

Fields Janice L
 Form 3/A
 February 08, 2010

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
 Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person * Â Fields Janice L (Last) (First) (Middle) MCDONALD'S CORPORATION,Â 2915 JORIE BOULEVARD (Street) OAK BROOK,Â ILÂ 60523 (City) (State) (Zip)	2. Date of Event Requiring Statement (Month/Day/Year) 01/11/2010	3. Issuer Name and Ticker or Trading Symbol MCDONALDS CORP [MCD]	4. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer <input type="checkbox"/> Other (give title below) (specify below) President, McDonald's USA	5. If Amendment, Date Original Filed(Month/Day/Year) 01/21/2010	6. Individual or Joint/Group Filing(Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person
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Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock	19,362 ⁽¹⁾	D	Â

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of Derivative	5. Ownership Form of Derivative Security:	6. Nature of Indirect Beneficial Ownership (Instr. 5)
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Date Exercisable	Expiration Date	Title	Amount or Number of Shares	Security	Direct (D) or Indirect (I) (Instr. 5)
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Reporting Owners

Reporting Owner Name / Address	Relationships				
	Director	10% Owner	Officer	Other	
Fields Janice L MCDONALD'S CORPORATION 2915 JORIE BOULEVARD OAK BROOK, IL 60523	Â	Â	Â	President, McDonald's USA	Â

Signatures

/s/ Christopher Weber, Attorney-in-fact	02/08/2010
**Signature of Reporting Person	Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) This total represents the shares currently beneficially owned directly by the reporting person. This amount includes 8,699 shares that were omitted in error on the reporting person's Form 3 filed on January 21, 2010.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. mpact on our consolidated financial position, results of operations or cash flows.

FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K contains certain forward-looking statements including, in particular, statements about our plans, strategies and prospects. We have used the words may, will, expect, anticipate, believe, estimate and similar expressions in this prospectus to identify forward-looking statements. We have based these forward-looking statements on our current views with respect to future events and financial performance. Our actual results could differ materially from those projected in the forward-looking statements.

Our forward-looking statements are subject to risks and uncertainties, including:

the cyclical nature of our business;

the competitive nature of our industry;

our reliance upon a small number of customers that represent a large percentage of our sales;

the variable purchase patterns of our customers and the timing of completion, delivery and customer acceptance of orders;

the availability and price of used railcars offered for sale and new or used railcars offered for lease;

fluctuating costs of raw materials, including steel and aluminum, and delays in the delivery of raw materials;

limitations on the supply of railcar components;

international economic and political risks to the extent we expand our sales of products and services internationally;

the risk of lack of acceptance of our new railcar offerings by our customers;

our reported backlog may not indicate what our future sales will be;

potential significant warranty claims;

acquisitions may fail to perform to expectations or we may fail to successfully integrate acquired businesses into our existing business;

the risk of losing key personnel;

shortages of skilled labor;

risks relating to our relationship with our unionized employees and their unions;

our reliance on a single supplier for our roll-formed center sills;

the risk of equipment failures, delays in deliveries or extensive damage to our facilities;

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the risk that we are unable to renew our lease arrangements at our manufacturing facilities at commercially acceptable terms;

the risk of failing to adequately protect our intellectual property;

cybersecurity risks relating to our information technology and other systems;

our ability to maintain relationships with our suppliers of railcar components;

the cost of complying with environmental laws and regulations; and

various covenants in the agreements governing our indebtedness that limit our management's discretion in the operation of our businesses.

Our actual results could be different from the results described in or anticipated by our forward-looking statements due to the inherent uncertainty of estimates, forecasts and projections and may be better or worse than anticipated. Given these uncertainties, you should not rely on forward-looking statements. Forward-looking statements represent our estimates and assumptions only as of the date that they were made. We expressly disclaim any duty to provide updates to forward-looking statements, and the estimates and assumptions associated with them, in order to reflect changes in circumstances or expectations or the occurrence of unanticipated events except to the extent required by applicable securities laws. All of the forward-looking statements are qualified in their entirety by reference to the factors discussed under Item 1A, Risk Factors.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We have a \$50 million senior secured revolving credit facility, the proceeds of which can be used for general corporate purposes, including working capital. On an annual basis, a 1% change in the interest rate in our revolving credit facility will increase or decrease our interest expense by \$10,000 for every \$1.0 million of outstanding borrowings. As of December 31, 2015, we had \$6.9 million in outstanding letters of credit under the Revolving Credit Facility and therefore had \$43.1 million available for borrowing under the Revolving Credit Facility.

The production of railcars and our operations require substantial amounts of aluminum and steel. The cost of aluminum, steel and all other materials (including scrap metal) used in the production of our railcars represents a significant majority of our direct manufacturing costs. Our business is subject to the risk of price increases and periodic delays in the delivery of aluminum, steel and other materials, all of which are beyond our control. Any fluctuations in the price or availability of aluminum or steel, or any other material used in the production of our railcars, may have a material adverse effect on our business, results of operations or financial condition. In addition, if any of our suppliers were unable to continue its business or were to seek bankruptcy relief, the availability or price of the materials we use could be adversely affected. When market conditions permit us to do so, we negotiate contracts with our customers that allow for variable pricing to protect us against future changes in the cost of raw materials. When raw material prices increase rapidly or to levels significantly higher than normal, we may not be able to pass price increases through to our customers, which could adversely affect our operating margins and cash flows.

We are not exposed to any significant foreign currency exchange risks as our general policy is to denominate foreign sales and purchases in U.S. dollars.

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**Item 8. Financial Statements and Supplementary Data.
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of

FreightCar America, Inc.

Chicago, Illinois

We have audited the accompanying consolidated balance sheets of FreightCar America, Inc. and subsidiaries (the Company) as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2015. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of FreightCar America, Inc. and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2015, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 4, 2016 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois

March 4, 2016

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

FreightCar America, Inc.

Chicago, Illinois

We have audited the internal control over financial reporting of FreightCar America, Inc. and subsidiaries (the Company) as of December 31, 2015, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed by, or under the supervision of, the company s principal executive and principal financial officers, or persons performing similar functions, and effected by the company s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2015 of the Company and our report dated March 4, 2016 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois

March 4, 2016

Table of Contents**FreightCar America, Inc. and Subsidiaries****CONSOLIDATED BALANCE SHEETS**

(in thousands, except for share and per share data)

	December 31, 2015	December 31, 2014
Assets		
Current assets		
Cash and cash equivalents	\$ 83,068	\$ 113,532
Restricted cash and restricted certificates of deposit	6,896	6,015
Marketable securities	26,951	47,961
Accounts receivable, net of allowance for doubtful accounts of \$82 and \$188, respectively	39,708	4,086
Inventories, net	115,354	82,259
Other current assets	8,704	7,173
Deferred income taxes, net		12,139
Total current assets	280,681	273,165
Property, plant and equipment, net	42,596	43,239
Railcars available for lease, net	24,729	22,897
Goodwill	21,521	22,128
Deferred income taxes, net	34,722	21,553
Other long-term assets	2,655	2,270
Total assets	\$ 406,904	\$ 385,252
Liabilities and Stockholders Equity		
Current liabilities		
Accounts and contractual payables	\$ 34,304	\$ 34,010
Accrued payroll and employee benefits	8,303	6,462
Accrued postretirement benefits	405	409
Reserve for worker's compensation	4,165	3,387
Accrued warranty	9,239	8,742
Customer deposits and deferred revenue	8,615	43,977
Income taxes payable	4,180	121
Other current liabilities	3,346	1,217
Total current liabilities	72,557	98,325
Accrued pension costs	6,673	7,210
Accrued postretirement benefits, less current portion	72,497	73,474
Deferred income state and local incentives, long-term	12,190	
Accrued taxes and other long-term liabilities	7,876	7,548

Total liabilities	171,793	186,557
Stockholders' equity		
Preferred stock, \$0.01 par value, 2,500,000 shares authorized (100,000 shares each designated as Series A voting and Series B non-voting, 0 shares issued and outstanding at December 31, 2015 and 2014)		
Common stock, \$0.01 par value, 50,000,000 shares authorized, 12,731,678 shares issued at December 31, 2015 and 2014	127	127
Additional paid in capital	93,939	100,303
Treasury stock, at cost, 402,166 and 665,869 shares at December 31, 2015 and 2014, respectively	(17,516)	(29,971)
Accumulated other comprehensive loss	(21,078)	(24,017)
Retained earnings	179,639	152,253
Total stockholders' equity	235,111	198,695
Total liabilities and stockholders' equity	\$ 406,904	\$ 385,252

See notes to the consolidated financial statements

Table of Contents**FreightCar America, Inc. and Subsidiaries****CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except for share and per share data)

	Year Ended December 31,		
	2015	2014	2013
Revenues	\$ 772,854	\$ 598,518	\$ 290,393
Cost of sales	690,193	556,175	277,168
Gross profit	82,661	42,343	13,225
Selling, general and administrative expenses	41,663	35,317	27,464
Gain on sale of railcars available for lease	(1,187)	(1,403)	(604)
Gain on sale of railcar repair and maintenance services business and facility	(4,578)	(1,078)	
Restructuring and impairment charges			10,452
Operating income (loss)	46,763	9,507	(24,087)
Interest expense and deferred financing costs	(243)	(1,077)	(809)
Other income	116	42	64
Income (loss) before income taxes	46,636	8,472	(24,832)
Income tax provision (benefit)	14,831	2,568	(5,537)
Net income (loss)	\$ 31,805	\$ 5,904	\$ (19,295)
Net income (loss) per common share - basic	\$ 2.59	\$ 0.49	\$ (1.61)
Net income (loss) per common share - diluted	\$ 2.58	\$ 0.49	\$ (1.61)
Weighted average common shares outstanding - basic	12,175,955	12,001,587	11,954,238
Weighted average common shares outstanding - diluted	12,217,755	12,103,520	11,954,238
Dividends declared per common share	\$ 0.36	\$ 0.24	\$ 0.24

See notes to the consolidated financial statements

Table of Contents**FreightCar America, Inc. and Subsidiaries****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

(in thousands)

	Year Ended December 31,		
	2015	2014	2013
Net income (loss)	\$ 31,805	\$ 5,904	\$ (19,295)
Other comprehensive income (loss) net of tax:			
Pension liability adjustments, net of tax	154	(4,160)	6,926
Postretirement liability adjustments, net of tax	2,785	(4,725)	4,081
Other comprehensive income (loss)	2,939	(8,885)	11,007
Comprehensive income (loss)	34,744	(2,981)	(8,288)

See notes to the consolidated financial statements

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FreightCar America, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

(in thousands, except for share data)

	Common Stock Shares	Common Stock Amount	Additional Paid In Capital	Treasury Stock Shares	Treasury Stock Amount	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders Equity
Balance, January 1, 2013	12,731,678	\$ 127	\$ 100,402	(752,167)	\$ (34,488)	\$ (26,139)	\$ 171,429	\$ 211,331
Net loss							(19,295)	(19,295)
Other comprehensive income						11,007		11,007
Stock options exercised			(330)	11,498	523			193
Restricted stock awards			(3,327)	72,635	3,327			
Employee stock settlement				(4,244)	(98)			(98)
Forfeiture of restricted stock awards			234	(9,986)	(234)			
Stock-based compensation recognized			2,289					2,289
Deficiency of tax benefit from stock-based compensation			(3)					(3)
Cash dividends							(2,889)	(2,889)
Balance, December 31, 2013	12,731,678	\$ 127	\$ 99,265	(682,264)	\$ (30,970)	\$ (15,132)	\$ 149,245	\$ 202,535
Net income							5,904	5,904
Other comprehensive loss						(8,885)		(8,885)
Stock options exercised			(148)	6,610	299			151
Restricted stock awards			(1,093)	24,212	1,093			
				(8,770)	(225)			(225)

Employee stock settlement									
Forfeiture of restricted stock awards			168	(5,657)	(168)				
Stock-based compensation recognized			2,084						2,084
Excess tax benefit from stock-based compensation			27						27
Cash dividends							(2,896)		(2,896)
Balance,									
December 31, 2014	12,731,678	\$ 127	\$ 100,303	(665,869)	\$(29,971)	\$(24,017)	\$ 152,253		\$ 198,695
Net income							31,805		31,805
Other comprehensive income						2,939			2,939
Stock options exercised			(5,772)	240,410	10,697				4,925
Restricted stock awards			(2,955)	66,017	2,955				
Employee stock settlement				(35,989)	(1,052)				(1,052)
Forfeiture of restricted stock awards			145	(6,735)	(145)				
Stock-based compensation recognized			2,183						2,183
Excess tax benefit from stock-based compensation			35						35
Cash dividends							(4,419)		(4,419)
Balance,									
December 31, 2015	12,731,678	\$ 127	\$ 93,939	(402,166)	\$(17,516)	\$(21,078)	\$ 179,639		\$ 235,111

See notes to the consolidated financial statements

Table of Contents**FreightCar America, Inc. and Subsidiaries****CONSOLIDATED STATEMENTS OF CASH FLOWS****(in thousands)**

	Year Ended December 31,		
	2015	2014	2013
Cash flows from operating activities			
Net income (loss)	\$ 31,805	\$ 5,904	\$ (19,295)
Adjustments to reconcile net income (loss) to net cash flows (used in) provided by operating activities:			
Restructuring and impairment charges			10,452
Depreciation and amortization	10,028	10,069	10,077
Recognition of deferred income from state and local incentives	(1,415)		
Gain on sale of railcars available for lease	(1,187)	(1,403)	(604)
Gain on sale of railcar repair and maintenance services business and facility	(4,578)	(1,078)	
Deferred income taxes	(2,679)	1,991	(5,721)
Stock-based compensation recognized	2,183	2,084	2,289
Other non-cash items, net	1,465	996	575
Changes in operating assets and liabilities:			
Accounts receivable	(38,398)	(52)	8,953
Inventories	(37,043)	(16,248)	7,455
Inventory on lease	116	16,839	(16,955)
Other assets	(1,642)	(1,142)	527
Accounts and contractual payables	137	16,379	(17,575)
Accrued payroll and employee benefits	2,033	2,465	(3,686)
Income taxes receivable/payable	6,374	(3,957)	5,590
Accrued warranty	497	1,785	(668)
Customer deposits and other liabilities	(34,802)	(48,757)	57,182
Accrued pension costs and accrued postretirement benefits	1,421	8,099	(6,353)
Net cash flows (used in) provided by operating activities:	(65,685)	(6,026)	32,243
Cash flows from investing activities			
Restricted cash deposits		(1,017)	(3,175)
Restricted cash withdrawals		4,192	14,700
Purchase of restricted certificates of deposit	(2,165)	(1,410)	(4,605)
Maturity of restricted certificates of deposit	1,284		
Purchase of securities held to maturity	(32,944)	(68,956)	(59,963)
Proceeds from maturity of securities	54,004	60,002	63,000
Purchase of property, plant and equipment	(16,699)	(11,802)	(17,317)
Proceeds from sale of property, plant and equipment and railcars available for lease	7,654	13,661	

Proceeds from sale of railcar repair and maintenance services business and facility	17,589	2,124	6,741
Cost of railcars available for lease	(8,724)		
State and local incentives received	15,733		
Net cash flows provided by (used in) investing activities:	35,732	(3,206)	(619)
Cash flows from financing activities			
Deferred financing costs			(336)
Stock option exercise	4,925	151	193
Employee stock settlement	(1,052)	(225)	(98)
Excess tax benefit from stock-based compensation	35	27	
Cash dividends paid to stockholders	(4,419)	(2,896)	(2,889)
Customer advance for production of leased railcars			19,400
Reduction in customer advance for production of leased railcars		(19,799)	(897)
Net cash flows (used in) provided by financing activities:	(511)	(22,742)	15,373
Net (decrease) increase in cash and cash equivalents	(30,464)	(31,974)	46,997
Cash and cash equivalents at beginning of year	113,532	145,506	98,509
Cash and cash equivalents at end of year	\$ 83,068	\$ 113,532	\$ 145,506
Supplemental cash flow information			
Interest paid	\$ 109	\$ 78	\$ 143
Income tax refunds received	\$ 646	\$ 573	\$
Income taxes paid	\$ 13,371	\$ 220	\$ 581

See notes to the consolidated financial statements

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FreightCar America, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015, 2014 and 2013

(in thousands, except for share and per share data)

Note 1 Description of the Business

FreightCar America, Inc. (FreightCar) operates primarily in North America through its direct and indirect subsidiaries, JAC Operations, Inc., Johnstown America, LLC, Freight Car Services, Inc., JAIX Leasing Company (JAIX), FreightCar Roanoke, LLC, FreightCar Mauritius Ltd. (Mauritius), FreightCar Rail Services, LLC (FCRS), FreightCar Short Line, Inc. (FCSL), FreightCar Alabama, LLC and FreightCar (Shanghai) Trading Co., Ltd. (herein collectively referred to as the Company), and manufactures a wide range of railroad freight cars, supplies railcar parts and leases freight cars. The Company designs and builds high-quality railcars, including coal cars, bulk commodity cars, covered hopper cars, intermodal and non-intermodal flat cars, mill gondola cars, coil steel cars and boxcars. The Company is headquartered in Chicago, Illinois and has facilities in the following locations: Cherokee, Alabama; Danville, Illinois; Grand Island, Nebraska; Johnstown, Pennsylvania; Roanoke, Virginia; and Shanghai, People s Republic of China.

Through September 30, 2015, the Company s operations comprised two reportable segments, Manufacturing and Services. As of October 1, 2015, the Company s operations comprise one reportable segment, Manufacturing. The Company and its direct and indirect subsidiaries are all Delaware corporations or Delaware limited liability companies except Mauritius, which is incorporated in Mauritius, and FreightCar (Shanghai) Trading Co., Ltd., which is organized in the People s Republic of China. The Company s direct and indirect subsidiaries are all wholly owned.

Note 2 Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of FreightCar America, Inc. and all of its direct and indirect subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the valuation of used railcars received in sale transactions, useful lives of long-lived assets, warranty, workers compensation accruals, pension and postretirement benefit assumptions, stock compensation, evaluation of goodwill, other intangibles and property, plant and equipment for impairment and the valuation of deferred taxes. Actual results could differ from those estimates.

Cash and Cash Equivalents

On a daily basis, cash in excess of current operating requirements is invested in various highly liquid investments. The Company considers all unrestricted short-term investments with maturities of three months or less when acquired to be cash equivalents. The amortized cost of cash equivalents approximate fair value because of the short maturity of these instruments.

The Company's cash and cash equivalents are primarily deposited with one U.S. financial institution. Such deposits are in excess of federally insured limits.

Restricted Cash and Restricted Certificates of Deposit

The Company establishes restricted cash balances and restricted certificates of deposit to collateralize certain standby letters of credit with respect to purchase price payment guarantees and performance guarantees and to support the Company's worker's compensation insurance claims. The restrictions expire upon completing the Company's related obligation.

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FreightCar America, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Years Ended December 31, 2015, 2014 and 2013

(in thousands, except for share and per share data)

Financial Instruments

Management estimates that all financial instruments (including cash equivalents, restricted cash and restricted certificates of deposit, marketable securities, accounts receivable and accounts payable) as of December 31, 2015 and 2014, have fair values that approximate their carrying values.

Upon purchase, the Company categorizes debt securities as *securities held to maturity*, *securities available for sale* or *trading securities*. Debt securities that the Company has the positive intent and ability to hold to maturity are classified as *securities held to maturity* and are reported at amortized cost adjusted for amortization of premium and accretion of discount on a level yield basis. Debt securities that are bought and held principally for the purpose of selling them in the near term are classified as *trading securities* and reported at fair value, with unrealized gains and losses included in earnings. Debt securities not classified as either held-to-maturity or trading securities are classified as *securities available for sale* and are reported at fair value, with unrealized gains and losses excluded from earnings and reported as a component of other comprehensive income, which is included in stockholders' equity, net of deferred taxes.

Fair Value Measurements

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of assets and liabilities and the placement within the fair value hierarchy levels.

The Company classifies the inputs to valuation techniques used to measure fair value as follows:

- Level 1* Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2* Inputs other than quoted prices for Level 1 inputs that are either directly or indirectly observable for the asset or liability including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived from observable market data by correlation or other means.
- Level 3* Unobservable inputs for the asset or liability, including situations where there is little, if any, market activity for the asset or liability.

Inventories

Inventories are stated at the lower of cost or market value. Cost is determined on a first-in, first-out basis and includes material, labor and manufacturing overhead. The Company's inventory consists of work in progress and finished goods for individual customer contracts, used railcars acquired upon trade-in and railcar parts retained for sale to external parties.

Leased Railcars

The Company offers railcar leases to its customers at market rates with terms and conditions that have been negotiated with the customers. It is the Company's strategy to actively market these leased assets for sale to leasing companies and financial institutions rather than holding them to maturity. If, as of the date of the initial lease, management determines that the sale of the leased railcars is probable, and transfer of the leased railcars is expected to qualify for recognition as a completed sale within one year, then the leased railcars are classified as current assets on the balance sheet (Inventory on Lease). In determining whether it is probable that the leased railcars will be sold

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within one year, management considers general market conditions for similar railcars and considers whether market conditions are indicative of a potential sales price that will be acceptable to the Company to sell the cars within one year. Inventory on Lease is carried at the lower of cost or market value and is not depreciated. At the one-year anniversary of the initial lease or such earlier date when management no longer believes the leased railcars will be sold within one year of the initial lease, the leased railcars are reclassified from current assets (Inventory on Lease) to long-term assets (Railcars Available for Lease). Railcars Available for Lease are depreciated over 40 years from the date the railcars are placed in service under the initial lease and evaluated for impairment on a quarterly basis.

Property, Plant and Equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation. Depreciation is provided using the straight-line method over the original estimated useful lives of the assets or lease term if shorter, which are as follows:

Description of Assets	Life
Buildings and improvements	15-40 years
Leasehold improvements	6-10 years
Machinery and equipment	3-7 years
Software	3-7 years

Maintenance and repairs are charged to expense as incurred, while major refurbishments and improvements are capitalized. The cost and accumulated depreciation of items sold or retired are removed from the property accounts and any gain or loss is recorded in the consolidated statement of operations upon disposal or retirement.

Long-Lived Assets

The Company tests long-lived assets for recoverability whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. These changes in circumstances may include a significant decrease in the market price of an asset group, a significant adverse change in the manner or extent in which an asset group is used, a current year operating loss combined with history of operating losses, or a current expectation that, more likely than not, a long-lived asset group will be sold or otherwise disposed of significantly before the end of its previously estimated useful life.

For assets to be held and used, the Company groups a long-lived asset or assets with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities.

Estimates of future cash flows used to test the recoverability of a long-lived asset group include only the future cash flows that are directly associated with and that are expected to arise as a direct result of the use and eventual disposition of the asset group. Recoverability of the carrying value of the asset group is determined by comparing the carrying value of the asset group to total undiscounted future cash flows of the asset group. If the carrying value of the asset group is not recoverable, an impairment loss is measured based on the excess of the carrying amount of asset group over the estimated fair value of the asset group. An impairment loss for an asset group reduces only the carrying amounts of a long-lived asset or assets of the group being evaluated.

Research and Development

Costs associated with research and development are expensed as incurred and totaled approximately \$379, \$332 and \$382 for the years ended December 31, 2015, 2014 and 2013, respectively. Such costs are reported within selling, general and administrative expenses in the consolidated statements of operations.

Goodwill and Intangible Assets

The Company assesses the carrying value of goodwill for impairment as required by ASC 350, *Intangibles - Goodwill and Other*, annually or more frequently whenever events occur and circumstances change indicating

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potential impairment. During its annual goodwill impairment assessments as of August 1, 2015, 2014 and 2013, management estimated the value of the Company's reporting units that carry goodwill using the income approach, which indicates the fair value of a business based on the present value of the cash flows that the business can be expected to generate in the future, and the market approach, which uses the price at which shares of similar companies are exchanged to estimate the fair value of a company's equity. Within the income approach, the discounted cash flow method was used, and within the market approach, the guideline company method was used. Fair value based on the income approach was given a 60% weighting and fair value based on the market approach was given a 40% weighting. The market approach was used in evaluating goodwill impairment for the Services reporting unit as of August 1, 2015. Management concluded that the estimated fair value of the Company's reporting units exceeded the carrying value as of the dates of the Company's impairment tests for 2015, 2014 and 2013 and therefore no impairment charges were recorded.

Patents are amortized on a straight-line method over their remaining legal lives from the date of acquisition. Customer related intangible assets are amortized from the date of acquisition based on the estimated cash flows to be generated from the intangibles. The Company assesses the carrying value of patents and customer related intangible assets for impairment whenever events occur and circumstances change indicating potential impairment.

Income Taxes

For federal income tax purposes, the Company files a consolidated federal tax return. The Company also files state tax returns in states where the Company has operations. In conformity with ASC 740, *Income Taxes*, the Company provides for deferred income taxes on differences between the book and tax bases of its assets and liabilities and for items that are reported for financial statement purposes in periods different from those for income tax reporting purposes.

Management evaluates net deferred tax assets and provides a valuation allowance when it believes that it is more likely than not that some portion of these assets will not be realized. In making this determination, management evaluates both positive evidence, such as cumulative pre-tax income for previous years, the projection of future taxable income, the reversals of existing taxable temporary differences and tax planning strategies, and negative evidence, such as any recent history of losses and any projected losses. Management also considers the expiration dates of net operating loss carryforwards in the evaluation of net deferred tax assets. Management evaluates the realizability of the Company's net deferred tax assets and assesses the valuation allowance on a quarterly basis, adjusting the amount of such allowance as necessary.

Tax benefits related to uncertain tax positions taken or expected to be taken on a tax return are recorded when such benefits meet a more likely than not threshold. Otherwise, these tax benefits are recorded when a tax position has been

effectively settled, which means that the appropriate taxing authority has completed its examination even though the statute of limitations remains open, or the statute of limitation expires. Interest and penalties related to uncertain tax positions are recognized as part of the provision for income taxes and are accrued beginning in the period that such interest and penalties would be applicable under relevant tax law until such time that the related tax benefits are recognized.

Product Warranties

Warranty terms are based on the negotiated railcar sales contracts. The Company typically warrants that new railcars produced by it will be free from defects in material and workmanship under normal use and service identified for a period of up to five years from the time of sale. The Company also provides limited warranties with respect to certain rebuilt railcars. With respect to parts and materials manufactured by others and incorporated by the Company in its products, such parts and materials may be covered by the warranty provided by the original manufacturer. The Company establishes a warranty reserve at the time of sale to account for future warranty charges. The warranty reserve consists of two categories: assigned claims and unassigned claims. The unassigned warranty reserve is calculated based on historical warranty costs adjusted for estimated material price changes and other factors. Once a warranty claim is filed for railcars under warranty, the estimated cost to correct the defect is moved from the unassigned reserve to the assigned reserve and tracked separately.

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State and Local Incentives

The Company records state and local incentives when there is reasonable assurance that the incentive will be received and the Company is able to comply with the conditions attached to the incentives received. State and local incentives related to assets are recorded as deferred income and recognized on a straight-line basis over the useful life of the related long-lived assets of seven to nine years.

Revenue Recognition

Revenues on new and rebuilt railcars are recognized when (1) individual cars are completed, (2) the railcars are accepted by the customer following inspection, (3) the risk for any damage or other loss with respect to the railcars passes to the customer and (4) title to the railcars transfers to the customer. There are no sales returns or allowances. Revenues derived from a single sales contract that contains multiple products and services are allocated based on the relative fair value of each item to be delivered and recognized in accordance with the applicable revenue recognition criteria for the specific unit of accounting. When the Company retains substantial risk of ownership in railcars sold to customers, the proceeds received by the Company are not treated as a sale but are accounted for as a customer advance by recording the proceeds as a liability. Customer advances on the Company's consolidated balance sheets are reported net of any repayments made by the Company and include imputed interest that is included in interest expense on the Company's consolidated statements of operations.

The Company recognizes service-related revenue from maintenance and repairs and inspections when all significant maintenance or repair or inspections services have been completed, quality accepted and delivery has occurred. The Company recognizes revenue from parts sales when the risk of any damage or loss and title passes to the customer and delivery has occurred.

The Company recognizes operating lease revenue on Inventory on Lease on a contractual basis and recognizes operating lease revenue on Railcars Available for Lease on a straight-line basis over the life of the lease. The Company recognizes revenue from the sale of Inventory on Lease on a gross basis in manufacturing sales and cost of sales if the manufacture of the railcars and the sales process is completed within 12 months. The Company recognizes revenue from the sale of Railcars Available for Lease on a net basis as Gain (Loss) on Sale of Railcars Available for Lease since the sale represents the disposal of a long-term operating asset.

The Company reports amounts billed to customers for shipping and handling as part of sales in accordance with ASC 605-45, *Revenue Recognition - Principal Agent Consideration*, and reports related costs in cost of sales.

Earnings Per Share

The Company computes earnings (loss) per share using the two-class method, which is an earnings (loss) allocation formula that determines earnings (loss) per share for common stock and participating securities. The Company's participating securities are its grants of restricted stock which contain non-forfeitable rights to dividends. Basic earnings (loss) per share attributable to common shareholders is computed by dividing net income (loss) attributable to common shareholders by the weighted average common shares outstanding. The calculation of diluted earnings per share includes the effect of any dilutive equity incentive instruments. The Company uses the treasury stock method to calculate the effect of outstanding dilutive equity incentive instruments, which requires the Company to compute total proceeds as the sum of (1) the amount the employee must pay upon exercise of the award, (2) the amount of unearned stock-based compensation costs attributed to future services and (3) the amount of tax benefits, if any, that would be credited to additional paid-in capital assuming exercise of the award. Equity incentive instruments for which the total employee proceeds from exercise exceed the average fair value of the same equity incentive instrument over the period have an anti-dilutive effect on earnings per share during periods with net income from continuing operations, and accordingly, the Company excludes them from the calculation.

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Recent Accounting Pronouncements

In November 2015, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) 2015-17, *Income Taxes (Topic 740: Balance Sheet Classification of Deferred Taxes)*, which simplifies the presentation of deferred income taxes by requiring that deferred tax assets and liabilities be classified as noncurrent in a classified statement of financial position. The ASU is effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted and the Company adopted the new guidance in the fourth quarter of 2015 on a prospective basis. Adoption of this ASU resulted in a reclassification of the Company's net current deferred tax asset to the net noncurrent deferred tax asset in its consolidated balance sheet as of December 31, 2015. No prior periods were retrospectively adjusted.

In July 2015, the FASB issued ASU 2015-11, *Inventory (Topic 330)*, which requires entities to measure most inventory at the lower of cost and net realizable value, thereby simplifying the current guidance under which an entity must measure inventory at the lower of cost or market. Under ASU 2015-11, inventory is measured at the lower of cost and net realizable value, which eliminates the need to determine replacement cost and evaluate whether it is above the ceiling (net realizable value) or below the floor (net realizable value less normal profit margin). ASU 2015-11 defines net realizable value as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. This standard is effective prospectively for annual reporting periods beginning after December 15, 2016 (early adoption is permitted). The Company is currently evaluating the impact that this guidance will have on its consolidated financial statements and related disclosures.

In April 2015, the FASB issued ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which changes the presentation of debt issuance costs in financial statements. ASU 2015-03 requires an entity to present such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortization of the debt issuance costs will continue to be reported as interest expense. This standard is effective retrospectively for annual reporting periods beginning after December 15, 2016 (early adoption is permitted). The adoption of these changes is not expected to have a material impact on the consolidated financial position, results of operations or cash flows of the Company.

In February 2015, the FASB issued ASU 2015-02, *Consolidation (Topic 810) Amendments to the Consolidation Analysis*, which changes the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. All legal entities are subject to reevaluation under the revised consolidation model. The new guidance affects the following areas: (1) limited partnerships and similar legal entities; (2) evaluating fees paid to a decision maker or a service provider as a variable interest; (3) the effect of fee arrangements on the primary beneficiary determination; (4) the effect of related parties on the primary beneficiary determination; and (5) certain investment funds. This standard is effective for fiscal years beginning after December 15, 2015 and interim periods

within those fiscal years. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the guidance in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. A reporting entity may apply the amendments in this guidance using a modified retrospective approach by recording a cumulative effect adjustment to equity as of the beginning of the fiscal year of adoption. A reporting entity also may apply the amendments retrospectively. The adoption of these changes is not expected to have a material impact on the consolidated financial position, results of operations or cash flows of the Company.

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The ASU is based on the principle that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and

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changes in judgments and assets recognized from costs incurred to fulfill a contract. Entities have the option of using either a full retrospective or a modified retrospective approach for the adoption of the new standard. The ASU is effective for annual reporting periods beginning after December 15, 2017 and early adoption as of December 15, 2016 is permitted. The Company is currently assessing the impact of this standard on the Company's financial position, results of operations and cash flows.

In April 2014, the FASB issued ASU 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. ASU 2014-08 changes the criteria for reporting discontinued operations and expands disclosures about discontinued operations. Under the new guidance, only disposals representing a strategic shift that has (or will have) a major effect on an entity's operations should be presented as discontinued operations when the component of an entity or group of components of an entity is classified as held for sale or is disposed of by sale or other means. Examples include a disposal of operations in a major geographic area, a major line of business or a major equity method investment. This standard was effective prospectively for reporting periods beginning after December 15, 2014. The adoption of these changes did not have a material impact on the consolidated financial position, results of operations or cash flows of the Company.

Note 3 Fair Value Measurements

The following table sets forth by level within the ASC 820 fair value hierarchy the Company's financial assets that were recorded at fair value on a recurring basis and the Company's non-financial assets that were recorded at fair value on a non-recurring basis.

Recurring Fair Value Measurements	As of December 31, 2015			
	Level			Total
	Level 1	2	Level 3	
ASSETS:				
Cash equivalents	\$ 33,150	\$	\$	\$ 33,150
Restricted certificates of deposit	\$ 6,896	\$	\$	\$ 6,896
Escrow receivable	\$	\$	\$ 1,910	\$ 1,910

Recurring Fair Value Measurements	As of December 31, 2014			
	Level			Total
	Level 1	Level 2	Level 3	
ASSETS:				

Cash equivalents	\$ 50,070	\$	\$	\$ 50,070
Restricted certificates of deposit	\$ 6,015	\$	\$	\$ 6,015

As stated in Note 24, the sale of the Company's railcar repair and maintenance services business on September 30, 2015 resulted in \$1,960 of the aggregate purchase price being placed into escrow (recorded as a long-term receivable) in order to secure the indemnification obligations of FCRS and FCSL. The fair market value of the escrow receivable above represents the \$1,960 escrow balance, net of the fair value of the indemnification obligations, which was estimated using the discounted probability-weighted cash flow method.

Note 4 Marketable Securities

The Company's current investment policy is to invest in cash, certificates of deposit, U.S. treasury securities, U.S. government agency obligations and money market funds invested in U.S. government securities. Marketable securities as of December 31, 2015 of \$26,951 consisted of U.S. treasury securities and certificates of deposit held to maturity with original maturities of greater than 90 days and up to one year. Marketable securities as of December 31, 2014 of \$47,961 consisted of U.S. treasury securities held to maturity with original maturities of greater than 90 days and up to one year. Due to the short-term nature of these securities and their low interest rates, there is no material difference between their fair market values and amortized costs.

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Note 5 Inventories

Inventories, net of reserve for excess and obsolete items, consist of the following:

	December 31,	
	2015	2014
Work in process	\$ 108,099	\$ 76,453
Finished new railcars	2,538	
Parts and service inventory	4,717	5,806
Total inventories, net	\$ 115,354	\$ 82,259

Inventory on the Company's consolidated balance sheets includes reserves of \$3,793 and \$2,381 relating to excess or slow-moving inventory for parts and work in process at December 31, 2015 and 2014, respectively.

Note 6 Leased Railcars

Inventory on lease at December 31, 2015 was \$0 and at December 31, 2014 was \$116. Railcars available for lease at December 31, 2015 was \$24,729 (cost of \$27,954 and accumulated depreciation of \$3,225) and at December 31, 2014 was \$22,897 (cost of \$26,852 and accumulated depreciation of \$3,955). The Company's lease utilization rate for railcars in its lease fleet was 73% and 100% on December 31, 2015 and 2014, respectively. Depreciation expense on railcars available for lease was \$499, \$986 and \$1,169 for the years ended December 31, 2015, 2014 and 2013, respectively.

Leased railcars at December 31, 2015 are subject to lease agreements with external customers with terms of up to five and a half years and are accounted for as operating leases.

Future minimum rental revenues on leases at December 31, 2015 are as follows:

Year ending December 31, 2016	\$ 1,715
Year ending December 31, 2017	1,706
Year ending December 31, 2018	1,118

Year ending December 31, 2019	1,001
Year ending December 31, 2020	1,001
Thereafter	275
	\$ 6,816

Note 7 Restructuring and Impairment Charges

During the fourth quarter of 2013, the Company recorded restructuring and impairment charges of \$10,452 which are reported as a separate line item on the Company's consolidated statements of operations. These charges consisted of non-cash charges of \$7,592 related to the Company's then idled Danville, Illinois manufacturing facility, \$1,620 related to the Company's closed railcar maintenance and repair shop in Clinton, Corporate severance charges of \$1,119 and other charges of \$121.

The Company tested the long-lived assets at its Danville manufacturing facility for impairment as of December 31, 2013 because the Company was unable to predict when the Danville facility would resume operations based on the Company's backlog for coal car orders and the soft industry outlook. The carrying values of property, plant and

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equipment at the Danville facility were reduced to their estimated fair market values, resulting in non-cash impairment charges of \$7,024 for buildings and improvements and \$568 for machinery and equipment for the year ended December 31, 2013.

As part of the Company's strategic initiative to improve the contribution of its Services business to the Company's results of operations, management evaluated the long-term profitability of each of its railcar maintenance and repair shops during the fourth quarter of 2013 and decided to close its underperforming maintenance and repair shop in Clinton. As a result of this decision, the Company evaluated the recoverability of its long-lived assets and reduced the carrying values of property, plant and equipment to their estimated fair market values, resulting in non-cash impairment charges of \$1,113 for buildings and improvements, \$270 for machinery and equipment and \$131 for land for the year ended December 31, 2013. The Company also recorded a non-cash impairment charge of \$106 related to customer intangibles and recorded other charges of \$121 related to the Clinton closure during the fourth quarter of 2013. During the third quarter of 2014, these assets were sold to a third party resulting in a gain on sale of \$1,078, which is included in gain on sale of railcar repair and maintenance services business and facility in the consolidated statement of operations for the year ended December 31, 2014.

The Company revised its Corporate management reporting structure as part of the leadership transition following the retirement of the Company's previous President and Chief Executive Officer during the fourth quarter of 2013, resulting in severance charges of \$1,119 being recorded during the fourth quarter of 2013. Substantially all of the severance payments were made during 2014.

The components of the restructuring and impairment charges for the year ended December 31, 2013, are as follows:

Impairment charge for Manufacturing segment land, building and equipment	\$ 7,592
Impairment charge for Services segment land, building and equipment	1,514
Impairment charge for Services segment customer intangibles	106
Employee severance as a result of Corporate restructuring	1,119
Other charges related to Services segment impairment	121
Total restructuring and impairment charges	\$ 10,452

Note 8 Property, Plant and Equipment

	December 31,	
	2015	2014
Land (including easements)	\$ 151	\$ 1,976
Buildings and improvements	2,370	10,731
Leasehold improvements	8,994	6,983
Machinery and equipment	62,217	50,771
Software	9,018	8,299
Cost of buildings and improvements, leasehold improvements, machinery, equipment and software	82,599	76,784
Less: Accumulated depreciation and amortization	(41,094)	(38,747)
Buildings and improvements, leasehold improvements, machinery, equipment and software, net of accumulated depreciation and amortization	41,505	38,037
Construction in process	940	3,226
Total property, plant and equipment, net	\$ 42,596	\$ 43,239

Depreciation expense for the years ended December 31, 2015, 2014 and 2013, was \$8,858, \$8,363 and \$8,168, respectively.

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Note 9 Intangible Assets and Goodwill

Intangible assets consist of the following:

	December 31,	
	2015	2014
Patents	\$ 13,097	\$ 13,097
Accumulated amortization	(12,738)	(12,147)
Patents, net of accumulated amortization	359	950
Customer-related intangibles		1,194
Accumulated amortization		(491)
Customer-related intangibles, net of accumulated amortization		703
Total amortizing intangibles	\$ 359	\$ 1,653
Manufacturing segment goodwill	\$ 21,521	\$ 21,521
Services segment goodwill		607
Total goodwill	\$ 21,521	\$ 22,128

Amounts in the table above as of December 31, 2015 reflect reductions of \$623 in customer-related intangibles, net of accumulated amortization, and \$607 in Services segment goodwill related to the Company's sale of its railcar repair and maintenance services business on September 30, 2015 (see Note 24).

Amortization expense related to customer intangibles, which is included in selling, general and administrative expenses, was \$81, \$129 and \$149 for the years ended December 31, 2015, 2014 and 2013, respectively. Patents are being amortized on a straight-line method over their remaining legal life from the date of acquisition and have a weighted average remaining life of 1 year. Amortization expense related to patents, which is included in cost of sales, was \$591, \$590 and \$591 for the years ended December 31, 2015, 2014 and 2013, respectively.

Estimated future intangible amortization at December 31, 2015 is as follows:

Year ending December 31, 2016	\$ 359
Thereafter	
	\$ 359

Note 10 Product Warranties

Warranty terms are based on the negotiated railcar sales contracts. The Company typically warrants that new railcars produced by it will be free from defects in material and workmanship under normal use and service identified for a period of up to five years from the time of sale. The changes in the warranty reserve for the years ended December 31, 2015, 2014 and 2013, are as follows:

	December 31,		
	2015	2014	2013
Balance at the beginning of the year	\$ 8,742	\$ 6,957	\$ 7,625
Current year provision	3,209	2,259	480
Reductions for payments, costs of repairs and other	(1,611)	(748)	(1,046)
Adjustments to prior warranties	(1,101)	274	(102)
Balance at the end of the year	\$ 9,239	\$ 8,742	\$ 6,957

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Adjustments to prior warranties includes changes in the warranty reserve for warranties issued in prior periods due to expiration of the warranty period, revised warranty cost estimates and other factors.

Note 11 State and Local Incentives

During the year ended December 31, 2015, the Company received cash payments of \$15,733 for Alabama state and local incentives related to the Company's capital investment and employment levels at its Cherokee, Alabama (Shoals) facility. Under the incentive agreements, a certain portion of the incentives may be repayable by the Company if targeted levels of employment are not maintained for a period of six years from the date of the incentive. The Company's level of employment at its Shoals facility currently exceeds and is expected to continue to exceed the minimum targeted levels of employment. In the event that any portion of the incentives is required to be paid back, the amount is unlikely to exceed the deferred liability balance at December 31, 2015.

The changes in deferred income from these incentives for the years ended December 31, 2015, 2014 and 2013, are as follows:

	December 31,		
	2015	2014	2013
Balance at the beginning of the year	\$	\$	\$
State and local incentives received during the year	15,733		
Recognition of state and local incentives as a reduction of cost of sales	(1,415)		
Balance at the end of the year, including current portion	\$ 14,318	\$	\$

Note 12 Revolving Credit Facility

The Company entered into a \$50,000 senior secured revolving credit facility (the Revolving Credit Facility) pursuant to a Credit Agreement dated as of July 26, 2013 (the Credit Agreement) by and among FreightCar and certain of its subsidiaries, as borrowers (together the Borrowers), and Bank of America, N.A., as lender. The Revolving Credit Facility can be used for general corporate purposes, including working capital. As of December 31, 2015 and 2014, the Company had no borrowings under the Revolving Credit Facility. The Credit Agreement also contains a sub-facility for letters of credit not to exceed the lesser of \$30,000 and the amount of the senior secured revolving credit facility at such time. As of December 31, 2015 and 2014, the Company had \$6,896 and \$6,015, respectively, in

outstanding letters of credit under the Revolving Credit Facility and therefore had \$43,104 and \$43,985, respectively, available for borrowing under the Revolving Credit Facility. The Credit Agreement has a term ending on July 26, 2016 and revolving loans outstanding thereunder will bear interest at a rate of LIBOR plus an applicable margin of 1.50% or at a base rate, as selected by the Company. Base rate loans will bear interest at the highest of (a) the federal funds rate plus 0.50%, (b) the prime rate or (c) LIBOR plus 1.00%. The Company is required to pay a non-utilization fee of between 0.10% and 0.30% on the unused portion of the revolving loan commitment depending on the Company's quarterly average balance of unrestricted cash and the Company's consolidated leverage ratio. Borrowings under the Revolving Credit Facility are secured by a first priority perfected security interest in substantially all of the Borrowers' assets excluding railcars held by its railcar leasing subsidiary, JAIX. The Borrowers also have pledged all of the equity interests in the Company's direct and indirect domestic subsidiaries as security for the Revolving Credit Facility. The Credit Agreement has both affirmative and negative covenants, including, without limitation, a covenant requiring a minimum consolidated net liquidity of \$35,000 and limitations on indebtedness, liens and investments. The Credit Agreement also provides for customary events of default. During the first half of 2016, the Company will be evaluating renewal or refinancing alternatives for its current revolving loan agreement and expects to have a new agreement in place by July 26, 2016.

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Note 13 Accumulated Other Comprehensive Income (Loss)

The changes in accumulated other comprehensive income (loss) consist of the following:

	Pre-Tax	Tax	After-Tax
Year ended December 31, 2015			
Pension liability activity:			
Actuarial loss	\$ (190)	\$ (67)	\$ (123)
Reclassification adjustment for amortization of net loss (pre-tax cost of sales of \$333 and selling, general and administrative expenses of \$107)	440	163	277
Postretirement liability activity:			
Actuarial gain	3,621	1,273	2,348
Reclassification adjustment for amortization of net loss (pre-tax cost of sales of \$567 and selling, general and administrative expenses of \$80)	647	237	410
Reclassification adjustment for amortization of prior service cost (pre-tax cost of sales of \$37 and selling, general and administrative expenses of \$5)	42	15	27
	\$ 4,560	\$ 1,621	\$ 2,939
Year ended December 31, 2014			
Pension liability activity:			
Actuarial loss	\$ (7,608)	\$ (2,687)	\$ (4,921)
Reclassification adjustment for amortization of net loss (pre-tax cost of sales of \$977 and selling, general and administrative expenses of \$200)	1,177	416	761
Postretirement liability activity:			
Actuarial loss	(7,917)	(2,796)	(5,121)
Reclassification adjustment for amortization of net loss (pre-tax cost of sales of \$332 and selling, general and administrative expenses of \$39)	371	131	240
	241	85	156

Reclassification adjustment for amortization of prior service cost (pre-tax cost of sales of \$215 and selling, general and administrative expenses of \$26)			
	\$ (13,736)	\$ (4,851)	\$ (8,885)
Year ended December 31, 2013			
Pension liability activity:			
Actuarial gain	\$ 10,168	\$ 3,582	\$ 6,586
Reclassification adjustment for amortization of net loss (pre-tax cost of sales of \$470 and selling, general and administrative expenses of \$54)	524	184	340
Postretirement liability activity:			
Actuarial gain	5,448	1,919	3,529
Reclassification adjustment for amortization of net loss (pre-tax cost of sales of \$578 and selling, general and administrative expenses of \$34)	612	216	396
Reclassification adjustment for amortization of prior service cost (pre-tax cost of sales of \$228 and selling, general and administrative expenses of \$13)	241	85	156
	\$ 16,993	\$ 5,986	\$ 11,007

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The components of accumulated other comprehensive loss consist of the following:

	December 31,	
	2015	2014
Unrecognized pension cost, net of tax of \$6,429 and \$6,525	\$ (10,484)	\$ (10,638)
Unrecognized postretirement cost, net of tax of \$6,461 and \$7,986	(10,594)	(13,379)
	\$ (21,078)	\$ (24,017)

Note 14 Employee Benefit Plans

The Company has qualified, defined benefit pension plans that were established to provide benefits to certain employees. These plans are frozen and participants are no longer accruing benefits. The Company also provides certain postretirement health care benefits for certain of its salaried and hourly retired employees. Generally, employees may become eligible for health care benefits if they retire after attaining specified age and service requirements. These benefits are subject to deductibles, co-payment provisions and other limitations.

A substantial portion of the Company's postretirement benefit plan obligation relates to an expired settlement agreement with the union representing employees at the Company's and its predecessors' Johnstown manufacturing facilities. The terms of that settlement agreement (the "2005 Settlement Agreement") required the Company to pay until November 30, 2012 certain monthly amounts toward the cost of retiree health care coverage. The Company engaged in voluntary negotiations for two years in an effort to reach a consensual agreement related to the expired 2005 Settlement Agreement but no agreement was reached. The Company terminated, effective November 1, 2013, its contributions for medical coverage and life insurance benefits to affected retirees and sought declaratory relief to confirm the Company's rights under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), to reduce or terminate retiree medical coverage and life insurance benefits pursuant to the plans that were the subject of the 2005 Settlement Agreement. On July 9, 2013, the union and certain retiree defendants filed suit in the United States District Court for the Western District of Pennsylvania regarding the same dispute (see Note 17). On August 20, 2015, the Company reached a settlement agreement with the union and the other plaintiffs. Pursuant to the settlement agreement, the parties agreed that (1) the union will create a voluntary employee's beneficiary association trust fund (the "VEBA") that will administer the payment of health and welfare benefits to class members and will be administered independently of the Company, (2) the Company will make a one-time contribution to the VEBA of \$31,450, (3) the Company will pay an award for plaintiffs' attorneys' fees in the amount of \$1,300, (4) if the Company

fails to make the required payments to the VEBA prior to February 16, 2016, interest on the unpaid amounts will accrue at a rate of 5% per annum, subject to a cap of \$250, and (5) class members will fully and finally release all claims against the Company in accordance with the terms of the settlement agreement. The Pennsylvania Court granted final approval of the settlement on January 19, 2016. The plaintiffs had until February 18, 2016 to file an appeal of the court order granting final approval of the settlement. On February 17, 2016, certain class members requested a 30-day extension to file an appeal, which the Pennsylvania Court denied on February 22, 2016. The Company expects to make the cash settlement payment on or after March 23, 2016.

The Company's recorded postretirement benefit plan obligation through December 31, 2015 assumed for accounting purposes a continuation of those monthly payments after November 30, 2012 because the status of the settlement had not yet met the requirements for settlement accounting. A transaction meets the criteria to be accounted for as a settlement when a transaction is irrevocable, relieves the employer of primary responsibility for the benefit obligation, and eliminates significant risks related to the obligation and the assets used to effect the settlement. Settlement accounting will be triggered when the Company makes the cash settlement payment and will result in a pre-tax gain of approximately \$19 million and a reduction in the postretirement benefit obligation of approximately \$67 million.

Generally, contributions to the plans are not less than the minimum amounts required under ERISA and not more than the maximum amount that can be deducted for federal income tax purposes. The plans' assets are held by independent trustees and consist primarily of equity and fixed income securities.

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The changes in benefit obligation, change in plan assets and funded status as of December 31, 2015 and 2014, are as follows:

		Pension Benefits		Postretirement Benefits	
		2015	2014	2015	2014
Change in benefit obligation					
Benefit obligation	Beginning of year	\$ 58,017	\$ 56,341	\$ 73,883	\$ 63,312
Service cost				70	63
Interest cost		2,319	2,642	2,970	2,999
Actuarial (gain) loss		(2,800)	6,799	(3,621)	7,917
Benefits paid		(4,096)	(4,471)	(400)	(408)
Lump-sum settlement payments			(3,294)		
Benefit obligation	End of year	53,440	58,017	72,902	73,883
Change in plan assets					
Plan assets	Beginning of year	50,807	55,544		
Return on plan assets		56	2,811		
Employer contributions			217	400	408
Benefits paid		(4,096)	(4,471)	(400)	(408)
Lump-sum settlement payments			(3,294)		
Plan assets at fair value	End of year	46,767	50,807		
Funded status of plans	End of year	\$ (6,673)	\$ (7,210)	\$ (72,902)	\$ (73,883)
Amounts recognized in the Consolidated Balance Sheets					
Noncurrent assets		\$	\$	\$	\$
Current liabilities				(405)	(409)

Noncurrent liabilities	(6,673)	(7,210)	(72,497)	(73,474)
Net amount recognized at December 31	\$ (6,673)	\$ (7,210)	\$ (72,902)	\$ (73,883)

Amounts recognized in accumulated other comprehensive loss but not yet recognized in earnings at December 31, 2015 and 2014, are as follows:

	Pension Benefits		Postretirement Benefits	
	2015	2014	2015	2014
Net actuarial loss	\$ 16,913	\$ 17,163	\$ 16,813	\$ 21,081
Prior service cost			242	284
	\$ 16,913	\$ 17,163	\$ 17,055	\$ 21,365

During the fourth quarter of 2014, the Company offered certain of its former employees the option to receive a lump-sum pension payment or annuity in order to satisfy in full the Company's future pension liabilities to such former

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employees, with payments beginning in the fourth quarter of 2014. Payments of \$3,294 to eligible former employees who elected to participate in the offer were paid in December 2014 from existing pension plan assets and constituted a complete settlement of the Company's pension liabilities with respect to such former employees. The discount rates and actuarial assumptions used to calculate the payouts were determined according to federal regulations and approximated those used to calculate our pension obligation for financial reporting purposes as of December 31, 2014. A non-cash settlement charge of \$966 was recognized in the fourth quarter of 2014 in connection with the settlement payments. This charge resulted from the recognition in earnings of a portion of the losses recorded in accumulated other comprehensive loss based on the portion of the obligation settled.

The estimated net loss for the defined benefit pension plan that will be amortized from accumulated other comprehensive loss into net periodic benefit cost in 2016 is \$460. The estimated net loss and prior service cost for the postretirement benefit plan that will be amortized from accumulated other comprehensive loss into net periodic benefit cost in 2016 are \$145 and \$17, respectively.

Components of net periodic benefit cost for the years ended December 31, 2015, 2014 and 2013, are as follows:

	Pension Benefits			Postretirement Benefits		
	2015	2014	2013	2015	2014	2013
Components of net periodic benefit cost						
Service cost	\$	\$	\$	\$ 70	\$ 63	\$ 73
Interest cost	2,319	2,642	2,526	2,970	2,999	2,627
Expected return on plan assets	(3,046)	(3,620)	(3,546)			
Amortization of unrecognized prior service cost				42	241	241
Amortization of unrecognized net loss	440	211	524	647	371	612
Lump-sum settlement cost		966				
Total net periodic benefit cost	\$ (287)	\$ 199	\$ (496)	\$ 3,729	\$ 3,674	\$ 3,553

The increase (decrease) in accumulated other comprehensive loss (pre-tax) for the years ended December 31, 2015 and 2014, are as follows:

2015

2014

	Pension Benefits	Postretirement Benefits	Pension Benefits	Postretirement Benefits
Net actuarial loss (gain)	\$ 190	\$ (3,621)	\$ 7,608	\$ 7,917
Amortization of net actuarial loss	(440)	(647)	(1,177)	(371)
Amortization of prior service cost		(42)		(241)
Total recognized in accumulated other comprehensive loss (gain)	\$ (250)	\$ (4,310)	\$ 6,431	\$ 7,305

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of December 31, 2015:

	Pension Benefits	Postretirement Benefits
2016	\$ 3,795	\$ 405
2017	3,516	396
2018	3,412	381
2019	3,365	372
2020	3,342	374
2021 through 2025	16,376	1,940

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The postretirement benefit payments in the table above represent benefit payments for the Company's salaried retirees. The Company expects to make the previously described \$31,450 cash settlement payment related to the postretirement benefits for its hourly retirees on or after March 23, 2016. The Company does not expect to make any contributions to its pension plans in 2016 to meet its minimum funding requirements.

The assumptions used to determine end of year benefit obligations are shown in the following table:

	Pension Benefits		Postretirement Benefits	
	2015	2014	2015	2014
Discount rates	4.47%	4.15%	4.39%	4.03%

The discount rate is determined using a yield curve model that uses yields on high quality corporate bonds (AA rated or better) to produce a single equivalent rate. The yield curve model excludes callable bonds except those with make-whole provisions, private placements and bonds with variable rates.

In October 2015, the Society of Actuaries published updated mortality improvement assumptions for U.S. plans, scale (MP-2015), which reflects additional data that the Social Security Administration has released since prior assumptions (MP-2014) were developed. Scale (MP-2015) results in lower projected mortality improvement than scale (MP-2014). The Company has historically utilized the Society of Actuaries' published mortality data in its plan assumptions. Accordingly, the Company adopted MP-2015 for purposes of measuring its pension and postretirement obligations at December 31, 2015.

The assumptions used in the measurement of net periodic cost are shown in the following table:

	Pension Benefits			Postretirement Benefits		
	2015	2014	2013	2015	2014	2013
Discount rate	4.15%	4.91%	4.11%	4.03%	4.75%	3.95%
Expected return on plan assets	6.24%	6.76%	6.98%	N/A	N/A	N/A

As benefits under these postretirement healthcare plans have been capped, assumed health care cost trend rates have no effect on the amounts reported for the health care plans.

The Company's pension plans' weighted average asset allocations at December 31, 2015 and 2014, and target allocations for 2016, by asset category, are as follows:

Asset Category	Plan Assets at December 31,		Target Allocation
	2015	2014	2016
Cash and cash equivalents	2%	1%	0% - 5%
Equity securities	55%	55%	45% - 65%
Fixed income securities	38%	38%	30% - 50%
Real estate	5%	6%	4% - 6%
	100%	100%	100%

The basic goal underlying the pension plan investment policy is to ensure that the assets of the plans, along with expected plan sponsor contributions, will be invested in a prudent manner to meet the obligations of the plans as those obligations come due under a broad range of potential economic and financial scenarios, maximize the long-term investment return with an acceptable level of risk based on such obligations, and broadly diversify investments

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across and within the capital markets to protect asset values against adverse movements in any one market. The Company's investment strategy balances the requirement to maximize returns using potentially higher return generating assets, such as equity securities, with the need to manage the risk of such investments with less volatile assets, such as fixed-income securities. Investment practices must comply with the requirements of ERISA and any other applicable laws and regulations. The Company, in consultation with its investment advisors, has determined a targeted allocation of invested assets by category and it works with its advisors to reasonably maintain the actual allocation of assets near the target. The long term return on assets was estimated based upon historical market performance, expectations of future market performance for debt and equity securities and the related risks of various allocations between debt and equity securities. Numerous asset classes with differing expected rates of return, return volatility and correlations are utilized to reduce risk through diversification.

The Company's pension plan assets are invested in one mutual fund for each fund classification. The following table presents the fair value of pension plan assets classified under the appropriate level of the ASC 820 fair value hierarchy (see Note 2 for a description of the fair value hierarchy) as of December 31, 2015 and 2014:

Pension Plan Assets	As of December 31, 2015			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Fixed income funds	\$ 17,926	\$	\$	\$ 17,926
Large cap funds	14,718			14,718
Small cap funds	4,371			4,371
International funds	6,538			6,538
Real estate funds	2,520			2,520
Cash and equivalents	694			694
Total	\$ 46,767	\$	\$	\$ 46,767

Pension Plan Assets	As of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Fixed income funds	\$ 19,276	\$	\$	\$ 19,276
Large cap funds	15,422			15,422

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Small cap funds	5,024			5,024
International funds	7,382			7,382
Real estate funds	2,982			2,982
Cash and equivalents	721			721
Total	\$ 50,807	\$	\$	\$ 50,807

The Company also maintains qualified defined contribution plans, which provide benefits to their employees based on employee contributions and employee earnings, with discretionary contributions allowed. Expenses related to these plans were \$2,857, \$1,649 and \$1,465 for the years ended December 31, 2015, 2014 and 2013, respectively.

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Note 15 - Income Taxes

The provision (benefit) for income taxes for the periods indicated includes current and deferred components as follows:

	Year Ended December 31,		
	2015	2014	2013
Current taxes			
Federal	\$ 16,768	\$ 325	\$
State	751	93	14
	17,519	418	14
Deferred taxes			
Federal	(2,767)	1,666	(11,554)
State	88	325	5,833
	(2,679)	1,991	(5,721)
Interest expense, gross of related tax effects	(9)	159	170
Total provision (benefit)	\$ 14,831	\$ 2,568	\$ (5,537)

The provision (benefit) for income taxes for the periods indicated differs from the amounts computed by applying the federal statutory rate as follows:

	Year Ended December 31,		
	2015	2014	2013
Statutory U.S. federal income tax rate	35.0%	35.0%	(35.0)%
State income taxes, net of federal tax benefit	3.2%	5.8%	(2.5)%
Valuation allowance	(1.0)%	(2.4)%	9.0%
Goodwill amortization	0.0%	0.0%	(3.4)%

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Domestic manufacturing deduction	(3.6)%	0.0%	0.0%
Nondeductible expenses	0.2%	1.0%	0.4%
State rate and other changes on deferred taxes	0.4%	2.1%	8.8%
Federal and state credits	(2.7)%	(9.4)%	0.0%
Uncertain tax positions	0.4%	1.3%	0.4%
Other	(0.1)%	(3.1)%	0.0%
Effective income tax rate	31.8%	30.3%	(22.3)%

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Deferred income taxes result from temporary differences in the financial and tax basis of assets and liabilities. Components of deferred tax assets (liabilities) consisted of the following:

Description	December 31, 2015		December 31, 2014	
	Assets	Liabilities	Assets	Liabilities
Accrued postretirement and pension benefits	\$ 28,033	\$	\$ 28,569	\$
Intangible assets		(2,832)		(2,832)
Accrued workers compensation costs	1,536		1,268	
Accrued warranty costs	3,573		3,396	
Accrued rent	1,109		1,113	
Accrued bonuses	1,951		1,438	
Accrued vacation	779		658	
Accrued contingencies	1,431		1,374	
Deferred gain		(741)		
Deferred state and local incentive revenue	5,417			
Accrued severance	6		43	
Inventory valuation	2,810		1,713	
Property, plant and equipment and railcars on operating leases		(11,204)		(9,613)
Deferred revenue	29		30	
Net operating loss carryforwards	5,873		8,299	
Credit carryforwards			1,828	
Stock-based compensation expense	2,618		2,892	
Other	131			(264)
	55,296	(14,777)	52,621	(12,709)
Valuation allowance	(5,797)		(6,219)	
Deferred tax assets (liabilities)	\$ 49,499	\$ (14,777)	\$ 46,402	\$ (12,709)
Decrease in valuation allowance	\$ (422)		\$ (397)	

In the consolidated balance sheets, these deferred tax assets reflect the net temporary differences between the carrying amount of assets and liabilities for financial reporting and income tax purposes. During November 2015, the FASB

issued ASU 2015-17, *Balance Sheet Classification of Deferred Taxes*, which simplifies the presentation of deferred income taxes. This ASU requires that deferred tax assets and liabilities be classified as noncurrent in a statement of financial position. The Company early adopted ASU 2015-17 effective in the fourth quarter of 2015 on a prospective basis. Adoption of this ASU resulted in a reclassification of our net current deferred tax asset to the net noncurrent deferred tax asset in our consolidated balance sheet as of December 31, 2015. No prior periods were retrospectively adjusted.

A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. Although realization of our net deferred assets is not certain, management has concluded that, based on the positive and negative evidence considered, we will more likely than not realize the full benefit of the deferred tax assets except for our deferred tax assets in certain states. The Company has certain pretax state net operating loss carryforwards of \$99,762, which will expire between 2020 and 2033, of which \$94,518 have a full valuation allowance recorded. In addition to the state valuation allowances, the Company has also provided a full valuation allowance against net operating losses associated with the foreign jurisdictions in which it operates. The remaining losses associated with these jurisdictions will begin to expire in 2016.

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A reconciliation of the beginning and ending gross amounts of unrecognized tax benefits for the years ended December 31, 2015, 2014 and 2013, were as follows:

	2015	2014	2013
Beginning of year balance	\$ 2,444	\$ 2,172	\$ 2,172
Increases in current period tax positions	59	272	
End of year balance	\$ 2,503	\$ 2,444	\$ 2,172

The total estimated unrecognized tax benefit that, if recognized, would affect the Company's effective tax rate by approximately \$1,581, \$1,523 and \$1,251 as of December 31, 2015, 2014 and 2013, respectively. Due to the nature of the Company's unrecognized tax benefits, the Company does not expect changes in its unrecognized tax benefit reserve in the next twelve months to have a material impact on its financial statements. The Company's income tax provision included \$110 of expense (net of a federal tax benefit of \$60), \$110 of expense (net of a federal tax benefit of \$60) and \$96 of expense (net of a federal tax benefit of \$75) related to interest and penalties for the years ended December 31, 2015, 2014 and 2013, respectively. The Company records interest and penalties within tax expense (benefit). Such expenses brought the balance of accrued interest and penalties to \$2,086, \$1,916 and \$1,745 at December 31, 2015, 2014 and 2013, respectively.

The Company and/or its subsidiaries file income tax returns with the U.S. Federal government and in various state and foreign jurisdictions. A summary of tax years that remain subject to examination is as follows:

Jurisdiction	Earliest Year Open to Examination
U.S. Federal	2010
States:	
Pennsylvania	2000
Texas	2008
Illinois	2009
Virginia	2012
Colorado	2010
Indiana	2010

Nebraska	2010
Alabama	2013
Foreign:	
India	2008
Mauritius	2009

Note 16 - Stock-Based Compensation

The Company's incentive compensation plan, titled "The 2005 Long Term Incentive Plan" (as restated to incorporate all amendments, the "Incentive Plan"), was approved by the Company's board of directors and ratified by the stockholders. The Incentive Plan is intended to provide incentives to attract, retain and motivate employees and directors, to provide for competitive compensation opportunities, to encourage long-term service, to recognize individual contributions and reward achievement of performance goals. The Company believes that the Incentive Plan promotes the creation of long-term value for its stockholders by better aligning the interests of its employees and directors with those of its stockholders. The Incentive Plan provides for the grant to eligible persons of stock options, share appreciation rights, or SARs, restricted shares, restricted share units, or RSUs, performance shares, performance units, dividend equivalents and other share-based awards, referred to collectively as the awards. Option awards generally vest based on one to three years of service and have 10 year contractual terms. Share awards generally vest over one to three years. Certain option and share awards provide for accelerated vesting if there is a change in control (as defined in the Incentive Plan). The Incentive Plan will terminate as to future awards on May 17, 2023. Under the Incentive Plan, 2,459,616 shares of common stock have been reserved for issuance (from either authorized but unissued shares or treasury shares), of which 873,378 were available for issuance at December 31, 2015.

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The Company recognizes stock-based compensation expense for stock option awards based on the fair value of the award on the grant date using the Black-Scholes option valuation model. Expected life in years for all stock options awards was determined using the simplified method. The Company believes that it is appropriate to use the simplified method in determining the expected life for options because the Company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term for stock options and due to the limited number of stock option grants to date. Expected volatility was based on the historical volatility of the Company's stock. The risk-free interest rate was based on the U.S. Treasury bond rate for the expected life of the option. The expected dividend yield was based on the latest annualized dividend rate and the current market price of the underlying common stock on the date of the grant. The Company recognizes stock-based compensation for restricted stock awards over the vesting period based on the fair market value of the stock on the date of the award, calculated as the average of the high and low trading prices for the Company's common stock on the award date.

In January 2015, the Company granted performance shares with a performance measurement period from January 1, 2015 through December 31, 2017. The shares will vest and be earned on December 31, 2017, if at all, based on the Company's three-year cumulative basic earnings per share, provided that a minimum three-year average return on invested capital goal is also met or exceeded. The earnings per share threshold and return on invested capital goal were established by the Company's board of directors on the grant date. The Company recognizes stock-based compensation cost for performance shares over the vesting period based on the fair market value of the Company's stock on the award date multiplied by the estimated number of shares to be awarded based on the probable outcome of the performance conditions. As of December 31, 2015, the probable outcome of the performance conditions was estimated to be at the target level.

Grant date fair values of stock option awards were estimated using the Black-Scholes option valuation model with the following assumptions:

Grant Year	Grant Date	Estimated Life	Expected Volatility	Expected Dividend Yield	Risk Free Interest Rate	Grant Date Fair Value Per Share
2014	1/15/2014	6 years	51.03%	0.94%	1.68%	\$ 11.58
2013	1/14/2013	6 years	51.36%	0.98%	0.78%	\$ 10.70
2013	1/18/2013	6 years	51.38%	0.99%	0.77%	\$ 10.82
2013	5/1/2013	6 years	51.43%	1.19%	0.65%	\$ 8.79
2013	10/4/2013	6 years	51.46%	1.17%	1.41%	\$ 9.03

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2012	1/12/2012	6 years	50.86%	0.00%	0.84%	\$ 11.23
2011	1/13/2011	6 years	49.74%	0.00%	1.93%	\$ 14.61
2011	10/3/2011	6 years	49.83%	0.00%	0.87%	\$ 6.61

Stock-based compensation expense of \$2,183, \$2,084 and \$2,289 is included within selling, general and administrative expense for the years ended December 31, 2015, 2014 and 2013, respectively. The total income tax benefit recognized on the consolidated statements of operations for share-based compensation arrangements was \$768, \$735 and \$806 for the years ended December 31, 2015, 2014 and 2013, respectively.

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A summary of the Company's stock options activity and related information at December 31, 2015 and 2014, and changes during the years then ended, is presented below:

	December 31, 2015		2014	
	Options Outstanding	Weighted- Average Exercise Price (per share)	Options Outstanding	Weighted- Average Exercise Price (per share)
Outstanding at the beginning of the year	794,978	\$ 19.41	662,048	\$ 23.46
Granted			191,685	25.55
Exercised	(240,410)	20.48	(6,610)	22.90
Forfeited or expired	(46,785)	19.47	(52,145)	25.11
Outstanding at the end of the year	507,783	\$ 24.80	794,978	\$ 19.41
Exercisable at the end of the year	364,306	\$ 24.91	492,468	\$ 23.58

The weighted-average grant-date fair value per share of stock options granted during the years ended December 31, 2014 and 2013, was \$11.58 and \$10.04, respectively. There were no stock options granted during 2015.

A summary of the Company's stock options outstanding as of December 31, 2015 is presented below:

	Options Outstanding	Weighted- Average Remaining Contractual Term (in years)	Weighted- Average Exercise Price (per share)	Aggregate Intrinsic Value
Options outstanding	507,783	6.5	\$ 24.80	\$ 2

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Vested or expected to vest	488,025	6.5	\$ 24.77	\$ 2
Options exercisable	364,306	6.1	\$ 24.91	\$ 2

The intrinsic value of stock options exercised during the year ended December 31, 2015 was \$2,258. Cash received from exercise of stock options during the year ended December 31, 2015 was \$4,925. The intrinsic value of stock options exercised during the year ended December 31, 2014 was \$26. Cash received from exercise of stock options during the year ended December 31, 2014 was \$151. As of December 31, 2015, there was \$700 of total unrecognized compensation expense related to nonvested options, which will be recognized over the remaining requisite service period of 12 months.

Table of Contents**FreightCar America, Inc. and Subsidiaries****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)****For the Years Ended December 31, 2015, 2014 and 2013**

(in thousands, except for share and per share data)

A summary of the Company's nonvested restricted shares as of December 31, 2015 and 2014, and changes during the years then ended is presented below:

	December 31, 2015		2014	
	Shares	Weighted- Average Grant Date Fair Value (per share)	Shares	Weighted- Average Grant Date Fair Value (per share)
Nonvested at the beginning of the year	56,875	\$ 24.04	74,147	\$ 22.40
Granted	66,017	24.04	24,212	25.48
Vested	(30,840)	24.47	(35,827)	21.64
Forfeited or expired	(6,735)	23.99	(5,657)	23.97
Nonvested at the end of the year	85,317	\$ 23.75	56,875	\$ 24.04
Expected to vest	77,024	\$ 23.59	48,651	\$ 23.53

The weighted-average grant-date fair value per share of stock awards granted during the years ended December 31, 2015, 2014 and 2013, was \$24.04, \$25.48 and \$22.47, respectively. The fair value of stock awards vested during the years ended December 31, 2015, 2014 and 2013, was \$754, \$903 and \$612, respectively, based on the value at vesting date. As of December 31, 2015, there was \$965 of total unrecognized compensation expense related to nonvested restricted stock awards, which will be recognized over the average remaining requisite service period of 35 months.

Note 17 - Risks and Contingencies

The Company is involved in various warranty and repair claims and, in certain cases, related pending and threatened legal proceedings with its customers in the normal course of business. In the opinion of management, the Company's potential losses in excess of the accrued warranty and legal provisions, if any, are not expected to be material to the Company's consolidated financial condition, results of operations or cash flows.

On July 8, 2013, the Company filed a Complaint for Declaratory Judgment (the Complaint) in the United States District Court for the Northern District of Illinois, Eastern Division (the Illinois Court). The case named as defendants the United Steel, Paper & Forestry, Rubber, Manufacturing, Energy, Allied Industrial & Services Workers International Union, AFL-CIO, CLC (the USW), as well as approximately 650 individual Retiree Defendants (as defined in the Complaint). On July 9, 2013, the USW and certain Retiree Defendants (collectively, the Pennsylvania Plaintiffs) filed a putative class action in the United States District Court for the Western District of Pennsylvania (the Pennsylvania Court), captioned as *Zanghi, et al. v. FreightCar America, Inc., et al.*, Case No. 3:13-cv-146. Both of the complaints related to the Company's decision to terminate welfare benefits previously provided to the Retiree Defendants.

On August 20, 2015, the Company reached a settlement agreement with the USW and the other plaintiffs. Pursuant to the settlement agreement, the parties agreed that (1) USW will create a voluntary employee's beneficiary association trust fund (the VEBA) that will administer the payment of health and welfare benefits to class members and will be administered independently of the Company, (2) the Company will make a one-time contribution to the VEBA of \$31,450, (3) the Company will pay an award for plaintiffs' attorneys' fees in the amount of \$1,300, (4) if the Company fails to make the required payments to the VEBA prior to February 16, 2016, interest on the unpaid amounts will accrue at a rate of 5% per annum, subject to a cap of \$250, and (5) class members will fully and finally release all claims against the Company in accordance with the terms of the settlement agreement. The Pennsylvania Court granted final approval of the settlement on January 19, 2016. The plaintiffs had until February 18, 2016 to file an appeal of the court order granting final approval of the settlement. On February 17, 2016, certain class members requested a 30-day extension to file an appeal, which the Pennsylvania Court denied on February 22, 2016. The Company expects to make the cash settlement payment on or after March 23, 2016.

Table of Contents**FreightCar America, Inc. and Subsidiaries****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)****For the Years Ended December 31, 2015, 2014 and 2013**

(in thousands, except for share and per share data)

On April 17, 2015 and September 30, 2015, National Steel Car Limited (NSC) filed Complaints for Patent Infringement against the Company in the United States District Court for the Northern District of Illinois (Eastern Division) in Chicago, Illinois. The Complaints assert five United States patents against certain aggregate gondola freight cars sold to Martin-Marietta and Progress Rail. The Complaints seek injunctive relief and an unspecified amount of damages. On January 29, 2016, NSC amended the Complaints, alleging that eighteen offers to sell made by the Company also infringed NSC 's patents. The Company filed its Answer to NSC 's Amended Complaint on February 16, 2016, responding to NSC 's newly raised allegations, and adding new affirmative defenses as well as counterclaims for non-infringement and invalidity. The Company believes that the complaints are without merit and intends to vigorously defend against the allegations. While the ultimate outcome of these proceedings cannot be determined at this time, it is the opinion of management that the resolution of these actions will not have a material adverse effect on the Company 's financial position, results of operations or cash flows.

On September 29, 2008, Bral Corporation, a supplier of certain railcar parts to the Company, filed a complaint against the Company in the U.S. District Court for the Western District of Pennsylvania (the Pennsylvania Lawsuit). The complaint alleged that the Company breached an exclusive supply agreement with Bral by purchasing parts from CMN Components, Inc. (CMN) and sought damages in an unspecified amount, attorneys ' fees and other legal costs. On December 14, 2007, Bral sued CMN in the U.S. District Court for the Northern District of Illinois, alleging among other things that CMN interfered in the business relationship between Bral and the Company (the Illinois Lawsuit) and seeking damages in an unspecified amount, attorneys ' fees and other legal costs. On October 22, 2008, the Company entered into an Assignment of Claims Agreement with CMN under which CMN assigned to the Company its counterclaims against Bral in the Illinois Lawsuit and the Company agreed to defend and indemnify CMN against Bral 's claims in that lawsuit. On March 4, 2013, Bral Corporation and the Company agreed to settle the Illinois Lawsuit and the Pennsylvania Lawsuit. The settlement resulted in a \$3,884 reduction in litigation reserves, which favorably impacted the Company 's results of operations for the year ended December 31, 2013.

In addition to the foregoing, the Company is involved in certain other pending and threatened legal proceedings, including commercial disputes and workers ' compensation and employee matters arising out of the conduct of its business. While the ultimate outcome of these other legal proceedings cannot be determined at this time, it is the opinion of management that the resolution of these other actions will not have a material adverse effect on the Company 's financial condition, results of operations or cash flows.

Note 18 - Other Commitments

The Company leases certain property and equipment under long-term operating leases expiring at various dates through 2024. The leases generally contain specific renewal options at lease-end at the then fair market amounts.

Future minimum lease payments at December 31, 2015 are as follows:

2016	\$ 9,909
2017	9,572
2018	9,621
2019	9,693
2020	10,009
Thereafter	18,800
	\$ 67,604

The Company is liable for maintenance, insurance and similar costs under most of its leases and such costs are not included in the future minimum lease payments. Total rental expense for the years ended December 31, 2015, 2014 and 2013, was \$10,413, \$9,583 and \$8,893, respectively.

Table of Contents**FreightCar America, Inc. and Subsidiaries****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)****For the Years Ended December 31, 2015, 2014 and 2013**

(in thousands, except for share and per share data)

The Company is party to certain non-cancelable fixed price agreements to purchase fixed amounts of materials used in the manufacturing process. These purchase commitments are typically entered into after a customer places an order for railcars. The Company expects to take delivery of such materials during 2016. In addition, the Company has other non-cancelable agreements with its suppliers to purchase certain materials used in the manufacturing process. The commitments may vary based on the actual quantities ordered and be subject to the actual price when ordered. At December 31, 2015, the Company had purchase commitments under these agreements as follows:

2016	\$ 8,200
2017	7,930
2018	
2019	
2020	
Thereafter	
	\$ 16,130

Purchases related to these agreements were approximately \$24,537, \$18,188 and \$19,273 for the years ended December 31, 2015, 2014 and 2013, respectively.

Note 19 Earnings Per Share

The weighted average common shares outstanding are as follows:

	Year Ended December 31,		
	2015	2014	2013
Weighted average common shares outstanding	12,175,955	12,001,587	11,954,238
Dilutive effect of employee stock options and restricted share awards	41,800	101,933	
Weighted average diluted common shares outstanding	12,217,755	12,103,520	11,954,238

The Company computes earnings (loss) per share using the two-class method, which is an earnings (loss) allocation formula that determines earnings (loss) per share for common stock and participating securities. The Company's participating securities are its grants of restricted stock which contain non-forfeitable rights to dividends. The Company computes basic earnings per share by dividing net income (loss) allocated to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share is calculated to give effect to all potentially dilutive common shares that were outstanding during the year. Weighted average diluted common shares outstanding include the incremental shares that would be issued upon the assumed exercise of stock options and the assumed vesting of nonvested share awards. For the years ended December 31, 2015, 2014 and 2013, 475,847, 397,697 and 737,473 shares, respectively, were not included in the weighted average common shares outstanding calculation as they were anti-dilutive.

Table of Contents**FreightCar America, Inc. and Subsidiaries****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)****For the Years Ended December 31, 2015, 2014 and 2013**

(in thousands, except for share and per share data)

Note 20 Revenue Sources and Concentration of Sales

The following table sets forth the Company's sales resulting from various revenue sources for the periods indicated below:

	Year ended December 31,		
	2015	2014	2013
New railcar sales	\$ 607,110	\$ 352,501	\$ 103,543
Rebuild railcar sales	136,025	204,009	142,977
Used railcar sales		74	1,238
Parts sales	9,845	15,758	10,825
Leasing revenues	2,654	6,069	5,776
Maintenance and repair revenues	17,020	19,612	24,866
Other sales	200	495	1,168
	\$ 772,854	\$ 598,518	\$ 290,393

Due to the nature of its operations, the Company is subject to significant concentration of risks related to business with a few customers. Sales to the Company's top three customers accounted for 22%, 19% and 10%, respectively, of revenues for the year ended December 31, 2015. Sales to the Company's top three customers accounted for 36%, 20% and 13%, respectively, of revenues for the year ended December 31, 2014. Sales to the Company's top three customers accounted for 45%, 12% and 6%, respectively, of revenues for the year ended December 31, 2013. The Company's sales to customers outside the United States were \$62,589, \$18,331 and \$21,421 in 2015, 2014 and 2013, respectively.

Note 21 - Labor Agreements

A collective bargaining agreement at one of the Company's facilities that covers approximately 11% and 13% of the Company's active labor force at December 31, 2015 and 2014, respectively, expires on March 31, 2017. A collective bargaining agreement at a facility that covers approximately 12% and 16% of the Company's active labor force at December 31, 2015 and 2014, respectively, expires on October 31, 2018. The facility was idled during 2013 and resumed production in June 2014. Given the challenged coal market and the completion of the Company's recent rebuild program, operations at the facility will be significantly curtailed in 2016.

Note 22 - Selected Quarterly Financial Data (Unaudited)

Quarterly financial data is as follows:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2015				
Revenues	\$ 92,804	\$ 235,637	\$ 241,114	\$ 203,299
Gross profit	4,553	21,806	29,050	27,252
Net (loss) income ⁽¹⁾	(2,073)	7,397	14,827	11,654
Net(loss) income per common share-basic	\$ (0.17)	\$ 0.60	\$ 1.20	\$ 0.95
Net (loss) income per common share-diluted	\$ (0.17)	\$ 0.60	\$ 1.20	\$ 0.94
2014				
Revenues	\$ 56,086	\$ 139,688	\$ 190,280	\$ 212,464
Gross profit	(3,152)	11,054	18,819	15,622
Net (loss) income ⁽²⁾	(6,949)	1,615	6,432	4,806
Net(loss) income per common share-basic	\$ (0.58)	\$ 0.13	\$ 0.53	\$ 0.40
Net (loss) income per common share-diluted	\$ (0.58)	\$ 0.13	\$ 0.53	\$ 0.39

- (1) Results for the third quarter of 2015 include a \$4,578 gain on the sale of the Company's railcar repair and maintenance services business.

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FreightCar America, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Years Ended December 31, 2015, 2014 and 2013

(in thousands, except for share and per share data)

⁽²⁾ Results for the third quarter of 2014 include a \$1,078 gain on the sale of the Company's closed railcar maintenance and repair facility.

Note 23 Segment Information

On September 30, 2015, the Company sold its railcar repair and maintenance services business. Through September 30, 2015, the Company's operations comprised two reportable segments, Manufacturing and Services. As of October 1, 2015, the Company's operations comprise two operating segments, Manufacturing and Parts, and one reportable segment, Manufacturing. The Company's Manufacturing segment includes new railcar manufacturing, used railcar sales, railcar leasing and major railcar rebuilds. The Company's Parts operating segment is not expected to be of continuing significance for separate reporting and has been combined with corporate business activities that are not considered operating segments as Corporate and Other. Prior period segment information has been recast to include general railcar repair and maintenance and inspections through September 30, 2015 and parts sales through December 31, 2015 in Corporate and Other.

Segment operating income is an internal performance measure used by the Company's Chief Operating Decision Maker to assess the performance of each segment in a given period. Segment operating income includes all external revenues attributable to the segments as well as operating costs and income that management believes are directly attributable to the current production of goods and services. The Company's management reporting package does not include interest revenue, interest expense or income taxes allocated to individual segments and these items are not considered as a component of segment operating income. Segment assets represent operating assets and exclude intersegment accounts, deferred tax assets and income tax receivables. The Company does not allocate cash and cash equivalents to its operating segments as the Company's treasury function is managed at the corporate level. The accounting policies of the business segments are the same as those described in the summary of significant accounting policies in Note 2. Intersegment revenues were not material in any period presented.

Table of Contents**FreightCar America, Inc. and Subsidiaries****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)****For the Years Ended December 31, 2015, 2014 and 2013**

(in thousands, except for share and per share data)

	Year Ended December 31,		
	2015	2014	2013
Revenues:			
Manufacturing	\$ 745,723	\$ 562,719	\$ 253,777
Corporate and Other	27,131	35,799	36,616
Consolidated Revenues	\$ 772,854	\$ 598,518	\$ 290,393
Operating Income (Loss):			
Manufacturing	\$ 69,165	\$ 32,150	\$ (3,361)
Corporate and Other	(22,402)	(22,643)	(20,726)
Consolidated Operating Income (Loss)	46,763	9,507	(24,087)
Consolidated interest expense and deferred financing costs	(243)	(1,077)	(809)
Consolidated other income	116	42	64
Consolidated Income (Loss) Before Income Taxes	\$ 46,636	\$ 8,472	\$ (24,832)
Depreciation and Amortization:			
Manufacturing	\$ 7,170	\$ 6,858	\$ 6,485
Corporate and Other	2,858	3,211	3,592
Consolidated Depreciation and Amortization	\$ 10,028	\$ 10,069	\$ 10,077
Capital Expenditures:			
Manufacturing	\$ 14,843	\$ 10,952	\$ 15,835
Corporate and Other	1,856	850	1,482
Consolidated Capital Expenditures	\$ 16,699	\$ 11,802	\$ 17,317

	December 31, 2015	December 31, 2014
Assets:		
Manufacturing	\$ 238,841	\$ 157,505

Corporate and Other	133,341	193,891
Total Operating Assets	372,182	351,396
Consolidated income taxes receivable		164
Consolidated deferred income taxes, current		12,139
Consolidated deferred income taxes, long-term	34,722	21,553
Consolidated Assets	\$ 406,904	\$ 385,252

Note 24 Sale of Repair and Maintenance Services Business

On September 30, 2015, the Company sold its railcar repair and maintenance services business for an aggregate purchase price of \$20,000. The sale included assets of FCRS, which operated the Company's railcar repair and maintenance services business, and FCSL, which owned a short-line railway. The net book value of assets that were sold was \$14,283, which included accounts receivable of \$2,776, inventory of \$2,537, property plant and equipment of \$7,740 and intangible assets of \$1,230. The sale will allow the Company to increase its focus on its railcar manufacturing, parts and leasing business as the Company continues to broaden its product portfolio through the introduction of new railcar types and implements operational improvements, enhancing productivity through training, technology and automation. The asset purchase agreement relating to the sale (the Asset Purchase Agreement) contains customary representations, warranties, covenants and indemnities. On September 30, 2015,

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FreightCar America, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Years Ended December 31, 2015, 2014 and 2013

(in thousands, except for share and per share data)

\$1,960 of the aggregate purchase price was placed into escrow (which is recorded as a long-term receivable) in order to secure the indemnification obligations of FCRS and FCSL under the Asset Purchase Agreement and \$451 was used to settle certain liabilities of FCRS and FCSL, resulting in cash proceeds to the Company of \$17,589. Twenty-five percent (25%) of the escrow amount, reduced by the amount of any pending claims, will be released to FCRS on each of the dates that are 18 months and three years after the closing date of the transaction and the remaining amount, reduced by the amount of any pending claims, will be released to FCRS on the fifth anniversary of the closing date of the transaction. As a result of the sale, the Company recorded a pre-tax gain of \$4,578.

In December 2013, the Company closed its underperforming maintenance and repair shop in Clinton, Indiana, reduced the carrying values of repair shop assets to their estimated fair market value, representing the estimated salvage values of building, equipment and rail at the facility and the estimated sales value of the associated land, and recorded restructuring and impairment charges of \$1,741. Sale of the repair shop assets to a strategic buyer in September 2014 resulted in a pre-tax gain of \$1,078.

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Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, management evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)), as of the end of the period covered by our annual report on Form 10-K for the fiscal year ended December 31, 2015 (the Evaluation Date). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of the Evaluation Date, our disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission s rules and forms.

MANAGEMENT S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act, is a process designed by, or under the supervision of, the Chief Executive Officer and Chief Financial Officer and effected by the board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with GAAP. Internal control over financial reporting includes those policies and procedures that:

Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP;

Provide reasonable assurance that receipts and expenditures of the Company are being made only in accordance with appropriate authorization of management and the board of directors; and

Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company s assets that could have a material effect on the financial statements.

As of the end of the Company s 2015 fiscal year, management conducted an evaluation of the effectiveness of the Company s internal control over financial reporting based on the framework established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s system of internal control over financial reporting is designed to provide reasonable assurance to the

Company's management and board of directors regarding the reliability of financial records used in preparation of the Company's published financial statements. As all internal control systems have inherent limitations, even systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Based on its assessment, management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2015.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2015 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There has been no change in our internal control over financial reporting during the last fiscal quarter of 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Information required to be disclosed by this item is hereby incorporated by reference to the information under the captions Governance of the Company, Stock Ownership, Section 16(a) Beneficial Ownership Reporting Compliance, Executive Officers, Compensation Discussion and Analysis and Executive Compensation in our definitive Proxy Statement to be filed pursuant to Regulation 14A, which Proxy Statement is anticipated to be filed with the Securities and Exchange Commission within 120 days after the end of our fiscal year ended December 31, 2015.

Item 11. Executive Compensation.

Information required to be disclosed by this item is hereby incorporated by reference to the information under the captions Executive Compensation, Board of Directors, Compensation Discussion and Analysis and Director Compensation in our definitive Proxy Statement to be filed pursuant to Regulation 14A, which Proxy Statement is anticipated to be filed with the Securities and Exchange Commission within 120 days after the end of our fiscal year ended December 31, 2015.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Information required to be disclosed by this item is hereby incorporated by reference to the information under the captions Stock Ownership and Equity Compensation Plan Information in our definitive Proxy Statement to be filed pursuant to Regulation 14A, which Proxy Statement is anticipated to be filed with the Securities and Exchange Commission within 120 days after the end of our fiscal year ended December 31, 2015.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Information required to be disclosed by this item is hereby incorporated by reference to the information under the captions Certain Transactions and Board of Directors in our definitive Proxy Statement to be filed pursuant to Regulation 14A, which Proxy Statement is anticipated to be filed with the Securities and Exchange Commission within 120 days after the end of our fiscal year ended December 31, 2015.

Item 14. Principal Accounting Fees and Services.

Information required to be disclosed by this item is hereby incorporated by reference to the information under the caption Fees of Independent Registered Public Accounting Firm and Audit Committee Report in our definitive Proxy Statement to be filed pursuant to Regulation 14A, which Proxy Statement is anticipated to be filed with the Securities and Exchange Commission within 120 days after the end of our fiscal year ended December 31, 2015.

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PART IV

**Item 15. Exhibits, Financial Statement Schedules.
Exhibits**

(a) Documents filed as part of this report:

The following financial statements are included in this Form 10-K:

1. Consolidated Financial Statements of FreightCar America, Inc. and Subsidiaries

Reports of Independent Registered Public Accounting Firm.

Consolidated Balance Sheets as of December 31, 2015 and 2014.

Consolidated Statements of Operations for the years ended December 31, 2015, 2014 and 2013.

Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2015, 2014 and 2013.

Consolidated Statements of Stockholders' Equity for the years ended December 31, 2015, 2014 and 2013.

Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013.

Notes to Consolidated Financial Statements.

2. Financial Statement Schedule

The following financial statement schedule is a part of this Form 10-K and should be read in conjunction with our audited consolidated financial statements.

Schedule II Valuation and Qualifying Accounts

All other financial statement schedules are omitted because such schedules are not required or the information required has been presented in the aforementioned financial statements.

3. The exhibits listed on the Exhibit Index to this Form 10-K are filed with this Form 10-K or incorporated by reference as set forth below.

(b) The exhibits listed on the Exhibit Index to this Form 10-K are filed with this Form 10-K or incorporated by reference as set forth below.

(c) Additional Financial Statement Schedules

None.

Table of Contents**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FREIGHTCAR AMERICA, INC.

Date: March 4, 2016

By: /s/ JOSEPH E. MCNEELY
Joseph E. McNeely, President and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ JOSEPH E. MCNEELY Joseph E. McNeely	President and Chief Executive Officer (principal executive officer) and Director	March 4, 2016
/s/ MATTHEW S. KOHNKE Matthew S. Kohnke	Vice President, Finance, Chief Financial Officer and Treasurer (principal financial officer)	March 4, 2016
/s/ JOSEPH J. MALIEKEL Joseph J. Maliekel	Vice President and Corporate Controller (principal accounting officer)	March 4, 2016
/s/ WILLIAM D. GEHL William D. Gehl	Chairman of the Board and Director	March 4, 2016
/s/ JAMES D. CIRAR James D. Cirar	Director	March 4, 2016
/s/ THOMAS A. MADDEN Thomas A. Madden	Director	March 4, 2016
/s/ MALCOLM F. MOORE Malcolm F. Moore	Director	March 4, 2016
/s/ ANDREW B. SCHMITT Andrew B. Schmitt	Director	March 4, 2016

Andrew B. Schmitt

/s/ S. CARL SODERSTROM, JR.

Director

March 4, 2016

S. Carl Soderstrom, Jr.

Table of Contents**FreightCar America, Inc. and Subsidiaries****Schedule II Valuation and Qualifying Accounts****For the Years Ended December 31, 2015, 2014 and 2013**

(in thousands)

	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Deductions, Accounts Charged Off and Recoveries of Amounts Previously Written Off	Balance at End of Period
Year Ended December 31, 2015				
Allowance for doubtful accounts	\$ 188	\$	\$ (106)	\$ 82
Deferred tax assets valuation allowance	6,219		(422)	5,797
Inventory reserve	2,381	1,458	(46)	3,793
Year Ended December 31, 2014				
Allowance for doubtful accounts	\$ 221	\$	\$ (33)	\$ 188
Deferred tax assets valuation allowance	6,616		(397)	6,219
Inventory reserve	1,793	1,252	(664)	2,381
Year Ended December 31, 2013				
Allowance for doubtful accounts	\$ 299	\$	\$ (78)	\$ 221
Deferred tax assets valuation allowance	4,582	2,034		6,616
Inventory reserve	1,565	697	(469)	1,793

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EXHIBIT INDEX

- 2.1 Asset Purchase Agreement, dated September 30, 2015, by and among FreightCar Rail Services, LLC, FreightCar Short Line, Inc. and ARS Nebraska, LLC. (incorporated by reference to Exhibit 2.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2015 filed with the Commission on November 3, 2015).
- 3.1 Certificate of Ownership and Merger of FreightCar America, Inc. into FCA Acquisition Corp., as amended (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Commission on September 7, 2006).
- 3.2 Third Amended and Restated By-laws of FreightCar America, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report filed on Form 8-K filed with the Commission on September 28, 2007).
- 4.1 Form of Registration Rights Agreement, by and among FreightCar America, Inc., Hancock Mezzanine Partners, L.P., John Hancock Life Insurance Company, Caravelle Investment Fund, L.L.C., Trimaran Investments II, L.L.C., Camillo M. Santomero, III, and the investors listed on Exhibit A attached thereto (incorporated by reference to Exhibit 4.3 to Registration Statement Nos. 333-123384 and 333-123875 filed with the Commission on April 4, 2005).
- 10.1 Letter agreement regarding Terms of Employment dated August 27, 2010 by and between FreightCar America, Inc. and Joseph E. McNeely (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on August 27, 2010).
- 10.2 Letter agreement regarding Terms of Employment dated April 30, 2013 by and between FreightCar America, Inc. and Joseph E. McNeely (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on May 2, 2013).
- 10.3 Letter agreement regarding Terms of Employment dated October 4, 2013 by and between FreightCar America, Inc. and Joseph E. McNeely (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on October 4, 2013).
- 10.4 Letter agreement regarding Terms of Employment dated July 9, 2013 by and between FreightCar America, Inc. and Charles F. Avery, Jr. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on July 22, 2013)
- 10.5 Letter agreement regarding Terms of Employment dated December 13, 2012 by and between FreightCar America, Inc. and Kathleen M. Boege (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on January 4, 2013).
- 10.6 Employment agreement of Thomas P. McCarthy dated as of June 4, 2007, by and between FreightCar America, Inc. and Thomas P. McCarthy (incorporated by reference to Exhibit 10.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010)
- 10.7 Amendment to employment agreement of Thomas P. McCarthy dated as of December 29, 2008. (incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010)
- 10.8 Letter agreement regarding Terms of Employment dated November 17, 2015 by and between FreightCar America, Inc. and Georgia L. Vlamis (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on December 2, 2015).

- 10.9 Letter agreement regarding Terms of Employment dated January 19, 2016 by and between FreightCar America, Inc. and Matthew S. Kohnke (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on January 25, 2016).
- 10.10 FreightCar America, Inc. 2005 Long Term Incentive Plan (Restated to incorporate all Amendments) (incorporated by reference to Appendix I to the Company's Proxy Statement for the annual meeting of stockholders held on May 17, 2013 filed with the Commission on April 12, 2013).
- 10.11 Form of Restricted Share Award Agreement for the Company's employees (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on December 12, 2005).

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- 10.12 Form of Restricted Share Award Agreement for the Company's independent directors (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on January 27, 2006).
- 10.13 Form of Restricted Share Award Agreement for the Company's employees (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on January 15, 2008).
- 10.14 Form of Stock Option Award Agreement for the Company's employees (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on January 15, 2008).
- 10.15 Form of Performance Share Award Agreement for the Company's employees (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on January 16, 2015).
- 10.16 Lease Agreement, dated as of December 20, 2004, by and between Norfolk Southern Railway Company and Johnstown America Corporation (the Lease Agreement) (incorporated by reference to Exhibit 10.27 to Registration Statement Nos. 333-123384 and 333-123875 filed with the Commission on April 4, 2005).*
- 10.17 Amendment to the Lease Agreement, dated as of December 1, 2005 (incorporated by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005).*
- 10.18 Second Amendment to the Lease Agreement, dated as of February 1, 2008, by and between Norfolk Southern Railway Company and Johnstown America Corporation (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2008 filed with the Commission on May 12, 2008).
- 10.19 Amendment to Lease, dated as of October 12, 2012, by and between Norfolk Southern Railway Company and Johnstown America Corporation (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2012 filed with the Commission on November 9, 2012).*
- 10.20 Amendment to Lease Agreement, dated as of November 23, 2015, by and between Norfolk Southern Railway Company and Johnstown America Corporation.**
- 10.21 Sublease, dated as of February 19, 2013, by and between Navistar, Inc. and FreightCar Alabama, LLC (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013 filed with the Commission on May 10, 2013).*
- 10.22 Amendment to Sublease, dated as of March 11, 2013, by and among Teachers' Retirement Systems of Alabama, Employees' Retirement System of Alabama, Navistar, Inc. and FreightCar Alabama, LLC (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013 filed with the Commission on May 10, 2013).*
- 10.23 Second Amendment to Sublease and Consent to Sublease, dated October 27, 2014, by and among Teachers' Retirement Systems of Alabama, Employees' Retirement System of Alabama, Navistar, Inc. and FreightCar Alabama, LLC.**
- 10.24 Credit Agreement, dated as of July 26, 2013, by and among FreightCar America, Inc. and certain of its subsidiaries and Bank of America, N.A. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on August 1, 2013).
- 10.25 Security and Pledge Agreement, dated as of July 26, 2013, by and among FreightCar America, Inc. and certain of its subsidiaries and Bank of America, N.A. (incorporated by reference to Exhibit 10.2 to the

Company's Current Report on Form 8-K filed with the Commission on August 1, 2013).

- 10.26 FreightCar America, Inc. Executive Severance Plan (and Summary Plan Description) (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on September 30, 2009).

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10.27	Amendment of the FreightCar America, Inc. Executive Severance Plan dated December 4, 2012. (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012)
10.28	Form of Letter of Resignation (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on December 19, 2006).
10.29	Form of Letter of Resignation (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on December 20, 2009).
10.30	Form of Indemnification Agreement between FreightCar America, Inc. and each of its current directors (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on March 24, 2010).
21	Subsidiaries of FreightCar America, Inc.
23	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Confidential treatment has been granted for the redacted portions of this exhibit. A complete copy of the exhibit, including the redacted portions, has been filed separately with the Securities and Exchange Commission.

** Confidential treatment has been requested for the redacted portions of this exhibit. A complete copy of the exhibit, including the redacted portions, has been filed separately with the Securities and Exchange Commission.