

FreightCar America, Inc.  
Form DEF 14A  
April 02, 2015  
Table of Contents

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Filed by 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(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant Section 240.14a-12

**FREIGHTCAR AMERICA, INC.**

**(Name of Registrant as Specified in Its Charter)**

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 0-11.

Table of Contents

(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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(4) Date Filed:



Table of Contents

**FREIGHTCAR AMERICA, INC.**

**Two North Riverside Plaza, Suite 1300**

**Chicago, Illinois 60606**

April 2, 2015

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, 2015 at the Union League Club of Chicago, 65 West Jackson Boulevard, Chicago, Illinois 60604.

The purpose of the meeting is to consider and vote upon proposals to (i) elect three directors who have been nominated for election as Class I directors to three-year terms, (ii) approve, on an advisory basis, the compensation of our Named Executive Officers, (iii) ratify the appointment of our independent registered public accounting firm for 2015 and (iv) 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,

*/s/ William D. Gehl*

WILLIAM D. GEHL  
Chairman of the Board

**Table of Contents**

**FREIGHTCAR AMERICA, INC.**

**Two North Riverside Plaza, Suite 1300**

**Chicago, Illinois 60606**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To be held on May 14, 2015**

April 2, 2015

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, 2015 at the Union League Club of Chicago, 65 West Jackson Boulevard, Chicago, Illinois 60604, for the following purposes:

1. To elect three directors as Class I 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 ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2015.
4. To transact other business properly coming before the meeting.

Each of these matters is described in further detail in the enclosed proxy statement. We also have enclosed a copy of our 2014 Annual Report on Form 10-K. We are initially mailing this notice of annual meeting, the proxy statement and the enclosed proxy card to our stockholders on or about April 2, 2015.

Only stockholders of record at the close of business on March 20, 2015 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/ Kathleen M. Boege*

KATHLEEN M. BOEGE

General Counsel and Corporate Secretary

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS**

**FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 14, 2015:**

**Our Proxy Statement and Annual Report on Form 10-K for the year ended**

**December 31, 2014 are available at**

**[www.railproxy.info](http://www.railproxy.info)**

**Table of Contents****Table of Contents**

<b><u>ABOUT THE MEETING</u></b>	<b>1</b>
<i><u>What is the purpose of the annual meeting?</u></i>	1
<i><u>What are our voting recommendations?</u></i>	1
<i><u>Who is entitled to vote?</u></i>	1
<i><u>What constitutes a quorum?</u></i>	1
<i><u>How do I vote?</u></i>	2
<i><u>Can I revoke my proxy or change my vote after I return my proxy card?</u></i>	2
<i><u>What vote is required to approve each matter that comes before the meeting?</u></i>	2
<i><u>What happens if additional proposals are presented at the meeting?</u></i>	2
<i><u>Who will bear the costs of soliciting votes for the meeting?</u></i>	2
<b><u>PROPOSALS TO BE VOTED ON</u></b>	<b>3</b>
<i><u>Proposal 1 Election of Class I Directors</u></i>	3
<i><u>Proposal 2 Approval, on an Advisory Basis, of the Compensation of our Named Executive Officers</u></i>	3
<i><u>Proposal 3 Ratification of the Appointment of Independent Registered Public Accounting Firm</u></i>	4
<b><u>GOVERNANCE OF THE COMPANY</u></b>	<b>5</b>
<i><u>Board Structure and Composition</u></i>	5
<i><u>Nominees for election at this meeting for terms expiring in 2018</u></i>	5
<i><u>Directors whose terms continue until 2016</u></i>	6
<i><u>Directors whose terms continue until 2017</u></i>	7
<i><u>Committees of the Board of Directors</u></i>	7
<i><u>Independence of Directors</u></i>	9
<i><u>Board Leadership Structure</u></i>	9
<i><u>Code of Business Conduct and Ethics</u></i>	9
<i><u>Risk Oversight</u></i>	9
<i><u>Director Nomination Process</u></i>	10
<i><u>Communications with Directors</u></i>	11
<i><u>Director Attendance at Meetings</u></i>	11
<i><u>Director Compensation</u></i>	11
<b><u>STOCK OWNERSHIP</u></b>	<b>11</b>
<i><u>Security Ownership of Certain Beneficial Owners and Management</u></i>	11
<i><u>Section 16(a) Beneficial Ownership Reporting Compliance</u></i>	13
<b><u>COMPENSATION DISCUSSION AND ANALYSIS</u></b>	<b>13</b>
<i><u>Summary</u></i>	13
<i><u>Compensation Committee's Processes and Procedures for Consideration and Determination of Executive Compensation</u></i>	14
<i><u>Compensation Philosophy and Objectives</u></i>	16
<i><u>Elements of Executive Compensation</u></i>	17
<b><u>EXECUTIVE COMPENSATION</u></b>	<b>26</b>
<i><u>Executive Officers</u></i>	26
<i><u>Summary Compensation Table</u></i>	28
<i><u>Supplemental Narrative to Summary Compensation Table</u></i>	29

<u>Employment Agreements and Other Arrangements for NEOs</u>	29
<u>2005 Long Term Incentive Plan</u>	30
<u>Annual Cash Incentive Program</u>	30
<u>Grants of Plan-Based Awards for the Year Ended December 31, 2014</u>	31
<u>Outstanding Equity Awards at 2014 Fiscal Year End</u>	32
<u>Option Exercises and Stock Vested for the Year Ended December 31, 2014</u>	33



**Table of Contents**

<i><u>Pension Benefits at December 31, 2014</u></i>	33
<i><u>Nonqualified Deferred Compensation for the Year Ended December 31, 2014</u></i>	34
<i><u>Potential Payments upon Termination or Change of Control</u></i>	34
<i><u>Compensation Committee Report</u></i>	39
<b><u>DIRECTOR COMPENSATION</u></b>	<b>40</b>
<b><u>EQUITY COMPENSATION PLAN INFORMATION</u></b>	<b>42</b>
<b><u>FEES OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM AND AUDIT COMMITTEE REPORT</u></b>	<b>42</b>
<i><u>Fees Billed by Independent Registered Public Accounting Firm</u></i>	42
<i><u>Report of the Audit Committee</u></i>	43
<b><u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u></b>	<b>44</b>
<b><u>2016 ANNUAL MEETING OF STOCKHOLDERS</u></b>	<b>44</b>
<b><u>HOUSEHOLDING OF PROXY MATERIALS</u></b>	<b>45</b>

**Table of Contents**

**FREIGHTCAR AMERICA, INC.**

Two North Riverside Plaza, Suite 1300

Chicago, Illinois 60606

**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, 2015 at the Union League Club of Chicago, 65 West Jackson Boulevard, Chicago, Illinois 60604, and at any postponements or adjournments of the meeting. We are initially mailing this proxy statement and the enclosed proxy card to our stockholders on or about April 2, 2015.

**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 three directors who have been nominated for election as Class I directors to three-year terms, (ii) approval, on an advisory basis, of the compensation of our Named Executive Officers ( NEOs ), (iii) the ratification of the appointment of our independent registered public accounting firm and (iv) 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 I 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 and FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm as discussed below under Proposal 3 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 20, 2015, are entitled to receive notice of the annual meeting and to vote the shares of common stock that they held 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 12,111,573 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.

**Table of Contents**

*How do I vote?*

You may vote in person at the annual meeting or you may vote by proxy. You may vote by proxy by (i) completing, signing, dating and mailing the enclosed proxy card, or by (ii) following the instructions on your proxy card for voting by telephone or on the Internet. To vote by telephone or on the Internet, you will need the control number included on your proxy card. If you vote by proxy, the individuals named on the proxy card as proxy holders will vote your shares in the manner you indicate. If you do not indicate your instructions, your shares will be voted:

FOR the election of the three nominees named below under Proposal 1 Election of Class I Directors to three-year terms;

FOR 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; and

FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2015 under Proposal 3 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 vote 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 three nominees for Class I director with the most votes will be elected. Each of the approval, on an advisory basis, of the compensation of our NEOs and the ratification of the appointment of our independent registered public accounting firm requires the affirmative vote of a majority of the votes represented 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 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 \$7,500 and reasonable out-of-pocket expenses to be paid to the proxy solicitation firm of Okapi Partners LLC.

**Table of Contents**

**PROPOSALS TO BE VOTED ON**

*Proposal 1 Election of Class I 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. The number of members of our board of directors is currently fixed at eight directors. The term of office of each current Class I director is scheduled to expire at our annual meeting of stockholders to be held this year. Currently, four of our directors, James D. Cirar, Malcolm F. Moore, S. Carl Soderstrom, Jr. and Robert N. Tidball, are Class I directors. Mr. Tidball will not stand for re-election to our board of directors upon the expiration of his term of office at the upcoming annual meeting. Our board of directors thanks Mr. Tidball for his service to the Company. At the recommendation of our nominating and corporate governance committee, our board of directors has determined to nominate Messrs. Cirar, Moore and Soderstrom for election to three-year terms as Class I directors at our annual meeting this year. Following the annual meeting, the board of directors will fix the number of members of our board of directors at seven.

Each nominee elected by our stockholders as a Class I director at our annual meeting this year will be elected to a term to expire at the annual meeting of stockholders in 2018.

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 James D. Cirar, Malcolm F. Moore and S. Carl Soderstrom, Jr. as Class I 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 programs for our NEOs (sometimes referred to as say on pay ).

As discussed below in this proxy statement, we believe that our executive compensation programs must be closely linked to our stockholders interests and we therefore welcome our stockholders input in this area. As described in detail under Compensation Discussion and Analysis, 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 pay a significant portion of total compensation to our executives in the form of stock options and/or restricted stock. Our compensation programs also are closely tied to performance, with incentive compensation varying in accordance with objectively determinable Company, segment and individual performance measures. In addition, the variable component of compensation increases as an individual s business responsibilities increase.

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 2014;

**Table of Contents**

the LTIP (defined herein) expressly prohibits repricing or exchanging awards;

we do not pay tax gross-ups for executive perquisites;

we do not pay tax gross-ups for change of control payments under Code Section 280G;

we do not provide single-trigger golden parachute payments;

we do not provide perquisites for former or retired executives;

we do not provide extraordinary relocation or home buyout benefits;

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 2014 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. This vote of approval reinforced our compensation committee's belief in the merits of the Company's compensation structure and, thus, our compensation committee generally kept the Company's 2014 compensation program for NEOs similar to the Company's program in 2013. However, the compensation committee did not make merit adjustments to the base salaries of Messrs. Avery, McCarthy or McNeely during 2014.

You are invited to review the Compensation Discussion and Analysis, the accompanying compensation tables 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 2015 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 Compensation Discussion and Analysis, compensation tables and narrative discussion, 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.

At the 2011 annual meeting, the board of directors proposed and the Company's stockholders approved, on an advisory basis, a frequency of every year for advisory votes on the compensation of our NEOs. In accordance with this vote, this year the board of directors is again implementing an advisory vote on the compensation of our NEOs. The next required vote on the frequency of advisory votes on the compensation of our NEOs will occur no later than the 2017 annual meeting.



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

*Proposal 3 Ratification of the Appointment of Independent Registered Public Accounting Firm*

Deloitte & Touche LLP audited our financial statements for our fiscal year ended December 31, 2014, 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, 2015. 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

## **Table of Contents**

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 audit and other fees billed by Deloitte & Touche LLP for services rendered with respect to fiscal years 2014 and 2013, 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. The number of members of our board of directors is currently fixed at eight directors:

James D. Cirar, Malcolm F. Moore, S. Carl Soderstrom, Jr. and Robert N. Tidball serve in Class I. Their terms will expire on the date of the upcoming annual meeting of stockholders to be held on May 14, 2015. Mr. Tidball will not stand for re-election to our board of directors upon the expiration of his term of office at the upcoming annual meeting.

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 2016.

Thomas A. Madden and Joseph E. McNeely serve in Class III. Their terms will expire on the date of the annual meeting of stockholders to be held in 2017.

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 at 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.

*Nominees for election at this meeting for terms expiring in 2018*

*James D. Cirar*, 68, has served as a director since June 1999 and is a member of our audit and compensation committees. Mr. Cirar is a private investor. He was a director of Transportation Technologies Industries, Inc. ( TTII ), a manufacturer of railcar and truck components, and President and Chief Executive Officer

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**Table of Contents**

of TTII's foundry group from January 2000 until the company was acquired by Accuride Corporation in 2005. Mr. Cirar was Chairman of two of our subsidiaries, Johnstown America Corporation and Freight Car Services, Inc., from September 1998 to June 1999. From September 1995 to August 1998, he was the President and Chief Executive Officer of Johnstown America Corporation, a predecessor of the Company. Mr. Cirar 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.

*Malcolm F. Moore*, 64, was appointed as a director in March 2015 and is a member of our compensation and nominating and governance committees. Since June 2013, Mr. Moore has served as the President and Chief Executive Officer of Digi-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 Digi-Star. Prior to joining Digi-Star, Mr. Moore served as an advisor to Baird Capital Partners from June 2010 to November 2011. Between 1999 and 2010, Mr. Moore worked in a variety of executive roles at Gehl Company, a 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 Pangborn Corporation, an international manufacturer of blast media 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 boards of directors of Twin Disc, Incorporated, a manufacturer and distributor of power transmission equipment for marine, transportation and industrial equipment, and AG Growth International Inc., a manufacturer of portable and stationary grain handling, storage and conditioning equipment. Having served as a senior executive for over 22 years, and as a board member for over eight years, of companies in the manufacturing sector, Mr. Moore brings to our board extensive experience in leading complex heavy manufacturing organizations.

*S. Carl Soderstrom, Jr.*, 61, has served as a director since April 2005 and is the chairman of our audit committee and a member of our nominating and corporate governance committee. Mr. Soderstrom was employed by ArvinMeritor, Inc., a supplier of motor vehicle components, and its predecessor companies from 1986 to 2004. He served as Senior Vice President and Chief Financial Officer of ArvinMeritor, Inc. from July 2001 to December 2004, and in a number of senior operations and engineering positions with that company prior to 2001, including Senior Vice President of Engineering, Quality and Procurement. Since 2003, Mr. Soderstrom has been a member of the board of directors of Lydall, Inc., a manufacturer of specialty engineered products for the thermal/acoustical and filtration/separation markets, and, since July 2010, he has served on the board of directors of Westar Energy, Inc., an electric utility company. Having spent 18 years in a variety of senior positions at ArvinMeritor, Inc., Mr. Soderstrom brings extensive experience in product engineering, manufacturing, finance and procurement to our board of directors.

*Directors whose terms continue until 2016*

*William D. Gehl*, 68, 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 IBS of Southeastern Wisconsin, a distributor of automotive and other batteries. He was Chairman and Chief Executive Officer of Gehl Company, a 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 Gehl Company since November 1992, Chairman of Gehl Company since April 1996, and a director of Gehl Company since 1987. During the past five years, Mr. Gehl has been a member of the boards of directors of Gehl Company, Astec Industries, Inc. (a manufacturer of road-building and construction equipment), Mason Wells, Inc. (a private equity investor), The Oilgear Company (a manufacturer of hydraulic pumps and related products) and Westbury Bank (a full-service neighborhood bank with 25 locations). He brings to our board of directors, among other things, his background as the chief executive officer of a public company for over 16 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 (Astec Industries). He is a member of the Wisconsin and Florida state bars.

*Andrew B. Schmitt*, 66, has served as a director since October 2012 and is the chairman of our compensation committee and a member of our nominating and corporate governance committee. He was the Chief

**Table of Contents**

Executive Officer of Layne Christensen 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 Layne Christensen. Since September 2003, Mr. Schmitt has been a director of Euronet 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 Layne Christensen, Mr. Schmitt was a Division President for Baker Hughes Incorporated and NL Industries Inc. as well as General Manager and Controller for Dorsey Corp. and Hoover 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 2017*

*Thomas A. Madden*, 61, has served as a director since December 2005 and is a member of our compensation and audit committees. Mr. Madden served as the Executive Vice President and Chief Financial Officer of Ingram Micro 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 ArvinMeritor, Inc., a supplier of motor vehicle components. Mr. Madden has been a member of the boards of directors of Champion Enterprises, Inc. (a modular and manufactured homes producer) from 2006 to 2010, Mindspeed Technologies, Inc. (a provider of semiconductors for network applications) from 2003 to 2014, and Intcomex, 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 three other public companies.

*Joseph E. McNeely*, 50, was appointed as our Chief Executive Officer effective October 4, 2013, and has served as a director since that date. Mr. McNeely also continues to serve as President of the Company, a position to which he was appointed on May 1, 2013. Mr. McNeely served as the Company's Vice President of Finance, Chief Financial Officer and Treasurer from September 2010 until May 2013. Prior to joining the Company, Mr. McNeely served as a Vice President, Sales and Marketing for Mitsui Rail Capital, LLC, a railcar leasing and services company. While working for Mitsui Rail, Mr. McNeely focused his efforts on railcar leasing and marketing, business development and diversifying its railcar portfolio. Previously, he held positions at GATX Corporation, including Vice President Finance for GATX Rail and Vice President Finance and IT for GATX Terminals Corporation. Prior to joining GATX, Mr. McNeely spent 12 years at Arthur Andersen LLP. Mr. McNeely is a Certified Public Accountant. In addition to the knowledge about the Company that he has gained as our President and Chief Executive Officer, the board of directors benefits from Mr. McNeely's financial and accounting experience and his many years of railcar industry experience.

*Committees 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., Two North Riverside Plaza, Suite 1300, Chicago, Illinois 60606, Attention: Chairman of the Board of Directors.

*Audit Committee.* Our audit committee consists of Messrs. Cirar, Gehl, Madden and Soderstrom. Mr. Soderstrom serves 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 Messrs. Cirar, Gehl, Madden and Soderstrom 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 Securities and Exchange Commission (the SEC ). Each

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**Table of Contents**

of Messrs. Cirar, Gehl, Madden and Soderstrom 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](http://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 2014.

*Compensation Committee.* Our compensation committee consists of Messrs. Cirar, Madden, Moore, Schmitt and Tidball. Mr. Schmitt serves as the chairman. Mr. Moore was appointed to the compensation committee in connection with his appointment to the board of directors in March 2015. The purpose of our compensation committee is to: (a) oversee our compensation and employee benefit plans and practices; (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 compensation committee also evaluates the risks created by our compensation plans and policies and considers the reasonably likely effects of such risks. Our board of directors has determined that Messrs. Madden, Cirar, Moore, Schmitt and Tidball meet the applicable independence requirements under the Sarbanes-Oxley Act of 2002, the rules of NASDAQ (including the new enhanced independence requirements for compensation committee members) and the rules and regulations of the SEC. In addition, each of Messrs. Madden, Moore, Schmitt and Tidball is an outside director, as that term is defined in Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code ) (Mr. Cirar abstains from any vote on incentive compensation awards that are subject to Code Section 162(m)), and each of Messrs. Cirar, Madden, Moore, Schmitt and Tidball is a non-employee director within the meaning of Rule 16b-3 under the Exchange Act. Mr. Tidball will not stand for re-election to our board of directors and will no longer serve on the compensation committee upon the expiration of his term of office at the upcoming annual meeting.

The compensation committee operates under a written charter, a copy of which is available on our website, [www.freightcaramerica.com](http://www.freightcaramerica.com). The compensation committee met five times during 2014.

During the first half of 2014, Pearl Meyer & Partners, LLC ( PM&P ) was engaged by the compensation committee to provide it with independent compensation consulting services. In June 2014, Hay Group, Inc. ( Hay Group ) was engaged by the compensation committee to provide it with independent compensation consulting services from and after June 2014. The compensation committee has reviewed the independence of PM&P and Hay Group in light of SEC rules and NASDAQ listing standards regarding compensation consultants and has concluded that each of PM&P s and Hay Group s work for the compensation committee does not raise any conflict of interest.

*Nominating and Corporate Governance Committee.* Our nominating and corporate governance committee consists of Messrs. Gehl, Moore, Schmitt, Soderstrom and Tidball. Mr. Tidball serves as the chairman. Mr. Tidball will not stand for re-election to our board of directors and will no longer serve as chairman of the nominating and corporate governance committee upon the expiration of his term of office at the upcoming annual meeting. The board of directors will appoint a new chairman of the nominating and corporate governance committee following the annual meeting. Mr. Moore was appointed to the nominating and corporate governance committee in connection with his appointment to the board of directors in March 2015. 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 Messrs. Gehl, Moore, Schmitt, Soderstrom and Tidball 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.freightcaramerica.com](http://www.freightcaramerica.com). The nominating and corporate governance committee met three times during 2014.

## **Table of Contents**

### *Independence of Directors*

The board of directors has determined that seven of our eight current directors, Messrs. Cirar, Gehl, Madden, Moore, Schmitt, Soderstrom and Tidball, are independent directors as defined in NASDAQ Listing Rule 5605 and as defined in applicable rules by the SEC. NASDAQ Listing Rule 5605 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.freightcaramerica.com](http://www.freightcaramerica.com).

We intend to disclose on our website at [www.freightcaramerica.com](http://www.freightcaramerica.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 outside 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.

### *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

## **Table of Contents**

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 auditor 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 reviews and discusses with management compensation-related risks. The compensation committee has established a standing committee of management to assist the committee in evaluating potential risks arising from the Company's compensation programs. 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. The compensation committee believes that in addition to its own deliberations and assessment of potential risks, the advice and recommendations of its independent compensation consultant provide important objective guidance in this area.

### *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 such candidates. The nominating and corporate governance committee considers all relevant qualifications of candidates for board membership, including factors such as industry knowledge and experience, international, 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, although we do not have a formal policy regarding the consideration of diversity in identifying nominees for directors, as part of the nomination process the nominating and corporate governance committee considers diversity in professional 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 service to us during his or her term and any relationships and transactions that might impair such director's independence.

The nominating and corporate governance committee did not pay any fees to a third party to assist in the process of identifying or evaluating potential director candidates in 2013 or 2014 or in connection with Mr. Moore's appointment to the board of directors in March 2015. In the future, we may pay a fee to a 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 Two North Riverside Plaza, Suite 1300, Chicago, Illinois 60606.

## **Table of Contents**

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.

Two North Riverside Plaza, Suite 1300

Chicago, Illinois 60606

Attention: Chairman of the Board of Directors

Communications are distributed to the independent directors, or to any individual directors, 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 business solicitations or advertisements.

### *Director Attendance at Meetings*

Directors are encouraged to attend all annual and special meetings of our stockholders. During 2014, the board of directors held seven 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 served during 2014. All of our directors then serving attended the 2014 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, 2014 (except as indicated below) by:

all persons known by us to own beneficially 5% or more of our outstanding common stock;

each of our directors and director nominees;

each of the named executive officers 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.

**Table of Contents**

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.

<b>Name of Beneficial Owner</b>	<b>Number of Shares Beneficially Owned (1)</b>	<b>Approximate Percent of Class(1)</b>
Heartland Advisors, Inc. and certain of its affiliates 789 N. Water Street Milwaukee, Wisconsin 53202	1,640,027(2)	13.59%
BlackRock, Inc. 40 East 52nd Street New York, New York 10022	739,282(3)	6.13%
Thomson Horstmann & Bryant, Inc. 501 Merritt 7 Norwalk, Connecticut 06851	662,896(4)	5.49%
The Killen Group, Inc. 1189 Lancaster Avenue Berwyn, Pennsylvania 19312	659,106(5)	5.46%
The Bank of New York Mellon Corporation and certain of its affiliates One Wall Street, 31st Floor New York, New York 10286	655,395(6)	5.43%
<b>DIRECTORS, DIRECTOR NOMINEES AND EXECUTIVE OFFICERS:</b>		
James D. Cirar	15,222	*
William D. Gehl	17,360	*
Thomas A. Madden	14,838	*
Malcolm F. Moore(7)	318	*
Andrew B. Schmitt	25,883	*
S. Carl Soderstrom, Jr.	10,857	*
Robert N. Tidball(8)	15,222	*
Joseph E. McNeely	78,494	*
Charles F. Avery, Jr.	18,801	*



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Theodore W. Baun	53,142	*
Kathleen M. Boege	8,657	*
Thomas P. McCarthy	57,222	*
All directors, director nominees and executive officers as a group (12 persons)	316,016	2.62%

\* = less than 1%

**Table of Contents**

- 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, 2014 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 12,065,809 shares of our common stock outstanding as of December 31, 2014.
- 2 Based on the information in the Schedule 13G/A filed by Heartland Advisors, Inc. and William J. Nasgovitz (collectively, the Heartland Entities ) with the SEC on February 13, 2015. The Schedule 13G/A discloses that the Heartland Entities have shared voting power and shared dispositive power with respect to 1,640,027 shares.
- 3 Based on the information in the Schedule 13G/A filed by BlackRock, Inc. with the SEC on January 30, 2015.
- 4 Based on the information in the Schedule 13G filed by Thomson Horstmann & Bryant, Inc. with the SEC on January 22, 2015.
- 5 Based on the information in the Schedule 13G/A filed by The Killen Group, Inc. with the SEC on February 12, 2015. The Schedule 13G/A discloses that The Killen Group, Inc. has sole voting power with respect to 598,296 shares and sole dispositive power with respect to 659,106 shares.
- 6 Based on the information in the Schedule 13G/A filed by The Bank of New York Mellon Corporation, The Bank of New York Mellon, The Boston Company Asset Management LLC, The Dreyfus Corporation (parent holding company of MBSC Securities Corporation), Mellon Capital Management Corporation, Pershing LLC, MAM (MA) Holding Trust (parent holding company of Standish Mellon Asset Management Company LLC and The Boston Company Asset Management LLC), MBC Investments Corporation (parent holding company of Mellon Capital Management Corporation and BNY Mellon Investment Management (Jersey) Ltd.) and Pershing Group LLC (parent holding company of Lockwood Advisors, Inc. and Pershing LLC) (collectively, the BNYMC Entities ) with the SEC on February 10, 2015. The Schedule 13G/A discloses that all of the securities are beneficially owned by the BNYMC Entities in their various fiduciary capacities and the BNYMC Entities have sole voting power with respect to 597,369 shares, sole dispositive power with respect to 354,173 shares and shared dispositive power with respect to 301,222 shares.
- 7 Mr. Moore was appointed to the Board of Directors in March 2015.
- 8 Mr. Tidball will not stand for re-election to our board of directors upon the expiration of his term of office at the upcoming annual meeting.

*Section 16(a) Beneficial Ownership Reporting Compliance*

Section 16(a) of the Exchange Act requires our directors, executive officers and holders of more than 10% of our common stock to file with the SEC reports regarding their ownership and changes in ownership of our common stock. Based solely on our review of the reports furnished to us, we believe that all of our directors and executive officers have complied, on a timely basis, with all Section 16(a) filing requirements for 2014.

**COMPENSATION DISCUSSION AND ANALYSIS**

The following sections discuss the material factors involved in the Company's decisions regarding the compensation of the Company's Named Executive Officers (as defined in the section of this proxy statement entitled Executive Compensation Summary Compensation Table ) (the NEOs ) during 2014 and, where indicated, an overview of recent changes adopted by the compensation committee for 2015 executive compensation in order to ensure continued optimal alignment of executive compensation and Company performance (see Fiscal Year 2015 Compensation Decisions ). 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.

*Summary*

Our 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 and therefore pay a significant portion of total compensation to our executives in the form of equity-based awards. Our compensation programs also are closely tied to performance, with incentive compensation varying in accordance

**Table of Contents**

with objectively determinable Company, segment and individual performance measures. In addition, the variable component of compensation increases as an individual's business responsibilities increase. Our NEO compensation program, designed and approved by our compensation committee, is designed to optimize value for our stockholders by ensuring that:

compensation is aligned with the Company's business objectives and financial performance;

incentive-based and equity compensation is a major component of total NEO compensation; and

compensation risks are assessed and managed appropriately in the context of our business strategies.

Fiscal year 2014 was anticipated to be a stronger year for our business than fiscal year 2013, and the compensation committee tailored our NEO compensation program to be in line with expected financial performance, including providing support for the ongoing needs of our business and key initiatives such as strategic and international growth.

When designing our fiscal year 2014 NEO compensation program, the compensation committee considered the Company's fiscal year 2014 budget and financial performance expectations. As a result, with respect to our regular program of annual and long-term compensation, the compensation committee:

approved annual base salary increases for certain NEOs;

set targets for payouts of annual cash incentive awards that would allow payments only if the Company achieved targeted Return on Net Assets (RONA), which, in consideration of the Company's 2014 performance, were achieved and resulted in bonus payments being earned for 2014; and

approved equity-based awards (stock options and restricted shares) under the Company's 2005 Long Term Incentive Plan (the LTIP), at levels similar to awards approved in 2013.

The compensation committee also considered the approval by the Company's stockholders, on an advisory basis, of the compensation of our NEOs with an affirmative vote of the holders of more than 95% of the shares voted as evidence that no significant changes to the Company's compensation structure were warranted. However, the compensation committee did not make merit adjustments to the base salaries of Messrs. Avery, McCarthy or McNeely during 2014.

In keeping with our philosophy of aligning our NEOs' interests with those of our stockholders, in 2014, all equity compensation was made in the form of stock options. If the market price of the Company's stock does not increase, these stock options will have no value. In 2015, the compensation committee changed the form of awards granted under the LTIP such that 50% of the grant date fair value for long-term awards will be delivered in the form of performance shares.

The compensation committee believes its actions balanced the objectives of maintaining alignment with stockholder interests, containing costs, calibrating pay opportunities 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 and Determination of Executive Compensation*

*General Authorities and Responsibilities*

The compensation committee reviews the Compensation Discussion and Analysis (the CD&A ) section of our proxy statement and recommends to the board of directors that the CD&A be included in our proxy statement. The compensation committee issues an annual report on executive compensation for inclusion in our proxy

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**Table of Contents**

statement and 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. 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. During the first half of 2014, Pearl Meyer & Partners, LLC ( PM&P ) was engaged by the compensation committee to provide it with independent compensation consulting services. In June 2014, the compensation committee engaged an independent compensation consulting firm, Hay Group, to provide general compensation consulting services from and after June 2014. From time to time, PM&P and Hay Group also have provided specific consulting services in areas that included market surveys of executive compensation, external trends, compensation program design, and position-specific compensation information as necessary. 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 also 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 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.

Our compensation committee is comprised of at least three directors, each of whom must be determined by our board of directors to meet the independence requirements of the SEC, NASDAQ and any other applicable governmental or regulatory authorities, each as in effect from time to time. Members of the compensation committee who vote on compensation matters related to performance-based compensation under Code Section 162(m) also must qualify as non-employee directors within the meaning of Rule 16b-3(b)(3) under the Exchange Act and outside directors within the meaning of Code Section 162(m), and must satisfy any other necessary standards of independence under the federal securities and tax laws, as amended from time to time.

If a compensation committee chairperson is not designated by the board of directors, members of the compensation committee designate a chairperson by majority vote.

The compensation committee generally meets quarterly or more frequently as circumstances require. A majority of the members of the compensation committee constitutes a quorum.

In accordance with the committee's charter, the compensation committee chairperson determines the agenda for each meeting. Materials related to agenda items are provided to the compensation committee members sufficiently in advance of the meeting to allow the members to prepare for discussion of the items at the meeting. The compensation committee maintains written minutes of its meetings, which are maintained with our books and records. The compensation committee reports its activities regularly and directly to the board of directors and makes recommendations that the compensation committee deems advisable.

The compensation committee may request that any of our directors, officers or employees or any other persons whose advice and counsel are sought by the compensation committee attend any meeting of the compensation committee to provide such pertinent information as it reasonably requests. Our CEO may not be present during deliberations or voting concerning his own compensation.

#### *Executive and Director Compensation*

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) executive perquisites, (d) employment agreements, severance arrangements and change of control agreements/provisions, in each case as, when and if appropriate, and (e) 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.

## **Table of Contents**

The compensation committee periodically reviews and approves corporate goals and objectives relevant to senior management compensation, evaluates the CEO's performance in light of those goals and objectives, as a committee or together with the independent members of the board of directors, and 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 has adopted a policy regarding the adjustment or recovery of incentive awards or payments, as described in the section of this proxy statement entitled "Clawback Policy." The compensation committee may consider the accounting and tax treatment to the Company and to senior management of each particular element of compensation.

### *Oversight 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 to oversee these plans, establish guidelines, interpret plan documents, select participants, approve grants and awards, and exercise such other power and authority 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-laws.

### *Compensation Committee Interlocks and Insider Participation*

None of the members of our compensation committee at any time has been one of our officers or employees. None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers who serve on our board of directors or compensation committee.

### *Compensation Philosophy and Objectives*

#### *Philosophy*

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 programs.

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.

#### *Objectives*



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:

## Table of Contents

**FreightCar America employees should act in the interests of FreightCar America stockholders.** We believe that FreightCar America employees should act in the long-term interests of FreightCar America stockholders and the best way to encourage them to do so 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 stock options, restricted stock and, commencing in 2015, performance 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 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. An employee's individual compensation also will vary based on such person's individual performance, contribution and overall value to the business. Employees demonstrating sustained high performance will be rewarded more than those in similar positions with lower performance.

**Incentive compensation should be a greater part of total compensation for employees with more senior positions.** The proportion of an individual's total compensation that varies based on individual and Company performance objectives should increase as the individual's business responsibilities increase.

**Other goals.** The Company's compensation program is designed to balance short-term and long-term financial objectives. It also is designed to be competitive with a group of comparable companies. When the compensation committee determines compensation levels for executive officers, it reviews compensation survey data from independent sources in an attempt to ensure that our total compensation program is competitive and fair. The compensation committee considers compensation data from companies in our industry as well as from companies in a broad cross-section of industries, and targets overall compensation levels to be competitive with the broad comparison group.

### *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 and perquisites. The various elements of executive compensation reflect the following policies:

#### *Base Salary*

##### **Overview**

Base salary is comprised of periodic, fixed payments made to each NEO.

**Why this component is paid to NEOs and how it furthers the program objectives**

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 on which employees can rely.

**How the amount of base salary is determined**

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

## **Table of Contents**

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 "Determination of Compensation." The objective is to reward executives with upside for superior performance through our annual and long-term incentive programs. The annual base salary for each NEO is subject to review and possible adjustment on the NEO's employment anniversary date. In 2015 and thereafter, base salary adjustments, if any, will become effective on May 1 of each year. The compensation committee made merit adjustments to the base salaries of Mr. Baun and Ms. Boege during 2014, as shown in the Summary Compensation Table below.

The compensation committee did not make merit adjustments to the base salaries of Messrs. Avery, McCarthy or McNeely during 2014, as shown in the Summary Compensation Table below.

With respect to other non-executive senior management employees and other management employees, the Company uses the results of the Economic Research Institute's industry- and region-specific compensation database, and generally sets annual base salaries at plus or minus 25% of the midpoint, depending on an assessment of the individual's sustained performance and the location of his or her position.

### **Relationship of base salary to other components of compensation**

The amount of each NEO's base salary is the reference point for certain other elements of his compensation. For example, the potential annual cash incentive award for each NEO is based, in part, on the NEO's base salary. In addition, base salary is one component of the formula for determining pension benefits under the Company's Pension Plan (as defined below). Finally, NEO cash severance benefits are determined, in part, by base salary.

#### *Annual Cash Incentive Awards*

### **Overview**

The annual cash incentive program calls for the awarding of performance units (as defined in the LTIP) under the LTIP.

The primary purposes 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.

Participants in the annual cash incentive program generally must be employed by the Company on the payment date to receive an award. Participants who are not employed by the Company on the payment date may receive a bonus award in certain circumstances at the

discretion of the CEO and subject to confirmation by the compensation committee.

Under the annual cash incentive program, each of the NEOs is eligible to receive a grant of performance units that determines the NEO's level of incentive compensation.

For purposes of the annual cash incentive award program, award calculations are based on whether an employee is designated as being in one of the following business units: manufacturing, parts, repair or corporate/support employee. Annual cash incentive awards for employees of the manufacturing, parts and repair units are based on the relevant business unit RONA comprising 67% of the bonus target and corporate-wide RONA comprising 33% of the bonus target. Annual cash incentive awards for employees whose responsibilities are corporate-wide in nature and are designated as corporate/support unit employees are based on corporate-wide RONA comprising 100% of the bonus target. The achievement of individual

**Table of Contents**

performance metrics will be used to determine up to 25% of the total bonus award and therefore the total bonus awarded may be lower than the bonus target by up to 25%, depending on the number of individual performance metrics achieved. The NEOs' incentive awards are based on the performance metrics of the corporate/support business unit.

The annual cash incentive program is designed to provide a link to individual performance goals and objectives in addition to RONA. Individual goals are highly specific and are limited to four to six such goals per participant.

The CEO's target cash incentive award is 100% of his annual base salary. The target cash incentive award of each other NEO is 50% of annual base salary. The CEO can receive up to 200% of his annual base salary and each other NEO can receive up to 150% of the target cash incentive award, depending on whether the threshold, target, target-plus or stretch RONA goal is attained. The achievement of individual performance metrics will be used to determine up to 25% of the total bonus awarded regardless of RONA goal attained.

Corporate-Wide (RONA) Performance Metric. The Company uses RONA because, for our type of business and asset base, it is an effective metric for measuring how efficiently the Company's assets are being managed to generate earnings and returns. The goals ensure that incentive awards based on RONA are paid only when returns meet or surpass the Company's annual financial objectives. If these objectives are not met or surpassed, no incentive awards based on RONA are paid. The RONA goal for 2014 is described below.

RONA is defined as Operating Income divided by Average Net Assets. Operating Income is defined as earnings computed under generally accepted accounting principles, after accrual for current year's salaried bonus expenses and before interest, taxes and other income and expenses excluded from operating income under generally accepted accounting principles or as deemed appropriate by the compensation committee. Average Net Assets is the sum of average annual (computed on a monthly basis) accounts receivable, inventory and property, plant and equipment net of accumulated depreciation, goodwill and other intangible assets, less accounts payable, customer deposits and customer advances.

Individual Performance Metric. Individual performance metrics and related performance goals represent specific personal objectives related to the NEO's job responsibilities and ability to contribute to overall Company goals. The CEO develops such metrics and related performance goals for himself and for each of the other NEOs and submits them to the compensation committee for its consideration and adoption. The 2014 individual performance metrics for each NEO are summarized below. Specific targets are not identified below because the performance metrics had significant qualitative components and/or represented competitively sensitive information.

Mr. McNeely

Strategic initiatives support

Policy and process enhancement and design

Capacity expansion

Mr. Avery

Strategic initiatives support

Policy and process enhancement and design

Enterprise resource planning system integration

Mr. Baun

Commercial objectives

Strategic initiatives support

International sales development

**Table of Contents**

Ms. Boege

Strategic initiatives support

Third-party management

Budgetary controls

Mr. McCarthy

Strategic initiatives support

Organization and leadership development

Succession planning

Performance measures and goals are linked to the Company's business plan and individual roles and responsibilities. Performance goals are recalibrated each year based on that year's budget, business plan, goals and other relevant considerations.

**Why this element is paid to executives and how it furthers the program's objectives**

Annual cash incentive award opportunities are provided to incentivize the NEOs to achieve performance goals that support the Company's business plan and create stockholder value. The performance unit arrangement furthers the goals of the compensation program by tying a significant amount of compensation to objectively determinable Company and individual measures of performance. The annual cash incentive program, consistent with the Company's executive compensation philosophy, is designed to have an upside that rewards superior performance.

**How the amount is determined**

Annual cash incentive awards for each NEO and other eligible salaried employees are based on the following formula:



	<b>Total</b>		
<b>Target</b>	<b>Percentage</b>		
<b>Award</b>	<b>of Target</b>		
<b>(Performance</b>	<b>Award</b>	<b>\$ Bonus</b>	
<b>Units)</b>	<b>X Earned</b>	<b>X \$100 =</b>	<b>Award</b>

**2014 Annual Cash Incentive Awards**

For 2014, the board of directors approved a recommendation from the compensation committee that participants be eligible for bonus payment consideration if certain RONA levels tied to the operating budget were achieved. Threshold performance for corporate-wide RONA equated to achievement of 5.6% or better. Target performance for corporate-wide RONA equated to achievement of 7.0% or better. Target-plus performance for corporate-wide RONA equated to achievement of 8.7% or better. Stretch performance for corporate-wide RONA equated to achievement of 10.5% or better.

For 2014, the Company achieved corporate-wide RONA performance of 7.6%. As a result, each of the NEOs received an annual cash incentive award payment for 2014. The compensation committee reviewed the Company's 2014 performance and approved the resulting outcome under the plan with respect to incentive annual award payments. The annual cash incentive award payment made to each NEO is reflected in the column entitled Non-Equity Incentive Plan Compensation of the Summary Compensation Table below.

The compensation committee, on its own initiative or based on a recommendation from the CEO, may change the target awards applicable to the NEOs and other senior management employees at any time prior to the final determination of bonus awards for any year if, in the compensation committee's judgment, such changes are desirable in the interest of equitable treatment of one or more NEOs, other senior management employees or the Company as a result of extraordinary or nonrecurring events or changes in applicable accounting rules or

## **Table of Contents**

principles, our method of accounting, applicable law, due to consolidation, acquisitions, reorganization or unusual circumstances or of any other nature similar to the foregoing. The compensation committee did not approve or confirm any such discretionary changes to the 2014 goals of the NEOs or other senior management employees at any time during the 2014 fiscal year.

### **Relationship of annual cash incentives to other components of compensation**

Cash severance benefits are determined, in part, by reference to an NEO's annual cash incentive award opportunity. In addition, actual incentive award payments are one component of the formula for determining pension benefits under the Company's Pension Plan.

#### *Long-Term Awards*

Long-term awards are those awards that are designed to provide incentives to the Company's executives over a period of time in excess of one year. The Company has made long-term awards in the form of equity awards only. The primary purpose of the long-term 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.

On January 15, 2014, the compensation committee approved the grant of stock options to purchase a specified number of shares of the Company's common stock to all executive officers. The value of the stock options granted to each executive officer was determined after consideration of an external survey of executive compensation conducted by PM&P, a review of each officer's compensation, the value of each position's contribution to the Company's goals and the expectation of the Company's financial performance. For 2014, the NEOs received grants of stock options based on the foregoing factors as shown below in the table Grants of Plan-Based Awards for the Year Ended December 31, 2014 and the Supplemental Narrative to Grants of Plan-Based Awards Table.

In 2015, the compensation committee changed the form of awards to be granted under the LTIP such that 50% of the grant date fair value for long-term awards will be delivered in performance shares. Performance shares will be earned and vest, if at all, on the third anniversary of the grant date based on the Company's three-year cumulative Earnings Per Share (EPS) performance, provided that a minimum three-year average Return on Invested Capital (ROIC) goal is also met or exceeded. These changes, which are further detailed in the section entitled Fiscal Year 2015 Compensation Decisions, were adopted by the compensation committee following consultation with Hay Group regarding a range of available executive compensation practices designed to ensure optimal alignment of executive compensation and Company performance.

#### *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 stock) 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.

*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)

## **Table of Contents**

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 2014, 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 stock or restricted stock 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.

### *Retirement and Other Post-Employment Benefits*

#### **Overview**

The Company maintains tax-qualified 401(k) savings plans for personnel at its various locations (the "401(k) Plans") and a tax-qualified defined benefit pension plan (the "Pension Plan"). All NEOs participate in the 401(k) Plan for employees at the Company's Johnstown, Pennsylvania and Chicago, Illinois locations. Mr. Baun participates in the Pension Plan.

The Company does not provide supplemental executive retirement plan ("SERP") benefits to any NEO.

In addition, as described in more detail in the section below entitled "Potential Payments Upon Termination or Change of Control," each of the NEOs is entitled to receive certain benefits in the event of a qualifying termination of employment or a change of control of the Company. None of the NEOs are entitled to receive a change of control excise tax gross-up from the Company.

#### **Why these elements are paid to executives and how they further the program's objectives**

In general, the 401(k) Plans and the Pension Plan are designed to provide executives (and other eligible salaried employees) with financial security after their employment has terminated. The Company does not maintain an excess pension plan or non-qualified deferred compensation plan. Therefore, the retirement plan benefits for our NEOs are no greater than those for other salaried employees.

In the event of certain qualifying terminations of employment, termination benefits provide our NEOs with additional financial security, which we believe is necessary to attract and retain

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

### **How the amount to be paid is determined**

The Company provides contributions under the 401(k) Plans ranging from 4% to 6% of eligible compensation. These contributions and any earnings thereon generally are held and invested under the plans until paid to participants upon termination of their employment. The Pension Plan benefits are calculated using formulas set forth in the section of this proxy statement entitled Pension Benefits and generally start when a participant reaches retirement age.

The termination and change of control benefits for Messrs. Avery, Baun and McNeely and Ms. Boege are set forth in the Company's Executive Severance Plan adopted in 2009. The termination and change of control benefits for Mr. McCarthy are stated in his employment agreement effective upon his start date with the Company in 2007. The termination and change of control benefits for all the NEOs are described below in Potential Payments upon

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**Table of Contents**

Termination or Change of Control. The Company has set termination and change of control benefits in each employment agreement or, in the absence of an employment agreement, in the Executive Severance Plan, to levels that we believe fall within the range of competitive market practices, as follows:

Mr. McNeely. Under his letter agreement relating to his employment, Mr. McNeely's employment may be terminated by the Company or Mr. McNeely upon notice to the other party. Under his agreement, upon involuntary termination without Cause or termination for Good Reason, Mr. McNeely would be entitled to the following benefits: (a) for a period of 12 months following an involuntary termination without Cause; (b) for a period of 24 months in the event his termination occurs for Good Reason; or (c) for a period of 24 months following a termination (either without Cause or for Good Reason) that occurs within 24 months of a Change of Control, Mr. McNeely would be entitled to (i) continuation of base salary; (ii) an amount equal to the average of the annual bonuses paid to him for the last two full years; and (iii) continuation of certain health benefits.

Messrs. Avery and Baun and Ms. Boege. Each of Messrs. Avery and Baun and Ms. Boege is a participant in the Company's Executive Severance Plan. Under this plan, upon involuntary termination of employment without Cause or resignation for Good Reason, the NEO would be entitled to the following benefits for a period of 12 months following such termination of employment: (i) continuation of base salary; (ii) an amount equal to the average of the annual bonuses paid to the NEO for the last two full years; and (iii) continuation of certain health benefits.

Mr. McCarthy. Under his employment agreement effective June 4, 2007, if the Company terminates Mr. McCarthy's employment without Cause, or Mr. McCarthy terminates his employment for Good Reason (each as defined in his employment agreement), Mr. McCarthy would be entitled to the following benefits for a period of 12 months following such termination of employment: (i) continuation of base salary; (ii) an amount equal to his target annual bonus; and (iii) continuation of certain health benefits.

Unless otherwise specified in an award agreement, equity awards will only be subject to accelerated vesting if, within 24 months of a change of control, the participant dies, becomes disabled, is terminated by the Company without Cause or resigns for Good Reason.

*Perquisites and Other Benefits*

The NEOs may participate in a number of benefit plans that are available generally to all employees of the Company, including group health insurance, dental insurance, vision insurance, life insurance, paid vacation, accidental death and dismemberment insurance and long-term disability insurance plans. These benefits provide financial security and peace of mind for employees and executives and are seen as a standard part of basic employee benefits within the industry.

The Company provides the NEOs with limited perquisites, the details of which are provided in footnote 6 to the Summary Compensation Table. For 2014, no perquisites were provided to our NEOs other than the Company's

matching contributions on behalf of each NEO to his or her employee 401(k) plan.

*Anti-Hedging of Company Stock Policy*

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

## **Table of Contents**

### *Anti-Pledging of Company Stock Policy*

The Insider Trading Policy prohibits Insiders from holding Company securities in a margin account or 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 conditioned 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 its chief executive officer and its three other highest compensated officers other than its chief financial officer to \$1 million per executive (the \$1 million cap). The \$1 million cap does not apply to performance-based compensation as defined under Code Section 162(m). Awards made under the LTIP may qualify as performance-based compensation for purposes of Code Section 162(m). The compensation committee will review and approve or recommend to the board of directors awards based on a number of factors, including preserving related federal income tax deductions, although the compensation committee retains the discretion to approve awards that do not qualify as performance-based compensation. For example, the compensation committee may decide to award restricted stock and other awards without performance conditions under certain circumstances.

The Company has calculated and discussed with the compensation committee the accounting treatment and tax impact on the Company and the executives of each of its cash and equity compensation awards and agreements. As noted below in the Fiscal Year 2014 Compensation Decisions section of the CD&A, the Company has reconsidered its annual cash incentive program. These changes were made partially in response to Code Section 162(m) and are intended to allow for bonuses to covered employees, as defined in that section, to be deductible in the future. The Company also calculates and monitors the Financial Accounting Standard Board's Accounting Standards Codification Topic 718 (ASC Topic 718) accounting expense related to equity compensation. To date, the ASC Topic 718 expense has not been a significant factor in setting or changing equity compensation grant practices.

### *Timing of Awards*

The Company's stock has been publicly traded since April 2005. During that time, the compensation committee has not timed the award of stock options or other equity-based compensation to coincide with the release of favorable or unfavorable material non-public information about the Company. It is the policy of the compensation committee not to time the award of stock options or other equity-based compensation to coincide with the release of favorable or unfavorable material non-public information about the Company in the future.

### *Determination of Compensation*

In 2014, the compensation committee considered comparative market data in evaluating and setting compensation for executive officer positions. The market data used by the compensation committee was derived by the compensation committee's previous independent compensation consultant, PM&P, from three surveys conducted in November 2011: the Hewitt TCM Cash Compensation Survey (sample size: 389 organizations); the Mercer Benchmark Database (sample size: 2,269 organizations); and the Towers Watson Industry Report of Top Management Compensation (sample size: 1,637 organizations). From these surveys, PM&P extracted data for a range of manufacturing-based companies, size-adjusted to reflect the Company's average revenue size over time relative to the revenues of the companies in the comparison group. The Company considered additional recent survey data due to the cyclical nature of its business and the impact of that cyclicity on performance from year to year. The resulting comparison group for



each of the Company's executive officer positions generally consisted of over 100 companies and was considered by the compensation committee to be suitably comparable to the Company for purposes of evaluating and setting executive officer compensation. In benchmarking compensation levels against the comparative market data, the compensation committee considered only the aggregated survey data provided by PM&P. The identity of the companies comprising the survey data is not disclosed to, or considered by, the compensation committee in its decision-making process. The compensation committee does not consider the

## **Table of Contents**

identity of the companies comprising the survey data to be material in evaluating compensation. With the concurrence of PM&P, the compensation committee used the November 2011 survey results, adjusted by an annual increase factor of 3%, in evaluating comparative market data and setting compensation for executive officer positions, given the lack of readily available external market and industry information.

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 (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 the aggregate through 2014, NEO base salaries generally were 2% above the market median and, individually, NEO base salaries ranged from 25% below the market median to 30% above the market median. In the aggregate through 2014, NEO total compensation generally was 2% above the market median and, individually, NEO total compensation ranged from 3% below the market median to 7% above the market median. 2015 base compensation adjustments, if any, will be based on survey data and market targets recommended by Hay Group for the compensation committee's consideration.

### *Role of Compensation Consultants*

During the first half of 2014, the compensation committee received independent compensation consulting advice from PM&P, including advice on the design of the 2014 NEO compensation programs. PM&P has performed no other services for the compensation committee or the Company. In June 2014, Hay Group was engaged by the compensation committee to provide it with independent compensation consulting services from and after June 2014, including an executive compensation survey and 2015 incentive plan design work relating to the NEOs and those individuals who report directly to the CEO, as well as a non-executive director compensation survey. In addition, Aon Hewitt provides non-compensation related services to the Company, such as actuarial, pension plan valuation, filing and administrative activities.

### *Fiscal Year 2015 Compensation Decisions*

In the latter half of 2014, Hay Group provided the compensation committee with a survey of executive compensation practices in the industrial sector and general industry, including a comprehensive overview of long-term incentive practices and recommendations regarding how such practices might be adopted by the Company in order to ensure continued optimal alignment of executive compensation and Company performance.

In consultation with Hay Group, the compensation committee elected to make several significant decisions relating to fiscal year 2015 compensation. These decisions are summarized below:

**Base compensation.** In order to align base compensation adjustments with the Company's broader business process, beginning in 2015, base salaries for NEOs will be considered and approved by the compensation committee prior to May 1 of each year, with any adjustments to become effective on May 1 of such year. It is anticipated that 2015 base salary increases for NEOs, if any, will be implemented effective May 1, 2015.

**2015 annual incentive compensation.** On January 9, 2015, the board of directors approved certain changes to the Company's annual cash incentive program. These changes included establishing net income as the program's financial metric, establishing that the financial metric constitutes 80% of the total bonus awarded and providing an incentive of up to 200% of target bonus for superior performance on the financial metric.

The individual performance metrics will constitute 20% of the total bonus awarded. Superior performance on individual performance metrics can result in a payment of 125% of target bonus on the individual performance metric portion of the total bonus.

Long-term incentive compensation. On January 9, 2015, the compensation committee approved changes to the form of awards to be granted under the LTIP such that 50% of the grant date fair value for long-term awards will be delivered in performance shares and 50% of the grant date fair value will be delivered in time-vested restricted stock. Performance shares will be earned and vest, if at all, on the third anniversary of the grant date based on the Company's three-year cumulative EPS, provided that a minimum three-year average ROIC goal is also met or exceeded. The EPS threshold

**Table of Contents**

and ROIC goal are established by the compensation committee in the individual award agreements. Restricted stock awards will vest in whole on the third anniversary of the grant date. With respect to the performance shares, the compensation committee set the following three-year cumulative EPS levels. At the threshold three-year cumulative EPS performance level, 50% of the target number of shares will be earned. At the target three-year cumulative EPS performance level, 100% of the target number of shares will be earned. At the maximum three-year cumulative EPS performance level, 200% of the target number of shares will be earned. The performance and payout levels for the performance shares are outlined below.

	Threshold EPS	Target EPS	Maximum EPS
<b>Payout (as a percentage of the target number of shares)</b>	<b>50%</b>	<b>100%</b>	<b>200%</b>

The performance shares are designed to motivate executive leadership to increase EPS while maintaining a baseline level of ROIC. In addition, the awards increase the proportion of each NEO's total compensation that is tied to performance, thereby further aligning the interests of the executive team with shareholder interests.

*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 22, 2014, on a proposal to approve on an advisory basis the compensation of our 2013 NEOs. A substantial majority (over 95%) of the votes cast on that proposal were voted in favor of the proposal. The compensation committee considered the stockholders' vote in connection with the design of the Company's compensation programs and the discharge of its responsibilities generally and did not implement changes to our executive compensation program as a direct result of the stockholders' advisory vote.

*Compensation Risk Analysis*

The Company has conducted a comprehensive risk assessment of all of our compensation programs with assistance from our outside legal counsel. This assessment affirmed that the Company does not utilize compensation policies or practices that are reasonably likely to have a material adverse effect on the Company. The CD&A section of this proxy statement describes generally our compensation policies and practices that are applicable to executive and management employees. Where possible, the Company uses common variable compensation designs with a significant focus on business financial performance.

**EXECUTIVE COMPENSATION***Executive Officers*

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

Name	Age	Position(s)
Joseph E. McNeely	50	President, Chief Executive Officer and Director
Charles F. Avery, Jr.	50	Vice President, Finance, Chief Financial Officer and Treasurer
Theodore W. Baun	42	Senior Vice President, Marketing and Sales
Kathleen M. Boege	48	General Counsel and Corporate Secretary

Thomas P. McCarthy

51 Senior Vice President, Human Resources

*Joseph E. McNeely*, 50, was appointed as our Chief Executive Officer effective October 4, 2013, and has served as a director since that date. Mr. McNeely also continues to serve as President of the Company, a position to which he was appointed on May 1, 2013. Mr. McNeely served as the Company's Vice President, Finance, Chief Financial Officer and Treasurer from September 2010 until May 2013. Prior to joining the Company, Mr. McNeely served as a Vice President, Sales and Marketing for Mitsui Rail Capital, LLC, a railcar leasing and services company. While working for Mitsui Rail, Mr. McNeely focused his efforts on railcar leasing and marketing,

**Table of Contents**

business development and diversifying its railcar portfolio. Previously, he held positions at GATX Corporation, including Vice President Finance for GATX Rail and Vice President Finance and IT for GATX Terminals Corporation. Prior to joining GATX, Mr. McNeely spent 12 years at Arthur Andersen LLP. Mr. McNeely is a Certified Public Accountant.

*Charles F. Avery, Jr.*, 50, was appointed as our Vice President, Finance, Chief Financial Officer and Treasurer, effective August 1, 2013. He joined us from Federal Signal Corporation, a leading global designer and manufacturer of products and solutions that serve municipal, governmental, industrial and commercial customers. Mr. Avery most recently served Federal Signal as Vice President, Corporate Controller and Chief Information Officer. He joined Federal Signal in 2005 as the Group Vice President of Finance for the company's Environmental Solutions Group. Prior to joining Federal Signal, Mr. Avery held senior financial leadership roles, including Senior Vice President of Finance, with Home Products International, Inc. Earlier in his career, Mr. Avery spent over ten years at Arthur Andersen LLP. Mr. Avery is a Certified Public Accountant.

*Theodore W. Baun*, 42, has been our Senior Vice President, Marketing and Sales since September 1, 2008. Mr. Baun first joined us in 1994 and has held roles of increasing responsibility in operations, marketing and sales. From 2003 to 2005, he was Director of Sales at Mitsui Rail Capital, LLC, a railcar leasing and services company, after which he returned to FreightCar America. He has been the leader of our sales team since November 2007.

*Kathleen M. Boege*, 48, joined the Company as General Counsel and Corporate Secretary in January 2013. She joined the Company from Bally Total Fitness Corporation where she served as Chief Administrative Officer, General Counsel and Secretary. Prior to this role, she held other leadership roles in legal and human resources at Bally. Prior to joining Bally, Ms. Boege was Vice President, Associate General Counsel and Assistant Secretary at the Chicago Stock Exchange. Prior to joining the Chicago Stock Exchange, Ms. Boege worked in private practice at two Chicago law firms from 1991 to 1999.

*Thomas P. McCarthy*, 51, has served as our Senior Vice President, Human Resources, since joining FreightCar America in June 2007. Prior to joining the Company, he held roles of increasing responsibility in human resources and labor relations with General Electric Company in its GE Aviation, Plastics and Equipment Services businesses. This experience included serving as the Senior Vice President of Human Resources for GE Rail Services from 2004 until 2007.

**Table of Contents***Summary Compensation Table*

The following table sets forth information regarding 2014 compensation for each of the Company's NEOs. Information regarding 2013 and 2012 compensation is presented for such executives who were also NEOs in 2013 and/or 2012, as required by SEC rules. In accordance with SEC guidance, 2012 compensation for Mr. Avery and Ms. Boege is not presented because such individuals were not NEOs in that year. Salary includes amounts deferred at the officer's election.

**Summary Compensation Table**

Name and Principal Position	Year	Salary <sup>1</sup> (\$)	Stock Awards <sup>2</sup> (\$)	Option Awards <sup>3</sup> (\$)	Non-Equity Incentive	Change in Pension Value <sup>4</sup> (\$)	All Other Compensation <sup>6</sup> (\$)	Total (\$)
					Plan Compensation <sup>5</sup> (\$)			
Joseph E. McNeely	2014	400,000		367,665	377,000		15,400	1,160,065
President and Chief Executive Officer, Former Vice President, Finance, Chief Financial Officer and Treasurer	2013	353,333	90,335	783,811			15,200	1,242,679
	2012	298,000		189,787	149,000		15,000	651,787
Charles F. Avery, Jr.	2014	300,000		183,833	135,000		13,000	631,833
Vice President, Finance, Chief Financial Officer and Treasurer	2013	125,000	128,310				2,500	255,810
Theodore W. Baun	2014	280,550		168,779	140,500	64,339	15,400	669,568
Senior Vice President, Marketing and Sales	2013	275,600	74,893	89,806			15,643	455,942
	2012	265,000		184,172	132,500	56,024	15,000	652,696
Kathleen M. Boege	2014	305,692		183,833	153,750		15,250	658,525
General Counsel and Corporate Secretary	2013	289,808	29,124	34,775			15,183	368,890
Thomas P. McCarthy	2014	252,000		154,304	119,700		15,250	541,254
Senior Vice President, Human Resources	2013	248,667	60,896	72,494			14,786	396,843
	2012	240,875		153,851	120,438		14,857	530,021

<sup>1</sup> Amounts disclosed in the Salary column represent base salary earned by the NEO during the respective year.

<sup>2</sup> Amounts disclosed in the Stock Awards column relate to grants of restricted stock made under the LTIP. With respect to each restricted stock grant, the amounts disclosed generally reflect the grant date fair value computed

- in accordance with ASC Topic 718. Grant date fair value of each restricted stock award was determined by multiplying the number of restricted shares granted by the Company's stock price on the date of the grant.
- 3 Amounts disclosed in the Option Awards column relate to grants of stock options made under the LTIP. 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 was determined using a generally accepted option valuation methodology referred to as the Black-Scholes option pricing 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, 2014.
- 4 Amounts disclosed in the Non-Equity Incentive Plan Compensation column represent amounts earned under the Company's annual cash incentive program. None of the Company's NEOs earned an annual cash incentive award with respect to 2013 performance.
- 5 Amounts disclosed in the Change in Pension Value column represent the actuarial increase in the present value of the NEO's benefits under the Pension Plan, determined using interest rate and mortality rate assumptions consistent with those used in the Company's financial statements. The Change in Pension Value during 2014 was an increase of \$64,339 for Mr. Baun due to a decrease in the interest rate assumption to 4.17% as of December 31, 2014 from 4.96% as of December 31, 2013. Messrs. McNeely, Avery, and McCarthy and Ms. Boege are not participants in the Pension Plan. The Pension Plan is described in greater detail in the section of this proxy statement entitled "Executive Compensation - Pension Benefits at December 31, 2014." The Company does not maintain a non-qualified deferred compensation plan or a supplemental pension plan.
- 6 See the following table for details regarding amounts disclosed in the All Other Compensation column for 2014.



Table of Contents**All Other Compensation for 2014**

<b>Name</b>	<b>401(k) Company Matching Contribution<sup>a</sup> (\$)</b>	<b>Total All Other Compensation (\$)</b>
Mr. McNeely	15,400	15,400
Mr. Avery	13,000	13,000
Mr. Baun	15,400	15,400
Ms. Boege	15,250	15,250
Mr. McCarthy	15,080	15,080

- a. Represents amount contributed by the Company on behalf of the NEOs to the 401(k) plan for employees at the Company's Johnstown, Pennsylvania and Chicago, Illinois locations.

*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.

*Employment Agreements and Other Arrangements for NEOs*

**Joseph E. McNeely** In connection with Mr. McNeely's appointment as CEO, the Company and Mr. McNeely entered into a letter agreement dated and effective October 4, 2013 (the "McNeely Agreement"). The McNeely Agreement does not provide for a specified term. It provides for an initial base salary of \$400,000 per year and target and maximum annual bonus opportunities of 100% and 200% of his base salary, respectively. The Company granted Mr. McNeely a sign-on award of stock options to purchase 75,000 shares of the Company's common stock, vesting in three equal annual installments beginning on the first anniversary of the effective date of the McNeely Agreement. This option award would become fully vested upon a change of control. In addition, Mr. McNeely is a participant in the Company's Executive Severance Plan, which sets forth his benefits upon termination of employment or a change of control, as modified by the McNeely Agreement. Under the McNeely Agreement, upon involuntary termination without Cause or termination for Good Reason, Mr. McNeely would be entitled to the following benefits: (a) for a period of 12 months following an involuntary termination without Cause; (b) for a period of 24 months in the event his termination occurs for Good Reason; or (c) for a period of 24 months following a termination (either without Cause or for Good Reason) that occurs within 24 months of a Change of Control, Mr. McNeely would be entitled to (i) continuation of base salary; (ii) an amount equal to the average of the annual bonuses paid to him for the last two full years; and (iii) continuation of certain health benefits.

**Charles F. Avery, Jr.** In connection with Mr. Avery's appointment as Vice President, Finance, Chief Financial Officer and Treasurer, the Company and Mr. Avery entered into a letter agreement effective as of August 1, 2013 (the "Avery Agreement"). The Avery Agreement does not provide for a specified term. It provides for an initial base salary of \$300,000 per year and target and maximum annual bonus opportunities of 50% and 75% of his base salary, respectively. The Company granted Mr. Avery a sign-on award of 7,000 restricted shares of Company common stock, vesting in full on the third anniversary of the effective date of the Avery Agreement. This award would become fully

vested upon a change of control. In addition, Mr. Avery became a participant in the Company's Executive Severance Plan, which sets forth his benefits upon termination of employment. Under this plan, upon involuntary termination of employment without Cause or resignation for Good Reason, Mr. Avery would be entitled to the following benefits for a period of 12 months following such termination of employment: (i) continuation of base salary; (ii) an amount equal to the average of the annual bonuses paid to him for the last two full years; and (iii) continuation of certain health benefits. Mr. Avery also is entitled to participate in all management incentive plans and to receive all benefits under any employee benefit plan or arrangement, vacation policy or perquisite made available to executive employees. Mr. Avery's base salary was not adjusted during 2014. Mr. Avery's base salary is subject to annual review by the compensation committee.

## **Table of Contents**

**Theodore W. Baun.** Mr. Baun does not have a written employment agreement with the Company. He has served as the Company's Senior Vice President, Marketing and Sales since September 1, 2008. Mr. Baun's annual base salary was \$281,000 effective January 1, 2014. Mr. Baun's base salary is subject to annual review by the compensation committee.

Mr. Baun became a participant in the Company's Executive Severance Plan effective September 1, 2009. Under this plan, upon involuntary termination of employment without Cause or resignation for Good Reason, Mr. Baun would be entitled to the following benefits for a period of 12 months following such termination of employment:

(i) continuation of base salary; (ii) an amount equal to the average of the annual bonuses paid to him for the last two full years; and (iii) continuation of certain health benefits. Mr. Baun also is entitled to participate in all management incentive plans and to receive all benefits under any employee benefit plan or arrangement, vacation policy or perquisite made available to executive employees.

**Kathleen M. Boege.** Effective January 14, 2013, the Company entered into a letter agreement with Ms. Boege pursuant to which she serves as the Company's General Counsel and Corporate Secretary. Under this letter agreement, Ms. Boege's initial annual base salary was \$300,000. Ms. Boege's base salary was \$307,500 effective January 1, 2014. Ms. Boege's base salary is subject to annual review by the compensation committee.

Ms. Boege became a participant in the Company's Executive Severance Plan effective January 14, 2013. Under this plan, upon involuntary termination of employment without Cause or resignation for Good Reason, Ms. Boege would be entitled to the following benefits for a period of 12 months following such termination of employment:

(i) continuation of base salary; (ii) an amount equal to the average of the annual bonuses paid to her for the last two full years; and (iii) continuation of certain health benefits. Ms. Boege also is entitled to participate in all management incentive plans and to receive all benefits under any employee benefit plan or arrangement, vacation policy or perquisite made available to executive employees.

**Thomas P. McCarthy.** Under his employment agreement effective June 4, 2007, Mr. McCarthy serves as the Company's Senior Vice President, Human Resources. Under the employment agreement, Mr. McCarthy's initial annual base salary was \$225,000. Subsequently, Mr. McCarthy's annual base salary was increased to \$252,000 effective June 1, 2013. Mr. McCarthy's base salary is subject to annual review by the compensation committee.

If the Company terminates Mr. McCarthy's employment without Cause or Mr. McCarthy terminates his employment for Good Reason (each as defined in his employment agreement), Mr. McCarthy would be entitled to the following benefits for a period of 12 months following such termination of employment: (i) continuation of base salary; (ii) an amount equal to his target annual bonus; and (iii) continuation of certain health benefits. Mr. McCarthy also is entitled under the agreement to participate in all management incentive plans and to receive all benefits under any employee benefit plan or arrangement, vacation policy or perquisite made available to executive employees (other than the Company's Executive Severance Plan).

### *2005 Long Term Incentive Plan*

The Company maintains the LTIP, which has been approved by the Company's stockholders and amended from time to time. Under the LTIP, the Company may grant to NEOs and other eligible employees cash incentive awards, stock options, share appreciation rights, restricted stock, restricted stock units, performance shares, performance units, dividend equivalents and other share-based awards. At the Company's 2008 annual meeting of stockholders, our stockholders approved an amendment to the LTIP that increased the number of shares authorized for issuance under the LTIP from 659,616 to 1,659,616. At the Company's 2013 annual meeting of stockholders, our stockholders approved an amendment to the LTIP that, among other things, increased the number of shares authorized for issuance

under the LTIP from 1,659,616 to 2,459,616.

*Annual Cash Incentive Program*

In 2008, the compensation committee approved an annual cash incentive program. At the beginning of 2014, the board of directors approved certain changes to the program. Under the program, each of the NEOs is eligible to receive a grant of performance units based solely on the level of achievement with respect to a corporate-

**Table of Contents**

wide performance goal, RONA. The achievement of individual performance metrics will be used to determine up to 25% of the total bonus award and therefore the total bonus awarded may be lower than the bonus target by up to 25%, depending on the number of individual performance metrics achieved. The annual cash incentive program is designed to provide a link to the Company's goals and objectives in addition to RONA. The number of performance units granted determines each NEO's annual cash incentive award. In 2014, the CEO's target annual cash incentive award was 100% of annual base salary and each other NEO's target annual cash incentive award was 50% of annual base salary. The CEO may earn up to 200% of his annual base salary and each other NEO can receive up to 150% of the target annual cash incentive award.

**Grants of Plan-Based Awards for the Year Ended December 31, 2014**

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>1</sup>			All Other Stock Awards: Number of Shares or Units of Stock <sup>2</sup>	All Other Awards: Number of Securities Underlying Options <sup>3</sup>	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards <sup>4</sup>
		Threshold (\$)	Target (\$)	Maximum (\$)				
Joseph E. McNeely	1/1/14	200,000	400,000	800,000				
	1/15/14					31,750	25.55	367,665
Charles F. Avery, Jr.	1/1/14	75,000	150,000	225,000				
	1/15/14					15,875	25.55	183,833
Theodore W. Baun	1/1/14	70,138	140,275	210,413				
	1/15/14					14,575	25.55	168,779
Kathleen M. Boege	1/1/14	76,423	152,846	229,269				
	1/15/14					15,875	25.55	183,833
Thomas P. McCarthy	1/1/14	63,000	126,000	189,000				
	1/15/14					13,325	25.55	154,304

<sup>1</sup> Represents estimated payouts under the Company's annual cash incentive program. No cash payouts were made on account of the 2013 LTIP year.

<sup>2</sup> Represents restricted stock awards made under the LTIP.

<sup>3</sup> Represents stock option awards made under the LTIP.

<sup>4</sup> Represents grant-date fair value of restricted stock and option awards computed in accordance with ASC Topic 718. Assumptions underlying the valuations are set out in footnotes 2 and 3 to the Summary Compensation Table above.

*Supplemental Narrative to Grants of Plan-Based Awards Table*

Awards of stock options are made by the compensation committee under the LTIP. The exercise price for the options is based on the average of the high and low trading prices of the Company's stock on the award date (unless there are no trades on the award date, in which case the exercise price is based on the closing price of the Company's stock on the last trading day preceding the award date). The options are non-qualified options for federal income tax purposes. Stock option awards vest in three annual installments of equal size beginning on the first anniversary of the award date, provided that the NEO is continuously employed by the Company until each respective vesting date. Options expire on the tenth anniversary of the award date. Unvested option awards would become fully vested upon a Change of Control (as defined in the LTIP).

Under the terms of the LTIP, (i) if an NEO terminates employment due to death, disability or retirement, vested options may be exercised until the earlier of (a) the first anniversary of the termination date or (b) the option expiration date and (ii) if an NEO terminates employment for any reason other than due to death, disability or retirement, vested options may be exercised until the earlier of (a) 90 days after termination or (b) the option expiration date.

Table of Contents**Outstanding Equity Awards at 2014 Fiscal Year End**

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable <sup>1</sup>	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>2</sup>
Joseph E. McNeely					2,107 <sup>9</sup>	55,435
					417 <sup>10</sup>	10,971
	12,600		29.88	1/13/2021		
	11,266	5,634 <sup>3</sup>	23.40	1/12/2022		
	2,833	5,667 <sup>4</sup>	24.56	1/18/2023		
	553	1,107 <sup>5</sup>	20.39	5/1/2023		
	25,000	50,000 <sup>6</sup>	20.39	10/4/2023		
		31,750 <sup>7</sup>	25.55	1/15/2024		
Charles F. Avery, Jr.					7,000 <sup>11</sup>	184,170
		15,875 <sup>7</sup>	25.55	1/15/2024		
Theodore W. Baun					2,034 <sup>9</sup>	53,515
	1,650		30.47			
	1,000		17.84	1/13/2018		
	7,250		20.69	5/12/2019		
	10,600		29.88	2/23/2020		
	10,932	5,468 <sup>3</sup>	23.40	1/13/2021		
	2,766	5,534 <sup>4</sup>	24.56	1/12/2022		
		14,575 <sup>7</sup>	25.55	1/18/2023		
				1/15/2024		

Kathleen M. Boege					800 <sup>12</sup>	21,048
	1,083	2,167 <sup>8</sup>	24.27	1/14/2023		
		15,875 <sup>7</sup>	25.55	1/15/2024		
Thomas P. McCarthy					1,654 <sup>9</sup>	43,517
	10,540		30.47	1/13/2018		
	7,250		20.69	2/23/2020		
	10,500		29.88	1/13/2021		
	9,132	4,568 <sup>3</sup>	23.40	1/12/2022		
	2,233	4,467 <sup>4</sup>	24.56	1/18/2023		
		13,325 <sup>7</sup>	25.55	1/15/2024		

- 1 Nonvested option awards are disclosed in the table as unexercisable.
- 2 Market value of unvested shares of restricted stock based on market closing price of the Company's common stock on the NASDAQ Global Market of \$26.31 on December 31, 2014.
- 3 Option award vesting on January 12, 2015.
- 4 Option award vesting in two equal annual installments beginning on January 18, 2015.
- 5 Option award vesting in two equal annual installments beginning on May 1, 2015.
- 6 Option award vesting in two equal annual installments beginning on October 4, 2015.
- 7 Option award vesting in three equal annual installments beginning on January 15, 2015.
- 8 Option award vesting in two equal annual installments beginning on January 14, 2015.
- 9 Restricted stock award vesting in two equal annual installments beginning on January 18, 2015.
- 10 Restricted stock award vesting in two equal annual installments beginning on May 1, 2015.
- 11 Restricted stock award vesting on August 1, 2016.
- 12 Restricted stock award vesting in two equal annual installments beginning on January 14, 2015.



**Table of Contents****Option Exercises and Stock Vested for the Year Ended December 31, 2014**

<b>Name</b>	<b>Stock Awards</b>	
	<b>Number of Shares Acquired on Vesting (#)</b>	<b>Value Realized on Vesting (\$)</b>
Joseph E. McNeely	1,261	31,957
Charles F. Avery, Jr.		
Theodore W. Baun	1,016	25,684
Kathleen M. Boege	400	10,108
Thomas P. McCarthy	826	7,862

**Pension Benefits at December 31, 2014**

<b>Name</b>	<b>Plan Name<sup>1</sup></b>	<b>Number of Years Credited Service<sup>2</sup> (#)</b>	<b>Present Value of Accumulated Benefit<sup>3</sup> (\$)</b>	<b>Payments During</b>
				<b>Last Fiscal Year (\$)</b>
Joseph E. McNeely <sup>4</sup>				
Charles F. Avery, Jr. <sup>4</sup>				
Theodore W. Baun <sup>5</sup>	Johnstown America, LLC			
	Nonrepresented Salaried Pension Plan	13.34	297,426	
Kathleen M. Boege <sup>4</sup>				
Thomas P. McCarthy <sup>4</sup>				

<sup>1</sup> The Company does not maintain a non-qualified or supplemental pension plan that provides benefits in excess of the limitations set forth in Code Sections 415 and 401(a)(17).

<sup>2</sup> Years of credited service as of the same pension plan measurement date used for financial statement reporting purposes with respect to the fiscal year's audited financial statements. The number of years shown is the actual service for each of the executives. The Company does not give credit for additional years of service to executives for any reason.

<sup>3</sup> The actuarial present value calculated as of the same pension plan measurement date used for financial statement reporting purposes with respect to the fiscal year's audited financial statements, as disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

<sup>4</sup> Messrs. McNeely, Avery and McCarthy and Ms. Boege are not eligible to participate in the Pension Plan because they were hired after 2004.

<sup>5</sup> Mr. Baun is fully vested in his accrued benefits under the Pension Plan.

*Supplemental Narrative to Pension Benefits Table*

The Company maintains the Johnstown America Corporation Salaried Pension Plan (the Pension Plan ) for the benefit of its eligible salaried employees. The Pension Plan is a tax-qualified defined benefit pension plan. Benefits provided under the Pension Plan are limited by Code Sections 415 and 401(a)(17). Code Section 415 limits the benefit amount payable from the Pension Plan based on the pensioner's service, pay, and a dollar amount cap that is indexed. Code Section 401(a)(17) limits the pensionable earnings that may be used to determine the pension benefit amount. All salaried employees of Johnstown America Corporation and JAC Operations, Inc. hired prior to January 1, 2005 who are not members of any collective bargaining unit and who have attained age 21 and completed at least one year of service with the Company are eligible to participate in the Pension Plan. A participant must complete at least five years of service with the Company to be vested under the Pension Plan. Eligibility for normal retirement is at age 65.

Subject to the Code limits noted above, the Pension Plan's normal retirement payment and benefit formula is the maximum of (a), (b) and (c), minus (d) and (e), as follows:

**Table of Contents**

- (a) 1.35%, multiplied by average monthly earnings (defined as: the highest 60 consecutive months of earnings out of the last 120 months divided by 60), multiplied by years of service. Earnings are defined as the participant's W-2 pay plus Code Section 401(k) and Code Section 125 deferrals, minus bonus, overtime, expense reimbursements, moving expenses, salary gross-up payments, and imputed income. Service is determined as elapsed time measured on years and months since last hiring date, and includes service with Bethlehem Steel Corporation. For active participants who had 25 years of service on November 1, 1991, an extra month of service is credited for every month of service earned between November 1, 1991 and October 31, 1994.
- (b) (\$40.00 multiplied by years of service before May 2005) plus (\$50.00 multiplied by years of service after April 2005).
- (c) 1.05 multiplied by (1.60% of average monthly earnings multiplied by years of service) minus (0.475% of Social Security covered compensation multiplied by years of service (maximum 35 years)). Covered compensation offset begins at age 62.
- (d) Accrued monthly benefit from Bethlehem Steel Corporation pension plans for service prior to October 28, 1991.
- (e) Accrued monthly benefit from Transportation Technologies pension plans for service prior to June 4, 1999. The Pension Plan also provides a special payment for early and normal retirees with at least 10 years of service with the Company (and replaces the first three monthly pension benefit payments) as follows: nine weeks of base pay plus remaining unused vacation in the year of retirement.

Eligibility for early unreduced retirement is at age 62 and 15 years of service, or at any age with 30 years of service. A participant can take early reduced retirement after age 60 with 15 years of service, subject to a reduction for early commencement of 16.18% at age 60 and 8.55% at age 61.

The normal form of benefit is a life annuity. If the participant is married and receives payments in the form of a joint and survivor annuity, or otherwise elects another form of benefit under the Pension Plan, the amount of monthly benefits payable to the participant would be reduced to reflect the actuarially increased cost of providing such other benefit forms.

*Nonqualified Deferred Compensation for the Year Ended December 31, 2014*

The Company does not make available a non-qualified deferred compensation plan for its NEOs or other employees.

*Potential Payments upon Termination or Change of Control*

This section describes and quantifies potential payments that may be made to each NEO at, following, or in connection with the resignation, severance, retirement or other termination of the NEO or a change of control of the Company. These benefits are in addition to benefits generally available to salaried employees.

The potential payments described below are estimates only. As such, the potential payments do not necessarily reflect the actual amounts that would be paid to each NEO, which would be known only at the time the NEO becomes eligible for payment due to a termination of employment or change of control. The Company does not provide any of

its executives with change of control excise tax gross-ups. The following tables reflect potential amounts that could be payable to the applicable NEO if a change of control or the indicated termination of employment occurred at December 31, 2014.

**Table of Contents****Mr. McNeely**

Mr. McNeely has entered into the McNeely Agreement, which provides that, upon a termination of his employment for any reason, he will be entitled to (i) his accrued salary and accrued and unused vacation through the date of termination, (ii) his prior fiscal year bonus, to the extent earned and unpaid, and (iii) any accrued and vested benefits and unreimbursed expenses incurred and unpaid on the date of termination. In addition, under the McNeely Agreement, upon involuntary termination without Cause or termination for Good Reason, Mr. McNeely would be entitled to the following benefits: (a) for a period of 12 months following an involuntary termination without Cause; (b) for a period of 24 months in the event his termination occurs for Good Reason; or (c) for a period of 24 months following a termination (either without Cause or for Good Reason) that occurs within 24 months of a Change of Control, Mr. McNeely would be entitled to (i) continuation of base salary; (ii) an amount equal to the average of the annual bonuses paid to him for the last two full years; and (iii) continuation of certain health benefits.

As a participant in the Company's Executive Severance Plan, Mr. McNeely 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 LTIP and Mr. McNeely's restricted stock and stock option agreements, unvested restricted stock and stock options would become fully vested upon a Change of Control (as defined under the LTIP).

Summarized below are the potential payments and benefits payable by the Company to Mr. McNeely at, following or in connection with the indicated termination of employment or change of control as of December 31, 2014:

**POTENTIAL PAYMENTS AND BENEFITS UPON TERMINATION OR CHANGE OF CONTROL MR. MCNEELY**

**Executive Benefits and**

Payments Upon Change of Control or Termination of Employment	Change of Control			
	Change of Control No Termination <sup>1</sup>	Termination without Cause or for Good Reason <sup>1</sup>	Termination for Good Reason <sup>1</sup>	Termination without Cause <sup>2</sup> Death/Disability
<b>Compensation:</b>				
Base Salary		\$ 800,000	\$ 800,000	\$ 400,000
Incentive Compensation		\$ 149,000	\$ 149,000	\$ 74,500
Restricted Stock and Stock Options:				
Unvested and Accelerated <sup>1</sup>	\$ 419,402	\$ 419,402	\$ 419,402	
<b>Benefits and Perquisites:</b>				
Continuing Benefits <sup>3</sup>		\$ 20,837	\$ 20,837	\$ 10,418
<b>Total:</b>	\$ 419,402	\$ 1,389,239	\$ 1,389,239	\$ 484,918

<sup>1</sup> In the event of a Change of Control, Mr. McNeely becomes fully vested in his outstanding restricted stock and stock option awards only if his employment is terminated following such Change of Control. The value of restricted stock is based on the closing price of the Company's common stock on December 31, 2014 (\$26.31 per share) and the value of stock options is based on the aggregate spread between the exercise price of the options

and such closing price.

- <sup>2</sup> In the event that the Company terminates Mr. McNeely's employment without Cause or if he terminates his employment for Good Reason, the Company will pay the severance and benefits set forth in the table above.
- <sup>3</sup> In the event that the Company terminates Mr. McNeely's employment without Cause or if he terminates his employment for Good Reason, Mr. McNeely will be entitled to continued participation in the Company's group health benefit plan by him and such members of his family who participated in the group health benefit plan at the time of his termination without Cause for a period of 12 months at the same costs and coverage levels as applicable to active employees of the Company (or for a period of 24 months for termination for Good Reason or termination following a Change of Control).

**Table of Contents****Mr. Avery, Mr. Baun and Ms. Boege**

Payments to Messrs. Avery and Baun and Ms. Boege upon termination or change of control are provided for in the Company's Executive Severance Plan, as described below.

If the Company terminates the employment of any of Messrs. Avery or Baun or Ms. Boege without Cause, or if any of them terminates his or her employment for Good Reason (each as defined in the Company's Executive Severance Plan), then the individual would be entitled to the following benefits for a period of 12 months following such termination of employment: (i) continuation of base salary; (ii) an amount equal to the average of the annual bonuses paid to him or her for the last two full years; and (iii) continuation of certain health benefits.

Messrs. Avery and Baun and Ms. Boege, as participants in the Company's Executive Severance Plan, have 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 LTIP and the restricted stock and stock option agreements of Messrs. Avery and Baun and Ms. Boege, unvested restricted stock and stock options would become fully vested upon a Change of Control (as defined under the LTIP).

Summarized below are the potential payments and benefits payable by the Company to Messrs. Avery and Baun and Ms. Boege, respectively, at, following or in connection with the indicated termination of employment or change of control as of December 31, 2014:

**POTENTIAL PAYMENTS AND BENEFITS UPON TERMINATION OR CHANGE OF CONTROL MR. AVERY**

**Executive Benefits and**

Payments Upon Change of Control or Termination of Employment	Change of Control No Termination <sup>1</sup>	Change of Control without Cause <sup>1</sup>	Change of Control Termination for Good Reason <sup>1</sup>	Termination without Cause or for Good Reason <sup>2</sup>	Death Disability
<b>Compensation:</b>					
Base Salary		\$ 300,000	\$ 300,000	\$ 300,000	
Incentive Compensation					
Restricted Stock and Stock Options:					
Unvested and Accelerated <sup>1</sup>	\$ 196,235	\$ 196,235	\$ 196,235		
<b>Benefits and Perquisites:</b>					
Continuing Benefits <sup>3</sup>		\$ 10,418	\$ 10,418	\$ 10,418	
<b>Total:</b>	<b>\$ 196,235</b>	<b>\$ 506,653</b>	<b>\$ 506,653</b>	<b>\$ 310,418</b>	

<sup>1</sup> In the event of a Change of Control, Mr. Avery becomes fully vested in his outstanding restricted stock and stock option awards only if his employment is terminated following such Change of Control. The value of restricted stock is based on the closing price of the Company's common stock on December 31, 2014 (\$26.31 per share). The value of stock options is based on the aggregate spread between the exercise price of the options and such

closing price.

- <sup>2</sup> In the event that the Company terminates Mr. Avery's employment without Cause or if he terminates his employment for Good Reason, the Company will pay the severance and benefits set forth in the table above.
- <sup>3</sup> In the event that the Company terminates Mr. Avery's employment without Cause or if he terminates his employment for Good Reason, Mr. Avery will be entitled to continued participation in the Company's group health benefit plan by him and such members of his family who participated in the group health benefit plan at the time of his termination for a period of 12 months at the same costs and coverage levels as applicable to active employees of the Company.



**Table of Contents****POTENTIAL PAYMENTS AND BENEFITS UPON TERMINATION OR CHANGE OF CONTROL MR. BAUN****Executive Benefits and****Payments Upon Change of**

<b>Control or Termination of</b>	<b>Change of Control No Termination<sup>1</sup></b>	<b>Change of Control Termination without Cause<sup>1</sup></b>	<b>Change of Control Termination for Good Reason<sup>1</sup></b>	<b>Termination without Cause or for Good Reason<sup>2</sup></b>	<b>Death Disability</b>
<b>Employment Compensation:</b>					
Base Salary		\$ 281,000	\$ 281,000	\$ 281,000	
Incentive Compensation		\$ 66,250	\$ 66,250	\$ 66,250	
Restricted Stock and Stock Options: Unvested and Accelerated <sup>1</sup>	\$ 90,188	\$ 90,188	\$ 90,188		
<b>Benefits and Perquisites:</b>					
Continuing Benefits <sup>3</sup>		\$ 10,418	\$ 10,418	\$ 10,418	
<b>Total:</b>	\$ 90,188	\$ 447,856	\$ 447,856	\$ 357,668	

<sup>1</sup> In the event of a Change of Control, Mr. Baun becomes fully vested in his outstanding stock option awards only if his employment is terminated following such Change of Control. The value of stock options is based on the aggregate spread between the exercise price of the options and the closing price of the Company's common stock on December 31, 2014 (\$26.31 per share).

<sup>2</sup> In the event that the Company terminates Mr. Baun's employment without Cause or if he terminates his employment for Good Reason, the Company will pay the severance and benefits set forth in the table above.

<sup>3</sup> In the event that the Company terminates Mr. Baun's employment without Cause or if he terminates his employment for Good Reason, Mr. Baun will be entitled to continued participation in the Company's group health benefit plan by him and such members of his family who participated in the group health benefit plan at the time of his termination for a period of 12 months at the same costs and coverage levels as applicable to active employees of the Company.

**POTENTIAL PAYMENTS AND BENEFITS UPON TERMINATION OR CHANGE OF CONTROL MS. BOEGE****Executive Benefits and**

<b>Control or Termination of</b>	<b>Change of Control No Termination<sup>1</sup></b>	<b>Change of Control Termination without Cause<sup>1</sup></b>	<b>Change of Control Termination for Good Reason<sup>1</sup></b>	<b>Termination without Cause or for Good Reason<sup>2</sup></b>	<b>Death Disability</b>
<b>Payments Upon Change of</b>					
<b>Employment Compensation:</b>					
Base Salary		\$ 307,500	\$ 307,500	\$ 307,500	
Incentive Compensation					
Restricted Stock and Stock Options: Unvested and Accelerated <sup>1</sup>	\$ 37,534	\$ 37,534	\$ 37,534		
<b>Benefits and Perquisites:</b>					

Continuing Benefits <sup>3</sup>		\$ 3,552	\$ 3,552	\$ 3,552
<b>Total:</b>	\$ 37,534	\$ 348,586	\$ 348,586	\$ 311,052

- <sup>1</sup> In the event of a Change of Control, Ms. Boege becomes fully vested in her outstanding stock option awards only if her employment is terminated following such Change of Control. The value of stock options is based on the aggregate spread between the exercise price of the options and the closing price of the Company's common stock on December 31, 2014 (\$26.31 per share).

**Table of Contents**

- <sup>2</sup> In the event that the Company terminates Ms. Boege's employment without Cause or if she terminates her employment for Good Reason, the Company will pay the severance and benefits set forth in the table above.
- <sup>3</sup> In the event that the Company terminates Ms. Boege's employment without Cause or if she terminates her employment for Good Reason, Ms. Boege will be entitled to continued participation in the Company's group health benefit plan by her and such members of her family who participated in the group health benefit plan at the time of her termination for a period of 12 months at the same costs and coverage levels as applicable to active employees of the Company.

**Mr. McCarthy**

If the Company terminates Mr. McCarthy's employment without Cause, or Mr. McCarthy terminates his employment for Good Reason (each as defined in his employment agreement), Mr. McCarthy would be entitled to the following benefits for a period of 12 months following such termination of employment: (i) continuation of base salary; (ii) an amount equal to his target annual bonus; and (iii) continuation of certain health benefits.

Pursuant to the terms of his employment agreement, Mr. McCarthy 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 LTIP and Mr. McCarthy's restricted stock and stock option agreements, unvested restricted stock and stock options would become fully vested upon a Change of Control (as defined under the LTIP).

Summarized below are the potential payments and benefits payable by the Company to Mr. McCarthy at, following or in connection with the indicated termination of employment or change of control as of December 31, 2014:

**POTENTIAL PAYMENTS AND BENEFITS UPON TERMINATION OR CHANGE OF CONTROL MR. MCCARTHY**

**Executive Benefits and**

Payments Upon Change of Control or Termination of Employment	Change of Control No Termination <sup>1</sup>	Change of Control Termination without Cause <sup>1</sup>	Change of Control Termination for Good Reason <sup>1</sup>	Termination without Cause or for Good Reason <sup>2</sup>	Death Disability
<b>Compensation:</b>					
Base Salary		\$ 252,000	\$ 252,000	\$ 252,000	
Incentive Compensation		\$ 126,000	\$ 126,000	\$ 126,000	
Restricted Stock and Stock Options:					
Unvested and Accelerated <sup>1</sup>	\$ 74,754	\$ 74,754	\$ 74,754		
<b>Benefits and Perquisites:</b>					
Continuing Benefits <sup>3</sup>		\$ 10,418	\$ 10,418	\$ 10,418	
<b>Total:</b>	<b>\$ 74,754</b>	<b>\$ 463,172</b>	<b>\$ 463,172</b>	<b>\$ 388,418</b>	

<sup>1</sup> In the event of a Change of Control, Mr. McCarthy becomes fully vested in his outstanding stock option awards only if his employment is terminated following such Change of Control. The value of stock options is based on the aggregate spread between the exercise price of the options and the closing price of the Company's common

stock on December 31, 2014 (\$26.31 per share).

- <sup>2</sup> In the event that the Company terminates Mr. McCarthy's employment without Cause or if he terminates his employment for Good Reason, the Company will pay the severance and benefits set forth in the table above.
- <sup>3</sup> In the event that the Company terminates Mr. McCarthy's employment without Cause or if he terminates his employment for Good Reason, Mr. McCarthy will be entitled to continued participation in the Company's group health benefit plan by him and such members of his family who participated in the group health benefit plan at the time of his termination for a period of 12 months at the same costs and coverage levels as applicable to active employees of the Company.

**Table of Contents**

*Compensation Committee Report*

The compensation committee of the board of directors (the Committee ) has reviewed and discussed the Compensation Discussion and Analysis in this Proxy Statement with the Company's management and, based on such review and discussions, the Committee recommended to the board of directors that the Compensation Discussion and Analysis be included in this Proxy Statement, portions of which, including the Compensation Discussion and Analysis, have been incorporated by reference into the Company's Annual Report on Form 10-K for the Company's fiscal year ended December 31, 2014.

Respectfully submitted by the Committee,

Andrew B. Schmitt, Chairman

James D. Cirar

Thomas A. Madden

Malcolm F. Moore

Robert N. Tidball

**Table of Contents****DIRECTOR COMPENSATION**

Set forth below are summaries of the compensation paid to each of our directors in 2014, in both cash and equity awards. Mr. Moore is not included in either table because he was appointed as a director in March 2015 and therefore did not receive any compensation from the Company in 2014.

**2014 Director Compensation Table**

Name	Fees Earned or Paid in		
	Cash	Stock Awards	Total
	(\$) <sup>1</sup>	(\$) <sup>2</sup>	(\$)
James D. Cirar	47,000	45,005	92,005
William D. Gehl	112,000	45,005	157,005
Thomas A. Madden	48,000	45,005	93,005
Andrew B. Schmitt	50,000	45,005	95,005
S. Carl Soderstrom, Jr.	61,000	45,005	106,005
Robert N. Tidball	50,000	45,005	95,005

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

	Mr. Cirar	Mr. Gehl	Mr. Madden	Mr. Schmitt	Mr. Soderstrom	Mr. Tidball
Retainer	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Chairmanship		\$ 65,000		\$ 5,000	\$ 15,000	\$ 5,000
Attendance	\$ 17,000	\$ 17,000	\$ 18,000	\$ 15,000	\$ 16,000	\$ 15,000
Total	\$ 47,000	\$ 112,000	\$ 48,000	\$ 50,000	\$ 61,000	\$ 50,000

<sup>2</sup> Represents the grant date fair value of restricted shares granted by the Company during 2014 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.

**Table of Contents**

The number of shares awarded to directors during 2014 and the aggregate unvested stock awards as of December 31, 2014 are as follows:

<b>Director</b>	<b>Awards During 2014</b>	<b>Aggregate Unvested Stock Awards</b>
James D. Cirar	1,802 shares	1,802 shares
William D. Gehl	1,802 shares	1,802 shares
Thomas A. Madden	1,802 shares	1,802 shares
Andrew B. Schmitt	1,802 shares	1,802 shares
S. Carl Soderstrom, Jr.	1,802 shares	1,802 shares
Robert N. Tidball	1,802 shares	1,802 shares

*General Description of Director Compensation*

We reimburse directors for expenses incurred in connection with attendance at board or committee meetings. During 2014, we compensated each of our independent directors as follows: \$30,000 as an annual retainer; \$1,000 for board meeting attendance; \$1,000 for committee meeting attendance; \$15,000 annual compensation for the chairperson of the audit committee; \$5,000 annual compensation for the chairperson of any other committee; and an annual restricted stock award of \$45,000. The 2014 annual fee for the non-executive Chairman of the Board was an additional \$65,000. 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.

On December 3, 2014, our board of directors, at the recommendation of the compensation committee based on the study and suggestions of Hay Group, approved the Company's new 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 (inclusive 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:

	Chair Retainer (annual)	Meeting Fees (per meeting)
Audit	\$ 15,000	\$ 1,000
Compensation	\$ 10,000	\$ 1,000
Nominating and Corporate Governance	\$ 10,000	\$ 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 members 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 shareholders following the date of grant.





**Table of Contents***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 taxes 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 stock or restricted stock units, including options or shares granted but not vested. If a director consistently 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, 2014 about FreightCar America's equity compensation plans, all of which have been approved by FreightCar America's stockholders.

	<b>Number of common shares to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of common shares remaining available for future issuance under equity compensation plans (excluding common shares reflected in the first column)</b>
Equity compensation plans approved by stockholders	851,853 <sup>1</sup>	\$ 23.86 <sup>2</sup>	947,719 <sup>3</sup>
Equity compensation plans not approved by stockholders	-0-	N/A	-0-

Total	851,853	\$	23.86	947,719
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- <sup>1</sup> Includes an aggregate of 56,875 restricted shares that were not vested as of December 31, 2014.
- <sup>2</sup> Weighted-average exercise price of outstanding options excludes restricted shares.
- <sup>3</sup> Represents shares of common stock authorized for issuance 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

**Table of Contents**

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. During fiscal years 2014 and 2013, there were no audit-related services provided to us by Deloitte & Touche LLP.

The following table presents fees for audit services rendered by Deloitte & Touche LLP, the member firms 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, 2014 and 2013, and fees billed for other services rendered by the Deloitte entities during those periods.

<b>Fees</b>	<b>Fiscal Year Ended December 31, 2014</b>	<b>Fiscal Year Ended December 31, 2013</b>
Audit Fees <sup>1</sup>	\$ 802,017	\$ 738,125
Audit-Related Fees <sup>2</sup>		
Tax Fees <sup>3</sup>		
Total	\$ 802,017	\$ 738,125

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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 Messrs. Cirar, Gehl, Madden and Soderstrom. 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

## **Table of Contents**

independent registered public accounting firm, the audited financial statements as of and for the year ended December 31, 2014 and the reports of Deloitte & Touche LLP issued in connection therewith. Deloitte & Touche LLP is responsible for expressing an opinion on the conformity 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 Statement on Auditing Standards No. 114 (*The Auditor's Communication With Those Charged With Governance*), 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, 2014 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 2015.

Respectfully submitted by the audit committee,

S. Carl Soderstrom, Jr., Chairman

James D. Cirar

William D. Gehl

Thomas A. Madden

## **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 \$120,000 and a related person has a direct or indirect material interest must be reported in our filings with the SEC pursuant to its rules. The audit committee charter does not specify the standards to be applied by the committee in reviewing related-person transactions. However, we expect that the committee will consider all relevant facts and circumstances, including, if applicable, but not limited to: the benefits to the Company; the impact on a director's independence in the event that the related person is a director, an immediate family member of a director or an entity in which a director is a partner, security holder or executive officer; the availability of other sources for comparable products or services; the terms of the transaction; and the terms available for similar transactions with unrelated third parties.

We identify transactions for review through our Code of Business Conduct and Ethics and our annual directors' and officers' questionnaires, which require employees, executive officers and directors to disclose transactions or relationships that may constitute conflicts of interest.

There were no related-person transactions during 2014.

## **2016 ANNUAL MEETING OF STOCKHOLDERS**

We expect that our 2016 annual meeting of stockholders will be held within 30 days of May 14, 2016, 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 2016 annual meeting of stockholders must be received by our Secretary at our principal executive offices (currently at Two North Riverside Plaza, Suite 1300, Chicago, Illinois 60606) by December 4, 2015. If a stockholder intends to present a proposal at the 2016 annual meeting of stockholders, but not to have such proposal included in our proxy statement relating to

**Table of Contents**

that meeting, such proposal must be received by our Secretary not earlier than January 15, 2016 and not later than February 14, 2016. 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 statements with respect to two or more stockholders sharing the same address by delivering a single 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 accountholders who are stockholders will be householding our proxy materials. As indicated in the notice previously provided by these brokers to stockholders, a single 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 us 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 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.

By Order of the Board of Directors  
FreightCar America, Inc.

*/s/ Kathleen M. Boege*

KATHLEEN M. BOEGE  
General Counsel and Corporate Secretary

**Table of Contents**

**FREIGHTCAR AMERICA, INC.**

***IMPORTANT ANNUAL MEETING INFORMATION***

**Electronic Voting Instructions**

**Available 24 hours a day, 7 days a week!**

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW  
IN THE TITLE BAR.

**Proxies submitted by the Internet or telephone must be received by 12:00 a.m., Central Time, on May 14, 2015.**

**Vote by Internet**

Go to [www.investorvote.com/RAIL](http://www.investorvote.com/RAIL)

Or scan the QR code with your  
smartphone

Follow the steps outlined on the secure  
website

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

**Vote by telephone**



Call toll free 1-800-652-VOTE (8683) within the USA,  
US territories & Canada on a touch tone telephone

Follow the instructions provided by the recorded  
message

**Annual Meeting Proxy Card**

**q IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q**

**A Proposals** The Board of Directors recommends a vote FOR all the nominees listed in Proposal 1, and FOR Proposals 2 3.

1. Election of Class I directors:	<b>For</b>	<b>Withhold</b>		<b>For</b>	<b>Withhold</b>		<b>For</b>	<b>Withhold</b>	+
Nominees:									
01 - James D. Cirar	..	..	02 - Malcolm F. Moore	..	..	03 - S. Carl Soderstrom, Jr.	..	..	

2. Advisory vote to approve named executive officer compensation.	<b>For</b>	<b>Against</b>	<b>Abstain</b>	3. Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2015.	<b>For</b>	<b>Against</b>	<b>Abstain</b>
	..	..	..		..	..	..

**B Non-Voting Items**

**Change of Address** Please print your new address below. **Comments** Please print your comments below. **Meeting Attendance** Please check here if you plan to attend the Annual Meeting of Stockholders.

**C Authorized Signatures** This section must be completed for your vote to be counted. **Date and Sign Below**

Please sign this proxy exactly as your name appears on the proxy. If held in joint tenancy, all persons should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by president or other authorized officer. If a partnership, limited liability company or other similar entity, please sign in such entity's name by an authorized person.

Date (mm/dd/yyyy) Please print date below. Signature 1 Please keep signature within the box.

Signature 2 Please keep signature within the box.

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**Table of Contents**

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS**  
**FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 14, 2015:**

**Our Proxy Statement and Annual Report on Form 10-K for the year  
ended December 31, 2014 are available at: [www.railproxy.info](http://www.railproxy.info)**

If you have not voted via the Internet or telephone, please return voted proxies to:

**Proxy Services**

**c/o Computershare Investor Services**

**PO Box 43101**

**Providence, RI 02940-5067**

q IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION,  
DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q

**Proxy FreightCar America, Inc.**

**ANNUAL MEETING OF STOCKHOLDERS**

**MAY 14, 2015**

**Union League Club of Chicago**

**65 West Jackson Boulevard**

**Chicago, Illinois 60604**

**10:00 a.m. (local time)**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF FREIGHTCAR  
AMERICA, INC. FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 14, 2015  
AND ANY ADJOURNMENT OR POSTPONEMENT THEREOF.**

The undersigned hereby appoints Charles F. Avery, Jr. and Kathleen M. Boege, and each of them, as proxies with full power of substitution to represent and to vote, as designated on the reverse side of this proxy card, all of the shares of common stock of FreightCar America, Inc. which the undersigned may be entitled to vote at the Annual Meeting of

Stockholders to be held at 10:00 a.m. (local time) on May 14, 2015 at the Union League Club of Chicago, 65 West Jackson Boulevard, Chicago, Illinois 60604, and at any postponement(s) or adjournment(s) thereof and, in such proxies discretion, to vote upon such other business as may properly come before the meeting, and at any postponement(s) or adjournment(s) thereof, as set forth in the related Notice of Annual Meeting and Proxy Statement, the receipt of which is hereby acknowledged. The undersigned hereby revokes all prior proxies given by the undersigned to vote at said meeting and any adjournment(s) or postponement(s) thereof. This proxy card is valid only when signed and dated.

**THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR ALL THE CLASS I DIRECTOR NOMINEES, FOR APPROVAL OF NAMED EXECUTIVE OFFICER COMPENSATION, AND FOR THE RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2015.**

*(Continued and to be dated and signed on the reverse side.)*