

FreightCar America, Inc.
Form 10-Q
November 01, 2018
[Table of Contents](#)

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

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the Quarterly Period Ended September 30, 2018

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

Commission file number: 000-51237

FREIGHTCAR AMERICA, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

25-1837219
(I.R.S. Employer Identification No.)

Two North Riverside Plaza, Suite 1300

Chicago, Illinois
(Address of principal executive offices)

60606
(Zip Code)

(800) 458-2235

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act.:

Large accelerated filer

Accelerated Filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by a check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act:

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

As of October 29, 2018, there were 12,461,648 shares of the registrant's common stock outstanding.

Table of Contents

FREIGHTCAR AMERICA, INC.

INDEX TO FORM 10-Q

Item Number		Page Number
PART I FINANCIAL INFORMATION		
1.	<u>Financial Statements:</u>	
	<u>Condensed Consolidated Balance Sheets (Unaudited) as of September 30, 2018 and December 31, 2017</u>	3
	<u>Condensed Consolidated Statements of Operations (Unaudited) for the Three and Nine Months Ended September 30, 2018 and 2017</u>	4
	<u>Condensed Consolidated Statements of Comprehensive Loss (Unaudited) for the Three and Nine Months Ended September 30, 2018 and 2017</u>	5
	<u>Condensed Consolidated Statements of Stockholders' Equity (Unaudited) for the Nine Months Ended September 30, 2018 and 2017</u>	6
	<u>Condensed Consolidated Statements of Cash Flows (Unaudited) for the Nine Months Ended September 30, 2018 and 2017</u>	7
	<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	8
2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	20
3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	26
4.	<u>Controls and Procedures</u>	26
PART II OTHER INFORMATION		
1.	<u>Legal Proceedings</u>	26
1A.	<u>Risk Factors</u>	26
2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	26
3.	<u>Defaults Upon Senior Securities</u>	27
4.	<u>Mine Safety Disclosures</u>	27
5.	<u>Other Information</u>	27
6.	<u>Exhibits</u>	27
	<u>Signatures</u>	28

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements.****FreightCar America, Inc.****Condensed Consolidated Balance Sheets****(Unaudited)**

	September 30, 2018	December 31, 2017
	(in thousands, except for share and per share data)	
Assets		
Current assets		
Cash, cash equivalents and restricted cash equivalents	\$ 32,876	\$ 87,788
Restricted certificates of deposit	5,452	5,720
Marketable securities	27,262	42,917
Accounts receivable, net of allowance for doubtful accounts of \$111 and \$56, respectively	38,886	7,581
Inventories, net	62,693	45,292
Inventory on lease	37,778	5,550
Other current assets	5,453	5,099
Total current assets	210,400	199,947
Property, plant and equipment, net	47,273	38,253
Railcars available for lease, net	27,903	23,434
Goodwill	21,521	21,521
Deferred income taxes, net	14,256	9,446
Other long-term assets	3,150	3,303
Total assets	\$ 324,503	\$ 295,904
Liabilities and Stockholders Equity		
Current liabilities		
Accounts and contractual payables	\$ 42,498	\$ 23,329
Accrued payroll and other employee costs	1,360	1,809
Reserve for workers compensation	3,616	3,394
Accrued warranty	9,526	8,062
Customer deposits	3,000	362
Deferred income state and local incentives, current	2,219	2,219
Deferred rent, current	6,466	178
Other current liabilities	1,273	964
Total current liabilities	69,958	40,317
Accrued pension costs	4,914	5,763

Edgar Filing: FreightCar America, Inc. - Form 10-Q

Accrued postretirement benefits, less current portion	5,294	5,556
Deferred income state and local incentives, long-term	7,496	9,161
Deferred rent, long-term	17,114	2,988
Accrued taxes and other long-term liabilities	405	387
Total liabilities	105,181	64,172
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 September 30, 2018 and December 31, 2017)		
Common stock, \$0.01 par value, 50,000,000 shares authorized, 12,731,678 shares issued at September 30, 2018 and December 31, 2017	127	127
Additional paid in capital	89,854	90,347
Treasury stock, at cost, 268,030 and 336,982 shares at September 30, 2018 and December 31, 2017, respectively	(9,668)	(12,555)
Accumulated other comprehensive loss	(7,459)	(7,567)
Retained earnings	146,468	161,380
Total stockholders' equity	219,322	231,732
Total liabilities and stockholders' equity	\$ 324,503	\$ 295,904

See Notes to Condensed Consolidated Financial Statements (Unaudited).

Table of Contents**FreightCar America, Inc.****Condensed Consolidated Statements of Operations****(Unaudited)**

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
	<i>(In thousands, except for share and per share data)</i>			
Revenues	\$ 78,968	\$ 72,025	\$ 228,684	\$ 330,233
Cost of sales	82,806	79,947	228,279	323,104
Gross (loss) profit	(3,838)	(7,922)	405	7,129
Selling, general and administrative expenses	5,448	10,734	21,829	23,686
Gain on sale of facility	(573)		(573)	
Restructuring and impairment charges		59		1,785
Operating loss	(8,713)	(18,715)	(20,851)	(18,342)
Interest expense and deferred financing costs	(26)	(27)	(85)	(99)
Other income	452	335	1,421	219
Loss before income taxes	(8,287)	(18,407)	(19,515)	(18,222)
Income tax benefit	(2,115)	(6,793)	(4,603)	(6,798)
Net loss	\$ (6,172)	\$ (11,614)	\$ (14,912)	\$ (11,424)
Net loss per common share basic	\$ (0.50)	\$ (0.94)	\$ (1.20)	\$ (0.92)
Net loss per common share diluted	\$ (0.50)	\$ (0.94)	\$ (1.20)	\$ (0.92)
Weighted average common shares outstanding basic	12,325,718	12,293,998	12,316,497	12,282,522
Weighted average common shares outstanding diluted	12,325,718	12,293,998	12,316,497	12,282,522
Dividends declared per common share	\$	\$ 0.09	\$	\$ 0.27

See Notes to Condensed Consolidated Financial Statements (Unaudited).

Table of Contents**FreightCar America, Inc.****Condensed Consolidated Statements of Comprehensive Loss****(Unaudited)**

	Three Months Ended September 30, 2018 2017 (In thousands)		Nine Months Ended September 30, 2018 2017 (In thousands)	
Net loss	\$ (6,172)	\$ (11,614)	\$ (14,912)	\$ (11,424)
Other comprehensive income:				
Pension liability adjustments, net of tax	89	77	265	230
Postretirement liability adjustments, net of tax	(53)	(49)	(157)	(147)
Other comprehensive income	36	28	108	83
Comprehensive loss	\$ (6,136)	\$ (11,586)	\$ (14,804)	\$ (11,341)

See Notes to Condensed Consolidated Financial Statements (Unaudited).

Table of Contents

FreightCar America, Inc.

Condensed Consolidated Statements of Stockholders Equity (Unaudited)

(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, December 31, 2016	12,731,678	\$ 127	\$ 92,025	(351,746)	\$ (14,583)	\$ (8,163)	\$ 187,508	\$ 256,914
Cumulative effect of adoption of ASU 2016-09			215				(215)	
Net loss							(11,424)	(11,424)
Other comprehensive income						83		83
Restricted stock awards			(2,929)	71,753	2,929			
Forfeiture of restricted stock awards			877	(54,675)	(877)			
Employee stock settlement				(1,273)	(19)			(19)
Stock-based compensation recognized			566					566
Cash dividends							(3,351)	(3,351)
Balance, September 30, 2017	12,731,678	\$ 127	\$ 90,754	(335,941)	\$ (12,550)	\$ (8,080)	\$ 172,518	\$ 242,769
Balance, December 31, 2017	12,731,678	\$ 127	\$ 90,347	(336,982)	\$ (12,555)	\$ (7,567)	\$ 161,380	\$ 231,732
Net loss							(14,912)	(14,912)
Other comprehensive income						108		108
Restricted stock awards			(3,141)	85,182	3,141			
			137	(9,141)	(137)			

Forfeiture of restricted stock awards								
Employee stock settlement			(7,089)		(117)			(117)
Stock-based compensation recognized			2,511					2,511

**Balance,
September 30,
2018**

12,731,678 \$ 127 \$ 89,854 (268,030) \$ (9,668) \$ (7,459) \$ 146,468 \$ 219,322

See Notes to Condensed Consolidated Financial Statements (Unaudited).

Table of Contents**FreightCar America, Inc.****Condensed Consolidated Statements of Cash Flows****(Unaudited)**

	Nine Months Ended September 30,	
	2018	2017
	<i>(in thousands)</i>	
Cash flows from operating activities		
Net loss	\$ (14,912)	\$ (11,424)
Adjustments to reconcile net loss to net cash flows (used in) provided by operating activities:		
Net proceeds from Shoals transaction	2,655	
Depreciation and amortization	8,341	7,021
Recognition of deferred income from state and local incentives	(1,665)	(1,664)
Gain on sale of facility	(573)	
Deferred income taxes	(4,840)	(7,489)
Stock-based compensation recognized	2,511	566
Other non-cash items, net	313	610
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(31,305)	6,699
Inventories	(14,465)	27,074
Inventory on lease	(32,228)	
Other assets	406	1,795
Accounts and contractual payables	18,159	(2,424)
Accrued payroll and employee benefits	(449)	(955)
Income taxes receivable/payable	814	12,566
Accrued warranty	1,464	(444)
Other liabilities	(604)	(727)
Accrued pension costs and accrued postretirement benefits	(1,003)	(288)
Net cash flows (used in) provided by operating activities	(67,381)	30,916
Cash flows from investing activities		
Purchase of restricted certificates of deposit	(4,952)	(6,106)
Maturity of restricted certificates of deposit	5,220	2,636
Purchase of securities held to maturity	(101,356)	(63,895)
Proceeds from maturity of securities	117,442	13,000
Cost of railcars available for lease	(5,119)	
Purchase of property, plant and equipment	(1,107)	(613)
Proceeds from sale of property, plant and equipment and railcars available for lease	2,458	119
State and local incentives received		1,410
Net cash flows provided by (used in) investing activities	12,586	(53,449)

Cash flows from financing activities			
Employee stock settlement		(117)	(19)
Cash dividends paid to stockholders			(3,351)
Net cash flows used in financing activities		(117)	(3,370)
Net decrease in cash and cash equivalents		(54,912)	(25,903)
Cash, cash equivalents and restricted cash equivalents at beginning of period		87,788	96,110
Cash, cash equivalents and restricted cash equivalents at end of period	\$	32,876	\$ 70,207
Supplemental cash flow information			
Interest paid	\$	51	\$ 55
Income tax refunds received	\$	552	\$ 11,929
Income tax paid	\$	5	\$ 100

See Notes to Condensed Consolidated Financial Statements (Unaudited).

Table of Contents

FreightCar America, Inc.

Notes to Condensed Consolidated Financial Statements

(Unaudited)

(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; Grand Island, Nebraska; Johnstown, Pennsylvania; Roanoke, Virginia; and Shanghai, People s Republic of China.

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 Basis of Presentation

The accompanying condensed consolidated financial statements include the accounts of FreightCar America, Inc. and subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The foregoing financial information has been prepared in accordance with the accounting principles generally accepted in the United States of America (GAAP) and rules and regulations of the U.S. Securities and Exchange Commission (the SEC) for interim financial reporting. The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. The results of operations for the three and nine months ended September 30, 2018 are not necessarily indicative of the results to be expected for the full year. The accompanying interim financial information is unaudited; however, the Company believes the financial information reflects all adjustments (consisting of items of a normal recurring nature) necessary for a fair presentation of financial position, results of operations and cash flows in conformity with GAAP. The 2017 year-end balance sheet data was derived from the audited financial statements as of December 31, 2017. Certain information and note disclosures normally included in the Company s annual financial statements prepared in accordance with GAAP have been condensed or omitted. These interim financial statements should be read in conjunction with the audited financial statements contained in the Company s annual report on Form 10-K for the year ended December 31, 2017.

Note 3 Recent Accounting Pronouncements

In August 2018, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) 2018-15, *Intangibles Goodwill and Other Internal-Use Software*, which requires capitalization of certain implementation costs incurred in a cloud computing arrangement that is a service contract. ASU 2018-15 is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is

permitted. The Company is currently assessing the impact of this standard on its consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU 2018-14, *Compensation - Retirement Benefits - Defined Benefit Plans General*, which modifies the disclosure requirements for defined benefit and other postretirement plans. ASU 2018-14 eliminates certain disclosures related to accumulated other comprehensive income, plan assets, related parties and the effects of interest rate basis point changes on assumed health care costs, and adds disclosures to address significant gains and losses related to changes in benefit obligations. ASU 2018-14 also clarifies disclosure requirements for projected benefit and accumulated benefit obligations. ASU 2018-14 is effective for fiscal years ending after December 15, 2020, and interim periods within those fiscal years. Early adoption is permitted. Adoption on a retrospective basis for all periods presented is required. The Company is currently assessing the impact of this standard on its consolidated financial statements and related disclosures.

Table of Contents

In February 2018, the FASB issued ASU 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, which permits entities to reclassify tax effects stranded in accumulated other comprehensive income as a result of the recent U.S. tax reform to retained earnings. Companies that elect to reclassify these amounts must reclassify stranded tax effects for all items accounted for in accumulated other comprehensive income. ASU 2018-02 is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. The Company is currently assessing the impact of this standard on its consolidated financial statements and related disclosures.

On January 1, 2018, the Company adopted ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. This standard requires entities to present non-service cost components of net periodic benefit cost in a caption below operating income (loss) and provides that only service cost is eligible to be capitalized in inventory or construction of an asset. This standard requires retrospective application of the change in the statement of operations and prospective application for the capitalization of service cost in assets. Utilizing the practical expedient approach permitted under the standard, based on amounts previously disclosed, the Company reclassified non-service components of net periodic benefit cost from cost of sales, selling, general and administrative expenses and restructuring and impairment charges to other income (expense) in the Condensed Consolidated Statement of Operations. The service cost component is included in cost of sales and selling, general and administrative expenses.

The following table discloses the amount of net periodic benefit cost reclassified as other income for the prior periods presented in the condensed consolidated financial statements as a result of the adoption of ASU 2017-07:

	Three months ended September 30, 2017		
	As reported	Reclassifications	As adjusted
Cost of sales	\$ 79,863	\$ 84	\$ 79,947
Selling, general and administrative expenses	\$ 10,715	\$ 19	\$ 10,734
Other income	\$ 232	\$ 103	\$ 335

	Nine months ended September 30, 2017		
	As reported	Reclassifications	As adjusted
Cost of sales	\$ 322,853	\$ 251	\$ 323,104
Selling, general and administrative expenses	\$ 23,629	\$ 57	\$ 23,686
Restructuring and impairment charges	\$ 2,205	\$ (420)	\$ 1,785
Other income	\$ 331	\$ (112)	\$ 219

On January 1, 2018, the Company adopted the changes required under ASU 2016-18, *Statement of Cash Flows (Topic 230) Restricted Cash*. The ASU requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, restricted cash and restricted cash equivalents. As a result, restricted cash and restricted cash equivalents are included in beginning-of-period and end-of-period total amounts shown on the statement of cash flows and changes in restricted cash and restricted cash equivalents are no longer included in cash flows from investing activities. The Company has applied these changes in presentation retrospectively, which resulted in an increase of \$3,360 in the beginning-of-period balance and an increase of \$3,360 in net cash flows used in investing activities in the Condensed Consolidated Statement of Cash Flows for the nine months ended September 30, 2017. Restricted cash and restricted certificates of deposit are used to collateralize standby letters of credit with respect to performance guarantees and to support the Company's workers' compensation insurance claims. Restricted certificates of deposit with original maturities of up to 90 days are considered restricted cash equivalents and are included in

beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Cash, cash equivalents and restricted cash equivalents in the Condensed Consolidated Statement of Cash Flows as of December 31, 2017 and September 30, 2018 include only cash and cash equivalents as there are no restricted cash equivalents included in the restricted certificates of deposit balances in the Condensed Consolidated Balance Sheets as of those dates.

In January 2017, the FASB issued ASU 2017-04, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. Topic 350 currently requires an entity to perform a two-step test to determine the amount, if any, of goodwill impairment. The amendment in ASU 2017-04 removes the second step of the test. An entity will apply a one-step

Table of Contents

quantitative test and record the amount of goodwill impairment as the excess of a reporting unit's carrying amount over its fair value, not to exceed the total amount of goodwill allocated to the reporting unit. This standard is effective for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019 and early adoption is permitted. The Company is currently assessing the impact of this standard on its consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, as amended, *Leases (Topic 842)*, which requires a lessee to record a right-of-use asset and a lease liability for all leases with a term greater than twelve months regardless of whether the lease is classified as an operating lease or a financing lease. Leases with a term of twelve months or less will be accounted for in a similar manner to existing guidance for operating leases. This standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. Entities are required to use a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. The new standard provides a number of optional practical expedients in transition. We expect to elect the package of practical expedients, which permits us not to reassess under the new standard our prior conclusions about lease identification, lease classification and initial direct costs. While the Company is still evaluating the impact that ASU 2016-02 will have on its consolidated financial statements, the new standard will reflect a material increase in both assets and liabilities due to the requirement to recognize right-of-use assets and lease liabilities on the balance sheet for facility and equipment leases. The new standard will also require significant new disclosures about our leasing arrangements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which was further clarified in March 2016. The ASU outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most prior 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 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 for annual reporting periods beginning after December 15, 2016 is permitted. The Company adopted ASU 2014-09 effective January 1, 2018 using the modified retrospective method of adoption. Adoption of this standard did not have any significant impact on the Company's revenue recognition methods or costs to fulfill its contracts. Additionally, no significant changes in business processes or systems were required as a result of the adoption of this new standard.

Note 4 Revenue Recognition

The following table disaggregates the Company's revenues by major source:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Railcar sales	\$ 73,540	\$ 69,309	\$ 213,788	\$ 321,793
Parts sales	3,745	2,180	10,630	6,549
Other sales	2	25	60	105

Edgar Filing: FreightCar America, Inc. - Form 10-Q

Revenues from contracts with customers	77,287	71,514	224,478	328,447
Leasing revenues	1,681	511	4,206	1,786
Total revenues	\$ 78,968	\$ 72,025	\$ 228,684	\$ 330,233

The Company generally recognizes revenue at a point in time, as it satisfies a performance obligation, by transferring control over a product or service to a customer. Revenue is measured at the transaction price, which is based on the amount of consideration that the Company expects to receive in exchange for transferring the promised goods or services to the customer.

Table of Contents

Railcar Sales

Performance obligations are typically completed and revenue is recognized for the sale of new and rebuilt railcars when a certificate of acceptance has been issued by the customer and title and risk of loss are transferred to the customer. At that time, the customer directs the use of, and obtains substantially all of the remaining benefits from, the asset. In certain sales contracts, the Company's performance obligation includes transfer of the finished railcar to a specified railroad connection point. In these instances, the Company recognizes revenue from the sale when the railcar reaches the specified railroad connection point. When a railcar sales contract contains multiple performance obligations, the Company allocates the transaction price to the performance obligations based on the relative stand-alone selling price of the performance obligation determined at the inception of the contract based on an observable market price, expected cost plus margin or market price of similar items. The Company does not provide discounts or rebates in the normal course of business.

The Company provides warranties in connection with the sale of new and rebuilt railcars. Warranty terms are based on the negotiated railcar sales contracts. The Company generally warrants that new railcars will be free from defects in material and workmanship under normal use and service identified for a period of up to seven 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 does not provide its customers the option to purchase additional warranties and, therefore, the Company's warranties are not considered a separate service or performance obligation.

As a practical expedient, the Company recognizes the incremental costs of obtaining contracts, such as sales commissions, as an expense when incurred since the amortization period of the asset that the Company otherwise would have recognized is one year or less.

Parts Sales

The Company sells forged, cast and fabricated parts for all of the railcars it produces, as well as those manufactured by others. Performance obligations are satisfied and the Company recognizes revenue from most parts sales when the parts are shipped to customers.

Leasing Revenue

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 contract term. The Company recognizes revenue from the sale of Inventory on Lease on a gross basis in manufacturing sales and cost of sales if the sales process is completed within 12 months of the manufacture of the leased railcars. 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.

Contract Balances and Accounts Receivable

Accounts receivable payments for railcar sales are typically due within 5 to 10 business days of invoicing while payments from parts sales are typically due within 30 to 45 business days of invoicing. The Company has not experienced significant historical credit losses.

Contract assets represent the Company's rights to consideration for performance obligations that have been satisfied but for which the terms of the contract do not permit billing at the reporting date. The Company has no contract assets as of September 30, 2018. The Company may receive cash payments from customers in advance of the Company satisfying performance obligations under its sales contracts resulting in deferred revenue or customer deposits, which are considered contract liabilities. Deferred revenue and customer deposits are classified as either current or long-term in the Condensed Consolidated Balance Sheet based on the timing of when the Company expects to recognize the related revenue. Deferred revenue and customer deposits included in customer deposits, other current liabilities and other long-term liabilities in the Company's Condensed Consolidated Balance Sheet as of September 30, 2018 were not material.

Performance Obligations

The Company is electing not to disclose the value of the remaining unsatisfied performance obligation with a duration of one year or less as permitted by the practical expedient in ASU 2014-09, *Revenue from Contracts with Customers*. The Company had no material remaining unsatisfied performance obligations as of September 30, 2018 with expected duration of greater than one year.

Table of Contents**Note 5 Segment Information**

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 significant for reporting purposes and has been combined with corporate and other non-operating activities as 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. Intersegment revenues were not material in any period presented.

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Revenues:				
Manufacturing	\$ 75,162	\$ 69,842	\$ 217,946	\$ 323,649
Corporate and Other	3,806	2,183	10,738	6,584
Consolidated Revenues	\$ 78,968	\$ 72,025	\$ 228,684	\$ 330,233
Operating Loss:				
Manufacturing	\$ (5,906)	\$ (10,028)	\$ (8,014)	\$ (451)
Corporate and Other	(2,807)	(8,687)	(12,837)	(17,891)
Consolidated Operating Loss	(8,713)	(18,715)	(20,851)	(18,342)
Consolidated interest expense and deferred financing costs	(26)	(27)	(85)	(99)
Consolidated other income (expense)	452	335	1,421	219
Consolidated Loss Before Income Taxes	\$ (8,287)	\$ (18,407)	\$ (19,515)	\$ (18,222)
Depreciation and Amortization:				
Manufacturing	\$ 2,759	\$ 2,170	\$ 7,740	\$ 6,477
Corporate and Other	135	179	601	544
Consolidated Depreciation and Amortization	\$ 2,894	\$ 2,349	\$ 8,341	\$ 7,021
Capital Expenditures:				
Manufacturing (1)	\$ 564	\$ 141	\$ 789	\$ 519
Corporate and Other	64	27	318	94

Consolidated Capital Expenditures	\$ 628	\$ 168	\$ 1,107	\$ 613
--	--------	--------	----------	--------

(1) Excluding assets of \$17.2 million acquired as part of a business acquisition on February 28, 2018 (see Note 17).

Table of Contents

	September 30, 2018	December 31, 2017
Assets:		
Manufacturing	\$ 228,634	\$ 136,448
Corporate and Other	79,608	149,195
Total Operating Assets	308,242	285,643
Consolidated income taxes receivable	238	815
Consolidated deferred income taxes, long-term	14,256	9,446
Consolidated income taxes receivable, long-term	1,767	
Consolidated Assets	\$ 324,503	\$ 295,904

Note 6 Fair Value Measurements

The following table sets forth by level within the 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 September 30, 2018			
	Level 1	Level 2	Level 3	Total
ASSETS:				
Cash equivalents	\$ 17,883	\$	\$	\$ 17,883
Restricted certificates of deposit	\$ 5,452	\$	\$	\$ 5,452
Escrow receivable	\$	\$	\$ 930	\$ 930

Recurring Fair Value Measurements	As of December 31, 2017			
	Level 1	Level 2	Level 3	Total
ASSETS:				
Cash equivalents	\$ 45,542	\$	\$	\$ 45,542
Restricted certificates of deposit	\$ 5,720	\$	\$	\$ 5,720
Escrow receivable	\$	\$	\$ 1,420	\$ 1,420

Non-Recurring Fair Value Measurements	As of December 31, 2017			
	Level 1	Level 2	Level 3	Total
ASSETS:				
Property, plant and equipment	\$	\$	\$ 1,434	\$ 1,434

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 in order to secure the indemnification obligations of FCRS and FCSL. The fair market value of the remaining escrow receivable above represents the escrow balance of \$980 and \$1,470 as of September 30, 2018 and December 31, 2017, respectively, net of the fair value of the indemnification obligations, which was estimated using the discounted probability-weighted cash flow method.

Note 7 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 of \$27,262 and \$42,917 as of September 30, 2018 and December 31, 2017, respectively, consisted of U.S. Treasury securities held to maturity and certificates of deposit 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.

Table of Contents**Note 8 Inventories**

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

	September 30, 2018	December 31, 2017
Work in process	\$ 57,952	\$ 42,460
Finished new railcars		85
Parts inventory	4,741	2,747
Total inventories, net	\$ 62,693	\$ 45,292

Inventory on the Company's Condensed Consolidated Balance Sheets includes reserves of \$6,835 and \$6,160 relating to excess or slow-moving inventory for parts and work in process at September 30, 2018 and December 31, 2017, respectively.

Note 9 Goodwill

The Company assesses the carrying value of goodwill for impairment annually or more frequently whenever events occur and circumstances change indicating potential impairment. On August 1, 2018, the Company performed its annual assessment of its Manufacturing reporting unit, the only reporting unit carrying goodwill, and concluded that the estimated fair value of the Manufacturing reporting unit exceeded the carrying value as of the testing date. Management determined the fair value of the Manufacturing reporting unit using a combination of the income approach, utilizing the discounted cash flow method, and the market approach, utilizing the guideline company method. 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.

Fair value calculations using the income approach contain significant judgments and estimates with respect to a variety of factors that will significantly impact the future performance of the business, including: future railcar volume projections based on expected railcar demand; estimated margins on railcar sales; estimated growth rate for selling, general and administrative costs; future effective tax rate for the Company; and weighted-average cost of capital (WACC). Management estimated a WACC of 13% for the Company's August 1, 2018 goodwill impairment valuation analysis.

In addition to estimating the fair value of the Company's Manufacturing reporting unit using the discounted cash flow method in the base case scenario, the Company also estimated the fair value of its Manufacturing reporting unit using the discounted cash flow method for alternate scenarios. From a sensitivity perspective, the estimated fair value of the net assets in the Company's Manufacturing reporting unit exceeded the carrying value even if the WACC used in the discounted cash flow method was increased by one hundred basis points or the terminal growth rate was decreased by one hundred basis points. If market conditions further deteriorate or the performance of the Manufacturing reporting unit is worse than projected over an extended period of time, the reporting unit could potentially be at risk of an impairment charge. As of September 30, 2018, the total goodwill balance of the Manufacturing reporting unit was \$21,521.

Note 10 Revolving Credit Facility

On June 13, 2016, the Company amended the credit agreement, dated as of July 26, 2013 (as so amended, the Credit Agreement), by and among FreightCar and certain of its subsidiaries, as borrowers and guarantors (together, the Borrowers), and Bank of America, N.A., as lender, administrative agent, swingline lender and letter of credit issuer (the Bank) to, among other things, extend the term of the Credit Agreement to July 26, 2019.

As of September 30, 2018 and December 31, 2017, the Company had no borrowings under the \$50,000 senior secured revolving credit facility (the Revolving Credit Facility) provided under the Credit Agreement. As of September 30, 2018 and December 31, 2017, the Company had \$5,452 in outstanding letters of credit under the Revolving Credit Facility and therefore had \$44,548 available for borrowing under the Revolving Credit Facility.

Table of Contents**Note 11 Accumulated Other Comprehensive Income (Loss)**

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

	Pre-Tax	Tax	After-Tax
<u>Three months ended September 30, 2018</u>			
Pension liability activity:			
Reclassification adjustment for amortization of net loss (pre-tax other income (expense))	\$ 112	\$ 23	\$ 89
Postretirement liability activity:			
Reclassification adjustment for amortization of net gain (pre-tax other income (expense))	(70)	(14)	(56)
Reclassification adjustment for amortization of prior service cost (pre-tax other income (expense))	4	1	3
	\$ 46	\$ 10	\$ 36

	Pre-Tax	Tax	After-Tax
<u>Three months ended September 30, 2017</u>			
Pension liability activity:			
Reclassification adjustment for amortization of net loss (pre-tax other income (expense))	\$ 119	\$ 42	\$ 77
Postretirement liability activity:			
Reclassification adjustment for amortization of net gain (pre-tax other income (expense))	(79)	(28)	(51)
Reclassification adjustment for amortization of prior service cost (pre-tax other income (expense))	4	2	2
	\$ 44	\$ 16	\$ 28

	Pre-Tax	Tax	After-Tax
<u>Nine months ended September 30, 2018</u>			
Pension liability activity:			
Reclassification adjustment for amortization of net loss (pre-tax other income (expense))	\$ 338	\$ 73	\$ 265
Postretirement liability activity:			
Reclassification adjustment for amortization of net gain (pre-tax other income (expense))	(210)	(45)	(165)
Reclassification adjustment for amortization of prior service cost (pre-tax other income (expense))	12	4	8
	\$ 140	\$ 32	\$ 108

Table of Contents

	Pre-Tax	Tax	After-Tax
<u>Nine months ended September 30, 2017</u>			
Pension liability activity:			
Reclassification adjustment for amortization of net loss (pre-tax other income (expense))	\$ 357	\$ 127	\$ 230
Postretirement liability activity:			
Reclassification adjustment for amortization of net gain (pre-tax other income (expense))	(238)	(84)	(154)
Reclassification adjustment for amortization of prior service cost (pre-tax other income (expense))	11	4	7
	\$ 130	\$ 47	\$ 83

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

	September 30, 2018	December 31, 2017
Unrecognized pension cost, net of tax of \$6,047 and \$6,120	\$ (9,442)	\$ (9,707)
Unrecognized postretirement income, net of tax of \$490 and \$533	1,983	2,140
	\$ (7,459)	\$ (7,567)

Note 12 Stock-Based Compensation

On January 12, 2018, the Company granted non-qualified stock options to purchase 146,590 shares of our common stock to executives of the Company. The award features a performance earning vesting schedule whereby the stock options will vest if the average closing price per share of the Company's stock over the trailing 90 calendar days (the Threshold Stock Price) exceeds the closing price per share of the Company's stock on January 12, 2018 (the Reference Stock Price) as follows: 34% of the stock options will vest if the Threshold Stock Price exceeds the Reference Stock Price by \$5.00; another 33% of the stock options will vest if the Threshold Stock Price exceeds the Reference Stock Price by \$10.00; and the remaining 33% of the stock options will vest if the Threshold Stock Price exceeds the Reference Stock Price by \$15.00. Such stock price appreciation goals can be achieved at any point during the options ten-year contractual term. When vesting of an award of stock-based compensation is dependent upon the attainment of a target stock price, the award is considered to be subject to a market condition. The Company recognizes stock-based compensation cost for stock options with market conditions over the derived service period of the stock options. The estimated fair value and derived service period for the stock options were calculated using a Monte Carlo simulation. Assumptions used in valuing the January 12, 2018 stock options include the expected stock option life, expected volatility, expected dividend yield and risk-free rate. The stock options were assumed to have an expected life equal to the midpoint of (a) the date the performance goal is attained and (b) the date the stock options expire. The expected volatility assumption of 49.33% was based on the Company's historical stock price volatility over the ten-year period ended on the grant date. The expected dividend yield assumption of 0% was based on the Company's suspension of its quarterly dividend payment in November 2017. The risk-free rate assumption of 2.55% was based on the yields on U.S. Treasury STRIPS with a remaining term that approximates the life assumed at the date of the grant. The estimated fair value of the three vesting tranches for the stock options ranged from \$8.51 to \$9.12 with derived service periods from 1.0 year to 2.43 years.

Total stock-based compensation was \$760 and \$195 for the three months ended September 30, 2018 and 2017, respectively and \$2,511 and \$566 for the nine months ended September 30, 2018 and 2017, respectively. As of September 30, 2018, there was \$1,245 of unearned compensation expense related to restricted stock awards, which will be recognized over the remaining weighed average service period of 22 months. As of September 30, 2018, there was \$1,390 of unearned compensation related to performance stock options, which will be recognized over the remaining weighted average derived service period of 13 months. As of September 30, 2018, there was \$499 of unearned compensation related to time-vested stock options, which will be recognized over the remaining service period of 27 months.

Table of Contents**Note 13 Employee Benefit Plans**

The Company has a qualified, defined benefit pension plan that was established to provide benefits to certain employees. The plan is frozen and participants are no longer accruing benefits. Generally, contributions to the plan are not less than the minimum amounts required under the Employee Retirement Income Security Act of 1974, as amended (ERISA), and not more than the maximum amount that can be deducted for federal income tax purposes. The plan assets are held by an independent trustee and consist primarily of equity and fixed income securities.

The Company also provides certain postretirement health care benefits for certain of its salaried 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.

Additionally, as a result of the cost reduction program initiated in January 2017, certain employees participating in the salaried pension and postretirement benefit plans were impacted, which triggered curtailments of the respective plans during the nine months ended September 30, 2017.

The components of net periodic benefit cost (benefit) for the three and nine months ended September 30, 2018 and 2017, are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Pension Benefits				
Interest cost	\$ 428	\$ 446	\$ 1,283	\$ 1,338
Expected return on plan assets	(711)	(642)	(2,133)	(1,926)
Amortization of unrecognized net loss	112	119	338	357
Plan curtailment and special termination benefits				270
	\$ (171)	\$ (77)	\$ (512)	\$ 39

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Postretirement Benefit Plan				
Service cost	\$ 8	\$ 13	\$ 24	\$ 37
Interest cost	46	51	138	151
Amortization of prior service cost	4	4	12	11
Amortization of unrecognized net (gain) loss	(70)	(79)	(210)	(238)
Plan curtailment and special termination benefits				150
	\$ (12)	\$ (11)	\$ (36)	\$ 111

The Company made no contributions to the Company's defined benefit pension plan for each of the three and nine months ended September 30, 2018 and 2017. The Company expects to make no contributions to its pension plan in

2018.

The Company made contributions to the Company's postretirement benefit plan for salaried retirees of \$74 and \$122 for the three months ended September 30, 2018 and 2017, respectively, and \$426 and \$389 for the nine months ended September 30, 2018 and 2017, respectively. The Company expects to make \$570 in contributions (including contributions already made) to its postretirement benefit plan in 2018 for salaried retirees.

The Company also maintains qualified defined contribution plans, which provide benefits to employees based on employee contributions, employee earnings or certain subsidiary earnings, with discretionary contributions allowed. Expenses related to these plans were \$329 and \$243 for the three months ended September 30, 2018 and 2017, respectively, and \$1,216 and \$1,180 for the nine months ended September 30, 2018 and 2017, respectively.

Table of Contents**Note 14 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.

The Company received cash payments of \$15,733 and \$1,410 during 2015 and 2017, respectively, for Alabama state and local incentives related to its 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 up to six years from the date of the incentive. The Company's level of employment at its Shoals facility currently exceeds the minimum targeted levels of employment. In the event that employment levels drop below the minimum targeted levels of employment and any portion of the incentives is required to be paid back, the amount is unlikely to exceed the deferred liability balance of \$9,715 as of September 30, 2018.

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 15 Earnings Per Share

Shares used in the computation of the Company's basic and diluted earnings per common share are reconciled as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Weighted average common shares outstanding	12,325,718	12,293,998	12,316,497	12,282,522
Dilutive effect of employee stock options and nonvested share awards				
Weighted average diluted common shares outstanding	12,325,718	12,293,998	12,316,497	12,282,522

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 three months ended September 30, 2018 and 2017, 346,948 and 443,668 shares, respectively, were not included in the weighted average common shares outstanding calculation as they were anti-dilutive. For the nine months ended September 30, 2018 and 2017, 351,042 and 486,074 shares, respectively, were not included in the weighted average common shares outstanding calculation as they were anti-dilutive.

Note 16 Restructuring and Impairment Charges

In the first quarter of 2017, in response to lower order trends in the industry, the Company announced reductions to its salaried workforce, initiatives to reduce discretionary spending and the idling of the Company's Danville, Illinois facility. In connection with the Company's cost reduction program, the Company recorded restructuring charges of \$59 during the three months ended September 30, 2017 and \$2,205 during the nine months ended September 30, 2017. Restructuring and impairment charges for the nine months ended September 30, 2017 included employee severance and other employment termination costs and pension and postretirement benefit plan curtailment and special termination benefits of \$1,872 and non-cash impairment charges of \$333 for property, plant and equipment at our idled Danville, Illinois facility. As a result of implementing ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, as of January 1, 2018, restructuring and impairment charges of \$0 for the three months ended September 30, 2017 and \$420 for the nine months ended September 30, 2017 have been reclassified as other income (expense) in the Condensed Consolidated Statement of Operations. There were no restructuring and impairment charges during the three or nine months ended September 30, 2018.

Table of Contents**Note 17 Business Acquisition**

On February 28, 2018, the Company acquired substantially all of the operating assets at the Shoals facility of Navistar, Inc. (Navistar) and its subsidiary, International Truck and Engine Investments Corporation, including their railcar business, and assumed the lease for the facility (the Acquisition). The Company had subleased a portion of the Shoals facility since 2013. As a result of the Acquisition, the Company became the sole tenant of the approximately 2.2 million square-foot facility. Additionally, the Company offered employment opportunities to the majority of Navistar s approximately 200 employees on site. Under the terms of the Acquisition, the total consideration due to Navistar for the purchase of the operating assets was \$20,225. The parties also negotiated a \$24,130 lease incentive in favor of the Company in exchange for the Company assuming all remaining contractual lease obligations. Consideration for the acquisition was settled on a net basis and after certain other closing payments resulted in a payment of \$2,655 from Navistar to the Company. The \$24,130 lease incentive is included in deferred rent, current and deferred rent, long-term in the Company s Condensed Consolidated Balance Sheet and will be amortized over the remaining lease term as a reduction of rent expense. The Company incurred acquisition costs of approximately \$400, which were primarily legal fees that were expensed as incurred.

The purchase price allocation is as follows:

Inventories	\$ 3,611
Other current assets	95
Property, plant and equipment, net	17,169
Accounts and contractual payables	(650)
	\$ 20,225

The purchase price equaled the estimated fair value of the net assets acquired (fair value hierarchy level 3) and, therefore, no goodwill or bargain purchase was recorded. Substantially all of Navistar s operations at the Shoals facility were in support of the Company s activities. Therefore, it is impracticable to determine the amount of operating profit attributable to the acquired business included in the Company s results of operations since the acquisition date as the Company has integrated the acquired business with its ongoing operations. Also, the pro forma financial information for the Company s historical business and the assets acquired was impracticable to calculate as a result of various service, cost sharing and sublease agreements that were in place at the Shoals facility with Navistar.

Table of Contents

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

OVERVIEW

You should read the following discussion in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this quarterly report on Form 10-Q. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about our business and operations. Our actual results may differ materially from those currently anticipated and expressed in such forward-looking statements. See Cautionary Statement Regarding Forward-Looking Statements.

We are a diversified manufacturer of railcars and railcar components. We design and manufacture a broad variety of railcar types for transportation of bulk commodities and containerized freight products primarily in North America.

We rebuild and convert railcars and sell forged, cast and fabricated parts for all of the railcars we produce, as well as those manufactured by others. We also lease freight cars. Our primary customers are railroads, shippers and financial institutions.

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 significant for reporting purposes and has been combined with corporate and other non-operating activities as Corporate and Other.

Our railcar manufacturing facilities are located in Cherokee, Alabama (Shoals) and Roanoke, Virginia. Our Shoals facility is an important part of our long-term growth strategy as we continue to expand our railcar product and service offerings. On February 28, 2018, we acquired substantially all of the operating assets at the Shoals facility of Navistar, Inc. (Navistar) and its subsidiary, International Truck and Engine Investments Corporation, including their railcar business, and assumed the lease for the facility (the Acquisition). Our Roanoke facility has the capacity to build a variety of railcar types in a cost-effective manner and will continue to support our coal car products as market conditions improve. Our former Danville facility was idled for railcar production effective March 31, 2017 and sold in August 2018.

Total orders for railcars in the third quarter of 2018 were 480 units, all of which were new railcars, compared to orders for 920 units, consisting of 260 new railcars and 660 leased railcars, in the third quarter of 2017. Total backlog of unfilled orders was 1,911 units at September 30, 2018, compared to 2,392 units at December 31, 2017. The estimated sales value of the backlog was \$167 million and \$181 million, respectively, as of September 30, 2018 and December 31, 2017.

RESULTS OF OPERATIONS

Three Months Ended September 30, 2018 compared to Three Months Ended September 30, 2017

Revenues

Our consolidated revenues for the three months ended September 30, 2018 were \$79.0 million compared to \$72.0 million for the three months ended September 30, 2017. Manufacturing segment revenues for the three months ended September 30, 2018 were \$75.2 million compared to \$69.8 million for the three months ended September 30, 2017. Railcar deliveries totaled 888 units, consisting of 498 new railcars and 390 rebuilt railcars, for the third quarter of 2018, compared to 829 units, all of which were new railcars, in the third quarter of 2017. The increase in

Manufacturing segment revenues for the 2018 period compared to the 2017 period reflects an increase in the number of railcars delivered and a higher average selling price for new railcars delivered. Corporate and Other revenues for the three months ended September 30, 2018 were \$3.8 million compared to \$2.2 million for the three months ended September 30, 2017, reflecting higher parts sales.

Gross (Loss) Profit

Our consolidated gross profit margin was (4.9)% for the three months ended September 30, 2018 compared to (11.0)% for the three months ended September 30, 2017. The improvement in our consolidated gross profit margin was due to a more favorable mix of railcars delivered, increased gross profit from leased railcars and certain cost improvements, offset by higher steel costs. Our consolidated gross loss for the three months ended September 30, 2018 was \$3.8 million compared to a gross loss of \$7.9 million for the three months ended September 30, 2017. Manufacturing segment gross loss for the three months ended September 30, 2018 was \$4.5 million compared to a gross loss of \$8.7 million for the three months ended September 30, 2017. A favorable product mix, efficiency and certain cost improvements, offset by higher steel costs, contributed a net \$4.2 million decrease in Manufacturing segment gross loss.

Table of Contents**Selling, General and Administrative Expenses**

Consolidated selling, general and administrative expenses for the three months ended September 30, 2018 were \$5.4 million compared to \$10.7 million for the three months ended September 30, 2017. Manufacturing segment selling, general and administrative expenses for the three months ended September 30, 2018 were \$2.0 million compared to \$1.3 million for the three months ended September 30, 2017 primarily due to higher allocated costs of \$0.4 million and higher salaries and wages of \$0.2 million. Corporate and Other selling, general and administrative expenses were \$3.5 million for the three months ended September 30, 2018 compared to \$9.4 million for the three months ended September 30, 2017. The reduction in Corporate and Other selling, general and administrative expenses for the three months ended September 30, 2018 were attributable to a \$1.4 million reduction in incentive compensation and non-recurring expenses of \$2.9 million for a provision for a contingent liability and \$1.2 million for costs associated with the change in our Chief Executive Officer position recorded during the three months ended September 30, 2017.

Restructuring and Impairment Charges

There were no restructuring and impairment charges for the three months ended September 30, 2018. In the first quarter of 2017, in response to lower order trends in the industry, we announced reductions to our salaried workforce, initiatives to reduce discretionary spending and the idling of our Danville, Illinois facility. We recorded restructuring and impairment charges of \$0.1 million during the three months ended September 30, 2017 related to these actions.

Operating Loss

Our consolidated operating loss for the three months ended September 30, 2018 was \$8.7 million compared to operating loss of \$18.7 million for the three months ended September 30, 2017. Operating loss for the Manufacturing segment was \$5.9 million for the three months ended September 30, 2018 compared to operating loss of \$10.0 million for the three months ended September 30, 2017 reflecting the improvement in Manufacturing segment gross loss described above and the decrease in restructuring and impairment charges of \$0.1 million, which were partially offset by the increase in Manufacturing segment selling, general and administrative expenses of \$0.7 million. Corporate and Other operating loss was \$2.8 million for the three months ended September 30, 2018 compared to an operating loss of \$8.7 million for the three months ended September 30, 2017. The decrease in Corporate and Other operating loss was primarily due to the previously described decreases in incentive compensation, provision for a contingent liability and costs associated with the change in our Chief Executive Officer position.

Income Taxes

Our income tax benefit was \$2.1 million for the three months ended September 30, 2018 compared to \$6.8 million for the three months ended September 30, 2017. Our effective tax rate for the three months ended September 30, 2018 was 25.5% compared to 36.9% for the three months ended September 30, 2017. The decrease in the effective tax rate was primarily due to the impact of the U.S. tax reform legislation commonly referred to as the Tax Cuts and Jobs Act, which reduced the U.S. corporate income tax rate from 35% to 21%.

Net Loss

As a result of the foregoing, our net loss was \$6.2 million for the three months ended September 30, 2018 compared to net loss of \$11.6 million for the three months ended September 30, 2017. For the three months ended September 30, 2018, our diluted net loss per share was \$0.50 compared to diluted net loss per share of \$0.94 for the three months ended September 30, 2017.

Nine Months Ended September 30, 2018 compared to Nine Months Ended September 30, 2017

Revenues

Our consolidated revenues for the nine months ended September 30, 2018 were \$228.7 million compared to \$330.2 million for the nine months ended September 30, 2017. Manufacturing segment revenues for the nine months ended September 30, 2018 were \$217.9 million compared to \$323.6 million for the nine months ended September 30, 2017. Railcar deliveries

Table of Contents

totalled 3,167 units, consisting of 1,757 new railcars, 425 leased railcars and 985 rebuilt railcars, for the nine months ended September 30, 2018, compared to 3,450 units, all of which were new railcars, for the nine months ended September 30, 2017. The decrease in Manufacturing segment revenues for the 2018 period compared to the 2017 period reflects a decrease in the number of railcars delivered to third parties, a lower average selling price for new railcars delivered and a high percentage of rebuilt railcars with lower average selling prices than new railcars delivered in the 2018 period. Corporate and Other revenues for the nine months ended September 30, 2018 were \$10.7 million compared to \$6.6 million for the nine months ended September 2017, reflecting higher parts sales.

Gross Profit

Our consolidated gross profit margin was 0.2% for the nine months ended September 30, 2018 compared to 2.2% for the nine months ended September 30, 2017. Our consolidated gross profit for the nine months ended September 30, 2018 was \$0.4 million compared to gross profit of \$7.1 million for the nine months ended September 30, 2017, reflecting decreases in gross profit from our Manufacturing segment of \$7.5 million, which were partially offset by the increase in gross profit from Corporate and Other of \$0.8 million. The decline in railcar deliveries contributed a \$4.6 million decrease in gross profit in our Manufacturing segment and higher production inefficiencies, higher steel costs and product warranty costs contributed to the remaining \$2.9 million decrease in Manufacturing segment gross profit.

Selling, General and Administrative Expenses

Consolidated selling, general and administrative expenses for the nine months ended September 30, 2018 were \$21.8 million compared to \$23.7 million for the nine months ended September 30, 2017. Manufacturing segment selling, general and administrative expenses for the nine months ended September 30, 2018 were \$6.1 million compared to \$4.6 million for the nine months ended September 30, 2017 primarily due to higher allocated costs of \$0.6 million, higher salaries and wages of \$0.3 million, increases in third-party sales commissions of \$0.2 million and increases in professional fees of \$0.2 million. Corporate and Other selling, general and administrative expenses were \$15.7 million for the nine months ended September 30, 2018 compared to \$19.1 million for the nine months ended September 30, 2017. Corporate and Other selling, general and administrative expenses for the nine months ended September 30, 2018 included decreases due to a \$2.9 million provision for a contingent liability and \$1.2 million in costs associated with the change in our Chief Executive Officer position recorded during the nine months ended September 30, 2017 as well as a decrease in legal fees of \$1.2 million, which were partially offset by increases in stock-based compensation of \$1.8 million. The decrease in legal fees was primarily due to the settlement of patent litigation during the fourth quarter of 2017.

Restructuring and Impairment Charges

There were no restructuring and impairment charges for the nine months ended September 30, 2018. In connection with our cost reduction program, we recorded restructuring charges of \$1.9 million during the nine months ended September 30, 2017. These charges consisted primarily of employee severance and other employment termination costs and pension and postretirement benefit plan curtailment and special termination benefits. During the nine months ended September 30, 2017, we recorded non-cash impairment charges of \$0.3 million for property, plant and equipment at our idled Danville, Illinois manufacturing facility. As a result of implementing ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, as of January 1, 2018, restructuring and impairment charges of \$0.4 million for the nine months ended September 30, 2017 have been reclassified as other income (expense) in the Condensed Consolidated Statement of Operations.

Operating Loss

Our consolidated operating loss for the nine months ended September 30, 2018 was \$20.9 million compared to operating loss of \$18.3 million for the nine months ended September 30, 2017. Operating loss for the Manufacturing segment was \$8.0 million for the nine months ended September 30, 2018 compared to operating loss of \$0.5 million for the nine months ended September 30, 2017 reflecting the decrease in Manufacturing segment gross profit and the increase in selling, general and administrative expenses described above, which were partially offset by the decrease in Manufacturing segment restructuring and impairment charges of \$1.5 million. Corporate and Other operating loss was \$12.8 million for the nine months ended September 30, 2018 compared to an operating loss of \$17.9 million for the nine months ended September 30, 2017 primarily due to the reductions in Corporate and Other selling, general and administrative expenses described above and the decrease in restructuring and impairment charges of \$0.9 million which were partially offset by the increase in gross profit of \$0.8 million.

Table of Contents

Income Taxes

Our income tax benefit was \$4.6 million for the nine months ended September 30, 2018 compared to \$6.8 million for the nine months ended September 30, 2017. Our effective tax rate for the nine months ended September 30, 2018 was 23.6% compared to 37.3% for the nine months ended September 30, 2017. Our effective tax rate for the nine months ended September 30, 2018 reflects the impact of the U.S. tax reform legislation commonly referred to as the Tax Cuts and Jobs Act, which reduced the U.S. corporate income tax rate from 35% to 21%.

Net Loss

As a result of the foregoing, our net loss was \$14.9 million for the nine months ended September 30, 2018 compared to net loss of \$11.4 million for the nine months ended September 30, 2017. For the nine months ended September 30, 2018, our diluted net loss per share was \$1.20 compared to diluted net loss per share of \$0.92 for the nine months ended September 30, 2017.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity for the nine months ended September 30, 2018 and 2017, were our cash provided by operations, cash and cash equivalent balances on hand, our securities held to maturity and our revolving credit facility.

On June 13, 2016, we amended the credit agreement, dated as of July 26, 2013 (as so amended, the Credit Agreement), by and among FreightCar and certain of its subsidiaries, as borrowers and guarantors (together, the Borrowers), and Bank of America, N.A., as lender, administrative agent, swingline lender and letter of credit issuer (the Bank) to, among other things, extend the term of the Credit Agreement to July 26, 2019.

As of September 30, 2018 and December 31, 2017, we had no borrowings under the \$50 million senior secured revolving credit facility (the Revolving Credit Facility) provided under the Credit Agreement. As of September 30, 2018 and December 31, 2017, we had \$5.5 million in outstanding letters of credit under the Revolving Credit Facility and therefore had \$44.5 million available for borrowing under the Revolving Credit

Our restricted certificates of deposit balance was \$5.5 million as of September 30, 2018 and \$5.7 million as of December 31, 2017, and consisted of certificates of deposit used to collateralize standby letters of credit with respect to performance guarantees and to support our workers' compensation insurance claims. The standby letters of credit outstanding as of September 30, 2018 are scheduled to expire at various dates through August 9, 2019. We expect to establish restricted cash balances and restricted certificates of deposit in future periods to minimize bank fees related to standby letters of credit.

Based on our current level of operations and known changes in planned volume based on our backlog, we believe that our operating cash flows, our marketable securities and our cash balances, together with amounts available under our revolving credit facility, will be sufficient to meet our expected liquidity needs. Our long-term liquidity is contingent upon future operating performance and our ability to continue to meet financial covenants under our revolving credit facility and any other indebtedness. We may also require additional capital in the future to fund working capital as demand for railcars increases, payments for contractual obligations, organic growth opportunities, including new plant and equipment and development of railcars, joint ventures, international expansion and acquisitions, and these capital requirements could be substantial.

Based upon our operating performance and capital requirements, we may, from time to time, be required to raise additional funds through additional offerings of our common stock and through long-term borrowings. There can be

no assurance that long-term debt, if needed, will be available on terms attractive to us, or at all. Furthermore, any additional equity financing may be dilutive to stockholders and debt financing, if available, may involve restrictive covenants. Our failure to raise capital if and when needed could have a material adverse effect on our results of operations and financial condition.

Table of Contents**Contractual Obligations**

The following table summarizes our contractual obligations as of September 30, 2018 and the effect that these obligations and commitments would be expected to have on our liquidity and cash flow in future periods:

Contractual Obligations	Total	Payments Due by Period			After 5 Years
		1 Year	2-3 Years	4-5 Years	
<i>(In thousands)</i>					
Operating leases	\$ 71,066	\$ 18,714	\$ 38,005	\$ 10,489	\$ 3,858

The above table excludes \$0.3 million related to a reserve for unrecognized tax benefits and accrued interest and penalties at September 30, 2018 because the timing of the payout of these amounts cannot be determined. We are also required to make minimum contributions to our pension plan and postretirement welfare plans.

Cash Flows

The following table summarizes our net cash (used in) provided by operating activities, investing activities and financing activities for the nine months ended September 30, 2018 and 2017:

	Nine Months Ended September 30,	
	2018	2017
<i>(In thousands)</i>		
Net cash (used in) provided by:		
Operating activities	\$ (67,381)	\$ 30,916
Investing activities	12,586	(53,449)
Financing activities	(117)	(3,370)
Total	\$ (54,912)	\$ (25,903)

Operating Activities. Our net cash provided by or used in operating activities reflects net income or loss adjusted for non-cash charges and changes in operating assets and liabilities. Cash flows from operating activities are affected by several factors, including fluctuations in business volume, contract terms for billings and collections, the timing of collections on our contract receivables, processing of bi-weekly payroll and associated taxes, and payments to our suppliers. As some of our customers accept delivery of new railcars in train-set quantities, variations in our sales lead to significant fluctuations in our operating profits and cash from operating activities. We do not usually experience business credit issues, although a payment may be delayed pending completion of closing documentation.

Our net cash used in operating activities for the nine months ended September 30, 2018 was \$67.4 million compared to net cash provided by operating activities of \$30.9 million for the nine months ended September 30, 2017. Our net cash used in operating activities for the nine months ended September 30, 2018 reflects changes in working capital, including a \$32.2 million increase in inventory on lease, a \$31.3 million increase in accounts receivable due to the timing of deliveries of railcars and the related cash receipts, and a \$14.5 million increase in inventory due to additional inventory on hand for the start-up of several new railcar orders. Our net cash provided by operating activities for the

nine months ended September 30, 2017 reflects receipt of a federal income tax refund related to a net operating loss carryback of \$11.9 million and decreases in working capital, including a \$27.1 million decrease in inventory.

Investing Activities. Net cash provided by investing activities for the nine months ended September 30, 2018 was \$12.6 million and primarily represented the \$16.1 million maturity of U.S. Treasury securities and certificates of deposit (net of purchases) which was partially offset by the \$5.1 million cost of railcars on operating leases. Net cash used in investing activities for the nine months ended September 30, 2017 was \$53.4 million and primarily represented the \$54.4 million purchase of U.S. Treasury securities and certificates of deposit (net of maturities), which was partially offset by \$1.4 million of state and local incentives received.

Financing Activities. Net cash used in financing activities was \$0.1 million for the nine months ended September 30, 2018 compared to \$3.4 million for the nine months ended September 30, 2017, reflecting the suspension of our quarterly cash dividend to our stockholders in November 2017.

Table of Contents

Capital Expenditures

Our capital expenditures were \$1.1 million in the nine months ended September 30, 2018 compared to \$0.6 million in the nine months ended September 30, 2017. During the nine months ended September 30, 2018, we also acquired \$17.2 million of equipment as part of the net settlement of our acquisition of Navistar's business at our Shoals facility. Excluding unforeseen expenditures, management anticipates that total capital expenditures for 2018 will be between \$2.0 million and \$2.5 million, including amounts already paid.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q 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, plan, intend and similar expressions in this report 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;

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 risk of changes in U.S. tax law and rates;

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** in our annual report on Form 10-K for the year ended December 31, 2017 filed with the Securities and Exchange Commission.

Table of Contents

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We have a \$50.0 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 September 30, 2018, we had \$5.5 million in outstanding letters of credit under the Revolving Credit Facility and therefore had \$44.5 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.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our Chief Executive Officer and Principal Financial Officer, our 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 this quarterly report on Form 10-Q (the Evaluation Date). Based upon that evaluation, our Chief Executive Officer and Principal Financial Officer concluded that, as of the Evaluation Date, our disclosure controls and procedures are 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.

Changes in Internal Control Over Financial Reporting

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

PART II OTHER INFORMATION

Item 1. Legal Proceedings.

The information in response to this item is included in Note 14 Contingencies to our condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q.

Item 1A. Risk Factors.

There have been no material changes from the risk factors previously disclosed in Item 1A of our 2017 annual report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Table of Contents

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

(a) Exhibits filed as part of this Form 10-Q:

31.1	<u>Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32	<u>Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
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
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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: November 1, 2018

By: /s/ JAMES R. MEYER
James R. Meyer, President and Chief Executive
Officer

(Principal Executive Officer)

By: /s/ MATTHEW S. KOHNKE
Matthew S. Kohnke, Vice President, Finance, Chief
Financial Officer and Treasurer (Principal Financial
Officer)

By: /s/ JOSEPH J. MALIEKEL
Joseph J. Maliekel, Vice President and Corporate
Controller (Principal Accounting Officer)

Table of Contents**EXHIBIT INDEX**

Exhibit	
Number	Description
31.1	<u>Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32	<u>Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
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
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document