



# FreightCar America, Inc.

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## Management Presentation

May 2009

**FreightCar  
America**



# Forward-Looking Statements

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All statements in this presentation that are not reported financial results or other historical information are "forward-looking statements". They include, for example, statements about our business outlook, assessment of market conditions, strategies, plans, and prospects. These forward-looking statements are not guarantees of future performance. They are based on management's expectations that involve a number of business risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. The risks and uncertainties relating to the forward-looking statements in this presentation include, and are qualified in their entirety by reference to, those described under "Item 1A. Risk Factors." and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation." in FreightCar America, Inc.'s Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 13, 2009.



Company Overview

**FreightCar  
America**

# Company Overview

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- ◆ Major U.S. based freight car builder
  - 2008 sales of \$746.4 million and deliveries of 10,349 railcars
  - Produced 80% of aluminum cars delivered in North America between 2004 and 2008
  - Industry leading share of aluminum coal car market
  - Delivered over 100,000 aluminum freight cars
  
- ◆ Attractive growth opportunities
  - Product line expansions
  - Lease capability and aftermarket initiatives
  - Global sales and strategic alliances
  - Strong balance sheet

# Core Product Portfolio – Coal Cars

## Aluminum Gondolas

BethGon II® carries 122 tons of lading



## Aluminum Open Top Hoppers

AutoFlood III™ automatic discharge with optional rotary coupler configuration to maximize unloading flexibility



## Hybrid Gondolas

Innovative freight car solutions for Eastern coal: increased lading capability due to low tare weight



## Stainless Steel Triple Hoppers



# Strong Relationships With Blue Chip Customers

## Financial Institutions



## Railroads



## Shippers



# Flexible Production Capacity

## Danville, IL



- ◆ Capability to manufacture BethGon, AutoFlood and other steel and aluminum freight cars
- ◆ Capability to remanufacture older freight cars
- ◆ Low cost facility
- ◆ 200 employees
- ◆ 7,500 freight car capacity

## Roanoke, VA



- ◆ Preferred site for manufacturing freight cars for the Eastern coal car fleet
- ◆ Capability to build AutoFlood and other steel and aluminum freight cars
- ◆ Low cost facility
- ◆ 300 employees
- ◆ 7,500 freight car capacity

**Low cost production facilities in the heart of America**



Industry Overview

**FreightCar  
America**

# Strong Competitive Position

- ◆ Today there are six freight car manufacturers in North America, down from 24 in 1980
- ◆ In addition to coal cars, FreightCar America has the ability to manufacture boxcars, covered hoppers and other car types

	FreightCar America	Trinity Ind.	Greenbrier Cos.	National Steel Car	American Railcar Ind.	Union Tank Car
Coal Hopper and Gondola	●	●		■	■	
Mill Gondola	●	●	●	●		
Intermodal	●	●	●	●	■	
Non-intermodal Flatcar	●	●	●	●		
Coil Car	●	●		●		
Covered Hopper	▲	●	●	●	●	
Boxcar	▲	●	●	●		
Multi-Level	■	●	●			
Tank Car		●	■		●	●

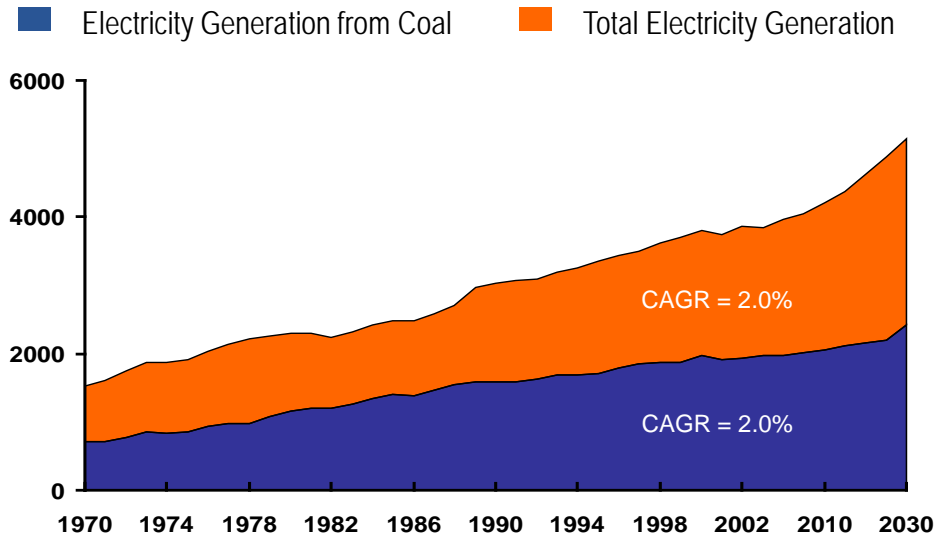
# Industry Dynamics

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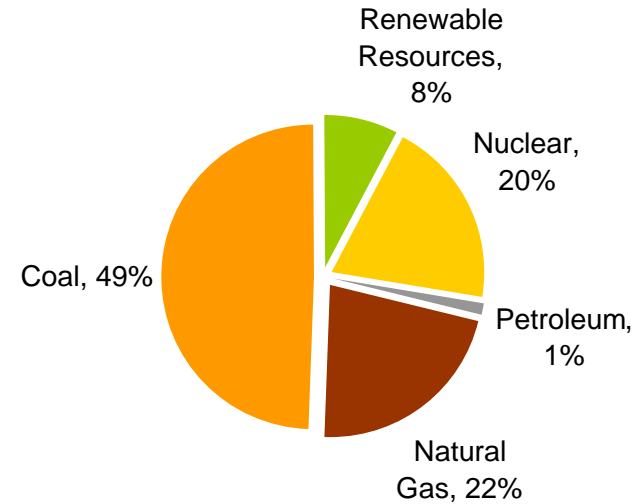
- ◆ North American rail loadings under pressure, but coal loadings are the category under the least stress
- ◆ Year to date – North America commodity loadings down 18.8% compared to coal loading down 10.2% (through week ending October 3, 2009)
- ◆ Continuing prominent role for coal in electric generation
- ◆ Railroad capital spending dampened by tightened credit market
- ◆ Pressure mounting on railroads and shippers to replace aging units
- ◆ Lessor community largely on the sidelines
- ◆ Influence on railcar outlook
  - Expect total industry deliveries in the range of 9,000 – 12,000 railcars for 2010
  - Expect industry deliveries of coal cars in the range of 2,500 – 3,500 railcars for 2010

# Coal Strength Continues...

## Electricity Demand (billion kwh)



## 2008 U.S. Electricity Generation by Fuel (%)



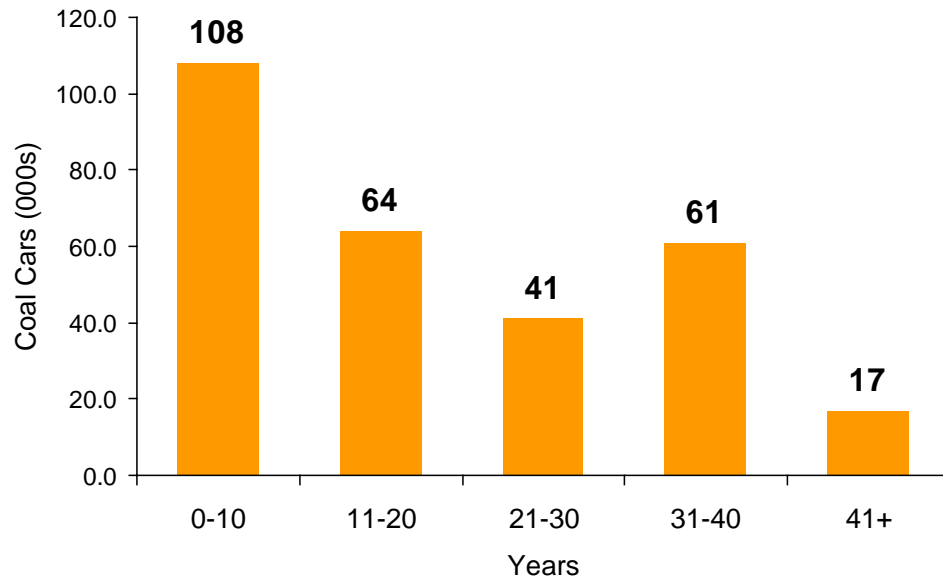
## U.S. Coal Production (million short tons)

CAGR = 2.3%

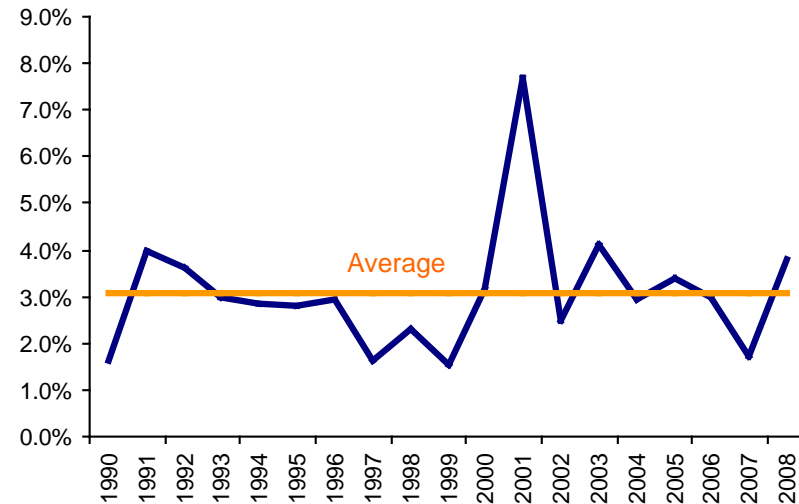
# Aging Fleet Provides Significant Replacement Opportunities

- ◆ 291,000 coal cars in service, of which approximately 41% are steel
- ◆ Shift from steel to aluminum and hybrid coal cars driven by railroad / shipper economics
- ◆ Replacement rates average 3%
- ◆ Replacement of large Eastern steel coal car fleet is underway

## U.S. Coal Car Age Profile



## Freight Car Replacement Rate (%)





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# Value Creation

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# Cost Reduction Initiatives

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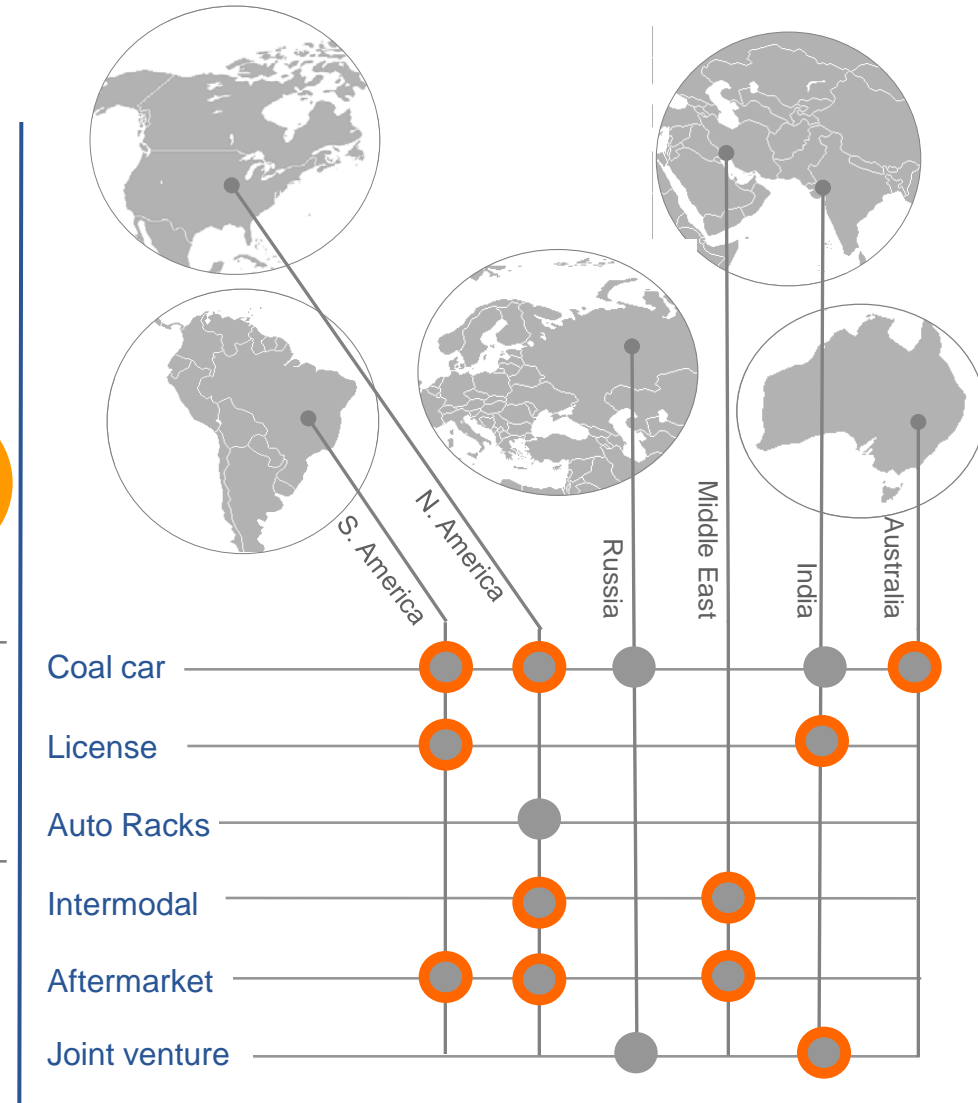
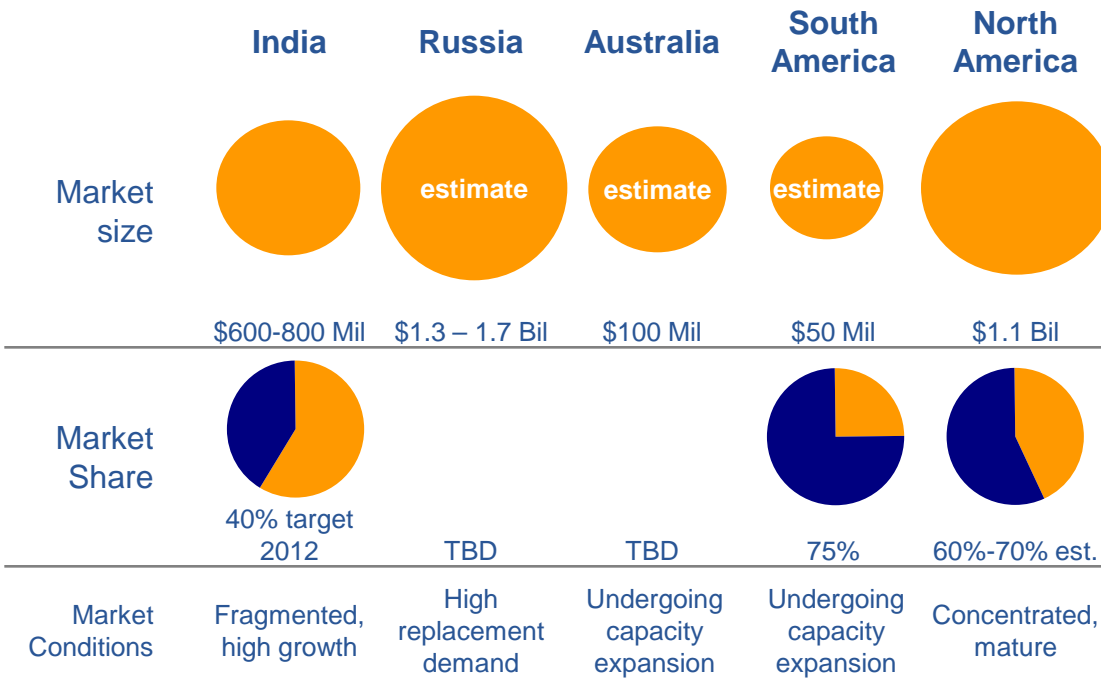
FreightCar America is committed to reducing costs at every level of the organization

- ◆ Optimized manufacturing capacity and flexibility
  - ◆ Recently temporarily idled our Roanoke facility until industry demand strengthens
- ◆ Pass-through contracts help mitigate margin risk from material price fluctuations
- ◆ Significant SG&A reductions coming into 2009. We are prepared to further reduce overhead in light of 2010 outlook

**FreightCar America has taken and will continue to take the necessary steps to make the business more cost-effective to offset the macroeconomic environment**

# Strategic Initiatives Across Sectors and Geographies

## Coal Cars



FreightCar America is expanding core and adjacent businesses across geographies and market sectors

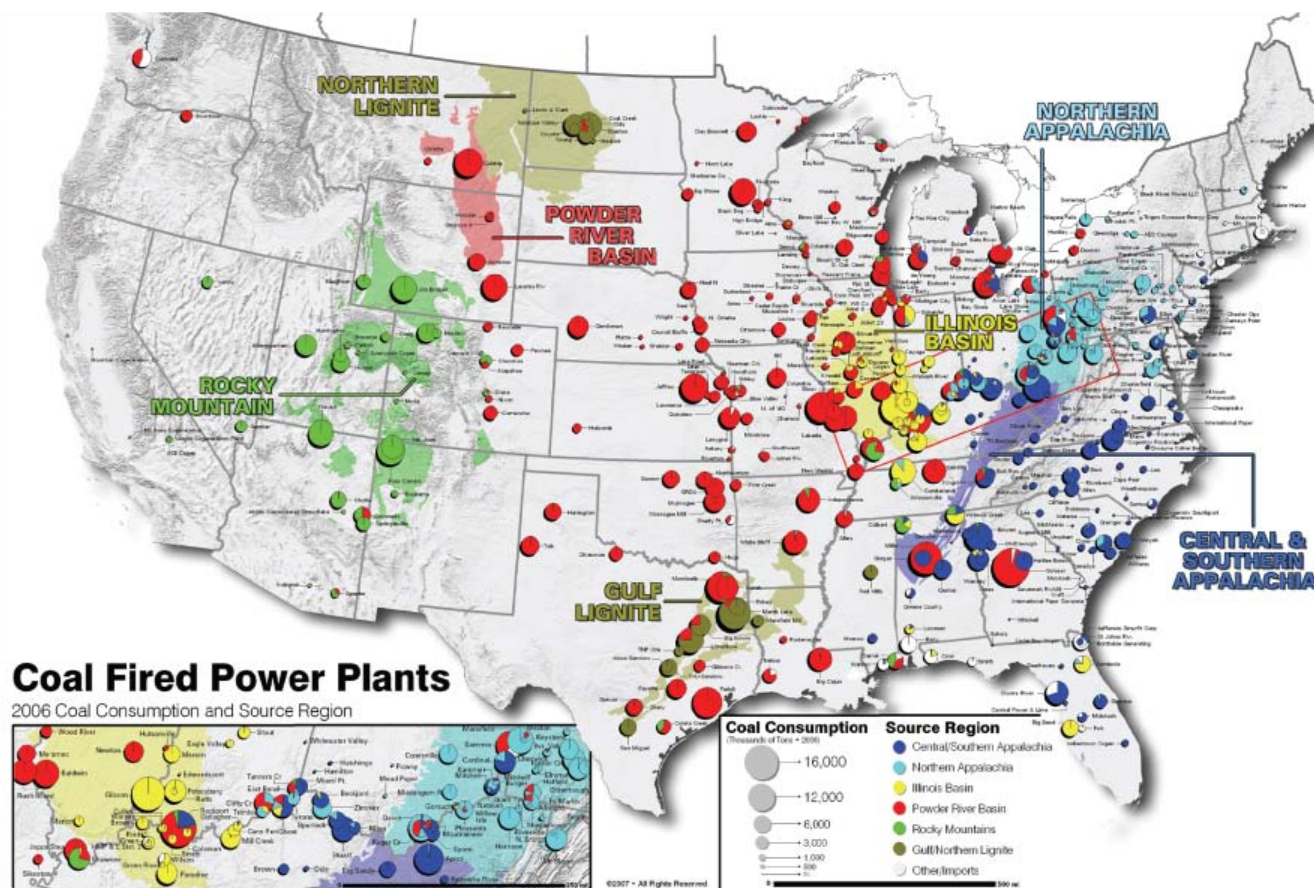
– established      – under development

- ◆ In February 2008, FreightCar America (FCA) announced a joint venture with Titagarh Wagons Limited (TWL) of Kolkata, India to develop coal wagons for the Indian market
  - JV Company; Titagarh FreightCar Private Limited (TFPL) Incorporated in Nov. 2008
  - Prototype wagons based on FCA designs as informed by collaborative effort with TWL and Indian Railways
  - FCA railcar designs are currently under review by Indian railway authorities



# Opportunity in Aftermarket Repair & Maintenance

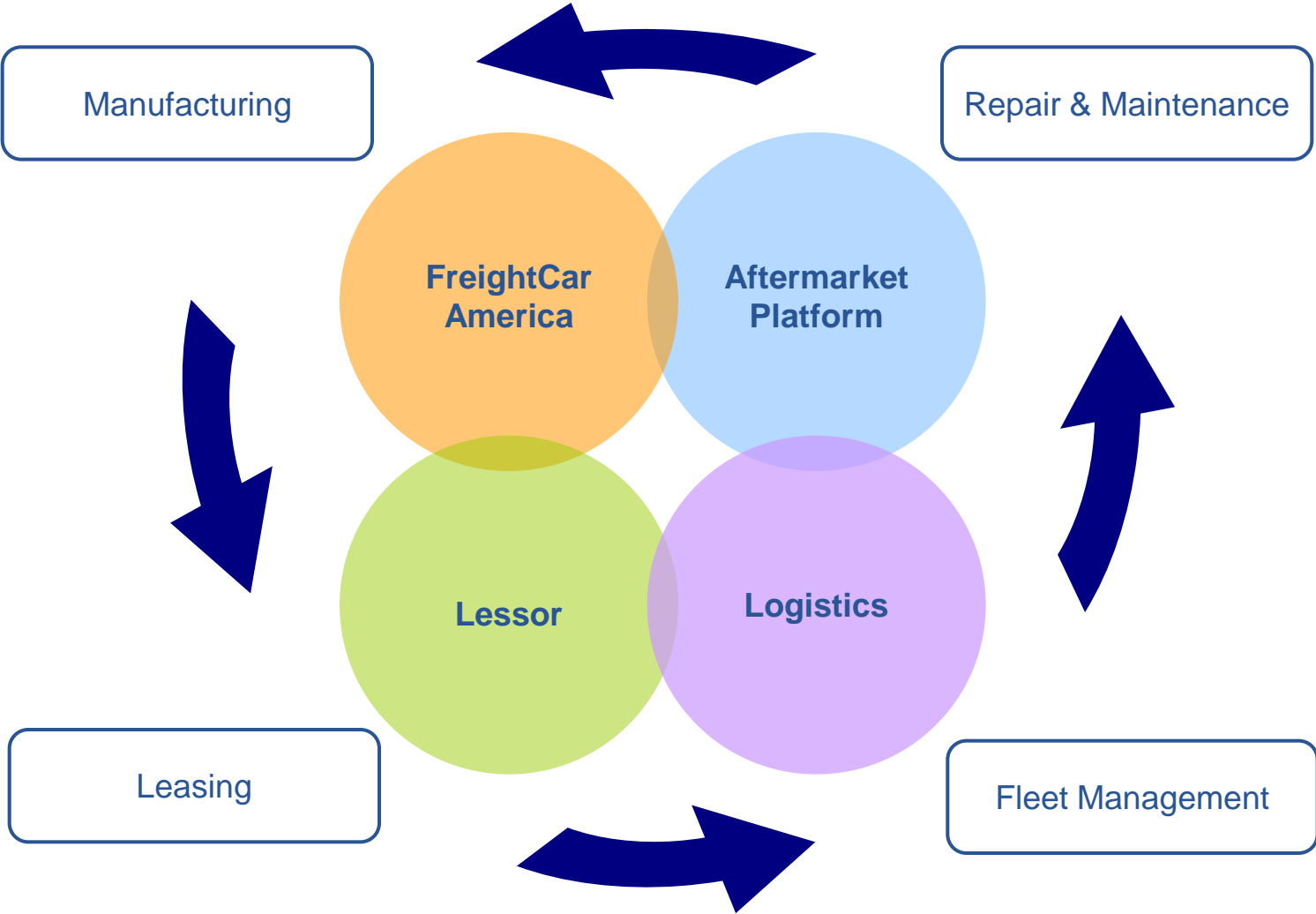
- ◆ 80% of the 75,000 coal cars running daily in and out of the Powder River Basin were built by FreightCar America
- ◆ Constrained track capacity and increasing traffic flow are driving the demand for high performance coal cars
- ◆ Aftermarket needs are underserved
  - No turn-key solutions for nationwide support
  - Maintenance shop space is scarce and inefficient
  - Few lean manufacturing principles have been applied to this industry



Coal cars are being driven farther and harder than ever before, thus increasing the demand for coal car repair services

# Solution Provider – Core Rail Business

## FreightCar America Business Model Objective





Financial Overview

**FreightCar  
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# Financial Summary

## Fiscal Years Ending December 31

<i>(\$000, except where noted)</i>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>6/30/2009 YTD</b>
Net Sales	\$927,187	\$1,444,800	\$817,025	\$746,390	\$143,891
Net Income	45,382	128,733	27,459	11,420	9,419
EBITDA	85,899	204,503	39,061	19,418	15,327
EBITDA Margin (%)	9.3%	14.2%	4.8%	2.6%	10.7%
Capital Expenditures	7,520	6,903	6,073	42,192	11,233
EDITDA - Capex	78,379	197,600	32,988	(22,774)	4,094
New Freight Car Deliveries <i>(units)</i>	13,031	18,764	10,282	10,349	1,949
Backlog at End of Period <i>(units)</i>	20,729	9,315	5,399	2,620	1,472

# Capitalization

<b>(\$000)</b>	<b>Dec. 31, 2006</b>	<b>Dec. 31, 2007</b>	<b>Dec. 31, 2008</b>	<b>June 30, 2009</b>
Cash and Cash Equivalents	\$212,026	\$197,042	\$129,192	\$152,351
Restricted Cash	-	-	-	-
Revolving Credit Facility	-	-	-	-
Senior Notes	-	-	-	-
PIK Notes	-	-	-	-
Term Loan	-	-	-	-
Industrial Revenue Bonds	-	-	-	-
Capital Leases	153	93	28	-
Total Debt	153	93	28	-
Rights to Additional Acquisition Consideration	-	-	-	-
Redeemable Preferred Stock	-	-	-	-
Stockholders' Equity (Deficit)	203,869	199,063	204,826	213,833
Total Capitalization	\$204,022	\$199,156	\$204,854	\$213,833

# Financial Summary

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- ◆ Maintain emphasis on continuous cost reduction
- ◆ Maximize free cash flow
- ◆ Preserve strong balance sheet with emphasis on liquidity and flexibility
- ◆ Evaluate strategic opportunities to strengthen the business
- ◆ Enhance operational processes and financial controls through the successful implementation of our Oracle ERP solution

# Investment Highlights

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- ◆ Leader in aluminum coal car markets
- ◆ Superior product design and development
- ◆ Long-term relationships with blue chip customer base
- ◆ Competitive cost structure
- ◆ Strong balance sheet
- ◆ Attractive strategic growth opportunities – both domestic and global
- ◆ Experienced management team

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**Questions?**