premises, subject to the limitations that as long as any proposed use of the Leased Premises by Tenant will not interfere with the enjoyment of the usage rights herein reserved and granted for the benefit of the Landlord, Other Tenants and each of their invitees, permittees and all others claiming by or through them, and subject to all other limitations, restrictions and other terms and conditions imposed on the use of the Leased Premises by Tenant under this Lease, Tenant has the right to use and enjoy all portions of the Leased Premises.

(b) In addition to the Tenant's other obligations of maintenance provided for in this Lease, the Tenant shall at all times have a duty to maintain the Leased Premises in a manner that will enable the Landlord, Other Tenants and each of their invitees, permittees and all others claiming by or through them, full use of the rights and access provided under this Section 25.25, which duty shall include, without limitation, an obligation to (i) repair and maintain the roads, driveways, parking spaces, and parking areas, (ii) remove all debris, (iii) clean and maintain the Leased Premises and (iv) perform all other acts necessary to enable the Landlord, Other Tenants and each of their invitees, permittees and all others claiming by or through them to have the benefit of the access and usage rights provided under this Section 25.25. If Tenant fails to perform its obligations to maintain and repair as aforesaid within 30 days after receipt of written notice from Landlord of the condition requiring maintenance and repair, Landlord may perform such maintenance and repair, and Landlord (in addition to any other rights of access to the Leased Premises provided for in this Lease) is granted the right to enter on, over and across the Leased Premises from time to time as may be reasonably necessary to effectuate such maintenance and repair. Upon demand, Tenant shall reimburse Landlord all reasonable costs and expenses incurred by Landlord in connection with such maintenance and repair.

(c) Tenant shall coordinate and manage the use of the railroad tracks and associated infrastructure located upon Leased Premises among Tenant, Landlord and Other Tenants; provided, however, that Tenant shall not act in a manner designed to frustrate the ability of Landlord and Other Tenants from having access to and use of such railroad tracks and associated infrastructure. All parties shall reasonably cooperate with each other in the scheduling of the use thereof. To the extent that Tenant incurs costs for the movement of railcars for Other Tenants, Tenant may bill such Other Tenant directly for reimbursement of Tenant's actual costs, provided, that, Tenant shall provide an estimate of such costs before such costs are incurred.

(d) This Section 25.25 is not intended, and shall not be construed, to dedicate any easements to the general public or to grant to the general public any rights whatsoever.

25.26 Shared Facilities.

(a) It is acknowledged that the Retained Premises is in part located in buildings and improvements which also contain the Vacated Premises, and that Tenant has granted to Landlord certain cross-usage rights under Section 25.25 of the Lease (the exterior and structural elements of said buildings and improvements and the railroad tracks, roadways and other areas affected by said cross-usage rights being herein collectively, the "Shared Facilities"). Notwithstanding any other provisions of this Lease, Tenant shall perform the following obligations for the entirety of the Shared Facilities as if the entirety thereof were part of the Leased Premises: maintenance pursuant to Article 9 and Section 25.25 of the Lease, all pursuant to the terms and conditions of the Lease as if all of the Shared Facilities were part of the Leased Premises, but recognizing that Tenant shall have no responsibility or obligation with respect to the interior of any improvements which are part of the Vacated Premises.

(b) In consideration of the performance of its obligations under clause (a) of this Section 25.26, during such time as the Vacated Space (or any part thereof) shall be leased to an Other Tenant or Tenants (but only during such times), Landlord shall reimburse Tenant for Landlord's Proportionate Share (as hereafter defined) of all actual costs incurred by Tenant in the performance of said obligations with respect to the Shared Facilities (the "Shared Facilities Costs"). Shared Facilities Costs shall include, without limitation, ordinary and capital costs for labor and materials, equipment costs, utility charges, costs of security, janitorial services, landscaping and pest control and management and accounting fees and all other costs related thereto. Landlord's Proportionate Share shall be

forty percent (40%) times the percentage of the Vacated Premises that is leased to an Other Tenant or Tenants from time to time and shall be equitably adjusted if the square footage of floor space in the Vacated Premises or Retained Premises shall be increased or decreased from time to time. For example, if fifty percent of the Vacated Premises is leased to an Other Tenant, then the Landlord's Proportionate Share shall be twenty percent (20%) (i.e. forty percent (40%) times fifty percent (50%)).

(c) Subject to the terms of Section 25.26(b), Landlord shall pay to Tenant Landlord's Proportionate Share of the Shared Facilities Costs as and when billed by Tenant (but no more often than monthly), such payments to be made within thirty (30) days after Tenant submits to Landlord a statement therefor from time to time. Landlord shall cause Other Tenants to prepay to Landlord three months of Shared Facilities Costs in order to insure prompt payment thereof.

(d) Landlord may examine Tenant's books and records relative to the Shared Facilities Costs from time to time. Any request for examination must be made by written notice from Landlord to Tenant from time to time, but not more than twice in any calendar year. Tenant's books and records pertaining to the immediately preceding twelve (12) full calendar months shall be made available to Landlord for inspection at the Leased Premises within thirty (30) days after Tenant receives Landlord's written notice. If Landlord fails to take written exception to any item of Shared Facilities Costs disclosed in such inspection within sixty (60) days after such inspection, or any item of Shared Facilities Costs reflected in a statement submitted by Tenant within twenty-four (24) months after submission of such statement, Landlord shall be deemed to have accepted such statement and all such items and waived any further audit right with respect thereto. If Landlord takes written exception to an item of Shared Facilities Costs within the applicable period and such exception is not resolved by Tenant and Landlord within twenty (20) days after Landlord's notice taking exception, Tenant shall submit the dispute to an independent certified public accounting firm selected by Tenant and Landlord. If Landlord and Tenant are unable to agree on an independent certified public accounting firm, Landlord may select one of the five (5) largest national certified public accounting firms for such purpose. Within sixty (60) days following its selection, the selected accounting firm shall prepare and submit to Tenant and Landlord a certificate as to whether the exception is proper and the amount owed by or to Tenant, which determination shall be final and conclusive. If it is found that Landlord has overpaid any amount required hereunder, Tenant shall refund such overpayment to Landlord within thirty (30) days thereafter. If it is determined that the amount of Shared Facilities Costs or Landlord's Proportionate Share thereof, as set forth in any statement, exceeded the amount which Landlord was obligated to pay in respect thereof, (i) by three percent (3%) or more, Tenant shall bear all costs of Landlord's accountant or other reviewing entity and of such certification, and (ii) by less than three percent (3%), Landlord shall bear all costs of Landlord's accountant or other reviewing entity and such certification.

(n) **Exhibits.** The Lease is hereby amended by adding the Exhibits and Schedule attached hereto as Exhibits A-1, A-2, C and D and Schedule 1.6 to the end of the Lease and replacing the current such Exhibit, if applicable.

3. **Notice.** Landlord and Tenant hereby confirm that the following addresses for Notice are substituted for the addresses for Notice set forth in Section 25.3 of the Lease:

If to Landlord: The Teachers' Retirement Systems of Alabama
201 South Union Street
Montgomery, Alabama 36130
Attn: M. Hunter Harrell

and Employees' Retirement System of Alabama
201 South Union Street
Montgomery, Alabama 36130
Attn: M. Hunter Harrell

With a copy to: Maynard, Cooper & Gale, P.C.
1901 Sixth Avenue North
2400 Regions/Harbert Plaza
Birmingham, AL 35203-52618
Attn: Randall H. Morrow

If to Tenant: FREIGHTCAR ALABAMA, LLC
c/o FreightCar America, Inc.
2 North Riverside Plaza, Suite 1300, Chicago,
Illinois 60606
Attn:

and FreightCar America, Inc.
Two North Riverside Plaza
Suite 1300, Chicago, Illinois 60606
Attn:

with a copy to: Kelley Drye & Warren LLP
333 West Wacker Drive
26th Floor
Chicago, IL 60606
Attention: Andrew Pillsbury, Esq.

4. **Landlord's Right to Sell.** Landlord has and will continue to have the right, at any time, to sell, in whole or in part, its interest in the Leased Premises, the Vacated Premises, the Retained Premises. In the event of the sale or other transfer of Landlord's interest in the Leased

Premises, upon the assumption by Landlord's assignee of the obligations of Landlord under this Lease, Landlord shall be released from all liability and obligations hereunder arising out of any act, occurrence or omission relating to the Leased Premises or the Lease occurring after the consummation of such sale or transfer. Tenant agrees to attorn to any successor, assignee, mortgagee or ground lessor of Landlord.

5. Brokerage. Tenant and Landlord each represent and warrant to the other party that they have had no dealings with any broker or agent in connection with the Lease or this Second Amendment. Tenant covenants to pay, hold harmless, indemnify and defend the Landlord from and against any and all costs, expenses or liability (including, without limitation, reasonable attorney's fees incurred by the other party) for any compensation, commissions and charges claimed by any broker or agent with respect to the Lease or this Second Amendment, or the negotiation thereof.

6. Full Force and Effect. Except as expressly modified herein, all of the terms, covenants and conditions of the Lease remain in full force and effect.

7. Guarantor Consent and Acknowledgment. Guarantor hereby consents and agrees to terms of this Second Amendment and the Lease as amended hereby. Guarantor further acknowledges that their obligations as guarantor of the Lease under the Guaranty have not been terminated, and are and shall remain in full force and effect in accordance with the terms of the Guaranty.

IN WITNESS WHEREOF, Owner and Tenant have signed and sealed this Amendment as of the day and year first above written.

LANDLORD:

TEACHERS' RETIREMENT SYSTEMS OF ALABAMA, an instrumentality of the State of Alabama

By: /s/ David G. Bronner
Name: David G. Bronner
Title: CEO

EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA, an instrumentality of the State of Alabama

By: /s/ David G. Bronner
Name: David G. Bronner
Title: CEO

TENANT:

FREIGHTCAR ALABAMA, LLC, a Delaware limited liability company

By: /s/ Matthew S. Kohnke
Name: Matthew S. Kohnke
Title: CEO

GUARANTOR:

FREIGHTCAR AMERICA, INC. a Delaware corporation

By: /s/ Matthew S. Kohnke
Name: Matthew S. Kohnke
Title: CEO

State of Alabama)

) ss.:

County of Montgomery)

I, Emily Eaton, a notary (name and style of officer) in and for said County in said State, hereby certify that David G. Bronner whose name as CEO of Teachers' Retirement System of Alabama, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he or she, as such officer and with full authority, executed the same voluntarily for and as the act of said entity.

Given under my hand this 26 day of February, 2019

/s/ Emily Eaton
Notary Public, Montgomery County, Alabama
My Commission Expires: 10-11-2021

State of Alabama)

) ss.:

County of Montgomery)

I, Emily Eaton, a notary (name and style of officer) in and for said County in said State, hereby certify that David G. Bronner whose name as CEO of Employees' Retirement System of Alabama, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he or she, as such officer and with full authority, executed the same voluntarily for and as the act of said entity.

Given under my hand this 26 day of February, 2019

/s/ Emily Eaton
Notary Public, Montgomery County, Alabama
My Commission Expires: 10-11-2021

State of)
) ss.:
County of)

I, Caroline Germeraad, a notary public (name and style of officer) in and for said County in said State, hereby certify that Matthew Kohnke whose name as Chief Financial Officer of FreightCar Alabama, LLC, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he or she, as such officer and with full authority, executed the same voluntarily for and as the act of said limited liability company.

Given under my hand this 26th day of February, 2019

/s/ Caroline Germeraad
Notary Public, State of IL County, Cook
My Commission Expires: Nov 3, 2021

State of)
) ss.:
County of)

I, Caroline Germeraad, a notary public (name and style of officer) in and for said County in said State, hereby certify that Matthew Kohnke whose name as Chief Financial Officer of FreightCar America, Inc., is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he or she, as such officer and with full authority, executed the same voluntarily for and as the act of said limited liability company.

Given under my hand this 26th day of February, 2019

/s/ Caroline Germeraad
Notary Public, State of IL County, Cook
My Commission Expires: Nov 3, 2021

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Section 3: EX-31.1 (EX-31.1)

Exhibit 31.1

Certification of Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, James R. Meyer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of FreightCar America, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

