

Rail Energy Transportation Advisory Committee

STB Rail Car Update –
October 2023

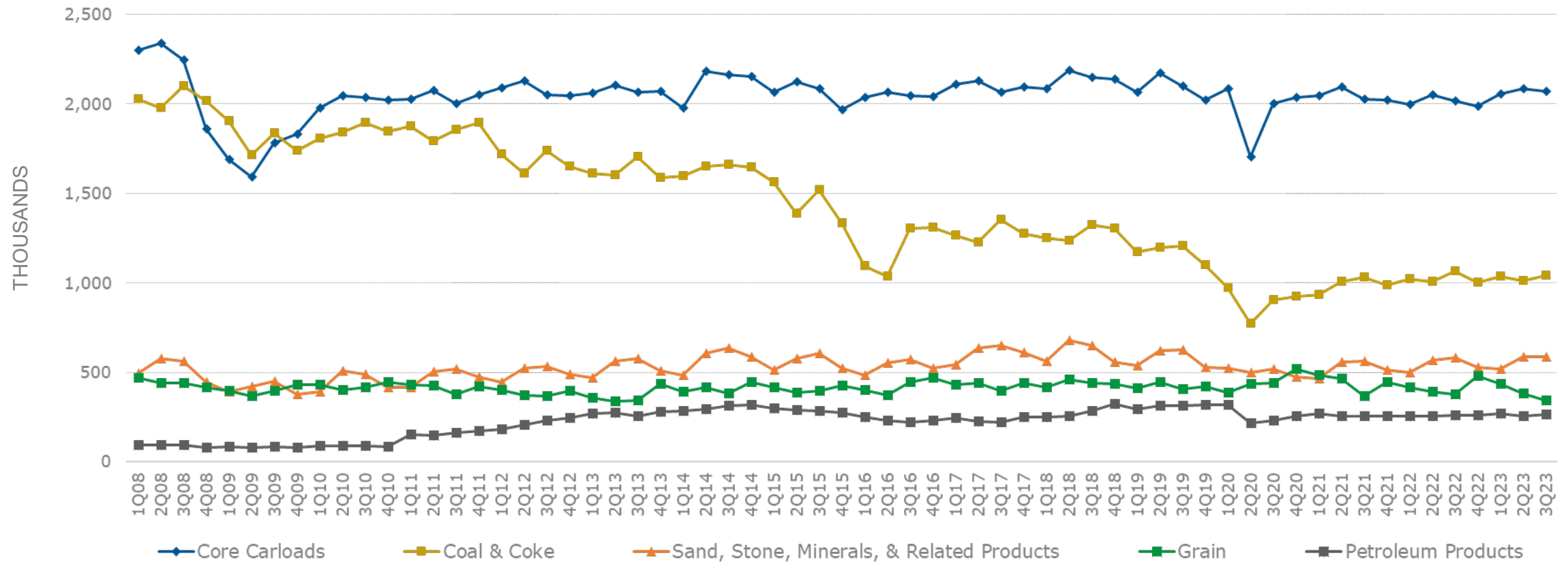
The information in this presentation and the accompanying views and analysis are based on publicly-available industry sources and do not necessarily represent the proprietary information, analysis, or outlook of GATX or Western Fuels.



RAILCAR MARKET OVERVIEW

North American Carloads

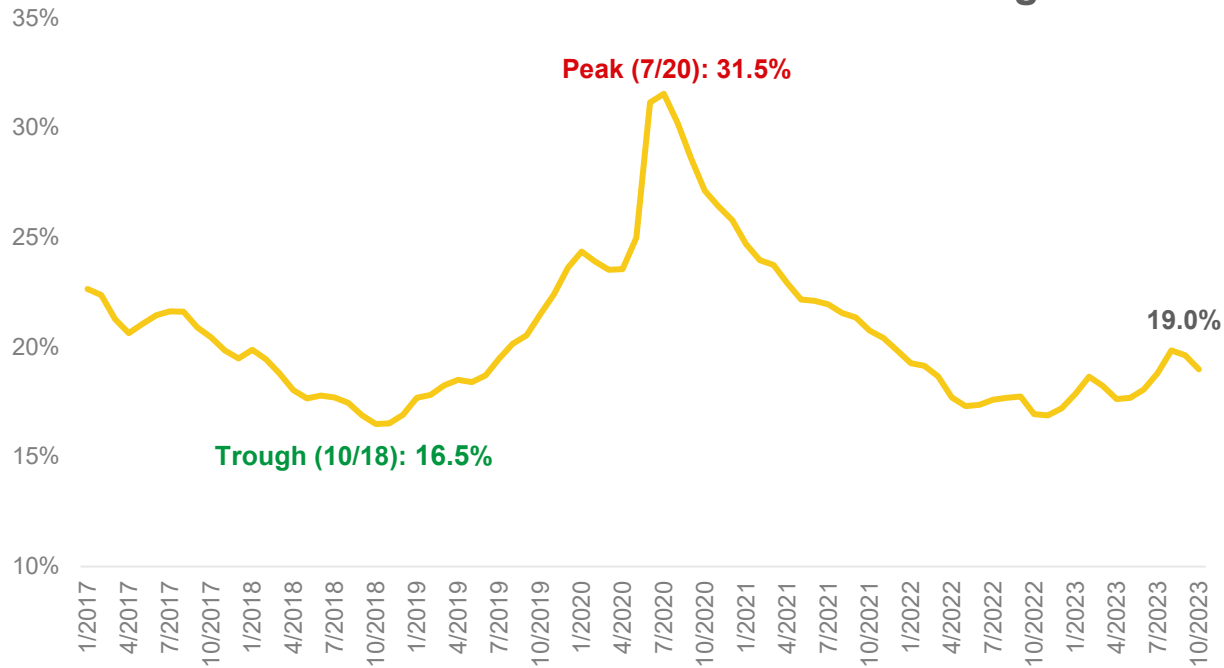
Quarterly Carloads by Commodity Segment



Railcars in Storage

Cars in storage increased, with nearly 3,300 more idle cars on 10/1/23 compared to 7/1/23

% of North American Fleet in Storage

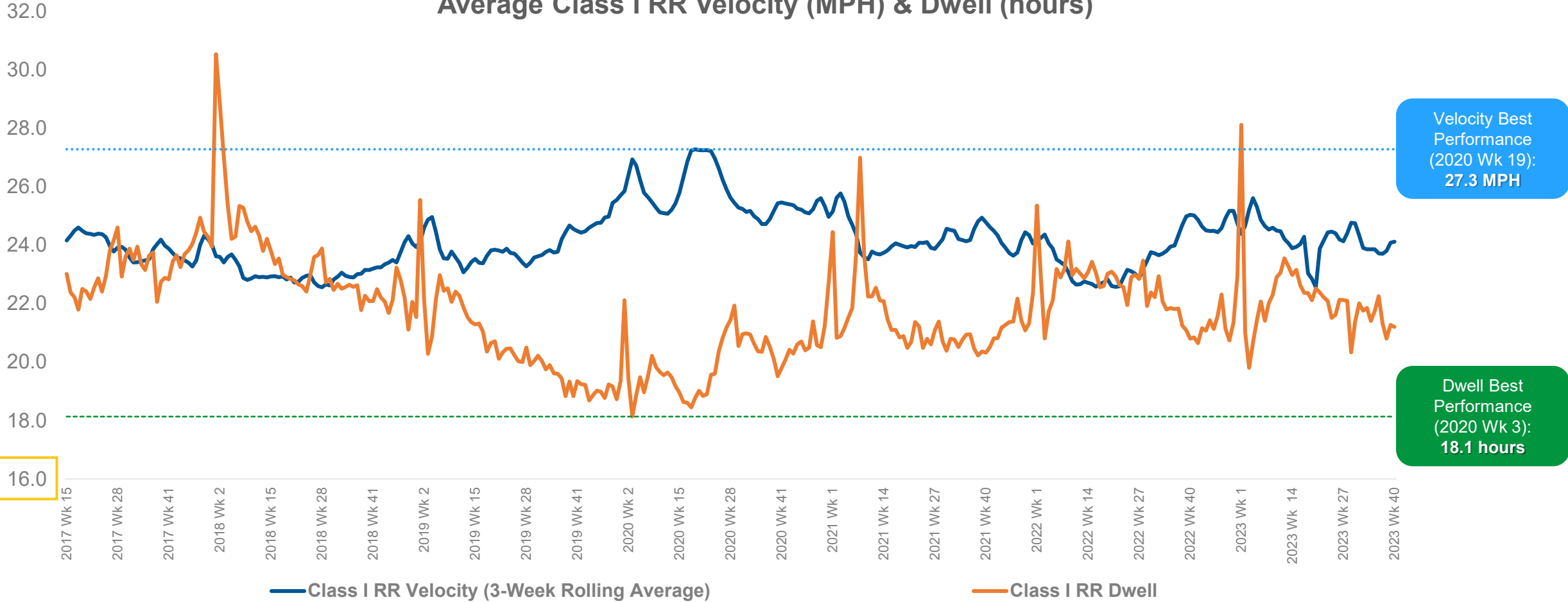


Car Type	Total Cars In Service	% In Storage	% QoQ Δ Cars In Storage	% of Total Stored Cars
Box	104,280	17.8%	29.5%	6.0%
Covered Hoppers	565,270	18.1%	-0.2%	32.9%
Flats	72,296	23.2%	21.8%	5.4%
Gondolas	197,462	16.5%	10.5%	10.5%
Hoppers	112,693	20.8%	-1.4%	7.5%
Intermodal	74,043	15.7%	-15.4%	3.7%
Refrigerator	8,602	37.7%	29.2%	1.0%
Tanks	436,277	22.4%	-4.8%	31.5%
Vehicle Flat	66,655	6.5%	-3.0%	1.4%
Grand Total	1,637,578	19.0%	1.1%	100%

Source: Association of American Railroads; Note: As of October 1, 2023; 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 Time Mixed

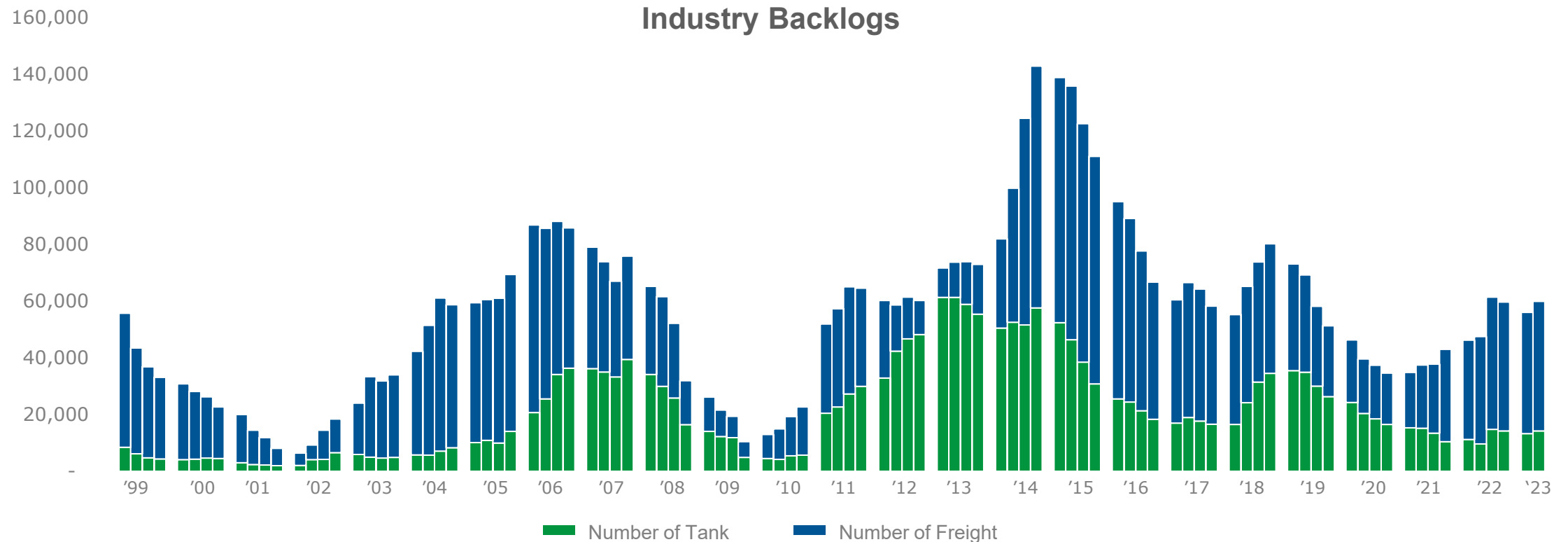
Average Class I RR Velocity (MPH) & Dwell (hours)



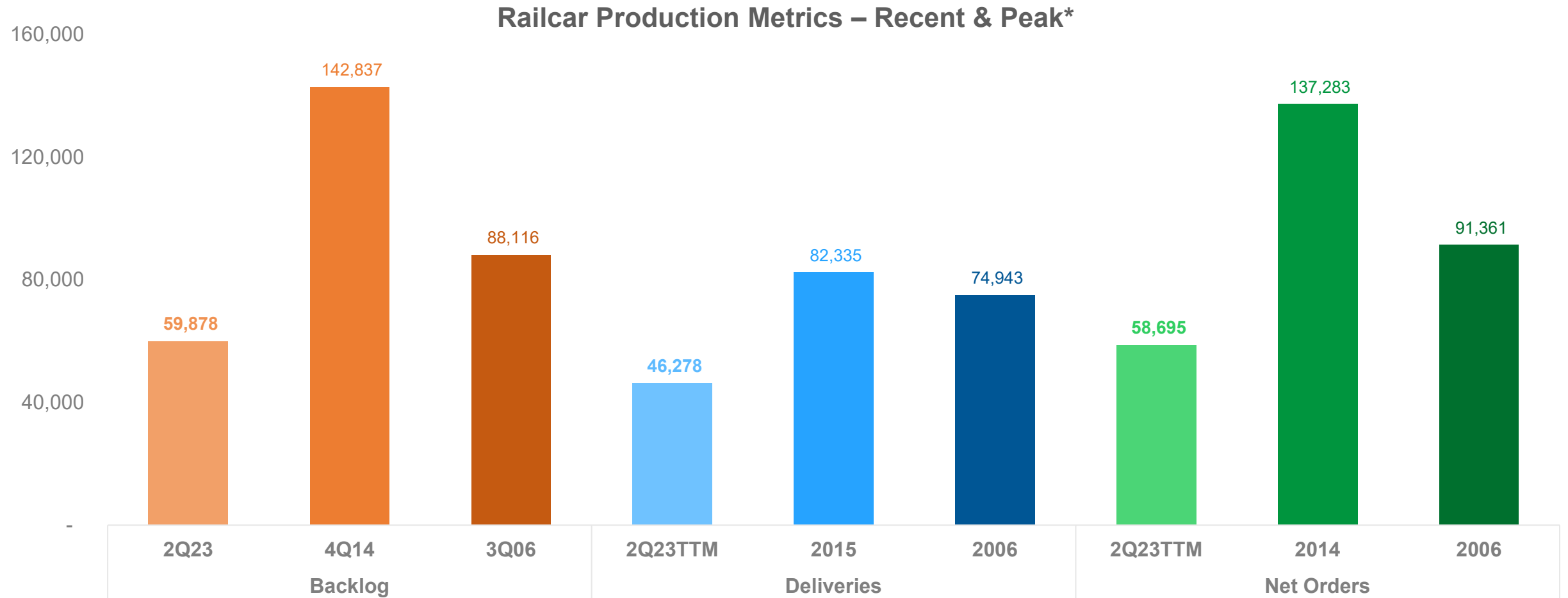
Source: Surface Transportation Board as of October 4, 2023

Industry Backlog: North America

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



Implications for Railcar Production



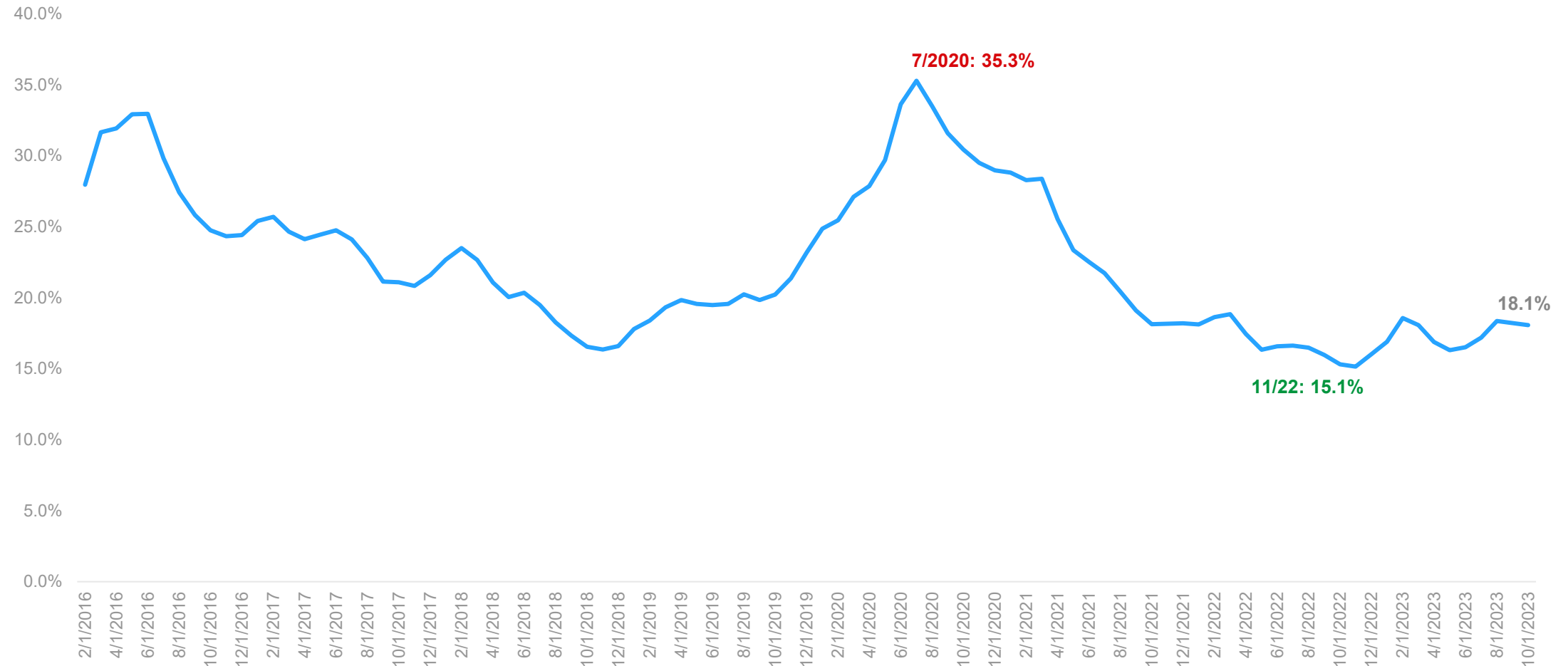
*Note: Peak since 2005; Source: Railway Supply Institute as of July 2023

An aerial photograph of a train yard, showing several freight cars on tracks. The image is overlaid with a solid blue color and a thin white rectangular border. In the center, the words "EQUIPMENT OVERVIEW" are written in large, white, sans-serif capital letters. Below the text, there is a short horizontal white line. Faint white text on the train cars includes "EXCESS HEIGHT CAR" and "LRS 130226" on the central car, and "GATX 203039" and "CAPY 10000 US GAL" on a car to the right.

EQUIPMENT OVERVIEW

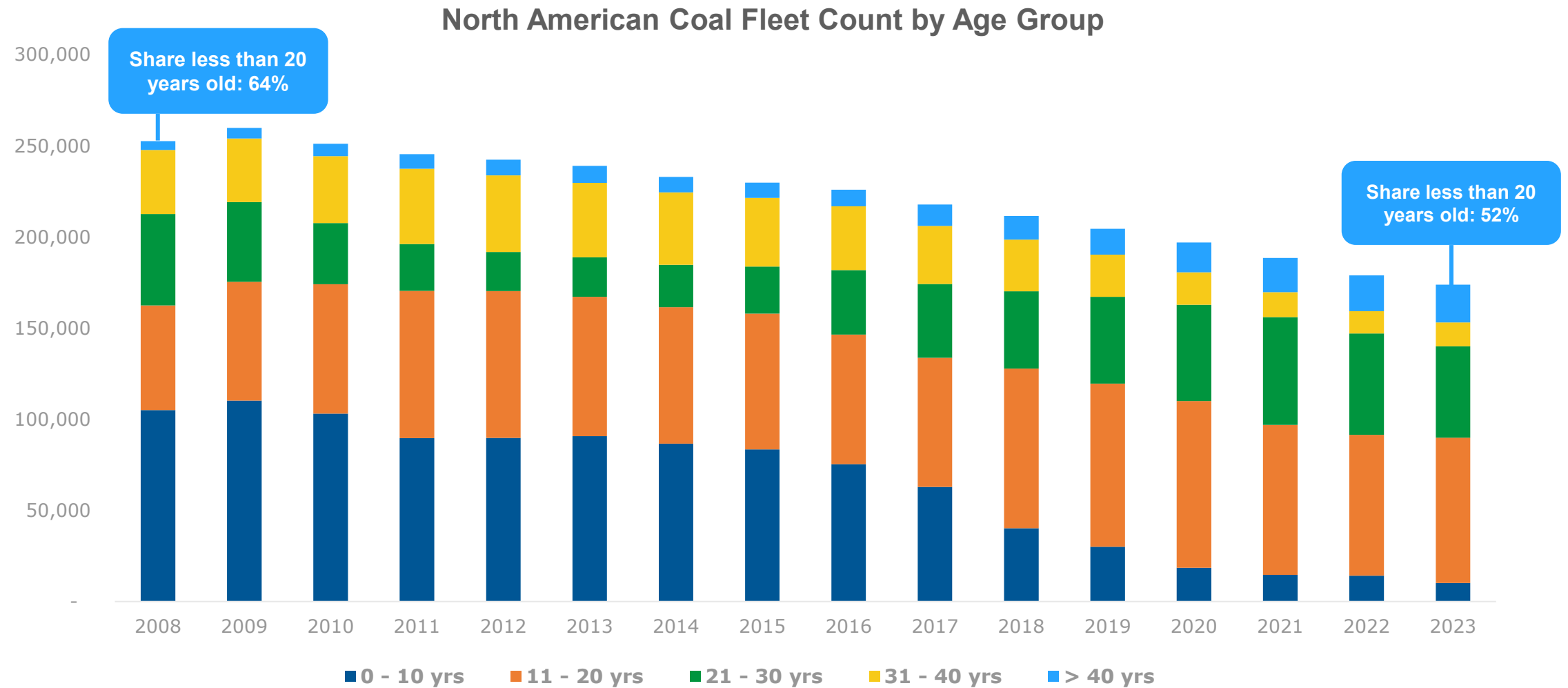
Coal Cars in Storage

North American Coal Cars In Storage



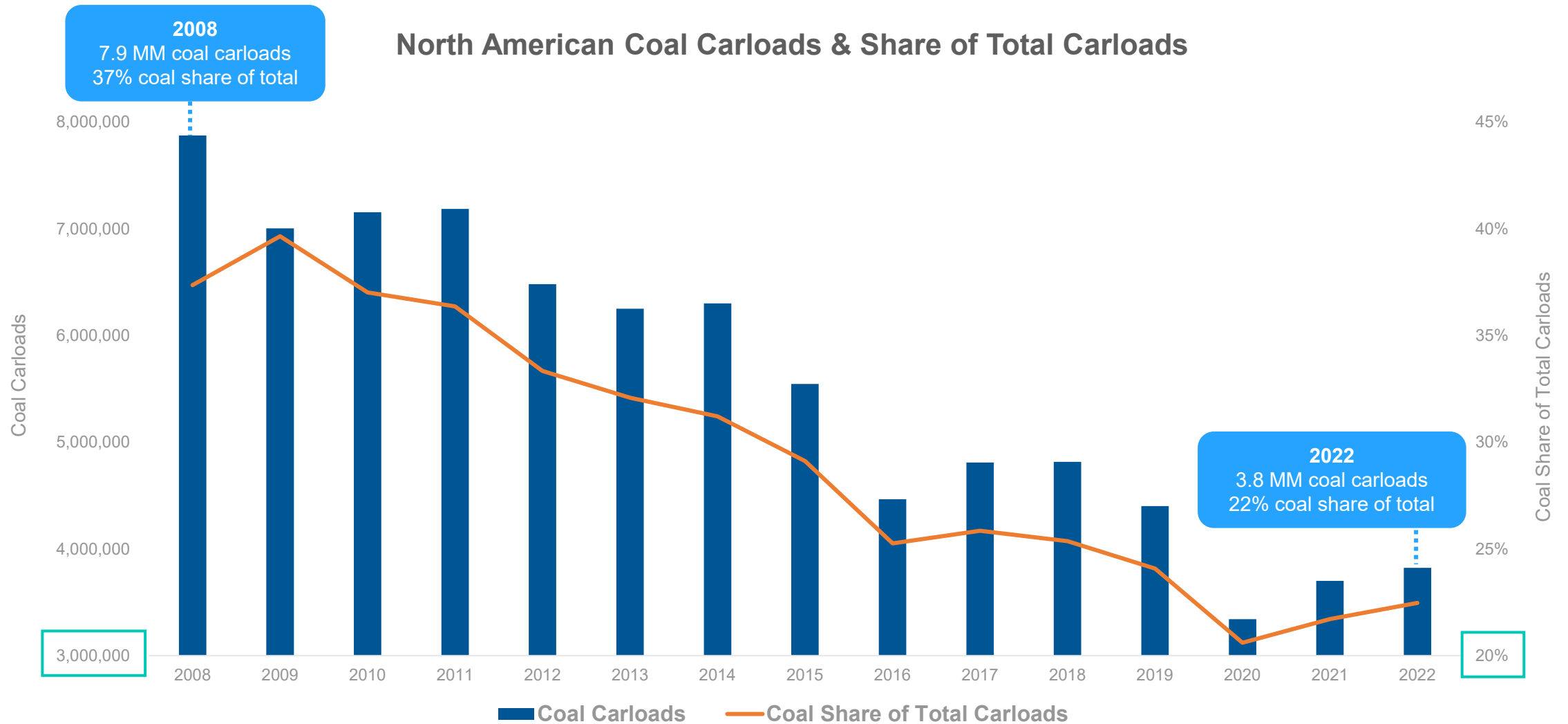
Source: Association of American Railroads; Note: As of October 1, 2023; Cars are considered in storage when not moved while loaded in the previous 60 days and having moved empty since their last loaded move

North American Coal Fleet Age



Source: Umler as of January of respective year

North American Coal Carloads



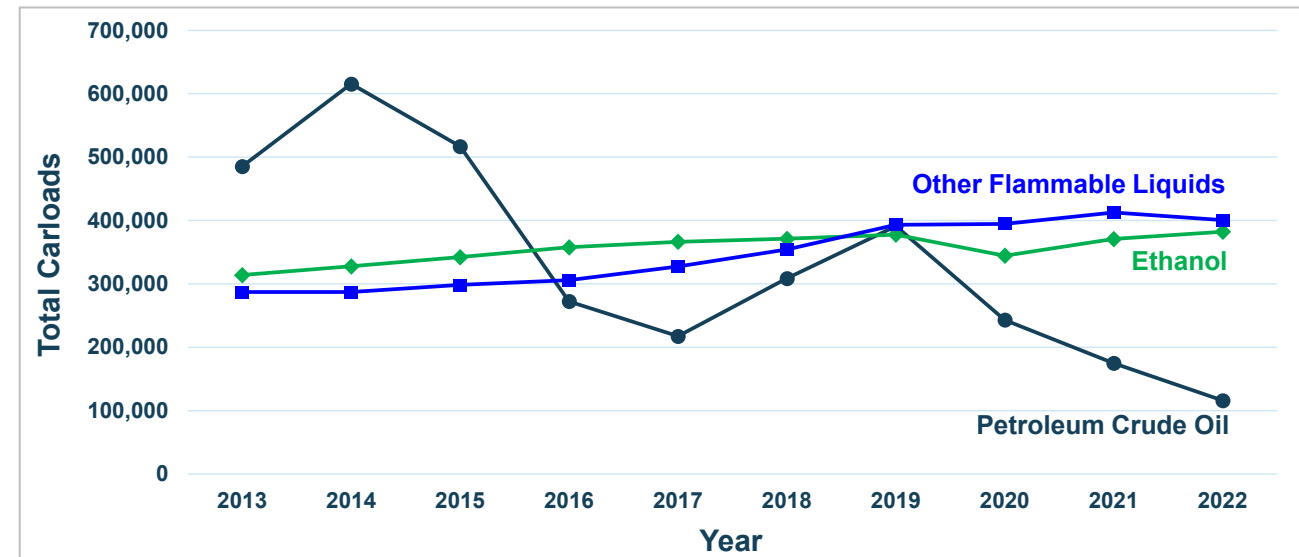
Source: Association of American Railroads

Loading/Shipments for Tank/Energy

U.S. and Canadian
Class 3 Liquid Shipments

Q1 2023	Petroleum Crude Oil	Ethanol	Other Class 3 Liquids	TOTAL
U.S.	25,953	92,673	55,688	174,314
Canada	5,191	5,361	36,703	47,255
TOTAL	31,144	98,034	92,391	221,569

Annual U.S. and Canadian
Class 3 Liquid Shipments



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.

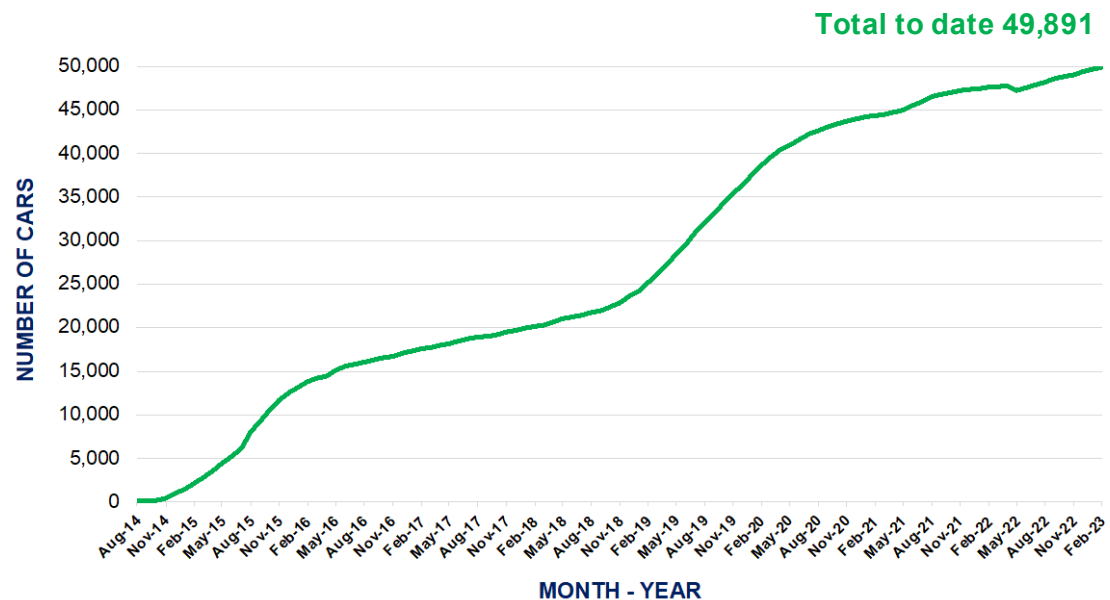
MATERIALS POISONOUS BY INHALATION ("PIH" / "TIH")

*Meet HM-246 / 219 C
"H" standard*

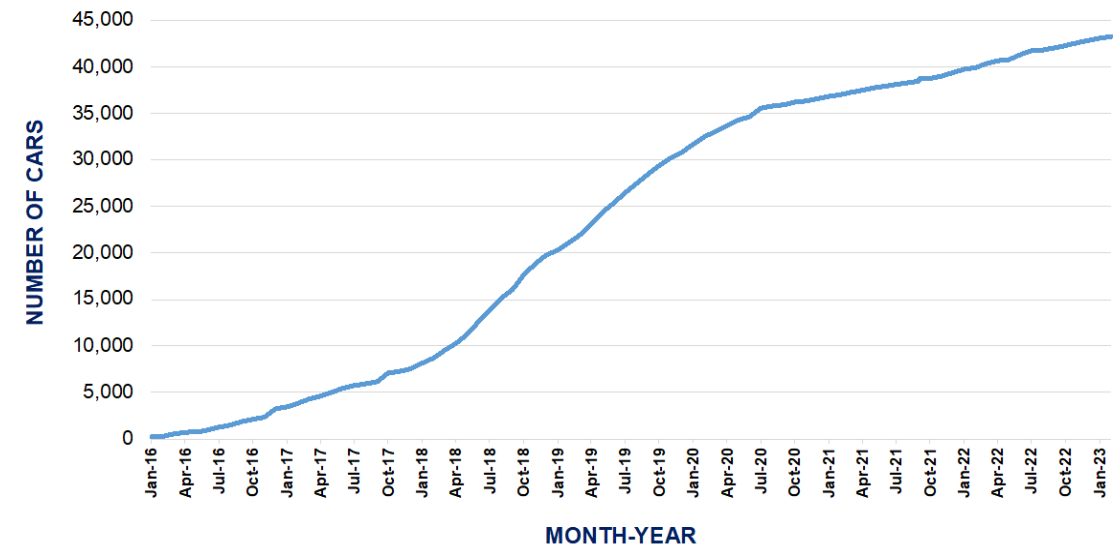
DECEMBER 31, 2027

Tank Car Regulation Status

Growth in DOT-117J and DOT-120 Tank Car Fleet
(as of end of 2022)



Growth in DOT-117R Tank Car Fleet
(as of end of 2022)



The background of the slide is a photograph of a train yard, showing several large, dark-colored train wheels and tracks. The image is heavily filtered with a solid blue color, creating a monochromatic effect. A thin white rectangular border is superimposed over the entire image. Centered on the right side of the image is the text "SUMMARY OF CURRENT CONDITIONS" in a large, white, sans-serif font. Below the text, there is a short horizontal white line.

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 limited

4

Update on shipping LNG



Thank you!

Labels visible in background: CLOSE AND LOCK DOORS BEFORE MOVING CAR, DO NOT LUBE DOORS ROLLERS LUBED DATE 3-21 TIMS T 442, NOT LUBE DOORS LER LUBED EQ 21 SPL 442, OPENING MAIN W TOTAL 1 0 24 0 24, ANTI-PINCH, SECURITY DEVICE ONLY, 70K, OPEN, CLOSE, ASD, CAR SEAL, PULL HERE, RELEASE ROD.

Questions?