



Rail Energy Transportation Advisory Committee

STB Rail Car Update:
April 2024

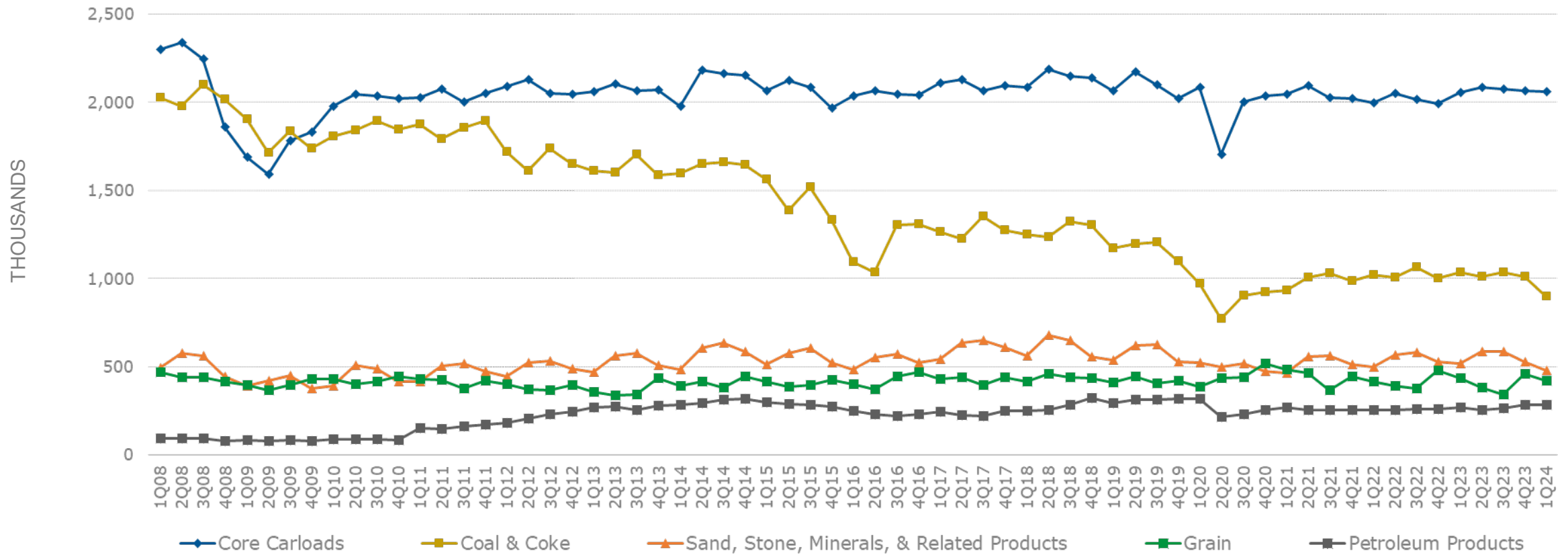
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RAILCAR MARKET OVERVIEW

North American Carloads

Quarterly Carloads by Commodity Segment

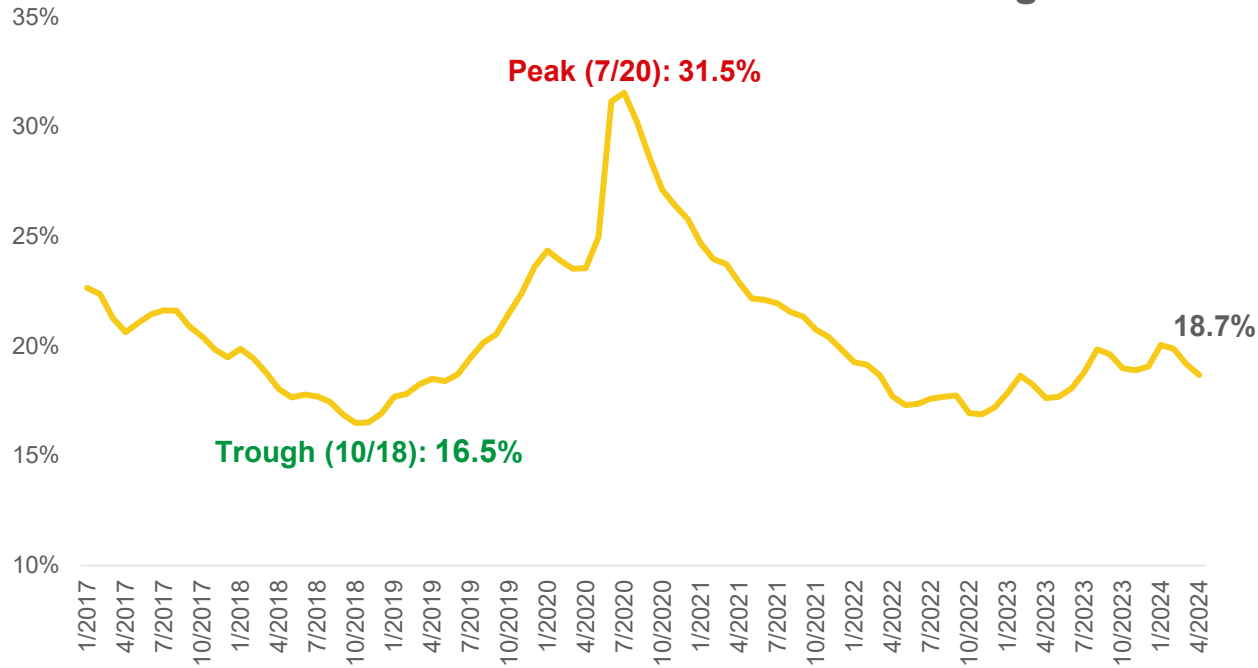


Source: Association of American Railroads

Railcars in Storage

Cars in storage declined, with nearly 22,000 fewer idle cars on 4/1/24 compared to 1/1/24

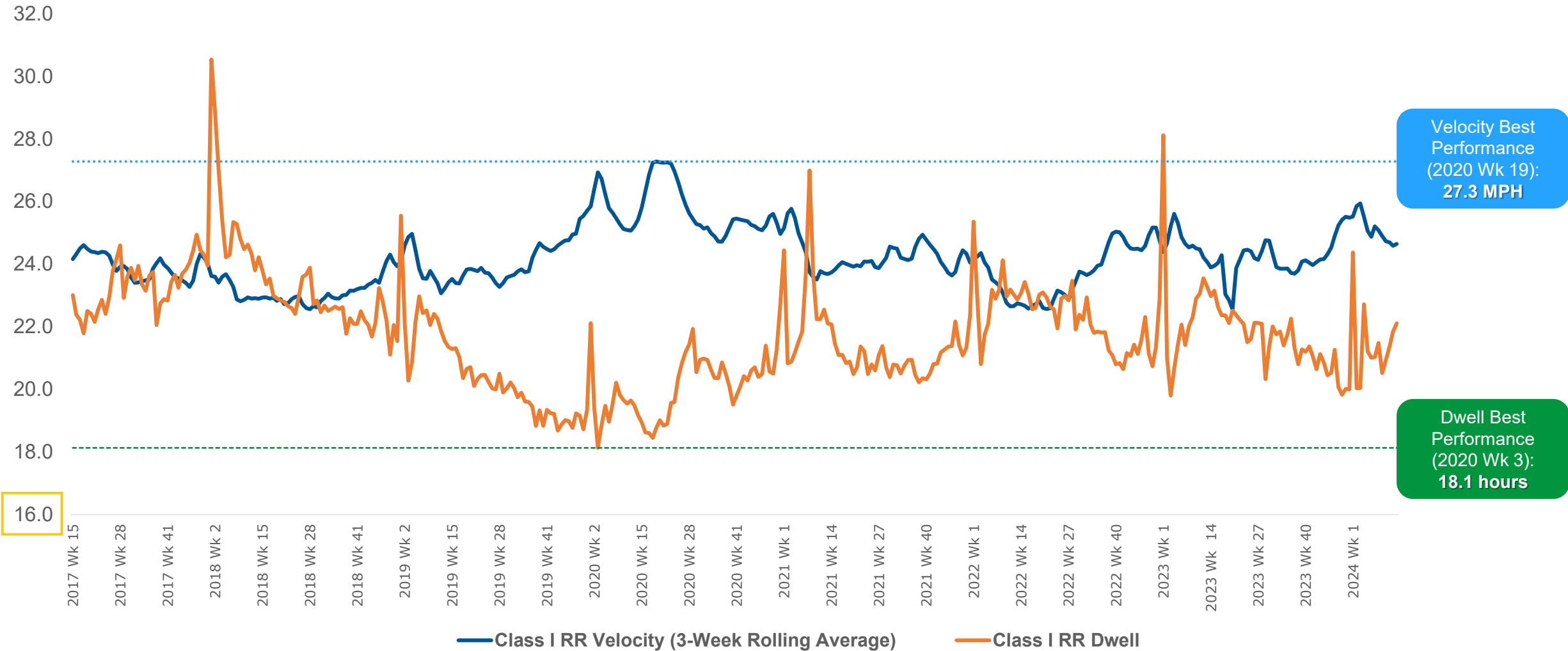
% of North American Fleet in Storage



Car Type	Total Cars In Service	% In Storage	% QoQ Δ Cars In Storage	% of Total Stored Cars
Box	104,247	18.4%	-8.1%	6.3%
Covered Hoppers	569,141	16.9%	-10.4%	31.5%
Flats	71,394	23.0%	-17.7%	5.3%
Gondolas	196,976	18.2%	-2.0%	11.7%
Hoppers	112,110	26.3%	6.5%	9.6%
Intermodal	73,577	12.9%	-9.2%	3.1%
Refrigerator	8,450	35.0%	1.4%	1.0%
Tanks	436,920	21.3%	-5.1%	30.4%
Vehicle Flat	68,145	5.0%	-13.3%	1.1%
Grand Total	1,640,960	18.7%	-6.7%	100%

Source: Association of American Railroads; Note: As of April 1, 2024; Cars are considered in storage when not moved while loaded in the previous 60 days and having moved empty since their last loaded move

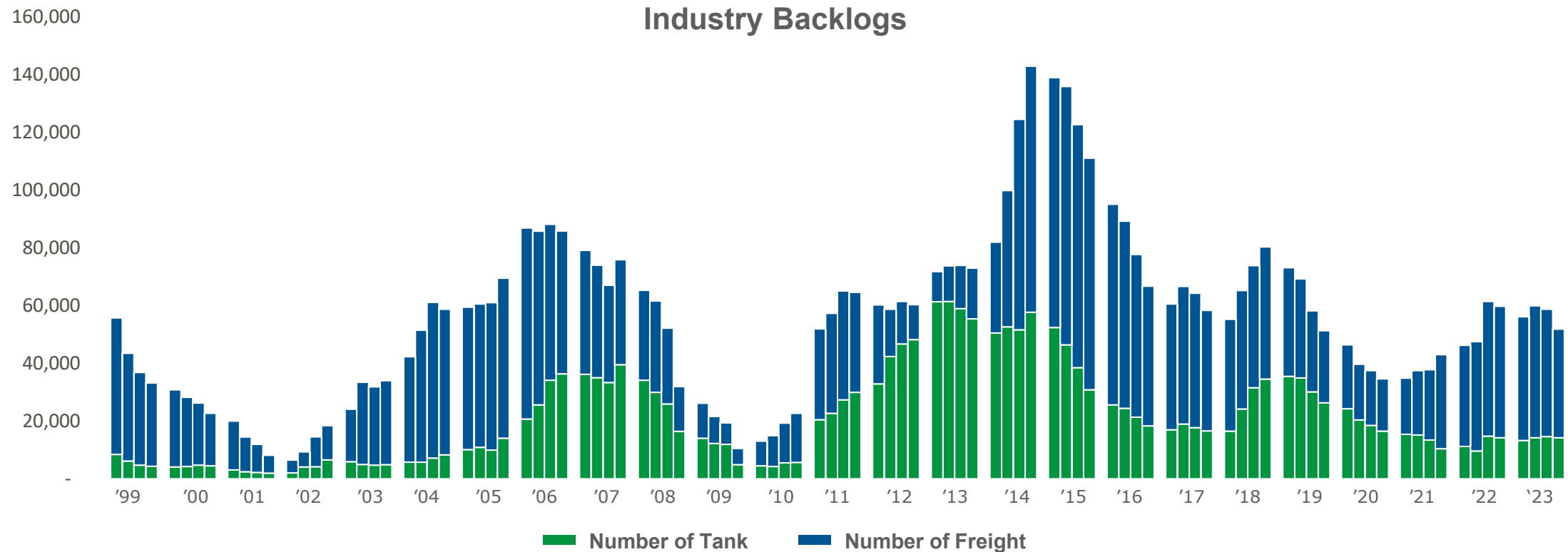
Velocity and Dwell Improved YoY



Source: Surface Transportation Board as of March 27, 2024

Industry Backlog: North America

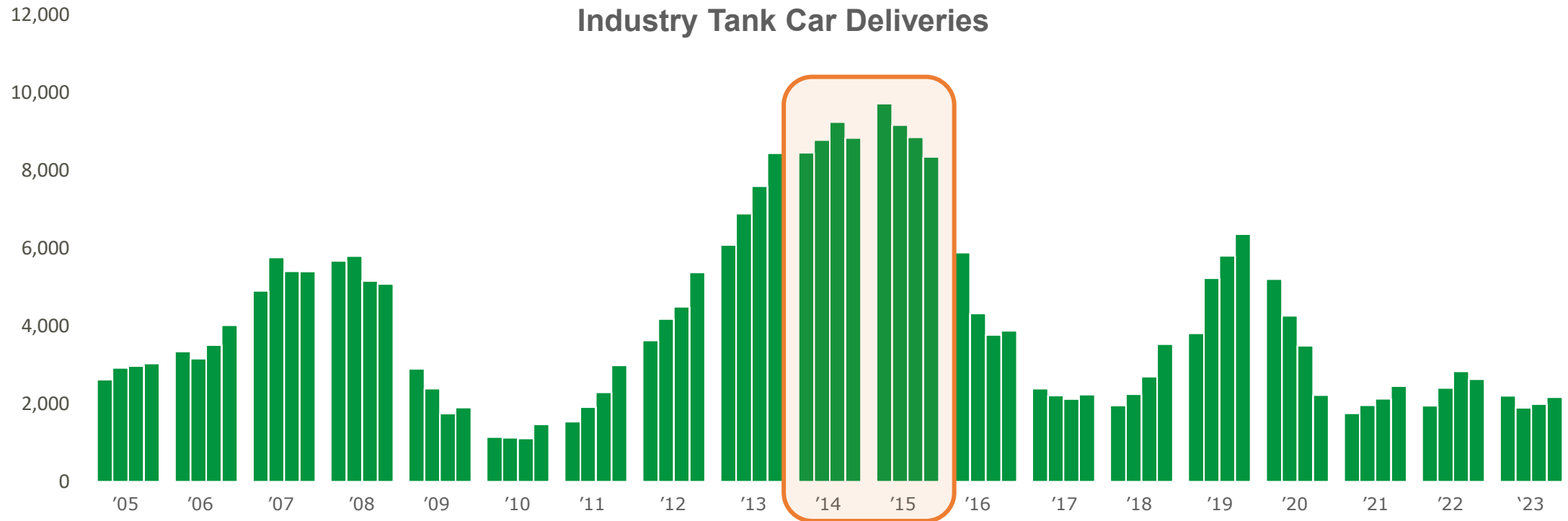
Cyclicality of the industry is illustrated by the backlog of orders at the railcar manufacturers



Source: Railway Supply Institute as of January 2024

Industry Deliveries: North America

Elevated tank car deliveries between 2014-2015 have contributed to a maintenance demand bubble



Source: Railway Supply Institute as of January 2024

Future Railcar Market: Possible Features

1

**LOWER
PRODUCTION**

2

HIGHER COSTS

3

**GREATER STABILITY/
LOWER VOLATILITY**

4

**RAPIDLY SELF-
CORRECTING**

5

**MAINTENANCE
CAPACITY AS A
LIMITING FACTOR**

EXCESS HEIGHT CAR

GATX 203039

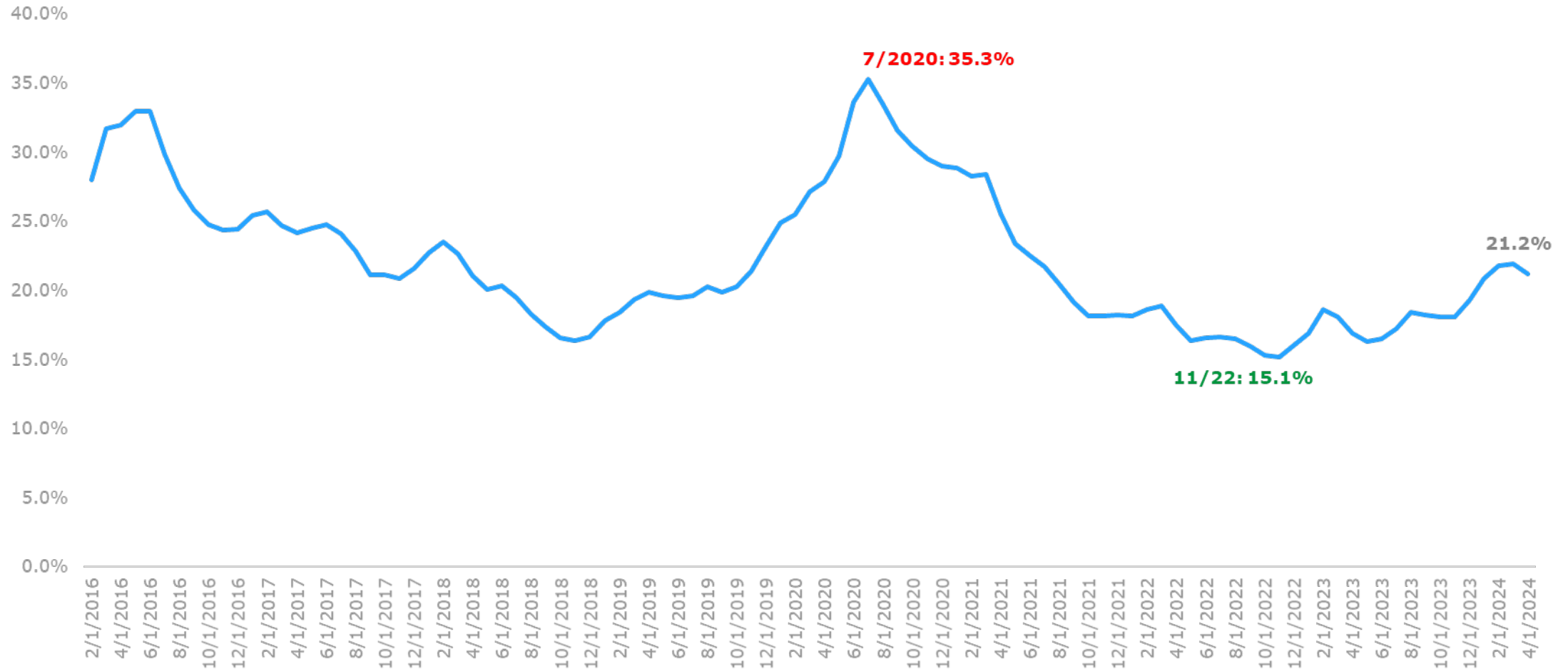
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EQUIPMENT OVERVIEW

LRS 130226

Coal Cars in Storage

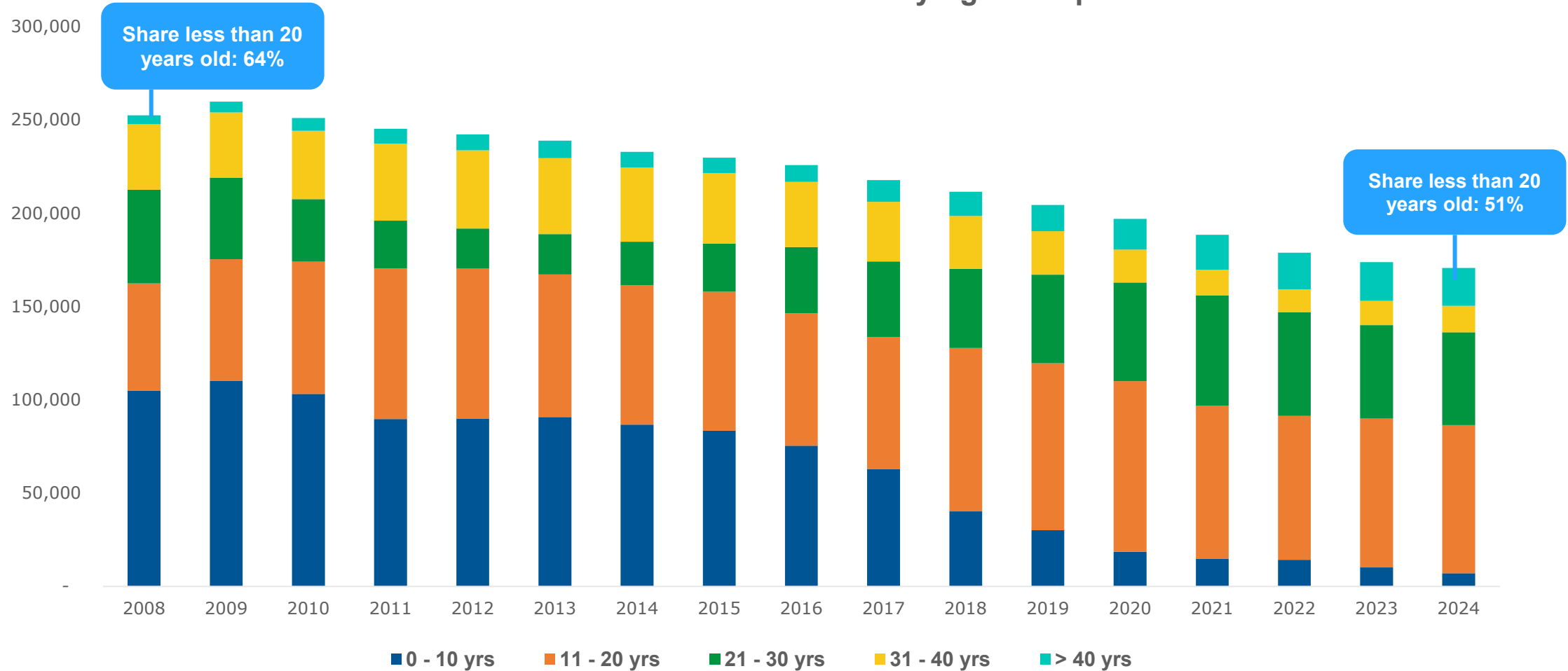
North American Coal Cars In Storage



Source: Association of American Railroads; Note: As of April 1, 2024; Cars are considered in storage when not moved while loaded in the previous 60 days and having moved empty since their last loaded move

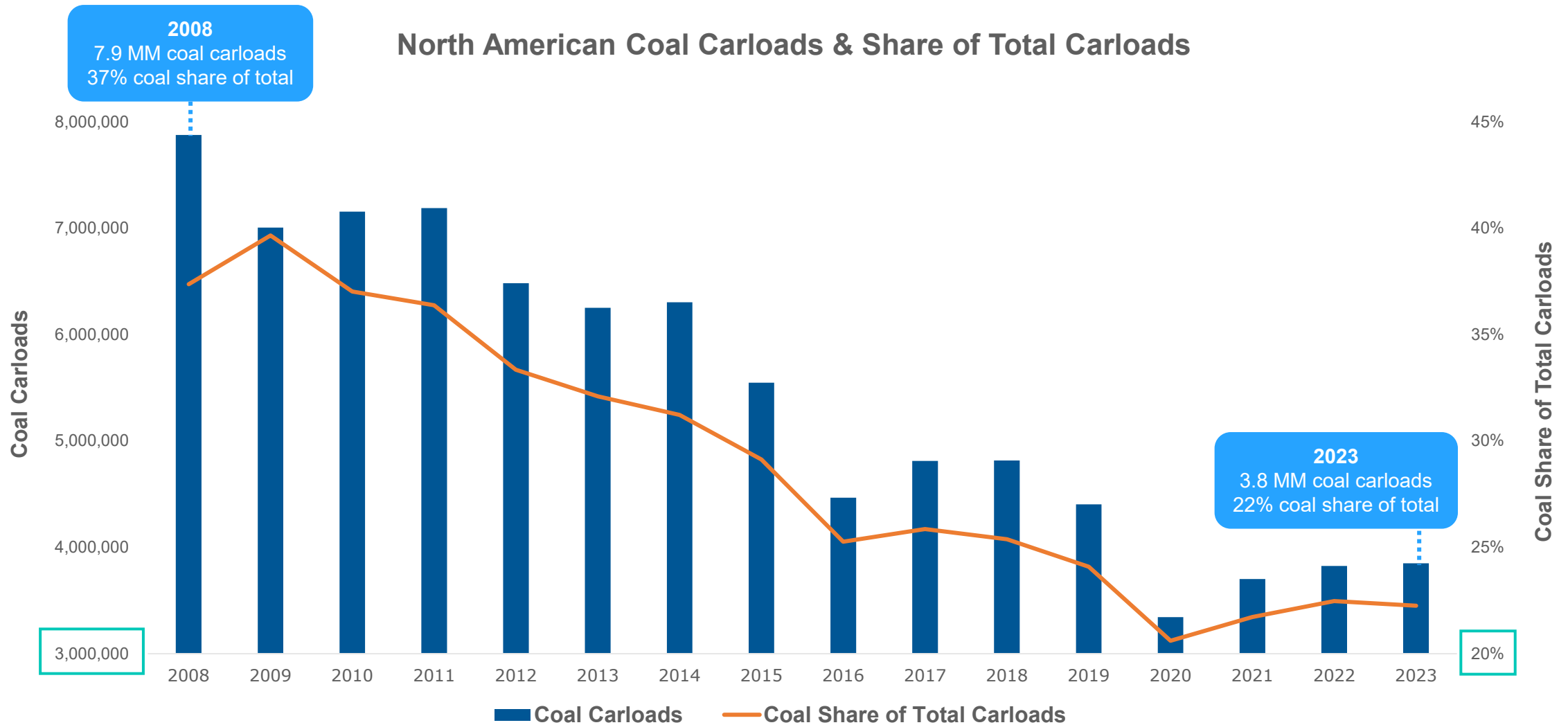
North American Coal Fleet Age

North American Coal Fleet Count by Age Group



Source: Umler as of January of respective year

North American Coal Carloads



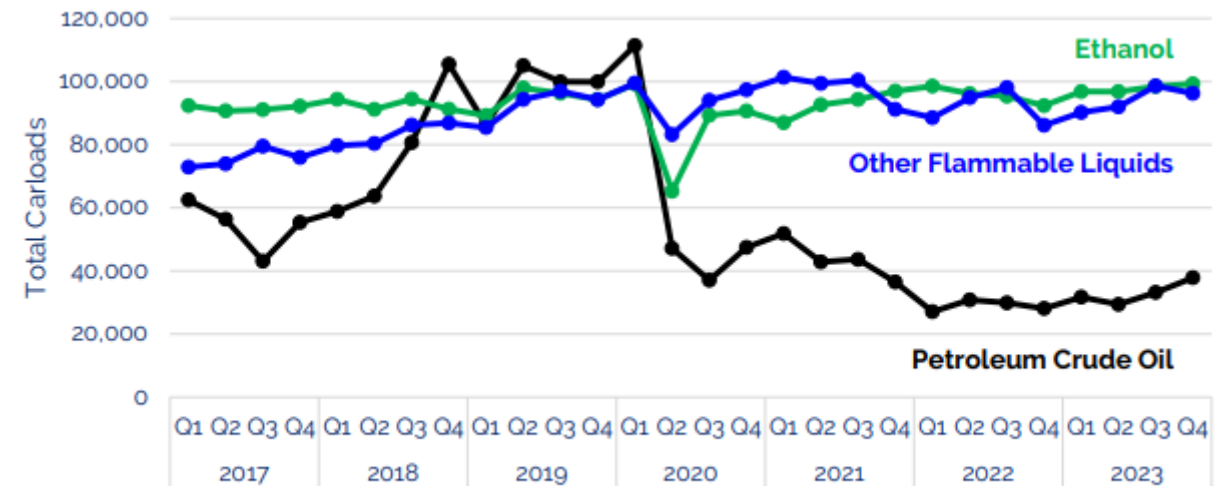
Source: Association of American Railroads

Loading/Shipments for Tank/Energy

U.S. and Canadian Flammable Liquid Shipments*

Q4 2023	Petroleum Crude Oil	Ethanol	Other Flammable Liquids	TOTAL
U.S.	37,843	98,650	68,060	204,553
Canada	9,083	6,001	39,925	55,009
TOTAL	37,843	99,221	96,244	233,308

Quarterly U.S. and Canadian Flammable Liquid Shipments



*Note: The sum of the U.S. and Canada shipments are more than the total shipments as shown in the table as the country groups both contain the transborder shipments between the U.S. and Canada
 Source: 4Q23 Status Report, Association of American Railroads, March 2024

Tank Car Regulation Timeline

ETHANOL

Retrofit to DOT 117R or replaced with DOT 105, 112, 114, 115, 117, or 120

MAY 1, 2023
DOT 111

JULY 1, 2023
Non-jacketed CPC 1232

MAY 1, 2025
Jacketed CPC 1232

CRUDE OIL, ETHANOL OR PACKING GROUP I

Retrofit to DOT 117R or replaced with DOT 105, 112, 114, 115, 117, or 120

MAY 1, 2025
DOT 111
Jacketed CPC 1232

FLAMMABLE LIQUIDS PACKING GROUP II OR III

Retrofit to DOT 117R or replaced with DOT 105, 112, 114, 115, 117, or 120

MAY 1, 2025
Canada

May 1, 2029
U.S.

MATERIALS POISONOUS BY INHALATION (“PIH” / “TIH”)

Meet HM-246 / 219 C “H” standard

JANUARY 1, 2028

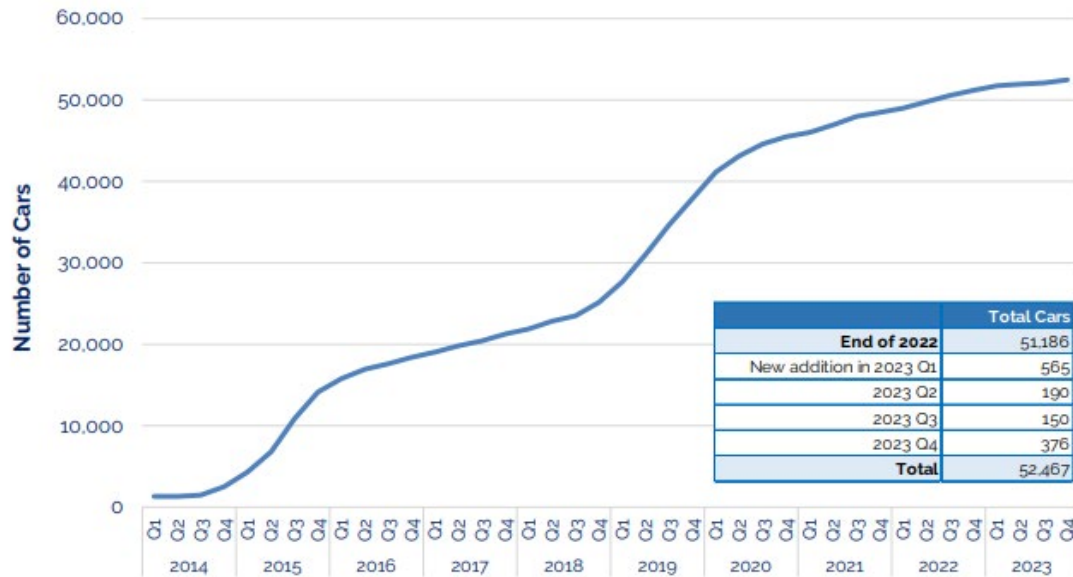
ALL RAILCARS

JULY 1, 2024

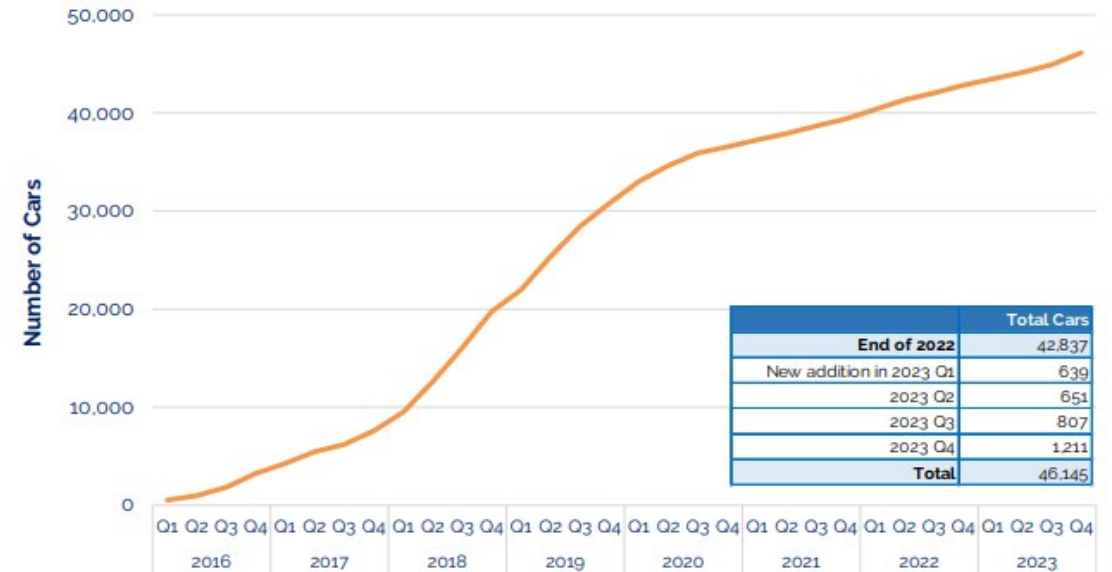
A new AAR rule will go into effect requiring all railcars due for the air brake test to be tested using a 4-port adapter; With few exceptions, cars not equipped must be retrofitted

Tank Car Regulation Status

**Growth in DOT-117J/P and DOT-120 Tank Car Fleet
(as of end of 4Q23)**



**Growth in DOT-117R Tank Car Fleet
(as of end of 4Q23)**





SUMMARY OF CURRENT CONDITIONS

Current Conditions

1

March 2, 2023, Safety Advisory: PHMSA request to shippers of tank cars with aluminum protective housing covers to replace such covers with carbon steel covers

2

March 22, 2023, Safety Advisory: PHMSA request to shippers of flammable liquids in DOT-111 tank cars to **voluntarily** upgrade their tank cars prior to the FAST Act phase-out period—upgrades include the use of a DOT 105, 112, 114, 115, 117J, 117R, or 120 specification

3

Shop capacity constrained

4

New tank cars can be procured but require planning and expense

5

October 2023 Tank Car Committee meeting: FRA strongly advised car owners to review and ensure accuracy of all tank car records at next tank car qualification opportunity; Failure to do so could potentially lead to increased enforcement, including assessment of fines

Thank you!

Questions?