

Section 1: DEF 14A (DEF 14A)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:
 Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(i)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to 1740-14a-12

FREIGHTCAR AMERICA, INC.
(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):
 No fee required.
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 1740-11.

1)	Title of each class of securities to which transaction applies:
2) <td>Aggregate number of securities to which transaction applies:</td>	Aggregate number of securities to which transaction applies:
3) <td>For unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):</td>	For unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
4) <td>Proposed maximum aggregate value of transaction:</td>	Proposed maximum aggregate value of transaction:
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1)	Amount Previously Paid:
2) <td>Form, Schedule or Registration Statement No.:</td>	Form, Schedule or Registration Statement No.:
3) <td>Filing Party:</td>	Filing Party:
4) <td>Date Paid:</td>	Date Paid:



FREIGHTCAR AMERICA, INC.
125 South Wacker Drive, Suite 1700
Chicago, Illinois 60606

March 30, 2020

Dear FreightCar America Stockholder:

You are cordially invited to attend the annual meeting of stockholders of FreightCar America, Inc. to be held at 10:00 a.m. (local time) on Thursday, May 14, 2020 at 125 S. Wacker Drive, 2nd Floor, Chicago, Illinois 60606.

We intend to hold our annual meeting in person. However, we continue to monitor the situation regarding COVID-19 (Coronavirus) closely, taking into account guidance from Centers for Disease Control and Prevention and the World Health Organization. The health and well-being of our employees and stockholders is our top priority. Accordingly, we are planning for the possibility that the annual meeting may be held solely by means of remote communication if we determine that it is not advisable to hold an in-person meeting. In the event the annual meeting will be held solely by remote communication, we will announce that fact as promptly as practicable, and details on how to participate will be issued by press release, posted on our website and filed with the U.S. Securities and Exchange Commission as additional proxy material. As always, we encourage you to vote your shares prior to the annual meeting.

The purpose of the meeting is to consider and vote upon proposals to (i) elect two directors who have been nominated for election as Class III directors to three-year terms, (ii) approve, on an advisory basis, the compensation of our Named Executive Officers, (iii) approve the FreightCar America, Inc. 2018 Long-Term Incentive Plan (as amended and restated effective May 14, 2020), (iv) ratify the appointment of our independent registered public accounting firm for 2020 and (v) transact such other business as may properly come before the meeting.

Whether or not you plan to attend the meeting and regardless of the number of shares you own, it is important that your shares be represented at the meeting. After reading the enclosed proxy statement, please promptly vote your shares in accordance with the instructions on the enclosed proxy card to assure that your shares will be represented.

The board of directors and management appreciate your continued confidence in FreightCar America and look forward to seeing you at the annual meeting.

Sincerely,

William D. Gese

WILLIAM D. GESE
Chairman of the Board



FREIGHTCAR AMERICA, INC.
125 South Wacker Drive, Suite 1200
Chicago, Illinois 60606
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To be held on May 14, 2020

March 30, 2020

Dear FreightCar America Stockholder:

We are notifying you that the annual meeting of stockholders of FreightCar America, Inc. will be held at 10:00 a.m. (local time) on Thursday, May 14, 2020 at 125 S. Wacker Drive, 2nd Floor, Chicago, Illinois 60606, for the following purposes:

1. To elect two directors as Class III directors, each for a term of three years.
2. To hold an advisory vote to approve the compensation of our Named Executive Officers.
3. To approve the FreightCar America, Inc. 2014 Long-Term Incentive Plan (as amended and restated effective May 14, 2020).
4. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2020.
5. To transact other business properly coming before the meeting.

We are pleased to take advantage of the Securities and Exchange Commission rule allowing companies to furnish proxy materials to their stockholders over the Internet. We believe that this e-proxy process expedites stockholders' receipt of proxy materials while also lowering the costs and reducing the environmental impact of our annual meeting of stockholders. On or about March 30, 2020, we will mail to our stockholders who have not requested hard copies of the proxy materials a Notice of Internet Access and Availability of Proxy Materials (the "Notice"), which contains instructions on how to vote, to access our proxy statement (the "Proxy Statement") and Annual Report on Form 10-K for the year ended December 31, 2019 (the "Annual Report") online and to request paper copies of the proxy materials. All stockholders who elect to receive paper copies will receive copies of the Proxy Statement and the Annual Report by mail. The Proxy Statement also contains instructions on how you can (i) receive a paper copy of the Proxy Statement and the Annual Report if you only received the Notice by mail or (ii) elect to receive the Proxy Statement and the Annual Report over the Internet, if you received them by mail.

We intend to hold our annual meeting in person. However, we continue to monitor the situation regarding COVID-19 (Coronavirus) closely, taking into account guidance from Centers for Disease Control and Prevention and the World Health Organization. The health and well-being of our employees and stockholders is our top priority. Accordingly, we are planning for the possibility that the annual meeting may be held solely by means of remote communication if we determine that it is not advisable to hold an in-person meeting. In the event the annual meeting will be held solely by remote communication, we will announce that fact as promptly as practicable, and details on

how to participate will be issued by press release, posted on our website and filed with the U.S. Securities and Exchange Commission as additional proxy material. As always, we encourage you to vote your shares prior to the annual meeting.

Each of these matters listed above is described in further detail in the Proxy Statement. A copy of our Annual Report is available online or by request.

Only stockholders of record at the close of business on March 18, 2020 are entitled to vote at the meeting and any postponements or adjournments of the meeting. A complete list of these stockholders will be available at our principal executive offices prior to the meeting.

Whether or not you plan to attend the meeting, please be sure to vote your shares in accordance with the instructions on the enclosed proxy card as promptly as possible. You can withdraw your proxy at any time before it is voted.

By order of the Board of Directors,

/s/ Georgia L. Vlams

GEORGIA L. VLAMS
Vice President, General Counsel, Corporate Secretary and Human Resources

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 14, 2020**

This communication presents only an overview of the most complete proxy materials that are available to you on the Internet. We encourage you to access and review all of the important information contained in the proxy materials before voting.

Our Proxy Statement for the year ended December 31, 2019 includes information on the following matters, among other things:

- The date, time and location of the annual meeting of stockholders;
- A list of the matters being submitted to the stockholders for approval; and
- Information concerning voting in person at the annual meeting of stockholders.

Our Proxy Statement and Annual Report on Form 10-K for the year ended December 31, 2019 are available at www.3i.com/ir.

If you received the Notice and want to receive a paper copy or email of these documents, you must request one. There is no charge to you for requesting a copy. Please choose one of the following methods to make your request:

- (1) By Internet: www.3i.com/ir
- (2) By telephone: 1-800-576-1639
- (3) By email: shareholder@3i.com

Please have available the information set forth in the Notice if you are requesting a paper copy or email of the proxy materials. Please make your request on or before April 30, 2020 to facilitate timely delivery.

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PROXY STATEMENT

The board of directors of FreightCar America, Inc. ("FreightCar America," or the "Company") is asking for your proxy for use at the annual meeting of our stockholders to be held at 10:00 a.m. (local time) on Thursday, May 14, 2020 at 125 S. Wacker Drive, 2nd Floor, Chicago, Illinois 60606, and at any postponements or adjournments of the meeting. We intend to hold our annual meeting in person. However, we continue to monitor the situation regarding COVID-19 (Coronavirus) closely, taking into account guidance from Centers for Disease Control and Prevention and the World Health Organization. The health and well-being of our employees and stockholders is our top priority. Accordingly, we are planning for the possibility that the annual meeting may be held solely by means of remote communication if we determine that it is not advisable to hold an in-person meeting. In the event the annual meeting will be held solely by remote communication, we will announce that fact as promptly as practicable, and details on how to participate will be issued by press release, posted on our website, and filed with the U.S. Securities and Exchange Commission as additional proxy material. As always, we encourage you to vote your shares prior to the annual meeting. We are currently mailing this proxy statement and the enclosed proxy card to our stockholders on or about March 30, 2020.

ABOUT THE MEETING

What is the purpose of the annual meeting?

At our annual meeting, stockholders will act upon the matters outlined in the accompanying notice of annual meeting, including (i) the election of two directors who have been nominated for election as Class III directors to three-year terms, (ii) approval, on an advisory basis, of the compensation of our Named Executive Officers ("NEOs"), (iii) approval of the FreightCar America, Inc. 2018 Long-Term Incentive Plan (as amended and restated effective May 14, 2020), (iv) the ratification of the appointment of our independent registered public accounting firm and (v) any other business properly coming before the meeting.

What are our voting recommendations?

Our board of directors recommends that you vote your shares:

"**FOR**" each of the nominees named below under "Proposal 1 - Election of Class III Directors,"

"**FOR**" the approval, on an advisory basis, of the compensation of our NEOs as discussed below under "Proposal 2 - Approval, on an Advisory Basis, of the Compensation of our Named Executive Officers,"

"**FOR**" the approval of the FreightCar America, Inc. 2018 Long-Term Incentive Plan (as amended and restated effective May 14, 2020), as discussed below under "Proposal 3 - Approval of the FreightCar America, Inc. 2018 Long-Term Incentive Plan (As Amended and Restated Effective May 14, 2020)," and

"**FOR**" the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm as discussed below under "Proposal 4 - Ratification of the Appointment of Independent Registered Public Accounting Firm."

Who is entitled to vote?

Only stockholders of record at the close of business on the record date, March 18, 2020, are entitled to receive notice of the annual meeting and to vote the shares of common stock that they hold on the record date at the meeting and any postponements or adjournments of the meeting. Each outstanding share of common stock entitles its holder to cast one vote, without cumulation, on each matter to be voted on.

What constitutes a quorum?

If a majority of the shares outstanding on the record date are present at the annual meeting, either in person or by proxy, we will have a quorum at the meeting permitting the conduct of business at the meeting. As of the record date, we had 13,166,580 shares of common stock outstanding and entitled to vote. Any shares represented by proxies that abstain from voting on a proposal will be counted as present for purposes of determining whether we have a quorum. If a broker, bank, custodian, nominee or other record holder of our common stock indicates on a proxy that it does not have discretionary authority to vote certain shares on a particular matter, the shares held by that record holder (referred to as "broker non-votes") will also be counted as present in determining whether we have a quorum.

How do I vote?

You may vote in person at the annual meeting or you may vote by proxy.

As permitted by Securities and Exchange Commission ("SEC") rules, we are making this proxy statement and our Annual Report on Form 10-K for the year ended December 31, 2019 available to our stockholders electronically via the Internet. On or about March 30, 2020, we will mail to our stockholders who have not previously requested hard copies of the proxy materials the Notice, which contains instructions on how to vote, to access this proxy statement and our Annual Report on Form 10-K for the year ended December 31, 2019 online and to request paper copies of the materials. If you receive the Notice by mail, you will not receive a printed copy of the proxy materials in the mail. Instead, the Notice will instruct you on how to access and review all of the important information contained in this proxy statement and our Annual Report on Form 10-K for the year ended December 31, 2019. The Notice also will instruct you on how you may submit your proxy over the Internet. If you receive the Notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials contained in the Notice.

You may vote by proxy by (i) following the instructions for voting on the Internet in the Notice or (ii) if you received a printed copy of the proxy materials, following the instructions for voting by telephone or on the Internet on your proxy card or completing, signing, dating and mailing the enclosed proxy card. To vote by telephone or on the Internet, as applicable, you will need the special code number included in the Notice or on your proxy card. If you vote by proxy, the individuals named on the proxy card or proxy holders will vote your shares in the manner you indicate. If you do not indicate your instructions, your shares will be voted.

- **TS&C** the election of the two nominees named below under "Proposal 1 - Election of Class III Directors."
- **TS&C** the approval, on an advisory basis, of the compensation of our NEOs under "Proposal 2 - Approval, on an Advisory Basis, of the Compensation of our Named Executive Officers"
- **TS&C** the approval of the FreightCar America, Inc. 2018 Long Term Incentive Plan (as amended and restated effective May 14, 2020) under "Proposal 3 - Approval of the FreightCar America, Inc. 2018 Long Term Incentive Plan (As Amended and Restated Effective May 14, 2020)," and
- **TS&C** the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2020 under "Proposal 4 - Ratification of the Appointment of Independent Registered Public Accounting Firm."

Can I revoke my proxy or change my vote after I return my proxy card?

Yes. Even after you have submitted your proxy, you may revoke your proxy or change your votes at any time before the proxy is voted at the annual meeting by delivering to our Secretary a written notice of revocation or a properly submitted proxy bearing a later date, or by attending the annual meeting and voting in person. Attendance at the meeting will not cause your previously granted proxy to be revoked unless you specifically so request or you vote in person at the meeting.

What vote is required to approve each matter that comes before the meeting?

Director nominees must receive the affirmative vote of a plurality of the votes cast at the meeting in person or by proxy by stockholders entitled to vote thereon, meaning that the two nominees for Class III director with the most votes will be elected. Each of the approval, on an advisory basis, of the compensation of our NEOs, the approval of the FreightCar America, Inc. 2018 Long Term Incentive Plan (as amended and restated effective May 14, 2020) and the ratification of the appointment of our independent registered public accounting firm requires the affirmative vote of a majority of the votes cast at the meeting in person or by proxy. Broker non-votes will not be counted for purposes of determining whether an item has received the requisite number of votes for approval. Abstentions will have the effect of a vote against the approval, on an advisory basis, of the compensation of our NEOs, the approval of the FreightCar America, Inc. 2018 Long Term Incentive Plan (as amended and restated effective May 14, 2020) and the ratification of the appointment of our independent registered public accounting firm but will not be taken into account in determining the outcome of the election of directors. However, each of our directors and director candidates has offered a contingent resignation that may be accepted by the board of directors in its discretion if a majority of the votes are not cast "FOR" such director in an uncontested election.

What happens if additional proposals are presented at the meeting?

If you vote by proxy, your proxy grants the persons named as proxy holders the discretion to vote your shares on any additional matters properly presented for a vote at the meeting.

Who will bear the costs of soliciting votes for the meeting?

Certain directors, officers and employees, who will not receive any additional compensation for such activities, may solicit proxies by personal interview, mail, telephone or electronic communication. We will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to our stockholders. We will bear all costs of solicitation, including a base fee of \$8,500 and reasonable out-of-pocket expenses to be paid to the proxy solicitation firm of Okapi Partners LLC.

PROPOSALS TO BE VOTED ON

Proposal 1 – Election of Class III Directors

Our certificate of incorporation provides for a classified board of directors consisting of three classes of the same or nearly the same number of directors. In August 2019, we increased the size of our board of directors from six to seven directors. The term of office of each current Class III director is scheduled to expire at our annual meeting of stockholders to be held this year. Currently, three of our directors, Elizabeth K. Arnold, Thomas A. Madden and James R. Meyer, are Class III directors. On February 3, 2020, Mr. Madden notified us that he will be leaving our board of directors effective as of the date of our annual meeting of stockholders to be held this year and has decided not to stand for reelection at the annual meeting. The Board would like to thank Mr. Madden for his years of dedicated service to the Company. At the recommendation of our nominating and corporate governance committee, our board of directors has reduced the size of our board of directors to six members as of the date of our annual meeting this year and has determined to nominate Ms. Arnold and Mr. Meyer for election to three-year terms as Class III directors at our annual meeting this year. Each nominee elected by our stockholders as a Class III director at the annual meeting will be elected to a term to expire at the annual meeting of stockholders in 2023.

Information about the director nominees, the continuing directors and our board of directors is contained in the section of this proxy statement entitled "Governance of the Company—Board Structure and Composition."

In the event a nominee is not available to serve for any reason when the election occurs, it is intended that the proxies will be voted for the election of the other nominees and may be voted for any substitute nominee. Our board of directors has no reason to believe that any of the nominees will not be a candidate or, if elected, will be unable or unwilling to serve as a director.

Our board of directors recommends that you vote "FOR" the election of Elizabeth K. Arnold and James R. Meyer as Class III Directors.

Proposal 2 – Approval, on an Advisory Basis, of the Compensation of our Named Executive Officers

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), which amends Section 14A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), enables our stockholders to approve, on an advisory basis, the compensation program for our NEOs (sometimes referred to as "say on pay").

We believe that our executive compensation programs must be closely linked to our stockholders' interests, and we welcome our stockholders' input in this area. Our compensation programs are designed to attract, motivate and retain the individuals we need to drive business success. We believe that our executives should act in the long-term interests of our stockholders, and therefore, we pay a significant portion of total compensation to our executives in the form of long-term performance-based equity compensation, such as performance-based stock options and/or restricted share awards. Our compensation programs also are closely tied to performance, with incentive compensation varying in accordance with objectively determinable Company performance measures.

The compensation committee of our board of directors follows best practices in the design and governance of our compensation programs, including, but not limited to the following:

- we have adopted a clawback policy;
- we have adopted an anti-hedging policy for our officers and directors;
- we have adopted stock ownership guidelines for our officers and directors and the stock ownership of each of our officers and directors exceeded the Company's minimum stock ownership requirements in 2019;
- the FreightCar America, Inc. 2014 Long Term Incentive Plan (the "LTIP") expressly prohibits repricing or exchanging awards;
- we do not pay tax gross-ups for change in control payments under Section 280G of the Internal Revenue Code of 1986, as amended (the "Code");
- we do not provide perquisites for former or retired executives;
- we do not provide personal use of corporate aircraft, personal security systems maintenance and/or installation, car allowances or executive life insurance; and
- we do not pay or provide payments for terminations for cause or resignations other than for good reason.

At our 2019 annual meeting of stockholders, the Company's stockholders approved, on an advisory basis, the compensation of our NEOs with the affirmative vote of the holders of more than 50% of the shares voted. This vote of approval reinforced our compensation committee's belief in the merits of the Company's compensation structure.

You are invited to review the accompanying summary compensation table and the related narrative disclosure and to vote to approve, on an advisory basis, the compensation of our NEOs through the adoption of the following resolution at the 2020 annual meeting:

"Resolved, that the compensation paid to the Company's Named Executive Officers, as disclosed pursuant to Item 402 of Regulation S-K, including the summary compensation table and narrative disclosure, is hereby approved."

This vote is nonbinding. The board of directors and the compensation committee, which is comprised of independent directors, will consider the outcome of the vote when evaluating future executive compensation decisions.

Our board of directors recommends that you vote "FOR" the approval, on an advisory basis, of the compensation of our NEOs.

Proposal 3 – Approval of the FreightCar America, Inc. 2018 Long Term Incentive Plan (as Amended and Restated Effective May 14, 2020)

We are asking stockholders to approve the FreightCar America, Inc. 2018 Long Term Incentive Plan (as amended and restated effective May 14, 2020) (prior to such amendment and restatement, the "2018 Plan," and as amended and restated, the "Amended Plan"). The 2018 Plan was originally approved by our stockholders on May 10, 2018. Our board of directors approved the Amended Plan on March 11, 2020, subject to the required approval of our stockholders at the annual meeting. If our stockholders approve the Amended Plan, it will become effective on May 14, 2020. If our stockholders do not approve the Amended Plan, the 2018 Plan will remain in effect in its current form. The terms and provisions of the Amended Plan are substantially the same as those of the 2018 Plan in all respects, except that the Amended Plan:

- Increases the number of shares of common stock available for issuance under the Amended Plan by 450,000 shares for a total of 2,718,250 shares;
- Provides that shares subject to share appreciation rights ("SARs") issued under the Amended Plan that are settled in cash, rather than stock, may be reinvested for future awards;
- Clarifies some of the Company's existing practices, including that no dividends or dividend equivalents will be paid with respect to an award unless and until the shares underlying the award have vested and expressly forbidding the grant of "colored options," and
- Makes certain other clarifying and administrative updates to the Amended Plan.

The following summary of the Amended Plan should be read in conjunction with, and is qualified by reference to, the full text of the Amended Plan, which is included in this proxy statement as Appendix A.

Purposes of the Amended Plan. The Amended Plan is intended to provide incentives to attract, retain and motivate our and our subsidiaries' and affiliates' employees, consultants and directors, to provide for competitive compensation opportunities, to encourage long-term service, to recognize individual contributions and reward achievement of performance goals and to promote the creation of long-term value for our stockholders by aligning the interests of such persons with those of our stockholders.

Eligibility and Administration. Employees, consultants and non-employee directors of the Company and its subsidiaries and affiliates are eligible to be granted awards under the Amended Plan. The Amended Plan will be administered by the Compensation Committee (the "Committee"). The Committee determines which employees, consultants and non-employee directors receive awards and the types of awards to be granted. As of March 18, 2020, approximately 106 employees and six non-employee directors would be eligible to receive awards under the Amended Plan.

Awards. The Amended Plan provides for the grant of stock options, SARs, restricted shares, restricted share units ("RSUs"), performance shares, performance units, annual cash incentive awards, dividend equivalents and other share-based awards. If the stockholders approve the Amended Plan, an aggregate of 2,718,250 shares would be

authorized for issuance under the Amended Plan. On March 18, 2020, the closing price of the Company's common stock on the NASDAQ Global Market was \$8.79 per share.

The total number of shares authorized to be issued under the Amended Plan will be reduced by one share for each share that is subject to an option, SAR or other appreciation-only award granted under the Amended Plan, and by two shares for each share that is subject to a restricted share, RSU, performance share or other full-value stock-based award granted under the Amended Plan. Any shares relating to awards that terminate by expiration, forfeiture or cancellation without the issuance of such shares, cash or other benefits in lieu of such shares will become available again for grant under the Amended Plan provided that the number of shares authorized to be issued under the Amended Plan will be increased by one share for each such share that was subject to an option, SAR or other appreciation-only award granted under the Amended Plan, and by two shares for each share that was subject to a restricted share, RSU, performance share or other full-value stock-based award granted under the Amended Plan. The following shares shall not become available for issuance under the Amended Plan: (i) shares tendered by participants as full or partial payment in the Company upon exercise of options granted under the Amended Plan; and (ii) shares withheld by, or otherwise retained to, the Company to satisfy a participant's tax withholding obligations upon the lapse of restrictions on restricted shares or RSUs, the exercise of options or SARs granted under the Amended Plan, or any other payment or issuance of shares under the Amended Plan. Awards that, pursuant to their terms, may be settled only in cash will not count against the share reserve under the Amended Plan.

During any one calendar year, the maximum number of shares with respect to which stock options and SARs may be granted to a participant (other than a director) under the Amended Plan is 500,000 shares, and the maximum number of shares that may be granted to a participant (other than a director) under the Amended Plan in the form of restricted shares, RSUs, performance shares and performance units is 500,000 shares. Pursuant to the Amended Plan, the maximum dollar amount payable in cash during any one calendar year to participants other than non-employee directors will be (1) \$2,000,000 with respect to performance units or other share-based awards and (2) 50% of the annual incentive pool with respect to cash incentive awards. In addition, during any one calendar year: (1) the maximum number of shares with respect to which options or SARs may be issued to any one non-employee director will be 50,000 shares; (2) the maximum number of shares with respect to which performance shares, performance units, restricted shares or RSUs may be issued to any one non-employee director will be 50,000 shares and (3) the maximum dollar amount payable in cash to any one non-employee director with respect to performance units or other share-based awards will be \$150,000; provided that in no event will the grant date fair value of any shares or share-based awards payable to any one director in any calendar year, when aggregated with cash compensation for service as a non-employee director of the Company during such period, exceed \$400,000. Shares issued under the Amended Plan will be either authorized but previously unissued shares or treasury shares.

Setting. Awards granted under the Amended Plan will vest no earlier than the first anniversary of the date on which the award is granted and no award may provide for partial or graduated vesting prior to the first anniversary of the date on which it is granted, provided that awards that result in the issuance in the aggregate of no more than five percent (5%) of the shares available for issuance under the Amended Plan may be granted to any one or more participants without respect to this minimum vesting period requirement. Awards to non-employee directors will be deemed to satisfy this minimum vesting requirement to the extent that such awards vest on the earlier of the one-year anniversary of the date of grant and the date of the next annual meeting of the Company's stockholders that is at least 90 weeks after the immediately preceding year's annual meeting. The Committee may waive restrictions or forfeiture conditions in any individual case in the event of termination of service resulting from a specified event.

Stock Options. Both incentive stock options, which are intended to qualify for special tax treatment under the Code ("incentive stock options"), and nonqualified stock options, which are not intended to qualify for special tax treatment under the Code, may be granted under the Amended Plan. The Committee is authorized to set the terms of an option, including exercise price and the time and method of exercise; provided that the exercise price cannot be less than the market price of our common stock on the date of grant. Without stockholder approval, the Committee is prohibited from granting stock options, converting outstanding options in exchange for the grant of new options with a lower exercise price or another cash or stock award, offering a cash buyout of unexercised options or granting virtual options. Qualified stock options may only be granted to employees and no employee may be granted more than 200,000 incentive stock options.

Share Appreciation Rights. Each SAR entitles the holder to receive an amount equal to the difference between the fair market value of a specified number of shares on the exercise date and the exercise price of the SAR set by the Committee as of the date of grant; provided that the exercise price cannot be less than the market price of our common stock on the date of grant. The Committee is authorized to set the terms of the SARs, including the time and method of exercise. Without stockholder approval, the Committee is prohibited from replacing SARs, including outstanding SARs, in exchange for the grant of new SARs or options with a lower exercise price or another cash or stock award, or offering a cash bonus or underwrite SARs.

Restricted Shares and RSUs. Awards of restricted shares are subject to restrictions on transferability and such other restrictions, if any, as the Committee may impose on the date of grant or thereafter. Such restrictions may lapse under circumstances as the Committee may determine (subject to the one-year minimum vesting requirement), such as completion of a specified period of continued employment or upon the achievement of performance criteria. Except as otherwise determined by the Committee, eligible participants, consultants and directors who are granted restricted shares will have all of the rights of a stockholder, including the right to vote and to receive dividends. Restricted shares are forfeited upon the termination of a participant's employment during the applicable restriction period.

Each RSU entitles the holder to receive shares of common stock or cash at the end of a specified deferral period. RSUs may also be subject to such restrictions as the Committee may impose. Such restrictions may lapse under circumstances as the Committee may determine, such as completion of a specified period of continued employment or upon the achievement of performance criteria. Except as otherwise determined by the Committee (subject to the one-year minimum vesting requirement), RSUs subject to restrictions are forfeited upon the termination of a participant's employment during any applicable restriction period.

Performance Shares and Performance Units. Performance shares and performance units provide for the future issuance of shares and payment of cash, respectively, to the recipient upon the attainment of performance goals established by the Committee. Except as otherwise determined by the Committee (subject to the one-year minimum vesting requirement), performance shares and performance units will be forfeited upon the termination of a participant's employment during any applicable performance period. Performance objectives may vary from person to person and will be based upon such criteria as the Committee may deem appropriate. The Committee may revise performance objectives if significant events occur during the performance period that the Committee expects will have a substantial effect on such objectives.

Dividend, Dividend Equivalents and Other Awards. The Committee may also grant dividends and dividend equivalent rights under the Amended Plan. Any dividends or dividend equivalent rights may be paid only at the time and to the extent that the shares underlying the award are distributed. The Committee also is authorized to grant such other awards that may be denominated in, valued in, or otherwise based on shares. No dividends or dividend equivalents may be paid on stock options or SARs.

Performance Criteria. If the Committee determines that an award of restricted shares, RSUs, performance shares, performance units or other share-based awards is intended to qualify as performance-based compensation (including under Code Section 162(m), if applicable), the awards will be contingent upon the achievement of performance goals based on one or more of the following: earnings per share, revenues, earnings from operations, earnings growth, cash flow, return on assets, return on net assets, return on investment, return on capital, return on equity, economic value added, operating margin or operating expense, quality metrics, net income, net income applicable to Company stock, share price or stockholder return, backlog, net sales growth, objectives based on meeting specified market penetration, geographic expansion or cost targets, customer satisfaction goals, expense reduction or strategic business criteria, supervision of litigation and information technology results, new product service placement, and the completion of acquisitions, divestitures or joint ventures.

Change of Control. If a participant experiences a Qualifying Termination (as described below) following a Change of Control (as defined in the Amended Plan) and the awards are assumed or replaced in accordance with the terms of the Amended Plan: (i) all outstanding awards granted under the Amended Plan with time-based vesting conditions or restrictions shall become fully vested (and all options and SARs shall become exercisable) at the time of such Qualifying Termination; and (ii) all performance-based awards shall become earned and vested and the performance criteria shall be deemed to be achieved or fulfilled at the greater of (A) the actual performance achieved

or (B) the target level of performance applicable to the award, but prorated based on the elapsed portion of the performance period as of the time of such Qualifying Termination. Under the Amended Plan, a "Qualifying Termination" means a participant's termination of employment due to the participant's death or disability (as defined in the Amended Plan), an involuntary termination of employment by the Company (other than for cause) or a voluntary termination of employment by the participant for good reason (as defined in the Amended Plan), any of which occurs within 24 months of the consummation of a Change of Control. If upon a Change of Control the awards are not assumed or replaced in accordance with the terms of the Amended Plan (i) all outstanding awards granted under the Amended Plan with time-based vesting conditions or restrictions shall become fully vested (and all options and SARs shall become exercisable) as of the time of the Change of Control, and (ii) all performance-based awards shall become earned and vested and the performance criteria shall be deemed to be achieved or fulfilled as the greater of (A) the actual performance level achieved or (B) the target level of performance applicable to the awards, but prorated based on the elapsed portion of the performance period that has elapsed as of the time of the Change of Control.

Capital Structure Changes. If the Committee determines that a share dividend, recapitalization, share split, reverse split, reorganization, merger, consolidation, spin-off, repurchase, share exchange or other similar corporate transaction affects the shares of the Company's common stock to be issued pursuant to the Incentive Plan such that an adjustment is appropriate in order to prevent the dilution of the rights of participants, the Committee may make such changes as it deems appropriate.

Amendment and Termination. The Amended Plan may be amended, suspended or terminated by the board of directors. However, any amendment or modification for which stockholder approval is required will not be effective until such stockholder approval has been obtained.

Restrictive Covenants. The Amended Plan provides that the Committee may include in any award an agreement that, if the participant breaches the non-competition, non-disclosure or other similar provisions of the award agreement, whether dating or after such participant's employment, the participant will forfeit all awards granted under the Amended Plan, including any awards that have vested and are then exercisable.

Effective Date and Term. The Amended Plan will become effective upon stockholder approval, and will terminate as to future awards on May 14, 2030.

New Plan Benefits. Our executive officers and directors have an interest in the approval of the Amended Plan because it relates to the issuance of share-based awards for which executive officers and non-employee directors may be eligible. However, future awards under the Amended Plan are at the discretion of the Committee and the executive officers who may receive awards under the Amended Plan in the future cannot be determined at this time.

U.S. Federal Income Tax Considerations. The following is a brief description of the federal income tax treatment that generally applies to Amended Plan awards. The description is based on current federal tax laws, rules and regulations, which are subject to change, and does not purport to be a complete description of the federal income tax aspects of the Amended Plan. A participant may also be subject to state and local taxes.

Nonqualified Stock Options. The grant of a nonqualified stock option will not result in taxable income to the participant. The participant will realize ordinary income at the time of exercise in an amount equal to the excess, if any, of the then-fair market value of the stock acquired over the exercise price for those shares, and we will be entitled to a corresponding deduction. Gains or losses realized by the participant upon disposition of such shares will be treated as capital gains or losses, with the basis in such stock equal to the fair market value of the shares at the time of exercise.

Incentive Stock Options. The grant of an incentive stock option will not result in taxable income to the participant. The exercise of an incentive stock option will not result in taxable income to the participant if the participant was employed by us or an affiliate, without a break in service, from the date of the grant of the option until the date three months prior to the date of exercise (one year prior to the date of exercise if the participant is disabled). The excess, if any, of the fair market value of the stock at the time of exercise over the exercise price is an adjustment that is included in the calculation of the participant's alternative minimum taxable income for the tax year in which the incentive stock option is exercised.

If the participant does not sell or otherwise dispose of the stock acquired upon the exercise of an incentive stock option within two years from the date of the grant of the incentive stock option or within one year after the transfer of such stock to the participant, then, upon disposition of such stock, any amount realized in excess of the exercise price will be taxed to the participant as capital gain, and we will not be entitled to a corresponding deduction. A capital loss will be recognized by the participant to the extent that the amount realized is less than the exercise price. If the foregoing holding period requirements are not met, the participant will generally realize ordinary income at the time of the disposition of the shares, in an amount equal to the lesser of (i) the excess, if any, of the fair market value of the stock on the date of exercise over the exercise price or (ii) the excess, if any, of the amount realized upon disposition of the shares over the exercise price, and we will be entitled to a corresponding deduction.

SARs. The grant of a SAR will not result in taxable income to the participant at the time of the grant. The participant will realize ordinary income at the time of exercise in an amount equal to the amount of cash or the fair market value of the shares paid upon exercise, and we will be entitled to a corresponding deduction. Gains or losses realized by the participant upon disposition of any shares received will be treated as capital gains or losses, with the basis in such stock equal to the fair market value of the shares at the time of exercise.

Restricted Shares and Performance Shares. A grant of restricted shares or performance shares will not result in taxable income to the participant at the time of grant, and we will not be entitled to a corresponding deduction, assuming that the shares are subject to transferability restrictions and that certain restrictions on the shares constitute a "substantial risk of forfeiture" for federal income tax purposes. Upon vesting, the holder will realize ordinary income in an amount equal to the then fair market value of the vested shares, and we will be entitled to a corresponding deduction. Gains or losses realized by the participant upon subsequent disposition of such shares will be treated as capital gains or losses, with the basis in such shares equal to the fair market value of the shares at the time of vesting. Dividends paid to the holder of restricted shares during the restricted period also will be compensation income to the participant, and we will be entitled to a corresponding deduction when the dividends no longer are subject to a substantial risk of forfeiture or become transferable. A participant may elect pursuant to Section 83(b) of the Code to have income recognized at the date a restricted share award or performance share award, as the case may be, is granted and to have the applicable capital gain holding period commence as of that date. In such a case, we will be entitled to a corresponding deduction on the date of grant.

RSUs and Performance Units. A grant of RSUs or performance units will not result in taxable income to the participant at the time of grant, and we will not be entitled to a corresponding deduction. Upon vesting and issuance of the underlying shares, the holder will realize ordinary income in an amount equal to the then fair market value of the issued shares, and we will be entitled to a corresponding deduction. Gains or losses realized by the participant upon disposition of such shares will be treated as capital gains or losses, with the basis in such shares equal to the fair market value of the shares at the time of vesting and issuance. Dividend equivalents paid to the holder of RSUs during the restricted period also will be compensation income to the participant, and we will be entitled to a corresponding deduction when the dividend equivalents are paid. No election pursuant to Section 83(b) of the Code may be made with respect to RSUs and performance units.

Annual Cash Incentive Awards. A participant will recognize taxable compensation equal to the amount of an annual cash incentive award on the date the award is paid to the participant. The Company will be able to deduct, at the same time as it is recognized by the participant, the amount of taxable compensation to the participant for U.S. federal income tax purposes.

Performance Awards and Other Share-Based Awards. A grant of a performance award or other share-based award will not result in taxable income to the participant at the time of grant, and we will not be entitled to a corresponding deduction. Upon payment of cash or the vesting or issuance of the underlying shares, the participant will recognize ordinary income in an amount equal to the cash received or the then-fair market value of the issued shares, and we will be entitled to a corresponding deduction. Gains or losses realized by the participant upon subsequent disposition of such shares will be treated as capital gains or losses, with the basis in such shares equal to the fair market value of the shares at the time of vesting and issuance.

Tax Withholding. As a condition to the delivery of any shares to the recipient of an award, we may require the recipient to make arrangements for meeting certain tax withholding requirements in connection with the award or withhold or receive shares in satisfaction of a participant's tax obligations, provided that the amount of tax withholding

to be satisfied by withholding shares will be limited to the maximum individual statutory tax rate in a given jurisdiction (or such lower amount as may be necessary to avoid liability award accounting or any other accounting consequence or cost to the Company).

Section 162(m). In general, Code Section 162(m) denies a publicly held corporation a deduction for U.S. federal income tax purposes for compensation in excess of \$1,000,000 per year per person to its principal executive officer, principal financial officer and the three other executive officers whose compensation is disclosed in its proxy statement as a result of their total compensation, subject to certain exceptions and the limited transition relief provided under the Tax Cuts and Jobs Act (the "TCJA").

Section 409A. To the extent applicable, it is intended that the Amended Plan and any awards made under the Amended Plan either be exempt from, or, in the alternative, comply with the provisions of Code Section 409A, including the exceptions for stock rights and short-term deferrals. The Company intends to administer the Amended Plan and any awards made thereunder in a manner consistent with the requirements of Code Section 409A.

Our board of directors recommends that you vote "FOR" the approval of the FreightCar America, Inc. 2018 Long Term Incentive Plan (as amended and restated effective May 14, 2020).

Proposed 4 – Ratification of the Appointment of Independent Registered Public Accounting Firm

Deloitte & Touche LLP audited our financial statements for our fiscal year ended December 31, 2019, and has been selected by the audit committee of our board of directors to audit our financial statements for the fiscal year ending December 31, 2020. A representative of Deloitte & Touche LLP is expected to attend our annual meeting, where he or she will have the opportunity to make a statement, if he or she desires, and will be available to respond to appropriate questions.

Stockholder ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm is not required by our by-laws or otherwise. However, we are submitting the appointment of Deloitte & Touche LLP to our stockholders for ratification as a matter of good corporate practice. If our stockholders fail to ratify the appointment, our audit committee will review its future selection of independent registered public accounting firms. Even if the appointment is ratified, the audit committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and our stockholders.

For information regarding audits and other fees billed by Deloitte & Touche LLP for services rendered with respect to fiscal years 2019 and 2018, see the section of this proxy statement entitled "Fees of Independent Registered Public Accounting Firm and Audit Committee Report—Fees Billed by Independent Registered Public Accounting Firm."

Our board of directors recommends that you vote "FOR" the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm.

GOVERNANCE OF THE COMPANY

Board Structure and Composition

Our certificate of incorporation provides for a classified board of directors consisting of three classes of the same or nearly the same number of directors. In August 2019, we increased the size of our board of directors from six to seven directors:

- James D. Cline and Malcolm F. Moore serve in Class I. Their terms will expire on the date of the annual meeting of stockholders to be held in 2021.
- William D. Gehl and Andrew B. Schmitt serve in Class II. Their terms will expire on the date of the annual meeting of stockholders to be held in 2022.

• Elizabeth K. Arnold, Thomas A. Madden and James R. Meyer serve in Class III. Their terms will expire on the date of the upcoming annual meeting of stockholders.

Upon the expiration of the term of each class of directors, directors of that class generally may be re-elected for a three-year term at the annual meeting of stockholders in the year in which their term expires. A director elected by the board of directors is designated upon his or her election as a Class I, Class II or Class III director, and serves a term that expires at the next annual meeting of stockholders after such director's election. A director elected by the stockholders at an annual meeting of stockholders to succeed a director elected during the preceding year by the board of directors joins the same class as the replacement director whom he or she succeeds and serves a term that expires at the next annual meeting of stockholders in which the terms of the other directors of that director's class are or would be scheduled to expire.

Each of our directors has signed a contingent resignation letter providing that if a majority of the votes of the shares in an uncontested election in which such director is a nominee are designated to be "withheld" from, or are voted "against," the director's election, and the board of directors accepts the contingent resignation letter following such election, the director's resignation will be effective upon the acceptance of the resignation by the board of directors.

Our certificate of incorporation provides that the authorized number of directors may be changed only by resolution of the board of directors. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the total number of directors. Our certificate of incorporation also provides that our board of directors may fill any vacancy created by the resignation of a director or an increase in the size of the board of directors. On February 3, 2023, Mr. Madden notified us that he will be leaving our board of directors effective as of the date of our annual meeting of stockholders to be held this year and has decided to not stand for reelection at the annual meeting. As the recommendation of our nominating and corporate governance committee, our board of directors has reduced the size of our board of directors to six members effective as of the date of our annual meeting this year.

Nominees for election at this meeting for terms expiring in 2023

Elizabeth K. Arnold, 55, has served as a director since August 2019. She is a member of our audit and nominating and corporate governance committees. Since October 2014, Ms. Arnold has served as the Senior Vice President, Chief Financial Officer and Treasurer of Houghton International, a specialty chemical company with international operations. From October 2012 to April 2014, Ms. Arnold served as the Chief Financial Officer of Physiotherapy Associates. Prior to joining Physiotherapy Associates, Ms. Arnold served as the Chief Financial Officer of Tyco Flow Control from April 2010 to September 2012. Between 2003 and 2010, Ms. Arnold worked as the Vice President, Corporate Financial Planning & Analysis at Tyco. Earlier in her career, Ms. Arnold served in numerous roles, including executive leadership positions, for General Electric, a global industrial company with products and services ranging from aircraft engines, power generation and oil and gas production to medical imaging. She brings to our board of directors, among other things, extensive corporate finance and public accounting experiences, as well as a wealth of operational knowledge. Ms. Arnold possesses a B.S. in economics from the University of Alabama.

James R. Meyer, 58, was appointed as our President and Chief Executive Officer effective July 31, 2017, and has served as a director since that date. Mr. Meyer has over 30 years of experience in the heavy equipment, automotive and consumer goods industries. From 2015 to 2017, he served as Chairman of the Board of Commercial Specialty Truck Holdings, LLC, a commercial truck manufacturer, where he was also an investor and advisor. From 2012 to 2015, he served as Chief Operating Officer of Allied Specialty Vehicles, Inc., a manufacturer of specialty vehicles for fire and emergency, commercial and recreation segments. Prior to that, Mr. Meyer held various leadership positions at Brunswick Corporation. At different times from 2006 to 2012, he oversaw in Hatteras Yachts and Sealine International business units and its product development and supply chain functions. Mr. Meyer also spent 16 years at Ford Motor Company where he held various executive positions. Mr. Meyer brings to the board his broad leadership experience from serving in management and directorship roles in the automotive and manufacturing industries.

Directors whose terms continue until 2022

William D. Galz, 73, has served as a director since May 2007 and as the Chairman of the Board of Directors since January 2013. He is a member of our audit and nominating and corporate governance committees. He is Chairman and owner of Southeastern Wisconsin, a distributor of automotive and other batteries. He was Chairman and Chief Executive Officer of Gald Company, a publicly held manufacturer of compact construction equipment, from April 2003 until his retirement from that company in April 2009. Prior to that time, he was President and Chief Executive Officer of Gald Company since November 1992, Chairman of Gald Company since April 1996, and a director of Gald Company since 1987. During the past five years, Mr. Galz has been a member of the board of directors of Actec Industries, Inc. (a publicly held manufacturer of road building and construction equipment) and Chairman of the Board of Actec Industries, Inc. since December 2018. He brings to our board of directors, among other things, his background as the chief executive officer of a public company for over 17 years and general management, marketing and financial experience, as well as M.B.A. and law degrees and his service on the audit committee of another public company (Actec Industries). He is a member of the Wisconsin and Florida state bars.

Andrew R. Schmitt, 71, has served as a director since October 2012 and is the chairman of our nominating and corporate governance committee. He was the Chief Executive Officer of Layco Chromium Company, which provides water management, construction and drilling services and related products to water, mineral and energy markets, from October 1993 to January 2012, and President of that company from October 1993 to September 2011. From October 1993 until June 2012, he also served as a director of Layco Chromium. Since September 2003, Mr. Schmitt has been a director of Ferraro Worldwide Inc., which provides payment and transaction processing and distribution solutions to financial institutions, retailers, service providers and consumers, and currently serves on that board's audit, compensation and nominating and corporate governance committees. Prior to his service at Layco Chromium, Mr. Schmitt was a Division President for Baker Hughes Incorporated and NL Industries Inc. as well as General Manager and Controller for Doney Corp. and Hovor Universal, Inc. Having served as a chief executive officer for over 18 years, Mr. Schmitt brings to our board extensive experience in leading complex global organizations.

Directors whose terms continue until 2023

James D. Cisar, 73, has served as a director since June 1999 and is a member of our audit and compensation committees. Mr. Cisar is a private investor. Mr. Cisar is a partner at Grand Hill Holdings, LLC, a private equity fund. He was a director of Transportation Technologies International, Inc. ("TTI"), a manufacturer of railcar and truck components, and President and Chief Executive Officer of TTI's foundry group from January 2000 until the company was acquired by Accuride Corporation in 2005. Mr. Cisar was Chairman of two of our subsidiaries, Inductance America Corporation and Freight Car Services, Inc. from September 1998 to late 1999. From September 1998 to August 1998, he was the President and Chief Executive Officer of Inductance America Corporation, a predecessor of the Company. Mr. Cisar brings to our board of directors the business experience he has gained as a partner in private equity transactions, as well as deep industry knowledge and close familiarity with the Company's business.

Michael F. Moore, 69, has served as a director since March 2015 and is the chairman of our nominating and corporate governance committee and a member of our compensation committee. From August 2016 to May 2019, Mr. Moore served as Executive Vice President and Chief Operating Officer of Twin Disc, Inc., a publicly held global manufacturer and distributor of power transmission equipment for the marine, transportation and industrial business sectors. From July 2015 to August 2016, Mr. Moore served as Executive Vice President - Operations of Twin Disc, Inc. Between 2005 and 2014, he also served on the board of directors of Twin Disc, Inc. From June 2013 to June 2015, Mr. Moore served as the President and Chief Executive Officer of Dig-Star LLC, a global supplier of electronic components and software used in precision agriculture. From November 2011 to June 2013, Mr. Moore served as Chairman of Dig-Star. Prior to joining Dig-Star, Mr. Moore served as an advisor to Bond Capital Partners from June 2010 to November 2011. Between 1999 and 2010, Mr. Moore worked in a variety of executive roles at Gald Company, a publicly held manufacturer of compact construction equipment, including serving as President and Chief Executive Officer from August 2009 to April 2010. Earlier in his career, Mr. Moore served in senior executive roles at Douglas Corporation, an international manufacturer of heat sealing equipment used by manufacturers of metal products, and LINAC Holdings Inc., a manufacturer of specialized equipment used in steel production, industrial heat treating, scientific research and product manufacturing. Mr. Moore currently serves on the board of directors of AG Growth International Inc., a manufacturer of portable and stationary grain handling, storage and conditioning equipment.

Having served as a senior executive for over 25 years, and as a board member for over 12 years, of companies in the manufacturing sector, Mr. Moore brings to our board extensive experience in leading complex heavy manufacturing organizations.

Director whose term expires at the 2020 annual meeting of stockholders

Thomas A. Madden, 66, has served as a director since December 2005 and is the chairman of our audit committee and a member of our compensation committee. Mr. Madden served as the Executive Vice President and Chief Financial Officer of Argon Metals Inc., a technology distributor, from July 2001 to April 2005. From October 1997 to July 2001, Mr. Madden served as the Senior Vice President and Chief Financial Officer of Avia/Meritor, Inc., a supplier of motor vehicle components. Mr. Madden has been a member of the board of directors of Champion Enterprises, Inc. (a modular and manufactured home producer) from 2006 to 2010, Manpower Technologies, Inc. (a provider of manpower services for network applications) from 2003 to 2014, and Intimex, Inc. (an IT products distributor) since 2006. Having served as the chief financial officer of two public companies, Mr. Madden brings extensive financial expertise and skills to our board of directors, as well as the insights and experience he has gained as a director of these other public companies. On February 3, 2020, Mr. Madden notified us that he will be leaving our board of directors effective as of the date of our annual meeting of stockholders to be held this year and has decided not to stand for reelection at the annual meeting.

Committee of the Board of Directors

Our board of directors has three standing committees: an audit committee, a compensation committee and a nominating and corporate governance committee. Stockholders and third parties may communicate with our board of directors by writing to our board of directors at FreightCar America, Inc., 125 South Wacker Drive, Suite 1500, Chicago, Illinois 60606, Attention: Chairman of the Board of Directors.

Audit Committee. Our audit committee currently consists of Mr. Arnold and Messrs. Cisar, Gohl and Madden. Mr. Madden will serve as the chairman until the date of our annual meeting of stockholders this year. Effective as of the date of our annual meeting, our audit committee will consist of Mr. Arnold and Messrs. Cisar and Gohl and Mr. Arnold will serve as the chairman. The audit committee oversees our financial reporting processes and provides oversight on behalf of the board of directors to the Company's internal accounting and financial controls, accounting principles and auditing practices to be employed in the preparation and review of our financial statements. The audit committee appoints the independent registered public accountants to audit our annual financial statements and the scope of and plans for the audit to be undertaken by such accountants. The audit committee pre-approves the audit services and permissible non-audit services to be performed by such accountants and takes appropriate actions to ensure the independence of such accountants. The audit committee is also responsible for approving related-party transactions. Our board of directors has determined that Mr. Arnold and Messrs. Cisar, Gohl and Madden meet the applicable independence requirements under the Sarbanes-Oxley Act of 2002, the rules of the NASDAQ Global Market ("NASDAQ") and the rules and regulations of the SEC. Each of Mr. Arnold and Messrs. Cisar, Gohl and Madden has been determined to be an audit committee financial expert, as that term is defined under the SEC rules implementing Section 407 of the Sarbanes-Oxley Act of 2002, and each is "independent" as defined in the applicable listing standards for audit committee members.

The audit committee operates under a written charter, a copy of which is available on our website, www.freightcaramerica.com. The audit committee has established and regularly monitors procedures for the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls or auditing matters. The audit committee met six times during 2019.

Compensation Committee. Our compensation committee currently consists of Messrs. Cisar, Madden, Moore and Schmitt. Mr. Schmitt serves as the chairman. Effective as of the date of our annual meeting, our compensation committee will consist of Messrs. Cisar, Moore and Schmitt and Mr. Schmitt will continue to serve as the chairman. The purpose of our compensation committee is to: (a) oversee our compensation and employee benefit plans and practices, including compensation risk analysis; (b) produce annually a report on executive compensation for inclusion in our proxy statement, in accordance with all applicable rules and regulations; and (c) oversee regular succession planning and professional development for the Chief Executive Officer ("CEO") and other senior executive officers. Our board of directors has determined that Messrs. Cisar, Madden, Moore and Schmitt meet the applicable

independence requirements under the Sarbanes-Oxley Act of 2002, the rules of NASDAQ (including the enhanced independence requirements for compensation committee members) and the rules and regulations of the SEC. In addition, each of Messrs. Madden, Moore and Schmitt is an "outside director," as defined in Code Section 162(m) (Mr. Cisar abstains from any vote on incentive compensation awards that are subject to Code Section 162(m)), and each of Messrs. Cisar, Madden, Moore and Schmitt is a "non-employee" director within the meaning of Rule 10b-3 under the Exchange Act.

The compensation committee operates under a written charter, a copy of which is available on our website, www.flightcaramerica.com. The compensation committee met three times during 2019.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee consists of Mr. Arnold and Messrs. Gahl, Moore and Schmitt. Mr. Moore serves as the chairman. The purpose of our nominating and corporate governance committee is to: (a) identify individuals qualified to become board members, consistent with criteria approved by the board of directors; (b) recommend to the board of directors nominees for the board of directors; (c) recommend to the board of directors nominees for each committee of the board of directors; (d) recommend to the board of directors and review annually the Corporate Governance Guidelines and the Code of Business Conduct and Ethics; (e) review annually the independence qualifications of the board members and nominees; and (f) review potential conflicts of interest and violations of the Code of Business Conduct and Ethics. Our board of directors has determined that Mr. Arnold and Messrs. Gahl, Moore and Schmitt meet the applicable independence requirements under the Sarbanes-Oxley Act of 2002, the rules of NASDAQ and the rules and regulations of the SEC.

The nominating and corporate governance committee operates under a written charter, a copy of which is available on our website, www.flightcaramerica.com. The nominating and corporate governance committee met three times during 2019.

Independence of Directors

The board of directors has determined that six of our seven current directors, Mr. Arnold and Messrs. Cisar, Gahl, Madden, Moore and Schmitt, are "independent directors" as defined in NASDAQ Listing Rule 5805 and as defined in applicable rules by the SEC. NASDAQ Listing Rule 5805 requires that a majority of our board of directors be composed of independent directors and that certain of our committees be composed solely of independent directors. Our independent directors hold meetings in executive session, at which only independent directors are present.

Board Leadership Structure

Our board of directors strongly endorses the view that one of its primary functions is to protect stockholders' interests by providing independent oversight of management, including the CEO. However, the board of directors does not believe that mandating a particular structure, such as a separate Chairman of the Board and CEO, is necessary to achieve effective oversight. The board of directors retains the right to exercise its judgment to combine or separate the roles of Chairman of the Board and CEO. Currently, the offices of Chairman of the Board and CEO are held by separate persons because the board of directors has determined that this structure aids in the oversight of management and is currently in the best interests of the Company and its stockholders.

Code of Business Conduct and Ethics

We have established a Code of Business Conduct and Ethics that applies to our officers, directors and employees, including our CEO and Chief Financial Officer. A copy of the Code of Business Conduct and Ethics is available on our website, www.flightcaramerica.com.

We intend to disclose on our website at www.flightcaramerica.com any amendments to or waivers from our Code of Business Conduct and Ethics applicable to any of our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.

Under the Code of Business Conduct and Ethics, the board of directors, its committees and the non-employee directors have the right at any time to retain independent financial, legal or other advisors as they deem necessary, without the necessity of consulting with or obtaining prior approval of any officer of the Company.

Anti-Corruption Policy

We have adopted an Anti-Corruption Policy in an effort to ensure that we comply with the U.S. Foreign Corrupt Practices Act and other anti-bribery laws. The Anti-Corruption Policy is applicable to us (including our U.S. and non-U.S. subsidiaries, affiliates and joint ventures) and to all of our personnel (including officers, directors, employees, agents, consultants and other representatives and intermediaries acting on our behalf).

Risk Oversight

In its governance role, and particularly in exercising its duty of care and diligence, our board of directors is responsible for monitoring and overseeing the Company's approach to risk assessment and risk management. The board of directors has the ultimate responsibility in this area. The board of directors has delegated the responsibility for overseeing financial risks to the audit committee and compensation related risks to the compensation committee. Where appropriate, the board of directors may delegate risk oversight responsibility in other specific areas to board committees.

The board of directors requires management to ensure that an appropriate approach to risk management is implemented as part of the day-to-day operations of the Company. The board of directors further requires that management design internal control systems with a view to identifying and managing the material risks in the following categories:

- core business and strategy risks;
- operational and commercial risks;
- regulatory risks;
- legal and contractual risks;
- compensation-related risks; and
- financial risks.

In fulfilling its responsibilities delegated by the board of directors as described above, on a periodic basis (but not less often than annually), the audit committee reviews and discusses with management and our internal audit function the Company's significant financial risk exposures and establishes an annual review schedule, which includes periodic financial reviews, internal control assessments and reviews of specific risk areas. The audit committee receives periodic updates from management and our internal audit function as per the annual schedule and as necessary based on subsequent determinations. The audit committee reports its activities to the full board of directors on a regular basis and is responsible for making such recommendations with respect to the matters described above and other matters as the audit committee may deem necessary or appropriate. The audit committee believes that in addition to its own deliberations and assessment of potential risks, the advice and recommendations of its independent auditors provide important objective guidance in this area.

In fulfilling its responsibilities delegated by the board of directors as described above, on a periodic basis (but not less often than annually), the compensation committee reports its activities to the full board of directors on a regular basis and is responsible for making such recommendations with respect to the matters described above and other matters as the compensation committee may deem necessary or appropriate.

Director Nomination Process

The nominating and corporate governance committee of our board of directors considers candidates to fill new directorships created by expansion and vacancies that may occur and makes recommendations to the board of

directors with respect to each candidate. The nominating and corporate governance committee considers all relevant qualifications of candidates for board membership, including factors such as industry knowledge and experience, public company, academic or regulatory experience, financial expertise, current employment and other board memberships, and whether the candidate will be independent under the listing standards of NASDAQ. In addition, in accordance with the Company's corporate governance guidelines, as part of the nomination process the nominating and corporate governance committee considers the diversity of the candidate and the diversity of the board of directors as a whole, including but not limited to factors such as background, experience, expertise, perspective, age, gender and ethnicity.

The nominating and corporate governance committee evaluates each individual in the context of the board of directors as a whole, with the objective of recommending a group that can best perpetuate the success of our business and represent stockholder interests through the exercise of sound judgment using its diversity of experience. The nominating and corporate governance committee evaluates each incumbent director to determine whether he or she should be nominated to stand for re-election, based on the types of criteria outlined above as well as the director's overall services to us during his or her term and any relationships and transactions that might impair such director's independence.

The number of members of our board of directors is currently fixed at seven directors. At the recommendation of our nominating and corporate governance committee, our board of directors has reduced the size of our board of directors to six members as of the date of our annual meeting this year. The nominating and corporate governance committee continues to evaluate the current size and the composition of the board of directors. Consistent with the Company's commitment to promoting diversity, including gender diversity, the board of directors appointed Elizabeth K. Arnold to serve as a Class III director, effective August 19, 2018.

In 2019, the nominating and corporate governance committee retained the nationally recognized executive search firm Spencer Stuart to assist us in the search for new directors who would bring an appropriate range of expertise, experience and diversity to our Board. That search resulted in the appointment of Ms. Arnold in August 2019. In the future, we may continue to pay a fee to Spencer Stuart or another third party to identify or evaluate potential director candidates if the need arises.

Our by-laws provide that nominations for the election of directors at our annual meeting may be made by our board of directors or any stockholder entitled to vote for the election of directors generally who complies with the procedures set forth in the by-laws and who is a stockholder of record at the time notice is delivered to us. Any stockholder entitled to vote in the election of directors generally may nominate a person for election to the board of directors at our annual meeting only if timely notice of such stockholder's intent to make such nomination has been given in writing to our Secretary at our offices at 125 South Wacker Drive, Suite 1300, Chicago, Illinois 60606. Any recommendations received from stockholders will be evaluated by the nominating and corporate governance committee in the same manner that potential director nominees suggested by board members, management or other parties are evaluated.

To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the Company not less than 90 nor more than 120 days prior to the first anniversary of the previous year's annual meeting; provided, however, that in the event less than 30 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made.

Communications with Directors

Stockholders and third parties may communicate directly with our independent directors by writing to our independent directors at:

FreightCar America, Inc.
125 South Wacker Drive, Suite 1300
Chicago, Illinois 60606
Attention: Chairman of the Board of Directors

business solicitations or advertisements. Communications are distributed to the independent directors, or to any individual director, as appropriate, depending on the facts and circumstances outlined in the communication. In that regard, the board of directors has requested that certain items that are unrelated to the duties and responsibilities of the board of directors be excluded from communications to the board of directors, such as product complaints, product inquiries, new product suggestions, résumés and other forms of job inquiries, surveys and

Director Attendance at Meetings

Directors are encouraged to attend all annual and special meetings of our stockholders. During 2019, the board of directors held ten meetings. Each of our directors then serving attended at least 75% of the aggregate number of meetings of the board of directors and meetings of those committees on which he or she served during 2019. All of our directors then serving attended the 2019 annual meeting of stockholders.

Director Compensation

For a discussion of director compensation, see the section of this proxy statement entitled "Director Compensation."

STOCK OWNERSHIP

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information regarding the beneficial ownership of our common stock as of December 31, 2019 (except as indicated below) by:

- all persons known by us to own beneficially 1% or more of our outstanding common stock;
- each of our directors and director nominees;
- each of the NEDs listed in the "Executive Compensation—Summary Compensation Table" section of this proxy statement; and
- all of our directors, director nominees and executive officers as a group.

Unless otherwise indicated, each stockholder listed below has sole voting and investment power with respect to the shares of common stock beneficially owned by such stockholder.

Name of Beneficial Owner	Number of Shares Beneficially Owned ⁽¹⁾	Approximate Percent of Class ⁽²⁾
Environmental Fund Advisors, L.P. Building One 6000 West Loop Road Austin, Texas 78746	623,707 (2)	7.2%
DIRECTORS, DIRECTOR NOMINEES AND EXECUTIVE OFFICERS:		
Elizabeth C. Arnold	9,846	*
James D. Carr	44,817	*
William D. Galt	48,000	*
Thomas A. Madden	40,933	*
Malcolm F. Moore	25,913	*
Andrew B. Schmitt	61,478	*

James R. Meyer	473,053 ⁽¹⁾	3.34%
Christopher J. Eppel	5,448	*
Georgios L. Vlastos	86,078 ⁽²⁾	*
W. Matthew Teare	40,000	*
All directors, director nominees and executive officers as a group (10 persons)	805,579	7.02%

- * \leq less than 1%.
- ⁽¹⁾ "Beneficial ownership" means any person who, directly or indirectly, has or shares voting or investment power with respect to a security or has the right to acquire such power within 60 days. Shares of common stock subject to options or warrants that are currently exercisable or exercisable within 60 days of December 31, 2019 are deemed outstanding for computing the ownership percentage of the person holding such options or warrants, but are not deemed outstanding for computing the ownership percentage of any other person. The amounts and percentages are based upon 12,060,820 shares of our common stock outstanding as of December 31, 2019.
- ⁽²⁾ Based on information in the Schedule 13G/A filed by Dimensional Fund Advisors LP with the SEC on February 12, 2020. The Schedule 13G/A discloses that Dimensional Fund Advisors LP furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, as amended, and serves as investment manager or sub-advisor to certain other commingled funds, group trusts and separate accounts (such investment companies, trusts and accounts, collectively, referred to as the "DFA 875,966 shares and sole dispositive power with respect to 923,707 shares).
- ⁽³⁾ The figure shown includes 380,000 performance-based stock options featuring a vesting schedule whereby the stock options will vest if the average closing price per share of the Company's stock over the previous 90 calendar days (the "Threshold Stock Price") exceeds the closing price per share of the Company's stock on July 31, 2017 (the "July Reference Stock Price") as follows: 34% of the stock options will vest if the Threshold Stock Price exceeds the July Reference Stock Price by \$5.00; another 33% of the stock options will vest if the Threshold Stock Price exceeds the July Reference Stock Price by \$10.00; and the remaining 33% of the stock options will vest if the Threshold Stock Price exceeds the July Reference Stock Price by \$15.00. Such stock price appreciation goals can be achieved at any point during the options' ten-year contractual term.
- ⁽⁴⁾ The figure shown includes 44,212 performance-based stock options featuring a vesting schedule whereby the stock options will vest if the Threshold Stock Price exceeds the closing price per share of the Company's stock on January 12, 2018 (the "January Reference Stock Price") as follows: 34% of the stock options will vest if the Threshold Stock Price exceeds the January Reference Stock Price by \$5.00; another 33% of the stock options will vest if the Threshold Stock Price exceeds the January Reference Stock Price by \$10.00; and the remaining 33% of the stock options will vest if the Threshold Stock Price exceeds the January Reference Stock Price by \$15.00. Such stock price appreciation goals can be achieved at any point during the options' ten-year contractual term.

EXECUTIVE OFFICERS

The following table sets forth certain information concerning each of our current executive officers:

Name	Age	Position(s)
James R. Meyer	55	President, Chief Executive Officer and Director
Christopher J. Eppel	54	Vice President, Finance, Chief Financial Officer and Treasurer

James R. Meyer, 58, was appointed as our President and Chief Executive Officer effective July 31, 2017, and has served as a director since that date. Mr. Meyer has over 30 years of experience in the heavy equipment, automotive and consumer goods industries. From 2015 to 2017, he served as Chairman of the Board of Commercial Specialty Truck Holdings, LLC, a commercial truck manufacturer, when he was also an investor and advisor. From 2012 to 2015, he served as Chief Operating Officer of Allied Specialty Vehicles, Inc., a manufacturer of specialty vehicles for fire and emergency, commercial and recreation segments. Prior to that, Mr. Meyer held various leadership positions at Brunswick Corporation. At different times from 2006 to 2012, he oversaw its Hatteras Yachts and Sealine International business units and its product development and supply chain functions. Mr. Meyer also spent 16 years at Ford Motor Company where he held various executive positions.

Christopher J. Eppel, 54, was appointed as our Vice President, Finance, Chief Financial Officer and Treasurer effective April 23, 2019. Prior to joining the Company, Mr. Eppel served as the Executive Vice President and Chief Financial Officer of AZEK Company, a privately owned manufacturer of building products, from November 2015 to April 2019. Mr. Eppel served as the Vice President and Chief Financial Officer of Allied Specialty Vehicles (now REV Group, Inc.) from October 2013 to November 2015 and as the Corporate Controller and Vice President of Perigo Company plc from June 2006 to October 2013. His earlier work experience includes finance and business development roles at Dunbar Corporation and Honeywell International, Inc.

W. Matthew Tom, 54, was appointed as our Chief Commercial Officer effective September 30, 2019. Prior to joining the Company, Mr. Tom served as the Vice President, Sales and Marketing of Westinghouse Air Brake Technologies Corporation's ("WABTEC") Train Control, Signaling and Analytics Group from May 2017 to September 2019 and as a regional Vice President, Sales and Marketing of WABTEC from October 2008 to May 2017. His earlier work experience includes various sales and marketing positions at Standard Car Truck, ZeffTech, Inc. National Casting/ABC/NACCO and Coordinated Railway Services, Inc.

Georgi L. Vlamis, 59, was appointed as our Vice President, General Counsel, Corporate Secretary and Human Resources effective June 5, 2017. She previously served as our Vice President, General Counsel and Corporate Secretary since December 1, 2015. Ms. Vlamis joined us from Motorola Solutions, Inc. ("Motorola"), a data communications and telecommunications equipment provider, where she served since October 2011 as Vice President and Head of Litigation and, in December 2013, assumed additional responsibilities for Antitrust, Regulatory & Product Safety. Earlier in her tenure, Ms. Vlamis served as Vice President and Lead Counsel for Motorola's government and enterprise business sector (January 2008 – October 2011) and as Senior Counsel and Director for two of Motorola's business units (June 1995 – January 2008). Prior to joining Motorola, Ms. Vlamis was a Partner with the law firm of Williams, Murrell, Allen & Dixon and an Associate at Sidley & Austin in Chicago.

COMPENSATION OVERVIEW

We qualify as a "smaller reporting company," as defined in Item 10 of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), because our public float was less than \$250,000,000 as of the last business day of our most recently completed second fiscal quarter. We have elected to provide in this proxy statement certain scaled disclosures as permitted under the Exchange Act for smaller reporting companies. Therefore, we do not provide in this proxy statement a compensation discussion and analysis or a compensation committee report, compensation and risk and chief executive officer pay ratio disclosures, among other disclosures.

The following sections discuss the material factors involved in the Company's decisions regarding the compensation of the Company's NEOs during 2019. We made these compensation decisions in order to ensure continued alignment of executive compensation and Company performance. The specific amounts paid or payable to the NEOs are disclosed in the tables and narrative in the section of this proxy statement entitled "Executive Compensation." The following discussion cross-references those specific tabular and narrative disclosures where appropriate.

Executive Summary

FreightCar America's NEO compensation program is designed to attract, motivate and retain the individuals we need to drive business success. We believe that our executives should act in the long-term interests of our stockholders. Therefore, we pay a significant portion of total compensation to our executives in the form of short-term incentive-based cash compensation and long-term performance-based equity compensation. Our compensation programs also are closely tied to performance, with incentive compensation varying in accordance with objectively determinable Company performance measures.

With the assistance of our independent compensation consultant, the compensation committee took the following actions with respect to the base salary and annual and long-term incentive compensation programs for our NEOs in 2019:

- **Base compensation.** Effective January 1, 2019, the compensation committee increased Ms. Viano's base salary from \$267,750 to \$300,000 to better align her compensation with competitive market practices. No other NEOs had base salary adjustments during 2019. Future base salary adjustments for each NEO will be considered by the compensation committee on an annual basis.
- **Annual incentive compensation.** With the advice of our compensation consultant and the approval of the board of directors, the compensation committee established performance goals for our 2019 annual cash incentive program based on market share, cash generation, reductions in the cost of goods sold and new product development. Each NEO's target award (as a percentage of base salary) remained the same from 2018.
- **Long-term incentive compensation.** In the first quarter of 2019, the compensation committee approved awards of stock options and time-vested restricted shares for our NEOs under the LTIP, the aggregate values of which were based on a percentage of each NEO's base salary. Restricted share awards will vest in whole on the third anniversary of the grant date. Stock option awards will vest in three annual installments on each of the first, second and third anniversaries of the grant date and will expire on the tenth anniversary of the grant date.

At our 2019 annual meeting of stockholders, the Company's stockholders approved, on an advisory basis, the compensation of our NEOs with the affirmative vote of the holders of more than 50% of the shares voted. This vote of approval reinforced our compensation committee's belief in the merits of the Company's compensation structure.

When designing our fiscal year 2019 NEO compensation program, the compensation committee considered the Company's fiscal year 2019 budget and financial performance expectations with respect to the annual and long-term incentive plans to ensure a strong link between compensation and performance. The compensation committee believes that its actions were balanced in terms of containing costs, calibrating compensation with performance expectations and the degree of difficulty associated with achieving performance goals, and retaining and motivating our NEOs.

Compensation Committee's Processes and Procedures for Consideration

General Authorities and Responsibilities

The compensation committee, consulting with its independent compensation consultants and with management as necessary, reviews and recommends for approval by the board of directors our general policies relating to senior management compensation and oversees the development and implementation of such compensation programs. The compensation committee, consulting with its independent compensation consultant and with management as necessary, reviews and approves, or recommends for ratification by the board of directors, senior management compensation, including, to the extent applicable, (a) salary, bonus and incentive compensation levels, (b) equity compensation, (c) employment agreements, severance arrangements and change in control agreements provisions, in each case as, when and if appropriate, and (d) other forms of senior management compensation. The compensation committee meets without the presence of senior management when approving or

deliberating on CEO compensation but may, in its discretion, invite the CEO to be present during the approval of, or deliberations with respect to, other senior management compensation.

The compensation committee, as a committee or together with the independent members of the board of directors, periodically reviews and approves corporate goals and objectives relevant to senior management compensation and evaluates the CEO's performance in light of these goals and objectives. The compensation committee recommends for ratification by the board of directors the CEO's compensation levels taking into account this evaluation. The compensation committee periodically reviews and makes recommendations to the board of directors with respect to director compensation for non-employee members of the board of directors and its committees. The compensation committee may consider the accounting and tax treatment to the Company and to senior management of each particular element of compensation.

The compensation committee reports as necessary to the board of directors its plan for succession of the CEO and other senior executives in the event that any of such officers retires, is disabled or is otherwise unable to fulfill his or her duties.

Overview of Compensation Plans

The compensation committee oversees, periodically reviews and makes recommendations to the board of directors with respect to stock incentive plans, stock purchase plans, bonus plans, deferred compensation plans and similar programs. The compensation committee has the power and authority under its charter to oversee these plans, establish guidelines, interpret plan documents, select participants, approve grants and awards and exercise discretion (as provided in its charter) as may be permitted or required under such plans. The compensation committee may also undertake such additional activities within the scope of its primary function as the board of directors or the compensation committee may from time to time determine or as may otherwise be required by law, the board of directors or our charter or by-law.

Compensation Consultant

The compensation committee has the authority to obtain advice and assistance from internal or external legal, accounting or other advisors as it deems appropriate or necessary. The compensation committee has the authority to conduct or authorize investigations into any matter within its scope of responsibilities, and retain, at our expense, such independent counsel, compensation consultant or other consultants and advisors as it deems necessary. The compensation committee reviews and assesses at least annually the adequacy of the compensation committee charter and recommends any proposed changes to the board of directors for approval. The compensation committee also annually reviews its own performance.

During 2010, the compensation committee received independent compensation consulting advice from Kern Ferry Hay Group, Inc. ("Kern Ferry"), including advice on executive compensation levels and incentive plan design work relating to the NEOs and other individuals who report directly to the CEO. From time to time, Kern Ferry also provides specific consulting services to areas that include market surveys of executive compensation, external trends, compensation program design, and position-specific compensation information as necessary. During 2010, Kern Ferry provided equity plan, retention plan and severance plan design services relating to our NEOs.

The compensation committee has the sole authority to retain an independent compensation consultant to be used to assist in its evaluation of director and/or senior management compensation and has the sole authority to terminate the consultant and approve the consultant's fees and other retention terms. The compensation committee has reviewed the independence of Kern Ferry in light of SEC rules and NASDAQ listing standards regarding compensation consultants and has concluded that Kern Ferry's work for the compensation committee does not raise any conflict of interest.

Compensation Philosophy and Objectives

The compensation committee has adopted, and periodically reviews, an executive compensation philosophy statement. This statement sets forth the Company's values and beliefs regarding the nature of its executive

compensation strategy and program. The purpose of our philosophy is twofold: to serve as a link between the interests of the Company's stockholders and its compensation arrangements, and to serve as a framework for program design and assessment. The application of these values and beliefs reflects and takes into account a broad business context. Business judgment is brought to bear to determine the appropriate application of these values and beliefs in each circumstance. Moreover, the application of these values and beliefs solely in a mechanistic fashion is neither appropriate nor desirable. In periodically reviewing the executive compensation philosophy statement, the compensation committee will revise it as necessary to ensure that it is properly linked to the Company's business strategies and to reflect changes to the Company's business operations and goals as well as external market conditions.

Our compensation program is designed to attract, motivate and retain the highly talented individuals that FreightCar America needs to drive business success. The program reflects the following principles:

- **FreightCar America employees should act in the interests of FreightCar America stockholders.** We believe that the best way to encourage FreightCar America employees to act in the long-term interests of FreightCar America stockholders is through an equity stake in the Company. We pay a significant portion of total compensation to executives and certain other key employees in the form of long-term performance-based equity compensation, such as performance-based stock options, stock options and restricted shares. The Company's goal is to have compensation programs that maintain alignment with stockholder interests by encouraging each employee to think and act like an owner of the business. Our industry is cyclical. Executives must manage this cycle by diversifying our product and service offerings, maintaining low costs and other measures.
- **Compensation should be related to Company performance.** The Company's compensation program endeavors to reinforce the Company's business and financial objectives. Employee compensation will vary based on objectively determinable measures of Company performance. When the Company performs well based on financial measures, employees will receive greater incentive compensation. When the Company does not meet objectives, incentive awards will be reduced, potentially to zero.
- **Other goals.** The Company's compensation program is designed to balance short-term and long-term financial objectives.

Elements of Executive Compensation

Total compensation for each NEO is comprised of base salary, annual cash incentive awards, long-term equity awards, retirement and post-employment benefits, including severance protection, and other benefits. The various elements of executive compensation reflect the policies summarized below:

Element	Purpose
Base Salary	Base salary is comprised of periodic, fixed payments made to each NEO. Base salary is provided to each NEO in order to provide the NEO with a degree of financial certainty and to competitively compensate the NEO for rendering ongoing services to the Company. Competitive base salaries further the compensation program's objectives by allowing the Company to attract and retain talented employees by providing a fixed portion of compensation to which employees can rely.
Annual Cash Incentive Awards	The primary purpose of the annual cash incentive program are to incentivize employees to achieve certain pre-determined business results over the fiscal year that are linked to stockholder value creation and to competitively reward employees for successfully achieving results. In addition to the Company's financial results, the annual cash incentive program is designed to provide a link to performance goals and objectives.

Long-Term Incentive Awards

The primary purpose of the long-term incentive award program is to align employee and stockholder interests through equity instruments that incentivize employees to increase stockholder value, competitively reward employees for increasing stockholder value and achieving pre-determined business goals, and retain employees who are critical to stockholder value creation.

Post-Employment Benefits

In the event of certain qualifying terminations of employment, termination benefits provide NEOs (and other certain employees) with additional financial security, which we believe is necessary to attract and retain talented executives.

Retention and Change in Control Benefits

We provide NEOs (and certain other executives) with certain retention and change in control benefits that we believe help minimize inherent conflicts of interest that may arise for executives in potential change in control transactions.

Base Salary

In general, the Company's executive compensation philosophy is to provide base salaries at a level that allows the Company to attract and retain executives that have the ability and experience to manage the business, utilizing, in the aggregate, the median of a comparison group as a target for each specific executive officer position. Base salary may vary from the median in certain cases based on the executive officer's skills and experience. For details about the Company's process for establishing the comparison group median for executive officer positions, see the section of this proxy statement entitled "Compensation Overview—Elements of Executive Compensation—Determination of Compensation." The objective is to reward executives with upside for superior performance through our annual and long-term incentive programs. The compensation committee considers base salary adjustments for each NEO on an annual basis.

The 2018 and 2019 base salaries of our NEOs are shown in the table below. The base salary amounts reflect those that were in effect on December 31 of the year presented.

NEO	2018 Base Salary	2019 Base Salary ⁽¹⁾	% Change
James R. Meyer	\$ 500,000	\$ 500,000	0%
Christopher J. Eppel	\$ —	\$ 330,000	—%
Georgia L. Vlamis	\$267,350	\$ 300,000	10.8%

(1) Mr. Eppel's base salary became effective on April 23, 2019 in connection with his appointment to the position of Vice President, Finance, Chief Financial Officer and Treasurer. All other NEO 2019 base salaries were effective January 1, 2019. Ms. Vlamis's base salary was increased for 2019 to better align her compensation with competitive market practices.

The amount of each NEO's base salary is the reference point for certain other elements of NEO's compensation. For example, the potential annual cash incentive and LTIP award for each NEO is based, in part, on the NEO's base salary. NEO cash severance benefits also are determined, in part, by base salary.

Annual Cash Incentive Awards

In 2019, after consideration of a number of factors, including recommendations by our CEO and our compensation consultant, our compensation committee conducted a comprehensive analysis of our incentive compensation program. As a result of this analysis, the compensation committee, with the approval of the board of directors, established performance metrics and goals for our 2019 annual cash incentive program, which included goals based on the Company's market share (30% of the target award), cash generation (15% of the target award), reductions in the cost of goods sold (40% of the target award) and new product development (15% of the target award). Annual incentive plan performance measures and goals are linked to the Company's business plan. Performance goals are recalculated each year based on that year's budget, business plan, goals and other relevant considerations.

The following table sets forth the target award and the actual annual incentive amount earned with respect to 2019 for each of our NEOs:

NEO	Target Award (% of Base Salary)	Aggregate Target Award	Total Annual Incentive Earned	Total Annual Incentive Earned (% of Target)
James R. Meyer	10%	\$50,000	\$40,000	80%
Christopher J. Eppel ⁽¹⁾	9%	\$175,000	\$93,333	53%
Georgia L. Vlamis	8%	\$150,000	\$120,000	80%

(1) Mr. Eppel's total annual incentive earned is prorated to reflect his start date of April 23, 2019, when he was appointed to the position of Vice President, Finance, Chief Financial Officer and Treasurer.

Long-Term Incentive Awards

For 2019, our compensation committee decided to grant the following types of equity awards to our NEOs (weighting in parentheses):

- Time-based restricted shares (50%); and
- Stock options (50%).

The compensation committee began granting stock options in order to align the compensation of our NEOs more closely with increases in stockholder value over the long term and to provide, when combined with the other elements of compensation, market-competitive performance-based total compensation opportunities to our NEOs. The following table sets forth the restricted shares and stock options awarded to each of our NEOs in 2019:

NEO	Restricted Shares (RSUs)	Stock Options (OSUs)	Grant Date Fair Value
James R. Meyer	13,761	72,539	\$500,000
Christopher J. Eppel ⁽¹⁾	43,000	43,000	\$475,488
Georgia L. Vlamis	12,655	27,340	\$387,424

(1) Amount shown in this table for Mr. Eppel reflects options on restricted shares and option grants made in connection with the commencement of his employment with the Company.

The Company maintains the FreightCar America, Inc. 2018 Long-Term Incentive Plan, which was approved by the Company's stockholders at our 2018 annual meeting. Under the LTIP, the Company may grant to NEOs and other eligible employees cash incentive awards, stock options, share appreciation rights, restricted shares, restricted share units, performance shares, performance units, dividend equivalents and other share-based awards. As noted above under the heading "Proposal 3 - Approval of the FreightCar America, Inc. 2018 Long-Term Incentive Plan (As Amended and Restated Effective May 14, 2020)," we are asking stockholders to approve an amendment and restatement of the LTIP at the annual meeting.

It is the policy of the compensation committee not to time the award of equity-based compensation to coincide with the release of favorable or unfavorable material non-public information about the Company.

Retirement and Pension Benefits

The Company provides contributions to participants in the 401(k) Plan of up to 4% of eligible compensation. These contributions and any earnings thereon generally are held and invested under the plan until paid to participants upon termination of their employment.

The Company maintains the Pension Plan, a tax-qualified defined benefit pension plan, for the benefit of its eligible related employees. The Pension Plan is a tax-qualified defined benefit pension plan. None of the NEOs participate in the Pension Plan.
The Company does not make available a non-qualified deferred compensation plan for its NEOs or other employees.

One-Time Cash Retention Awards

Pursuant to Retention Payment and Success Bonus Agreements, effective November 20, 2019, the Company made a one-time retention award payment to each of Messrs. Meyer and Eppel and Ms. Vlamis in 2019 equal to one and one-half times each individual's then-current annual base salary, or \$750,000, \$525,000 and \$450,000, respectively (the "Retention Payment"). The Retention Payment is subject to clawback in the event of the executive's voluntary termination of employment with the Company (other than for Good Reason as defined in the executive's award agreement) before the earlier to occur of (i) either (a) a transaction in which a third party assumes voting and investment control of more than 50% of the voting securities of the Company and the Company ceases to be subject to the periodic disclosure requirements under the Securities Exchange Act of 1934, as amended, or (b) the Company secures incremental available financing of at least \$30 million (each, a "Successful Transaction") or (ii) 12 months from the date of the Retention Payment.

For purposes of the Retention Payment, the definition of "Cause" is the same definition as is provided under the Company's LTP and the definition of "Good Reason" is defined as any of the following: (i) the Company permanently and materially diminishes the executive's authority, duties, or responsibilities, including without limitation reporting responsibilities; (ii) the Company materially reduces the executive's overall compensation, including base salary, bonus opportunity and equity award participation; (iii) the Company requires the executive to relocate the executive's principal business office to a location not within 50 miles of the Company's principal business office located in the Chicago, Illinois metropolitan area; or (iv) the Company materially breaches the terms of the executive's retention payment agreement.

Change in Control and Post-Employment Benefits

For 2019, we have set termination and change in control benefits at levels that we believe fall within the range of competitive market practices. Each of our NEOs is eligible to receive certain payments and benefits in connection with his or her termination of employment under various circumstances, including following a change in control of the Company, under the Company's Executive Severance Plan (which was amended and restated in 2016), the Company's Successful Transaction Severance Plan (which was adopted in 2019) (the "Enhanced Severance Plan"), the LTP (and the associated award agreements) and, with respect to Mr. Meyer, his employment agreement. Pursuant to the Retention Payment and Success Bonus Agreements, effective November 20, 2019, the NEOs became eligible to receive Successful Transaction Bonus awards upon the occurrence of a Successful Transaction.

Successful Transaction Bonus Awards. In 2019, each NEO became eligible to receive a Successful Transaction Bonus equal to two times such NEO's then-current annual base salary, to be paid upon the consummation of a Successful Transaction (as defined above under "One-Time Cash Retention Awards"), provided that the NEO remains employed by the Company at the time of such consummation.

If the amount of payments made pursuant to the Retention Payment and Success Bonus Agreements, when combined with all amounts and benefits provided to the NEO and under all other plans and programs of the Company, including the Company severance plan described below ("Covered Payments"), is determined to constitute a Parachute Payment, as such term is defined in Section 280G of Code, the Company will pay to the NEO either (i) the full amount of such Covered Payments or (ii) such lesser amount as would result in no portion of the Covered Payments being subject to the excise tax under Code Section 4991 ("Excise Tax"), whichever of the foregoing amounts, taking into account the applicable federal, state and local employment taxes, income taxes and the Excise Tax, results in the NEO's receipt, on an after-tax basis, of the greater amount of the Covered Payments, notwithstanding that all or some portion of the Covered Payments may be subject to the Excise Tax. No NEO is eligible for any gross-up payments.

Insurance Arrangements

Pursuant to the Company's Executive Severance Plan and Enhanced Severance Plan, each NEO is eligible for payments and benefits in connection with his or her termination of employment. In connection with Mr. Meyer's appointment as President and CEO, the Company and Mr. Meyer entered into a letter agreement effective July 31, 2017 (as amended, the "Meyer Agreement"), summarized in more detail below under the heading "—Employment Agreements and Other Arrangements for NEOs." As noted below, the Meyer Agreement modifies the terms of Mr. Meyer's payments and benefits pursuant to the severance plans under certain circumstances.

Executive Severance Plan. Under the Executive Severance Plan, upon an NEO's termination of employment for any reason, including death, disability, or for Cause (as defined in the plan), he or she is entitled to certain accrued obligations, including (i) accrued base salary and accrued and unused vacation through the date of termination, (ii) prior fiscal year bonuses, to the extent earned and unpaid, and (iii) any accrued and vested benefits and unreimbursed expenses incurred and unpaid on the date of termination (the "Accrued Obligations").

In addition, under the Executive Severance Plan, upon an involuntary termination of employment without Cause or resignation for Good Reason (as defined in the plan), each NEO would be entitled to (i) 12 months of base salary continuation ("Salary Continuation"); (ii) an amount equal to the average of the annual bonuses paid to him or her for the last two full years, payable on March 15 of the year following termination ("Average Annual Bonus"); and (iii) continued participation in the Company's group health plan for the NEO and his or her family for 12 months at the same cost and coverage levels as apply to active employees ("Subsidized Health Coverage").

The Executive Severance Plan does not provide for increased severance if an NEO is terminated in connection with a Change in Control (as defined in the Executive Severance Plan). The only change in control benefit under the Executive Severance Plan is that an NEO may resign for Good Reason if, following a Change in Control, a buyer does not employ the NEO on terms substantially comparable in the aggregate to the terms on which he or she is currently employed.

The Meyer Agreement modifies the Executive Severance Plan for Mr. Meyer in the following respects: (a) the definitions of "Cause" and "Good Reason" in the Meyer Agreement apply to Mr. Meyer in lieu of the corresponding definitions set forth in the Executive Severance Plan; (b) Mr. Meyer is eligible for his current (present) fiscal year bonus, to the extent earned and unpaid, or an accrued obligation, and (c) with respect to the payments and benefits payable upon a resignation for Good Reason or a termination without Cause (if such termination without Cause occurs within the 24 months following a Change in Control), the Meyer Agreement provides instead for (i) 24 months' Salary Continuation, (ii) two times his Average Annual Bonus (payable in two installments, on March 15 of the year following Mr. Meyer's termination and March 15 of the second year following Mr. Meyer's termination), and (iii) 24 months of Subsidized Health Coverage.

Enhanced Severance Plan. In 2019, the Company adopted the Enhanced Severance Plan to provide for enhanced severance if an NEO experiences a Qualifying Termination in connection with a Successful Transaction (as defined under the plan and using the same definition described above under "—One-Time Cash Retention Awards"). Under the Company's Enhanced Severance Plan, a "Qualifying Termination" occurs if, in connection with—or within 24 months following—the consummation of a Successful Transaction, an NEO is terminated by the Company without Cause or resigns from the Company due to Good Reason (each as defined under the Enhanced Severance Plan). If an NEO's employment is terminated by the Company without Cause or terminated by the NEO for Good Reason, in either case within three months prior to the date on which the Successful Transaction occurs, and if it is reasonably determined by the NEO that such termination of employment or event constituting Good Reason (i) was at the request of a third party that had taken steps reasonably calculated to effect a Successful Transaction or (j) otherwise arose in connection with or in anticipation of a Successful Transaction, then the NEO's termination shall be deemed to be a Qualifying Termination under the plan upon consummation of the Successful Transaction and the NEO shall be entitled to receive the same severance benefits as if such termination occurred in connection with a Successful Transaction.

Upon a Qualifying Termination under the Enhanced Severance Plan, Mr. Meyer is eligible to receive a lump sum payment of six months' annual base salary plus one-half of his Average Annual Bonus, in addition to any amounts

that might be payable under the Executive Severance Plan for a termination without Cause, a resignation for Good Reason or a termination without Cause in the 24 months following a Change in Control, as applicable, thereunder.

Upon a Qualifying Termination under the Enhanced Severance Plan, Mr. Eppel and Mr. Vlamis are each eligible to receive a lump sum payment of 12 months' annual base salary plus his or her Average Annual Bonus, in addition to any amounts that might be payable under the Executive Severance Plan for a termination without Cause or a resignation for Good Reason, as applicable, thereunder.

Change in Control:

In addition, the Enhanced Severance Plan also provides each NEO with 12 months' Subsidized Health Coverage. To the extent that an NEO is also eligible for Subsidized Health Coverage under the Executive Severance Plan, the benefit will be capped at 18 months, unless an employment agreement provides for a longer continuation period (e.g., the Meyer Agreement provides for 24 months of Subsidized Health Coverage upon a resignation for Good Reason or a termination without Cause in the 24 months following a

If the NEO's employment is terminated due to the NEO's death or Disability (as defined under the plan) after a Qualifying Termination but before severance payments have been made under the Enhanced Severance Plan, the Company will pay such severance payments to the NEO's surviving spouse (or, if none, the NEO's representative), and the Company shall have no further obligations to the NEO (or the NEO's representative) under the plan.

Employment Agreement and Other Obligations for NEOs:

James R. Meyer. As stated above, Mr. Meyer entered into the Meyer Agreement in connection with his appointment as President and CEO. The Meyer Agreement does not provide for a specified term. It provides for an initial base salary of \$500,000 per year, target and maximum annual bonus opportunities of 100% and 200% of his base salary, respectively, and a prorated bonus in respect of any partial year in accordance with the terms of the Meyer Agreement, and eligibility for an equity award equal to 100% of his base salary. Mr. Meyer is entitled to participate in all incentive compensation plans and to receive all benefits under any employee benefit plan made available to executive employees. In connection with Mr. Meyer being hired, he was granted a performance-based stock option to purchase up to 150,000 shares of the Company's common stock, with a vesting schedule as described in footnote 5 to the Outstanding Equity Awards at Fiscal Year-End 2019 table.

In addition, Mr. Meyer is a participant in the Company's Executive Severance Plan and Enhanced Severance Plan, with the modifications described above.

Mr. Meyer has agreed to keep confidential certain information and agreed to certain non-solicitation, non-competition and non-disparagement restrictions that apply for one year following termination of employment.

Under the terms of the LTP and Mr. Meyer's incentive equity award agreements, upon a Qualifying Termination (as defined in the LTP), all unvested awards with time-based vesting conditions or restrictions would become fully vested (and options or SARs exercisable) and, to the extent that any performance awards have been granted, such awards would become vested at the greater of actual performance achieved or target level, but in all cases prorated based on the elapsed proportion of the performance period as of such termination. Under the terms of the LTP, all of Mr. Meyer's unvested equity awards would fully vest upon his death. Notwithstanding the foregoing, if a third party succeeds following a Change of Control (as defined in the LTP) does not assume or replace the obligations under the outstanding equity awards, then all outstanding awards will fully and immediately vest.

Christopher J. Eppel. Mr. Eppel was appointed Vice President, Finance, Chief Financial Officer and Treasurer effective April 23, 2019 pursuant to a letter agreement (the "Eppel Agreement"). The Eppel Agreement does not provide for a specified term. It provides for an initial base salary of \$350,000 per year, threshold, target and maximum bonus opportunities of 20%, 50% and 200%, respectively, of his base salary and a sign-on award of 43,000 restricted shares (vesting steadily over three years), option to purchase 43,000 shares of Company common stock (vesting steadily over three years), and a sign-on cash bonus of \$40,000. If Mr. Eppel leaves the Company prior to the 12-month anniversary of his start date, he must repay the cash bonus in full. Mr. Eppel is entitled to participate in all management incentive plans and to receive all benefits under any employee benefit plan made available to executive employees.

Mr. Eppel became a participant in the Company's Executive Severance Plan as of his start date and in the Company's Enhanced Severance Plan as of its adoption.

Mr. Eppel's outstanding equity awards would be subject to accelerated vesting in a substantially similar manner as Mr. Meyer's outstanding equity awards that are described above.

Mr. Eppel has agreed to keep confidential certain information and to certain non-solicitation, non-competition and non-disparagement restrictions that apply for one year following the termination of his employment.

Georgia L. Vlamis. Ms. Vlamis was appointed Vice President, General Counsel and Corporate Secretary effective December 1, 2015 pursuant to a letter agreement, which was amended on June 1, 2017 (as so amended, the "Vlamis Agreement"). The Vlamis Agreement does not provide for a specified term. The Vlamis Agreement provides for a base salary of \$267,750 (which was increased to \$300,000 in 2015) and a target bonus opportunity of 40% of her base salary (which was increased to 50% of her base salary in 2017). Ms. Vlamis is entitled to participate in all management incentive plans and to receive all benefits under any employee benefit plan made available to executive employees.

Ms. Vlamis became a participant in the Company's Executive Severance Plan effective August 24, 2017 and in the Company's Enhanced Severance Plan as of its adoption.

Ms. Vlamis's outstanding equity awards would be subject to accelerated vesting in a substantially similar manner as Mr. Meyer's outstanding equity awards that are described above.

Ms. Vlamis has agreed to keep confidential certain information and to certain non-solicitation, non-competition and non-disparagement restrictions that apply for one year following the termination of her employment.

Stock Ownership Guidelines

The board of directors has requested that the Company's NEOs, certain other senior management employees and non-executive directors meet minimum stock ownership requirements that are consistent with industry standards. Accordingly, each corporate officer and non-executive director is required to maintain Company stock holdings at least equal to the aggregate number of shares (including options or shares granted but not vested) that the Company has awarded to such corporate officer or non-executive director during the three-year period ending on any given date of determination. The officer or director may reduce the amount of stock holdings by the number of shares that the officer or director has applied directly to the payments of taxes on such awards.

In 2019, the stock ownership of each of our NEOs exceeded the Company's minimum stock ownership requirements. Company stock holdings that count towards meeting ownership requirements include: (a) shares owned outright or in trust; and (b) stock options, restricted shares or restricted share units, including options, shares or units that have been granted but are unvested. A covered individual promoted into a position with ownership requirements will have three years from date of promotion to meet the applicable ownership requirements. Non-employee directors also will have three years to satisfy the requirements. Each year, the compensation committee reviews each covered officer's compliance with the ownership requirements, and the nominating and corporate governance committee reviews each non-employee director's compliance with the ownership requirements.

Clawback Policy

In 2012, the compensation committee adopted a recoupment or "clawback" policy for annual cash incentive awards, long term incentive awards (including stock options and restricted shares) and any other incentive awards paid to executive officers. The policy provides that in the event of a restatement of financial results, the Company will seek to recoup the incremental portion of awards paid to current or former executive officers during the three fiscal years immediately preceding the date of the restatement that are in excess of incentive compensation that would have been paid based on the restated financial results. The policy also provides that the compensation committee may in its discretion seek to recoup amounts of excess incentive compensation paid to any recipient of incentive compensation.

in the event of misconduct by such person, including fraud or other conduct that would lead to a "for cause" termination of employment.

Company Anti-Hedging and Anti-Pledging Policy

The Company's Insider Trading Policy prohibits directors, NEOs and other officers who are subject to Section 16 of the Exchange Act, and certain other employees who may be designated from time to time by the Company's General Counsel (collectively, "Insiders"), from engaging in short sales of Company securities, or buying or selling put options, call options or other derivatives of Company securities.

The Insider Trading Policy prohibits Insiders from holding Company securities in a margin account and from pledging Company securities as collateral for a loan, unless, in the case of a non-margin loan, an Insider can clearly demonstrate his or her financial ability to repay the loan without resorting to the pledged securities and secures the prior written approval of the Company's General Counsel, which approval may be conditional as deemed advisable by the General Counsel.

Tax Treatment and Accounting

Code Section 162(m) limits the deductibility for federal income tax purposes of certain compensation paid in any year by a publicly held corporation to covered employees to \$1 million per "covered employee" (as defined by Code Section 162(m), generally, a current or former NEO) (the "\$1 million cap"). Prior to the enactment in 2017 of the TCJA, the \$1 million cap did not apply to performance-based compensation as defined under Code Section 162(m). The TCJA repealed the performance-based compensation exception, effective for taxable years beginning after December 31, 2017, such that compensation otherwise deductible with respect to our covered employees in excess of the \$1 million cap may not be deductible unless it qualifies for transition relief applicable to certain arrangements in place as of November 2, 2017 or other limited exceptions.

Our compensation committee has endeavored to structure the awards of cash and equity incentives payable to our covered employees in a manner that is intended to be exempt from Code Section 162(m) (and therefore not subject to its deductive limits) under the performance-based compensation exception. The compensation committee will continue to consider the tax impact of the cash and equity awards that it grants and maintains and may, subject to its discretion, provide for compensation to our NEOs that is not deductible under Code Section 162(m). However, the compensation committee expects in the future to authorize compensation in excess of the \$1 million cap to NEOs that will not be deductible under Code Section 162(m) when it believes doing so is in the best interests of the Company and our stockholders.

Our compensation committee will endeavor to maintain the deductibility of grandfathered amounts going forward, except where it determines in its business judgment that it is in our best interest to provide for compensation that may not be fully deductible. Because of ambiguities and uncertainties as to the application and interpretation of Code Section 162(m) and the guidance issued thereunder, including the uncertain scope of the transition relief for grandfathered amounts, no assurance can be given that compensation intended to satisfy the requirements for exceptions from the Code Section 162(m) deduction limit in fact will satisfy the exceptions.

The compensation committee also considers the accounting treatment of the cash and equity awards that it grants and maintains.

Determination of Compensation

In general, the Company's objective is to provide base compensation that will attract and retain executives with the ability and experience required to manage the business with the market median as a target (in the aggregate for the NEOs based on survey data), and annual and long-term incentive compensation at the market median (based on survey data), with upside for superior performance. In 2019, the total compensation of our NEOs was generally at or below the market median.

Consideration of Stockholder Advisory Vote on Executive Compensation

The Company's stockholders were asked to vote, at the annual meeting of stockholders held on May 9, 2019, on a proposal to approve on an advisory basis the compensation of our NEOs. At our 2019 annual meeting of stockholders, the Company's stockholders approved, on an advisory basis, the compensation of our NEOs with the affirmative vote of the holders of more than 95% of the shares voted.

Fiscal Year 2020 Compensation Decisions

In January 2020, the compensation committee decided to award time-based restricted shares and cash-settled stock appreciation rights (in lieu of stock options, but with terms that are substantially similar to the options previously granted to our NEOs). In addition, Mr. Meyer received a portion of his time-vested equity award in the form of cash-settled RSUs in lieu of restricted shares, the terms of which are substantially similar to the terms of Mr. Meyer's 2020 restricted share award. At that time, the compensation committee reviewed, but did not change, base salaries for our NEOs.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth information regarding 2019 compensation for each of the Company's NEOs. Pursuant to SEC rules, information regarding 2018 compensation is presented for each executive who was also an NEO in each year unless such NEO's total compensation for each year did not exceed \$100,000.

Summary Compensation Table

Name and Principal Position	Year	Salary ¹	Bonus ²	Stock Awards ³	Option Awards ⁴	Total Equity-Based Compensation ⁵	All Other Compensation ⁶	Total
Michael J. Vranos, Chief Executive Officer	2019	\$60,000	\$50,000	250,000	250,000	500,000	\$1,175	\$1,425,000
Christopher J. Eppel, Vice President, Finance, Chief Financial Officer and Treasurer ⁷	2019	\$40,000	\$10,000	150,000	150,000	300,000	\$100	\$450,100
Thomas J. Meyer, Chief Operating Officer and Human Resources ⁸	2019	\$60,000	\$50,000	250,000	250,000	500,000	\$1,000	\$1,400,000

¹ Amounts disclosed in the Salary column represent base salary earned by the NEO during the respective year and include amounts deferred at the officer's election.

² Amounts disclosed in the Bonus column for 2019 represent the retention bonuses paid to Messrs. Meyer and Eppel and Mr. Vranos and the sign-on bonus of \$40,000 paid to Mr. Eppel in connection with the commencement of his employment with the Company.

³ Amounts disclosed in the Stock Awards column for 2019 relate to grants of restricted shares made under the LTIP, including a sign-on restricted share grant made to Mr. Eppel upon his commencement of employment with the Company. With respect to each restricted share grant, the amounts disclosed generally reflect the grant date fair value computed in accordance with ASC Topic 718. The grant date fair value of each restricted share award was determined by multiplying the number of restricted shares granted by the average of the high and low stock trading prices for the Company's common stock as reported by the NASDAQ Global Market on the grant date. The assumptions used in calculating the grant date fair value of each restricted share award are disclosed in the notes to the consolidated financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

⁶ Amounts disclosed in the Option Awards column for 2019 relate to grants of stock options made under the LTP and a sign-on stock option grant made to Mr. Eppel in connection with the commencement of his employment with the Company. With respect to each stock option grant, the amounts disclosed generally reflect the grant date fair value computed in accordance with ASC Topic 718. Grant date fair value for time-vested stock options was determined using a Black-Scholes option valuation model. The assumptions used in calculating the grant date fair value of each stock option award are disclosed in the notes to the consolidated financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

⁷ Amounts disclosed in the Stock Equity Incentive Plan Compensation column for 2019 represent amounts earned under the Company's annual cash incentive program.

⁸ See the following table for details regarding amounts disclosed in the All Other Compensation column for 2019.

All Other Compensation for 2019

Name: **Mr. Meyer** | Company: **Matching Contributions** | Total: **\$10,958** | Mr. Meyer: **\$10,958** | Mr. Eppel: **\$0** | Mr. Vlamis: **\$0**

⁹ Represents amount contributed by the Company on behalf of the NEOs to the 401(k) plan for employees.

¹⁰ Compensation information for Mr. Eppel represents compensation since he was hired by the Company to serve as Vice President, Finance, Chief Financial Officer and Treasurer on April 23, 2019.

¹¹ Mr. Vlamis was not an NEO in 2019, and thus, no compensation information is reported for her in this table for such year.

¹² Supplemental Narrative to Summary Compensation Table

A substantial portion of the total compensation reported in the Summary Compensation Table above is paid to the NEOs pursuant to the terms of their employment agreements or other compensation plans maintained by the Company. See the section of this proxy statement entitled "Compensation Overview" for more information.

Potential Payments upon Termination or Change in Control

Each NEO is eligible for certain payments and benefits as, following, or in connection with the resignation, severance, retirement or other termination of the NEO or a change in control of the Company. These benefits are in addition to benefits generally available to salaried employees. The Company does not provide any of its executives with change in control excise tax gross-ups. For a description of the potential payments and benefits payable to NEOs upon a termination or change in control, see the section of this proxy statement entitled "Compensation Overview—Elements of Executive Compensation—Change in Control and Post-Employment Benefits."

DIRECTOR COMPENSATION

Set forth below are summaries of the compensation paid to each of our non-employee directors in 2019, in both cash and equity awards.

2019 Director Compensation Table

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Total (\$)
Elizabeth K. Arnold	20,000	49,122	69,122
James D. Cisar	52,000	55,003	107,003
William D. Galt	122,000	55,003	177,003
Thomas A. Madden	52,000	55,003	107,003
Malcolm F. Moore	50,000	55,003	105,003
Andrew B. Schmitt	20,000	55,003	75,003

¹ Includes the following annual retainer fees, committee chairmanship fees and board of directors and committee meeting attendance fees:

	Ms. Arnold	Mr. Cisar	Mr. Galt	Mr. Madden	Mr. Moore	Mr. Schmitt
Retainer	\$20,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Chairmanship	—	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000
Attendance	\$13,000	\$12,000	\$12,000	\$12,000	\$10,000	\$9,000
Total	\$33,000	\$122,000	\$122,000	\$122,000	\$120,000	\$119,000

² Represents the grant date fair value of restricted shares granted by the Company during 2019 computed in accordance with ASC Topic 718. Grant date fair value was determined by multiplying the number of restricted shares granted by the average of the high and low stock trading prices for the Company's common stock as reported by the NASDAQ Global Market on the grant date. Ms. Arnold's restricted share award was granted in August 2019 when she became a director and was prorated based on her start date. The number of shares awarded to non-employee directors during 2019 and the aggregate unvested stock awards as of December 31, 2019 are as follows:

Director	Awards During 2019	Aggregate Unvested Stock Awards
Elizabeth K. Arnold	9,906	9,906
James D. Cisar	8,703	8,703
William D. Galt	8,703	8,703
Thomas A. Madden	8,703	8,703
Malcolm F. Moore	8,703	8,703
Andrew B. Schmitt	8,703	8,703

General Description of Director Compensation

We reimburse directors for expenses incurred in connection with attendance at board or committee meetings. Our board of directors, at the recommendation of the compensation committee based on the study and suggestions of Kohn Fery, approved the Company's non-executive director compensation policy (the "Director Compensation Policy"), which became effective January 1, 2015. Under the Director Compensation Policy, the annual cash retainer payable to non-executive members of the board of directors (exclusive of meeting fees for up to seven meetings annually) is \$40,000. For each board meeting in excess of seven per year, non-executive members of the board of directors shall receive a meeting fee of \$1,000 per board meeting.

In addition, the chairman and members of each board committee will receive additional compensation as follows:

	<u>Chair Retainer (annual)</u>	<u>Meeting Fees (per meeting)</u>
Audit	\$10,000	\$1,000
Compensation	\$10,000	\$1,000
Nominating and Corporate Governance	\$20,000	\$1,000

The chairman of the board of directors will also receive an incremental cash retainer of \$70,000 per year. The cash retainers and meeting fees will be payable on a quarterly basis, in arrears, on the first day of each quarter.

In addition, each non-executive member of the board of directors is entitled to an annual equity award with a value of \$55,000, with the shares to vest fully on the earlier of (a) the first anniversary of the date of grant or (b) the next annual meeting of the Company's stockholders following the date of grant. The Company does not provide any incentive-based non-equity compensation to directors and does not maintain a defined benefit or actuarial pension plan or a deferred compensation plan for directors.

Stock Ownership Requirements

The board of directors expects that each non-executive director will maintain Company stock holdings at least equal to the aggregate number of shares (including options or shares granted but not vested) that the Company has awarded to the non-executive director during the three-year period ending on any given date of determination. The director may reduce the amount of stock holdings by the number of shares the director has applied directly to the payments of fees on such awards. Company stock holdings that count towards meeting ownership requirements include: (a) shares owned outright or in trust; and (b) stock options, restricted shares or restricted share units, including options or shares granted but not vested. If a director continuously fails to comply with the stock ownership requirements, the compensation committee will take such actions as it deems appropriate, including, but not limited to allocating an additional amount of the director's annual compensation to the purchase of stock in accordance with the program or reducing future equity compensation awards.

Registration Rights Agreement

We entered into a registration rights agreement, dated as of April 11, 2005, with substantially all of our stockholders as of immediately prior to the completion of our initial public offering. The stockholders that are party to the registration rights agreement had the right to require us, subject to certain terms and conditions, to register their shares of our common stock under the Securities Act of 1933, as amended, at any time. The selling stockholders in our secondary offering exercised their demand registration rights to require us, subject to certain terms and conditions, to register their shares of our common stock under the Securities Act of 1933, as amended. We and certain of our stockholders remain party to the registration rights agreement.

EQUITY COMPENSATION PLAN INFORMATION

This table contains information as of December 31, 2019 about the Company's equity compensation plans, all of which have been approved by the Company's stockholders.

	Number of common shares to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of common shares remaining available for future issuance under equity compensation plans (including common shares reflected in the first column)
Equity compensation plans approved by stockholders	1,054,874	\$14.40	1,063,138
Equity compensation plans not approved by stockholders	—	—	—
Total	1,054,874	\$14.40	1,063,138

¹ Includes an aggregate of 327,345 restricted shares that were not vested as of December 31, 2019.

² Weighted-average exercise price of outstanding options excludes restricted shares.

³ Represents shares of common stock subject to forfeiture under the LTIP in connection with awards of stock options, share appreciation rights, restricted shares, restricted share units, performance shares, performance units, dividend equivalents and other share-based awards.

FEES OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM AND AUDIT COMMITTEE REPORT

Fees Billed by Independent Registered Public Accounting Firm

The audit committee has adopted a pre-approval policy pursuant to which it must pre-approve all audit and permissible non-audit services provided by our independent registered public accounting firm. These services may include audit services, audit-related services and tax services. Under the policy, the audit committee may delegate the authority to pre-approve any audit or non-audit services to be provided by our independent registered public accounting firm to one or more of its members. The pre-approval of services by a member of the audit committee pursuant to this delegated authority, if any, must be reported at the next meeting of the audit committee.

From time to time, the audit committee may pre-approve specified types of services that are expected to be provided by our independent registered public accounting firm. Unless the audit committee determines otherwise, the term for any service pre-approved by the audit committee is twelve months from the date of pre-approval. Any pre-approval must set forth in detail the particular service or type of services to be provided and is generally subject to a specific cost limit. Any services that exceed these cost limits require specific approval by the audit committee. The audit committee may periodically review and, as necessary, revise the list of pre-approved services based on subsequent determinations. There were no audit-related and/or tax fees during fiscal year 2019 for services provided to

us by Deloitte & Touche LLP. The increase in audited-related fees in fiscal year 2019 for services provided to us by Deloitte & Touche LLP is primarily attributable to services rendered in connection with assistance with a joint venture.

The following table presents fees for audit services rendered by Deloitte & Touche LLP, the member firm of Deloitte Touche Tohmatsu and their respective affiliates (collectively, the "Deloitte entities") for the audit of our annual financial statements for the fiscal years ended December 31, 2019 and 2018, and fees billed for other services rendered by the Deloitte entities during those periods.

Fees	Fiscal Year Ended December 31, 2019 ¹	Fiscal Year Ended December 31, 2018 ²
Audit Fees ³	\$462,313	\$750,336
Audit-Related Fees ⁴	\$42,761	—
Tax Fees ⁵	\$320,000	\$70,000
Total	\$1,825,074	\$890,336

¹ Audit Fees include fees billed or expected to be billed for professional services rendered for the audit of our annual consolidated financial statements, the review of the interim consolidated financial statements included in our quarterly reports and other related services that are normally provided in connection with statutory and regulatory filings.

² Audit-Related Fees include fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our annual consolidated financial statements and not reported under "Audit Fees."

³ Tax Fees include fees billed or expected to be billed for services performed related to tax compliance, tax advice and tax planning.

Report of the Audit Committee

The following report of the audit committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other of our filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent we specifically incorporate this report by reference therein.

The audit committee is currently comprised of Ms. Arnold and Messrs. Cirac, Gohl and Madden. Our board of directors has determined that each member of the audit committee meets the independence requirements under the listing standards of the NASDAQ Global Market, the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Securities and Exchange Commission. The committee operates under a written charter that was adopted by our board of directors.

The committee oversees our accounting and financial reporting process on behalf of our board of directors. Management has the primary responsibility for the preparation of our financial statements and the disclosure and financial reporting process, including establishing a system of internal controls. In fulfilling its oversight responsibilities, the committee reviewed and discussed with management and Deloitte & Touche LLP, our independent registered public accounting firm, the audited financial statements as of and for the year ended December 31, 2019 and the report of Deloitte & Touche LLP issued in connection therewith. Deloitte & Touche LLP is responsible for expressing an opinion on the consistency of these audited financial statements with generally accepted accounting principles.

The committee has discussed and reviewed with Deloitte & Touche LLP the matters required to be discussed by Public Company Accounting Oversight Board Auditing Standard 1301 (Communications with Audit Committees), which includes, among other things, matters related to the conduct of the audit of our financial statements. The committee has also received from Deloitte & Touche LLP the written disclosures describing the relationships between Deloitte & Touche LLP and us that might bear on the independence of Deloitte & Touche LLP consistent with and required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence, and has discussed with Deloitte & Touche LLP its independence.

In reliance on the reviews and discussions referred to above, the committee recommended to our board of directors that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2019 for filing with the Securities and Exchange Commission. The committee and our board of directors also have recommended, subject to stockholder approval, the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2020. Respectfully submitted by the audit committee,

Thomas A. Madden, Chairman
Elizabeth K. Arnold
James D. Gray
William D. Galsi

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Under its charter, our audit committee is responsible for the review and approval of "related-person transactions" involving the Company or its subsidiaries and related persons. As defined under the SEC's rules, a "related person" is a director, executive officer, nominee for director or 5% stockholder of the Company, and their immediate family members. Any transaction or series of transactions in which the Company or a subsidiary is a participant, the amount involved exceeds the lesser of \$120,000 or 1% of the average of the Company's total assets as of the last two fiscal year ends and a related person has a direct or indirect material interest must be reported in our filings with the SEC, pursuant to its rules.

There were no related-person transactions during 2019 or 2018.

2021 ANNUAL MEETING OF STOCKHOLDERS

We expect that our 2021 annual meeting of stockholders will be held within 30 days of May 14, 2021, which will be the first anniversary of the upcoming annual meeting. Subject to certain exceptions set forth in our by-laws, proposals of stockholders intended for inclusion in the proxy statement for our 2021 annual meeting of stockholders must be received by our Secretary at our principal executive offices (currently at 125 South Wacker Drive, Suite 1800, Chicago, Illinois 60606) by December 4, 2020. If a stockholder intends to present a proposal at the 2021 annual meeting of stockholders, but not to have such proposal included in our proxy statement relating to that meeting, such proposal must be received by our Secretary not earlier than January 14, 2021 and not later than February 14, 2021. Such proposals must contain specific information concerning the person to be nominated or the matters to be brought before the meeting and concerning the stockholder submitting the proposal.

"HOUSEHOLDING" OF PROXY MATERIALS

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for proxy materials with respect to two or more stockholders sharing the same address by delivering a single Notice or proxy statement addressed to those stockholders. This process, which is commonly referred to as "householding," potentially provides convenience for stockholders and cost savings for companies.

A number of brokers with accounts/brokers who are stockholders will be "householding" our proxy materials. As indicated in the notice previously provided by these brokers to stockholders, a single Notice or proxy statement will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from an affected stockholder. Once you have received notice from your broker or as that they will be "householding" communications to your address, "householding" will continue until you are notified otherwise.

Stockholders who currently receive multiple copies of the Notice or proxy statement at their address and would like to request "householding" of their communications should contact their broker or, if a stockholder is a direct holder of shares of our common stock, they should submit a written request to our transfer agent, Computershare Investor Services, P.O. Box 43078, Providence, Rhode Island 02940.

APPENDIX A
FREIGHTCAR AMERICA, INC. 2018 LONG-TERM INCENTIVE PLAN
(As Amended and Restated Effective May 14, 2020)

1. **Purpose.**

FreightCar America, Inc. (the "Company") established this FreightCar America, Inc. 2018 Long Term Incentive Plan (As Amended and Restated Effective May 14, 2020) to advance the interests of the Company and its stockholders by providing a means to attract, retain, and motivate employees, consultants and directors of the Company, its Subsidiaries and Affiliates, to provide for competitive compensation opportunities, to encourage long term service, to recognize individual contributions and award achievement of performance goals, and to promote the creation of long term value for stockholders by aligning the interests of such persons with those of stockholders.

2. **Definitions.**

For purposes of the Plan, the following terms shall be defined as set forth below:

- (a) "Affiliate" means a Person that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Company. For purposes of the preceding sentence, the word "control" (by itself and as used in the terms "controlling," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.
- (b) "Annual Cash Incentive Award" means an annual cash incentive award granted under Section 5(g).
- (c) "Award" means any Option, SAR, Restricted Share, Restricted Share Unit, Performance Share, Performance Unit, Annual Cash Incentive Award, Dividend Equivalent, or Other Share-Based Award granted to an Eligible Person under the Plan.
- (d) "Award Agreement" means any written agreement, contract, or other instrument or document evidencing an Award.
- (e) "Beneficiary" means, in the event of the Participant's death, the Participant's surviving spouse or, if none, the Participant's estate (such spouse or estate shall be deemed to be the beneficiary for purposes of the Plan). A copy of the death notice or other sufficient documentation must be filed with and approved by the Committee.
- (f) "Board" means the Board of Directors of the Company.
- (g) "Cause" has the meaning set forth in the Participant's employment agreement with the Company. If the Participant is not a party to an employment agreement with the Company or such employment agreement does not define "Cause," then "Cause" means the occurrence of any one or more of the following:
 - (i) The Participant's willful and continued failure substantially to perform the Participant's material duties with the Company (other than due to Disability), or the Participant's commission of any activities constituting a material violation or material breach of any Federal, state or foreign law, statute, regulation, or the like applicable to the activities of the Company, in each case, after notice thereof from the Board to the Participant and (where possible) a reasonable opportunity for the Participant to cease and cure such failure, breach or violation in all respects;
 - (ii) Fraud, breach of fiduciary duty, dishonesty, misappropriation or other act or omission by the Participant that causes material damage to the Company's property or business;
 - (iii) The Participant's admission or conviction of, or plea of nolo contendere to, any crime that, in the reasonable judgment of the Board, adversely affects the Company's reputation or the Participant's ability to carry out the obligations of the Participant's employment;

(64) The Participant's failure to reasonably cooperate with the Company in any internal investigation or administrative, regulatory or judicial proceeding, after notice thereof from the Board to the Participant and a reasonable opportunity for the Participant to meet with such non-cooperative;

(65) Any act or omission by the Participant in violation or disregard of the Company's policies, including but not limited to the harassment and discrimination policies and standards of conduct of the Company then in effect, in such a manner as to cause significant loss, damage or injury to the property, reputation or employees of the Company.

In addition, the Participant's employment shall be deemed to have terminated for Cause if, after the Participant's employment has terminated, facts and circumstances are discovered that would have justified termination for Cause. For purposes of the Plan, an act or failure to act on the Participant's part shall be considered "willful" unless it is done, or omitted to be done, by the Participant in bad faith or without reasonable belief that such action or omission was in the best interests of the Company. Any act or failure to act based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, in good faith and in the best interests of the Company.

(b) "Change of Control" means and shall be deemed to have occurred if the conditions set forth in any one of the following paragraphs shall have been satisfied:

(i) **Change in Ownership.** A change in the ownership of the Company is deemed to occur on the date that any one Person, or more than one Person acting as a group (as described below), commences the acquisition of ownership of stock of the Company that, together with stock held by such Person or group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Company. However, if any one Person or more than one Person acting as a group, is considered to own more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Company, the acquisition of additional stock by the same Person or Persons is not considered to cause a change in the ownership of the corporation. An increase in the percentage of stock owned by any one Person, or Persons acting as a group, as a result of a transaction in which the Company acquires its stock in exchange for property will be treated as an acquisition of stock for purposes of this Section. This Section applies only when there is a transfer or issuance of stock of the Company and the stock remains outstanding after the transaction.

(ii) **Change in Effective Control.** Change in the effective control of the Company occurs on the date that either (A) any one Person, or more than one Person acting as a group (as described below), commences the acquisition of (or has acquired during the 12-month period ending on the date of the most recently consummated acquisition by such Person or Persons) ownership of stock of the Company possessing thirty-five percent (35%) or more of the total voting power of the stock of the Company; or (B) during any period, individuals who were directors of the Company on the first day of such period (the "Incumbent Directors") cease for any reason to constitute a majority of members of the Board; provided, however, that any individual becoming a director subsequent to the first day of such period whose election, or nomination by the Board for election by the Company's stockholders, was approved by a vote of at least a majority of the Incumbent Directors shall be considered as though such individual were an Incumbent Director, but excluding the purpose of determining a "majority of the members of the Board"; any member whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitations of proxies or consents by or on behalf of a person other than the Board (including without limitation any solicitation thereof). If any one Person, or more than one Person acting as a group, is considered to control effectively the Company, the acquisition of additional control of the Company by the same Person or Persons is not considered to cause a change in the effective control of the Company.

(iii) **Sale of a Substantial Portion of Assets.** A change in the ownership of a substantial portion of the Company's assets occurs on the date that any one Person or Persons acting as a group consummates the acquisition of (or has acquired during the 12-month period ending on the date of the most recently consummated acquisition by such Person or Persons) assets from the Company that have a total gross fair market value equal to or more than forty percent (40%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, gross fair market

value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. A transfer of assets to an entity that is controlled by the stockholders of the Company immediately after the transfer, or a transfer of assets by the Company to any of the following, are not considered to be a change in the ownership of a substantial portion of the Company's assets for purposes of this paragraph: (A) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock; (B) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company; (C) a Person, or more than one Person acting as a group, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company; or (D) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in clause (C). For purposes of this paragraph (ii) and except as otherwise provided, a Person's status is determined immediately after the transfer of the assets. For example, a transfer to a corporation in which the Company has an ownership interest before the transaction, but which is a majority-owned subsidiary of the Company after the transaction is not treated as a change in the ownership of the assets of the Company.

Persons will not be considered to be acting as a group solely because they purchase or own stock of the Company at the same time, or as a result of the same public offering. However, Persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company. If a Person, including an entity, owns stock in the Company and another corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar transaction with the Company, such stockholder is considered to be acting as a group with other stockholders of the other corporation only with respect to their ownership interest in that corporation prior to the transaction.

(i) "Code" means the Internal Revenue Code of 1986, as amended.

(j) "Committee" means the Compensation Committee of the Board, or such other Board committee (which may include the entire Board) as may be designated by the Board to administer the Plan, provided, however, that, unless otherwise determined by the Board, the Committee shall consist of two or more Directors of the Company, each of whom is a "nonemployee director" within the meaning of Rule 10b-3 under the Exchange Act, to the extent applicable, and each of whom is an "outside director," to the extent necessary to satisfy the qualified performance-based compensation exception of Code Section 1501, provided, however, that the mere fact that the Committee shall fail to qualify under either of the foregoing requirements shall not invalidate any Award made by the Committee which Award is otherwise validly made under the Plan.

(k) "Company" means FreightCar America, Inc., a corporation organized under the laws of Delaware, or any successor corporation.

(l) "Consultant" means a natural person who is not an Employee or Director of the Company, a Subsidiary, or an Affiliate, but who is providing services to the Company or an Affiliate as an independent contractor.

(m) "Director" means a member of the Board who is not an Employee of the Company, a Subsidiary, or an Affiliate.

(n) "Disability" has the meaning set forth in the Participant's employment agreement with the Company. If the Participant is not a party to an employment agreement with the Company or such employment agreement does not define "Disability," then "Disability" means, in the written opinion of a qualified physician selected by the Company, the Participant is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, (i) unable to engage in any substantial gainful activity, or (ii) receiving income replacement benefits for a period of not less than three months under the Company's disability plan.

(o) "Dividend Equivalent" means a right, granted under Section 5c) or 5d), to receive cash, Shares, or other property equal in value to dividends paid with respect to a specified number of Shares. Dividend Equivalents may be awarded on a free-standing basis or in connection with another Award, and may be paid currently or on a deferred basis, subject to the provisions of Code Section 409A. Notwithstanding anything herein to the contrary, Dividend Equivalents on unvested Shares underlying any Award will only be paid, if at all, when and to the extent

that the Shares underlying the Award vest. No dividends or Dividend Equivalents shall be paid in connection with Options or SARs.

- (b) "Effective Date" means May 14, 2020. The original effective date of the Plan was May 10, 2018.
 - (c) "Eligible Person" means (1) an Employee or Consultant of the Company, a Subsidiary, or an Affiliate, including any Director who is an Employee, or (2) a Director. Notwithstanding any provisions of the Plan to the contrary, an Award may be granted to an Employee, Consultant or Director, in connection with his or her hiring or re-employment prior to the date the Employee, Consultant or Director first performs services for the Company, a Subsidiary or an Affiliate; ~~provided, however~~, that any such Award shall not become vested or exercisable prior to the date the Employee, Consultant or Director first performs such services.
 - (d) "Employee" means any person treated as a common law employee (including a Director who is also treated as an employee) in the records of the Company, a Subsidiary, or an Affiliate. The Company shall determine in good faith and in the exercise of its discretion whether an individual has become or has ceased to be an Employee and the effective date of such individual's employment or termination of employment, as the case may be. For purposes of an individual's rights, if any, under the terms of the Plan as of the time of the Company's determination of whether or not the individual is an Employee, all such determinations by the Company shall be final, binding and conclusive as to such rights, if any, notwithstanding that the Company or any court of law or governmental agency subsequently makes a contrary determination as to such individual's status as an Employee.
 - (e) "Exchange Act" means the Securities Exchange Act of 1934.
 - (f) "Fair Market Value" means, with respect to Shares or other property, the fair market value of such Shares or other property determined by such methods or procedures as shall be established from time to time by the Committee in accordance with the requirements of Code Section 409A. If the Shares are listed on any established stock exchange or a national market system, unless otherwise determined by the Committee in good faith, the Fair Market Value of Shares shall mean the mean between the high and low selling prices per Share on the relevant date (or, if the Shares were not traded on that day, the next preceding day that the Shares were traded) on the principal exchange or market system on which the Shares are traded, as such prices are officially quoted on such exchange.
 - (g) "Good Reason" has the meaning set forth in the Participant's employment agreement with the Company. If the Participant is not a party to an employment agreement with the Company or such employment agreement does not define "Good Reason," then "Good Reason" means, without the Participant's written consent, the occurrence of any of the following conditions, unless such condition is fully corrected within 60 days after written notice thereof:
 - (i) A Change of Control pursuant to which the buyer does not agree to employ the Participant at or after the acquisition date on terms substantially comparable in the aggregate to the terms on which the Participant is currently employed; or
 - (ii) The Company (A) permanently and materially diminishes the Participant's authority, duties, or responsibilities, including without limitation reporting responsibilities, (B) materially reduces the Participant's overall compensation, including base salary, bonus opportunity and equity award participation, (C) requires the Participant to relocate to an office or location of the Company that is not within 50 miles of the office or location of the Company that is the Participant's principal business office immediately prior to the relocation, or (D) materially breaches the terms of the Plan.
- Notwithstanding anything in the Plan to the contrary, a termination of employment due to Good Reason must occur, if at all, within 120 days after the Company receives written notice of any one or more of the conditions set forth in this Section. The Participant must provide the Company with written notice of any one or more of the conditions set forth in this Section within 90 days of the initial existence of the condition in order for such condition to constitute Good Reason under the Plan.

(v) "DSO" means any Option intended to be, designated as, and that qualifies as an incentive stock option within the meaning of Code Section 422.

(k) "NSQ" means any Option that is not an NSQ.

(l) "Option" means a right, granted under Section 5(b), to purchase Shares.

(m) "Other Share-Based Award" means a right granted under Section 5(i) that relates to and is valued by reference to Shares.

(n) "Participant" means an Eligible Person who has been granted an Award under the Plan.

(o) "Performance Award" means an Award the vesting or amount of which is determined based on the satisfaction or achievement of Performance Goals established by the Committee and set forth in the Award Agreement.

(p) "Performance Goals" means performance goals and conditions applicable to an Award that the Committee establishes prior to the grant of such Award based on the attainment of one or more or a combination of the following, in each case, with respect to the Company, one of its Affiliates, a business unit by or within which the Participant is primarily providing services, or a combination thereof: (1) earnings per share (basic or fully diluted); (2) revenue; (3) earnings, before or after taxes, from operations (generally or specified operations) or before or after income expense, depreciation, amortization, derivatives, or extraordinary or special items; (4) average growth; (5) cash flow, free cash flow, free cash flow return on investment (discounted or otherwise), net cash provided by operations, or cash flow in excess of cost of capital; (6) return on assets, return on investment, return on capital, return on equity; (7) economic value added; (8) operating margin or operating expense; (9) net income; (10) net income applicable to Shares; (11) share price or stockholder return (absolute or peer-group comparative); (12) backlog; (13) net value growth; (14) customer satisfaction; (15) quality metrics; (16) expense reduction; and (17) strategic business criteria, consisting of one or more objectives based on meeting specified market penetration, geographic business expansion goals, cost targets, customer satisfaction, new product/service placement, supervision of litigation and information technology, leaving execution, or goals relating to acquisitions or divestitures of Subsidiaries, Affiliates or joint ventures. The targeted level or levels of performance with respect to each business criteria may be established at such levels and at such times as the Committee may determine, in its discretion, including in absolute terms, or a goal relative to performance in past periods, or as a goal compared to the performance of one or more comparable companies or activities covering multiple companies.

To the extent required to satisfy the qualified performance-based compensation exception of Code Section 162(m), the Committee will set such Performance Goals within the time prescribed by Code Section 162(m). The Committee will have the discretion to adjust targets set for pre-established performance objectives as it deems appropriate to reflect the inclusion or exclusion of the impact of items determined to be unusual in nature and/or infrequent in occurrence. If the Committee determines it is advisable to grant Awards that will not qualify for the qualified performance-based exception of Code Section 162(m), the Committee may grant Awards that do not so qualify.

(q) "Performance Period" means a specified period of time determined by the Committee and set forth in the Award Agreement during which performance, as determined by the Committee, will be measured with respect to an Award.

(r) "Performance Share" means a performance share granted under Section 5(i).

(s) "Performance Unit" means a performance unit granted under Section 5(i).

(t) "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used herein, however, a Person shall not include (i) the Company or any of its Subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Subsidiaries, (iii) an underwriter (comparably holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportion as their ownership of the stock of the Company.

(u) "Plan" means this 2018 Long Term Incentive Plan, as amended and restated effective May 14, 2020.

(hh) "Qualifying Termination" means a Participant's Termination of Service due to the Participant's death, Disability, termination by the Participant for Good Reason or termination by the Company without Cause that occurs upon or within 24 months of the consummation of a Change of Control.

(i) "Restricted Shares" means an Award of Shares under Section 5(d) that may be subject to certain restrictions and to a risk of forfeiture.

(j) "Restricted Share Unit" means a right, granted under Section 5(c), to receive Shares or cash at the end of a specified deferral period.

(k) "Retirement" has the meaning set forth in the Participant's employment agreement with the Company. If the Participant is not a party to an employment agreement with the Company or such employment agreement does not define "Retirement," then "Retirement" means the date that the Participant (i) reaches age 65 and has completed 5 years of service with the Company and its Affiliates or (ii) meets the eligibility criteria for "Retirement" or "Early Retirement" under a plan maintained by the Company or its Affiliates.

(l) "Rule 16b-3" means Rule 16b-3, in form time to time in effect and applicable to the Plan and Participants, promulgated by the Securities and Exchange Commission under Section 16 of the Exchange Act.

(mm) "SAR" or "Share Appreciation Right" means the right, granted under Section 5(c), to be paid an amount measured by the difference between the exercise price of the right and the Fair Market Value of Shares that are subject to the SAR on the date of exercise of the right, with payment to be made in cash, Shares, or property as specified in the Award or determined by the Committee.

(nn) "Shares" means common stock, \$10 per whole per share, of the Company, and such other securities as may be substituted for Shares pursuant to Section 4(g).

(oo) "Subsidiary" means a subsidiary, as such term is defined in Code Section 424(f), of the Company.

(pp) "Termination of Service" means the termination of the Participant's employment, consulting services or directorship with the Company, its Subsidiaries, and its Affiliates, as the case may be. A Participant employed by a Subsidiary or Affiliate of the Company also shall be deemed to incur a Termination of Service if the Subsidiary or Affiliate ceases to be such a Subsidiary or Affiliate, as the case may be, and the Participant does not immediately thereafter become an Employee or Director of, or a Consultant to, the Company or another Subsidiary or Affiliate. Subject to the foregoing, the Committee, in its sole discretion, shall determine whether the Participant has experienced a Termination of Service and the effective date of and reason for such Termination of Service, which determination shall be binding upon the Participant.

3. Administration

(a) Authority of the Committee. The Plan shall be administered by the Committee, and the Committee shall have full and final authority to take the following actions, in each case subject to and consistent with the provisions of the Plan:

(i) to select Eligible Persons to whom Awards may be granted;

(ii) to determine the type or types of Awards to be granted to each Eligible Person;

(iii) to determine the type and number of Awards to be granted, the number of Shares to which an Award may relate, the terms and conditions of any Award granted under the Plan (including any exercise price, grant price, or purchase price, any restriction or condition, any schedule for lapse of restrictions or conditions relating to nonforfeiture or forfeiture, exercisability, or settlement of an Award, and waiver or acceleration thereof, and waivers of performance conditions relating to an Award, based in each case on such considerations as the Committee shall determine), and all other matters to be determined in connection with an Award.

- (54) to determine whether, to what extent, and under what circumstances an Award may be settled, or the exercise price of an Award may be paid, in cash, Shares, other Awards, or other property or an Award may be canceled, forfeited, exchanged, or surrendered, subject to the limitation in Section 5(e);
- (55) to determine whether, to what extent, and under what circumstances an Award may be subject to restrictive covenants (including noncompetition, confidentiality, non-solicitation and nondebarment restrictions, as well as any other restrictive covenants the Committee deems appropriate);
- (56) to determine whether, to what extent, and under what circumstances cash, Shares, other Awards, or other property payable with respect to an Award will be deferred either automatically, at the election of the Committee, or at the election of the Eligible Person, in all cases, subject to the provisions of Code Section 409A;
- (57) to prescribe the form of each Award Agreement, which need not be identical for each Eligible Person;
- (58) to adopt, amend, suspend, waive, and rescind such rules and regulations and appoint such agents as the Committee may deem necessary or advisable to administer the Plan;
- (59) to correct any defect or supply any omission or reconcile any inconsistency in the Plan and to construe and interpret the Plan and any Award, rules and regulations, Award Agreements, or other instrument hereunder, in its sole discretion;
- (60) to extend the period during which an Award is exercisable;
- (61) to interpret the Plan and specify any additional requirements as it deems necessary to comply with Code Section 409A;
- (62) to determine whether uncertificated Shares may be used in satisfying Awards and otherwise in connection with the Plan;
- (63) to accelerate the exercisability or vesting of all or any portion of any Award or to extend the period during which an Award is exercisable; and
- (64) to make all other decisions and determinations as may be required under the terms of the Plan or as the Committee may deem necessary or advisable for the administration of the Plan.

(b) **Manner of Exercise of Committee Authority.** The Committee shall have sole discretion in exercising its authority under the Plan. Any action of the Committee with respect to the Plan shall be final, conclusive, and binding on all persons, including the Company, Subsidiaries, Affiliates, Employees, Participants, Eligible Persons, any person claiming any rights under the Plan from or through any Eligible Person, and stockholders. The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. The Committee may delegate to other members of the Board or officers or managers of the Company or any Subsidiary or Affiliate the authority, subject to such terms as the Committee shall determine, to perform administrative functions and, with respect to Awards granted to persons not subject to Section 16 of the Exchange Act, to perform such other functions as the Committee may determine, to the extent permitted under Rule 16b-3 of applicable and applicable law.

(c) **Limitation of Liability.** Each member of the Committee shall be entitled to, in good faith, rely on or act upon any report or other information furnished to him or her by any officer or other Employee of the Company or any Subsidiary or Affiliate, the Company's independent certified public accountants, or other professional retained by the Company to assist in the administration of the Plan. No member of the Committee, and no officer or Employee of the Company acting on behalf of the Committee, shall be personally liable for any action, determination, or interpretation taken or made in good faith with respect to the Plan, and all members of the Committee and any officer or Employee of the Company acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action, determination, or interpretation.

(b) **Limitation on Committee's Discretion.** Anything in the Plan to the contrary notwithstanding, in the case of any Award which provides that it is intended to qualify as "performance-based compensation" within the meaning of Code Section 162(m)(4)(C), the Committee shall have no discretion to increase the amount of compensation payable under the Award to the extent such an increase would cause the Award to lose its qualification as performance-based compensation.

(c) **Option and SAR Exercising.** Except as provided in Section 4(g), the Committee shall not modify an outstanding Option or SAR or so to specify a lower exercise price (and will not cancel an Option or SAR and substitute for it an Option or SAR with a lower exercise price), without the approval of the Company's stockholders. In addition, except as provided in Section 4(g), the Committee may not cancel an outstanding Option or SAR whose exercise price is equal to or greater than the current Fair Market Value of a Share in exchange for cash or substitute for it another Award without the prior approval of the Company's stockholders.

4. **Shares Subject to the Plan: Award Limitations.**

(a) Subject to adjustment as provided in Section 4(g), the total number of Shares reserved for issuance in connection with Awards under the Plan shall be equal to the sum of (i) 1,550,000 Shares and (ii) the number of Shares authorized and approved for issuance, but not awarded, under the Plan prior to May 14, 2020. The total number of Shares authorized to be issued under the Plan shall be reduced by 1 Share for every 1 Share that is subject to an Option, SAR, or other appreciation-only Award granted under the Plan, and 2.0 Shares for every 1 Share that was subject to a Restricted Share, Restricted Share Unit, Performance Share, or other full-value stock-based Award granted on or after the Effective Date. No Award may be granted if the number of Shares to which such Award relates, when added to the number of Shares previously issued under the Plan, exceeds the number of Shares reserved under the preceding sentence.

(b) Any Shares related to Awards that terminate by expiration, forfeiture, or cancellation without the issuance of such Shares, cash or other benefit in lieu of Shares, shall be available again for grant under the Plan; provided that any Shares that again become available for Awards under this sentence shall be added back in 1 Share if such shares were subject to Options, SARs, or other appreciation-only Awards granted under the Plan, and in 2.0 Shares if such Shares were subject to a Restricted Share, Restricted Share Unit, Performance Share, or other full-value stock-based Award granted under the Plan. The following Shares shall not receive available for issuance under the Plan: (i) Shares tendered by Participants as full or partial payment to the Company upon exercise of Options granted under the Plan; and (ii) Shares withheld by, or otherwise retained to, the Company to satisfy a Participant's tax withholding obligations upon the lapse of restrictions on Restricted Shares or Restricted Share Units, the exercise of Options or SARs granted under the Plan, or upon any other payment or issuance of Shares under the Plan. For the avoidance of doubt, any Awards that, pursuant to their terms, may be satisfied only in cash shall not count against the Share reserve set forth in Section 4(a).

(c) Subject to adjustment as provided in Section 4(g), the maximum number of Shares (1) with respect to which Options or SARs that may be granted during any one calendar year to any one Eligible Person (other than Directors) under the Plan shall be 500,000 Shares, and (2) with respect to Performance Shares, Performance Units, Restricted Shares or Restricted Share Units that may be granted during any one calendar year to any one Eligible Person (other than Directors) under the Plan shall be the equivalent of 500,000 Shares. Notwithstanding the foregoing, the maximum number of Shares that may be issued or transferred to Eligible Persons in Exercise Stock Options is 300,000 Shares.

(d) The maximum aggregate dollar amount that may be paid with respect to Performance Units or any Other Share-Based Awards paid in cash during any one calendar year to any one Eligible Person (other than Directors) under the Plan shall be \$2,000,000.

(e) The maximum aggregate dollar amount that may be paid with respect to Annual Cash Incentive Awards during any one calendar year to any one Eligible Person (other than Directors) under the Plan shall be an amount not in excess of fifty percent (50%) of the Annual Incentive Pool.

(f) **Award Limitation for Directors.** For purposes of the Plan, "Directors' Compensation Year" shall mean the approximately one-year period beginning on each regular annual meeting of the Company's stockholders and ending on the date of the next regular annual meeting of the Company's stockholders.

(1) Subject to adjustment as provided in Section 4(g), the maximum number of Shares (1) with respect to which Awards may be granted during any Directors' Compensation Year to any one Director under the Plan shall be 50,000 Shares, (2) with respect to which Options or SARs may be granted during any one Directors' Compensation Year to any one Director under the Plan shall be 50,000 Shares, and (3) with respect to Performance Shares, Performance Units, Restricted Shares or Restricted Share Units shall be the equivalent of 50,000 Shares during any one Directors' Compensation Year to any one Director under the Plan, and

(2) The maximum aggregate dollar amount that may be paid with respect to Performance Units or any Other Share-Based Awards paid in cash during any one Directors' Compensation Year to any one Director under the Plan shall be \$150,000.

Notwithstanding the foregoing, in no event may any number of Shares be granted during any one Directors' Compensation Year to any one Director with a grant date fair value that, when aggregated with all cash compensation for service as a Director of the Company during such period, exceeds \$400,000.

(3) **Stock Adjustments**

(a) **Adjustment of Awards Upon the Occurrence of Certain Events.** In the event of any consolidation, stock or other non-cash dividend, extraordinary cash dividend, split-up, spin-off, combination or exchange of shares, reorganization or recapitalization or change in capitalization, or any other similar corporate event, the Committee shall adjust the aggregate number of Shares subject to the Plan and the number of Shares that may be made subject to Awards to any individual Participant as set forth in Sections 4(a) and 4(b), as well as the aggregate number of Shares that may be made subject to any type of Award.

(b) **Equity Restructuring.** If the outstanding Shares are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Company through a non-reciprocal transaction between the Company and its stockholders that causes the per share fair value underlying an Award to change, such as stock dividend, stock split, spin-off, rights offering, recapitalization through a large, non-securing cash dividend, or other similar transaction, a proportionate adjustment shall be made to the number or kind of shares or securities allocated to Awards that have been granted prior to any such change to equalize the fair value of the Awards before and after the equity restructuring. Any such adjustment in an outstanding Option (or SAR) shall be made without change in the aggregate purchase price applicable to the unexercised portion of such Option (or SAR) but with a corresponding adjustment in the exercise price per share or other unit of any security covered by such Option (or SAR).

(c) **Retain or Surrender.** The Committee may, but shall not be obligated to, make an appropriate and proportionate adjustment to an Award or to the exercise price per share of any outstanding Award, and/or grant an additional Award to the holder of any outstanding Award, to compensate for the diminution in the intrinsic value of the shares resulting from any reciprocal transaction such as a business combination, merger or acquisition. The determination by the Committee as to the terms of any of the foregoing adjustments shall be conclusive and binding.

(d) **Certain Unusual or Nonrecurring Events.** In recognition of unusual or nonrecurring events affecting the Company or its financial statements, or in recognition of changes in applicable law, regulations, or accounting principles, and, whenever the Committee determines that adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, the Committee may, using reasonable care, make adjustments in the terms and conditions of, and the criteria included in, Awards.

(e) **Adjustment of Exercise Price.** If such adjustment or substitution provided for in this Section 4(g) requires the approval of stockholders in order to enable the Company to grant ISOs, then no such adjustment or substitution of ISOs shall be made without prior stockholder approval. If the effect of any adjustment or substitution would be to cause an Option to fail to continue to qualify as an ISO or to cause a modification, extension or renewal of such Option within the meaning of Code Sections 409(a) or 409(d), the Committee may direct that such adjustment or substitution not be made but rather shall use reasonable efforts to effect such other adjustment of each then outstanding Option as the Committee in its sole discretion shall.

deem equitable and that will not result in any disqualification, modification, extension or renewal (within the meaning of Code Sections 495A or 424) of such BFO.

(f) **Fractional Shares and Dividends.** Fractional shares resulting from any adjustment in Award pursuant to this Section 4(g) may be settled in cash or otherwise as the Committee determines. The Company will give notice of any adjustment to each Participant who holds an Award that has been adjusted and the adjustment (whether or not such notice is given) will be effective and binding for all Plan purposes.

(g) Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or treasury Shares including Shares acquired by purchase in the open market or in private transactions.

5. **Specific Terms of Awards**

(a) **General.** Awards may be granted on the terms and conditions set forth in this Section 5, including the minimum vesting requirements of Section 5(i). In addition, the Committee may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to Section 9(d)), such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine, including terms regarding forfeiture of Awards or continued exercisability of Awards in the event of Termination of Service by the Eligible Person.

(b) **Eligibility.** The Committee is authorized to grant Options, which may be NSOs or ISOs, to Eligible Persons on the following terms and conditions:

(i) **Exercise Price.** The exercise price per Share purchasable under an Option shall be determined by the Committee and set forth in the Award Agreement. The Committee may, without limitation, set an exercise price that is based upon achievement of performance criteria if deemed appropriate by the Committee; provided, however, that in no event may the exercise price per Share of an Option be less than the Fair Market Value of a Share on the date an Option is granted.

(ii) **Option Term.** The term of each Option shall be determined by the Committee and set forth in the Award Agreement. Each Option will terminate not later than the expiration date specified in the Award Agreement pertaining to such Option, provided that the expiration date with respect to an Option shall not be later than the 10th anniversary of the date of its Award. Upon a Participant's Termination of Service for any reason other than for Cause, such Participant shall have an additional 90 days to exercise any Options that have vested as of the date of such Termination of Service. Upon a Participant's Termination of Service for Cause, all Options held by a Participant, whether vested or unvested, shall automatically be terminated and forfeited by the Participant on the date of such Termination of Service. If on the date an outstanding, vested Option would expire, the exercise of the Option would violate applicable securities laws or other applicable law, the expiration date applicable to the Option will be extended to a date that is thirty (30) calendar days after the date the exercise of the Option would no longer violate applicable securities laws or other applicable law.

(iii) **Form and Method of Payment.** The Committee shall determine at the date of grant or thereafter the time or times at which an Option may be exercised in whole or in part (including, without limitation, upon achievement of performance criteria if deemed appropriate by the Committee), the methods by which such exercise price may be paid or deemed to be paid (including, without limitation, broker-assisted exercise arrangements), the form of such payment (including, without limitation, cash, Shares or other property), and the methods by which Shares will be delivered or deemed to be delivered to Eligible Persons; provided, however, that, unless the Committee determines otherwise, in no event may any portion of the exercise price be paid with Shares acquired either under an Award granted pursuant to the Plan, upon exercise of a stock option granted under another Company plan or as a stock bonus or other stock award granted under another Company plan unless, in any such case, the Shares were acquired and vested more than six months in advance of the date of exercise.

(iv) **ISOs.** The terms of any ISO granted under the Plan shall comply in all respects with the provisions of Code Section 422, including the requirements that (1) ISOs may only be granted to Employees of the Company or a Subsidiary, (2) the amount of the aggregate Fair Market Value of Shares (determined at the time of grant of the Option) with respect to which ISOs are exercisable for the first time by an ISO holder

during any calendar year (under all such plans of Employer's employer corporation and its parent and subsidiary corporations) shall not exceed \$100,000 or such other amount as is specified in the Code, and (3) the ISO shall be granted within ten years from the earlier of the date of adoption or stockholder approval of the Plan.

- (3) No Options granted under the Plan shall include a cashless feature.
- (4) **SARs.** The Committee is authorized to grant SARs (Share Appreciation Rights) to Eligible Persons on the following terms and conditions:
- (i) **Eligible Persons.** A SAR shall confer on the Eligible Person to whom it is granted a right to receive with respect to each Share subject thereto the excess of (1) the Fair Market Value of one Share on the date of exercise (or, if the Committee shall so determine in the case of any such right, the average Fair Market Value of one Share at any time during a specified period of no more than three business days before or after the date of exercise) over (2) the exercise price per Share of the SAR as determined by the Committee as of the date of grant of the SAR (which shall not be less than the Fair Market Value of a Share on the date a SAR is granted).
- (ii) **Other Terms.** The Committee shall determine, at the time of grant or thereafter, the time or times at which a SAR may be exercised in whole or in part, the method of exercise, method of settlement, form of consideration payable in settlement, method by which Shares will be delivered or deemed to be delivered to Eligible Persons, whether or not a SAR shall be in tandem with any other Award, and any other terms and conditions of any SAR, subject to the provisions of Code Section 409A. Unless the Committee determines otherwise, a SAR (1) granted in tandem with an NSO may be granted at the time of grant of the related NSO or at any time thereafter and (2) granted in tandem with an ISO may only be granted at the time of grant of the related ISO. If on the date an outstanding, vested SAR would expire, the exercise of the SAR would violate applicable securities laws or other applicable law, the expiration date applicable to the SAR will be extended to a date that is thirty (30) calendar days after the date the exercise of the SAR would no longer violate applicable securities laws or other applicable law.
- (5) **Restricted Shares.** The Committee is authorized to grant Restricted Shares to Eligible Persons on the following terms and conditions:
- (i) **Issuance and Restrictions.** Restricted Shares shall be subject to such restrictions on transferability and other restrictions, if any, as the Committee may impose at the date of grant or thereafter, which restrictions may lapse separately or in combination at such times, under such circumstances (including, without limitation, upon achievement of performance criteria if deemed appropriate by the Committee), in such installments, or otherwise, as the Committee may determine. Except to the extent otherwise provided under the Award Agreement relating to the Restricted Shares, an Eligible Person granted Restricted Shares shall have all of the rights of a stockholder including, without limitation, the right to vote Restricted Shares and the right to receive dividends thereon.
- (ii) **Expenses.** Upon Termination of Service during the applicable restriction period, Restricted Shares and any accrued but unpaid dividends or Dividend Equivalents that are at that time subject to restrictions shall be forfeited, provided, however, that the Committee may determine in any individual case, subject to the minimum vesting requirements of Section 5(j), that restrictions or forfeiture conditions relating to Restricted Shares will be waived in whole or in part in the event of Termination of Service resulting from a specified event.
- (iii) **Consideration for Shares.** Restricted Shares granted under the Plan may be evidenced in such manner as the Committee shall determine.
- (iv) **Dividends.** Dividends paid on Restricted Shares shall be either paid at the dividend payment date, or deferred for payment to such date as determined by the Committee, in cash or in unrestricted Shares having a Fair Market Value equal to the amount of such dividends, subject to the provisions of Code Section 409A. Shares distributed in connection with a Share split or dividend in Shares, and other property distributed as a dividend, shall be subject to vesting restrictions and a risk of forfeiture to the same extent as

the Restricted Shares with respect to which such Shares or other property has been distributed. Notwithstanding anything herein to the contrary, dividends on unvested Restricted Shares will only be paid, if at all, when and to the extent that the underlying Restricted Shares vest.

(c) **Restricted Share Units.** The Committee is authorized to grant Restricted Share Units to Eligible Persons, subject to the following terms and conditions:

(i) **Award and Restrictions.** Delivery of Shares will occur upon expiration of the deferral period specified for Restricted Share Units by the Committee (or, if permitted by the Committee, as elected by the Eligible Person), subject to the provisions of Code Section 409A. In addition, Restricted Share Units shall be subject to such restrictions as the Committee may impose, if any (including, without limitation, the achievement of performance criteria if deemed appropriate by the Committee), at the date of grant or thereafter, which restrictions may lapse at the expiration of the deferral period or at earlier or later specified times, separately or in combination, in installments or otherwise, as the Committee may determine, subject to the provisions of Code Section 409A.

(ii) **Forfeiture.** Upon Termination of Service during the applicable deferral period or portion thereof to which forfeiture conditions apply (as provided in the Award Agreement evidencing the Restricted Share Units), or upon failure to satisfy any other conditions precedent to the delivery of Shares or cash to which such Restricted Share Units relate, all Restricted Share Units that are at that time subject to deferral or restriction shall be forfeited, ~~provided however~~ that the Committee may determine in any individual case, subject to the minimum vesting requirements of Section 409A, that restrictions or forfeiture conditions relating to Restricted Share Units will be waived in whole or in part in the event of Termination of Service resulting from a specified event.

(iii) **Dividend Equivalents.** Unless otherwise determined by the Committee at date of grant, Dividend Equivalents on the specified number of Shares covered by a Restricted Share Unit shall be either (1) paid with respect to such Restricted Share Unit at the dividend payment date in cash or in Shares having a Fair Market Value equal to the amount of such dividends, or (2) deferred with respect to such Restricted Share Unit and the amount or value thereof automatically deemed reinvested in additional Restricted Share Units or other Awards, in the Committee shall determine or permit the Participant to elect, subject to the provisions of Code Section 409A, provided, however, that any Shares distributed as Dividend Equivalents with respect to any Restricted Share Units as to which the restrictions have not yet lapsed, shall be subject to the same restrictions as such Restricted Share Units. Notwithstanding anything herein to the contrary, Dividend Equivalents on unvested Awards of Restricted Share Units will only be paid, if at all, when and to the extent that the underlying Awards vest.

(d) **Performance Shares and Performance Units.** The Committee is authorized to grant Performance Shares or Performance Units to both to Eligible Persons on the following terms and conditions:

(i) **Performance Period.** The Committee shall determine a Performance Period and shall determine the performance objectives for grants of Performance Shares and Performance Units. Performance objectives may vary with respect to each Eligible Person and shall be based upon the performance criteria as the Committee may deem appropriate. The performance objectives may be determined by reference to the performance of the Company, or of a Subsidiary or Affiliate, or of a division or unit of any of the foregoing. Performance Periods may overlap and Eligible Persons may participate simultaneously with respect to Performance Shares and Performance Units for which different Performance Periods are prescribed.

(ii) **Award Value.** At the beginning of a Performance Period, the Committee shall determine for each Eligible Person or group of Eligible Persons with respect to that Performance Period the range of number of Shares, if any, in the case of Performance Shares, and the range of dollar values, if any, in the case of Performance Units, which may be fixed or may vary in accordance with such performance or other criteria specified by the Committee, which shall be paid to an Eligible Person as an Award if the relevant measure of Company performance for the Performance Period is met.

(iii) **Significant Events.** If during the course of a Performance Period there shall occur significant events as determined by the Committee which the Committee expects to have a substantial effect

on a performance objective during each period, the Committee may revise such objective; provided, that, if an Award provides that it is intended to qualify as "performance-based compensation" within the meaning of Code Section 162(m)(6)(C), the Committee shall not have any discretion to increase the amount of compensation payable under the Award to the extent such an increase would cause the Award to lose its qualification as performance-based compensation for purposes of Code Section 162(m)(4)(C) and the regulations thereunder.

(iv) **Forfeiture.** Upon Termination of Service during the applicable Performance Period, Performance Shares and Performance Units for which the Performance Period was prescribed shall be forfeited; provided, however, that the Committee may determine in an individual case, subject to the minimum vesting requirements of Section 5(j), that restrictions or forfeiture conditions relating to Performance Shares and Performance Units will be waived in whole or in part in the event of Termination of Service resulting from a specified event, and provided, further, that an Award intended to qualify as "performance-based compensation" within the meaning of Code Section 162(m)(6)(C) may not, with respect to a Participant who is a "covered employee" within the meaning of Code Section 162(m)(1), vest solely as a result of such Participant's termination without Cause or for Good Reason, or such Participant's voluntary Retirement.

(v) **Payment.** Each Performance Share or Performance Unit may be paid in whole Shares, or cash, or a combination of Shares and cash either in a lump sum payment or in installments, all as the Committee shall determine at the time of grant of the Performance Share or Performance Unit, commencing as soon as practicable after the end of the relevant Performance Period.

(vi) **Section 404A.** If required, Performance Units granted under this Section 5(f) will be subject to and conform to the requirements of Code Section 404A.

(vii) **Dividend Equivalents.** Notwithstanding anything herein to the contrary, to the extent that any Award of Performance Shares or Performance Units includes a right to Dividend Equivalents, Dividend Equivalents on any unvested Awards of Performance Shares or Performance Units will only be paid, if at all, when and to the extent that the underlying Awards vest.

(g) **Annual Cash Incentive Awards.**

(i) **Award and Restrictions.** The Committee is authorized to grant Annual Cash Incentive Awards to Employees, which entitle the recipient to receive a cash incentive amount for any calendar year or fiscal year performance period, which amount shall be determined by the Committee in its sole discretion. The aggregate value of Annual Cash Incentive Awards awarded during a calendar year or fiscal year performance period shall not exceed an amount equal to 10% of the Company's EBITDA, excluding non-recurring items (such as income tax, Annual Incentive Plan).

(ii) **Forfeiture.** Upon Termination of Service during the applicable performance period, Annual Cash Incentive Awards that are at that time subject to restrictions shall be forfeited; provided, however, that the Committee may determine in any individual case, subject to the minimum vesting requirements of Section 5(j), that restrictions or forfeiture conditions relating to Annual Cash Incentive Awards will be waived in whole or in part in the event of Termination of Service resulting from a specified event.

(iii) **Dividend Equivalents.** The Committee is authorized to grant Dividend Equivalents to Eligible Persons. The Committee may provide, at the date of grant or thereafter, that Dividend Equivalents shall be paid or distributed when accrued or shall be deemed to have been reinvested in additional Shares, or other investment vehicles as the Committee may specify; provided, however, that Dividend Equivalents (other than reinvested Dividend Equivalents) shall be subject to the conditions and restrictions of the underlying Awards to which they relate. Notwithstanding anything herein to the contrary, Dividend Equivalents on unvested Shares underlying any Award will only be paid, if at all, when and to the extent that the Shares underlying the Award vest.

(iv) **Other Share-Based Awards.** The Committee is authorized, subject to limitations under applicable law, to grant to Eligible Persons such other Awards that may be denominated or payable in, valued in whole or in part

by reference to, or otherwise based on, or related to, Shares, as deemed by the Committee to be consistent with the purposes of the Plan, including, without limitation, unregistered shares awarded partly as a "bonus" and not subject to any restrictions or conditions, other than convertible or exchangeable into Shares, purchase rights for Shares, Awards with value and payment contingent upon performance of the Company or any other factors designated by the Committee, and Awards valued by reference to the performance of specified Subsidiaries or Affiliates. The Committee shall determine the terms and conditions of such Awards at date of grant or thereafter. Shares delivered pursuant to an Award in the nature of a purchase right granted under this Section 5(i) shall be purchased for such consideration, paid for in such installments, and in such forms, including, without limitation, cash, Shares, notes or other property, as the Committee shall determine. Cash awards, as an element of or supplement to any other Award under the Plan, shall also be authorized pursuant to this Section 5(i).

(i) **Timing of Awards.** Awards granted under the Plan shall vest no earlier than the first anniversary of the date the Award is granted and no Award may provide for partial or graduated vesting beginning before the first anniversary of the date it is granted. provided that, notwithstanding the foregoing, Awards that result in the issuance of an aggregate of up to five percent (5%) of the Shares available pursuant to Section 4 may be granted to any one or more Eligible Persons without respect to the minimum vesting period requirements of this sentence. provided further that, with respect to Awards to Directors, the vesting of such Awards will be deemed to satisfy the one (1) year minimum vesting requirement to the extent that the Awards vest on the earlier of the one (1) year anniversary of the date of grant and the date of the next annual meeting of the Company's stockholders that is at least fifty (50) weeks after the immediately preceding year's annual meeting.

6. **Certain Provisions Applicable to Awards.**

(a) **Stand-Alone, Additional, Tandem and Substituted Awards.** Awards granted under the Plan may, in the discretion of the Committee, be granted to Eligible Persons either alone or in addition to, in tandem with, or in exchange or substitution for, any other Award granted under the Plan or any award granted under any other plan or agreement of the Company, any Subsidiary or Affiliate, or any business entity to be acquired by the Company or a Subsidiary or Affiliate, or any other right of an Eligible Person to receive payment from the Company or any Subsidiary or Affiliate. Awards may be granted in addition to or in tandem with such other Awards or awards, and may be granted either at the same time as or a different time from the grant of such other Awards or awards. The per Share exercise price of any SAR, grant price of any SAR, or purchase price of any other Award conferring a right to purchase Shares which is granted in connection with the substitution of awards granted under any other plan or agreement of the Company or any Subsidiary or Affiliate or any business entity to be acquired by the Company or any Subsidiary or Affiliate, shall be determined by the Committee, or its discretion. provided however, that in no event may the price per Share or Award be less than the Fair Market Value of a Share on the date an Award is granted.

(b) **Term of Awards.** The term of each Award granted to an Eligible Person shall be for such period as may be determined by the Committee. provided however, that in no event shall the term of any ISO or a SAR granted in tandem therewith exceed a period of ten years from the date of its grant (or such shorter period as may be applicable under Code Section 422).

(c) **Form of Payment Under Awards.** Subject to the terms of the Plan and any applicable Award Agreement, payments to be made by the Company or a Subsidiary or Affiliate upon the grant, maturity, or exercise of an Award may be made in such form as the Committee shall determine at the date of grant, including, without limitation, cash, Shares, notes or other property, and may be made in a single payment or transfer, in installments, or on a deferred basis, subject to the provisions of Code Section 409A. The Committee may make rules relating to installment or deferred payments with respect to Awards, including the rate of interest to be credited with respect to such payments, and the Committee may require deferral of payment under an Award if, in its sole judgment, it may be necessary in order to avoid non-deductibility of the payment under Code Section 402(a).

(d) **Non-Transferability.** Unless otherwise set forth by the Committee in an Award Agreement, Awards shall not be transferable by an Eligible Person except by will or the laws of descent and distribution (except pursuant to a Beneficiary designation) and shall be exercisable during the lifetime of an Eligible Person only by such Eligible Person or his or her guardian or legal representative. provided however, that in no event may an Award be transferred for value (as defined in the General Instructions to Form S-8 of the U.S. Securities and Exchange Commission). An Eligible Person's rights under the Plan may not be pledged, mortgaged, hypothecated, or otherwise encumbered, and

shall not be subject to claims of the Eligible Person's creditors. Under no circumstances will an Eligible Person or Participant be permitted to transfer an Option to a third-party financial institution without prior stockholder approval.

(b) **Other Conditions.** The Committee may, by way of the Award Agreement or otherwise, establish such other terms, conditions, restrictions, and/or limitations, if any, of any Award, provided they are not inconsistent with the Plan.

(c) **Vesting upon Death.** Notwithstanding any other provision of the Plan or an Award Agreement to the contrary, if a Participant incurs a Termination of Service due to his or her death, any Award granted to a Participant under the Plan on or after the Effective Date shall fully vest on the date of the Termination of Service due to the Participant's death.

7.

Performance Awards

(a) **Performance Awards Granted to Current Employees.** If the Committee determines that an Award (other than an Option or SAR) to be granted to an Eligible Person should qualify as a Performance Award, the grant, vesting, exercise and/or settlement of such Performance Award shall be contingent upon achievement of preestablished Performance Goals and other terms set forth in this Section 7(a).

(b) **Performance Goals Generally.** The Performance Goals for each Performance Award shall consist of one or more business criteria and a targeted level or levels of performance with respect to each of such criteria, as specified by the Committee consistent with this Section 7(a). If the Committee intends for the Performance Awards to satisfy to the requirements of Code Section 162(m), the Performance Goals shall be objective and otherwise meet and requirements of Code Section 162(m). The Committee may determine that such Performance Awards shall be granted, vested, exercised, and/or settled upon achievement of any one Performance Goal or that two or more of the Performance Goals must be achieved as a condition to grant, vesting, exercise, and/or settlement of such Performance Awards. Performance Goals may differ for Performance Awards granted to any one Participant or to different Participants.

(c) **Performance Period: Timing for Establishing Performance Goals; Pay-Basis Limit.** Achievement of Performance Goals in respect of such Performance Awards shall be measured over a Performance Period, as specified by the Committee. To the extent required to satisfy the qualified performance-based compensation exception of Code Section 162(m), a Performance Goal shall be established not later than the earlier of (1) 90 days after the beginning of any Performance Period applicable to such Performance Award or (2) the date upon which 25% of such Performance Period has elapsed. In all cases, the maximum Performance Award of any Participant shall be subject to the limitation set forth in Section 4.

(d) **Settlement of Performance Awards; Other Terms.** Settlement of such Performance Awards shall be in cash, Shares, other Awards, or other property, in the discretion of the Committee. The Committee may, in its discretion, reduce the amount of a settlement otherwise to be made in connection with such Performance Awards, but may not exercise discretion to increase any such amount payable to the Participant in respect of a Performance Award subject to this Section 7(a). Any settlement which changes the form of payment from that originally specified shall be implemented in a manner such that the Performance Award and other related Awards do not, solely for that reason, fail to qualify as "performance-based compensation" for purposes of Code Section 162(m). The Committee shall specify the circumstances in which such Performance Awards shall be paid or forfeited in the event of Termination of Service of the Participant or other event (including a Change of Control) prior to the end of a Performance Period or settlement of such Performance Awards.

(e) **Written Determinations.** Determinations by the Committee as to the establishment of Performance Goals, the amount potentially payable in respect of Performance Awards, the level of actual achievement of the specified Performance Goals relating to Performance Awards and the amount of any final Performance Award shall be recorded in writing in the case of Performance Awards intended to qualify as performance-based compensation under Code Section 162(m). If required, the Committee shall certify in writing, in a manner conforming to applicable regulations under Code Section 162(m), prior to settlement of each such Award, that the performance objective

relating to the Performance Award and other material terms of the Award upon which settlement of the Award was conditioned have been satisfied.

8.

Change of Control Provisions

(a) **Acceleration of Exercisability and Lapse of Restrictions Upon a Qualifying Termination.** Upon the date of a Participant's Qualifying Termination:

(i) All Awards with time-based vesting conditions or restrictions shall become fully vested (and Options or SARs exercisable) at the time of such Qualifying Termination; and

(ii) All Performance Awards and other Awards with respect to which the vesting or amount is based on the satisfaction or achievement of Performance Goals or other performance-based criteria, shall become earned and vested and the performance criteria shall be deemed to be achieved or fulfilled, at the greater of (A) the actual performance achieved or (B) the target level of performance applicable to the Award, but prorated based on the elapsed proportion of the performance period as of the Qualifying Termination.

(b) **Change of Control When Awards Assumed or Replaced.** In the event of a Change of Control in which the Company is the surviving entity and any adjustments necessary to preserve the value of the Participants' outstanding Awards have been made, or the Company's successor at the time of the Change of Control irrevocably assumes the Company's obligations under the Plan or replaces each Participant's outstanding Award with an award of equal or greater value and having terms and conditions no less favorable to the Participant than those applicable to the Participant's Award immediately prior to the Change of Control, there will be no accelerated vesting of Participants' Awards on account of the Change of Control unless a Participant experiences a Qualifying Termination.

(c) **Vesting When Awards Not Assumed or Replaced.** In the event of a Change of Control, unless the Company in the surviving entity and any adjustments necessary to preserve the value of Participants' outstanding Awards have been made, or the Company's successor at the time of the Change of Control irrevocably assumes the Company's obligations under the Plan or replaces each Participant's outstanding Award with an award of equal or greater value and having terms and conditions no less favorable to the Participant than those applicable to the Participant's Award immediately prior to the Change of Control:

(i) All Awards with time-based vesting conditions or restrictions shall become fully vested (and Options or SARs exercisable) at the time of such Change of Control; and

(ii) All Performance Awards and other Awards with respect to which the vesting or amount is based on the satisfaction or achievement of Performance Goals or other performance-based criteria, shall become earned and vested and the performance criteria shall be deemed to be achieved or fulfilled, at the greater of (A) the actual performance achieved or (B) the target level of performance applicable to the Award, but prorated based on the elapsed proportion of the performance period as of the Change of Control.

(d) **Covered Transaction.** Subject to Sections 8(a) and (c) above, in the event of a Change of Control that is a merger or consolidation in which the Company is not the surviving corporation or that results in the acquisition of substantially all the Company's outstanding Shares by a single Person or entity or by a group of Persons or entities acting in concert, or in the event of a sale or transfer of all or substantially all of the Company's assets (a "Covered Transaction"), the Committee shall have the discretion to provide for the termination of all outstanding Options and SARs, for an consideration and without accelerating vesting, as of the effective date of the Covered Transaction; provided that, no Option or SAR will be so terminated (without the consent of the Participant) prior to the expiration of twenty (20) days following the later of (i) the date on which the Award became fully exercisable and (ii) the date on which the Participant received written notice of the Covered Transaction.

9. **General Provisions**

(a) **Compliance with Legal and Taxing Requirements.** The Plan, the granting and exercising of Awards thereunder, and the other obligations of the Company under the Plan and any Award Agreement, shall be subject to all applicable federal, state and foreign laws, rules and regulations, and to such approvals by any stock exchange, regulatory or governmental agency as may be required. The Company, in its discretion, may postpone the issuance

at delivery of Shares under any Award until completion of each stock exchange or market system listing or registration or qualification of such Shares or other required action under any state, federal or foreign law, rule or regulation as the Company may consider appropriate, and may require any Participant to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of Shares in compliance with applicable laws, rules and regulations. No provisions of the Plan shall be interpreted or construed to obligate the Company to require any Shares under federal, state, or foreign law. The Shares issued under the Plan may be subject to such other restrictions on transfer as determined by the Committee.

(5) **No Right to Continued Employment or Service.** Neither the Plan nor any action taken thereunder shall be construed as giving any Employee, Consultant or Director the right to be retained in the employ or service of the Company or any of its Subsidiaries or Affiliates, nor shall it interfere in any way with the right of the Company or any of its Subsidiaries or Affiliates to terminate any Employee's, Consultant's or Director's employment or service at any time.

(6) **Taxes.** The Company or any Subsidiary or Affiliate is authorized to withhold from any Award granted, any payment relating to an Award under the Plan, including from a distribution of Shares, or any payroll or other payment to an Eligible Person, amounts of withholding and other taxes due in connection with any transaction involving an Award, and to take such other action as the Committee may deem advisable to enable the Company and Eligible Persons to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any Award. This authority shall include authority to withhold or receive Shares or other property and to make cash payments in respect thereof in satisfaction of an Eligible Person's tax obligations. **Limitation:** the amount of tax withholding to be satisfied by withholding Shares shall be limited to the maximum individual statutory tax rate as a gross percentage or such lower amount as may be necessary to avoid liability award accounting, or any other accounting consequence or cost, as determined by the Committee, and in any event in accordance with Company policies.

(7) **Changes to the Plan and Awards.** The Board may amend, alter, suspend, discontinue, or terminate the Plan or the Committee's authority to grant Awards under the Plan without the consent of stockholders of the Company or Participants, except that (1) any such amendment or alteration shall be subject to stockholder approval to the extent such stockholder approval is required under the rules of any stock exchange or automated quotation system on which the Shares may then be listed or quoted and (2) any such amendment or alteration as it applies to ESAs shall be subject to the approval of the Company's stockholders to the extent such stockholder approval is required under Code Section 422. **Limitation:** that, without the consent of an affected Participant, no amendment, alteration, suspension, discontinuance, or termination of the Plan may materially and adversely affect the rights of such Participant under any Award theretofore granted to him or her. The Committee may waive any conditions or rights under, amend any terms of, or amend, alter, suspend, discontinue or terminate, any Award theretofore granted, prospectively or retroactively, **provided however,** that, without the consent of a Participant, no amendment, alteration, suspension, discontinuance or termination of any Award may materially and adversely affect the rights of such Participant under any Award theretofore granted to him or her. The Committee may not amend any Award to extend the exercise period beyond a date that is later than the earlier of the latest date upon which the Award could have expired by its original terms under any circumstances or the tenth anniversary of the original date of grant of the Award, or otherwise cause the Award to become subject to Code Section 409A. However, if the exercise period of an Award is extended at a time when the exercise price of the Award equals or exceeds the Fair Market Value of the Shares that could be purchased (in the case of an Option) or the Fair Market Value of the Shares used to determine the payment to the Participant (in the case of a SAR), it is not an extension of the original Award. The Board or the Committee, to the extent it deems necessary or advisable in its sole discretion, reserves the right, but shall not be required, to unilaterally amend or modify the Plan and any Award granted under the Plan so that the Award qualifies for exemption from or complies with Code Section 409A. **Limitation:** however, that the Board, the Committee and the Company make no representations that Awards granted under the Plan shall be exempt from or comply with Code Section 409A, and make no undertaking to preclude Code Section 409A from applying to Awards granted under the Plan.

(8) **No Rights to Awards; No Stockholder Rights.** No Eligible Person or Employee shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Eligible Persons and Employees. No Award shall confer on any Eligible Person any of the rights of a stockholder of the Company unless and until Shares are duly issued or transferred to the Eligible Person in accordance with the terms of the Award.

- (f) **Unfunded Status of Awards.** The Plan is intended to constitute an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award shall give any such Participant any rights that are greater than those of a general creditor of the Company. Section 409(a), that the Committee may authorize the creation of trusts or make other arrangements to meet the Company's obligations under the Plan to deliver cash, Shares, other Awards, or other property pursuant to any Award, which trusts or other arrangements shall be consistent with the "unfunded" status of the Plan unless the Committee otherwise determines with the consent of each affected Participant.
- (g) **Non-Exclusivity of the Plan.** Neither the adoption of the Plan by the Board nor its submission to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of options and other awards otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.
- (h) **Not Compensation for Benefits Plans.** No Award payable under the Plan shall be deemed salary or compensation for the purpose of competing benefits under any benefit plan or other arrangement of the Company for the benefit of its Employees, Consultants or Directors unless the Company shall determine otherwise.
- (i) **Compensation Recoupment Policy.** Notwithstanding any provision in the Plan or in any Award Agreement to the contrary, Awards granted or paid under the Plan will be subject to the compensation recoupment policy established by the Company, as amended from time to time.
- (j) **No Fractional Shares.** No fractional Shares shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, other Awards, or other property shall be issued or paid in lieu of such fractional Shares or whether such fractional Shares or any rights thereto shall be forfeited or otherwise eliminated.
- (k) **Successors.** All obligations of the Company under the Plan or any Award Agreement will be binding on any successor to the Company, whether the existence of the successor results from a direct or indirect purchase of all or substantially all of the business or assets of the Company or both, or a merger, consolidation or otherwise.
- (l) **Federal and State Laws, Rules and Regulations.** The Plan and the grant of Awards will be subject to all applicable Federal, state and local laws, rules, and regulations and to each approved by any government or regulatory agency as may be required.
- (m) **Governing Law.** To the extent not preempted by Federal law, the Plan, any Award Agreement, and documents evidencing Awards or rights relating to Awards will be construed, administered, and governed in all respects under and by the laws of the State of Delaware, without giving effect to its conflict of laws principles. If any provision of the Plan will be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof will continue to be fully effective. The jurisdiction and venue for any disputes arising under, or any action brought to enforce (or otherwise relating to), the Plan will be exclusively in the courts in the State of Illinois, County of Cook, including the Federal Courts located therein (should Federal jurisdiction exist).
- (n) **Notice.** Any notice or other communication required or permitted under the Plan may be in writing and may be delivered personally, sent by certified, registered, or express mail, or sent by overnight courier, at the sender's expense. Notice will be deemed given (1) when delivered personally or, (2) if mailed, three days after the date of deposit in the United States mail or, (3) if sent by overnight courier, on the regular business day following the date sent. Notice to the Company should be sent to FreightCar America, Inc., 125 South Wacker Drive, Suite 1500, Chicago, Illinois 60606, Attention: General Counsel. Notice to the Participant should be sent to the address set forth on the Company's records. Either party may change the address to which the other party must give notice under this Section by giving the other party written notice of such change, in accordance with the procedures described above.
- (o) **Effective Date; Plan Termination.** The Plan shall become effective as of the Effective Date. The Plan shall terminate as to future awards on the date that is ten (10) years after the Effective Date, except that no ESOs may be granted more than ten (10) years after the date the Board adopted the Plan.
- (p) **Incentive Provisions.** Unless the context clearly requires otherwise:

- (ii) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined, whenever the context may require; any pronoun shall include the corresponding masculine, feminine and neuter forms; the words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation", and the word "all" shall be construed to have the same meaning and effect as the word "shall".
 - (iii) Any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein).
 - (iv) Any reference herein to any person or entity shall be construed to include the permitted successors and assigns of such person or entity.
 - (v) The words "herein," "hereof" and "hereunder," and words of similar import when used in the Plan or Award Agreement shall be construed to refer to the Plan or Award Agreement, as applicable, in its entirety, and not to any particular provision thereof.
 - (vi) All references to Sections shall be construed to refer to Sections of the Plan.
 - (vii) Any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified, or supplemented from time to time.
 - (viii) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including."
 - (ix) Section titles and headings herein are included for convenience of reference only and shall not affect the interpretation of the Plan or any Award Agreement. In the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.
 - (x) All references in the Plan to days shall mean calendar days, unless otherwise specifically noted to the contrary.
- 6) **Employees Based Outside of the United States.** Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company and its Affiliates or Subsidiaries operate or have employees or directors, the Board, in its sole discretion, shall have the power and authority to:
- (i) Determine which Affiliates and Subsidiaries shall be covered by the Plan;
 - (ii) Determine which employees or directors outside the United States are eligible to participate in the Plan;
 - (iii) Modify the terms and conditions of any Award granted to employees or directors outside the United States to comply with applicable foreign laws;
 - (iv) Establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable. Any subplans and modifications to Plan terms and procedures established under this Section 6(g) by the Board shall be attached to the Plan document as appendices; and
 - (v) Take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local government regulatory exemptions or approvals.

Notwithstanding the above, the Board may not take any actions hereunder, and no Awards shall be granted, that would violate the Exchange Act, the Code, any securities law, or governing statute or any other applicable law.

(f) Severability. If any provision of the Plan or any Award Agreement is determined to be invalid, illegal or unenforceable in any jurisdiction, or as to any person, or would disqualify the Plan or any Award Agreement under any law deemed applicable by the Board, such provision shall be construed or deemed amended to conform to applicable laws, or, if it cannot be so construed or deemed amended without, in the Board's determination, materially altering the intent of the Plan or the Award Agreement, such provision shall be stricken as to such jurisdiction, person or Award Agreement, and the remainder of the Plan and any such Award Agreement shall remain in full force and effect.

(g) Compliance with Code Section 409A. Notwithstanding any provision of the Plan to the contrary, all Awards made under the Plan are intended to be exempt from or, in the alternative, comply with Code Section 409A and the interpretive guidance thereunder, including the exceptions for stock rights and short-term deferrals. The Plan will be construed and interpreted in accordance with such intent. References in the Plan to "Termination of Service" and similar terms shall mean a "separation from service" within the meaning of that term under Code Section 409A. Any payment or distribution that is to be made to a Participant who is a "specified employee" of the Company within the meaning of that term under Code Section 409A and as determined by the Committee, on account of a "separation from service" under Code Section 409A, may not be made before the date which is six months after the date of such "separation from service," unless the payment or distribution is exempt from the application of Code Section 409A by reason of the short-term deferral exception or otherwise.

Your vote matters – here's how to vote!
 You may vote online or by phone instead of mailing this card.

Votes submitted electronically must be received by 8:00 a.m. EST on May 14, 2020.

Online
 Go to www.freightcarvote.com/FA, or call the QR code – QR labels are located in the stubs below.

Phone
 Call US Toll 1-800-602-VOTE (8682) within the USA, US territories and Canada.

Click paper, bring and mail!
 Sign up for electronic delivery at www.freightcarvote.com/FA.

Vote by mail, scan QR code and return the bottom portion to the enclosed envelope.

Printed name and address of the registered voter.

Annual Meeting Proxy Card

*If VOTED BY MAIL, SIGN, RETURN AND RETURN THE BOTTOM PORTION TO THE ENCLOSED ENVELOPE.

Proposals – The Board of Directors recommends a vote "FOR" all the proposals listed in Proposal 1 and "AGAINST" Proposals 2-4.

1. Election of Directors					
For	Abstain	For	Abstain	For	Abstain
01: Elizabeth Taylor Smith Director	<input type="checkbox"/>	02: James B. Moore Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. Advisory vote to approve reclassification of shares	For	Against	Abstain	3. Advisory vote on the FreightCar America, Inc. 2019 Long-Term Incentive Plan	For	Against	Abstain
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. Evaluation of the appointment of Charles F. Trueta II as our independent registered public accounting firm for 2020	For	Against	Abstain
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Additional Signatures: This section must be completed for your vote to be counted. Date and Sign Below.

Sign your name in the space provided on the proxy card in pen or ink. If you are signing as attorney, administrator, executor or guardian, attach your title and a copy of your authority. Sign your name in the space provided on the proxy card in pen or ink. If you are signing as attorney, administrator, executor or guardian, attach your title and a copy of your authority. Sign your name in the space provided on the proxy card in pen or ink. If you are signing as attorney, administrator, executor or guardian, attach your title and a copy of your authority.

Signature 1 – Please hand signature within the box. Signature 2 – Please hand signature within the box.

1 U P X

