Senate Commerce Committee Nominee Questionnaire, 119th Congress

Instructions for the nominees: The Senate Committee on Commerce, Science, and Transportation (the "Committee") requests that you provide typed answers to each of the following questions. Do not leave any questions blank. Type "None" or "Not Applicable" if a question does not apply to you. Begin each section (*i.e.*, "A", "B", etc.) on a new sheet of paper. Electronically submit your completed questionnaire to the Committee in PDF format and <u>ensure that sections A through E of the completed questionnaire are in a text searchable format and that any hyperlinks are active and can be clicked.</u> Section F may be scanned for electronic submission and need not be searchable.

Incomplete questionnaires may delay the nomination process.

A. BIOGRAPHICAL INFORMATION AND QUALIFICATIONS

1. Name (Include any former names or nicknames used):
    - Richard James Kloster (Dick)

2. Position to which nominated: Board Member

3. Date of Nomination: September 10, 2025

4. Address (List current place of residence and office addresses):
    - [redacted]

5. Date and Place of Birth: [redacted]

6. Provide the name, position, and place of employment for your spouse (if married) or domestic partner, and the names and ages of your children (including stepchildren and children by a previous marriage).
    1. Wife – Constance Doone Kloster, not employed
    2. Son – Andrew R. Kloster, age 41
    3. Daughter – Allyson R. Kloster, age 38
    4. Daughter – Madolyn D. Kloster, age 34

7. List all college and graduate schools attended, whether or not you were granted a degree by the institution. Provide the name of the institution, the dates attended, the degree received, and the date of the degree.

1. William Rainey Harper College, Palatine, IL, September 1976 – May 1977, no degree/transferred
2. Northern Illinois University, DeKalb, IL, August 1977 – August 1980, BS Business, December 13, 1980
3. University of Alabama, Tuscaloosa, AL, August 1985 – May 1986, MS Marketing, May 17, 1986

8. List all post-undergraduate employment, including the job title, name of employer, and inclusive dates of employment, and highlight all management-level jobs held and any non-managerial jobs that relate to the position for which you are nominated.
    1. Chicago & Northwestern Transportation Co. – October 1980 to August 1985
        - Damage Prevention Auditor – October 1980 to August 1981
        - Assistant Pricing Manager, Automotive – August 1981 to January 1982
        - Pricing Manager, Paper & Forest Products – January 1982 to April 1982
        - Pricing Manager, Chemicals & Fertilizers – April 1982 to December 1982
        - Market Manager, Industrial Chemicals – December 1982 to August 1985
    2. University of Alabama
        - Graduate Research Assistant – August 1985 to August 1986
    3. Chicago Central & Pacific Railroad Company
        - Asst. Vice President, Marketing & Sales – August 1986 to June 1987
    4. Indiana Rail Road Company
        - VP Marketing, Sales, Corporate Development – July 1987 to April 1989
    5. Chicago & Northwestern Transportation Co.
        - Director, Food Products Business Unit – April 1989 to February 1991
    6. General Electric, GE Capital Railcar Services – February 1991 to July 2007
        - Senior Portfolio Manager – February 1991 to January 2001
        - Vice President, Market Segment Leader, Railroads – January 2001 – March 2003

- Vice President, Business and Market Intelligence – March 2003 to July 2007

7. Advanced Equipment Rail Solutions, Inc.
    - President and Founder – July 2007 to October 2012
8. FTR Intel / FTR Consulting Group (Freight Transportation Research Associates)
    - Principle & Senior Consultant (Rail) – January 2008 to November 2019
9. AllTranstek, LLC
    - Senior Vice President and Chief Commercial Officer – October 2012 to November 2019
10. Integrity Rail Partners, Inc.
    - President and Founder – November 2019 to Present

9. Attach a copy of your resume.
    - See Appendix A

10. List any advisory, consultative, honorary, or other part-time service or positions with Federal, State, or local governments, other than those listed above after 18 years of age.
    - None

11. List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business, enterprise, educational, or other institution.
    - Advanced Rail Equipment Solutions, Inc. – President and CEO
    - Integrity Rail Partners, Inc. – President and CEO

12. List all memberships you have had after 18 years of age or currently hold with any civic, social, charitable, educational, political, professional, fraternal, benevolent or religiously affiliated organization, private club, or other membership organization (You do not have to list your religious affiliation or membership in a religious house of worship or institution). Include dates of membership and any positions you have held with any organization. Please note whether any such club or organization restricts membership on the basis of sex, race, color, religion, national origin, age, or disability.
    - National Industrial Transportation League (NITL) – no membership restrictions
        - General Member, 1998-2025

  - Board Member, 2005-2007, 2012-2025
  - Executive Board Member & Treasurer 2021-2025
- Railway Supply Institute (RSI) – no membership restrictions
  - General Member, 1992-2025
  - Board Member, 2019-2021
- Schaumburg Athletic Association (SAA) – no membership restrictions
  - Board Member, 2004-2009

13. Have you ever been a candidate for and/or held a public office (elected, non-elected, or appointed)? If so, indicate whether any campaign has any outstanding debt, the amount, and whether you are personally liable for that debt.
    - I have never been a candidate for or held any public office.

14. List all memberships and offices held with and services rendered to, whether compensated or not, any political party or election committee within the past ten years. If you have held a paid position or served in a formal or official advisory position (whether compensated or not) in a political campaign within the past ten years, identify the particulars of the campaign, including the candidate, year of the campaign, and your title and responsibilities.
    - None

15. Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $200 or more for the past ten years.
    - None

16. List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals, and any other special recognition for outstanding service or achievements.
    - None

17. List all books, articles, columns, letters to the editor, Internet blog postings, or other publications you have authored, individually or with others. Include a link to each publication when possible. If a link is not available, provide a digital copy of the publication when available.
    - See a list of article links in Appendix B

18. List all speeches, panel discussions, and presentations (e.g., PowerPoint) that you have given on topics relevant to the position for which you have been nominated. Include a link to each publication when possible. If a link is not available, provide a digital copy of the speech or presentation when available.
    - See a list of presentations in Appendix C

19. List all public statements you have made during the past ten years, including statements in news articles and radio and podcasts and television appearances, which are on topics relevant to the position for which you have been nominated, including dates. Include a link to each statement when possible. If a link is not available, provide a digital copy of the statement when available.
    - See a list of article links in Appendix D

20. List all digital platforms (including social media and other digital content sites) on which you currently or have formerly operated an account, regardless of whether or not the account was held in your name or an alias. Include the full name of an "alias" or "handle", including the complete URL and username with hyperlinks, you have used on each of the named platforms. Indicate whether the account is active, deleted, or dormant. Include a link to each account if possible.
    - LinkedIn – Richard Kloster, active account
        - www.linkedin.com/in/richard-kloster-45b1bb4

21. Please identify each instance in which you have testified orally or in writing before Congress in a governmental or non-governmental capacity and specify the date, committee, and subject matter of each testimony.
    - I have never testified before Congress.

22. Given the current mission, major programs, and major operational objectives of the department/agency/commission/corporation to which you have been nominated, what in your background or employment experience do you believe affirmatively qualifies you for appointment to the position for which you have been nominated, and why do you wish to serve in that position?
    - I have spent my whole career working in the rail industry, having started with a railroad the second week of October 1980, the same week the Staggers Rail Act was enacted. Over the past 45 years, I have spent significant time working in, and with, all three sectors of the industry – the railroads, the supply chain, and the customer base, shippers.

This experience has allowed me to gain a deep understanding of "railroading", from all stakeholder perspectives, Class 1's, shortlines, shippers, intermodal, rail suppliers, equipment and repair, financial/investors, and others. Importantly, I offer a neutral, trusted perspective that connects commercial and technical areas. My work has been relied upon across the industry valued by all major stakeholder groups

I have a passion for the U.S. rail industry and the American economy, and a strong drive to help ensure the industry is robust, and equipped to adapt changing times, so that it can continue to be the backbone of American industry.

23. What do you believe are your responsibilities, if confirmed, to ensure that the department/agency/commission/corporation has proper management and accounting controls, and what experience do you have in managing a large organization?

- The agency is tasked with ensuring the U.S. rail industry remains healthy, strong and competitive, to the benefit of the broader ecosystem, encompassing all stakeholders. However, to do this the STB must operate as a cohesive unit, led by its Chairman and supported by the other Board members and the staff. The Board must be able to execute its duties fairly and justly, with wisdom gained through experience. It is my hope and goal to bring my diverse, 45-year experience in the rail industry to help strengthen the Board's understanding of the industry it serves so as to strengthen its decision-making.

  Over my career I have worked for large and small companies, as well as having started two small businesses, where I have always had managerial responsibilities. I pride myself as being a person who seeks out input from everyone in the organization.

  I have managed large teams that focused on technical (engineering, inspections) and regulatory compliance (Federal Railroad Administration, Pipeline and Hazardous Materials Safety Administration, Association of American Railroads), as well as operational aspects of rail equipment and rail operations. I have also managed staff responsible for accounting and financial controls at different organizations including portfolio, operational, maintenance, commercial, budget and profit and loss responsibilities.

If confirmed, I am committed to learning about all the elements of compliance with federal law, including best practices set by the Office of Management and Budget, the Government Accountability Office, and others, at the operational level, and ensuring the STB stays on track.

24. What do you believe to be the top three challenges facing the department/agency/commission/corporation, and why?
    - The STB handles hundreds of proceedings every year, some routine, but others very significant. However, all are just as important to one petitioner as it is to another. Moving all cases through the process has been a challenge in the past but should be a top goal of the Board, in terms of speed, timeliness and transparency of the process. If confirmed, my goal will be to contribute to the progress made by the new Chairman.

      Some cases are very specific, affecting only the participants, while others will have lasting effects for the industry as a whole. In my mind, these decisions with long lasting impacts are the most critical and must me addressed with fairness, accountability, and adherence to law. Doing this requires the utmost due diligence in an open and transparent manner, involving input and debate from a broad set of stakeholders. If confirmed, this would be my approach. I would rely on my deep background and network in the industry to ensure sound and just decisions.

      Making good decisions requires good input. The more knowledge and information you acquire, the better positioned you are to make sound decisions, while still balancing preparation with timely action. The STB is strong in this area, but there is always room for improvement. One of my goals would be to draw on my unique experience to enhance the agency's capabilities and ensure it obtains and understands the information necessary for effective decision-making.

B. POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients, or customers. Please include information related to retirement accounts, such as a 401(k) or pension plan.
    - I have no existing financial arrangements or deferred compensation agreements. If confirmed, my consulting firm, Integrity Rail Partners,

Inc., will become dormant and I will cease to have any future business relations with any business associates, clients, or customers.
- I have 401(k) rollover accounts from two former employers, GE Railcar Services (GE) and Rescar Inc. I also have a pension from GE Railcar Services (GE). These are listed in Section E.1.

2. Do you have any commitments or agreements, formal or informal, to maintain employment, affiliation, or practice with any business, association, or other organization during your appointment? If so, please explain.
    - I am the sole owner of my consulting firm, which does business as Integrity Rail Partners, Inc. If confirmed, my consulting firm will cease engaging in any business, including client engagements, consistent with my OGE Ethics Agreement.

3. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated. Explain how you will resolve each potential conflict of interest.
    - If confirmed, Integrity Rail Partners, Inc. will remain dormant and will not advertise, during my appointment to the position of Board Member. I will not perform any services for the firm, except that I will comply with any court orders or subpoenas and any requirements involving legal filings, taxes, and fees that are necessary to maintain the firm while it is in an inactive status. As a Board Member, I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of Integrity Rail Partners, Inc. All amounts owed to me by any of my clients will be fixed before I assume the duties of the position of Board Member, and I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the ability or willingness of any of these clients to pay these amounts.

4. Describe any business relationship, dealing, or financial transaction which you have had during the last ten years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated. Explain how you will resolve each potential conflict of interest.

- I am not aware that I hold any financial interest that would raise a possible conflict of interest. However, in my Ethics Agreement, I have pledged that I will not participate personally and substantially in any particular matter in which I know that I have a financial interest directly and predictably affected by the matter, or in which I know that a person whose interests are imputed to me has a financial interest directly and predictably affected by the particular matter, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1). I understand that the interests of the following persons are imputed to me:

    - Any spouse or minor child of mine;
    - Any general partner of a partnership in which I am a limited or general partner;
    - Any organization in which I serve as an officer, director, trustee, general partner, or employee, even if uncompensated; and
    - Any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

- Additionally, I have been advised that the duties of the position of Board Member may involve particular matters affecting the financial interests of Commtrex. The agency has determined that it is not necessary at this time for me to divest my interest in this entity because the likelihood that my duties will involve any such matter is remote. Accordingly, I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of Commtrex, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1).

5. Identify any other potential conflicts of interest and explain how you will resolve each potential conflict of interest.
    - None

6. Describe any activity during the past ten years, including the names of clients represented, in which you have been engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any legislation or affecting the administration and execution of law or public policy.
    - None

C. LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics, professional misconduct, or retaliation by, or been the subject of a complaint to, any court, administrative agency, the Office of Special Counsel, an Inspector General, professional association, disciplinary committee, or other professional group?
   - No

   If yes:

   a. Provide the name of the court, agency, association, committee, or group;
   b. Provide the date the citation, disciplinary action, complaint, or personnel action was issued or initiated;
   c. Describe the citation, disciplinary action, complaint, or personnel action;
   d. Provide the results of the citation, disciplinary action, complaint, or personnel action.

2. Have you ever been investigated, arrested, charged, or held by any Federal, State, or other law enforcement authority of any Federal, State, county, municipal, or foreign government entity, other than for a minor traffic offense? If so, please explain.
   - No

3. Have you or any business or nonprofit of which you are or were an officer ever been involved as a party in an administrative agency proceeding, criminal proceeding, or civil litigation? If so, please explain.
   - No

4. Have you ever been convicted (including pleas of guilty or *nolo contendere*) of any criminal violation other than a minor traffic offense? If so, please explain.
   - No

5. Have you ever been accused, formally or informally, of sexual assault, sexual harassment, or discrimination on the basis of sex, race, religion, or any other basis? If so, please explain.
   - No

6. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be disclosed in connection with your nomination.
    - I have nothing relevant to disclose.

D. RELATIONSHIP WITH COMMITTEE

1. Will you ensure that your department/agency/commission/corporation complies with deadlines for information set by congressional committees, and that your department/agency/commission/corporation endeavors to timely comply with requests for information from individual Members of Congress, including requests from members in the minority?
    - Yes

2. Will you ensure that your department/agency/commission/corporation does whatever it can to protect congressional witnesses and whistleblowers from reprisal for their testimony and disclosures?
    - Yes

3. Will you cooperate in providing the Committee with requested witnesses, including technical experts and career employees, with firsthand knowledge of matters of interest to the Committee?
    - Yes

4. Are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be reasonably requested to do so?
    - Yes

E. FINANCIAL DATA & OTHER CONFIDENTIAL MATTERS (Will not be released to the public.)

1. [redacted]

[redacted]

- None

17. [redacted]

- [redacted]

a. [redacted]
b. [redacted]
c. [redacted]
d. [redacted]

[redacted]

F. AFFIDAVIT

Richard J. Kloster being duly sworn, hereby states that he/she has read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of his/her knowledge, current, accurate, and complete.

Richard J. Kloster

Signature of Nominee

Subscribed and sworn before me this 2 day of OCT., 2025

Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
RHEANNA NUCKOLS
The Business Center
630 N Mildred St, Ranson WV 25438
My Commission Expires August 21, 2027

Appendix A – Resume

Richard J. Kloster

[redacted] [redacted]

Strategic Leader – Striving for Excellence

Collaborative Leader Developing High Performing Teams to Drive Growth and Transformation

Forward-thinking executive leading organizations to achieve strategic and financial goals. Develop talented teams, pursuing excellence in quality, growth, and profitability. Partner with stakeholders by listening carefully to needs, creating innovative solutions, and earning trust and respect.

A passion for learning, seeking diverse ideas, and engaging teams at all levels in organization to drive transformational change. Extensive experience in the rail industry and exposure to most facets of a complex ecosystem.

EXPERIENCE

INTEGRITY RAIL PARTNERS, INC., Charles Town, WV **2019 to Present**

A private transportation consulting firm that provides strategic, economic, and forecasting services to the railroad and rail transportation equipment industry.

President

Founded a leading economic and forecasting consulting firm specializing in providing strategic guidance to companies operating in the rail equipment supply markets. Client base covers all sectors of the supply chain, including railroads, shippers, manufactures, leasing companies, service providers, financial services, private equity firms.

ALLTRANSTEK, LLC, Downers Grove, IL **2012 to 2019**

A private transportation consulting company that provides fleet management, technical, operational, and strategic consulting services to the rail equipment *industry, managing over 300,000 railcars for more than two hundred clients in North America.*

Senior Vice President and Chief Commercial Officer

Responsible for all strategic, regulatory, and commercial activities of the business. Led the industry's largest staff of technical, operational, regulatory, economic, and strategic consultants, focusing on all matters pertaining to the rail equipment supply chain.

- Key advisor on many industry acquisitions, regulatory events, and variety of consulting engagements
- Created strategic plan to expand line of services, grow existing client base, and increase market footprint.
- Successful with revenues doubled, margins and EBITA increased, fleet count increased by 2.5X

FTR INTEL / FTR CONSULTING GROUP, Bloomington, IN **2007 to 2019**

Industry leader in freight transportation research, economics, and forecasting.

Principal & Senior Consultant

FTR's rail industry and rail equipment expert, analyst, and author of various reports, including the quarterly Rail Equipment Outlook, the industry's leading rail equipment forecast.

- Responsibly for the growth of the firm's reputation in the industry's leading rail equipment forecaster
- Increased rail segment subscriptions by 10x in first three years

ADVANCED RAIL EQUIPMENT SOLUTIONS, INC., Schaumburg, IL **2007 to 2012**

A private transportation consulting company that provides strategic, economic, and forecasting consulting services to the railroad and transportation equipment industry.

President

Founded first consulting firm focusing on economic analysis of the rail equipment industry, serving all sectors of the supply chain, including manufactures, leasing companies, railroads, service providers, financial services, private equity firms, etc., on a wide range of projects and assignments.

GE RAIL SERVICES, CHICAGO, IL **1991 to 2007**

A subsidiary of General Electric Company, the largest lessor of railroad freight cars and intermodal equipment in North America, operating a fleet of over 180,000 rail cars.

Vice President Business and Market Intelligence **2004-2007**

Managed a large GE corporate Center of Excellence focusing on research and analysis of the rail industry on behalf of all GE businesses with interests in the global rail industry. Supported commercial decision processes, strategic growth initiatives, analyzed economic conditions, business trends, performed industry segment, fleet and competitor analysis, and addressed potential markets.

Vice President, Market Segment Leader **2001-2004**

Led business development efforts focused on Class 1, regional and shortline railroad customers to identify, develop, and implement new service platforms. Accomplished through new product development, new market entry, acquisitions, and technology development efforts and initiatives.

Senior Portfolio Manager **1991-2001**

Led multifaceted team with profit & loss responsibility in the strategic and operating management of GE Rail's freight car fleet, totaling over 55,000 railcars.

- Acquisition and capex spending of over $1 billion on new and existing railcars, conversion, and rehab programs
- Portfolio, commercial, operational, and financial decision responsibilities

PRIOR WORK EXPERIENCE **1980-1991**

CHICAGO & NORTHWESTERN TRANSPORTATION COMPANY, Chicago, IL **Various**

A Class 1 railroad operating in the Midwest.

- Director, Food Products Business Unit
- Market Manager, Industrial Chemicals

- Pricing Manager, Chemicals & Fertilizers
- Pricing Manager, Paper & Forest Products

INDIANA RAIL ROAD COMPANY, Indianapolis, IN **VP Marketing, Sales, Corporate Development**

A start-up shortline railroad operating in Indiana and Illinois.

CHICAGO CENTRAL & PACIFIC RAILROAD CO. Waterloo, IA **Asst. Vice President, Marketing & Sales**

A start-up regional railroad operating in Illinois and Iowa.

EDUCATION

University of Alabama, Tuscaloosa, AL	*Master of Arts, Marketing*
Northern Illinois University, DeKalb, IL	*Bachelor of Science, Business & Economics*

LEADERSHIP POSITIONS and OTHER PROFESSIONAL EXPERIENCE

Railway Supply Institute	
Board of Directors, Member	*2019-2022*
Committee on Tank Cars, Member	*2019-2022*
GPAC Committee, Member	*2016-present*
National Industrial Transportation League	
Board of Directors, Executive Committee	*2018-current*
Board of Directors, Member	*2004-2007, 2013-2017*
Progressive Railroading Magazine, Featured Columnist	*2014-present*
Association of American Railroads, Joint Industry Boxcar Task Force, Member	*1994-1999*
Holder of three patents for rail car innovations	*1999-2001*
Frequent presenter to industry organizations, meetings, and conferences	*1996-current*

Appendix B – Progressive Railroading Magazine Articles

2025 July – "The future of the rail-car supply chain? It's all about the freight"
https://www.progressiverailroading.com/mechanical/article/The-future-of-the-rail-car-supply-chain-Its-all-about-the-freight-mdash-by-Richard-Kloster--74860

2025 February – "On the eve of a new renaissance? — commentary by Richard Kloster"
https://www.progressiverailroading.com/federal_legislation_regulation/news/On-the-eve-of-a-new-renaissance-mdash-commentary-by-Richard-Kloster--73848

2024 December – "Rail-Car Outlook '25: Definitely not 'Back to the Future' anytime soon — forecast by Richard Kloster"
https://www.progressiverailroading.com/rail_industry_trends/news/Rail-Car-Outlook-25-Definitely-not-Back-to-the-Future-anytime-soon-mdash-forecast-by-Richard-Kloster--73444

2024 July – "If I were King of the Rail-car Fleet — commentary by Richard Kloster"

- No link available, see the article at the end of this report

2024 February – "Actions and Words: How will car supply affect the 'Pivot to Growth?' — commentary by Richard Kloster"

- No link available, see the article at the end of this report

2023 December – "Rail-car outlook '24: Dick Kloster's annual forecast"
https://www.progressiverailroading.com/mechanical/article/Rail-car-outlook-24-Dick-Klosters-annual-forecast--70825

2023 July – "Death and Taxes: How regulations and inflation are impacting tank car maintenance"

- No link available, see the article at the end of this report

2023 February – "The Paradigm Shift: How rail-car supply and ownership has changed over time — commentary by Richard Kloster"

- No link available, see the article below

2022 December – "Rail-car outlook: Richard Kloster's 2023 delivery projection" https://www.progressiverailroading.com/mechanical/article/Rail-car-outlook-Richard-Klosters-2023-delivery-projection--68134

2022 July – "A funny thing happened on the way to the scrap yard — commentary by Richard Kloster"

- No link available, see the article below

2022 February – "The Tails That Wag the Dog: The three fleets that have been depressing fleet utilization — commentary by Richard Kloster"

- No link available, see the article below

2021 December – "What will the rail equipment market look like in 2022?"
https://www.progressiverailroading.com/mechanical/article/What-will-the-rail-equipment-market-look-like-in-2022--65378

2021 August – "Rail-car market update: What about Bob (I mean rail cars)?"
https://www.progressiverailroading.com/mechanical/article/Rail-car-market-update-What-about-Bob-I-mean-rail-cars--64248

2020 December – "What will the rail-car equipment market look like in 2021? (commentary by Richard Kloster)"
https://www.progressiverailroading.com/mechanical/article/What-will-the-rail-car-equipment-market-look-like-in-2021-commentary-by-Richard-Kloster--62197

2020 February – "A case for the 'hope for the best' contingent: rail equipment market commentary by Richard Kloster"
https://www.progressiverailroading.com/mechanical/article/A-case-for-the-hope-for-the-best-contingent-rail-equipment-market-commentary-by-Richard-Kloster--59677

2019 December – "Rail-car Outlook 2020 — analysis by Richard Kloster"
https://www.progressiverailroading.com/mechanical/article/Rail-car-Outlook-2020-analysis-by-Richard-Kloster--59245

2019 August – "The plight of box cars — analysis by Richard Kloster"
https://www.progressiverailroading.com/mechanical/article/The-plight-of-box-cars-analysis-by-Richard-Kloster--58261

2019 February – "PSR and the rail car: Commentary by Richard Kloster" https://www.progressiverailroading.com/mechanical/article/PSR-and-the-rail-car-Commentary-by-Richard-Kloster--56697

2018 December – "Outlook 2019: Rail-car forecast by Richard Kloster"
https://www.progressiverailroading.com/mechanical/article.aspx?id=56257

2018 July – "What if they never discovered oil in North Dakota? — by Richard Kloster"
https://www.progressiverailroading.com/mechanical/article/What-if-they-never-discovered-oil-in-North-Dakota-by-Richard-Kloster--55040

2018 February – "Commentary: Rail-car lessees need to know the new lease accounting standards"
https://www.progressiverailroading.com/mechanical/article/Commentary-Rail-car-lessees-need-to-know-the-new-lease-accounting-standards--53872

2017 December – "Outlook 2018: Rail-car forecast by Richard Kloster"
https://www.progressiverailroading.com/rail_industry_trends/article/Outlook-2018-Rail-car-forecast-by-Richard-Kloster--53418

2017 August – "Rail-car outlook: Where did the momentum go? — analysis by Richard Kloster"
https://www.progressiverailroading.com/mechanical/article/Rail-car-outlook-Where-did-the-momentum-go-mdash-analysis-by-Richard-Kloster--52368

2017 February – "Commentary: If things are so bad in the rail-car leasing industry, why are so many jumping in?"
https://www.progressiverailroading.com/mechanical/article/Commentary-If-things-are-so-bad-in-the-rail-car-leasing-industry-why-are-so-many-jumping-in--50788

2016 December – "Outlook 2017: Rail-car forecast by Richard Kloster"
https://www.progressiverailroading.com/mechanical/article/Outlook-2017-Rail-car-forecast-by-Richard-Kloster--50304

2016 July – "Rule change could help ease box-car supply problem — commentary by Richard Kloster"
https://www.progressiverailroading.com/mechanical/article/Rule-change-could-help-ease-box-car-supply-problem-commentary-by-Richard-Kloster--48746

2016 April – "Tank cars: The year of the shipper — commentary by Richard Kloster"
https://www.progressiverailroading.com/mechanical/article/Tank-cars-The-year-of-the-shipper-commentary-by-Richard-Kloster--47892

2016 March – "AllTranstek tackles imploding tank car legend on MythBusters TV show"
https://www.progressiverailroading.com/mechanical/article/AllTranstek-tackles-imploding-tank-car-legend-on-MythBusters-TV-show--47621

2015 December – "Outlook 2016: Rail-car forecast by Richard Kloster"
https://www.progressiverailroading.com/rail_industry_trends/article/Outlook-2016-Rail-car-forecast-by-Richard-Kloster--46701

2024 July – "If I were King of the Rail-car Fleet"

If I were King of the Railcar Fleet
The problem with Per Diem Leasing

By Richard Kloster

Per diem leasing has outlived its usefulness. By about 20 years. There, can't believe I said it.

I spent ten years managing a huge boxcar fleet, so I learned a thing or two about per diem leasing, and I never thought I'd say this, but if I were King of the Railcar Fleet my first act would be to outlaw per diem leasing.

Per diem leasing used to be an extremely useful tool for railroads to secure equipment. It was created in the 1970's by Itel Corporation to provide leased equipment to cash-strapped shortline railroads. This was during a time of extreme equipment shortages, and the inability or unwillingness of Class 1 railroads to invest in additional equipment. Consequently, tens of thousands of desperately needed cars were built, many of them boxcars.

Fast forward to the 1990's when the industry adopted a new car hire compensation scheme. Deprescription, as it was called, is a market-based system that set railroad car hire rates based on supply and demand, replacing the "prescribed" system. This new system was laudable – who would object to a market-based system, as long as certain "guardrails" were implemented to protect against abusive tactics.

However, like every new set of rules, there are those that will try to find a loophole to use for their own benefit. In this case the loophole is the default rate. More specifically, how the default rate is set for cars built after 1992. The default rate is the key part in deprescription since it sets the rate that is charged in the absence of a negotiated rate. Sounds fine, right? But how is the default rate set?

It is the "lowest positive negotiated rate from the prior quarter". The issue here is, all it takes to tip the scales in a car hire rate negotiation is for ONE "car user" and ONE "car owner", both of which are railroads, to negotiate an extremely low rate for ONE car.

The result is that *one single car* governs the rate for all the ensuing car builds of a specific car type. This has applied to tens of thousands of new cars built over the last 32 years, with some of the rates as low as $0.17 per hour, far from economically viable for a car owner, even at a car cost of 20 years ago.

This is a major reason why leasing companies today avoid investing in new boxcars.

So why outlaw per diem leasing? I think per diem is a crutch that has lost its relevance. It didn't use to be this way but now it is.

Boxcars shippers rely almost exclusively on the railroads for car supply and have been spoiled over the years because of the huge fleet they drew from. That is not the case today. However, unlike other industries that use covered hoppers and tank cars, most boxcar users never had to figure out how to include ownership or fixed rate leasing into their rail transportation business models. Covered hopper users have a robust car supply of owned, fixed leased, and railroad supplied at their disposal that is not facing the retirement cliff that boxcar users are facing now.

Pooling is always cited as the reason shipper ownership or fixed rate leasing doesn't work for boxcars, that the railroads need to control the cars to raise overall utilization. However, grain covered hopper pools have been in place since the 1990's with shipper owned and leased cars placed into railroad managed pools. Why hasn't this been done in the boxcar market? My belief is it's the lack of a historic shipper boxcar fleet, which goes back to the overreliance of per diem leasing and railroad supply. Boxcar shippers have never been pushed to develop their own ownership/fixed leasing strategies.

Yes, there are always exceptions, but I'm talking about the overall fleet and its decline over the last twenty years. There just haven't been enough "exceptions" to make the rule and overcome the lack of investment.

The point is that unless boxcar users reevaluate their aversion to fixed rate leasing or ownership, they will be left with only two paths forward. A declining fleet and/or a one-supplier market for car supply, TTX.

Providing car supply to shippers, the true customers, is the reason railcars exist. The manner in which they are financed, owned and supplied is a detail, an economically important one, but subservient to providing basic car supply. Unless boxcar shippers want to lose this rail transportation option, they will have to develop new car supply funding strategies.

Times have changed. New strategies are needed. So, if I were the King of the Railcar Fleet, I would take the away the crutch that per diem leasing has become, to force parties to face up to the realities of the present, and put all players – railroads, shippers and lessors – on equal footing. Off with Per Diem's head!

Note: The Railway Supply Institute has petitioned the Surface Transportation Board to review the current rules for setting compensation to boxcar owners. More on the petition can be found here: https://www.rsiweb.org/addressing-the-boxcar-cliff-an-inflection-point-we-cant-afford-to-miss/

2024 February – "Actions and Words: How will car supply affect the 'Pivot to Growth?'"

February 2024 Fleet & Leasing Issue

Actions and Words
How will car supply affect the 'Pivot to Growth?'

By Richard Kloster

I've told this story a million times. I joined the industry straight out of college and got a job with the CNW working in a yard in Wisconsin. I lasted one Wisconsin winter and was about to quit. I had another job lined up but with a pay cut — that's how much I didn't like being cold.

Anyway, when I told my boss I was resigning, she asked me what I was going to do. So, I told her. Her response? "If you can find a [expletive deleted] job like that today, you can find a [expletive deleted] job like that in three months. Give me three months." A month later, I had a marketing and pricing job in Chicago.

This was in the early days of deregulation. Short lines were being created left and right. The Class Is were starting to merge and consolidate, but competition was still alive and well. Every piece of business was important — unless it didn't contribute economically. There were trains to fill and cars to load. The shackles of regulation were off. The time to grow was here.

Today, we hear Class Is talk about the "Pivot to Growth." It sounds great and I hope it works, but it's too early to see any real measurable, systemic results. Afterall, it took the railroads almost 15 years after deregulation to rationalize and become "profitable."

But why is a rail-car guy going down railroad memory lane?

Because I've seen both sides of the coin. And I see some similarities, and contrasts, between the post-deregulation period and the current environment we're in, as it relates to rail cars. Back then, car supply wasn't a problem. We had too many of most car types — even though a lot were old and busted, we still had enough.

Today, in many fleets, we don't have enough. Reinvestment in new cars over time has not been sufficient, and has resulted in a lot of smaller, declining fleets of poor-quality cars. This indifference or reluctance to invest in rail cars is often claimed to be due to declining freight, meaning, "If I don't have the load, I don't need the car."

But what about the reverse? "If I don't have the car, I'm not going to get the load." People always assume it's a one-directional paradigm. Lower freight volume causes the fleet to decline. But it's not always true, not by a long shot. It's often a two-way street.

While some rail fleets have declined due to freight issues, others have not. The box-car fleet is the perfect example.

Much of the box-car freight that was diverted to intermodal or truck was done so over 20 years ago. This is why the fleet fell from 550,000 cars in 1980 (deregulation) to today's 115,000 cars. Since then, the freight that remains in box cars *wants* to move in box cars. Sure, there are exceptions, but most of the lost box-car freight has been due to the declining supply of box cars, which has been caused by the lack of reinvestment. Or a lack of service. Either way, not because the shipper wanted to. Because they *had* to. Ask any shipper.

There are many other examples of this supply-driven freight decline. I point this out because if the railroads want to pivot to growth and generate more freight, they're going to need to address car supply, and in many fleets, upgrade and add more cars. Which means they're going to have to reconsider their attitudes and strategies toward car supply.

Some say rail shipments are a leading indicator of the economy. I think that's true. But I also think that new car builds, fleet sizes and the quality of the fleets are leading indicators of the commitment that railroads have to their long-term growth prospects. Rail cars have long lives, and you'll need them for a long time.

So, if you're going to buy a new one, you had better have confidence in your business plans. If you don't, then you probably maintain the status quo. Either way, your actions will speak louder than your words.

2023 July – "Death and Taxes: How regulations and inflation are impacting tank car maintenance"

Death and Taxes
How regulations and inflation are impacting tank car maintenance
By Richard Kloster

Death and taxes. You can't avoid them. For the tank car fleet, it's regulations and inflation that have been pushing the cost of owning and maintaining a tank car to new levels.

Regulations are like a Roach Motel or Hotel California. They check in but they never check out. And they always increase the operating costs of owning a tank car. The same is true for freight cars. However, the regulatory burden is much lower for freight cars, and the pace of change is slower.

The regulatory burden for tank cars is continuously in flux but change comes in bunches, sometime triggered by events, sometimes due to industry efforts to improve the quality and safety of tank cars, most of which are used to haul hazardous materials. The industry is currently dealing with the potential for new or revised regulations in the aftermath of the Palestine, OH derailment, which comes ten years after the Lac-Mégantic derailment, and the resulting regulatory changes included in the 2015 Fast Act.

However, probably the most significant regulatory change affecting tank cars came with the introduction of HM-201, and the expanded HM-216B, requiring tank car owners to Qualify, or Requalify, their tank car every ten years or less.

The impact on maintenance costs and practices has been significant. Prior to HM-201 it was every 20 years, and the requirements were much less robust and costly. Most tank car went to shop when they need to – for repairs, change of service, lease return, reassignment, etc. These were mostly one-off, single car shopping events, with specific scopes of work. Preventative maintenance was done on some cars but was generally an exception.

Today, much of the tank car's general maintenance is performed when the car is at the shop for a qualification event. This benefits the car owner economically by reducing overall fleet transportation expenses, allows owners to "bundle" volume and manage the shopping as a project verses a series of one-offs, and also perform more "true" preventative maintenance.

However, the overall cost burden is higher due to the additional regulatory compliance requirements. Depending on how a car owner manages fleet maintenance over time determines whether they experience a net benefit from a cost perspective, or not.

The other factor driving rising maintenance costs is inflation, however, there are several types of inflation that are at play. The first is the effect that the general rate of inflation in the economy is having on the cost components of maintenance. This includes labor, components, and materials.

Private repair shops set their own labor rates, but they move in concert with the published AAR Labor Rate, which lags the economy some but has risen shapely over the past two years. The second is interest rates, which at some point will abate but not in the near term.

The other two are industry and market based, namely concentration and demand. The shops that perform tank car maintenance are concentrated among a few large operators. Several are affiliated with large leasing companies and builders with their own fleets to maintain. Two companies operate large shop networks. The remaining tank car certified shops are independent companies with one or two locations. However, they tend to operate regionally. In the end, a fleet owner can find themselves with fewer options than they thought.

Compounding this is the demand for tank car repair, and this relates back to Qualifications, which are now driving the market. The industry is currently in the largest qualification cycle ever and will not peak until 2024 and 2025. With tank car ownership concentrated with a small number of very large fleets – five lessors own 65% of the total fleet – shop space is at a premium. Owners are booking shop space into late 2024 to secure capacity.

The combined effect of shop concentration, high demand, and lower industry capacity – several shops have been shut down in the last couple of years – has tightened tank car maintenance supply.

The net result of regulatory changes and inflationary forces both increase tank car maintenance costs. Combined with limitations on the supply of maintenance services and the current shopping practices of tank car owners, these forces have created a market environment that has shifted the balance of power toward the shop operators, resulting in higher costs going forward for the foreseeable future.

Death and Taxes. While we can't avoid death, we can mitigate taxes, or in the world of tank cars, rising maintenance costs. However, doing this requires a sound understanding of the current and future environment, as well as implementing strategies to lessen the future cost burden of owning a tank car.

2023 February – "The Paradigm Shift: How rail-car supply and ownership has changed over time — commentary by Richard Kloster"

The Paradigm Shift
How rail-car supply and ownership has changed over time
By Richard Kloster

Rail-car supply has been around for as long as we've had railroads. There's a reason we call rail shipments *carloads*. Because if you don't have the car, you won't get the load.

In the beginning, all cars were owned and supplied by the railroads and even built. Leasing companies emerged before the turn of the last century, primarily for tank cars. However, in 1980, the year the railroad industry was deregulated, around 80% of the 2 million rail cars were owned by the railroads. Today, the railroad ownership share is down to 17%, while the leasing company share is up to 55%. TTX and the shippers own the remaining 10% and 18%, respectively.

The reason for this huge ownership shift is fairly simple. The railroad industry is the most capex-intensive industry there is, and the financial community, operating lessors and banks have developed a huge appetite for hard, long-lived assets — which the railroads have been more than happy to hand off this capex category to.

However, what's important to understand is how this paradigm shift happened from a historical and strategic context — and most important, what the implications are for the future.

To better understand the evolution of rail-car reinvest, break the last 42-year timeline into quarters:

1st quarter: Post-deregulation. Very few new cars were built. Everyone was rightsizing their fleets, not growing them. This was a period of heavy consolidation among the lessors and builders.

2nd Quarter: Remerged build cycle. In the mid-1990s, when new car demand returned, builders were builders and lessors were lessors. The lessors competed to secure a new car lease order from a lessee. The winning lessor then released an RFP to the builders and selected one. Burgeoning new car demand attracted many new leasing companies. While two builders had effective leasing businesses, the others did not, which limited their market to selling cars instead of leasing them. This was the same model that existed for decades prior to deregulation.

Implication: The builders were at a competitive disadvantage, lessors were playing one builder off another, order books and production schedules were unpredictable, and margins were depressed. Advantage: Lessors.

3rd Quarter: Emergence of the builder that leases. Starting in the early 2000s, builders realized there was power in holding the new car lease order. By securing the new car lease order themselves, they avoided the lessor's RFP process and increased the value of the car by adding new margins to the historical new car build margin, namely a margin for attaching a lease to the new car and a management fee. While all the builders created leasing operations, some were more significant than others. Implication: The balance of power evened out. Some builders created partnerships with large, well-funded investors; began building a leased fleet portfolio's; increased their customer bases; and expanded their design portfolio. Advantage: Even.

4th Quarter: Emergence of the builder-lessor. By the 2010s, the builders were fully competitive with the lessors. Attractive new car leases rates helped builders secure an increasing market share. The builders and their partners began increasing their participation in the secondary market. Implication: Many lessors dropped out of the new car market and refocused their growth plans to the secondary market, leaving more available orders to the builders and larger lessors, who had large enough volumes to aggerate and secure favorable terms for new cars. Advantage: Builder-lessors.

The future: Going forward, the balance of power is likely to oscillate between these two groups. This evolution of the builders and the reordering of how typical lessors grow their fleet has redefined the two groups' roles, but most of the implications are positive for the supply chain. While market demand will still set the prices for new cars of all types, the builders are now more effectively able to manage their production schedules and control their costs, which improves margins. The secondary market has grown and now includes much more attractive and younger equipment, which allows lessors not originating their own new car leases to still add new(er) cars into their fleet growth plans.
On the downside, while component prices, steel costs and interest rates have increased, builder consolidation that has concentrated capacity has also contributed to a higher lease rate environment. Which, depending on your perspective, is either a positive or a negative.

Overall, the paradigm shift is largely complete — and like all things, subject to change.

2022 July – "A funny thing happened on the way to the scrap yard — commentary by Richard Kloster"

A funny thing happened on the way to the scrap yard
August 2022
By Richard Kloster

Understanding the retirement market shouldn't be that difficult. Railcars are built new. They spend their long lives moving freight. They get broken and then fixed. At some point a car gets too old, or the repair cost gets too high, and the decision is made to retire and scrap the car. Hopefully after a long and profitable life for the car owner.

Back in the day when the railroads owned most of the railcars, circa the 1980's post-Staggers era, surplus cars were parked in a south-40's yard and forgotten. At least until someone decided to clean out the yard once or twice a decade. The cost of storing surplus cars was minimal and likely not even measured.

Not so today. The fleet used to be 80% owned by the railroads – back in the day. Today the fleet is 55% owned by the private leasing companies, 65% if you include TTX. Shippers own another 18%. That's 73% (TTX excluded) of the fleet owned by companies that don't have a south-40's yard to shove their surplus cars into. These car owners have to pay to store their cars, and that isn't cheap.

Since the 2nd half of 2019, scrap steel prices have almost quadrupled, and with this, an increase the retirement pace of old railcars, some of which are not even that old. Again, back in the day, a scrap railcar was worth $3,000 to $5,000 per car. Today, scrap values are 3-4 times that.

Another back in the day comparison is the age profile of the fleet. Back than the fleet had gone through some heavy build cycles in the 1970's which resulted in a relatively young fleet. Today's fleet has a significant number of fleet segments that are very large and challenged and steering retirement right in the face. To name a few, 4750 cuf grain CH, 70-ton boxcars, aggregate cars, mill gondolas, several GP tank car segments, bulkhead flatcars – and the list goes on.

The rule-of-thumb long-term retirement rate most often quoted is 40,000 car per year. This is as a good a planning assumption to use as any. However, it's still an average. Sometimes we have more, sometime less, but to maintain the average, low periods must be offset by high periods.

From 2000-2007, retirements averaged 42,000 per year. During 2008-2010, the Great Recession years, retirements jumped to a 79,000 average, before falling to 36,000 per year from 2011-2019. However, over the last two years, the "Covid" years, retirements have average 53,000.

Which brings us to 2022. This year's retirement rate started at a strong pace, a continuation of 2020-2021, but in March, railcar scrap rates fell dramatically with scrap yards struggling to find cars to cut.

Why? Freight volumes are still soft. Storage costs are high. Steel prices are high. Scrap cars should be flying to the scrap yards. But they're not. Again, why? Because railcar demand has improved considerably.

But not because carload volumes have improved, they haven't. Instead, rail network fluidity has worsened, and fleet productivity has suffered. This has forced more cars onto the network to relieve the pressure. A year ago, cars were leaving the storage yards for the scrap yard. Today they're leaving the storage yard to go back into service.

So, what's the outlook for fleet retirements? Last decade was below the long-term retirement average and the old fleets will run out life. Next decade retirements will play catch up and are projected to exceed last decade by 20-25%.

But current lull in scrapping will not last. At some point this year or next, the rail fluidity problems will correct themselves. When they do these older, less desirable cars – and some younger ones – will again find themselves surplus, and the march to the scrap yard will begin again. Father Time waits for no man, or rail car.

2022 February – "The Tails That Wag the Dog: The three fleets that have been depressing fleet utilization — commentary by Richard Kloster"

The Tails That Wag the Dog
The three fleets that have been depressing fleet utilization
By Richard Kloster

While rail freight volumes fell sharply in early 2020 with the breakout of the pandemic, they had already been trending downward for much of 2019. Consequently, the number of stored cars exploded to levels last seen during the Great Recession. Most people, when asked about their thoughts on what it will take to bring down the high storage volume and improve fleet utilization will say, "Traffic volumes needs to improve", and they would be right, for the most part. This is a normal demand-side response. *Freight cures* a lot of *Fleet sins*.

However, in today's market there are three supply-side actors that have had an over-weighted negative effect on the storage numbers, and market, as well as on fleet utilization. Those three actors are small cube covered hoppers, coal gondolas & hoppers, and large general-purpose DOT 111 tank cars. If you strip these three fleets out of the storage numbers, the overall fleet utilization and storage statistics look much more respectable, with many in normalized market ranges.

So, what's in store for these three bad actors? And how long before they these three get corrected? Let's start with the coal cars. The coal car fleet was built up over several decades for all the right reasons, but cheap gas prices have fundamentally changed the market for these cars forever. The freight declines severally outpaced the fleet and suddenly surplus cars were shoved into storage. This started ten years ago but it's only been in the last five years that car owners have made a serious supply-side attempt to bring balance to the coal car fleets scrapping over 45,000 cars and shrinking the fleet by almost 25%. Today, while availability is still plentiful, lease rates have firmed up and returns are not negative. Another three years and this fleet could start looking attractive again. Maybe even to invest in? We will see.

Small cube gravity covered hoppers used to be called *cement* cars, but now we call them *sand* cars. This fleet was stable until the industry seriously overbuilt the fleet to meet frac sand car demand. However, then oil drillers figured out how to use cheaper and closer brown sand. What started out as right reasons to build new cars, turned into wrong reasons, which then resulted in a lot of red ink and huge stored surpluses, some even in grass fields, "up on blocks" … literally. Almost immediately car owners began looking for alternative uses, and several years later, the fleet metrics have begun to improve. The surplus is still large but is coming down. Availability is high but homes are being found and cars are coming out of storage. Some cars are going back into frac sand service as is, others are having their gates changed out for cement, and many are being rebodied and converted into other types of hoppers, both covered and open top cars for a variety of other commodity services.

The large general purpose tank car fleet has a similar history as the small cube CH fleet. A stable fleet segment that was overbuilt to support a new market, and to make matters worse, had new regulatory demands enacted that obsoleted a whole class of younger tank cars. Again, car owners immediately began looking for alternative uses and have found quite a few… retrofits conversions, other commodity uses, Mexico placements, etc. However, one additional element, unique to tank cars, has helped tighten this fleet faster than the other two fleets… tank car requalification. Total requalification costs typically range from $12-15,000 and must be done within ten-year intervals. While there is still a large surplus of these cars, with a lot of remaining life, that could go back into service, car owners are reluctant to invest in requalifying a car that still has an unknown future only to put on a shorter-term lease. This has created a disconnect between real availability vs. perceived supply.

While finding alternative uses for these surplus fleets helps stabilize the market and generate revenue for the car owners, much of the heavy lifting in balancing out these fleets will fall on simply retiring and scrapping cars there are just too many cars of for today's, and tomorrow's, demand. Supply side discipline. The fleet needs to stop being wagged by it tails, and instead, go in for a good grooming. Which I think we're in the middle of.

Appendix C – Public Presentations, Speeches and Panels

2025

1. 20250519 National Coal Transportation Association (NCTA), San Antonio, TX – "Railcar 101: Understanding the North American Fleet"

2024

2. 240430 National Association of Rail Shippers (NARS), Chicago, IL – "Railcar Market Outlook"
3. 240521 National Coal Transportation Association (NCTA), Chattanooga, TN – "Railcar Market Update"
4. 240606 Progressive Railroading Magazine, webinar – "Rail Car Counts Mid-Year Update Webcast"
5. 240821 Metal Service Center Institute (MSCI) webinar – "Freight Rail Car Outlook: New rail car deliveries, retirements, and fleet projections"

2023

6. 230502 Railway Supply Institute (RSI) Webinar – "RSI ARCI Webinar: Railcar Market Update"
7. 230911 Metal Service Center Institute Economic Summit (MSCI), Schaumburg, IL – "Freight Rail Car Outlook: New rail car deliveries, retirements, and fleet projections"
8. 231115 RailTrends, New York, NY – "Railcar Market Outlook"

2022

9. 221114 RailTrends, New York, NY – "Railcar Market Outlook"

2021

10. 210414 Commtrex Webinar – "Railcar Market Update"
11. 210415 SEARS Spring Meeting – "Railcar Market Update"
12. 210607 ASLRRA, Kansas City, MO – "Railcar Market Update"
13. 210622 ASLRRA, Louisville, KY – "Railcar Market Update"

2020

14. 201119 RailTrends, Webinar – "Railcar Market Outlook"

2019

15. 03-12-19, American Railcar Institute (ARCI), Chicago, IL – Presentation no longer available

16. 07-21-19, Minnesota Regional RR Assoc, Brainerd, MN – Presentation no longer available
17. 09-10-19, FTR, Indianapolis, IN – Moderated multiple panels discussing rail freight and rail equipment markets and outlooks; No presentations
18. 11-08-19, Stephens Investor Conference, Nashville, TN – Participated in a three person panel (no presentation required) discussing current trends in the rail freight and rail equipment markets
19. 11-20-19, RailTrends, New York, NY – "Railcar Market Outlook"

<u>2018</u>

20. 02-26-18, Frac Sand, Houston, TX – Presentation no longer available
21. 09-11-18, FTR, Indianapolis, IN – Moderated multiple panels discussing rail freight and rail equipment markets and outlooks, No presentations
22. 10-02-18, SWARS, Dallas, TX – "MythBusters Tank Car Implosion" – Presentation no longer available; Video: https://www.youtube.com/watch?v=yBq5uapC-e0
23. 11-11-18, Stephens Investor Conference, New York, NY – Participated in a three person panel (no presentation required) discussing current trends in the rail freight and rail equipment markets; No presentations
24. 11-28-18, RailTrends, New York, NY – "Railcar Market Outlook" Presentation no longer available

<u>2017</u>

25. 02-10-2017 Railway Supply Group, Chicago, IL – Presentation no longer available
26. 02-22-07, Argus Asphalt Summit, Miami, FL – Presentation no longer available
27. 02-26-17 EFLA, Houston, TX – Presentation no longer available
28. 04-11-17, Infonex Hydrocarbon Transport, Calgary, AB – Presentation no longer available
29. 05-16-17, PFITC, Rosemont, IL – Presentation no longer available
30. 05-23-17, National Association of Rail Shippers, San Francisco, CA – Presentation no longer available
31. 08-02-17, RSTAC, Washington, DC – Presentation no longer available
32. 09-13-17, FTR, Indianapolis, IN – Moderated multiple panels discussing rail freight and rail equipment markets and outlooks; No presentations
33. 11-11-17, Stephens Investor Conference, New York, NY – Participated in a three person panel (no presentation required) discussing current trends in the rail freight and rail equipment markets; No presentations

34. 11-30-17, RailTrends, New York, NY – "Railcar Market Outlook" Presentation no longer available

2016

35. 01-14-16, MARS, Oakbrook, IL – Presentation no longer available
36. 02-11-16, ExpoRail, Acapulco, MX – Presentation no longer available
37. 02-23-16 EFLA, Scottsdale, AZ – Presentation no longer available
38. 03-02-16, Argus Americas Asphalt Summit, Miami, FL – Presentation no longer available
39. 04-12-16, Infonex Hydrocarbon by Rail, Calgary, AB – Presentation no longer available
40. 05-09-16, PFITC & P66, Atlanta, GA – Presentation no longer available
41. 07-13-16, National Transportation Safety Board (NTSB), Washington, DC – I participated in a roundtable discussion of the new regulations for the rail shipment of flammable liquids in tank car (no presentations but the session was video recorded)
    - https://safetycompass.wordpress.com/2016/08/01/roundtable-review-part-1-the-latest-on-rail-tank-car-safety/
42. 09-14-16, FTR, Indianapolis, IN – Moderated multiple panels discussing rail freight and rail equipment markets and outlooks; No presentations
43. 11-07-16, Stephens Investor Conference, New York, NY – Participated in a three person panel (no presentation required) discussing current trends in the rail freight and rail equipment markets; No presentations
44. 11-16-16, RailTrends, New York, NY – "Railcar Market Outlook" Presentation no longer available

2015

45. 04-14-15, InfoNex CBR, Calgary, AB – Presentation no longer available
46. 06-01-15, Argus Petro Transp Summit, Houston, TX – Presentation no longer available
47. 06-03-15, PFITC, Lake Forest, IL – Presentation no longer available
48. 09-15-15, FTR, Indianapolis, IN – Moderated multiple panels discussing rail freight and rail equipment markets and outlooks; No presentations
49. 10-07-15, SWARS, Dallas, TX – Presentation no longer available
50. 11-10-15, Stephens Investor Conference, New York, NY – Participated in a three person panel (no presentation required) discussing current trends in the rail freight and rail equipment markets; No presentations
51. 11-18-15, RailTrends, New York, NY – "Railcar Market Outlook" Presentation no longer available

2014

52. 04-07-14 InfoNex CBR, Calgary, AB – Presentation no longer available
53. 06-24-14 Petrochem Tank Car, Houston, TX – Presentation no longer available
54. 06-24-14 Shale Rail, Houston, TX – Presentation no longer available
55. 09-09-14 FTR, Indianapolis, IN – Moderated multiple panels discussing rail freight and rail equipment markets and outlooks; No presentations
56. 09-16-14 Infonex CBR, Denver, CO – Presentation no longer available
57. 11-20-14 RailTrends, New York, NY – "Railcar Market Outlook" Presentation no longer available
58. 12-04-14 Infocast, Los Angeles, CA – Presentation no longer available

2013

59. 03-06-2013 Argus Americas Asphalt Summit, Houston, TX – Presentation no longer available
60. 06-05-13 Argus N. Amer Crude Transportation Summit, Houston, TX – Presentation no longer available
61. 09-24-13 FTR, Indianapolis, IN – Moderated multiple panels discussing rail freight and rail equipment markets and outlooks; No presentations
62. 10-24-2013 Michigan State University, Chicago, IL – Presentation no longer available

2012

63. 02-12-12 Michigan State University, Chicago, IL – Presentation no longer available
64. 03-04-12 REF, La Quinta, CA – Presentation no longer available
65. 07-24-12 Proppants Summit, Denver, CO – Presentation no longer available
66. 09-18-12 FTR, Indianapolis, IN – Moderated multiple panels discussing rail freight and rail equipment markets and outlooks, no presentations
67. 10-04-12 SWARS, The Woodlands, TX – Presentation no longer available

2011

68. 03-06-11, REF, La Qunita, CA – Presentation no longer available
69. 03-29-11, SEARS, Savannah, GA – Presentation no longer available
70. 06-08-11, ASLRRA, Milwaukee, WI – Presentation no longer available
71. 09-13-11, FTR, Indianapolis, IN – Moderated multiple panels discussing rail freight and rail equipment markets and outlooks; No presentations

2010

72. 01-26-10, Northwestern University, Transportation Center, Sandhouse Gang, Evanston, IL – Presentation no longer available
73. 03-07-10, Rail Equipment Finance Conference, La Qunita, CA – Presentation no longer available
74. 05-24-10, DTE, Denver, CO – Presentation no longer available
75. 05-26-10, Paper & Forest Products Transportation Committee (PFPTC) / National Association of Rail Shippers (NARS), Washington, DC – Presentation no longer available
76. 09-14-10, FTR, Indianapolis, IN – Moderated multiple panels discussing rail freight and rail equipment markets and outlooks; No presentations

2009

77. 03-01-09, REF, La Qunita, CA – "The Market Outlook for Covered Hoppers", Presentation no longer available
78. 05-26-09, National Association of Rail Shippers, Chicago, IL, "Rail Equipment Market Outlook", Presentation no longer available
79. 08-25-09, FTR, Indianapolis, IN – "The Outlook for Rail Freight and Equipment", Presentation no longer available

2007

80. 08-27-07, FTR, Indianapolis, IN – "The Outlook for Rail Freight and Equipment", Presentation no longer available

2006

81. 04-06-2006, North American Rail Mechanical Operations Seminar, "A Cooperative Approach to Change"
82. 05-06-2006, North America Rail Shippers Association Annual Meeting, "Shaping Our Destiny Through Collaboration"
83. 07-27-2006, Informa Economics – Transportation and Logistics Roundtable, "Railcar Availability and Leasing Developments"

2005

84. 05-25-2005, Paper and Forest Industry Transportation Committee Meeting, "Rail Industry and Equipment Outlook for the Forest Products Industry"
85. 08-22-05, 2005, AAR Damage Prevention & Freight Claim Conference, "Observations about Today's Boxcar Fleet"
86. 09-07-2005, FTR Associates' 2005 Freight Transportation Conference, "America's Freight Transportation through 2009"

87. 11-10-2005, Association of Car Accounting and Car Service Officers' Annual Meeting, "Today's North American Rail Car Fleet What is it Today? Some Implications and Consequences for the Future"

2004

88. 04-16-2004, Paper and Forest Industry Transportation Committee, "Outlook for the Boxcar Fleet"

2003

89. 03-02-2003, TAPPI Paper Workshop, "GE Rail's Paper Quality Boxcar Survey"

2002

90. 08-26-2002, American Shortline & Regional Railroad Association, Central / Pacific Region, "The GE Boxcar Fleet and Deprescription"
91. 09-30-2002, American Shortline & Regional Railroad Association, Southern Region, "The GE Boxcar Fleet and Deprescription"
92. 10-14-2002, American Shortline & Regional Railroad Association, Eastern Region, "The GE Boxcar Fleet and Deprescription"

1996

93. February 1996, Wisconsin Pulp & Paper Manufactures Association – "An Overview of the Boxcar Fleet and Railcar Leasing", Presentation no longer available

Appendix D – Articles where interviewed/quoted

2025

1. https://www.railwayage.com/news/a-wolfe-at-stbs-door-will-he-make-entry/ (July 30, 2025 - not directly quoted)
2. https://www.railwayage.com/news/kloster-schultz-chosen-for-stb-by-potus-47/ (September 11, 2025 - not interviewed for this article but includes a quote from him from July, citing the "A Wolfe…" article – quote is not in that prior article)

2024

3. https://www.progressiverailroading.com/railPrime/details/Survey-says-Caveats-abound-but-rail-finance-and-leasing-execs-expect-a-slightly-better-year--71195 (early 2024)
4. https://www.railwayage.com/financeleasing/there-will-be-hell-to-pay/?RAchannel=home (June 25, 2024 - not quoted but providing data from Integrity Rail Partners)

2023 (none found)

2022 (none found)

2021 (none found)

2020

5. https://www.trains.com/trn/news-reviews/news-wire/76560-2/ (June 26, 2020 - not direct quote)

2019 (none found)

2018

6. https://tlimagazine.com/news/alltranstek-llc/ (June 25, 2018)

2017

7. https://www.bizjournals.com/stlouis/news/2017/10/31/american-railcar-industries-hit-by-lower-demand-as.html (October 31, 2017 – not directly quoted)

2016

8. https://www.lohud.com/story/news/2016/07/13/oil-trains-using-fewer-older-tank-cars-official-says/87052990/ (July 13, 2016 - Article about NTSB roundtable mentioned below near end of this document)
9. https://www.progressiverailroading.com/mechanical/article/AllTranstek-tackles-imploding-tank-car-legend-on-MythBusters-TV-show--47621 (March 2016)

2015

10. https://www.marketwatch.com/story/shortage-of-railroad-boxcars-has-shippers-fuming-2015-06-21 (June 21, 2015)

Earlier than 2015

11. https://www.ttnews.com/articles/icahn-tank-car-maker-joins-industry-defying-oils-decline (November 6, 2014)
12. https://www.logisticsmgmt.com/article/cn_announces_plan_to_acquire_new_freight_cars_and_containers (September 13, 2012)

Commerce, Science, and Transportation, 119th Congress by Richard James Kloster.

I would like to submit clarifications for the following three questions identified by the Committee. They are:

- A.4 – Please clarify if the address listed is Mr. Kloster's residence or place of employment, or both. Provide a supplement as appropriate.

  [redacted]

- A.11 – Mr. Kloster's OGE 278e and Ethic Agreement indicates that he consults with Gerson Lehrman Group, Inc., AlphaSights Ltd., Capvision Pro Corporation, and Guidepoint Global LLC. These are also listed under E.2 of the questionnaire. Please clarify this and provide a supplement as necessary.

  Yes, I am supplementing my response to A.11 with these four companies for whom I was a consultant.

- A.18 – We received the presentation slides that Mr. Kloster provided, but please provide a link to each presentation where available as well. Please provide a supplement as necessary.

  All of these events have been double checked and on-line links to the presentations are NOT available for any of them.

The undersigned certifies that the information contained in the public addendum is true and correct.

Signed Richard J. Kloster Date: October 27, 2025