FreightCar America, Inc.
Form 424B4
September 22, 2005
Table of Contents

Filed Pursuant to Rule 424(b)(4)

Registration No. 333-128122

PROSPECTUS

2,283,754 Shares

FreightCar America, Inc.

Common Stock

The selling stockholders, including all of our executive officers and certain of our directors, are offering 2,283,754 shares of our common stock by this prospectus. We are not selling shares and will not receive any proceeds from the sale of shares by the selling stockholders.

Our common stock is quoted on the Nasdaq National Market under the symbol RAIL. On September 21, 2005, the last sale price of our common stock as reported on the Nasdaq National Market was $40.68 per share.

Investing in our common stock involves a high degree of risk. Before buying any shares, you should carefully read the discussion of material risks of investing in our common stock in Risk factors beginning on page 13 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$40.500	$92,492,037
Underwriting discounts and commissions	$ 2.328	$ 5,316,579
Proceeds to selling stockholders	$38.172	$87,175,458

The underwriters may also purchase from the selling stockholders up to an additional 342,563 shares of our common stock at the public offering price, less the underwriting discounts and commissions payable by the selling stockholders, to cover over-allotments, if any, within 30 days from the date of this prospectus.

The underwriters are offering the common stock as set forth under Underwriting. Delivery of the shares will be made on or about September 27, 2005.

UBS Investment Bank

Jefferies & Company, Inc. **CIBC World Markets**

The date of this prospectus is September 21, 2005.

Table of Contents

Table of Contents

You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized anyone to provide you with additional information or information different from that contained in this prospectus. We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of shares of our common stock.

TABLE OF CONTENTS

Prospectus summary	1
Risk factors	13
Special note regarding forward-looking statements	29
Use of proceeds	30
Market price of common stock	31
Dividend policy	32
Capitalization	33
Selected consolidated financial data	34
Management s discussion and analysis of financial condition and results of operations	38
Industry	64
Business	69
Management	88
Certain relationships and related party transactions	102
Principal and selling stockholders	107
Description of indebtedness	111
Description of capital stock	112
Shares eligible for future sale	116
Material U.S. federal income tax considerations for non-U.S. holders	118
Underwriting	121
Legal matters	125
Experts	125
Where you can find more information	125
Index to financial statements	F-1

In this prospectus, references to our company, we, us and our refer to FreightCar America, Inc. and its consolidated subsidiaries and its predecessors, except where the context otherwise indicates.

This prospectus contains some of our trademarks, trade names and service marks. Each trademark, trade name or service mark of any other company appearing in this prospectus belongs to its respective holder.

The market and industry data and forecasts included in this prospectus are based upon independent industry sources, including the Association of American Railroads, the Railway Supply Institute, Inc., Economic Planning Associates, Inc., the Energy Information Administration of the U.S. Department of Energy and Resource Data International. Although we believe that these independent sources are reliable, we have not independently verified the accuracy and completeness of this information, nor have we independently verified the underlying economic assumptions relied upon in preparing any forecasts. See Risk factors Risks related to our business The market and industry data included in this prospectus, including estimates and forecasts relating to the growth of the railcar market, cannot be verified with certainty and may prove to be inaccurate. In addition, we recognize sales of our railcars, which we sometimes refer to as deliveries of our railcars, when we have completed production, the railcars are accepted by the customer following inspection, the risk for any damage or other loss with respect to the railcars passes to the customer and title to the railcars transfers to the customer. Information related to our railcar deliveries is based on our recognized sales. Sales recognition policies of other manufacturers may not necessarily be the same as our policy. However, the industry-wide railcar delivery information included in this prospectus is based, in part, on railcar delivery information that we provided to independent industry sources that recognized deliveries in a given period before title to the railcar transferred to the customer. Therefore, industry information related to railcar deliveries by all manufacturers, which includes information that we have provided, is based on different sales recognition policies than we use. As a result, industry-wide railcar delivery information is not directly comparable to our actual railcar delivery information.

Table of Contents

Prospectus summary

This summary highlights information contained elsewhere in this prospectus. It is not complete and may not contain all the information that may be important to you. You should read the entire prospectus carefully before making an investment decision, especially the information presented under the heading Risk factors and our consolidated financial statements and the related notes included elsewhere in this prospectus.

OUR COMPANY

We are the leading manufacturer of aluminum-bodied railroad freight cars, which we also refer to as railcars, in North America, based on the number of railcars delivered. We specialize in the production of coal-carrying railcars, which represented 78% of our deliveries of railcars in 2004 and 91% of our deliveries of railcars in the six months ended June 30, 2005, while the balance of our production consisted of a broad spectrum of railcar types, including aluminum-bodied and steel-bodied railcars. We also refurbish and rebuild railcars and sell forged, cast and fabricated parts for all of the railcars that we produce, as well as those manufactured by others. We have chosen not to offer significant railcar leasing services, as we have made a strategic decision not to compete with our customers that provide railcar leasing services, which represent a significant portion of our revenue.

We believe that we are the leading North American manufacturer of coal-carrying railcars. We estimate that we have manufactured 81% of the coal-carrying railcars delivered over the three years ended December 31, 2004 in the North American market. Our aluminum BethGon railcar has been the leading aluminum-bodied coal-carrying railcar sold in North America for nearly 20 years. We believe that over the last 25 years we have built and introduced more types of coal-carrying railcars than all other manufacturers in North America combined.

Our manufacturing facilities are located in Danville, Illinois, Johnstown, Pennsylvania and Roanoke, Virginia. Our Danville facility produced approximately 81% of our railcars manufactured during the year ended December 31, 2004 and 61% of our railcars manufactured during the six months ended June 30, 2005. Our Danville facility produced 100% and 68% of our aluminum-bodied coal-carrying railcars during the year ended December 31, 2004 and the six months ended June 30, 2005, respectively. We believe that the operational efficiency of our Danville facility has increased over the last six years resulting in a significant reduction in our manufacturing costs. Our Johnstown facility manufactures small covered hopper railcars, coiled steel railcars, aluminum vehicle carrier railcars and aluminum-bodied coal-carrying railcars. In April 2005, we commenced operations at a manufacturing facility that we have leased in Roanoke, Virginia. Our new Roanoke facility has the capability to manufacture a variety of types of railcars, including aluminum-bodied and steel-bodied railcars. We delivered our first railcar manufactured at the Roanoke facility during the second quarter of 2005. See Recent developments below.

Our primary customers are financial institutions, railroads and shippers, which represented 38%, 31% and 31%, respectively, of our total sales attributable to each type of customer for the year ended December 31, 2004, and 28%, 20% and 52%, respectively, of our total sales attributable to each type of customer for the six months ended June 30, 2005. Our sales for the six months ended June 30, 2005 were $396.5 million and our net income for the same period was $11.1 million. Our customers that we refer to as financial institution customers include a variety of financial institutions that buy railcars from us and lease such railcars. Our customers that we refer to as shippers include utility companies that use our railcars primarily for coal transport and a variety of industrial companies that use our railcars for freight transport. In 2004, we delivered 7,484 new railcars, including 5,840 aluminum-bodied coal-carrying railcars, and in the six months ended June 30, 2005, we delivered 5,704 new railcars, including

Table of Contents

5,103 aluminum-bodied coal-carrying railcars. Our total backlog of firm orders for new railcars increased from 11,397 railcars as of December 31, 2004 to 15,867 railcars as of June 30, 2005, representing estimated sales of $747.8 million and $1.1 billion, respectively, attributable to such backlog. Our sales for the year ended December 31, 2004 were $482.2 million and our net loss for the same period was $24.9 million.

We and our predecessors have been manufacturing railcars since 1901. From 1923 to 1991, our business was owned and operated by Bethlehem Steel Corporation. In 1991, Transportation Technologies Industries, Inc., or TTII (then known as Johnstown America Industries, Inc.), purchased our business from Bethlehem Steel. In June 1999, TTII sold our railcar business to an investor group led by certain members of TTII s management who became our management. In December 2004, we changed our name from JAC Holdings International, Inc. to FreightCar America, Inc. to better reflect our business of manufacturing railcars. In April 2005, we completed an initial public offering of shares of our common stock.

OUR INDUSTRY

The North American railcar market is the primary market in which we compete. The North American railcar manufacturing industry has been consolidating over the last 20 years with the number of manufacturers falling from 24 companies in 1980 to six companies today. Of these six companies, four manufacture railcars primarily for third-party customers, while the other two manufacture railcars primarily for their own railcar leasing operations. According to the Association of American Railroads, there were approximately 1.3 million railcars in circulation in 2003, and the number of railcars delivered in the North American market increased from 17,736 railcars in 2002 to 46,871 railcars in 2004. Economic Planning Associates expects estimated railcar deliveries of 66,700 railcars in 2005, 65,000 railcars in 2006, 59,500 railcars in 2007 and 56,350 railcars in 2008, with the reduced estimated deliveries in 2006 reflecting fewer intermodal railcars and platform assemblies and reduced deliveries of box railcars.

Rail transport is important to the North American economy. In 2001, railroads transported approximately 42% of the freight hauled in the United States, an increase from approximately 38% in 1990. A number of industries in North America rely heavily on rail for the transport of the various inputs and outputs associated with their operations.

We believe the main characteristics and trends affecting the railcar industry are:

Ø the cyclical nature of the railcar market;

Ø the replacement demand for the aging North American railcar fleet;

Ø the shift from steel-bodied to aluminum-bodied railcars;

Ø the shift in the customer base from railroads to financial institutions and shippers; and

Ø the consolidation of railcar manufacturers.

We believe the main trends affecting the coal-carrying railcar business are:

- Ø the increase in demand for electricity;
- Ø the increase in demand for coal as a fuel source; and
- Ø the increase in demand for coal from the western United States.

These trends affecting the railcar industry and the coal-carrying railcar business are summarized in the section entitled Industry.

2

Table of Contents

OUR BUSINESS STRENGTHS AND COMPETITIVE ADVANTAGES

We believe that the following key business strengths and competitive advantages will contribute to our growth:

- **Leader in coal-carrying railcar market**. We believe we are the leading manufacturer of coal-carrying railcars in North America, producing an estimated 81% of the coal-carrying railcars delivered in the North American market over the three years ended December 31, 2004. Through our leading position in the coal-carrying railcar market, we expect to benefit from the increasing use of coal as an energy source.

- **Leading manufacturer of aluminum-bodied railcars**. Since pioneering the modern aluminum-bodied coal-carrying railcar design in 1986, we believe that we have introduced more aluminum-bodied railcar types and have manufactured more aluminum-bodied railcars than any other company. We produce aluminum-bodied railcars in each of our facilities in Danville, Illinois, Johnstown, Pennsylvania and Roanoke, Virginia. We plan to leverage our expertise in aluminum-bodied coal-carrying railcar production as railroads and utilities continue to upgrade their fleets from aging steel-bodied coal-carrying railcars to lighter aluminum-bodied railcars.

- **Strong relationships with long-term customer base**. We have established long-term relationships with a customer base that includes some of the largest financial institutions, railroads and shippers in North America. We believe that our ability to meet our customers preference for reliable, high-quality products, the relatively high cost for customers to switch manufacturers, our technological leadership in developing innovative products and the competitive pricing of our railcars have helped us maintain our long-standing relationships with our customers.

- **Low-cost structure**. Over the past several years, we have reduced our fixed costs and have increased our production efficiency through a series of operational changes and the introduction of proprietary production systems. In particular, we believe that the operational efficiency of our Danville facility has increased over the last six years resulting in a significant reduction in our manufacturing costs. We also believe that our Roanoke facility is producing railcars at a competitive cost and efficiency. We also have contractual arrangements with certain of our suppliers and customers that help limit our exposure to fluctuations in material prices. As a result of our low-cost structure, we were able to generate positive cash flow from operations during the most recent cyclical downturn in the railcar industry despite the decline in our sales.

- **Innovative product development**. We continuously seek to create new railcar designs and develop improvements to our existing designs. We have added ten new or redesigned products to our portfolio in the last five years, and railcar designs introduced in the last four years represented 92% of the railcars that we produced in fiscal year 2004 and 91% of the railcars that we produced in the six months ended June 30, 2005.

- **Stable labor relations**. We have a collective bargaining agreement with the union representing the employees at our Danville facility, which expires on November 1, 2008. In November 2004, we entered into a settlement agreement with the union representing our existing and former unionized employees at our Johnstown facility setting forth the terms of a new collective bargaining agreement, which expires on May 15, 2008. The settlement, among other things, limits future liabilities for health care coverage and pension benefits for retired unionized employees at our Johnstown facility. See Recent Developments below. Our employees at our Roanoke facility are not represented by any union.

- **Strong and experienced management team**. We have an experienced senior management team that has an average of over 28 years of experience in the railcar or other manufacturing industries. We believe that our management team has successfully managed our business during the most recent cyclical downturn in the railcar industry, and the continued contributions of our management team will be important for our future success.

Table of Contents

OUR STRATEGY

The key elements of our business strategy are as follows:

Ø **Maintain leadership in the coal-carrying railcar segment**. Since we introduced our aluminum-bodied coal-carrying railcar design in 1986, we have been the leading manufacturer of coal-carrying railcars in North America with an estimated 81% share of the coal-carrying railcars delivered over the three years ended December 31, 2004 in the North American market. We intend to continue to develop new and innovative railcar designs that respond to the needs of our customers, thereby capitalizing on the forecasted growth in coal usage in the United States.

Ø **Leverage aluminum expertise into new applications and railcar types**. We are applying our expertise in aluminum-bodied coal-carrying railcar production to develop new types of railcars and related applications. For example, our aluminum vehicle carrier is a competitively priced alternative to a steel vehicle carrier for the efficient transport of new passenger vehicles.

Ø **Continue to improve operating efficiencies**. We intend to build on the success of our cost improvement initiatives at our Danville facility, and we will continue to identify opportunities to enhance operating efficiencies across our manufacturing facilities, including our Roanoke facility, thereby allowing us to reduce our costs and maintain competitive prices.

Ø **Continue to expand our product portfolio**. We intend to continue to introduce new and improved railcar designs that respond to the needs of our customers. In addition to developing new aluminum-bodied railcar types, we may seek to expand our product portfolio to additional steel-bodied railcars.

Ø **Continue to pursue incremental internal growth and additional external opportunities.** As a result of significantly reducing our debt with the net proceeds received in our initial public offering, we have greater financial flexibility to supplement internal growth with select acquisitions. We intend to expand into underserved international markets through licensing arrangements or through joint ventures with established railcar manufacturers. In response to the current demand for our railcars, we are considering the addition of another manufacturing facility and exploring other opportunities to increase our production capacity.

RECENT DEVELOPMENTS

Declaration of dividend. On September 1, 2005, our board of directors declared a cash dividend of $0.03 per share of common stock, payable on September 22, 2005 to holders of record as of September 12, 2005. Shares of our common stock purchased in this offering will not be entitled to receive this dividend.

Initial public offering. In April 2005, we completed an initial public offering of shares of our common stock. In connection with the offering, we offered and sold 5,100,000 shares of our common stock and certain selling stockholders offered and sold 4,675,000 shares at a price of $19.00 per share. The net proceeds that we received from the initial public offering, after deducting underwriting discounts, commissions and estimated offering-related expenses payable by us, were approximately $85.3 million. We used all of our net proceeds from the offering and our available cash to repay our existing indebtedness, redeem all of our outstanding redeemable preferred stock, pay amounts due to shareholders, pay amounts due in connection with the termination of certain management services and other agreements with certain of our stockholders and pay related fees and expenses.

New production facility. In December 2004, we entered into an agreement to lease a railcar manufacturing facility in Roanoke, Virginia. In April 2005, we commenced operations at this manufacturing facility. Our new Roanoke facility has the capability to manufacture a variety of types of

Table of Contents

railcars, including aluminum-bodied and steel-bodied railcars. We are initially producing aluminum-bodied railcars and plan to eventually produce both aluminum-bodied and steel-bodied railcars at the Roanoke facility. We delivered our first railcar manufactured at the Roanoke facility during the second quarter of 2005. See Management s discussion and analysis of financial condition and results of operations Recent developments for more information.

Johnstown settlement. On November 15, 2004, our subsidiary, Johnstown America Corporation, or JAC, entered into a settlement agreement with The United Steelworkers of America, or the USWA, which represents our unionized employees in our Johnstown, Pennsylvania manufacturing facility. Our unionized employees at our Johnstown facility, who comprise approximately 38% of our total workforce as of June 30, 2005, had been without a collective bargaining agreement since October 2001. The settlement agreement sets forth the terms of a new 42-month collective bargaining agreement with our unionized employees at our Johnstown facility. The settlement agreement also provides for the resolution of charges made by the USWA against us with the NLRB, certain related class-action lawsuits, which we refer to as the Deemer and Britt lawsuits, and certain workplace grievance matters. Under the terms of the settlement agreement, the plaintiffs in the Deemer and Britt lawsuits agreed to withdraw their lawsuits with prejudice and the USWA agreed to request that the NLRB prosecutor withdraw the NLRB charges against us. In addition, the settlement agreement limits our future liabilities for health care coverage and pension benefits for retired unionized employees at our Johnstown facility. The settlement was conditioned on, among other things, obtaining certain third-party approvals. All of the conditions to the effectiveness of the settlement were met as of May 4, 2005. We refer to the settlement agreement and the related matters discussed above as the Johnstown settlement. See Business Legal proceedings Labor dispute settlement.

CORPORATE INFORMATION

FreightCar America, Inc. is incorporated under the laws of the State of Delaware. The address of our principal executive offices is Two North Riverside Plaza, Suite 1250, Chicago, Illinois 60606. Our telephone number is (800) 458-2235. Our web site address is www.freightcaramerica.com. Information contained in or connected to our web site is not a part of this prospectus.

Table of Contents

The offering

Unless otherwise indicated, all of the information in this prospectus assumes the underwriters do not exercise their over-allotment option to purchase shares from the selling stockholders. Please see Description of capital stock for a summary of the terms of our common stock.

Common stock offered to the public by the selling stockholders	2,283,754 shares
Common stock outstanding after this offering	12,532,700 shares
Common stock subject to the over-allotment option granted by the selling stockholders	342,563 shares
Use of proceeds	We will not receive any of the proceeds from this offering.
Dividend policy	We intend to pay regular cash dividends on our common stock commencing in the third quarter of 2005.
	Future dividends will be subject to certain considerations discussed under Risk factors Risks related to the purchase of our common stock in this offering We intend to pay regular cash dividends on our common stock commencing in the third quarter of 2005 but we may change our dividend policy, and the agreement governing our revolving credit facility contains various covenants that limit our ability to pay dividends and Dividend policy.
Nasdaq symbol	RAIL
Risk factors	You should carefully read and consider the information set forth under the caption Risk factors and all other information set forth in this prospectus before investing in our common stock.

Unless otherwise indicated, all of the information in this prospectus relating to the number of shares of common stock to be outstanding after this offering excludes 329,808 shares of our common stock that will be available for future issuance under stock options granted under our 2005 Long-Term Incentive Plan, none of which will be exercisable upon the completion of this offering.

Pursuant to the registration rights agreement between us and our stockholders immediately prior to our initial public offering and the selling stockholders notice to us relating to the exercise of their registration rights under the registration rights agreement, the selling stockholders have agreed to pay any and all underwriters commissions and discounts incurred in connection with this offering. See Underwriting Commissions and discounts. In accordance with the registration rights agreement, we will pay all expenses related to this offering other than the foregoing fees to be paid by the selling stockholders.

6

Table of Contents

Summary consolidated financial data

The following table sets forth our summary consolidated financial data. The consolidated statements of operations and cash flow data for the years ended December 31, 2002, 2003 and 2004 and the consolidated balance sheet data as of December 31, 2003 and 2004 are derived from our audited consolidated financial statements and related notes included elsewhere in this prospectus. The consolidated statements of operations and cash flow data for the period from June 4, 1999 through December 31, 1999 and the years ended December 31, 2000 and 2001 and the consolidated balance sheet data as of December 31, 1999, 2000, 2001 and 2002 are derived from our audited consolidated financial statements not included in this prospectus. The consolidated statements of operations and cash flow data for the six months ended June 30, 2004 and 2005 and the consolidated balance sheet data as of June 30, 2005 are derived from our unaudited consolidated financial statements and related notes included elsewhere in this prospectus, which, in our opinion, have been prepared on the same basis as the audited consolidated financial statements and reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of our results of operations and financial position. Our historical results are not necessarily indicative of our results for any future period.

The summary consolidated financial data for the period from January 1, 1999 through June 3, 1999 presented below includes financial data of our predecessor, consisting of certain direct and indirect wholly owned subsidiaries of Transportation Technologies Industries, Inc., or TTII, which purchased our business in 1991. On June 4, 1999, we were acquired from TTII by an investor group led by certain members of management of TTII who became our management. The financial data of our predecessor does not reflect any adjustments associated with our acquisition from TTII in 1999, and our consolidated financial data after our acquisition in 1999 is not directly comparable to our predecessor s financial data.

We have included our summary consolidated financial data for the periods from January 1, 1999 to June 3, 1999 and from June 4, 1999 to December 31, 1999 in this prospectus because we believe that this additional financial data is useful in illustrating the cyclical nature of our business, which is discussed elsewhere in this prospectus.

The results included below and elsewhere in this document are not necessarily indicative of our future performance. You should read this information together with Capitalization, Management s discussion and analysis of financial condition and results of operations and our consolidated financial statements and the related notes included elsewhere in this prospectus.

Table of Contents

Summary Consolidated Financial Data

	Predecessor	FreightCar America, Inc.							
	Period from January 1, 1999 to June 3,	Period from June 4, 1999 to December 31,	Year ended December 31,					Six months ended June 30,	
	1999	1999	2000	2001	2002	2003	2004	2004	2005
					(in thousands)				
Statements of operations data:									
Sales	$ 316,931	$ 367,742	$ 397,577	$ 210,314	$ 225,497	$ 244,349	$ 482,180	$ 183,813	$ 396,519
Cost of sales	271,714	325,640	358,267	187,646	212,589	225,216	468,309	181,294	358,976
Gross profit	45,217	42,102	39,310	22,668	12,908	19,133	13,871	2,519	37,543
Selling, general and administrative expense	8,215	11,397	18,580	13,370	12,778	14,318	14,601	6,993	13,740
Compensation expense under stock option agreements (selling, general and administrative expense)(1)							8,900		69
Provision for settlement of labor disputes(2)							9,159		370
Goodwill amortization expense		1,074	1,812	1,744					
Operating income (loss)	37,002	29,631	18,918	7,554	130	4,815	(18,789)	(4,474)	23,364
Interest income	(663)	(354)	(1,391)	(887)	(162)	(128)	(282)	(52)	(342)
Related-party interest expense		2,535	5,165	5,723	6,517	6,764	7,029	3,397	3,253
Third-party interest expense	451	3,623	3,999	2,398	1,595	1,367	1,111	531	964
Interest expense and related accretion on rights to additional acquisition consideration(3)		1,192	2,341	2,927	3,659	4,573	5,716	2,598	6,382
Write-off of deferred financing costs						348			439
Loss on disposal of railcar lease fleet		689	187						
Amortization of deferred financing costs		410	702	702	702	629	459	270	184
Income (loss) before income taxes	37,214	21,536	7,915	(3,309)	(12,181)	(8,738)	(32,822)	(11,218)	12,484
Income tax provision (benefit)	14,398	9,236	6,089	167	(3,554)	(1,318)	(7,962)	(3,197)	1,425
Net income (loss)	22,816	12,300	1,826	(3,476)	(8,627)	(7,420)	(24,860)	(8,021)	11,059
Redeemable preferred stock dividends accumulated, but undeclared		620	1,062	1,063	1,062	1,063	1,062	532	311
Net income (loss) attributable to common shareholders	$ 22,816	$ 11,680	$ 764	$ (4,539)	$ (9,689)	$ (8,483)	$ (25,922)	$ (8,553)	$ 10,748

Table of Contents

	Predecessor	FreightCar America, Inc.							
	Period from January 1, 1999 to June 3,	Period from June 4, 1999 to December 31,	Year ended December 31,					Six months ended June 30,	
	1999	1999	2000	2001	2002	2003	2004	2004	2005
	(in thousands, except share and per share data and railcar amounts)								
Weighted average common shares outstanding basic(4)		6,875,000	6,875,000	6,875,000	6,875,000	6,875,000	6,888,750	6,875,000	9,715,020
Weighted average common shares outstanding diluted(4)		6,875,000	6,875,000	6,875,000	6,875,000	6,875,000	6,888,750	6,875,000	9,723,306
Per share data:									
Net income (loss) per share attributable to common shareholders (basic and diluted)(4)		$ 1.70	$ 0.11	$ (0.66)	$ (1.41)	$ (1.23)	$ (3.76)	$ (1.24)	$ 1.11
Other financial and operating data:									
EBITDA(5)	$ 39,492	$ 36,985	$ 27,407	$ 16,479	$ 7,747	$ 12,186	$ (11,439)	$ (813)	$ 27,091
Adjusted EBITDA(5)	39,492	36,985	27,407	16,479	7,747	12,186	15,569	5,679	29,030
Items (increasing) decreasing Adjusted EBITDA(6)				(3,056)	(1,238)	1,750	12,700	1,701	887
Capital expenditures	1,260	1,998	3,441	2,169	553	369	2,215	728	5,330
New railcars delivered	5,371	6,542	7,126	3,352	3,942	4,550	7,484	3,128	5,704
New railcar orders	3,599	4,046	3,059	4,403	2,831	9,927	12,437	5,103	10,174
New railcar backlog	7,690	5,194	1,127	2,178	1,067	6,444	11,397	8,419	15,867
Estimated backlog(7)	$ 435,765	$ 295,188	$ 56,739	$ 108,217	$ 55,887	$ 365,876	$ 747,842	$ 540,127	$ 1,062,997
Balance sheet data (at period end):									
Cash and cash equivalents		$ 7,840	$ 30,487	$ 25,033	$ 19,725	$ 20,008	$ 11,213		$ 20,467
Restricted cash(8)		82	3,882	4,061	4,116	11,698	12,955		
Total assets		186,701	166,972	148,702	141,531	140,052	191,143		186,517
Total debt(9)		65,479	62,476	55,423	53,424	51,778	56,058		36
Rights to additional acquisition consideration, including accumulated accretion(10)		9,365	11,707	14,634	18,292	22,865	28,581		
Total redeemable preferred stock		6,870	7,932	8,995	10,057	11,120	12,182		
Total stockholders equity (deficit)		6,935	7,699	3,160	(9,542)	(19,710)	(37,089)		58,530

(1) On December 7, 2004, in accordance with our then-existing shareholders agreement, our board of directors approved the grant of certain options to purchase an aggregate of 1,014 Units to certain of our directors and officers at an exercise price of $0.01 per Unit. The grant became effective on December 23, 2004. Each Unit consisted of 550 shares of our common stock and one share of our Series A voting preferred stock. We have recorded a non-cash expense of $8.9 million based on the estimated value per Unit as of December 23, 2004. All of these options were exercised prior to April 11, 2005 pursuant to which we issued 557,700 shares of our common stock and 1,014 shares of our Series A voting preferred stock, and all of our Series A voting preferred stock was redeemed with the net proceeds from our initial public offering. On April 11, 2005, immediately following the completion of our initial public offering, we granted to certain of our executive officers certain options to purchase an aggregate of 329,808 shares of our common stock under the 2005 Long-Term Incentive Plan. We recorded a non-cash charge of $69,000 in the six months ended June 30, 2005 in connection with the issuance of the stock options. See Management Executive compensation Option awards and option plan.

Table of Contents

(2) On November 15, 2004, we entered into the Johnstown settlement and recorded a $9.2 million charge with respect to the year ended December 31, 2004. As part of the Johnstown settlement, we agreed to pay back wages equal to $1.4 million to the covered employees and recorded a $0.8 million cash charge for expenses related to the Johnstown settlement in the year ended December 31, 2004. We also recorded $7.0 million of non-cash expense in the year ended December 31, 2004 related to pension and postretirement termination benefits accrued with respect to retired unionized employees at our Johnstown facility. For the six months ended June 30, 2005, we recorded a charge of $370,000 relating to the Johnstown settlement consisting of a retroactive payment to unionized Johnstown employees for certain previously unpaid work hours. See Business Legal proceedings Labor dispute settlement.

(3) Rights to additional acquisition consideration refers to the additional acquisition consideration related to the acquisition of our business in 1999 that became due, and was paid, upon the completion of our initial public offering in April 2005.

(4) Share and per share data have been restated to give effect to the merger.

(5) EBITDA represents net income (loss) before income tax expense, interest expense, net, amortization and depreciation of property and equipment. We believe EBITDA is useful to investors in evaluating our operating performance compared to that of other companies in our industry. In addition, our management uses EBITDA to evaluate our operating performance. The calculation of EBITDA eliminates the effects of financing, income taxes and the accounting effects of capital spending. These items may vary for different companies for reasons unrelated to the overall operating performance of a company s business. EBITDA is not a financial measure presented in accordance with U.S. generally accepted accounting principles, or U.S. GAAP. Accordingly, when analyzing our operating performance, investors should not consider EBITDA in isolation or as a substitute for net income, cash flows from operating activities or other statements of operations or statements of cash flow data prepared in accordance with U.S. GAAP. Our calculation of EBITDA is not necessarily comparable to that of other similarly titled measures reported by other companies.

With respect to the year ended December 31, 2004, Adjusted EBITDA reflects EBITDA before incurrence of the following charges:

(a) $9.2 million in connection with the Johnstown settlement. See note (2) above;

(b) $8.9 million in connection with losses on a customer contract for box railcars, a type of railcar that we had not manufactured in the past, which reflects increased raw material, labor and other costs that exceeded the fixed purchase price under this contract. We had delivered all of the box railcars under this contract as of June 30, 2005, and we do not plan to produce any box railcars in the future; and

(c) $8.9 million in connection with a non-cash charge reflecting the grant of our 2004 Options.

With respect to the six months ended June 30, 2004 and 2005, Adjusted EBITDA reflects EBITDA before incurrence of the following charges:

(a) $370,000 in connection with the Johnstown settlement, which was recorded in the six months ended June 30, 2005. See note (2) above;

(b) $6.5 million and $1.5 million for the six months ended June 30, 2004 and 2005, respectively, in connection with losses on a customer contract for box railcars, a type of railcar that we had not manufactured in the past. As of June 30, 2005, we had delivered all of the box railcars under this contract and we do not plan to produce any box railcars in the future; and

(c) $69,000 in connection with a non-cash charge reflecting the issuance of stock options under the 2005 Long-Term Incentive Plan, which was recorded in the six months ended June 30, 2005.

We believe that Adjusted EBITDA is useful to investors evaluating our operating performance compared to that of other companies in our industry because it eliminates the effects of the Johnstown settlement, the losses on a customer contract for box railcars and non-cash expenses relating to the grant of the 2004 Options and stock options under the 2005 Long-Term Incentive Plan. We also believe that Adjusted EBITDA is useful to investors in assessing our ability to comply as of the relevant balance sheet dates with the financial covenants under our former revolving credit facility and the senior notes. In addition, Adjusted EBITDA is equivalent to the measure that was used to determine our eligibility to enter into our revolving credit agreement upon the closing of our initial public offering. Adjusted EBITDA is not a financial measure presented in accordance with U.S. GAAP. Accordingly, when analyzing our operating performance, investors should not consider Adjusted EBITDA in isolation or as a substitute for net income, cash flows from operating activities or other statements of operations or statements of cash flow data prepared in accordance with U.S. GAAP. Our calculation of Adjusted EBITDA is not necessarily comparable to that of other similarly titled measures reported by other companies.

Table of Contents

The following is a reconciliation of net income (loss) to EBITDA and then to Adjusted EBITDA:

	Predecessor	FreightCar America, Inc.							
	Period from January 1, 1999 to June 3,	Period from June 4, 1999 to December 3	Year ended December 31,					Six months ended June 30,	
	1999	1999	2000	2001	2002	2003	2004	2004	2005
	(in thousands)								
Net income (loss)	$ 22,816	$ 12,300	$ 1,826	$ (3,476)	$ (8,627)	$ (7,420)	$ (24,860)	$ (8,021)	$ 11,059
Income tax provision (benefit)	14,398	9,236	6,089	167	(3,554)	(1,318)	(7,962)	(3,197)	1,425
Related-party interest expense		2,535	5,165	5,723	6,517	6,764	7,029	3,397	3,253
Third-party interest expense	451	3,623	3,999	2,398	1,595	1,367	1,111	531	964
Interest expense and related accretion on rights to additional acquisition consideration		1,192	2,341	2,927	3,659	4,573	5,716	2,598	6,382
Interest income	(663)	(354)	(1,391)	(887)	(162)	(128)	(282)	(52)	(342)
Amortization of deferred financing costs		410	702	702	702	629	459	270	184
Write-off of deferred financing costs						348			439
Amortization of goodwill		1,074	1,812	1,744					
Amortization of intangible assets	677	3,196	632	711	853	591	590	295	295
Depreciation	1,813	3,773	6,232	6,470	6,764	6,780	6,760	3,366	3,432
EBITDA	39,492	36,985	27,407	16,479	7,747	12,186	(11,439)	(813)	27,091
Provision for settlement of labor disputes							9,159		370
Loss on customer contract for box railcars							8,949	6,492	1,500
Non-cash expense relating to stock-based compensation							8,900		69
Adjusted EBITDA	$ 39,492	$ 36,985	$ 27,407	$ 16,479	$ 7,747	$ 12,186	$ 15,569	$ 5,679	$ 29,030

(6) Our net income (loss), EBITDA and Adjusted EBITDA were affected in the specified periods by the following items:

(a) In the year ended December 31, 2004, an estimated $12.7 million in increased cost of raw materials (excluding an estimated $1.8 million in increased cost of raw materials under the customer contract for box railcars described in note 4(b)), in the six months ended June 30, 2004, an estimated $1.7 million in increased cost of raw materials and, in the six months ended June 30, 2005, an estimated $0.9 million in increased cost of raw materials (excluding an estimated $1.5 million in increased cost of raw materials under the customer contract for box railcars described in note 4(b)), consisting primarily of aluminum and steel, which we were unable to pass on to our customers under our fixed-price customer contracts. As a result of the increased costs, we renegotiated our contracts with a majority of our customers to increase the purchase prices of our railcars to reflect the increased cost of raw materials, and as a result, we were able to pass on to our customers approximately 40% of the increased raw material costs with respect to the railcars that we produced and delivered in 2004. We had four remaining fixed-price contracts reflecting a backlog of 528 railcars out of a total backlog of 11,397 railcars as of December 31, 2004 and one remaining fixed-price contract reflecting a backlog of 66 railcars out of a total backlog of 15,867 railcars as of June 30, 2005. We expect to deliver all of the railcars under the remaining fixed-price contract by September 30, 2005. Other than the remaining fixed-price contract, we have entered into contracts with all of our customers that allow for variable pricing to protect us against future changes in the cost of raw materials;

(b) For the year ended December 31, 2003, a finder s fee of $1.8 million that we paid to a third party for securing a major railcar purchase order for us in early 2003, which is included in our selling, general and administrative expense. Our in-house sales personnel generally procure railcar purchase orders, and we do not ordinarily pay finder s fees to obtain railcar purchase orders; and

(c) In the years ended December 31, 2002 and 2001, curtailment gains of $1.2 million and $3.1 million, respectively, related to our postretirement benefit program resulting from our layoff of a significant number of unionized employees at our Johnstown facility.

See Management s discussion and analysis of financial condition and results of operations and our consolidated financial statements and the related notes included elsewhere in this prospectus.

(7) Estimated backlog reflects the total sales attributable to the backlog reported at the end of the particular period as if such backlog were converted to actual sales. Estimated backlog does not reflect potential price increases or decreases under most of our customer contracts that provide for variable pricing based on changes in the cost of raw materials or the possibility that contracts may be canceled or railcar delivery dates delayed and does not reflect the effects of any cancellation or delay of railcar orders that may occur. See Management s discussion and analysis of financial condition and results of operations Backlog.

(8) Our restricted cash for the year ended December 31, 2000 and the fiscal years thereafter includes cash collateral of $3.8 million plus interest held in escrow for our participation in a residual support guarantee agreement with respect to railcars that we sold

Table of Contents

to a customer that are presently leased by the customer to a third party. Our restricted cash for the years ended December 31, 2004 and 2003 also includes $7.5 million held in a restricted cash account as additional collateral for our former revolving credit facility, which was released to us after we entered into our revolving credit facility, and $1.2 million in escrow, representing security for workers compensation insurance. As of June 30, 2005, we no longer had any remaining restricted cash. Restricted cash in the amount of $13.0 million was released during the three months ended June 30, 2005 as follows: the $7.5 million attributable to cash held as additional collateral under the former revolving credit facility was released upon signing the new credit facility agreement; $1.2 million held in escrow as security for worker s compensation insurance was replaced by a letter of credit; and $4.3 million held in escrow for a residual support guaranty relating to railcars we sold to a financial institution that are leased by a third-party customer was released by the financial institution.

(9) Our total debt for the years ended December 31, 2003 and 2004 includes current maturities of long-term debt and our variable rate demand industrial revenue bonds due 2010 which are classified as short-term debt. We repaid all of our debt that existed prior to the initial public offering with the net proceeds of the initial public offering and available cash.

(10) Our recorded liability under the rights to additional acquisition consideration is based on the fair value of the rights to additional acquisition consideration at the time that we acquired our business from TTII in 1999, using a discount rate of 25% and an expected redemption period of seven years. As a result of our initial public offering, we were required to pay the additional acquisition consideration in the aggregate amount of $35.0 million.

Risk factors

Investing in our common stock involves a high degree of risk. Before you invest in our common stock, you should understand and carefully consider the risks below, as well as all of the other information contained in this prospectus and our financial statements and the related notes included elsewhere in this prospectus. Any of these risks could materially adversely affect our business, financial condition, results of operations and the trading price of our common stock, and you may lose all or part of your investment.

RISKS RELATED TO THE RAILCAR INDUSTRY

We operate in a highly cyclical industry. The failure of U.S. economic conditions to continue to improve or the failure of these conditions to result in a sustained economic recovery could adversely affect the demand for our railcar offerings.

Historically, the North American railcar market has been highly cyclical and we expect it to continue to be highly cyclical. During the most recent industry cycle, industry-wide railcar deliveries declined from a peak of 75,704 in 1998 to a low of 17,736 railcars in 2002. During this period, our railcar production declined from approximately 9,000 railcars in 1998 to 4,067 railcars in 2002. In 2004, industry-wide railcar deliveries grew to 46,871, and our railcar production increased to 7,484 railcars. See Industry Characteristics and trends affecting the railcar industry Cyclical nature of the railcar market. Our industry and the markets for which we supply railcars fluctuate in response to factors that are beyond our control, including U.S. economic conditions. Although the U.S. economy is improving, as indicated by the increase in the U.S. real gross domestic product at an annual rate of 3.4% in the six months ended June 30, 2005 and 4.4% in 2004 following an increase of 3.0% in 2003, according to the U.S. Bureau of Economic Analysis, U.S. economic conditions may not continue to improve in the future or result in a sustained economic recovery. In addition, even if a sustained economic recovery occurs in the United States, demand for our railcars may not match or exceed past or expected levels. Downturns in economic conditions could result in lower sales volumes, lower prices for railcars and a loss of profits.

Our industry and demand for railcars may fluctuate in response to factors that are beyond our control. Economic Planning Associates expects estimated railcar deliveries of 66,700 railcars in 2005, 65,000 railcars in 2006, 59,500 railcars in 2007 and 56,350 railcars in 2008, with the reduced estimated deliveries in 2006 reflecting fewer intermodal railcars and platform assemblies and reduced deliveries of box railcars. Fluctuations in the demand for our railcars may have a material adverse effect on our business, results of operations or financial condition. In addition, fluctuations may cause comparisons of our sales and operating results between different fiscal years to be less meaningful as indicators of our future performance.

Changes in the rates of electricity usage affect the consumption of coal and, as a result, purchases of coal-carrying railcars, which represented 78% of the railcars we delivered in 2004 and 91% of the railcars we delivered in the six months ended June 30, 2005. Any decline in electricity usage resulting from downturns in economic conditions will intensify the adverse impact on our sales and results of operations. See Risks related to our business We rely significantly on the sales of our aluminum-bodied coal-carrying railcars. Future demand for coal could decrease, which could adversely affect our business, financial condition and results of operations.

In addition, a substantial number of the end users of our railcars acquire railcars through leasing arrangements with our financial institution customers. Economic conditions that result in higher interest

rates would increase the cost of new leasing arrangements, which could cause our financial institution customers to purchase fewer railcars. A reduction in the number of railcars purchased by our financial institution customers could have a material adverse effect on our business, financial condition and results of operations.

The current high cost of the raw materials that we use to manufacture railcars, especially aluminum and steel, and delivery delays associated with these raw materials may adversely affect our financial condition and results of operations.

The production of railcars and our operations require substantial amounts of aluminum and steel. The cost of aluminum, steel and all other materials (including scrap metal) used in the production of our railcars represents approximately 89% of our direct manufacturing costs. Our business is subject to the risk of price increases and periodic delays in the delivery of aluminum, steel and other materials, all of which are beyond our control. The prices for steel and aluminum, the primary raw material components of our railcars, increased sharply in 2004 as a result of strong demand, limited availability of production inputs for steel and aluminum, including scrap metal, industry consolidation and import trade barriers. The costs of raw steel and aluminum have increased by approximately 155% and 21%, respectively, during the period from October 2003 through June 30, 2005. The availability of scrap metal has been limited by exports of scrap metal to China, and as a result, steel producers have added surcharges on scrap metal in excess of agreed-upon prices. In addition, the price and availability of other railcar components that are made of steel have been adversely affected by the increased cost and limited availability of steel. Hurricane Katrina and the flooding in the Gulf Coast region also may limit the supply and distribution of steel and other raw materials, which may result in higher prices for these materials. Any fluctuations in the price or availability of aluminum or steel, or any other material used in the production of our railcars, may have a material adverse effect on our business, results of operations or financial condition.

In addition, if any of our suppliers were unable to continue its business or were to seek bankruptcy relief, the availability or price of the materials we use could be adversely affected. Deliveries of our materials may also fluctuate depending on supply and demand for the material or governmental regulation relating to the material, including regulation relating to the importation of the material.

We have renegotiated our contracts with a majority of our customers to increase the purchase prices of our railcars to reflect the increased cost of raw materials, and as a result, we were able to pass on to our customers approximately 40% of the increased raw material costs with respect to the railcars that we produced and delivered in 2004. In addition, we have entered into customer contracts that allow for variable pricing to protect us against future changes in the cost of raw materials so that, as of June 30, 2005, all but one of our customer contracts allowed for such variable pricing. However, in the year ended December 31, 2004 and in the six months ended June 30, 2004 and June 30, 2005, we were unable to pass on an estimated $12.7 million, $1.7 million and $0.9 million, respectively, in increased raw material costs to our customers under the existing fixed-price customer contracts, and we may not be able to pass on increases in the price of aluminum and/or steel to our customers in the future. In particular, when material prices increase rapidly or to levels significantly higher than normal, we may not be able to pass price increases through to our customers, which could adversely affect our operating margins and cash flows. Even if we are able to increase prices, any such price increases may reduce demand for our railcars. In addition, in the future, our customers may not be willing to accept contractual terms that provide for variable pricing and our competitors, in an effort to gain market share or otherwise, may agree to railcar supply arrangements that do not provide for variable pricing. As a result, we may lose railcar orders or we may be required to agree to supply railcars without variable pricing provisions or be subject to less favorable contract terms.

Table of Contents

Risk factors

We depend upon a small number of customers that represent a large percentage of our sales. The loss of any single customer, or a reduction in sales to any such customer, could have a material adverse effect on our business, financial condition and results of operations.

Since railcars are typically sold pursuant to large, periodic orders, a limited number of customers typically represent a significant percentage of our railcar sales in any given year. Over the last five years, our top five customers in each year based on sales represented, in the aggregate, approximately 54% of our total sales for the five-year period. In 2004, sales to our top three customers accounted for approximately 21%, 10% and 9%, respectively, of our total sales. In the six months ended June 30, 2005, sales to our top three customers accounted for approximately 19%, 16% and 10%, respectively, of our total sales. Although we have long standing relationships with many of our major customers, the loss of any significant portion of our sales to any major customer, the loss of a single major customer or a material adverse change in the financial condition of any one of our major customers could have a material adverse effect on our business and financial results.

The variable purchase patterns of our customers and the timing of completion, delivery and acceptance of customer orders may cause our sales and income from operations to vary substantially each quarter, which will result in significant fluctuations in our quarterly results.

Most of our individual customers do not make purchases every year, since they do not need to replace or replenish their railcar fleets on a yearly basis. Many of our customers place orders for products on an as-needed basis, sometimes only once every few years. As a result, the order levels for railcars, the mix of railcar types ordered and the railcars ordered by any particular customer have varied significantly from quarterly period to quarterly period in the past and may continue to vary significantly in the future. Therefore, our results of operations in any particular quarterly period may be significantly affected by the number of railcars ordered and delivered and product mix of railcars ordered in any given quarterly period. Additionally, because we record the sale of a railcar at the time we complete production, the railcar is accepted by the customer following inspection, the risk for any damage or loss with respect to the railcar passes to the customer and title to the railcar transfers to the customer, and not when the order is taken, the timing of completion, delivery and acceptance of significant customer orders will have a considerable effect on fluctuations in our quarterly results. For example, for the quarters ended September 30, 2004, December 31, 2004, March 31, 2005 and June 30, 2005, our sales were $118.6 million, $179.7 million, $165.8 million and $230.7 million, respectively. As a result of these quarterly fluctuations, we believe that comparisons of our sales and operating results between quarterly periods may not be meaningful and, as such, these comparisons should not be relied upon as indicators of our future performance.

Limitations on the supply of heavy castings, wheels and other railcar components could adversely affect our business because they may limit the number of railcars we can manufacture.

We rely upon third-party suppliers for railcar heavy castings, wheels and other components for our railcars. In particular, we purchase, and we believe most of our competitors purchase, a substantial percentage of our railcar heavy castings and wheels from subsidiaries of Amsted Industries Inc. Due to manufacturing limitations at Amsted Industries, we have only been supplied with a limited number of heavy castings, which has constrained, and which we expect will continue in the future to constrain, our production of railcars. For example, for the year ended December 31, 2004, due to a shortage of heavy castings, our deliveries were limited to 7,484 railcars, even though we had orders and production capacity to manufacture more railcars. Amsted Industries and other suppliers of railcar components

15

may be unable to meet the short-term or longer-term heavy castings and wheel supply demand of our industry. In the event that Amsted Industries or our other suppliers of railcar components were to stop or reduce the production of heavy castings, wheels or the other railcar components that we use, go out of business, refuse to continue their business relationships with us or become subject to work stoppages, our business would be disrupted. We have in the past experienced and currently experience challenges sourcing these railcar components to meet our increasing production. Our ability to increase our railcar production to expand our business and/or meet any increase in demand, with new or additional manufacturing capabilities, depends on our ability to obtain an adequate supply of these railcar components.

While we believe that we could secure alternative sources, we may incur substantial delays and significant expense in doing so, the quality and reliability of these alternative sources for these components may not be the same and our operating results may be significantly affected. In addition, if one of our competitors entered into a preferred supply arrangement with, or was otherwise favored by, Amsted Industries, we would be at a competitive disadvantage, which could negatively affect our operating results. Furthermore, alternative suppliers might charge significantly higher prices for heavy castings or other railcar components than we currently pay. Under such circumstances, the disruption to our business could have a material adverse impact on our customer relationships, financial condition and operating results.

We operate in a highly competitive industry and we may be unable to compete successfully against other railcar manufacturers.

We operate in a competitive marketplace and face substantial competition from established competitors in the railcar industry in North America. We have three principal competitors that primarily manufacture railcars for third-party customers. In addition, there are two other manufacturers of railcars whose production is used primarily for their own railcar leasing operations, competing directly with financial institutions that provide railcar leasing services, some of which are among our largest customers. Some of these manufacturers have greater financial and technological resources than us, and they may increase their participation in the railcar segments in which we compete. Railcar purchasers sensitivity to price and strong price competition within the industry have historically limited our ability to increase prices. In addition to price, competition is based on product performance and technological innovation, quality, reliability of delivery, customer service and other factors. In particular, technological innovation by any of our existing competitors, or new competitors entering any of the markets in which we do business, could put us at a competitive disadvantage. We may be unable to compete successfully against other railcar manufacturers or retain our market share in our established markets. Increased competition for the sales of our railcar products, particularly our coal-carrying railcars, could result in price reductions, reduced margins and loss of market share, which could negatively affect our prospects, business, financial condition and results of operations.

Further consolidation of the railroad industry may adversely affect our business.

Over the past ten years there has been a consolidation of railroad carriers operating in North America. Railroad carriers are large purchasers of railcars and represent a significant portion of our historical customer base. Future consolidation of railroad carriers may adversely affect our sales and reduce our income from operations because with fewer railroad carriers, each railroad carrier will have proportionately greater buying power and operating efficiency, which may intensify competition among railcar manufacturers to retain customer relationships with the consolidated railroad carriers and cause our prices to decline.

16

RISKS RELATED TO OUR BUSINESS

We rely significantly on the sales of our aluminum-bodied coal-carrying railcars. Future demand for coal could decrease, which could adversely affect our business, financial condition and results of operations.

Our aluminum-bodied coal-carrying railcars are our primary railcar line, representing 68% of our sales in 2004 and 78% of the total railcars that we delivered in 2004 and 85% of our sales and 89% of the total railcars that we delivered in the six months ended June 30, 2005. Fluctuations in the price of coal relative to other energy sources may cause utility companies, which are significant customers of our coal-carrying railcar lines, to select an alternative energy source to coal, thereby reducing the strength of the market for coal-carrying railcars. For example, if utility companies were to begin preferring oil instead of coal as an energy source, demand for our coal-carrying railcar lines would decrease. Although, according to the Energy Information Administration of the Department of Energy, U.S. demand for coal has increased from 1,037.1 million short tons in 1998 to 1,111.5 million short tons in 2004, there is no assurance that U.S. demand for coal will continue to increase. The market for aluminum-bodied coal-carrying railcars may not remain favorable, and coal may not continue to be a preferred source of energy relative to other energy sources. In addition, our market share in the coal-carrying railcar segment depends on the continued market preference for coal-carrying railcars constructed with aluminum. If purchasers of coal-carrying railcars no longer purchase railcars constructed with aluminum, our market share in this segment may decline and our operating results may be negatively affected.

The U.S. federal and state governments may adopt new legislation and/or regulations, or judicial or administrative interpretations of existing laws and regulations, that materially adversely affect the coal industry and/or our customers ability to use coal or to continue to use coal at present rates. Such legislation or proposed legislation and/or regulations may include proposals for more stringent protections of the environment that would further regulate and tax the coal industry. This legislation could significantly reduce demand for coal, adversely affect the demand for our aluminum-bodied coal-carrying railcars and have a material adverse effect on our financial condition and results of operations.

In addition, the United States and over 160 other nations are signatories to the 1992 Framework Convention on Climate Change, which is intended to limit emissions of greenhouse gases, such as carbon dioxide. In December 1997, in Kyoto, Japan, the signatories to the convention, including the United States, established a binding set of emission targets for developed nations. Although the United States has not ratified the emission targets contained in the convention, the emission targets could serve as a guideline for efforts to stabilize or reduce greenhouse gas emissions in the United States, which could adversely impact the price of, and demand for, coal and the demand for our railcars. According to the Energy Information Administration s Emissions of Greenhouse Gases in the United States 2003, coal accounts for approximately 36% of carbon dioxide emissions from both energy generating and industrial uses. Carbon dioxide represented 83% of greenhouse gas emissions in the United States in 2003. Efforts to control greenhouse gas emissions could result in reduced use of coal if electricity generators switch to sources of fuel with lower carbon dioxide emissions. If the United States were to adopt comprehensive regulations for its greenhouse gas emissions and/or ratify emissions targets for reduced greenhouse gas emissions (whether under the 1997 Kyoto convention or otherwise), these restrictions could adversely impact the price of and demand for coal, which could have a material adverse effect on our financial condition or results of operations.

Table of Contents

Risk factors

We rely upon a single supplier to supply us with all of our cold-rolled center sills for our railcars, and any disruption of our relationship with this supplier could adversely affect our business.

We rely upon a single supplier to manufacture all of our cold-rolled center sills for our railcars, which are based upon our proprietary and patented process. A center sill is the primary longitudinal structural component of a railcar which helps the railcar withstand the weight of the cargo and the force of being pulled during transport. Our center sill is formed into its final shape without heating by passing steel plate through a series of rollers. Approximately 92% of the railcars we produced in 2004, and approximately 96% of the railcars we produced in the six months ended June 30, 2005, were manufactured using this cold-rolled center sill. Although we have a good relationship with our supplier and have not experienced any significant delays, manufacturing shortages or failures to meet our quality requirements and production specifications in the past, our supplier could stop production of our cold-rolled center sills, go out of business, refuse to continue its business relationship with us or become subject to work stoppages. While we believe that we could secure alternative manufacturing sources, our present supplier is currently the only manufacturer of our cold-rolled center sills for our railcars. We may incur substantial delays and significant expense in finding an alternative source, our results of operations may be significantly affected, and the quality and reliability of these alternative sources may not be the same. Moreover, alternative suppliers might charge significantly higher prices for our cold-rolled center sills than we currently pay. The prices for our cold-rolled center sills may also be impacted by the rising cost of steel and all other materials used in the production of our cold-rolled center sills. Under such circumstances, the disruption to our business may have a material adverse impact on our financial condition and results of operations.

Equipment failures, delays in deliveries or extensive damage to our facilities, particularly our facility in Danville, could lead to production or service curtailments or shutdowns.

We manufacture our railcars at production facilities in Danville, Illinois, Johnstown, Pennsylvania and Roanoke, Virginia. An interruption in production capabilities at these facilities, as a result of equipment failure or other reasons, could reduce or prevent the production of our railcars. A halt of production at any of our manufacturing facilities, particularly at our Danville facility which manufactured approximately 81% of our railcars manufactured during the year ended December 31, 2004 and 61% of our railcars manufactured during the six months ended June 30, 2005, and manufactured 100% and 68% of our aluminum-bodied coal-carrying railcars during the year ended December 31, 2004 and the six months ended June 30, 2005, respectively, could severely affect delivery times to our customers. Any significant delay in deliveries to our customers could result in the termination of contracts, cause us to lose future sales and negatively affect our reputation among our customers and in the railcar industry and our results of operations. Our facilities are also subject to the risk of catastrophic loss due to unanticipated events, such as fires, explosions, floods or weather conditions. We may experience plant shutdowns or periods of reduced production as a result of equipment failures, delays in deliveries or extensive damage to any of our facilities, which could have a material adverse effect on our business, results of operations or financial condition.

An increase in health care costs could adversely affect our results of operations.

The cost of health care benefits in the United States has increased significantly, leading to higher costs for us to provide health care benefits to our active and retired employees, and we expect these costs to increase in the future. If these costs continue to rise, our results of operations will be adversely affected. We are unable to limit our costs by changing or eliminating coverage under our employee benefit plans because a significant majority of our employee benefits are governed by union agreements. For example,

as a result of the Johnstown settlement, we expect to make payments of $2.8 million in 2005 (of which $1.4 million has been paid as of June 30, 2005) and $3.1 million in 2006 for health care coverage costs of our retired employees at our Johnstown facility. As of December 31, 2004, our accumulated postretirement benefit obligation was $54.0 million. Although the Johnstown settlement limits our future liabilities for health care coverage for our retired unionized Johnstown employees, we will continue to fund 100% of the health care coverage costs of our active unionized and non-unionized employees at our Johnstown facility and all of our active employees at our Danville facility. If our costs under our employee benefit plans for active employees at our Danville facility exceed our projections, our business and financial results could be materially adversely affected. See Business Legal proceedings Labor dispute settlement.

Our pension obligations are currently underfunded. We may have to make significant cash payments to our pension plans which would reduce the cash available for our business.

As of December 31, 2004, our accumulated benefit obligation under our defined benefit pension plans exceeded the fair value of plan assets by $18.5 million. The underfunding was caused, in part, by fluctuations in the financial markets that have caused the valuation of the assets in our defined benefit pension plans to decrease. Further, additional benefit obligations were added to our existing defined benefit pension plans on November 15, 2004 as a result of the Johnstown settlement and the reduction in our discount rate. We made contributions to our pension plans of $4.8 million during the year ended December 31, 2004 and $1.7 million during the six months ended June 30, 2005. We expect total contributions to our defined benefit pension plans for 2005 to be approximately $4.0 million. Management expects that any future obligations under our pension plans that are not currently funded will be funded from our future cash flow from operations. If our contributions to our pension plans are insufficient to fund the pension plans adequately to cover our future pension obligations, the performance of the assets in our pension plans does not meet our expectations or other actuarial assumptions are modified, our contributions to our pension plans could be materially higher than we expect, which would reduce the cash available for our business.

The level of our reported backlog may not necessarily indicate what our future sales will be and our actual sales may fall short of the estimated sales value attributed to our backlog.

We define backlog as the sales value of products or services to which our customers have committed in writing to purchase from us which have not been recognized as sales. In this prospectus, we have disclosed our backlog, or the number of railcars for which we have purchase orders, in various periods and the estimated sales value (in dollars) that would be attributable to this backlog once the backlog is converted to actual sales. We consider backlog to be an indicator of future sales of railcars. However, our reported backlog may not be converted into sales in any particular period, if at all, and the actual sales (including any compensation for lost profits and reimbursement for costs) from such contracts may not equal our reported estimates of backlog value. For example, we rely on third-party suppliers for heavy castings, wheels and components for our railcars and if these third parties were to stop or reduce their supply of heavy castings, wheels and other components, our actual sales would fall short of the estimated sales value attributed to our backlog. Also, customer orders may be subject to cancellation, inspection rights and other customary industry terms, and delivery dates may be subject to delay, thereby extending the date on which we will deliver the associated railcars and realize revenues attributable to such railcar backlog. Furthermore, any contract included in our reported backlog that actually generates sales may not be profitable. Therefore, our current level of reported backlog may not necessarily represent the level of sales that we may generate in any future period.

Table of Contents

As a public company, we are required to comply with the reporting obligations of the Exchange Act and Section 404 of the Sarbanes-Oxley Act of 2002. If we fail to comply with the reporting obligations of the Exchange Act and Section 404 of the Sarbanes-Oxley Act or if we fail to achieve and maintain adequate internal controls over financial reporting, our business, results of operations and financial condition could be materially adversely affected.

As a public company, we are required to comply with the periodic reporting obligations of the Exchange Act, including preparing annual reports and quarterly reports. Our failure to prepare and disclose this information in a timely manner could subject us to penalties under federal securities laws, expose us to lawsuits and restrict our ability to access financing. In addition, we are required under applicable law and regulations to integrate our systems of internal controls over financial reporting, and we are presently evaluating our existing internal controls with respect to the standards adopted by the Public Company Accounting Oversight Board. During the course of our evaluation, we may identify areas requiring improvement and may be required to design enhanced processes and controls to address issues identified through this review. This could result in significant delays and costs to us and require us to divert substantial resources, including management time, from other activities. During the audits of our 2003 and 2004 fiscal years, our independent registered public accounting firm issued letters to our audit committee noting matters which could inhibit our ability to meet our reporting obligations when we became a public company and matters in our internal controls and operations that they deemed to constitute a reportable condition. The reportable condition generally related to the adequacy of our financial accounting and reporting resources and related infrastructure to support our financial accounting needs, including our needs as we became a public company. These include, but are not limited to, our SEC reporting skills and our plan and related resources for compliance with Section 404 of the Sarbanes-Oxley Act. The letters from our independent registered public accounting firm concluded that the reportable condition described above is a material weakness.

On September 2, 2005, our management and audit committee determined to restate our audited consolidated financial statements for 2002, 2003 and 2004 and our unaudited condensed consolidated financial statements for the three months ended March 31, 2004 and 2005, and the six months ended June 30, 2004. This determination resulted from our review of accounting literature and recent interpretations and a reevaluation of our accounting for changes in restricted cash balances under the Financial Accounting Standards Board s Statement of Financial Accounting Standards No. 95, *Statement of Cash Flows*, as reported in our consolidated statements of cash flows. Pursuant to Public Company Accounting Oversight Board Auditing Standard No. 2, Paragraph 140, these restatements reflect a material weakness in internal control over financial reporting. In connection with this restatement, we reevaluated the effectiveness of our disclosure controls and procedures. Solely as a result of this material weakness, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were not effective as of March 31, 2005. However, as of the date hereof, our management has determined that our disclosure controls and procedures are effective.

Since November 2004, we have taken a number of steps that we believe have improved the effectiveness of our financial accounting and reporting processes and have added to and enhanced our resources and related infrastructure to support our financial accounting needs. We have engaged a consulting firm to assist us in the analysis of, and planning for, improving our internal controls, as well as the implementation of such plans. In addition, we have added individuals to our accounting staff to enhance the control environment. Management has closely monitored our accounting processes and has noted significant improvements. We believe we have satisfactorily addressed the reportable condition described in the letter from our independent registered public accounting firm as a material weakness and plan to continue to closely monitor our accounting processes. However, we cannot be certain at this time that we will be able to comply with all of our reporting obligations and successfully complete the procedures, certification and attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 by the time that we are required to file our Annual Report on Form 10-K for the year ending December 31, 2006. If we fail to achieve and maintain the adequacy of our internal controls and do not address the deficiencies identified in the letter received by our audit committee, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with the Sarbanes-Oxley Act. Moreover, effective internal controls are necessary for us to produce reliable financial reports and are important to help prevent fraud. As a result, any failure to satisfy the requirements of Section 404 on a timely basis could result in the loss of investor confidence in the reliability of our financial statements, which in turn could harm our business and negatively impact the trading price of our common stock.

If we lose key personnel, our operations and ability to manage the day-to-day aspects of our business will be adversely affected.

We believe our success depends to a significant degree upon the continued contributions of our executive officers and key employees, both individually and as a group. Our future performance will substantially depend on our ability to retain and motivate them. If we lose key personnel or are unable to recruit qualified personnel, our ability to manage the day-to-day aspects of our business will be adversely affected.

The loss of the services of one or more members of our senior management team could have a material adverse effect on our business, financial condition and results of operations. Because our senior management team has many years of experience with our company and within the railcar industry and other manufacturing industries, it would be difficult to replace any of them without adversely affecting our business operations. Our future success will also depend in part upon our continuing ability to attract and retain highly qualified personnel. We do not currently maintain key person life insurance.

Labor disputes could disrupt our operations and divert the attention of our management and may have a material adverse effect on our operations and profitability.

Approximately 71% of our employees, as of June 30, 2005, are members of unions. We have a collective bargaining agreement with the United Automobile, Aerospace and Agricultural Workers of America, or the UAW, representing approximately 90% of our employees at the Danville facility. Our employees at our Roanoke facility are not represented by any union. Our employees at our Johnstown facility represented by the USWA had been without a collective bargaining agreement since October 2001. The USWA, which represents approximately 81% of our employees at the Johnstown facility and approximately 38% of our total active labor force as of June 30, 2005, filed charges in January 2002 against our subsidiary alleging unfair labor practices in violation of the National Labor Relations Act, or the NLRA, in connection with our practices during our negotiation of a new collective bargaining agreement. In addition, our subsidiary was a defendant in the Deemer and Britt lawsuits, two class action lawsuits filed by the USWA on behalf of individual plaintiffs alleging violations of the NLRA and ERISA in connection with certain medical and life insurance benefits and pension supplements that were discontinued with respect to certain retirees. On November 15, 2004, our subsidiary entered into a settlement agreement setting forth the terms of a new collective bargaining agreement with the USWA which expires on May 15, 2008. The Johnstown settlement also resolved the NLRB charges filed against our subsidiary relating to the collective bargaining agreement, the Deemer and Britt lawsuits and certain other outstanding workplace grievances matters. See Business Legal proceedings Labor dispute

settlement. Although the disputes involving the USWA did not result in strikes or other labor protests, any future labor disputes with the USWA or the UAW could result in strikes or other labor protests which could disrupt our operations and divert the attention of our management from operating our business. If we were to experience a strike or work stoppage, it would be difficult for us to find a sufficient number of employees with the necessary skills to replace these employees. Any such labor disputes could have a material adverse effect on our business, financial condition or results of operations.

Lack of acceptance of our new railcar offerings by our customers could adversely affect our business.

Our strategy depends in part on our continued development and sale of new railcar designs and design changes to existing railcars to penetrate railcar markets in which we currently do not compete and to expand or maintain our market share in the railcar markets in which we currently compete. We have dedicated significant resources to the development, manufacturing and marketing of new railcar designs. We typically make decisions to develop and market new railcars and railcars with modified designs without firm indications of customer acceptance. New or modified railcar designs may require customers to alter their existing business methods or threaten to displace existing equipment in which our customers may have a substantial capital investment. Many railcar purchasers prefer to maintain a standardized fleet of railcars and railcar purchasers with established railcar fleets are generally resistant to railcar design changes. Therefore, any new or modified railcar designs that we develop may not gain widespread acceptance in the marketplace and any such products may not be able to compete successfully with existing railcar designs or new railcar designs that may be introduced by our competitors.

Our production of new railcar product lines may not be initially profitable and may result in financial losses.

When we begin production of a new railcar product line, we usually anticipate that our initial costs of production will be higher due to initial labor and operating inefficiencies associated with new manufacturing processes. Due to pricing pressures in our industry, the pricing for the new railcars in customer contracts usually does not reflect the initial additional costs, and our costs of production may exceed the anticipated revenues until we are able to gain labor efficiencies. For example, in 2004 and in the six months ended June 30, 2005, we had losses of $8.9 million and $1.5 million, respectively, relating to our contract for the manufacture of box railcars, a type of railcar that we had not manufactured in the past. To the extent that the total costs of production significantly exceed our anticipated costs of production, we may be unable to gain any profit from our sale of the railcars or we may incur a loss.

We may pursue acquisitions that involve inherent risks, any of which may cause us not to realize anticipated benefits.

Our business strategy includes the potential acquisition of businesses and entering into joint ventures and other business combinations that we expect would complement and expand our existing products and services and the markets where we sell our products and services and improve our market position. We may not be able to successfully identify suitable acquisition or joint venture opportunities or complete any particular acquisition, combination, joint venture or other transaction on acceptable terms. We cannot predict the timing and success of our efforts to acquire any particular business and integrate the acquired business into our existing operations. Also, efforts to acquire other businesses or the implementation of other elements of this business strategy may divert managerial resources away from our business operations. In addition, our ability to engage in strategic acquisitions may depend on our

22

ability to raise substantial capital and we may not be able to raise the funds necessary to implement our acquisition strategy on terms satisfactory to us, if at all. Our failure to identify suitable acquisition or joint venture opportunities may restrict our ability to grow our business. In addition, we may not be able to successfully integrate businesses that we acquire in the future, which could have a material adverse effect on our business, results of operations and financial condition.

We might fail to adequately protect our intellectual property, which may result in our loss of market share, or third parties might assert that our intellectual property infringes on their intellectual property, which would be costly to defend and divert the attention of our management.

The protection of our intellectual property is important to our business. We rely on a combination of trademarks, copyrights, patents and trade secrets to protect our intellectual property. However, these protections might be inadequate. For example, we have patents for portions of our railcar designs that are important to our market leadership in the coal-carrying railcar segment. Our pending or future trademark, copyright and patent applications might not be approved or, if allowed, they might not be sufficiently broad. Conversely, third parties might assert that our technologies or other intellectual property infringe on their proprietary rights. In either case, litigation may result, which could result in substantial costs and diversion of our and our management team s efforts. Regardless of whether we are ultimately successful in any litigation, such litigation could adversely affect our business, results of operations and financial condition.

We are subject to a variety of environmental laws and regulations and the cost of complying with environmental requirements or any failure by us to comply with such requirements may have a material adverse effect on our business, financial condition and results of operations.

We are subject to a variety of federal, state and local environmental laws and regulations, including those governing air quality and the handling, disposal and remediation of waste products, fuel products and hazardous substances. Although we believe that we are in material compliance with all of the various regulations and permits applicable to our business, we may not at all times be in compliance with such requirements. The cost of complying with environmental requirements may also increase substantially in future years. If we violate or fail to comply with these regulations, we could be fined or otherwise sanctioned by regulators. In addition, these requirements are complex, change frequently and may become more stringent over time, which could have a material adverse effect on our business. We have in the past conducted investigation and remediation activities at properties that we own to address historic contamination. However, there can be no assurance that these remediation activities have addressed all historic contamination. Environmental liabilities that we incur, including those relating to the off-site disposal of our wastes, if they are not covered by adequate insurance or indemnification, will increase our costs and have a negative impact on our profitability. See Business Environmental matters for more information.

Our warranties may expose us to potentially significant claims, which may damage our reputation and adversely affect our business, financial condition and results of operations.

We warrant the workmanship and materials of many of our manufactured new products under limited warranties, generally for periods of five years or less. Accordingly, we may be subject to a risk of product liability or warranty claims in the event that the failure of any of our products results in personal injury

23

Table of Contents

Risk factors

or death, or does not conform to our customers specifications. Although we currently maintain product liability insurance coverage, product liability claims, if made, may exceed our insurance coverage limits or insurance may not continue to be available on commercially acceptable terms, if at all. We have never experienced any material losses attributable to warranty claims, but it is possible for these types of warranty claims to result in costly product recalls, significant repair costs and damage to our reputation, all of which would adversely affect our results of operations.

We use and rely significantly on a proprietary software system to manage our accounting and production systems, the failure of which may lead to data loss, significant business interruption and financial loss.

We use and rely significantly on a proprietary software system that integrates our accounting and production systems, including quality control, purchasing, inventory control and accounts receivable systems. In the future, we may discover significant errors or defects in this software system that we may not be able to correct. If this software system is disrupted or fails for any reason, or if our systems or facilities are infiltrated or damaged by unauthorized persons or a software virus, we could experience data loss, financial loss and significant business interruption. If that happens, we may be unable to meet production targets, our customers may terminate contracts, our reputation may be negatively affected, and there could be a material adverse effect on our business and financial results.

The agreement governing our revolving credit facility contains various covenants that, among other things, limit our discretion in operating our business and provide for certain minimum financial requirements.

The agreement governing our revolving credit facility contains various covenants that, among other things, limit our management s discretion by restricting our ability to:

Ø incur additional debt;

Ø redeem our capital stock;

Ø enter into certain transactions with affiliates;

Ø pay dividends and make other distributions;

Ø make investments and other restricted payments; and

Ø create liens.

Our failure to comply with the financial covenants set forth above and other covenants under our revolving credit facility could lead to an event of default under the agreements governing any other indebtedness that we may have outstanding at the time, permitting the lenders to accelerate all borrowings under such agreements and to foreclose on any collateral. In addition, any such events may make it more difficult or costly for us to borrow additional amounts in the future. The terms of our revolving credit facility are summarized under Description of indebtedness.

The market and industry data contained in this prospectus, including estimates and forecasts relating to the growth of the railcar market, cannot be verified with certainty and may prove to be inaccurate.

This prospectus contains market and industry data, obtained primarily from reports published by the Association of American Railroads, the Railway Supply Institute, Economic Planning Associates, Inc., the Energy Information Administration of the Department of Energy and Resource Data International.

Industry publications typically indicate that they have derived the published data from sources believed to be reasonable, including other railcar manufacturers, but do not guarantee the accuracy or completeness of the data. While we believe these industry publications to be reliable, we have not independently verified the data or any of the assumptions on which the estimates and forecasts are based, and the data may prove to be inaccurate. This data includes estimates and forecasts regarding future growth in these industries, specifically data related to railcar production, railcar freight growth and the historical average age of active railcars in North America. Forecasts and estimates regarding future growth of the railcar industry included in these reports are based on assumptions of the growth and improvement of the U.S. economy. The growth and improvement of the U.S. economy during the period of these forecasts and estimates are not assured. The failure of the U.S. economy to perform as assumed in these forecasts and estimates would cause the forecasted expansion of the railcar industry not to occur or occur to a lesser extent than predicted. The failure of the rail industry and/or the railcar supply industry, including the coal-carrying railcar business, to continue to grow as forecasted by the market and industry data included in this prospectus may have a material adverse effect on our business and the market price of our common stock.

To the extent we expand our sales of products and services internationally, we will increase our exposure to international economic and political risks.

Conducting business outside the United States subjects us to various risks, including changing economic, legal and political conditions, work stoppages, exchange controls, currency fluctuations, terrorist activities directed at U.S. companies, armed conflicts and unexpected changes in the United States and the laws of other countries relating to tariffs, trade restrictions, transportation regulations, foreign investments and taxation. If we fail to obtain and maintain certifications of our railcars and railcar parts in the various countries where we may operate, we may be unable to market and sell our railcars in those countries.

In addition, unexpected changes in regulatory requirements, tariffs and other trade barriers, more stringent rules relating to labor or the environment, adverse tax consequences and price exchange controls could limit our operations and make the manufacture and distribution of our products internationally more difficult. Furthermore, any material changes in the quotas, regulations or duties on imports imposed by the U.S. government and agencies or on exports by non-U.S. governments or their respective agencies could affect our ability to export the railcars that we manufacture in the United States. The uncertainty of the legal environment could limit our ability to enforce our rights effectively.

RISKS RELATED TO THE PURCHASE OF OUR COMMON STOCK IN THIS OFFERING

The price of our common stock is subject to volatility, which may make it more difficult to realize a gain on your investment in our common stock, and may be susceptible to declines based on securities analysts or industry research and reports.

Various factors, such as general economic changes in the financial markets, announcements or significant developments with respect to the global rail or railcar industry, actual or anticipated variations in our quarterly or annual financial results, the introduction of new products or technologies by us or our competitors, changes in other conditions or trends in our industry or in the markets of any of our significant customers, changes in governmental regulation, our financial results failing to meet expectations of analysts or investors or changes in securities analysts estimates of our future performance or of that of our competitors or our industry, could cause the market price of our common stock to fluctuate substantially. In addition, our customers practice of placing large, periodic orders for

products on an as needed basis makes our quarterly sales and operating results difficult to predict and could cause our operating results in some quarters to vary from market expectations and also lead to volatility in our stock price.

In addition, the trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of the analysts who cover us or our industry downgrade our stock or project a downturn in our industry, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

Our stock price may decline due to sales of shares by our stockholders.

Sales of substantial amounts of our common stock, or the perception that these sales may occur, may adversely affect the price of our common stock and impede our ability to raise capital through the issuance of equity securities in the future. There will be 12,532,700 shares of our common stock outstanding immediately after this offering. Sales of a substantial number of our shares of common stock in the public market in this offering could cause the market price of our common stock to decline.

Upon completion of this offering, the holders of approximately 473,946 shares of common stock (131,383 shares of common stock if the underwriters exercise their over-allotment option in full) will be entitled to registration rights with respect to these shares pursuant to a registration rights agreement. These shares will be restricted securities as defined in Rule 144 of the Securities Act and also subject to the 90-day lock-up restrictions described in the Underwriting section of this prospectus. Following the expiration or waiver, which UBS Securities LLC may do without notice, of the 90-day lock-up restrictions and subject to the conditions set forth in the registration rights agreement, the holders of these shares may require us to register the resale of substantially all of these shares upon demand. Shares issuable upon exercise of our options also may be sold in the market in the future, subject to any restrictions on resale following underwritten offerings contained in our option agreements, and sales of substantial amounts of those shares, or the perception that these sales may occur, also may adversely affect the price of our common stock. See Shares eligible for future sale.

Following the expiration of the lock-up period under the lock-up agreements entered into by our directors, executive officers and the selling stockholders in connection with this offering, certain stockholders under our registration rights agreement are entitled, subject to certain exceptions, to exercise their demand registration rights to register their shares under the Securities Act. This right has been exercised by each of the selling stockholders in connection with this offering. By exercising their registration rights and selling a large number of shares, these holders could cause the price of our common stock to decline. See Shares eligible for future sale, Certain relationships and related party transactions Registration rights agreement and Description of capital stock Registration rights.

We may require additional capital in the future and sales of our equity securities to provide this capital may dilute your ownership in us.

We may need to raise additional funds through public or private equity financings in order to:

- expand and grow our business;
- develop new services and products;
- respond to competitive pressures; or
- acquire complementary businesses or technologies.

Any additional capital raised through the sale of our equity securities may dilute your percentage ownership interest in us.

We intend to pay regular cash dividends on our common stock commencing in the third quarter of 2005 but we may change our dividend policy, and the agreement governing our revolving credit facility contains various covenants that limit our ability to pay dividends.

Our board of directors has never paid any cash dividends on our common stock. On September 1, 2005, our board of directors declared a cash dividend of $0.03 per share of common stock, payable on September 22, 2005 to holders of record as of September 12, 2005. Following the payment of this dividend, we intend to pay regular cash dividends. Our board of directors may, in its discretion, decrease the level of dividends or discontinue the payment of dividends entirely. In addition, the terms of our revolving credit facility limit our ability to pay dividends to holders of our common stock. The terms of our revolving credit facility are summarized under Description of indebtedness. In addition, as a holding company, we are dependent upon the ability of our subsidiaries to generate earnings and cash flows and distribute them to us so that we may pay our obligations and expenses and pay dividends to our stockholders. We cause each of our subsidiaries to pay dividends to us, the sole stockholder of such subsidiaries. However, the ability of each of our subsidiaries to make such distributions will be subject to its operating results, cash requirements and financial condition, applicable laws and its other agreements with third parties. In addition, under Delaware law, our board of directors may declare dividends only to the extent of our surplus (which is defined as total assets at fair market value minus total liabilities, minus statutory capital), or if there is no surplus, out of our net profits for the then-current and/or immediately preceding fiscal years. Accordingly, we may not be able to pay dividends in any given amount in the future, or at all.

Delaware law and our certificate of incorporation and by-laws contain provisions that could delay and discourage takeover attempts that stockholders may consider favorable.

Certain provisions of our certificate of incorporation and by-laws and applicable provisions of Delaware corporate law may make it more difficult for or prevent a third party from acquiring control of us or changing our board of directors and management. These provisions include:

Ø our board of directors is divided into three staggered classes, each with three-year terms;

Ø the ability by our board of directors to issue preferred stock with voting or other rights or preferences;

Ø only our board of directors or the chairman of the board of directors may call special meetings of our stockholders;

Ø our stockholders may only take action at a meeting of our stockholders and not by written consent; and

Ø our stockholders must comply with advance notice procedures in order to nominate candidates for election to our board of directors or to place stockholders proposals on the agenda for consideration at meetings of the stockholders.

Any delay or prevention of a change of control transaction or changes in our board of directors or management could deter potential acquirors or prevent the completion of a transaction in which our stockholders could receive a substantial premium over the then-current market price for their shares.

As a result of being a public company, we incur increased costs that may place a strain on our resources and our management s attention may be diverted from other business concerns.

As a public company, we incur significant legal, accounting and other expenses that we did not incur as a private company. In addition, the Sarbanes-Oxley Act of 2002, as well as new rules subsequently implemented by the Securities and Exchange Commission, or SEC, and Nasdaq, have required changes in corporate governance practices of public companies. Compliance with these rules and regulations has increased our legal and financial compliance costs and is expected to make some activities more time-consuming and costly. These requirements may place a strain on our systems and resources. The Securities Exchange Act of 1934, or the Exchange Act, requires that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal controls for financial reporting. We currently do not have an internal audit group. Significant resources and management oversight have been dedicated to maintaining and improving the effectiveness of our disclosure controls and procedures and internal control over financial reporting. This may divert management s attention from other business concerns, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

These new rules and regulations have made it more expensive for us to obtain director and officer liability insurance, and we have incurred substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers. We are currently evaluating and monitoring developments with respect to these new rules, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

This offering may cause us to undergo an ownership change for purposes of Section 382 of the Internal Revenue Code, which may limit our ability to utilize our net operating loss carryforward and certain other tax attributes.

Our federal net operating loss carryforward as of December 31, 2004 is approximately $11.5 million. Under Section 382 of the Internal Revenue Code, if a corporation undergoes an ownership change (generally defined as a greater than 50% change (by value) in its equity ownership over a three-year period), the corporation s ability to use its pre-change of control net operating loss carryforward and other pre-change tax attributes against its post-change income may be limited. Although no definite determination can be made at this time, there is a significant possibility that this offering (along with other changes in ownership that have occurred within a three-year testing period) will cause us to undergo an ownership change under the Internal Revenue Code. In addition, if we undergo an ownership change, we may be limited in our ability to use certain built-in losses or built-in deductions that exist at the time of the ownership change. These limitations may have the effect of reducing our after-tax cash flow. Even if this offering does not cause an ownership change to occur, we may undergo an ownership change after the offering due to subsequent changes in ownership of our common stock.

Table of Contents

Special note regarding forward-looking statements

This prospectus contains some forward-looking statements including, in particular, statements about our plans, strategies and prospects. We have used the words may, will, expect, anticipate, believe, estimate, plan, intend and similar expressions in this prospectus to identify fo statements. We have based these forward-looking statements on our current views with respect to future events and financial performance. Our actual results could differ materially from those projected in the forward-looking statements.

Our forward-looking statements are subject to risks and uncertainties, including:

Ø the cyclical nature of our business;

Ø adverse economic and market conditions;

Ø fluctuating costs of raw materials, including steel and aluminum, and delays in the delivery of raw materials;

Ø our ability to maintain relationships with our suppliers of railcar components;

Ø our reliance upon a small number of customers that represent a large percentage of our sales;

Ø the variable purchase patterns of our customers and the timing of completion, delivery and acceptance of customer orders;

Ø the highly competitive nature of our industry;

Ø risks relating to our relationship with our unionized employees and their unions;

Ø our ability to manage our health care and pension costs;

Ø our reliance on the sales of our aluminum-bodied coal-carrying railcars;

Ø the risk of lack of acceptance of our new railcar offerings by our customers;

Ø the cost of complying with environmental laws and regulations;

- Ø the costs associated with being a public company;
- Ø potential significant warranty claims; and
- Ø various covenants in the agreement governing our indebtedness that limit our management s discretion in the operation of our businesses.

Our actual results could be different from the results described in or anticipated by our forward-looking statements due to the inherent uncertainty of estimates, forecasts and projections and may be better or worse than anticipated. Given these uncertainties, you should not rely on forward-looking statements. Forward-looking statements represent our estimates and assumptions only as of the date that they were made. We expressly disclaim any duty to provide updates to forward-looking statements, and the estimates and assumptions associated with them, after the date of this prospectus, in order to reflect changes in circumstances or expectations or the occurrence of unanticipated events except to the extent required by applicable securities laws. All of the forward-looking statements are qualified in their entirety by reference to the factors discussed above under Risk factors. We caution you that these risks may not be exhaustive. We operate in a continually changing business environment and new risks emerge from time to time. You should carefully read this prospectus in its entirety as it contains information you should consider when making your investment decision.

Table of Contents

Use of proceeds

We will not receive any proceeds from this offering.

The selling stockholders have agreed to pay all underwriters commissions and discounts in connection with this offering. In accordance with a registration rights agreement entered into with our stockholders immediately prior to our initial public offering, we will pay all expenses related to this offering other than the foregoing fees to be paid by the selling stockholders.

Table of Contents

Market price of common stock

Our common stock has been quoted on the Nasdaq National Market under the symbol RAIL since April 6, 2005. Prior to that time, there was no public market for our common stock. The following table sets forth the quarterly high and low closing prices of our common stock since April 6, 2005, as reported on the Nasdaq National Market.

	Common stock price	
	High	Low
Second quarter (from April 6, 2005)	$ 22.00	$ 17.55
Third quarter (through September 21, 2005)	$ 40.87	$ 19.01

On September 21, 2005, the last sale price per share for our common stock as reported on the Nasdaq National Market was $40.68 per share. As of September 21, 2005, there were approximately 38 holders of record of our common stock, which does not include persons whose shares of common stock are held by a bank, brokerage house or clearing agency.

Table of Contents

Dividend policy

Our board of directors has never paid any cash dividends on our common stock. On September 1, 2005, our board of directors declared a cash dividend of $0.03 per share of common stock, payable on September 22, 2005 to holders of record as of September 12, 2005.

Shares of our common stock purchased in this offering will not be entitled to receive this dividend. Following this offering, we intend to pay regular cash dividends on our common stock.

We are a holding company and, as such, our ability to pay dividends is subject to the ability of our subsidiaries to generate earnings and cash flows and distribute them to us. Our declaration and payment of future dividends will be at the discretion of our board of directors and will depend on, among other things, general economic and business conditions, our strategic plans, our financial results, contractual and legal restrictions on the payment of dividends by us and our subsidiaries and such other factors as our board of directors considers to be relevant.

Our revolving credit facility contains covenants that limit our ability to pay dividends to holders of our common stock except under certain circumstances. Additionally, the ability of our board of directors to declare a dividend on our common stock is limited by Delaware law. For certain risks and restrictions relating to the payment of dividends, see Risk factors Risks related to the purchase of our common stock in this offering We intend to pay regular cash dividends on our common stock commencing in the third quarter of 2005 but we may change our dividend policy, and the agreement governing our revolving credit facility contains various covenants that limit our ability to pay dividends.

Table of Contents

Capitalization

The following table sets forth our cash and cash equivalents and capitalization as of June 30, 2005.

You should read this table together with Management s discussion and analysis of financial condition and results of operations and the consolidated financial statements included elsewhere in this prospectus.

	As of June 30, 2005 (in thousands, except share amounts)
Cash and cash equivalents	$ 20,467
Long-term debt (including current maturities)(1)	
Capital lease	$ 36
Stockholders equity	
Preferred stock, $0.01 par value; 2,500,000 shares authorized (100,000 shares each designated as Series A voting and Series B non-voting); 0 shares issued and outstanding	
Common Stock, par value $0.01 per share; 50,000,000 shares authorized, 12,532,700 shares issued and outstanding(2)	125
Additional paid in capital	93,646
Accumulated other comprehensive loss	(5,055)
Accumulated deficit	(30,186)
Total stockholders equity	58,530
Total capitalization	$ 58,566

(1) As of June 30, 2005, we had no outstanding borrowings under the revolving credit facility, we had $9.0 million in letters of credit under the letter of credit sub-facility and we had the ability to borrow $38.1 million under the revolving credit facility.

(2) Does not include 329,808 shares of our common stock that are available for future issuance under stock options granted under our 2005 Long-Term Incentive Plan. See Management Executive compensation Option awards and option plan.

Selected consolidated financial data

The following table sets forth our selected consolidated financial data. The consolidated statements of operations and cash flow data for the years ended December 31, 2002, 2003 and 2004 and the consolidated balance sheet data as of December 31, 2003 and 2004 are derived from our audited consolidated financial statements and related notes included elsewhere in this prospectus. The consolidated statements of operations and cash flow data for the period from June 4, 1999 through December 31, 1999 and the years ended December 31, 2000 and 2001 and the consolidated balance sheet data as of December 31, 1999, 2000, 2001 and 2002 are derived from our audited consolidated financial statements not included in this prospectus. The consolidated statements of operations and cash flow data for the six months ended June 30, 2004 and 2005 and the consolidated balance sheet data as of June 30, 2005 are derived from our unaudited consolidated financial statements and related notes included elsewhere in this prospectus, which, in our opinion, have been prepared on the same basis as the audited consolidated financial statements and reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of our results of operations and financial position. Our historical results are not necessarily indicative of our results for any future period.

The selected consolidated financial data for the period from January 1, 1999 through June 3, 1999 presented below includes financial data of our predecessor, consisting of certain direct and indirect wholly owned subsidiaries of Transportation Technologies Industries, Inc., or TTII, which purchased our business in 1991. On June 4, 1999, we were acquired from TTII by an investor group led by certain members of management of TTII who became our management. The financial data of our predecessor does not reflect any adjustments associated with our acquisition from TTII in 1999, and our consolidated financial data after our acquisition in 1999 is not directly comparable to our predecessor s financial data.

We have included our selected consolidated financial data for the periods from January 1, 1999 to June 3, 1999 and from June 4, 1999 to December 31, 1999 in this prospectus because we believe that this additional financial data is useful in illustrating the cyclical nature of our business, which is discussed elsewhere in this prospectus.

The results included below and elsewhere in this document are not necessarily indicative of our future performance. You should read this information together with Capitalization, Management s discussion and analysis of financial condition and results of operations and our consolidated financial statements and the related notes included elsewhere in this prospectus.

Table of Contents

Selected consolidated financial data

	Predecessor	FreightCar America, Inc.							
	Period from January 1, 1999 to June 3,	Period from June 4, 1999 to December 31,	Year ended December 31,					Six months ended June 30,	
	1999	1999	2000	2001	2002 (in thousands)	2003	2004	2004	2005
Statements of operations data:									
Sales	$ 316,931	$ 367,742	$ 397,577	$ 210,314	$ 225,497	$ 244,349	$ 482,180	$ 183,813	$ 396,519
Cost of sales(1)	271,714	325,640	358,267	187,646	212,589	225,216	468,309	181,294	358,976
Gross profit(2)	45,217	42,102	39,310	22,668	12,908	19,133	13,871	2,519	37,543
Selling, general and administrative expense(3)	8,215	11,397	18,580	13,370	12,778	14,318	14,601	6,993	13,740
Compensation expense under stock option agreements (selling, general and administrative expense)(4)							8,900		69
Provision for settlement of labor disputes(5)							9,159		370
Goodwill amortization expense		1,074	1,812	1,744					
Operating income (loss)(6)	37,002	29,631	18,918	7,554	130	4,815	(18,789)	(4,474)	23,364
Interest income	(663)	(354)	(1,391)	(887)	(162)	(128)	(282)	(52)	(342)
Related-party interest expense		2,535	5,165	5,723	6,517	6,764	7,029	3,397	3,253
Third-party interest expense	451	3,623	3,999	2,398	1,595	1,367	1,111	531	964
Interest expense and related accretion on rights to additional acquisition consideration		1,192	2,341	2,927	3,659	4,573	5,716	2,598	6,382
Write-off of deferred financing costs						348			439
Loss on disposal of railcar lease fleet		689	187						
Amortization of deferred financing costs		410	702	702	702	629	459	270	184
Income (loss) before income taxes	37,214	21,536	7,915	(3,309)	(12,181)	(8,738)	(32,822)	(11,218)	12,484
Income tax provision (benefit)	14,398	9,236	6,089	167	(3,554)	(1,318)	(7,962)	(3,197)	1,425
Net income (loss)	22,816	12,300	1,826	(3,476)	(8,627)	(7,420)	(24,860)	(8,021)	11,059
Redeemable preferred stock dividends accumulated, but undeclared		620	1,062	1,063	1,062	1,063	1,062	532	311