

FREIGHTCAR AMERICA, INC.

COMPENSATION COMMITTEE CHARTER

Effective April 6, 2005

I. Purpose

The purpose of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of FreightCar America, Inc. (the "Company") is to (a) oversee the Company's compensation and employee benefit plans and practices and (b) produce annually a report on executive compensation for inclusion in the Company's proxy statement, in accordance with all applicable rules and regulations.

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. Members of the Committee shall also qualify as "non-employee directors" within the meaning of Rule 16b-3(b)(3) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and "outside directors" within the meaning of Section 162(m) under the Internal Revenue Code of 1986, as amended, and shall satisfy any other necessary standards of independence under the federal securities and tax laws, as amended from time to time.

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 will 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. The Chief Executive Officer (“CEO”) of the Company may not be present during deliberations or voting concerning his or her own compensation.

IV. Authority and Responsibilities

A. General

1. The Committee shall issue annually a report on executive compensation for inclusion in the Company’s proxy statement, in accordance with all applicable rules and regulations.

2. The Committee shall annually report to the Board its plan for succession of the CEO and other senior executives of the Company in the event that any of such officers retires, is disabled or is otherwise unable to fulfill his or her duties. The Board will consider the recommendations of and evaluations by the Committee of potential successors for the CEO and other senior executives and any development plan recommended for such individuals.

3. The Committee shall have the authority to conduct or authorize investigations into any matter within the Committee’s scope of responsibilities, and retain, at the Company’s expense, such independent counsel, compensation consultant or other consultants and advisers as it deems necessary.

4. The Committee shall review and assess at least annually the adequacy of this Charter and recommend any proposed changes to the Board for approval. The Committee shall also annually review its own performance.

B. Executive and Director Compensation

1. The Committee shall, in consultation with management, establish the Company’s general policies relating to senior management compensation, and oversee the development and implementation of such compensation programs.

2. The Committee shall review and approve, or recommend for approval by the Board, executive officer (including CEO) 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) severance arrangements, and (f) other forms of executive officer compensation. The Committee shall meet without the presence of executive officers 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 executive officer compensation.

3. The Committee shall periodically review and make recommendations to the Board with respect to director compensation for non-employee members of the Board and its committees. In determining the compensation for Board and committee service, the Committee shall consider all relevant factors, including applicable legal, regulatory and listing requirements and compensation of independent directors at comparable companies.

C. *Administration of Benefit Plans*

1. The Committee shall administer, periodically review and make recommendations to the Board with respect to employee benefit plans, including all pension and profit sharing plans, stock option plans, stock appreciation rights plans, incentive plans, stock bonus plans, stock purchase plans, bonus plans, deferred compensation plans and similar programs.

2. The Committee shall have full power and authority to administer 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 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.