

FreightCar America, Inc.
Form DEF 14A
April 12, 2013
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES

EXCHANGE ACT OF 1934

Filed by Registrant ☒ x

Filed by a Party other than the Registrant ☐ ..

Check the appropriate box:

- ☐ .. Preliminary Proxy Statement
- ☐ .. Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- ☒ x Definitive Proxy Statement
- ☐ .. Definitive Additional Materials
- ☐ .. Soliciting Material Pursuant Section 240.14a-12

FREIGHTCAR AMERICA, INC.

(Name of Registrant as Specified in Its Charter)

Payment of Filing Fee (Check the appropriate box):

- ☒ x No fee required.
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FREIGHTCAR AMERICA, INC.

Two North Riverside Plaza, Suite 1300

Chicago, Illinois 60606

April 12, 2013

Dear FreightCar America Stockholder:

You are cordially invited to attend the annual meeting of stockholders of FreightCar America, Inc. to be held at 10:00 a.m. (local time) on Friday, May 17, 2013 at the Union League Club of Chicago, 65 West Jackson Boulevard, Chicago, Illinois 60604.

The purpose of the meeting is to consider and vote upon proposals to (i) elect three directors who have been nominated for election as Class II directors to three-year terms, (ii) approve, on an advisory basis, the compensation of our Named Executive Officers, (iii) approve the amendment and restatement of the FreightCar America, Inc. 2005 Long Term Incentive Plan that, among other things, increases the number of shares authorized to be issued under the plan from 1,659,616 to 2,459,616, (iv) ratify the appointment of our independent registered public accounting firm for 2013 and (v) transact such other business as may properly come before the meeting.

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

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

Sincerely,

/s/ William D. Gehl

WILLIAM D. GEHL

Chairman of the Board

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FREIGHTCAR AMERICA, INC.

Two North Riverside Plaza, Suite 1300

Chicago, Illinois 60606

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be held on May 17, 2013

April 12, 2013

Dear FreightCar America Stockholder:

We are notifying you that the annual meeting of stockholders of FreightCar America, Inc. will be held at 10:00 a.m. (local time) on Friday, May 17, 2013 at the Union League Club of Chicago, 65 West Jackson Boulevard, Chicago, Illinois 60604, for the following purposes:

1. To elect three directors as Class II directors, each for a term of three years.
2. To hold an advisory vote to approve the compensation of our Named Executive Officers.
3. To approve the amendment and restatement of the FreightCar America, Inc. 2005 Long Term Incentive Plan that, among other things, increases the number of shares authorized to be issued under the plan from 1,659,616 to 2,459,616.
4. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2013.
5. To transact other business properly coming before the meeting.

Each of these matters is described in further detail in the enclosed proxy statement. We also have enclosed a copy of our 2012 Annual Report. We are initially mailing this notice of annual meeting, the proxy statement and the enclosed proxy card to our stockholders on or about April 12, 2013.

Only stockholders of record at the close of business on March 29, 2013 are entitled to vote at the meeting and any postponements or adjournments of the meeting. A complete list of these stockholders will be available at our principal executive offices prior to the meeting.

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

By order of the Board of Directors,

/s/ Kathleen M. Boege

KATHLEEN M. BOEGE

General Counsel and Corporate Secretary

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 17, 2013:**

**Our Proxy Statement and Annual Report on Form 10-K for the year ended
December 31, 2012 are available at**

www.railproxy.info

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FREIGHTCAR AMERICA, INC.

Two North Riverside Plaza, Suite 1300

Chicago, Illinois 60606

PROXY STATEMENT

The board of directors of FreightCar America, Inc. (FreightCar America or the Company) is asking for your proxy for use at the annual meeting of our stockholders to be held at 10:00 a.m. (local time) on Friday, May 17, 2013 at the Union League Club of Chicago, 65 West Jackson Boulevard, Chicago, Illinois 60604, and at any postponements or adjournments of the meeting. We are initially mailing this proxy statement and the enclosed proxy card to our stockholders on or about April 12, 2013.

ABOUT THE MEETING

What is the purpose of the annual meeting?

At our annual meeting, stockholders will act upon the matters outlined in the accompanying notice of annual meeting, including (i) the election of three directors who have been nominated for election as Class II directors to three-year terms, (ii) approval, on an advisory basis, of the compensation of our Named Executive Officers, (iii) approval of the amendment and restatement of the FreightCar America, Inc. 2005 Long Term Incentive Plan that, among other things, increases the number of shares authorized to be issued under the plan from 1,659,616 to 2,459,616, (iv) the ratification of the appointment of our independent registered public accounting firm and (v) any other business properly coming before the meeting.

What are our voting recommendations?

Our board of directors recommends that you vote your shares FOR each of the nominees named below under Proposal 1 Election of Class II Directors, FOR the approval, on an advisory basis, of the compensation of our Named Executive Officers (NEOs) as discussed below under Proposal 2 Approval, on an Advisory Basis, of the Compensation of our Named Executive Officers, FOR the approval of the amendment and restatement of the FreightCar America, Inc. 2005 Long Term Incentive Plan as discussed below under Proposal 3 Approval of the Amendment and Restatement of the FreightCar America, Inc. 2005 Long Term Incentive Plan and FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm as discussed below under Proposal 4 Ratification of the Appointment of Independent Registered Public Accounting Firm.

Who is entitled to vote?

Only stockholders of record at the close of business on the record date, March 29, 2013, are entitled to receive notice of the annual meeting and to vote the shares of common stock that they held on the record date at the meeting and any postponements or adjournments of the meeting. Each outstanding share of common stock entitles its holder to cast one vote, without cumulation, on each matter to be voted on.

What constitutes a quorum?

If a majority of the shares outstanding on the record date are present at the annual meeting, either in person or by proxy, we will have a quorum at the meeting permitting the conduct of business at the meeting. As of the record date, we had 12,024,823 shares of common stock outstanding and entitled to vote. Any shares represented by

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proxies that abstain from voting on a proposal will be counted as present for purposes of determining whether we have a quorum. If a broker, bank, custodian, nominee or other record holder of our common stock indicates on a proxy that it does not have discretionary authority to vote certain shares on a particular matter, the shares held by that record holder (referred to as "broker non-votes") will also be counted as present in determining whether we have a quorum.

How do I vote?

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

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

FOR the approval, on an advisory basis, of the compensation of our NEOs under Proposal 2 Approval, on an Advisory Basis, of the Compensation of our Named Executive Officers;

FOR the approval of the amendment and restatement of the FreightCar America, Inc. 2005 Long Term Incentive Plan under Proposal 3 Approval of the Amendment and Restatement of the FreightCar America, Inc. 2005 Long Term Incentive Plan; and

FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2013 under Proposal 4 Ratification of the Appointment of Independent Registered Public Accounting Firm.

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

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

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

Director nominees must receive the affirmative vote of a plurality of the votes cast at the meeting in person or by proxy by stockholders entitled to vote thereon, meaning that the three nominees for Class II director with the most votes will be elected. Each of the approval, on an advisory basis, of the compensation of our NEOs, the approval of the amendment and restatement of the FreightCar America, Inc. 2005 Long Term Incentive Plan and the ratification of the appointment of our independent registered public accounting firm requires the affirmative vote of a majority of the votes represented at the meeting in person or by proxy. Broker non-votes will not be counted for purposes of determining whether an item has received the requisite number of votes for approval. Abstentions will have the effect of a vote against the approval, on an advisory basis, of the compensation of our NEOs, the approval of the amendment and restatement of the FreightCar America, Inc. 2005 Long Term Incentive Plan and the ratification of the appointment of our independent registered public accounting firm but will not be taken into account in determining the outcome of the election of directors. However, each of our directors and director candidates has offered a contingent resignation that may be accepted by the board of directors in its discretion if a majority of the votes are not cast FOR such director in an uncontested election.

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What happens if additional proposals are presented at the meeting?

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

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

Certain directors, officers and employees, who will not receive any additional compensation for such activities, may solicit proxies by personal interview, mail, telephone or electronic communication. We will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to our stockholders. We will bear all costs of solicitation, including a base fee of \$8,250 and reasonable out-of-pocket expenses to be paid to the proxy solicitation firm of Georgeson Inc.

PROPOSALS TO BE VOTED ON

Proposal 1 Election of Class II Directors

Our certificate of incorporation provides for a classified board of directors consisting of three classes of the same or nearly the same number of directors. The number of members of our board of directors is currently fixed at seven directors. The term of office of each current Class II director is scheduled to expire at our annual meeting of stockholders to be held this year. Currently, three of our directors, William D. Gehl, Andrew B. Schmitt and Edward J. Whalen, are Class II directors. At the recommendation of our nominating and corporate governance committee, our board of directors has determined to nominate Messrs. Gehl, Schmitt and Whalen for election to three-year terms as Class II directors at our annual meeting this year.

Each nominee elected by our stockholders as a Class II director at our annual meeting this year will be elected to a term to expire at the annual meeting of stockholders in 2016.

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

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

Our board of directors recommends that you vote FOR the election of William D. Gehl, Andrew B. Schmitt and Edward J. Whalen as Class II directors.

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

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act), which amends Section 14A of the Securities Exchange Act of 1934, as amended (the Exchange Act), enables our stockholders to approve, on an advisory basis, the compensation programs for our NEOs (sometimes referred to as say on pay). At the 2011 annual meeting, the board of directors proposed and the Company's stockholders approved, on an advisory basis, a frequency of every year for advisory votes on the compensation of our NEOs. In accordance with this vote, this year the board of directors is again implementing an advisory vote on the compensation of our NEOs. The next required vote on the frequency of advisory votes on the compensation of our NEOs will occur no later than the 2017 annual meeting.

As discussed below in this proxy statement, we believe that our executive compensation programs must be closely linked to our stockholders interests and we therefore welcome our stockholders input in this area. As described in detail under Compensation Discussion and Analysis, our compensation programs are designed to attract, motivate and retain the individuals we need to drive business success. We believe that our executives should

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act in the long-term interests of our stockholders and therefore pay an important portion of total compensation to our executives in the form of stock options and/or restricted stock. Our compensation programs also are closely tied to performance, with incentive compensation varying in accordance with objectively determinable Company, segment and individual performance measures. In addition, the variable component of compensation increases as an individual's business responsibilities increase.

The Compensation Committee of our Board of Directors (the "Committee") follows best practices in the design and governance of our compensation programs, including, but not limited to the following:

We have adopted a clawback policy;

We have adopted an anti-hedging policy for our officers and directors;

We have adopted stock ownership guidelines for our officers and directors;

Our Incentive Plan expressly prohibits repricing or exchanging awards;

We do not pay tax gross-ups for executive perquisites (which are minimal, in any event);

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

We do not provide single-trigger golden parachute payments;

We do not provide perquisites for former or retired executives;

We do not or provide extraordinary relocation or home buyout benefits;

We do not provide personal use of corporate aircraft, personal security systems maintenance and/or installation, car allowance, or executive life insurance; and

We do not pay or provide payments for cause terminations or resignations other than for Good Reason.

You are invited to review the Compensation Discussion and Analysis, the accompanying compensation tables and the related narrative disclosure and to vote to approve, on an advisory basis, the compensation of our NEOs through the adoption of the following resolution at the 2013 annual meeting:

Resolved, that the compensation paid to the Company's Named Executive Officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby approved.

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

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

Proposal 3 Approval of the Amendment and Restatement of the FreightCar America, Inc. 2005 Long Term Incentive Plan

We are asking stockholders to approve the amendment and restatement of the FreightCar America, Inc. 2005 Long Term Incentive Plan (the Incentive Plan). Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code) requires that in order for the Incentive Plan to qualify for the performance-based compensation exception to the Code s tax deductibility limitation, stockholders must approve the material terms of the Incentive Plan at least every five years. The Incentive Plan was most recently amended and approved by the Company s stockholders at the 2008 annual meeting of stockholders. The Company is asking stockholders to

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approve the Incentive Plan, as amended and restated, in order to satisfy Section 162(m) of the Code and to implement the other changes described below.

The Board approved the amended and restated Incentive Plan on March 6, 2013, subject to the approval of our stockholders. The following summary of the Incentive Plan and the amendments to the Incentive Plan should be read in conjunction with, and is qualified by reference to, the full text of the Incentive Plan, as amended and restated, which is included in this proxy statement as Appendix I.

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

Description of the Amendments. As described below, the Incentive Plan would be amended to, among other things:

Add 800,000 shares of common stock to be available for issuance under the Incentive Plan;

Provide for fungible share counting under which the number of shares authorized to be issued under the Incentive Plan is reduced by 2.0 shares for every one share that was subject to a restricted share, restricted share unit (RSU), performance share, or other full-value stock-based award granted after the effective date of the restated Incentive Plan;

Extend the termination date from April 5, 2015 to May 17, 2023;

Provide that upon the occurrence of a change of control, as defined in the Incentive Plan, all awards will fully vest following a change of control only if, within 24 months of such change in control, the participant terminates employment upon the participant's death or disability (as defined in the Incentive Plan) or upon an involuntary termination of employment (other than a termination for cause) or a voluntary termination for good reason, as defined in the Incentive Plan (commonly described as double trigger vesting);

Allow the Committee (as defined in the Incentive Plan) to make awards under the Incentive Plan subject to restrictive covenants, such as non-competition requirements;

Empower the Committee to recoup awards to current and former employees for engaging in activities that are detrimental to the Company (commonly described as a claw-back provision);

Limit the amounts payable to any individual Incentive Plan participant, including separate, lower award limitations for directors;

Expand the list of business criteria applicable for performance-based awards;

Add annual cash incentive awards to the list of permitted awards; and

Clarify other provisions and limits in the Incentive Plan.

Eligibility and Administration. Our and our subsidiaries' and affiliates' employees, consultants and non-employee directors are eligible to be granted awards under the Incentive Plan. The Incentive Plan is currently administered by the Committee. The Committee determines which

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employees, consultants and directors receive awards and the types of awards to be granted. The Committee also has authority to waive conditions relating to an award and to accelerate the exercisability or vesting of awards.

Awards. The Incentive Plan provides for the grant of stock options, SARs, restricted shares, RSUs, performance shares, performance units, annual cash incentive awards, dividend equivalents and other share-based awards. If the stockholders approve the amended and restated Incentive Plan, an aggregate of 2,459,616 shares would be

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authorized for issuance under the Incentive Plan. Of these 2,459,616 shares, 1,186,004 shares would remain available for issuance after May 17, 2013, after taking into account 1,273,612 shares issued as of March 15, 2013 under the Incentive Plan, net of shares forfeited by participants or withheld for tax purposes pursuant to the Incentive Plan. Based on historic and projected usage patterns, we expect that, if this proposal is approved by stockholders, the shares under the Incentive Plan will be exhausted for purposes of granting awards under the Incentive Plan by December 31, 2019. As of the close of the regular trading session on March 28, 2013, the Company's stock price was \$21.82 per share.

During any one calendar year, the maximum number of shares with respect to which stock options and SARs may be granted to a participant (other than a director) under the Incentive Plan is 500,000 shares, and the maximum number of shares that may be granted to a participant (other than a director) under the Incentive Plan with respect to restricted shares, RSUs, performance shares and performance units intended to qualify as performance-based compensation under Section 162(m) of the Code, is 500,000. If the stockholders approve the amended and restated Incentive Plan, the maximum dollar amount payable during any one calendar year to participants other than directors will be (1) \$2,000,000 with respect to performance units or other share-based awards, and (2) 50% of the annual incentive pool with respect to cash incentive awards. In addition, during any one calendar year (1) the maximum number of shares with respect to which options or SARs may be issued to any one non-employee director will be 50,000, (2) the maximum number of shares with respect to which performance shares, performance units, restricted shares or RSUs may be issued to any one non-employee director will be the equivalent of 50,000 shares, and (3) the maximum dollar amount payable to any one non-employee director with respect to performance units or other share-based awards will be \$150,000. Shares issued under the Incentive Plan will be either authorized but unissued shares or treasury shares.

Stock Options. Both incentive stock options, which are intended to qualify for special tax treatment under the Code, and nonqualified stock options, which are not intended to qualify for special tax treatment under the Code, may be granted under the Incentive Plan. The Committee is authorized to set the terms of an option, including exercise price and the time and method of exercise, but is prohibited from repricing options without stockholder approval. The exercise price of stock options may not be less than the fair market value of the Company's stock on the grant date.

Share Appreciation Rights. An SAR entitles the holder to receive an amount equal to the difference between the fair market value of a specified number of shares on the exercise date and the exercise price of the SAR set by the Committee as of the date of grant. The Committee is authorized to set the terms of the SARs, including the time and method of exercise, but is prohibited from repricing SARs without stockholder approval.

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

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

Performance Shares and Performance Units. Performance shares and performance units provide for the future issuance of shares and payment of cash, respectively, to the recipient upon the attainment of performance goals established by the Committee. Except as otherwise determined by the Committee, performance shares and performance units will be forfeited upon the termination of a participant's employment during any applicable performance period. Performance objectives may vary from person to person and will be based upon such criteria as

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the Committee may deem appropriate. Subject to special rules with respect to awards intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Code, the Committee may revise performance objectives if significant events occur during the performance period that the Committee expects will have a substantial effect on such objectives.

Dividend Equivalents and Other Awards. The Committee may also grant dividend equivalent rights under the Incentive Plan and it is authorized to grant such other awards that may be denominated in, valued in, or otherwise based on, shares, including unrestricted shares awarded purely as a bonus and not subject to any restrictions or conditions.

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

Change of Control. If the stockholders approve the amendment and restatement of the Incentive Plan, following a change of control, as defined in the Incentive Plan, all outstanding awards granted under the Incentive Plan will fully vest and become exercisable only if, within 24 months of such change in control, the participant terminates employment upon the participant's death or disability (as defined in the Incentive Plan) or upon an involuntary termination of employment (other than a termination for cause) or a voluntary termination for good reason, as defined in the Incentive Plan.

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

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

Restrictive Covenants. If the stockholders approve the amendment and restatement of the Incentive Plan, it will provide that the Committee may include in any award an agreement that, if the participant breaches the non-competition, non-solicitation, non-disclosure or other similar provisions of the award agreement, whether during or after such participant's employment, the participant will forfeit all awards granted under the Incentive Plan, including any awards that have vested and are then exercisable.

Effective Date and Term. The Incentive Plan originally became effective on April 5, 2005 and, if the amendment and restatement thereof is approved by the stockholders, will terminate as to future awards on May 17, 2023.

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

U.S. Federal Income Tax Considerations.

The following is a brief description of the federal income tax treatment that generally apply to Incentive Plan awards. The description is based on current federal tax laws, rules and regulations, which are subject to change, and

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does not purport to be a complete description of the federal income tax aspects of the Incentive Plan. A participant may also be subject to state and local taxes.

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

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

If the participant does not sell or otherwise dispose of the stock within two years from the date of the grant of the incentive stock option or within one year after the transfer of such stock to the participant, then, upon disposition of such stock, any amount realized in excess of the exercise price will be taxed to the participant as capital gain, and we will not be entitled to a corresponding deduction. A capital loss will be recognized by the participant to the extent that the amount realized is less than the exercise price. If the foregoing holding period requirements are not met, the participant will generally realize ordinary income at the time of the disposition of the shares, in an amount equal to the lesser of (i) the excess, if any, of the fair market value of the stock on the date of exercise over the exercise price, or (ii) the excess, if any, of the amount realized upon disposition of the shares over the exercise price, and we will be entitled to a corresponding deduction. If the amount realized exceeds the value of the shares on the date of exercise, the additional amount will be capital gain. If the amount realized is less than the exercise price, the participant will recognize no income, and a capital loss will be recognized equal to the excess of the exercise price over the amount realized upon the disposition of the shares.

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

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

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

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

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

Tax Withholding. As a condition to the delivery of any shares to the recipient of an award, we may require the recipient to make arrangements for meeting certain tax withholding requirements in connection with the award.

Section 162(m). In general, Section 162(m) of the Code denies a publicly held corporation a deduction for U.S. federal income tax purposes for compensation in excess of \$1,000,000 per year per person to its principal executive officer and the three other officers (other than the principal executive officer and principal financial officer) whose compensation is disclosed in its proxy statement as a result of their total compensation, subject to certain exceptions. The Incentive Plan is intended to satisfy an exception with respect to grants of options to covered employees. In addition, the Incentive Plan is designed to permit certain awards to be granted as performance compensation awards intended to qualify under the performance-based compensation exception to Section 162(m) of the Code. The Committee generally will attempt to structure awards to preserve federal income tax deductions, but the Committee retains the discretion to approve awards that do not meet the performance-based compensation exception to Section 162(m) of the Code.

Section 409A. The American Jobs Creation Act of 2004, enacted on October 22, 2004, revised the federal income tax law applicable to certain types of awards that may be granted under the Plan. To the extent applicable, it is intended that the Plan and any awards made under the Plan either be exempt from, or, in the alternative, comply with the provisions of Section 409A of the Code, including the exceptions for stock rights and short-term deferrals. The Company intends to administer the Plan and any awards made thereunder in a manner consistent with the requirements of Section 409A of the Code.

Our board of directors recommends that you vote FOR the approval of the amendment and restatement of the FreightCar America, Inc. 2005 Long Term Incentive Plan.

Proposal 4 Ratification of the Appointment of Independent Registered Public Accounting Firm

Deloitte & Touche LLP audited our financial statements for our fiscal year ended December 31, 2012, and has been selected by the audit committee of our board of directors to audit our financial statements for the fiscal year ending December 31, 2013. A representative of Deloitte & Touche LLP is expected to attend our annual meeting,

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where he or she will have the opportunity to make a statement, if he or she desires, and will be available to respond to appropriate questions.

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

For information regarding audit and other fees billed by Deloitte & Touche LLP for services rendered with respect to fiscal years 2012 and 2011, see the section of this proxy statement entitled "Fees of Independent Registered Public Accounting Firm and Audit Committee Report Fees Billed by Independent Registered Public Accounting Firm."

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

GOVERNANCE OF THE COMPANY

Board Structure and Composition

Our certificate of incorporation provides for a classified board of directors consisting of three classes of the same or nearly the same number of directors. The number of members of our board of directors is currently fixed at seven directors:

James D. Cirar, S. Carl Soderstrom, Jr., and Robert N. Tidball serve in Class I. Their terms will expire on the date of the annual meeting of stockholders to be held in 2015.

William D. Gehl, Andrew B. Schmitt and Edward J. Whalen serve in Class II. Their terms will expire on the date of the upcoming annual meeting of stockholders to be held on May 17, 2013.

Thomas A. Madden serves in Class III. His term will expire on the date of the annual meeting of stockholders to be held in 2014.

Upon the expiration of the term of each class of directors, directors of that class generally may be re-elected for a three-year term at the annual meeting of stockholders in the year in which their term expires. A director elected by the board of directors is designated upon his or her election as a Class I, Class II or Class III director, and serves a term that expires at the next annual meeting of stockholders after such director's election. A director elected by the stockholders at an annual meeting of stockholders to succeed a director elected during the preceding year by the board of directors joins the same class as the replacement director whom he or she succeeds and serves a term that expires at the next annual meeting of stockholders at which the terms of the other directors of that director's class are or would be scheduled to expire. Each of our directors has signed a contingent resignation letter providing that if a majority of the votes of the shares in an uncontested election in which such director is a nominee are designated to be withheld from, or are voted against, the director's election, and the board of directors accepts the contingent resignation letter following such election, the director's resignation will be effective upon the acceptance of the resignation by the board of directors.

Our certificate of incorporation provides that the authorized number of directors may be changed only by resolution of the board of directors. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the total number of directors. Our certificate of incorporation also provides that our board of directors may fill any vacancy created by the resignation of a director or an increase in the size of the board of directors.

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Nominees for election at this meeting for terms expiring in 2016

William D. Gehl, 66, has served as a director since May 2007 and as the Chairman of the Board of Directors since January 2013. He is a member of our audit, compensation and nominating and corporate governance committees. He is Chairman and owner of IBS of Southeastern Wisconsin, a distributor of automotive and other batteries. He was Chairman and Chief Executive Officer of Gehl Company, a manufacturer of compact construction equipment, from April 2003 until his retirement from that company in April 2009. Prior to that time, he was President and Chief Executive Officer of Gehl Company since November 1992, Chairman of Gehl Company since April 1996, and a director of Gehl Company since 1987. During the past five years, Mr. Gehl has been a member of the boards of directors of Gehl Company, Astec Industries, Inc. (a manufacturer of road-building and construction equipment), Mason Wells, Inc. (a private equity investor), The Oilgear Company (a manufacturer of hydraulic pumps and related products) and Westbury Bank (a full-service neighborhood bank with 25 locations). He brings to our board of directors, among other things, his background as the chief executive officer of a public company for over 16 years and general management, marketing and financial experience, as well as M.B.A. and law degrees and his service on the audit committee of another public company (Astec Industries). He is a member of the Wisconsin and Florida state bars.

Andrew B. Schmitt, 64, has served as a director since October 2012 and is the chairman of our compensation committee and a member of our nominating and corporate governance committee. He was the Chief Executive Officer of Layne Christensen Company, which provides water management, construction and drilling services and related products to water, mineral and energy markets, from October 1993 to January 2012, and President of that company from October 1993 to September 2011. From October 1993 until June 2012, he also served as a director of Layne Christensen. Since September 2003, Mr. Schmitt has been a director of Euronet Worldwide Inc., which provides payment and transaction processing and distribution solutions to financial institutions, retailers, service providers and consumers, and currently serves on that board's audit, compensation and nominating and corporate governance committees. Prior to his service at Layne Christensen, Mr. Schmitt was a Division President for Baker Hughes Incorporated and NL Industries Inc. as well as General Manager and Controller for Dorsey Corp. and Hoover Universal, Inc. Having served as a chief executive officer for over 18 years, Mr. Schmitt brings to our board extensive experience in leading complex global organizations.

Edward J. Whalen, 64, was appointed as our President and Chief Executive Officer on December 18, 2009 and has served as a director since that date. Previously, he served as our Senior Vice President, Marketing and Sales, from December 2004 to September 2008. He also served as Senior Vice President, Marketing and Sales, for our subsidiaries from 1991 to December 2004. In 1991, Mr. Whalen was a member of the group of investors that acquired the Company from Bethlehem Steel. Prior to that, Mr. Whalen was President of Pullman Leasing Company, a railcar leasing business, after serving in various finance positions for Pullman Leasing Company, including Vice President of Finance and Treasurer. Mr. Whalen originally joined Pullman, Inc., the parent of Pullman Leasing Company, in 1972. In addition to his current role as our President and Chief Executive Officer, the board of directors benefits from Mr. Whalen's many years of prior service as a senior executive of the Company and his more than 40 years of railcar industry experience.

Directors whose terms continue until 2014

Thomas A. Madden, 59, has served as a director since December 2005 and is a member of our compensation and audit committees. Mr. Madden served as the Executive Vice President and Chief Financial Officer of Ingram Micro Inc., a technology distributor, from July 2001 to April 2005. From October 1997 to July 2001, Mr. Madden served as the Senior Vice President and Chief Financial Officer of ArvinMeritor, Inc., a supplier of motor vehicle components. Mr. Madden has been a member of the boards of directors of Champion Enterprises, Inc. (a modular and manufactured homes producer) from 2006 to 2010, Mindspeed Technologies, Inc. (a provider of semiconductors for network applications) since 2003, and Intcomex, Inc. (an IT products distributor) since 2006. Having served as the chief financial officer of two public companies, Mr. Madden brings extensive financial expertise and skills to our board of directors, as well as the insights and experience he has gained as a director of three other public companies.

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Directors whose terms continue until 2015

James D. Cirar, 66, has served as a director since June 1999 and is a member of our audit committee. Mr. Cirar is a private investor. He was a director of Transportation Technologies Industries, Inc. (TTII), a manufacturer of railcar and truck components, and President and Chief Executive Officer of TTII's foundry group from January 2000 until the company was acquired by Accuride Corporation in 2005. Mr. Cirar was Chairman of two of our subsidiaries, Johnstown America Corporation and Freight Car Services, Inc., from September 1998 to June 1999. From September 1995 to August 1998, he was the President and Chief Executive Officer of Johnstown America Corporation, a predecessor of the Company. Mr. Cirar brings to our board of directors the business experience he has gained as a partner in private equity transactions, as well as deep industry knowledge and close familiarity with the Company's business.

S. Carl Soderstrom, Jr., 59, has served as a director since April 2005 and is the chairman of our audit committee and a member of our nominating and corporate governance committee. Mr. Soderstrom was employed by ArvinMeritor, Inc., a supplier of motor vehicle components, and its predecessor companies from 1986 to 2004. He served as Senior Vice President and Chief Financial Officer of ArvinMeritor, Inc. from July 2001 to December 2004, and in a number of senior operations and engineering positions with that company prior to 2001, including Senior Vice President of Engineering, Quality and Procurement. Since 2003, Mr. Soderstrom has been a member of the board of directors of Lydall, Inc., a manufacturer of specialty engineered products for the thermal/acoustical and filtration/separation markets, and, since July 2010, he has served on the board of directors of Westar Energy, Inc., an electric utility company. Having spent 18 years in a variety of senior positions at ArvinMeritor, Inc., Mr. Soderstrom brings extensive experience in product engineering, manufacturing, finance and procurement to our board of directors.

Robert N. Tidball, 74, has served as a director since April 2005 and is the chairman of our nominating and corporate governance committee and a member of our compensation committee. From 1989 to January 2001, Mr. Tidball was the President, Chief Executive Officer and a director of PLM International, Inc., a manager of railcar investments. In addition to his many years of experience as a senior business executive, Mr. Tidball brings to our board of directors extensive knowledge of the railcar industry.

Committees of the Board of Directors

Our board of directors has three standing committees: an audit committee, a compensation committee and a nominating and corporate governance committee. Stockholders and third parties may communicate with our board of directors by writing to our board of directors at FreightCar America, Inc., Two North Riverside Plaza, Suite 1300, Chicago, Illinois 60606, Attention: Chairman of the Board of Directors.

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

The audit committee operates under a written charter, a copy of which is available on our website, www.freightcaramerica.com. The audit committee has established and regularly monitors procedures for the

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receipt, retention and treatment of complaints received regarding accounting, internal accounting controls or auditing matters. The audit committee met 11 times during 2012.

Compensation Committee. Our compensation committee consists of Messrs. Gehl, Madden, Schmitt and Tidball. Mr. Schmitt serves as the chairman. The purpose of our compensation committee is to: (a) oversee our compensation and employee benefit plans and practices; (b) produce annually a report on executive compensation for inclusion in our proxy statement, in accordance with all applicable rules and regulations; and (c) oversee regular succession planning and professional development for the Chief Executive Officer (CEO) and other senior executive officers. Our compensation committee also evaluates the risks created by our compensation plans and policies and considers the reasonably likely effects of such risks. Our board of directors has determined that Messrs. Gehl, Madden, Schmitt and Tidball meet the independence requirements under the Sarbanes-Oxley Act of 2002, the rules of NASDAQ and the rules and regulations of the SEC. In addition, each of Messrs. Gehl, Madden, Schmitt and Tidball is an outside director, as that term is defined in Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), and a non-employee director within the meaning of Rule 16b-3 under the Exchange Act.

The compensation committee operates under a written charter, a copy of which is available on our website, www.freightcaramerica.com. The compensation committee met 11 times during 2012.

During 2012, Pearl Meyer & Partners, LLC (PM&P) was engaged by the compensation committee to provide it with independent compensation consulting services. The compensation committee has reviewed the independence of PM&P in light of new SEC rules and NASDAQ listing standards regarding compensation consultants and has concluded that PM&P's work for the compensation committee does not raise any conflict of interest.

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

The nominating and corporate governance committee operates under a written charter, a copy of which is available on our website, www.freightcaramerica.com. The nominating and corporate governance committee met five times during 2012.

Strategy and Growth Committee. Our strategy and growth committee consisted of Messrs. Gehl, Soderstrom, and Tidball. Mr. Gehl served as the chairman. The strategy and growth committee provided guidance to management in its development of our corporate strategy and provided recommendations to the board of directors with respect to its review and approval of the corporate strategy. The board of directors disbanded the strategy and growth committee effective May 24, 2012 on the basis that its functions were being performed by the full board of directors and a separate committee was no longer necessary.

Prior to being disbanded, the strategy and growth committee met one time during 2012.

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Independence of Directors

The board of directors has determined that six of our seven current directors, Messrs. Cirar, Gehl, Madden, Schmitt, Soderstrom and Tidball, are independent directors as defined in NASDAQ Listing Rule 5605 and as defined in applicable rules by the SEC. NASDAQ Listing Rule 5605 requires that a majority of our board of directors be composed of independent directors and that certain of our committees be composed solely of independent directors. Our independent directors hold meetings in executive session, at which only independent directors are present.

Board Leadership Structure

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

Code of Business Conduct and Ethics

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

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

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

Risk Oversight

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

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

core business and strategy risks;

operational and commercial risks;

regulatory risks;

legal and contractual risks;

compensation-related risks; and

financial risks.

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

In fulfilling its responsibilities delegated by the board of directors as described above, on a periodic basis (but not less often than annually), the compensation committee reviews and discusses with management compensation-related risks. In 2012, the compensation committee established a standing committee of management to assist the committee in evaluating potential risks arising from the Company's compensation programs. The compensation committee reports its activities to the full board of directors on a regular basis and is responsible for making such recommendations with respect to the matters described above and other matters as the compensation committee may deem necessary or appropriate. The compensation committee believes that in addition to its own deliberations and assessment of potential risks, the advice and recommendations of its independent compensation consultant provide important objective guidance in this area.

Director Nomination Process

The nominating and corporate governance committee of our board of directors considers candidates to fill new directorships created by expansion and vacancies that may occur and makes recommendations to the board of directors with respect to such candidates. The nominating and corporate governance committee considers all relevant qualifications of candidates for board membership, including factors such as industry knowledge and experience, international, public company, academic or regulatory experience, financial expertise, current employment and other board memberships, and whether the candidate will be independent under the listing standards of NASDAQ. In addition, although we do not have a formal policy regarding the consideration of diversity in identifying nominees for directors, as part of the nomination process the nominating and corporate governance committee considers diversity in professional background, experience, expertise, perspective, age, gender and ethnicity.

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

In 2012, the nominating and corporate governance committee paid a fee to a third party to assist in the process of identifying or evaluating potential director candidates. In the future, we may pay a fee to a third party to identify or evaluate potential director candidates if the need arises.

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

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

Communications with Directors

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

FreightCar America, Inc.

Two North Riverside Plaza, Suite 1300

Chicago, Illinois 60606

Attention: Chairman of the Board of Directors

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

Director Attendance at Meetings

Directors are encouraged to attend all annual and special meetings of our stockholders. During 2012, the board of directors held 14 meetings. Each of our directors attended at least 75% of the aggregate number of meetings of the board of directors and meetings of those committees on which he served during 2012. All of our directors then serving attended the 2012 annual meeting of stockholders.

Director Compensation

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

STOCK OWNERSHIP

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information regarding the beneficial ownership of our common stock as of December 31, 2012 (except as indicated below) by:

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

each of our directors and director nominees;

each of the named executive officers listed in the "Executive Compensation" Summary Compensation Table section of this proxy statement; and

all of our directors, director nominees and executive officers as a group.

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

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Name of Beneficial Owner	Number of Shares Beneficially Owned (1)	Approximate Percent of Class(1)
Heartland Advisors, Inc. and certain of its affiliates		
789 N. Water Street		
Milwaukee, Wisconsin 53202	1,168,158(2)	9.75%
Hourglass Capital, LLC and certain of its affiliates		
4409 Montrose Boulevard, Suite 100		
Houston, Texas 77006	852,801(3)	7.12%
BlackRock, Inc.		
40 East 52nd Street		
New York, New York 10022	818,558(4)	6.83%
The Vanguard Group, Inc. and certain of its affiliates		
100 Vanguard Boulevard		
Malvern, Pennsylvania 19355	658,071(5)	5.49%
DIRECTORS, DIRECTOR NOMINEES AND EXECUTIVE OFFICERS:		
James D. Cirar	10,875	*
Thomas M. Fitzpatrick (6)	8,097	*
William D. Gehl	13,013	*
Thomas A. Madden	10,491	*
Andrew B. Schmitt	1,536	*
S. Carl Soderstrom, Jr.	8,029	*
Robert N. Tidball	10,875	*
Edward J. Whalen	249,783	2.09%
Theodore W. Baun	25,617	*
Terrence G. Heidkamp	8,733	*
Joseph E. McNeely	17,971	*
Laurence M. Trusdell (7)	44,109	*
All directors, director nominees and executive officers as a group (14 persons)	458,681	3.61%

* = less than 1%

1 Beneficial ownership means any person who, directly or indirectly, has or shares voting or investment power with respect to a security or has the right to acquire such power within 60 days. Shares of common stock subject to options or warrants that are currently exercisable or exercisable within 60 days of December 31, 2012 are deemed outstanding for computing the ownership percentage of the person holding such options or warrants, but are not deemed outstanding for computing the ownership percentage of any other person. The amounts and percentages are based upon 11,979,511 shares of our common stock outstanding as of December 31, 2012.

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2 Based on information in the Schedule 13G/A filed by Heartland Advisors, Inc. and William J. Nasgovitz (collectively, the Heartland Entities) with the SEC on February 7, 2013. The Schedule 13G/A discloses that the Heartland Entities have shared voting power and shared dispositive power with respect to 1,168,158 shares.

3 Based on the information in the Schedule 13G/A filed by Hourglass Capital, LLC and certain of its affiliates on January 22, 2013. The Schedule 13G/A discloses that (i) Hourglass Capital, LLC, Kenneth A. Moffet, John H. Moffet and Andrew T. Anton have sole voting and dispositive power with respect to 852,801 shares and (ii) Hourglass Master Fund, L.P. has sole voting and dispositive power with respect to 600,000 shares. Hourglass Master Fund, L.P. and other advisory clients are the record and direct beneficial owners of the shares covered by the Schedule 13G/A. Hourglass Capital, LLC serves as investment adviser to, and may be deemed to beneficially own shares owned by, Hourglass Master Fund, L.P. and other advisory clients. Kenneth A. Moffet, John H. Moffet and Andrew T. Anton are the managing members of, and may be deemed to beneficially own securities owned by, Hourglass Capital, LLC.

4 Based on information in the Schedule 13G/A filed by BlackRock, Inc. with the SEC on February 4, 2013.

5 Based on information in the Schedule 13G/A filed by The Vanguard Group, Inc. and certain of its affiliates with the SEC on February 12, 2013. The Schedule 13G/A discloses that (i) The Vanguard Group, Inc. has sole dispositive power with respect to 640,454 shares, (ii) Vanguard Fiduciary Trust Company (VFTC), a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 17,617 shares for which VFTC has sole voting power and shared dispositive power as a result of VFTC serving as investment manager of collective trust accounts and (iii) Vanguard Investments Australia, Ltd. (VIA), a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 1,200 shares for which VIA has sole voting power and shared dispositive power as a result of VIA serving as investment manager of Australian investment offerings.

6 Mr. Fitzpatrick resigned from the Company s board of directors effective February 25, 2013.

7 Mr. Trusdell retired from the Company effective December 31, 2012 and on that date he forfeited all nonvested options, including those that were exercisable within 60 days of December 31, 2012 and included in this table.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, executive officers and holders of more than 10% of our common stock to file with the SEC reports regarding their ownership and changes in ownership of our common stock. Based solely on our review of the reports furnished to us, we believe that all of our directors and executive officers have complied with all Section 16(a) filing requirements for 2012.

COMPENSATION DISCUSSION AND ANALYSIS

The following sections discuss the material factors involved in the Company s decisions regarding the compensation of the Company s Named Executive Officers (as defined in the section of this proxy statement entitled Executive Compensation Summary Compensation Table) (the NEOs) during 2012. The specific amounts paid or payable to the NEOs are disclosed in the tables and narrative in the section of this proxy statement entitled Executive Compensation. The following discussion cross-references those specific tabular and narrative disclosures where appropriate.

Summary

Our NEO compensation program, designed and approved by our compensation committee, is designed to optimize value for our stockholders by ensuring that:

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

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

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

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Fiscal year 2012 was anticipated to be a better year for the economy and our business than fiscal year 2011, and the compensation committee tailored our NEO compensation program to be in line with expectations of

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improved financial performance, while providing support for the ongoing needs of our business and key initiatives such as strategic and international growth.

When designing our fiscal year 2012 NEO compensation program, the compensation committee considered the Company's fiscal year 2012 budget and financial performance expectations, both of which were higher than fiscal year 2011 actual performance. As a result, with respect to our regular program of annual and long-term compensation, the compensation committee:

approved annual base salary increases for each NEO;

set targets for payouts of annual cash incentive awards that would allow payments only if the Company achieved targeted Return on Net Assets (RONA), which, in consideration of the Company's 2012 performance, resulted in bonus payments being made for 2012; and

approved equity-based awards (stock options) under the Company's 2005 Long Term Incentive Plan (the LTIP), at levels similar to awards approved in 2011.

The compensation committee believes its actions balanced the objectives of containing costs, calibrating pay opportunities with performance expectations and the degree of difficulty associated with achieving performance goals, and retaining and motivating our NEOs.

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

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

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

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

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

Compensation Committee's Processes and Procedures for Consideration and Determination of Executive Compensation

General Authorities and Responsibilities

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

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event that any of such officers retires, is disabled or is otherwise unable to fulfill his or her duties. The compensation committee has the authority to conduct or authorize investigations into any matter within its scope of responsibilities, and retain, at our expense, such independent counsel, compensation consultant or other consultants and advisors as it deems necessary. In 2012, the compensation committee engaged an independent compensation consulting firm, PM&P. In addition to general compensation consulting services, PM&P provided specific consulting services in areas which included market surveys of executive compensation, external trends, compensation program design, and position-specific compensation information as necessary. The compensation committee has the sole authority to retain an independent compensation consultant to be used to assist in its evaluation of director and/or senior management compensation and has the sole authority to terminate the consultant and approve the consultant's fees and other retention terms. The compensation committee also has the authority to obtain advice and assistance from internal or external legal, accounting or other advisors as it deems appropriate or necessary. The compensation committee reviews and assesses at least annually the adequacy of the compensation committee charter and recommends any proposed changes to the board of directors for approval. The compensation committee also annually reviews its own performance.

Executive and Director Compensation

The compensation committee, consulting with its independent compensation consultant, PM&P, and with management as necessary, reviews and recommends for approval by the board of directors our general policies relating to senior management compensation and oversees the development and implementation of such compensation programs. The compensation committee, consulting with its independent compensation consultant and with management as necessary, reviews and approves, or recommends for ratification by the board of directors, senior management compensation, including, to the extent applicable, (a) salary, bonus and incentive compensation levels, (b) deferred compensation, (c) executive perquisites, (d) equity compensation (including awards to induce employment), (e) employment agreements, severance arrangements and change in control agreements/provisions, in each case as, when and if appropriate, and (f) other forms of senior management compensation. The compensation committee meets without the presence of senior management when approving or deliberating on CEO compensation but may, in its discretion, invite the CEO to be present during the approval of, or deliberations with respect to, other senior management compensation.

The compensation committee periodically reviews and approves corporate goals and objectives relevant to senior management compensation, evaluates the CEO's performance in light of those goals and objectives, as a committee or together with the independent members of the board of directors, and recommends for ratification by the board of directors the CEO's compensation levels taking into account this evaluation. The compensation committee periodically reviews and makes recommendations to the board of directors with respect to director compensation for non-employee members of the board of directors and its committees. The compensation committee may adopt policies regarding the adjustment or recovery of incentive awards or payments if the relevant performance measures upon which such incentive awards or payments were based are restated or otherwise adjusted in a manner that would reduce the size of an award or payment, and has adopted such a policy as described in the section of this proxy statement entitled "Clawback Policy." The compensation committee may consider the accounting and tax treatment to the Company and to senior management of each particular element of compensation.

Oversight of Compensation Plans

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

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Compensation Committee Interlocks and Insider Participation

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

Compensation Philosophy and Objectives

Philosophy

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

The purpose of our philosophy is twofold: to serve as a link between the interests of the Company's stockholders and its compensation arrangements, and to serve as a framework for program design and assessment.

The application of these values and beliefs reflects and takes into account a broad business context. Business judgment is brought to bear to determine the appropriate application of these values and beliefs in each circumstance. Moreover, the application of these values and beliefs solely in a mechanistic fashion is neither appropriate nor desirable.

In periodically reviewing the executive compensation philosophy statement, the compensation committee will revise it as necessary to ensure that it is properly linked to the Company's business strategies and to reflect changes to the Company's business operations and goals as well as external market conditions.

Objectives

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

FreightCar America employees should act in the interests of FreightCar America stockholders. We believe that FreightCar America employees should act in the long-term interests of FreightCar America stockholders and the best way to encourage them to do so is through an equity stake in the Company. We pay an important portion of total compensation to executives and certain other key employees in the form of stock options and/or restricted stock. The Company's goal is to have compensation programs that encourage each employee to think and act like an owner of the business. Our industry is cyclical. Executives must manage this cycle by diversifying our product and service offerings, maintaining low costs and other measures.

Compensation should be related to performance. The Company's compensation program endeavors to reinforce the Company's business and financial objectives. Employee compensation will vary based on objectively determinable measures of Company performance. When the Company performs well based on financial measures, employees will receive greater incentive compensation. When the Company does not meet objectives, incentive awards will be reduced potentially to zero. An employee's individual compensation also will vary based on such person's individual performance, contribution and overall value to the business. Employees demonstrating sustained high performance will be rewarded more than those in similar positions with lower performance.

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

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

Elements of Executive Compensation

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

Base Salary

Overview

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

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

Base salary is provided to each NEO in order to provide the NEO with a degree of financial certainty and to competitively compensate the NEO for rendering ongoing services to the Company. Competitive base salaries further the compensation program's objectives by allowing the Company to attract and retain talented employees by providing a fixed portion of compensation on which employees can rely.

How the amount of base salary is determined

In general, the Company's executive compensation philosophy is to provide base salaries at a level that allows the Company to attract and retain executives that have the ability and experience to manage the business, utilizing, in the aggregate, the median of a comparison group as a target for each specific executive officer position. Base salary may vary from the median in certain cases based on the executive officer's skills and experience. For details about the Company's process for establishing the comparison group median for executive officer positions, see the section of this proxy statement entitled "Determination of Compensation." The objective is to reward executives with upside for superior performance through our annual and long-term incentive programs. The annual base salary for each NEO is subject to review and possible adjustment on the NEO's employment anniversary date. The compensation committee made merit adjustments to the base salaries of Messrs. Whalen, Baun, Heidkamp, McNeely and Trusdell as shown in the Summary Compensation Table below.

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

Relationship of base salary to other components of compensation

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

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Annual Cash Incentive Awards

Overview

The annual cash incentive program calls for the awarding of performance units under the LTIP.

The primary purposes of the annual cash incentive program are to incentivize employees to achieve certain pre-determined business results over the fiscal year that are linked to stockholder value creation and to competitively reward employees for successfully achieving results.

Participants in the annual cash incentive program generally must be employed by the Company on the payment date to receive an award. Participants who are not employed by the Company on the payment date may receive a bonus award in certain circumstances at the discretion of the CEO and subject to confirmation by the compensation committee.

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

In 2012, the board of directors approved certain changes to the Company's annual cash incentive program effective beginning in 2012. These changes included the elimination of the function/team metric as a component of annual cash incentive award calculations, which is intended to create greater emphasis on RONA as a component of annual cash incentive awards for our NEOs.

The Company also adopted a new methodology for annual cash incentive award calculations to reflect the Company's realignment during the first quarter of 2011 into two operating segments for financial reporting purposes, Manufacturing and Services. Starting in 2012, annual cash incentive awards payable to employees of the Manufacturing and Services segments were based on the relevant segment RONA comprising 50% of the bonus target, corporate-wide RONA comprising 25% of the bonus target and individual performance metrics comprising 25% of the bonus target. Employees whose responsibilities are corporate-wide in nature were designated as Corporate/Support employees whose annual cash incentive awards were based on corporate-wide RONA comprising 75% of the bonus target and individual performance metrics comprising 25% of the bonus target. The NEOs' incentive awards were based on the performance metrics of the Corporate/Support group.

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

The CEO's target cash incentive award is 100% of his annual base salary. The target cash incentive award of each other NEO is 50% of annual base salary. The CEO can receive up to 200% of his annual base salary and each other NEO can receive up to 150% of the target cash incentive award, depending on whether the threshold, target, target-plus or stretch goal is attained with respect to each performance metric. The target-plus goal applies only to the RONA metric.

The threshold goal for each performance metric must be achieved for the NEO to receive any award with respect to that metric. Corporate-wide RONA must be satisfied before any award may be made to the NEO with respect to achievement of individual goals. The attainment of threshold, target, target-plus and stretch goals results in increasing levels of award payments, as indicated in the following table relating to NEOs other than the CEO:

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Performance Metric	Percentage of Target Cash Incentive Award Payable upon Goal Achievement			
	Threshold	Target	Target-Plus	Stretch
Corporate-Wide (RONA)	37.5%	75.0%	93.75%	112.5%
Individual	12.5%	25.0%	25.0%	37.5%
Total	50.0%	100.0%	118.75%	150.0%

The CEO is eligible to receive an award of 200% of his annual base salary if the corporate-wide RONA goal and individual goals are all met at the stretch achievement level, as indicated in the following table:

Performance Metric	Percentage of Target Cash Incentive Award Payable upon Goal Achievement			
	Threshold	Target	Target-Plus	Stretch
Corporate-Wide (RONA)	37.5%	75.0%	112.5%	150.0%
Individual	12.5%	25.0%	25.0%	50.0%
Total	50.0%	100.0%	137.5%	200.0%

Corporate-Wide (RONA) Performance Metric. The Company uses RONA because, for our type of business and asset base, it is an effective metric for measuring how efficiently the Company's assets are being managed to generate earnings and returns. The goals ensure that incentive awards based on RONA are paid only when returns meet or surpass the Company's annual financial objectives. If these objectives are not met or surpassed, no incentive awards based on RONA are paid. The RONA goal for 2012 is described below.

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

Individual Performance Metric. Individual performance metrics and related performance goals represent specific personal objectives related to the NEO's job responsibilities and ability to contribute to overall Company goals. The CEO develops such metrics and related performance goals (including threshold, target and stretch performance goals) for himself and for each of the other NEOs and submits them to the compensation committee for its consideration and adoption. The 2012 individual performance metrics for each NEO are summarized below. Specific targets are not identified below because the performance metrics had significant qualitative components and/or represented competitively sensitive information.

Mr. Whalen

Financial objectives

Strategic plan and initiatives

Organization and executive development

Industry and customer initiatives

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Mr.&