

FREIGHTCAR AMERICA, INC.

AUDIT COMMITTEE CHARTER

Effective April 6, 2005

I. Purpose

The primary objectives of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of FreightCar America, Inc. (the “Company”) are to assist the Board in monitoring and overseeing (a) the Company’s accounting and financial reporting processes and the audits of the Company’s financial statements; (b) the quality and integrity of the Company’s financial statements and related disclosure and system of internal controls (c) the performance by the internal auditors or other personnel responsible for the Company’s internal audit function (in each case, the “internal auditors”); (d) the qualifications, independence and performance of the independent auditor; and (e) the Company’s compliance with applicable legal and regulatory financial accounting requirements. The Committee shall have such other duties as set forth in this charter and as directed by the Board.

II. Composition of the Committee

The Committee shall be comprised of at least three directors, each of whom shall be determined by the Board to meet the independence requirements of the Securities and Exchange Commission (the “SEC”), The Nasdaq Stock Market, Inc. (“Nasdaq”) and any other applicable governmental or regulatory authorities, each as in effect from time to time. The Committee shall also meet the applicable experience, expertise, financial literacy and other requirements of the SEC, Nasdaq and any other applicable governmental or regulatory authorities, each as in effect from time to time. At least one member of the Committee shall be an “audit committee financial expert” as defined by SEC rules. Unless the Board otherwise approves, directors on the Committee shall serve on no more than four (4) audit committees of public company boards in addition to the Committee.

The members of the Committee shall be appointed by the Board upon recommendation by the Nominating and Corporate Governance Committee. The members of the Committee may be removed or replaced, and any vacancies on the Committee shall be filled, by the Board upon the recommendation of the Nominating and Corporate Governance Committee. If a Committee chairperson is not designated by the Board, members of the Committee shall designate a chairperson by majority vote.

III. Committee Meetings

The Committee shall meet quarterly or more frequently as circumstances require. A majority of the members of the Committee shall constitute a quorum.

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate.

The Committee chairperson, in consultation with management and other members of the Committee, shall prepare and/or approve an agenda in advance of each meeting. Materials related to agenda items shall be provided to the Committee members sufficiently in advance of the meeting where necessary to allow the members to prepare for discussion of the items at the meeting. The Committee shall maintain written minutes of its meetings, which shall be maintained with the books and records of the Company. The Committee shall report its activities regularly and directly to the Board and shall make recommendations that the Committee deems advisable.

The Committee may request that any director, officer or employee of the Company, or any other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee reasonably requests.

III. Authority and Responsibilities

A. General

1. The Committee shall prepare annually the report required by the SEC to be included in the Company's annual proxy statement, including the review of financial statements with management, SAS 61 with the independent auditor and the letter from the independent auditor.

2. The Committee shall have unrestricted access to Company personnel and documents, as well as the independent auditor, and shall have the authority to conduct or authorize investigations into any matters within the Committee's scope of responsibilities.

3. The Committee shall have the authority to engage independent counsel and other advisors, as it determines necessary to carry out its duties.

4. The Company shall provide for appropriate funding, as determined by the Committee, for the payment of: (a) compensation to the independent auditor engaged for the purpose of preparing or issuing an audit report or performing any other audit, review or attest services for the Company; (b) compensation to any advisors employed by the Committee; and (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

5. The Committee shall review and assess at least annually the adequacy of this charter and recommend any proposed changes to the Board for approval and publication in accordance with SEC regulations. The Committee shall also annually review its own performance.

6. The Committee shall periodically meet privately in executive session, with management, the internal auditors and the independent auditor, and as a committee to discuss

auditing issues and any other matters that the Committee or each of those groups believes should be discussed. The Committee may ask members of management or others to attend any such meeting and provide pertinent information as necessary.

7. The Committee shall regularly report to the Board and review with the full Board any significant issues that arise concerning: (a) the Company's accounting and financial reporting processes and its financial statements; (b) the internal auditors' performance of the Company's internal audit function; (c) the qualifications, independence and performance of the independent auditor; or (d) the Company's compliance with applicable legal and regulatory financial accounting requirements.

B. Quality and Integrity of Financial Statements

1. The Committee shall review and discuss with management, the internal auditors and the independent auditor the Company's quarterly and annual reports on Form 10-Q and Form 10-K, respectively, prior to their filing with the SEC, including Company's audited and unaudited financial statements, the other disclosures contained therein (including "Management's Discussion and Analysis of Financial Condition and Results of Operations"), and any certification, report, opinion or review rendered by management, the internal auditors or the independent auditor in connection with the foregoing.

2. The Committee shall discuss with management or the Board each earnings press release, including the use of any non-GAAP financial information, as well as financial information and any earnings guidance to be provided to analysts and rating agencies.

3. The Committee shall review with management and the independent auditor any other filings with the SEC and published documents containing the Company's financial statements and consider whether the information is accurate and consistent.

4. The Committee shall review and discuss with management, the internal auditors and the independent auditor any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including (a) any significant changes in the Company's selection or application of accounting principles, (b) any special steps adopted in light of any material control deficiencies, and (c) the effect of any regulatory and accounting initiatives and off-balance sheet structures on the Company's financial statements.

C. Internal Controls and Procedures

1. The Committee shall, in consultation with the internal auditors, management and the independent auditor, review and discuss the adequacy and effectiveness of the Company's (a) internal controls, (b) internal audit procedures and (c) disclosure controls and processes, and management reports thereon.

2. The Committee shall review any disclosures made to the Committee by the Chief Executive Officer and/or the Chief Financial Officer during their certification process for the Form 10-K and Form 10-Q regarding any significant deficiencies in the design or operation of

internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

3. The Committee shall review and discuss with management and the internal auditors the Company's significant financial risk exposures and the steps that management has taken to monitor, control and report such exposures, including the Company's risk assessment and risk management policies.

D. Internal Audit Function

1. The Company's internal auditors shall perform internal audit functions for the Company and shall report directly to the Committee. The Committee shall ensure that the Company has an internal audit function that at a minimum consists of an appropriate control process for reviewing and approving its internal transactions and accounting.

2. The Committee shall at least annually review and approve the internal audit plan. The Committee shall periodically review the progress of implementation of the internal audit plan.

3. The Committee shall annually review with management and the internal auditors: (a) the responsibilities of the internal auditors; (b) the internal auditors' budget, staffing and the procedures and policies for implementing the internal audit plan; and (c) any changes required in the scope of the internal audit plan.

4. The Committee shall review significant reports prepared by the internal audit department together with management's responses to the reports.

5. The Committee shall review, at least quarterly, with management and the internal auditors the internal audit reports, any difficulties encountered in the course of the internal audits, any issues regarding the adequacy of the Company's internal controls, any special audit steps adopted in light of material control deficiencies and the status of any corrective actions.

6. The Committee shall review and approve the appointment, replacement, performance and compensation of any internal auditor (other than the Company's in-house internal auditors) retained to perform any internal audit functions.

E. Independent Auditor's Qualifications and Independence

1. The Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor engaged for the purpose of preparing or issuing an audit report or performing any other audit, review or attest services for the Company, including the resolution of any disagreements between management and the independent auditor regarding financial reporting, and each such independent auditor must report directly to the Committee.

2. The Committee shall review the annual retention of the independent auditor, the audit engagement letters, the scope of audit services, estimated fees, timing of auditor visits,

coordination with internal audit, monitoring of audit results and review of the independent auditor's performance and services. The Committee shall have the sole authority to appoint or replace the independent auditor as the Committee deems necessary or appropriate.

3. The Committee shall pre-approve all audit services and permitted non-audit services, including the fees and terms thereof, to be performed for the Company by its independent auditor (whether pursuant to policies adopted by the Company or otherwise), subject to the *de minimis* exceptions for non-audit services described in the Securities Exchange Act of 1934, as amended (the "Exchange Act").

4. The Committee shall not engage, or otherwise permit the Company to engage, the independent auditor to provide any non-audit services prohibited under Section 10A of the Exchange Act. Section 10A of the Exchange Act currently prohibits (a) bookkeeping or other services related to the accounting records or financial statements of the audit client, (b) financial information systems design and implementation, (c) appraisal or valuation services, fairness opinions, or contribution-in-kind reports, (d) actuarial services, (e) internal audit outsourcing services, (f) management functions or human resources, (g) broker or dealer, investment adviser, or investment banking services, (h) legal services and expert services unrelated to the audit, and (i) any other service that the Public Company Accounting Oversight Board determines, by regulation, is impermissible.

5. The Committee shall annually evaluate the qualifications, performance and independence of the independent auditor and present its conclusions to the full Board. The Committee shall (a) receive written disclosures and the written statement from the independent auditor delineating all relationships between the auditor and the Company, consistent with Independence Standards Board Standard 1, (b) discuss with the independent auditor any disclosed relationships or services that might impact the auditor's objectivity and independence and (c) take, or recommend that the Board take, appropriate action to oversee the independence of the outside auditor.

6. The Committee shall ensure that the independent auditor's lead audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit are rotated as required by law.

7. The Committee shall oversee the establishment of written hiring policies for current and former employees of the independent auditor.

8. The Committee shall obtain from the independent auditor assurance that the independent auditor has not been engaged by the Company to provide services in violation of Section 10A of the Exchange Act (which prohibits certain non-audit services and requires pre-approval by the Committee of any legally permitted non-audit services).

F. Independent Auditor's Audit

1. The Committee shall annually review and discuss with the independent auditor (a) its audit plans and audit procedures, including the scope, fees and timing of the audit; (b) the

results of the annual audit examination and accompanying management letters; and (c) the results of the independent auditor's procedures with respect to interim periods.

2. The Committee shall review quarterly a report by the independent auditor regarding: (a) the independent auditor's internal quality control procedures; (b) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor, or by any inquiry or investigation by governmental or professional authorities respecting one or more independent audits carried out by the independent auditor, and any steps taken to deal with any such issues; and (c) working relationships between the independent auditor and the Company.

3. The Committee shall, at least quarterly, review and discuss reports from the independent auditor on (a) all critical accounting policies and practices to be used; (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and (c) other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.

4. The Committee shall review (a) the Company's audited financial statements in relation to the independent auditor's opinion to be rendered, (b) any problems or difficulties that the independent auditor encounters in the course of the audit work, and management's response thereto, including any restrictions on the scope of the independent auditor's activities or access to requested information, and (c) any significant unresolved disagreements with management concerning accounting or disclosure matters.

5. The Committee shall inquire into any accounting adjustments that were noted or proposed by the independent auditor but not recorded in the financial statements.

G. Compliance with Laws and Regulations

1. The Committee shall, at least annually, review with Company's legal counsel any legal matters that could have a significant impact on the Company's financial statements (including the status of any pending material litigation), the Company's compliance with applicable laws and regulations, and any inquiries received from regulators or governmental agencies and advise the Board of its findings.

2. The Committee shall review all "related party transactions" for potential conflict of interest situations on an ongoing basis and have the authority to approve any such transactions. For purposes hereof, "related party transactions" shall mean any transaction required to be disclosed by the Company pursuant to SEC Regulation S-K, Item 404.

3. The Committee shall establish procedures for: (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. Such

procedures shall include the Committee's responsibilities in response to any such complaints or submissions as set forth in the Company's Code of Business Conduct and Ethics.

The Committee shall also undertake such additional activities within the scope of its primary function as the Board or the Committee may from time to time determine or as may otherwise be required by law, the Board or the Company's by-laws or charter.

The duties and responsibilities of a member of the Committee are in addition to those duties of a member of the Board of the Company. While the Committee has the responsibilities and powers set forth by this charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditor.