

EP 775: GROWTH IN THE FREIGHT RAIL INDUSTRY

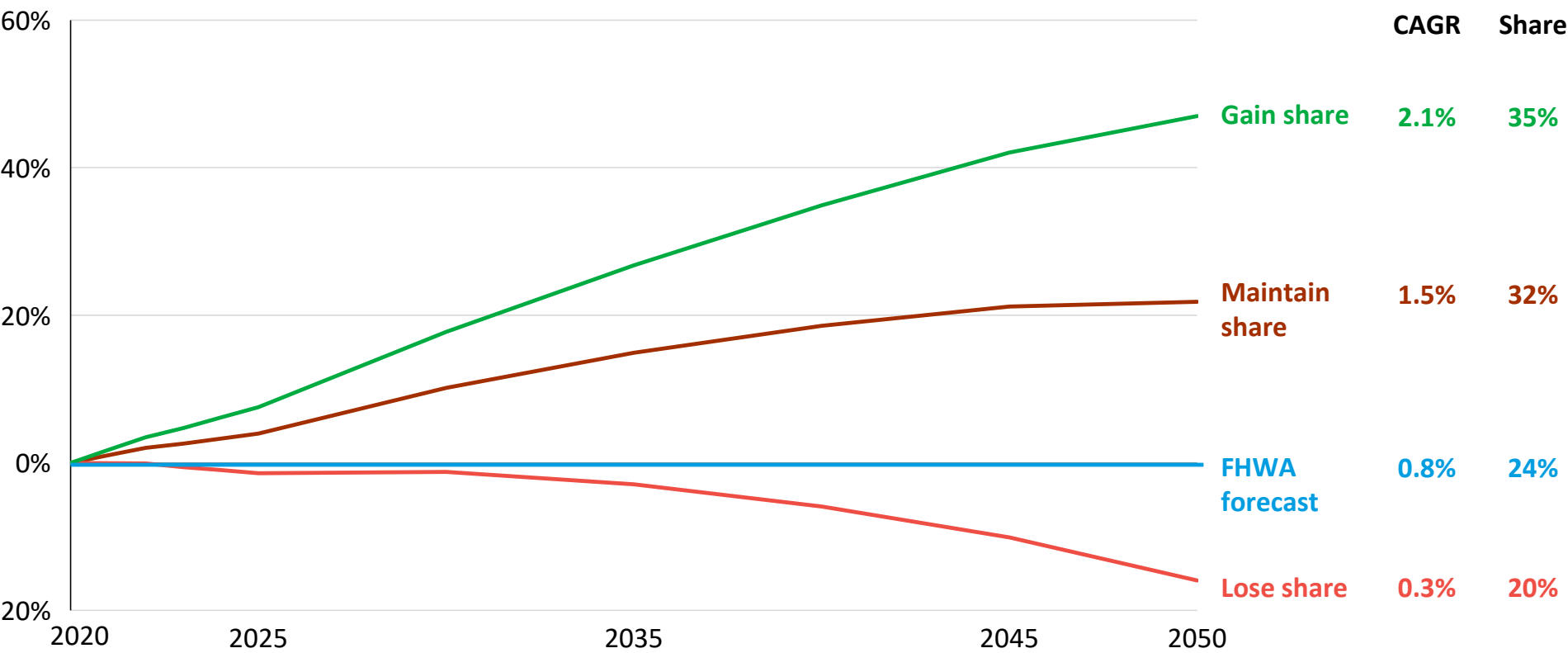
September 16-17, 2024

Adriene Bailey

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EXHIBIT 1: POSSIBLE GROWTH TRAJECTORIES FOR RAIL MARKET SHARE TO 2050

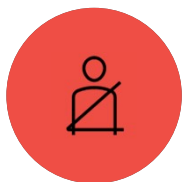
Percent deviation from US DOT forecast of revenue net-ton miles



Source: US DOT forecast of rail revenue net-ton miles as per FAF 5.4, Oliver Wyman analysis to calculate deviation based on rail market share scenarios

EXHIBIT 2: IMPLICATIONS OF RAIL LOSS OF MARKET SHARE

Rail market share loss scenario compared to gain scenario



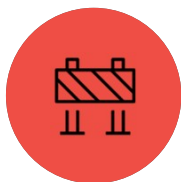
Human loss

+16,000

extra deaths

+660,000

serious injuries

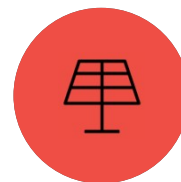


Road investment

17,600 added
lane-miles of roads

\$22B added road
maintenance cost per year

\$332 B

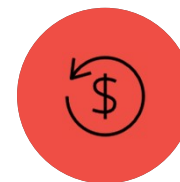


More energy

+230 TWh/year
of power

~800 sq. miles of
added solar capacity

\$170 B



Lost returns

10.4 T fewer ton-miles
(2020–2050)

\$476B in lost revenue

\$128 B

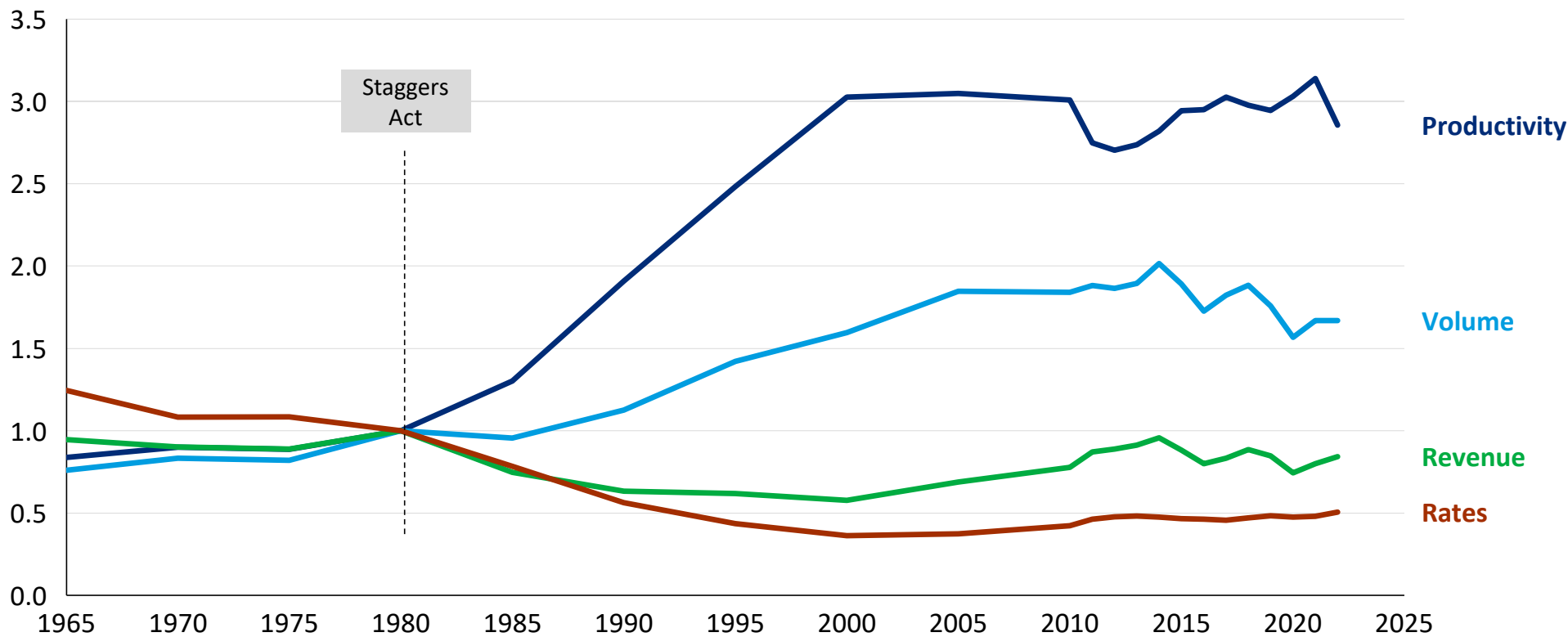
less operating income

Source: Oliver Wyman analysis of public data

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EXHIBIT 3: INDEXED CLASS I RAIL METRICS, 1965-2023

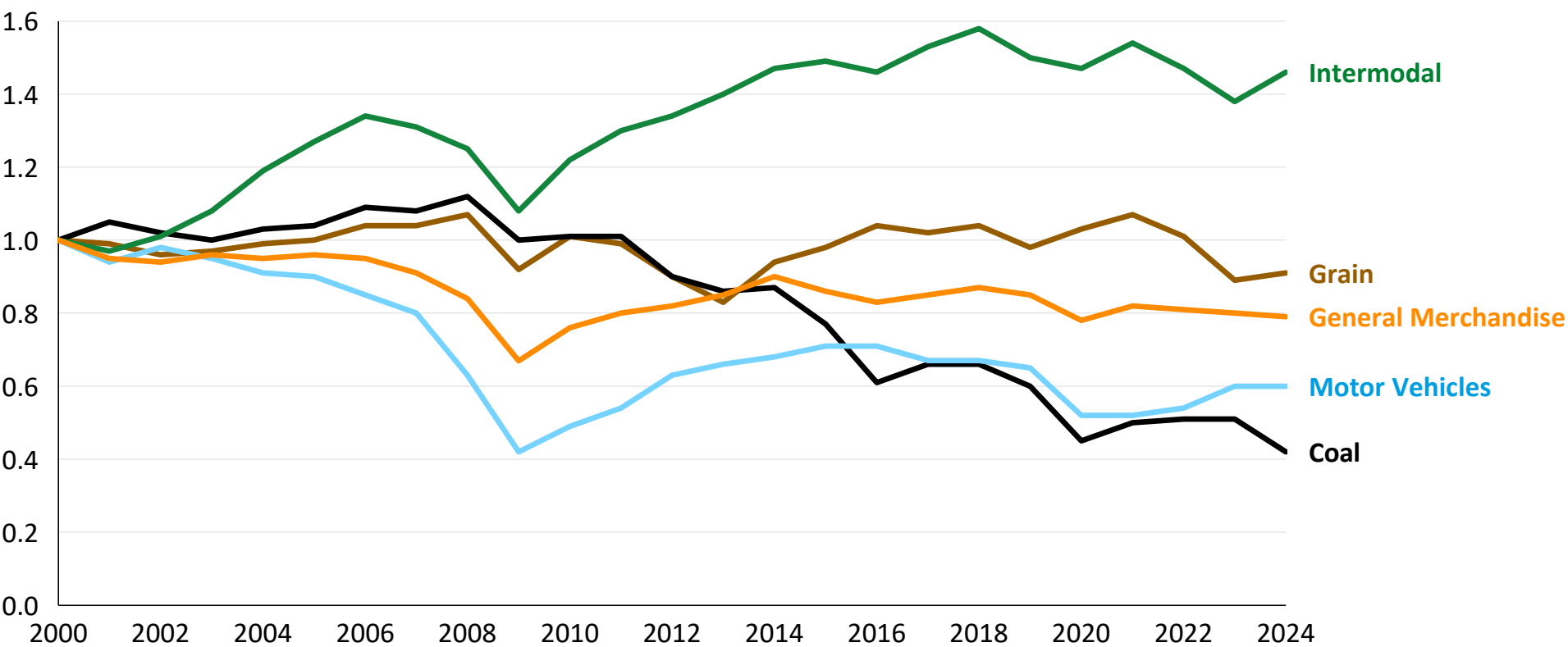
1981 = 1.0



Note: Rates = inflation-adjusted revenue per ton-mile, volume = ton-miles, productivity = revenue ton-miles per constant dollar operating expense, revenue = operating revenue in 2022 dollars
Source: Association of American Railroads

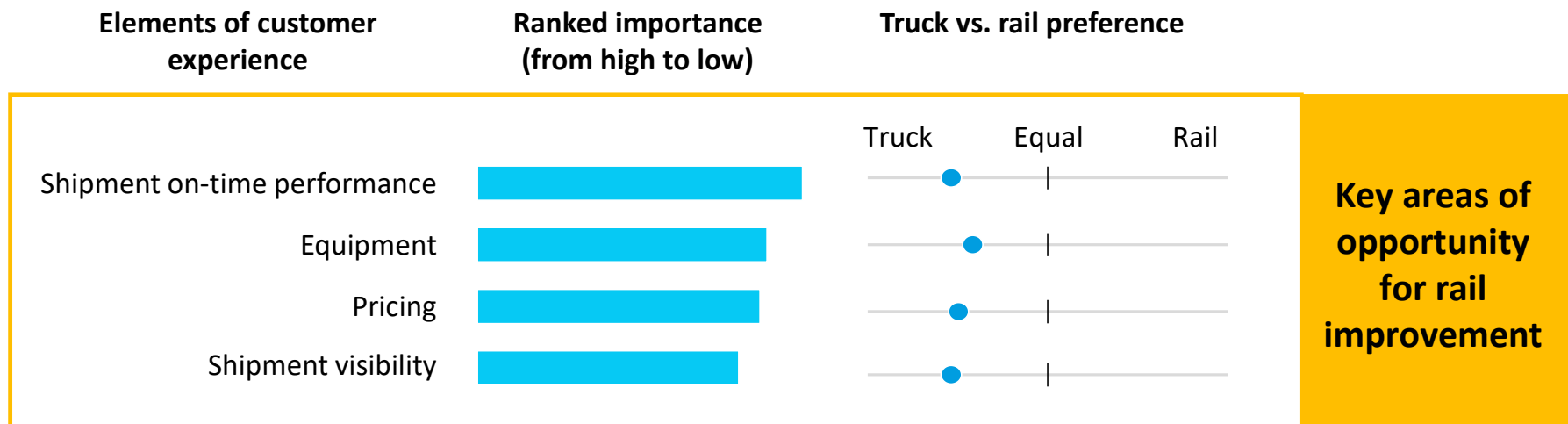
EXHIBIT 4: INDEXED RAIL CARLOAD AND INTERMODAL TRAFFIC, 01/00-07/24

Average annual weekly traffic, 2000 = 1.0



Note: General merchandise is all traffic not included in intermodal, coal, grain, or motor vehicles
Source: Association of American Railroads, US Weekly Railroad Traffic, 12/31/99-8/2/2024

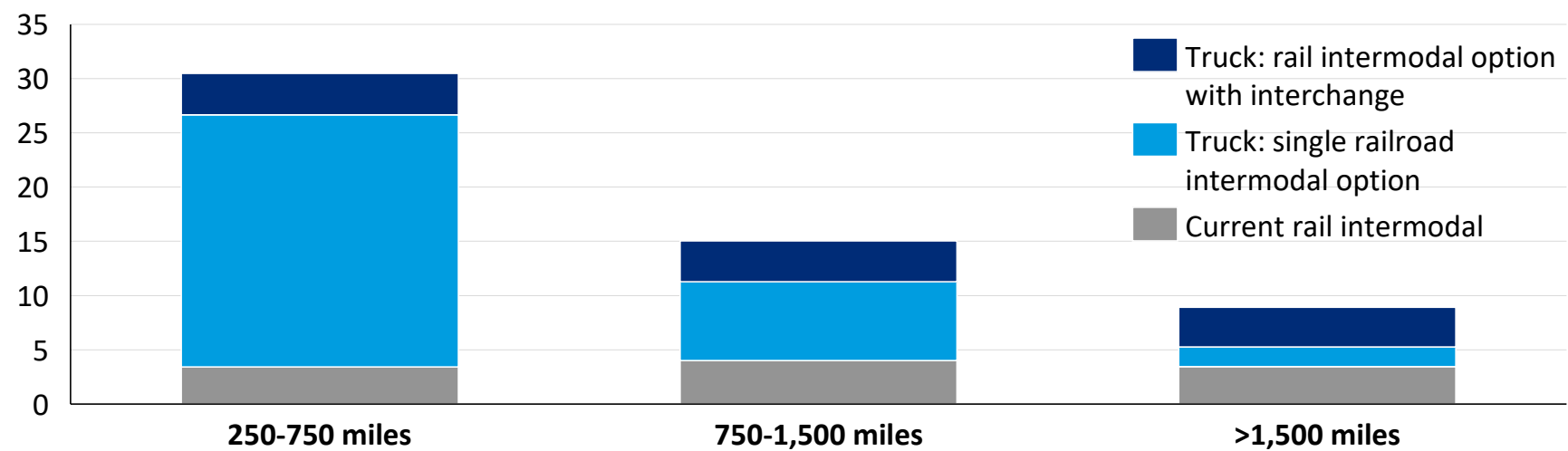
EXHIBIT 5: CUSTOMER EXPERIENCE FACTORS: SHIPPER RANKING OF IMPORTANCE, TRUCK VS. RAIL PREFERENCE



Source: Flexible Freight and the Future Of Rail, 2020 North American Freight Shipper Survey, Oliver Wyman

EXHIBIT 6: ESTIMATED ADDRESSABLE US DOMESTIC RAIL INTERMODAL MARKET >250-MILE LENGTH OF HAUL

Million equivalent loads



Current rail share of addressable market

Single-line only	13%	35%	65%
Requires interchange	11%	27%	39%

Note: Intermodal compatible, mode-flexible freight commodities only, excludes revenue empties
Source: US Department of Transportation Freight Analysis Framework FAF 5.5.1; Oliver Wyman analysis



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