

RAIL ENERGY TRANSPORTATION ADVISORY COMMITTEE

RAIL FLEET UPDATE

September 20, 2012

Rail Fleet Update – Current Tank Car Demand

- **Demand Drivers (Economic Planning Associates)**
 - Ethanol Growth, Slow Near Term with Recovery
 - Crude Oil, Petroleum Products Increasing 18.6% by 2017
 - Chemicals Growth, US / Canada / Mexico
- **2012 Rail Car Orders (American Rail Car Institute)**
 - 16,434 Rail Cars Total, 13,727 Tank Cars (83.5%) Q2
 - 28,907 Rail Cars Total, 20,206 Tank Cars (70.0%) Q1 & Q2

Rail Fleet Update – Future Tank Car Demand

Production Forecast	2012	2013	2014	2015	2016	2017
Economic Planning						
Associates	16,000	17,000	15,000	14,000	14,000	14,000
Global Insight	16,299	16,109	16,125	14,388	13,512	12,461
FTR Associates	17,054	19,700	16,300	14,300	14,800	-

ARCI Tank Car Backlog (6/30/12) 42,371 Tank cars

ARCI Tank Car Backlog Previous High (12/31/07) 39,460 Tank Cars

ACRI Tank Car Production Previous High (2008) 21,700 Tank Cars

Rail Fleet Update – Tank Car Design Developments

- Regulatory Requirements (Pipeline and Hazardous Materials Safety Administration / Federal Railroad Administration)
- Industry Standards (Association of American Railroads)
- Tank Car Manufacturer Compliant Design

Rail Fleet Update – Tank Car Design Developments

- Regulatory Requirements (DOT Class III, PG I & II Tank Cars)
 - Association of American Railroads Petition, 3/9/11
 - Village of Barrington, Illinois and Trac Petition, 4/3/12
 - The American Chemistry Council, American Petroleum Institute and the Chlorine Institute, Inc. Petition, 7/11/12
 - Pipeline and Hazardous Materials Safety Administration Advanced Notice of Proposed Rule Making Expected
 - Future Regulatory Requirements (TBD)

Rail Fleet Update – Tank Car Design Developments

- Industry Standards (DOT Class III, PG I & II Tank Cars, Crude Oil & Ethanol)
 - Casualty Prevention Circular CPC-1230 / 1232, 7/26/11
 - Effective for New Tank Cars Ordered After 10/1/11
 - Standards Included in AAR 3/9/11 Petition to PHMSA

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Rail Fleet – Energy Segments

- Coal
- Renewable Fuels
- Petroleum Products / Shale Oil / Oil Sands
- Frac Sand

Rail Fleet – Coal

- 290,000 Rail Cars
- Impacted by Low Gas Prices, Railroad Turn Times
- Declining Coal Inventories Due to Summer Demand
- Coal Exports Leveling Off
- 300 Idle Coal Sets

Rail Fleet – Coal



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Rail Fleet – Renewable Fuels

- 40,000 Tank Cars
- Corn Price
- Reduced Harvest, Shortages of Feedstock
- 800 Million Gallon Inventory
- 26 Idle Facilities, 1.5B Gallons Production Off Line (Renewable Fuels Association)
- Movement of Rail Assets to Crude Market

Rail Fleet– Renewable Fuels



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Rail Fleet – Frac Sand

- 82,500 Small Cube Covered Hopper Cars
- Market Digesting Recent Addition, 26K + by Year End
- Slowing Growth

Rail Fleet – Frac Sand



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