

FREIGHTCAR AMERICA, INC.

CORPORATE GOVERNANCE GUIDELINES

Effective December 16, 2006

I. Purpose

The Board of Directors (the “Board”) of FreightCar America, Inc. (together with its subsidiaries, the “Company”) has adopted these Corporate Governance Guidelines for the effective management of the Company. These guidelines address, among other topics, director qualifications and composition of the Board, responsibilities of the Board and its committees, director compensation and a requirement that these Corporate Governance Guidelines be reviewed annually by the Nominating and Corporate Governance Committee.

II. Director Responsibilities

The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its stockholders. To that end, some of the duties of the Board (acting through its committees in certain instances) are as follows:

- overseeing and monitoring the Company management and the conduct of the Company’s business;
- reviewing and, where appropriate, approving the Company’s major financial and business strategies, objectives, plans and actions;
- reviewing and, where appropriate, approving major changes in auditing and accounting principles and practices to be used in the preparation of the Company’s financial statements;
- regularly evaluating the performance and approving the compensation of the Chief Executive Officer (the “CEO”) and, with the advice of the CEO, regularly evaluating the performance of other members of senior management; and
- planning for succession with respect to the position of the CEO and monitoring the Company’s succession plan for other members of senior management.

While not limiting their obligations under applicable law, directors, in their capacity as such, are expected to use their reasonable business judgment in overseeing the management of the Company. However, the Board is not expected to manage the Company on a day-to-day basis nor guarantee in any way the management or operations of the Company.

Directors are expected to act ethically at all times and to adhere to the Company's Code of Business Conduct and Ethics which applies directly to the Company's directors. Directors are encouraged to attend all annual and special meetings of Company stockholders.

Each director shall be entitled to indemnification with respect to such director's service on the Board and any committee of the Board pursuant to reasonable director and officer liability insurance purchased by the Company on his or her behalf, the Company's Certificate of Incorporation and By-Laws and any contractual arrangements between such director and the Company providing for director indemnification.

III. Director Qualifications and Board Composition

Director Qualifications

A principal goal of the Board is to optimize the availability of independent perspectives, increase the quality of Board oversight and reduce the possibility of conflict of interest. Accordingly, the Board is required to consist of a majority of independent directors who meet the criteria for independence of The Nasdaq Stock Market, Inc. ("Nasdaq"). Each director shall cooperate with the Board during the Board's process of determining independence with respect to each director. The Nominating and Corporate Governance Committee is responsible for reviewing with the Board annually the appropriate criteria and standards for determining director independence consistent with requirements of Nasdaq, the Securities and Exchange Commission and any other applicable governmental or regulatory authorities, each as in effect from time to time.

The Board must be comprised of members possessing high personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the stockholders. Directors must also have an inquisitive and objective perspective, practical wisdom and mature judgment. Directors should also possess a broad range of skills, expertise, industry knowledge and contacts useful to the Company's business. Finally, directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and should be committed to serving on the Board for an extended period of time.

The Nominating and Corporate Governance Committee shall review annually (a) the existing composition of the Board as a whole, including the mix of skills, experience and other qualities of the Board at such time, and (b) the particular attributes that would be most beneficial to the Company in future Board members. The goal of the Nominating and Corporate Governance Committee shall be to maintain a strong and experienced Board by continually assessing, for each current and potential director, (i) independence and commitment to the Company; (ii) business background, knowledge and contacts in the Company's industry and other industries relevant to the Company's business; (iii) current responsibilities and time available for service; and (iv) ability to work with the other directors as an effective group. Subject to approval by the Board, the Nominating and Corporate Governance Committee shall establish and periodically update the criteria for Board membership and selection of new directors. The criteria shall include the portfolio of skills, experience, perspective and

background required for the effective functioning of the Board considering the Company's industry, strategy and markets.

Recommendations and Nominations of Director Nominees

The Nominating and Corporate Governance Committee shall solicit and receive recommendations, and review qualifications of, potential candidates to serve on the Board. The Nominating and Corporate Governance Committee shall recommend to the full Board certain director candidates for election to the Board, which candidates may include candidates recommended by stockholders, provided that the recommending stockholders have complied with the procedures for recommending Board nominees set forth in these Corporate Governance Guidelines.

The Nominating and Corporate Governance Committee shall also review nominations by stockholders of potential candidates to serve on the Board, provided that the nominating stockholders have complied with the procedures for nominating Board nominees set forth in the Company's By-Laws.

Board Size

The Board should be comprised of a sufficient number of directors to enable the Board to properly perform its responsibilities and achieve its governance objectives and goals. The Board should be of a size sufficient to permit substantive discussions in which each director can participate meaningfully, and large enough to permit well-functioning committees. The Nominating and Corporate Governance Committee is responsible for reviewing, on an annual basis, the current size of the Board and may make any recommendations regarding the appropriate size of the Board.

Term and Age Limits

The Board does not believe that a formal rotation process, term limits or age limits for its directors would be appropriate for the Company. Rather, the Board believes that it is important to monitor overall Board composition and performance and to have a process for bringing in new members to address the changing needs of the Company.

Other Commitments

The Board recognizes that members of the Board benefit from service on the boards of other companies, including companies in the industry in which the Company operates. The Company encourages that service but also believes it is critical that directors have the opportunity to dedicate sufficient time to their service on the Board.

Accordingly, subject to applicable law, Nasdaq listing requirements and the Company's Code of Business Conduct and Ethics:

- A director may serve as a member of a board of directors (or equivalent position) or as an officer of another entity operating in the same industry as the Company (but not a direct competitor of the Company) and, absent an express determination by the Board to the contrary, may be deemed an independent director of the Company.
- Any director who is also an employee of the Company shall serve on no more than two (2) public company boards in addition to the Board.
- It is recommended that directors who are not employees of the Company serve on no more than four (4) public company boards in addition to the Board.
- No officer of the Company shall serve on the compensation committee of any other public company board.
- Unless the Board otherwise approves, directors on the Company's Audit Committee shall serve on no more than two (2) audit committees of public company boards in addition to the Company's Audit Committee.

In addition to the foregoing restrictions, a director may accept an offer of directorship on the board of another company only upon prior written notice to the Board.

For purposes of this section, "public company board" shall mean a board of directors of a company with equity securities registered pursuant to Section 12(b) or Section 12(g) of the Securities Exchange Act of 1934, as amended.

IV. Meetings of the Board

Directors are expected to attend as many Board meetings and meetings of committees on which they serve as possible, and to spend the appropriate time needed and meet as frequently as necessary to properly discharge their responsibilities. Attendance at less than 75% of Board meetings may disqualify a director from being re-nominated for election to the Board.

The Chairman of the Board, in consultation with senior management, will establish the agenda for each Board meeting. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the directors, in a timely manner, before the meeting, and directors should review these materials in advance of the meeting. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will review the Company's long-term strategic plans and the principal issues that the Company will face in the future during at least one Board meeting each year.

The Company's independent directors will meet regularly in executive session. The director who presides at these meetings (the "Presiding Director") will be the director selected by the Company's independent directors by majority vote, so long as the Presiding Director is an independent director.

V. Board Committees

Subject to applicable law, the Board has the authority to establish committees for any purpose it deems appropriate. The Board currently has the following standing committees: Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee and Strategy and Growth Committee.

Each committee will have its own charter. The charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The charters will also provide that each committee will annually evaluate the adequacy of its charter and its performance.

All of the members of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee will be independent directors in accordance with the criteria established by the Securities and Exchange Commission, Nasdaq and any other applicable governmental or regulatory authorities, each as in effect from time to time.

The Board will appoint committee members and approve committee chairpersons upon recommendation of the Nominating and Corporate Governance Committee with consideration of the desires of individual directors. The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

The chairperson of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. Each committee chairperson, in consultation with management and other members of the committee, will set the agenda for his or her respective committee.

VI. Director Access to Officers, Employees and Independent Advisors

Directors shall have full access to officers and employees of the Company. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company. Non-employee directors are encouraged to consult with employees of the Company without senior management present.

The Board may invite members of senior management or other key personnel of the Company to Board and committee meetings to make presentations and provide additional insight on items being discussed.

The Board, its committees and the non-employee directors shall have the right at any time to retain independent outside financial, legal or other advisors as they may deem necessary, without the necessity of consulting with or obtaining the prior approval of any officer of the Company.

VII. Communications to the Board, Independent Directors or the Audit Committee

These Corporate Governance Guidelines are available to stockholders and other constituents, and the Board requests that management post a copy of these Corporate Governance Guidelines on the Company's website. Methods by which interested persons may communicate to the Board, independent directors or the Audit Committee are as follows:

- The Company's stockholders and other interested persons may send communications to the Board regarding any matter by writing to the Board at FreightCar America, Inc., Two North Riverside Plaza, Suite 1250, Chicago, Illinois 60606, Attention: Board of Directors.
- Any interested party wishing to communicate directly to the Company's independent directors regarding any matter may send such communication in writing to the Company's independent directors at FreightCar America, Inc., Two North Riverside Plaza, Suite 1250, Chicago, Illinois 60606, Attention: Presiding Director.
- Any interested party wishing to communicate directly to the Audit Committee regarding any matter, including any accounting, internal accounting or auditing matter, may submit such communication in writing to the Chairman of the Audit Committee at FreightCar America, Inc., Two North Riverside Plaza, Suite 1250, Chicago, Illinois 60606, Attention: Chairman of the Audit Committee.

Any submissions to the Board, the Company's independent directors or the Audit Committee may be anonymous and/or confidential. The submission should contain, to the extent applicable, a full and complete description of the matter, the parties involved, the date of the occurrence or, if the matter is ongoing, the date the matter was initiated, and any other information that the reporting party believes would assist the Board, the Company's independent directors or the Audit Committee in investigating such matter.

The status of all outstanding concerns addressed to the Board, the independent directors or the Audit Committee will be reported to the Chairman of the Board, the Presiding Director and the Chairman of the Audit Committee, respectively, on a quarterly basis. The Chairman of the Board, the Presiding Director or the Chair of the Audit Committee (as applicable) may direct that certain matters be presented to the full Board and may direct special treatment, including the retention of outside advisors or counsel, for any concern addressed to them. The Company is prohibited from retaliating or taking any adverse action against anyone for raising or helping to resolve an integrity concern.

VIII. CEO Evaluation and Management Succession

The CEO of the Company shall report directly to the full Board. The Compensation Committee shall conduct an annual review of the CEO's performance, as set forth in its charter. The Board shall review the Compensation Committee's report in order to ensure that the CEO is providing the best leadership for the Company in the long- and short-term.

The Board will periodically review with the Compensation Committee and the CEO a succession plan for the CEO and other senior executives of the Company, including (a) profiles of ideal candidates for senior executives in accordance with the Company's business strategy and leadership needs and (b) plans for interim management of the Company in the event that the CEO or any other senior executive retires, becomes disabled or is otherwise unable to fulfill his or her duties. The Board will consider the recommendations and evaluations of potential successors from the CEO and the Compensation Committee, along with a review of any development plans recommended for such individuals.

In the event of the death, resignation, retirement or incapacity of the CEO and/or the Chairman of the Board, the Board shall immediately call a meeting to address the selection of a temporary or permanent replacement for either or both positions. The Board may delegate the responsibilities with respect to the foregoing process to the Nominating and Corporate Governance Committee or another committee established by the Board for such purpose.

When the CEO or the Chairman of the Board resigns or retires, the status of such individual as a continuing member of the Board (to the extent such individual is a member of the Board) will be addressed by the Board at the time of such resignation or retirement.

IX. Compensation of Directors

Any compensation of members of the Board shall be established in accordance with applicable legal and regulatory requirements, as well as the Nasdaq listing requirements. The Compensation Committee shall evaluate annually the appropriate level of compensation for Board and committee service by non-employee directors and, based upon such evaluation, recommend to the Board the level of compensation that the Compensation deems appropriate. Company management shall report to the Compensation Committee regarding how the Company's director compensation practices compare with those of other public and peer group corporations. Any change in Board compensation shall be made upon the recommendation of the Compensation Committee, and following discussion and concurrence by the full Board.

Except as permitted under the Nasdaq listing requirements, independent directors shall receive no additional remuneration from the Company beyond that provided to such individuals for their service as directors on the Board and as members of any committee of the Board. Directors who are officers of the Company shall receive no remuneration from the Company for serving as a director on the Board.

X. Annual Performance Evaluation

The Board will conduct an annual evaluation to determine whether the Board and its committees are functioning effectively. The Nominating and Corporate Governance Committee will oversee and prepare the evaluation method and criteria for the Board's annual evaluation of the composition, competence and performance of the Board and its committees. The Nominating and Corporate Governance Committee may retain consultants or advisors to assess the performance and effectiveness of the Board as a whole, its committees and individual

directors. The Nominating and Corporate Governance Committee shall collect and submit to the full Board the results of any self-evaluations, peer evaluations and evaluations by any consultant or advisor of the Board, its committees and/or individual directors. The evaluations will focus on contributions by the Board and individual directors to the Company. The assessment will also include director succession planning based on expected future needs of the Board and the Company, so as to ensure that Board effectiveness is not diminished during periods of transition.

XI. Director Orientation and Continuing Education

All directors are expected to be knowledgeable about the Company and its industry. This knowledge may be gained from attendance at Board meetings, periodic director training sessions, regular meetings with management of the Company, reading of appropriate industry, corporate governance and directorship literature and attendance at educational seminars. Management may also conduct orientation sessions for new and continuing directors. Directors are encouraged to participate, at the Company's expense, in any continuing director education programs.

XII. Recommendations and Nominations of Directors

All recommendations or proposed nominations for Board membership received by the Company will be referred to the Nominating and Corporate Governance Committee for consideration. Nominations of persons for Board membership may be made at a meeting of stockholders by or at the direction of the Board or by any stockholder of the Company entitled to vote in the election of directors at the meeting who complies with the notice procedures set forth in the Company's By-Laws. The Nominating and Corporate Governance Committee will also consider recommendations by stockholders for directors to be nominated, provided that any such recommendation complies with the procedures set forth below.

Recommendations by any stockholder of a candidate for election as a director of the Company must be submitted in writing to the Chairman of the Nominating and Corporate Governance Committee at the Company's principal executive offices no later than the date required for notices of stockholder nominations of directors under the Company's By-Laws. Stockholders shall include in such recommendation, as to each person whom the stockholder proposes to recommend for election as a director and as to the stockholder giving the notice, the same information required to be included in the notice to the Secretary for stockholder nominations of directors set forth in the Company's By-Laws.

The Nominating and Corporate Governance Committee will consider candidates recommended by stockholders utilizing the same criteria as candidates identified by the Nominating and Corporate Governance Committee.

XIII. Review of and Changes to the Corporate Governance Guidelines

The Nominating and Corporate Governance Committee shall be responsible for reviewing these Corporate Governance Guidelines not less than annually and recommending any proposed changes to the full Board for approval.