Risk Factors Comparison 2024-02-22 to 2023-02-21 Form: 10-K

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Our business is subject to a number of risks, which are discussed below. There are risks and uncertainties that could cause our actual results to be materially different from those mentioned in forward- looking statements that we make from time to time in filings with the SEC, news releases, reports, proxy statements, registration statements, and other written communications, as well as oral forward- looking statements made from time to time by representatives of our Company. All known material risks and uncertainties are described below. You should consider carefully these risks and uncertainties in addition to the other information contained in this report and our other filings with the SEC including our subsequent reports on Forms 10- Q and 8-K, and any amendments thereto before deciding to buy, sell, or hold our securities. If any of the following known risks or uncertainties actually occurs with material adverse effects on us, our business, financial condition, results of operations, and / or liquidity could be harmed. In that event, the market ~~price~~ **prices** for our various securities could decline and you may lose all or part of your investment. The cautionary statements below discuss important factors that could cause our business, financial condition, operating results, and cash flows to be materially adversely affected. Readers are cautioned not to place undue reliance on the forward- looking statements contained herein. Except as required by federal securities laws, we undertake no obligations to update or revise publicly any forward- looking statements, whether as a result of new information, future events, or otherwise. Strategic, Business, and Operational Risks The industries in which our customers operate are cyclical in nature, which can expose our business to unpredictable demand and volatility. Our business is subject to the demands of our customers and the broader economy, and we have particular exposure to the cyclicality of energy products, agriculture products, and consumer products. Additionally, periodic downturns in economic conditions typically have a significant adverse effect on cyclical industries due to decreased demand for new and replacement products. Decreased demand could result in lower sales volumes, lower prices, and / or a decline in or loss of profits. While the business cycles of the various end markets we serve may not typically coincide, an economic downturn could affect disparate cycles simultaneously. The railcar industry has previously experienced sharp cyclical downturns and at such times operated with ~~a~~ minimal backlog. The impacts of such an economic downturn may magnify the adverse effect on our business. Shortages of skilled labor and / or qualified employees have adversely impacted and could continue to impact our operations. We depend on skilled labor in the manufacture, maintenance, and repair of railcar products and on other qualified employees in all aspects of our business. Some of our facilities are located in areas where demand for skilled laborers exceeds supply. We have experienced shortages of qualified employees and / or skilled labor and increased turnover at certain facilities, resulting in increased labor costs from temporary workers and operating inefficiencies. Shortages of, or the inability to attract, train, integrate and retain, some types of skilled laborers, such as welders, restrict our ability to maintain or increase production rates and ~~could~~ increase our labor costs. An overall labor shortage, lack of skilled labor, increased turnover, or higher labor costs could adversely impact our operations and profitability. A disruption in the movement of rail traffic has impaired and could continue to impair our ability to deliver railcars and other products to our customers in a timely manner, which could prevent us from meeting customer demand, reduce our sales, and negatively impact our results of operations. Once a railcar or other product is manufactured in one of our plants, it must be moved by rail to a customer delivery point. In many cases, the manufacturing plant and the delivery point are in different countries. Many different and unrelated factors could cause a delay in our ability to move our goods in a timely manner from the manufacturing plant to the delivery point, including physical disruptions such as armed conflict, natural disasters and power outages; strikes, labor stoppages or shortages hindering the operation of railroads and related transportation infrastructure; regulatory and bureaucratic inefficiency and unresponsiveness; railroad embargoes or operational inefficiencies; and other causes. A material disruption in the movement of rail traffic could negatively impact our business and results of operations. **In September and December 2023, the U. S. Customs and Border Patrol suspended U. S. bound cross- border traffic in Eagle Pass, Texas, the primary border crossing we use for railcar deliveries from our manufacturing facilities in Sabinas and Monclova, Mexico. These closings negatively impacted our deliveries of railcars. Although rail traffic operations have resumed at Eagle Pass, there is ongoing instability at the border, and there can be no assurance that similar border closings or congestion will not occur in the future.** Fluctuations in the price and supply of materials used in the production of our products, including inflationary pressures, could have a material adverse effect on our ability to cost- effectively manufacture and sell our products. In some instances, we rely on a limited number of suppliers for certain materials required in our production. A significant portion of our business depends on the adequate supply of numerous specialty and other parts and components at competitive prices such as brakes, wheels, side frames, bolsters, and bearings for the railcar business. During ~~2022~~ **2023** , we experienced significantly elevated commodity and supply chain costs, including the costs of labor, raw materials, energy, fuel, materials and other inputs necessary for the production ~~and distribution~~ of our products, and ~~we expect~~ elevated levels of **volatility may** ~~inflation related to these costs to~~ continue in ~~2023~~ **2024** . Our manufacturing operations partially depend on our ability to obtain timely deliveries of materials in acceptable quantities and quality from our suppliers. Certain materials for our products are currently available from a limited number of suppliers and, as a result, we may have limited control over pricing, availability, and delivery schedules. The inability to ~~purchase~~ **procure** a sufficient quantity of materials on a timely basis could create disruptions in our production and result in delays while we attempt to engage alternative suppliers. Worsening economic or commercial conditions could reduce the number of available suppliers, potentially increasing our rejections for poor quality and requiring us to source unknown and distant supply alternatives. Any such disruption or conditions could harm our business and adversely impact our results of operations ~~. Global health crises, such as the COVID- 19 pandemic, have had and could continue~~

~~to have a material adverse effect on our results of operations and could have a material adverse effect on our ability to operate, financial condition, liquidity, access to capital, payment of dividends, and capital investments. The continued evolution of COVID- 19 and its variants, as well as periodic spikes in infection rates, local outbreaks on our sites or supplier or customer sites, in spite of safety measures, have had, and similar issues in the future could have, a material adverse effect on our results of operations. The prolonged negative economic impact of the COVID- 19 pandemic and the related governmental response could have a material adverse effect on our ability to operate, results of operations, financial condition, liquidity, access to capital, payment of dividends, and capital investments. Although restrictions have eased, several public health organizations have at times recommended certain measures to slow and limit the transmission of the virus, including quarantines, travel restrictions, and social distancing. Such preventive measures, or others we may voluntarily put in place, may have a material adverse effect on our business for an indefinite period of time. Additionally, illness or exposure to the virus may lead to decreased employee availability. Our suppliers and customers have also faced these and other challenges, which have disrupted and could continue to disrupt our supply chain. These challenges could also result in decreased demand, or our customers' inability to pay, for our products and services. The COVID- 19 pandemic may also materially affect our future access to our sources of liquidity, particularly our cash flows from operations, financial condition, capitalization, access to capital, and capital investments. Although these disruptions may continue to occur, the long- term economic impact and near- term financial impacts of the COVID- 19 pandemic, including but not limited to, possible additional impairment, restructuring, and other charges, cannot be reliably quantified or estimated at this time due to the uncertainty of future developments. The extent to which the COVID- 19 pandemic affects our results will also depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of COVID- 19 and actions taken to contain the outbreak or treat its impact, among others~~ . Risks related to our operations outside of the U. S., particularly Mexico, could decrease our profitability. The majority of our railcars are manufactured in Mexico. Our Mexico operations and other operations outside of the U. S. are subject to the risks associated with cross- border business transactions and activities. Political, legal, trade ~~,~~ **or** economic change or instability, criminal activities or social unrest could limit or curtail our respective foreign business activities and operations, including the ability to hire and retain employees. We ~~have not, to date, been materially affected by any of these risks, but we~~ cannot predict the likelihood of future effects from such risks or any resulting adverse impact on our business, results of operations or financial condition. Many items manufactured by us in Mexico are sold in the U. S., and the transportation and import of such products may be disrupted **. As noted above, closings of the U. S.- Mexico border to cross- border rail traffic in Eagle Pass, Texas in 2023 negatively impacted our deliveries of railcars. In addition, increased state vehicular inspections at the border in 2023 resulted in truck traffic congestion, negatively impacting the Company' s supply chain** . The countries in which we operate, including Canada and Mexico, have regulatory authorities that regulate products sold or used in those countries. If we fail to comply with the applicable regulations within the foreign countries where we operate, we may be unable to market and sell our products in those countries. In addition, with respect to operations in foreign countries, unexpected changes in laws, rules, and regulatory requirements; tariffs and other trade barriers, including regulatory initiatives for buying goods produced in America; more stringent or restrictive laws, rules, and regulations relating to labor or the environment; adverse tax consequences; price exchange controls; and restrictions or regulations affecting cross- border rail and vehicular traffic could limit operations **,** affecting production throughput and making the manufacture and distribution of our products less timely or more difficult. Furthermore, any material change in the quotas, regulations, or duties on imports imposed by the U. S. government and agencies, or on exports by the government of Mexico or its agencies, could affect our ability to export products that we manufacture in Mexico. Because we have operations outside the U. S., we could be adversely affected by final judgments of non- compliance with the U. S. Foreign Corrupt Practices Act or import / export rules and regulations and similar anti- corruption, anti- bribery, or import / export laws of other countries. We operate in highly competitive industries. We may not be able to sustain our market leadership positions, which may impact our financial results. We face aggressive competition in the end markets we serve. In addition to price, we face competition in respect to product performance and technological innovation, quality, reliability of delivery, customer service, and other factors. The effects of this competition, which is often intense, could reduce our revenues and operating profits, limit our ability to grow, increase pricing pressure on our products, and otherwise affect our financial results. We may be unable to maintain railcar assets on lease at satisfactory lease rates. The **composition of our lease fleet may not be optimally aligned with market demand or conditions. The** profitability of our railcar leasing business depends on our ability to lease railcars at satisfactory lease rates, to re- lease railcars at satisfactory lease rates upon the expiration and non- renewal of existing leases, and to sell railcars in the secondary market as part of our ordinary course of business. Our ability to accomplish these objectives is dependent upon several factors, including, among others: • the cost of and demand for leases or ownership of newer or specific- use railcar types **; • the composition of our lease fleet in relation to market demand for various types of railcars** ; • the general availability in the market of competing used or new railcars; • the degree of obsolescence of leased or unleased railcars, including railcars subject to regulatory obsolescence; • the prevailing market and economic conditions, including the availability of credit, interest rates, and inflation rates; • the market demand or governmental mandate for refurbishment; and • the volume and nature of railcar traffic and loadings. A downturn in the industries in which our lessees operate and decreased demand for railcars could also increase our exposure to re- marketing risk because lessees may demand shorter lease terms or newer railcars, requiring us to re- market leased railcars more frequently. Furthermore, the resale market for previously leased railcars has a limited number of potential buyers. Our inability to re- lease or sell leased or unleased railcars in a timely manner on favorable terms could result in lower lease rates, lower lease utilization percentages, and reduced revenues and operating profit. The limited number of customers for certain of our products, the variable purchase patterns of our customers, and the timing of completion, delivery, and customer acceptance of orders may cause our revenues and income from operations to vary substantially each quarter, potentially resulting in significant fluctuations in our quarterly results. Some of the markets we serve have a limited number of customers. The volumes purchased by customers vary from year to year, and not all customers make purchases every year. As a result, the order levels for our products have varied significantly from quarterly period to quarterly period in the past and may continue to vary significantly in the future. Therefore, our results of operations in any particular quarterly period may also vary. As a result of these quarterly fluctuations, we believe that comparisons of our sales and operating results between quarterly periods may not be meaningful and should not be relied upon as indicators of future performance. Changes in the price and demand for steel could lower our margins and profitability. The principal material used in our manufacturing segment is steel. Market steel prices exhibit periods of volatility. Steel prices may experience further volatility as a result of scrap surcharges assessed by ~~steel mills~~ **our suppliers** and other market factors. We ~~often~~ **have experienced, and may continue to experience, increases in the costs of steel, components, and certain other inputs that represent a substantial portion of our cost of revenues. We typically** use contract- specific purchasing practices, **existing** supplier commitments, contractual price escalation provisions, and other arrangements with our customers to mitigate the effect of this volatility on our operating ~~profits~~ - **profit** ~~for the year~~ . To the extent that we do not have such arrangements in place, an adverse change in steel prices lowers our profitability in the Rail Products Group. In addition, meeting production demands is dependent on our ability to obtain a sufficient amount of steel. An unanticipated interruption in our supply chain could have an adverse impact on both our margins and production schedules. Reductions in the availability of energy supplies or an increase in energy costs may increase our operating costs. We use various gases, including natural gas, at our manufacturing facilities. An outbreak or escalation of hostilities between the U. S. and any foreign power **or other** ~~and, in particular,~~ prolonged conflicts **that may disrupt global energy markets** could result in a real or perceived shortage of petroleum and / or natural gas, which could result in an increase in the cost of natural gas or energy in general. Extreme weather conditions and natural occurrences **,** such as hurricanes, tornadoes, and floods, or a pandemic, could result in varying states of disaster and a real or perceived shortage of petroleum and / or natural gas, including rationing thereof, potentially resulting in an increase in natural gas prices or general energy costs. Speculative trading in energy futures in the world markets could also result in an increase in natural gas and general energy ~~cost~~ **costs** . Future limitations on the availability (including limitations imposed by increased regulation or restrictions on rail, road, and pipeline transportation of energy supplies) or consumption of petroleum products and / or an increase in energy costs, particularly natural gas for plant operations and diesel fuel for vehicles and plant equipment, could have an adverse effect upon our ability to conduct our business cost effectively. Our inability to produce **, protect** and disseminate relevant and / or reliable data and information pertaining to our business in an efficient, cost- effective, secure, and well- controlled fashion may have significant negative impacts on confidentiality requirements and obligations and trade secret or other proprietary needs and expectations and, therefore, our future operations, profitability, and competitive position. We rely on information technology infrastructure and architecture, including hardware, network, software, people, and processes to provide useful and confidential information to conduct our business. This includes correspondence and commercial data and information interchange with customers, suppliers, legal counsel, governmental agencies, and consultants, and to support assessments and conclusions about future plans and initiatives pertaining to market demands, operating performance, and competitive positioning. Any material failure or interruption of service **, including potential disruption from periodic financial or operating system upgrades,** could adversely affect our relations with suppliers and customers, place us in violation of confidentiality and data protection laws, rules, and regulations, and result in negative impacts to our market share, operations, profitability, and reputation. We face risks related to cybersecurity attacks and other breaches of our systems and information technology. We rely on the proper functioning and availability of our information technology systems, some of which are dependent on services provided by third parties, in operating our business. It is important that the data processed by these systems remains confidential, as it often includes sensitive information relating to our business, customers, employees, and vendors. As with most companies, we are subject to attempted cybersecurity disruptions and intrusions, and we expect such attempts to continue. At times, certain of our vendors have suffered cybersecurity breaches. These incidents have not had a material adverse impact on our operations, and, to date, the Company has not experienced a material information security breach itself. However, failure to prevent or mitigate data loss or system intrusions from cybersecurity attacks or other security breaches could expose us, our vendors, or our customers to a risk of loss or misuse of such information, adversely affect our operating and financial results, restrict or prevent operations or financial reporting, result in litigation or potential liability and otherwise harm our business. Likewise, data privacy breaches from our systems could expose personally identifiable information of our employees or contractors, sensitive customer data, or vendor data to unauthorized persons, adversely impacting our customer service, employee relationships, and our reputation. Information technology security threats to network and data security are increasing in frequency and sophistication, and cyberattacks pose a risk to the security of our information technology systems, including those of third- party service providers with whom we have contracted, as well as the confidentiality, integrity and availability of the data stored on those systems. We maintain an information security program, which consists of safeguards, procedures and controls to mitigate such risks. Our information systems are protected through physical and software safeguards as well as backup systems considered appropriate by management. However, there can be no guarantee that we, or third- party service providers with whom we have contracted, will be able to prevent or mitigate all such data breaches or cyberattacks. While we have significant security processes and initiatives in place, we may be unable to fully detect, mitigate or protect against a material breach or disruption in the future. In addition, regulatory authorities have increased their focus on how companies collect, process, use, store, share and transmit personal data. Data we collect, store and process is subject to a variety of U. S. and international laws and regulations. Any breach in our information technology security systems ~~which~~ **that** results in the disclosure or misuse of sensitive or confidential information or any failure to comply with data privacy laws and regulations could result in significant penalties, fines, legal liability and reputational harm. Further, we may incur large expenditures to investigate or remediate **the impacts of such breaches** , to recover data, to repair or replace networks or information systems, or to protect against similar future events. Increasing insurance claims and expenses could lower profitability and increase business risk. We are subject to potential liability for claims alleging property damage and personal and bodily injury or death arising from the use of or exposure to our products, especially in connection with products we historically manufactured that our customers installed along U. S. highways or that our customers use to transport hazardous, flammable, toxic, or explosive materials. As insurance policies expire, premiums for renewed or new coverage may increase and / or require that we increase our self- insured ~~retention~~ **retentions** or deductibles. The Company maintains primary coverage and excess coverage policies. If the number of claims or the dollar amounts of ~~any~~ such claims rise in any policy year, we could suffer additional costs ~~associated with accessing our excess coverage policies~~ . Also, an increase in the loss amounts attributable to such claims could expose us to uninsured damages if we were unable or elected not to insure against certain claims because of high premiums or other reasons. While our liability insurance coverage is at or above typical levels for our industries, an unusually large liability claim or a string of claims coupled with an unusually large damage award could exceed our available insurance coverage. In addition, the availability of, and our ability to collect on, insurance coverage is often subject to factors beyond our control, including positions on policy coverage taken by insurers. If any of our third- party insurers fail, cancel, or refuse coverage, or otherwise are unable to provide us with adequate insurance coverage, then our risk exposure and our operational expenses may increase and the management of our business operations would be disrupted. Moreover, any accident or incident involving our industries in general or us or our products specifically, even if we are fully insured, contractually indemnified, or not held to be liable, could negatively affect our reputation among customers and the public, thereby making it more difficult for us to compete effectively, and could significantly affect the cost and availability of insurance in the future. We have indebtedness, which could have negative consequences on our business or results of operations. We have indebtedness both at the parent level and at the subsidiary level. Our level of indebtedness could have a material adverse effect on our business and make it more difficult for us to satisfy our obligations under our outstanding indebtedness and notes. As a result of our debt and debt service obligations, we face increased risks regarding, among other things, the following: (i) borrowing additional amounts or refinancing existing indebtedness may be limited or more costly; (ii) our available cash flow after satisfying our debt obligations due to a portion of our cash flow being needed to pay principal and interest on our debt; (iii) being at a competitive disadvantage relative to our competitors that have greater financial resources or more flexible capital structures than us; (iv) our exposure to increased interest rates for our borrowings that are at variable interest rates; (v) restrictive covenants under our indebtedness restricting our financial and operating flexibility; and (iv) although the parent entity has not secured any debt with its assets, our subsidiaries that have issued debt have pledged their specific assets to secure such indebtedness, and such assets could be foreclosed upon in connection with an event of default. Litigated disputes and other claims could increase our costs and weaken our financial condition. We are currently, and may from time to time be **,** involved in various claims or legal proceedings arising out of our operations **. We provide a variety of railcar- related products and services, including, among others, leasing, manufacturing, components and parts, and maintenance. Accidents, including derailments, involving our products or services could lead to litigation and subject us to significant civil, regulatory, or criminal liability** . Adverse judgments and outcomes in some or all of these matters could result in significant losses and costs that could weaken our financial condition. Although we maintain reserves for our reasonably estimable ~~liability~~ **liabilities** , our reserves may be inadequate to cover our portion of claims or final judgments after taking into consideration rights in indemnity and recourse to third parties. As a result, there could be a material adverse effect on our business, operations, or financial condition. See Note 15 of the Consolidated Financial Statements for more detailed information on any material pending legal proceedings other than ordinary routine litigation incidental to our business, including the current status of the highway products litigation for which the Company retained certain obligations following the sale of the highway products business. While state and federal procedural rules exist to curtail the filing of claims against the Company in jurisdictions unrelated to the underlying claims, courts may not enforce these rules, exposing us to a greater likelihood of unfavorable results and increased litigation costs. Whenever our products were sold to or are ultimately owned and / or operated by governments or their authorized agencies, we may be unable to seek redress or recourse to at- fault parties. When litigation arising from the installation, maintenance, replacement, or use of our products is filed against the Company, recourse to such governments or authorized agencies may be subject to sovereign immunity or related defenses thereby exposing the Company to risk of liability and increased costs irrespective of fault. Many of our products are or were sold to leasing companies, contractors, distributors, and installers who may misuse, abuse, improperly install or improperly or inadequately maintain or repair such products thereby potentially exposing the Company to claims that could increase our costs and weaken our financial condition. The products we manufacture are designed to work optimally when properly assembled, operated, installed, repaired, and maintained. When this does not occur, the Company may be subjected to claims or litigation associated with personal or bodily injuries or death and property damage. Although the Company has completed the sale of its highway products business, it has retained responsibility for certain existing litigation and claims and for certain potential future claims related to the ET- Plus ® System, a highway guardrail end- terminal system. See Note 15 of the Consolidated Financial Statements for more detailed information on these retained obligations. Our manufacturer' s warranties expose us to product replacement and repair claims. Depending on the product, we warrant our workmanship and certain materials (including surface coatings, primers, sealants, and interior linings), parts, and components pursuant to express limited contractual warranties. We may be subject to significant warranty claims in the future such as multiple claims based on one defect repeated throughout our production process or claims for which the cost of repairing or replacing the defective part, component or material is highly disproportionate to the original price. These types of warranty claims could result in significant costs associated with product recalls or product repair or replacement, and damage to our reputation. Equipment failures, a pandemic, or extensive damage to our facilities, including as might occur as a result of natural disasters **or fires** , could lead to production, delivery, or service curtailments or shutdowns, loss of revenue or higher expenses. We operate a substantial amount of equipment at our production facilities, several of which are situated in tornado and hurricane zones in the U. S. and Mexico. An interruption in production capabilities or maintenance and repair capabilities at our facilities, as a result of equipment failures **, fires** , a pandemic, or acts of nature, could reduce or prevent our production, delivery, service, or repair of our products and increase our costs and expenses. A halt of production at any of our manufacturing facilities could severely affect delivery times to our customers. While we maintain emergency response and business recovery plans that are intended to allow us to recover from natural disasters that could disrupt our business, we cannot provide assurances that our plans would fully protect us from the effects of all such disasters. In addition, insurance may not adequately compensate us for any losses incurred as a result of natural or other disasters, which may adversely affect our financial condition. Any significant delay in deliveries not otherwise contractually mitigated by favorable force majeure provisions could result in cancellation of all or a portion of our orders, cause us to lose future sales, and negatively affect our reputation and our results of operations. Climate change and business, regulatory, and legal developments regarding climate change may affect the demand for our products or the ability of our critical suppliers to meet our needs. We have followed developments related to climate change in general, and the related science, policy discussion, and prospective legislation. Scientific studies have suggested that emissions of certain gases, commonly referred to as greenhouse gases (" GHGs "), which include carbon dioxide and methane, are contributing to warming of the Earth' s atmosphere and other climate changes. Additionally, we periodically review the potential challenges and opportunities for the Company that climate change policy and legislation may pose. However, any such challenges or opportunities are heavily dependent on the nature and degree of climate change legislation and the extent to which it applies to our industries. In response to ~~an emerging~~ scientific and political consensus, legislation and new rules to regulate emission of GHGs have been introduced in numerous state legislatures, the U. S. Congress, and by the USEPA. Some of these proposals would require industries to meet stringent new standards that may require substantial reductions in carbon emissions. While the Company cannot assess the direct impact of these or other potential regulations, we do recognize that new climate change protocols could affect demand for our products and / or affect the price of materials, input factors, and manufactured components. Potential opportunities could include greater demand for certain types of railcars, while potential challenges could include decreased demand for certain types of railcars or other products and higher energy costs. Other adverse consequences of climate change could include increased frequency, intensity, and duration of severe weather events and rising sea levels that could affect operations at our manufacturing facilities, the price of insuring company assets, or other unforeseen disruptions of the Company' s operations, systems, property, or equipment. There may be other unforeseen impacts of climate change that could have a material adverse effect on our business, operations, and results. Ultimately, when or if these impacts may occur cannot be assessed until scientific analysis and legislative policy are more developed and specific legislative proposals begin to take shape. Repercussions from terrorist activities or armed conflict could harm our business. Terrorist activities, anti- terrorist efforts, and other armed conflict involving the U. S. or its interests abroad may adversely affect the U. S. and global economies, potentially preventing us from meeting our financial and other obligations. In particular, the negative impacts of these events may affect the industries in which we operate. This could result in delays in or cancellations of the purchase of our products or shortages in raw materials, parts or components. Any of these occurrences could have a material adverse impact on our operating results, revenues, and costs. We may be required to reduce the value of our long- lived assets and / or goodwill, which would weaken our financial results. We periodically evaluate for potential impairment the carrying values of our long- lived assets to be held and used. The carrying value of a long- lived asset to be held and used is considered impaired when the carrying value is not recoverable through undiscounted future cash flows and the fair value of the asset is less than the carrying value. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risks involved or market quotes as available. Impairment losses on long- lived assets held for sale are determined in a similar manner, except that fair values are reduced commensurate with the estimated cost to dispose of the assets. In addition, goodwill is required to be tested for impairment annually or on an interim basis whenever events or circumstances change indicating that the carrying amount of the goodwill might be impaired. Impairment losses related to reductions in the value of our long- lived assets or our goodwill could weaken our financial condition and results of operations. ~~See Note 11 of the Consolidated Financial Statements for further information regarding impairment charges recorded during the year ended December 31, 2020.~~ Railcars as a significant mode of transporting freight could decline, experience a shift in types of modal transportation, and / or certain railcar types could become obsolete. As the freight transportation markets we serve continue to evolve, the use of railcars may decline in favor of other more economic transportation modalities or the number of railcars needed to transport current or an increasing volume of goods may decline. Features and functionality specific to certain railcar types could result in those railcars becoming obsolete as customer requirements for freight delivery change or as regulatory mandates are promulgated that affect railcar design, configuration, and manufacture. Because we do not have employment contracts with our key management employees, we may not be able to retain their services in the future. Our success depends on the continued services of our key management employees, none of whom currently have an employment agreement with us. The loss of the services of one or more key members of our management team could result in increased costs associated with attracting and retaining a replacement and could disrupt our operations and result in a loss of revenues. Some of our employees **or those of our suppliers** belong to labor unions, and strikes or work stoppages could adversely affect our operations. We are a party to collective bargaining agreements with various labor unions at our operations in Mexico. Disputes with regard to the terms of these agreements or our potential inability to negotiate acceptable contracts with these unions in the future could result in, among other things, strikes, work stoppages or other slowdowns by the affected workers. We cannot be assured that our relations with our workforce will remain positive or that union organizers will not be successful in future attempts to organize at some of our facilities. If our workers were to engage in a strike, work stoppage or other slowdown, or other employees were to become unionized, or the terms and conditions in future labor agreements were renegotiated, we could experience a significant disruption of our operations and higher ongoing labor costs. In addition, we could face higher labor costs in the future as a result of severance or other charges associated with lay- offs, shutdowns, or reductions in the size and scope of our operations or difficulties of restarting our operations that have been temporarily shuttered **. Similar risks may exist with respect to our suppliers** . We may be unable to effectively implement organizational redesigns, cost reductions, or restructuring efforts and our business might be adversely affected. From time to time we engage in organizational redesigns, cost reductions, and / or similar restructuring plans, which may include organizational changes, workforce reductions, facility consolidations or closures, and other cost reduction initiatives. These types of activities are complex and can require a significant amount of management and other employees' time and focus, which may divert attention from operating and growing our business. If we do not effectively manage and implement these activities, or any future similar activities, expected efficiencies and benefits might be delayed or not realized, and our operations and business could be disrupted. Risks associated with these actions include potential adverse effects on employee morale, loss of accumulated knowledge and / or inefficiency, unfavorable political responses to such actions, unforeseen delays in implementation, unexpected costs, and the failure to meet operational targets, any of which may impair our ability to achieve anticipated benefits, harm our business, or have a material adverse effect on our competitive position, results of operations, cash flows or financial condition. The Company could potentially fail to successfully integrate new businesses or products into its current business. The Company routinely engages in the search for growth opportunities, including assessment of merger and acquisition prospects in new markets and / or products. Any merger or acquisition into which the Company enters is subject to integration into the Company' s businesses and culture. If such integration is unsuccessful to any material degree, such lack of success could result in unexpected claims or otherwise have a material adverse effect on our business, operations, or financial condition. Our inability to sufficiently protect our intellectual property rights could adversely affect our business. Our patents, copyrights, trademarks, service marks, trade secrets, proprietary processes, and other intellectual property are important to our success. We rely on patent, copyright and trademark law, trade secret protection, and confidentiality and / or license agreements with others to protect our intellectual property rights. Our trademarks, service marks, copyrights, patents, and trade secrets may be exposed to market confusion, commercial abuse, infringement, or misappropriation and possibly challenged, invalidated, circumvented, narrowed, or declared unenforceable by countries where our products and services are made available, but where the laws may not protect our intellectual property rights as fully as in the U. S. Such instances could negatively impact our competitive position and adversely affect our business. Additionally, we could be required to incur significant expenses to protect our intellectual property rights. Risks Related to Market and Economic Factors Volatility in the global markets or in industries that our products serve may adversely affect our business and operating results. Instability in the global economy, negative conditions in the global credit markets, high **interest or inflation** rates ~~of inflation~~, volatility in the industries that our products serve, fluctuations in commodity prices that our customers produce and transport, changes in legislative or trade policy, adverse changes in the availability of raw materials and supplies, or adverse changes in the financial condition of our customers could lead to customers' requests for deferred deliveries of our backlog orders. Additionally, such events could result in our customers' attempts to unilaterally cancel or terminate firm contracts or orders in whole or in part, resulting in contract or purchase order breaches and increased commercial litigation costs. Such occurrences could adversely affect our cash flows and results of operations. If volatile conditions in the global credit markets prevent our customers' access to credit, product order volumes may decrease or customers may default on payments owed to us. Likewise, if our suppliers face challenges obtaining credit, selling their products to customers that require purchasing credit, or otherwise operating their businesses, the supply of materials we purchase from them to manufacture our products may be interrupted. Any of these conditions or events could result in reductions in our revenues, increased price competition, or increased operating costs, which could adversely affect our business, results of operations, and financial condition. Our access to capital may be limited or unavailable due to deterioration of conditions in the global capital markets, weakening of macroeconomic conditions, and negative changes in our credit ratings. In general, the Company ~~,~~ and ~~more specifically~~ its leasing subsidiaries **rely** ~~' operations, relies~~ in large part upon banks and capital markets to fund ~~its~~ **their** operations and contractual commitments and refinance existing debt. These markets can experience high levels of volatility and access to capital can be constrained for extended periods of time. In addition to conditions in the capital markets, a number of other factors could cause the Company to incur increased borrowing costs and have greater difficulty accessing public and private markets for both secured and unsecured debt. These factors include the Company' s financial performance and its credit ratings and rating outlook as determined primarily by rating agencies such as Standard & Poor' s Financial Services LLC, Moody' s Investors Service, Inc., and Fitch Ratings, Inc. If the Company is unable to secure financing on acceptable terms, the Company' s other sources of funds, including available cash, bank facilities, and cash flow from operations may not be adequate to fund its operations and contractual commitments and refinance existing debt. We ~~may incur~~ **are subject to** increased costs due to fluctuations in interest rates and foreign currency exchange rates. We are exposed to risks associated with fluctuations in interest rates and changes in foreign currency exchange rates **, particularly the Mexican peso** . Under varying circumstances, we may seek to minimize these risks through the use of interest rate hedges and similar financial instruments and other activities, although these measures, if and when implemented, may not be effective. Any material and untimely changes in interest rates or exchange rates could result in significant losses to us **. Interest rate increases in 2022 and 2023 resulted in increases in our interest costs, and the strengthening of the Mexican peso relative to the U. S. dollar during 2023 unfavorably impacted the operating results in our Rail Products Group** . Risks Related to Laws and Regulations Violations of or changes in the regulatory requirements applicable to the industries in which we operate may increase our operating costs, reduce the demand for our products and services, or negatively affect our ability to implement our strategic and operational plans. Our leasing and railcar manufacturing businesses are regulated by multiple governmental regulatory agencies **,** such as the USEPA; TC; the USDOT and the administrative agencies it oversees, including the FRA, the PHMSA, and the Research and Special Programs Administration; Mexico' s Agencia Reguladora del Transporte Ferroviario; Mexico' s Secretaria de Comunicaciones y Transportes; and industry authorities such as the AAR. All such agencies and authorities promulgate rules, regulations, specifications, or operating standards affecting railcar design, configuration, and mechanics; maintenance; and rail- related safety standards for railroad equipment, tracks, and operations, including the packaging and transportation of hazardous, flammable, explosive, and toxic materials. Our operations are also subject to regulation of health and safety matters by the U. S. OSHA and Mexico' s STPS. We believe we employ appropriate precautions to protect our employees and others from workplace injuries and harmful exposure to materials handled and managed at our facilities. Future regulatory changes or the determination that our products or processes are not in compliance with applicable requirements, rules, regulations, specifications, standards, or product testing criteria might result in additional operating expenses, administrative fines or penalties, product recalls or loss of business that could have a material adverse effect on our financial condition and operations. U. S. government actions relative to the federal budget, taxation policies, government expenditures, U. S. borrowing / debt ceiling limits, and trade policies could adversely affect our business and operating results. Periods of impasse, deadlock, and last **-** minute accords may continue to permeate many aspects of U. S. governance, including federal government budgeting and spending, taxation, U. S. deficit spending and debt ceiling adjustments, and international commerce. Such periods could negatively impact U. S. domestic and global financial markets thereby reducing customer demand for our products and services and potentially result in reductions in our revenues, increased price competition, or increased operating costs, any of which could adversely affect our business, results of operations, and financial condition. We produce many of our products at our manufacturing facilities in Mexico. Our ~~business~~ **businesses** ~~benefits~~ - **benefit** from free trade agreements such as the U. S.- Mexico- Canada Agreement. Any changes in trade or tax policies by the U. S. or foreign governments in jurisdictions in which we do business, as well as any embargoes, quotas or tariffs imposed on our products and services, could adversely and significantly affect our financial condition and results of operations. We have potential exposure to environmental liabilities that may increase costs and lower profitability. We are subject to comprehensive federal, state, local, and foreign environmental laws and regulations relating to: (i) the release or discharge of materials into the environment at our facilities or with respect to our products while in operation; (ii) the management, use, processing, handling, storage, transport, and disposal of hazardous and non- hazardous waste, substances, and materials; and (iii) other activities relating to the protection of human health and the environment. Such laws and regulations expose us to liability for our own acts and in certain instances potentially expose us to liability for the acts of others. These laws and regulations also may impose liability on us currently under circumstances where at the time of the action taken, our acts or those of others complied with then- applicable laws and regulations. In addition, such laws may require significant expenditures to achieve compliance, and are frequently modified or revised to impose new obligations. Civil and criminal fines and penalties may be imposed for non- compliance with these environmental laws and regulations. Our operations involving hazardous materials also raise potential risks of liability under common law. Environmental operating permits are, or may be, required for our operations under these laws and regulations. These operating permits are subject to modification, renewal, and revocation. Although we regularly monitor and review our operations, procedures, and policies for compliance with our operating permits and related laws and regulations, the risk of environmental liability is inherent in the operation of our businesses, as it is with other companies operating under environmental permits. However, future events, such as changes in, or modified interpretations of, existing environmental laws and regulations or enforcement policies, or further investigation or evaluation of the potential health hazards associated with the manufacture of our products and related business activities and properties, may give rise to additional compliance and other costs that could have a material adverse effect on our financial condition and operations. In addition to environmental laws, the transportation of commodities by railcar raises potential risks in the event of an accident that results in the release of an environmentally sensitive substance. Generally, liability under existing laws for a derailment or other accident depends upon causation analysis and the acts, errors, or omissions, if any, of a party involved in the transportation activity, including, but not limited to, the railroad, the shipper, the buyer and seller of the substances being transported, or the manufacturer of the railcar, or its components. Additionally, the severity of injury or property damage arising from an incident may influence the causation responsibility analysis, exposing the Company to potentially greater liability. Under certain circumstances, strict liability concepts may apply and if we are found liable in any such incident, it could have a material adverse effect on our financial condition, business, and operations. **See Note 15 of the Consolidated Financial Statements for further information on our potential exposure to environmental liabilities.** Some of our customers place orders for our products in reliance on their ability to utilize tax benefits, which could be discontinued or allowed to expire without extension thereby reducing demand for certain of our products. There is no assurance that the U. S. government will reauthorize, modify, or otherwise not allow the expiration of tax benefits, such as accelerated depreciation. **Changes to income tax laws and regulations have resulted in the phase- out of bonus depreciation, which began in 2023 and will continue through 2026.** In **such** instances where ~~such~~ benefits are allowed to expire or are otherwise modified or discontinued, the demand for our products could decrease, thereby creating the potential for a material adverse effect on our financial condition or results of operations. Changes in accounting standards or inaccurate estimates or assumptions in the application of accounting policies could adversely affect our financial results. Our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. Some of these policies require the use of estimates and assumptions that may affect the reported value of our assets or liabilities and financial results and are critical because they require management to make difficult, subjective, and complex judgments about matters that are inherently uncertain. Accounting standard setters and those who interpret the accounting standards (such as the Financial Accounting Standards Board, the SEC, and our independent registered public accounting firm) may amend or even reverse their previous interpretations or positions on how these standards should be applied. These changes can be difficult to predict **or implement,** and can materially impact how we record and report our financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retroactively, resulting in the restatement of prior period financial statements. For a further discussion of some of our critical accounting policies and standards and recent accounting changes, see Critical Accounting Policies and Estimates in Management' s Discussion and Analysis of Financial Condition and Results of Operations and Note 1 of the Consolidated Financial Statements. Risks Related to our Common Stock The price for our common stock is subject to volatility, which may result in losses to our stockholders. Stock price volatility affects the price at which our common stock can be sold and could subject our stockholders to losses. The trading price of our common stock could fluctuate widely in response to, among other things, the risk factors described in this report and other factors including: • actual or anticipated variations in quarterly and annual results of operations; • changes in recommendations by securities analysts; • changes in composition and perception of the investors who own our stock and other securities; • changes in ratings from national rating agencies on publicly or privately owned debt securities; • operating and stock price performance of other companies that investors deem comparable to us; • news reports relating to trends, concerns and other issues in the industries in which we operate; • actual or expected economic conditions that are perceived to affect our Company; • perceptions in the marketplace regarding us and / or our competitors; • fluctuations in prices of commodities that our customers produce and transport; • significant acquisitions or business combinations, strategic partnerships, joint ventures, or capital commitments by or involving us or our competitors; • changes in government regulations and policies and interpretations of those regulations and policies; • stockholder activism; and • dissemination of false or misleading statements through the use of social and other media to discredit our Company, disparage our products, or to harm our reputation. Additionally, in the past, following periods of volatility in the market price of a public company' s securities, securities class action litigation has often been initiated. Any such litigation could result in substantial costs and a diversion of management' s attention and resources. We cannot predict the outcome of any such litigation. The initiation of any such litigation or an unfavorable result could have a material adverse effect on our financial condition and results of operations. See Note 15 of the Consolidated Financial Statements for more detailed information on any material pending legal proceedings other than ordinary routine litigation incidental to our business, including the current status of the Company' s highway products litigation. There can be no assurance that we will continue to pay dividends ~~or repurchase shares of our common stock~~ at current levels **or will repurchase shares of our common stock** . Although we have paid regular cash dividends for many years and conduct periodic share repurchase programs, the timing, amount and payment of future dividends to stockholders and repurchases of our common stock fall within the discretion of our Board of Directors (the" Board"). The Board' s decisions regarding the payment of dividends and repurchase of shares depend on many factors such as our financial condition, earnings, capital requirements, debt service obligations, legal requirements, regulatory constraints, and other factors that our Board may deem relevant. We cannot guarantee that we will continue to pay dividends, the amount of any such dividends, or that we will continue to repurchase shares in the future. Any payment of dividends or repurchases of shares could vary from historical practices and our stated expectations. A small number of stockholders could significantly influence our business. A small number of stockholders collectively control more than 20 % of our outstanding common stock. Accordingly, a small number of stockholders could affect matters that require stockholder approval, such as the election of directors and the approval of significant business transactions. General Risk Factors The use of social and other digital media (including websites, blogs and newsletters) to disseminate false, misleading and / or unreliable or inaccurate data and information about our Company could create unwarranted volatility in our stock price and losses to our stockholders and could adversely affect our reputation, products, business, and operating results ~~. A substantial number of people are relying on social and other digital media to receive news, data, and information. Social and other digital media can be used by anyone to publish data and information without regard for factual accuracy~~ . The use of social and other digital media to publish inaccurate, offensive, and disparaging data and information coupled with the frequent use of strong language and hostile expression, may influence the public' s inability to distinguish between what is true and what is false and could obstruct an effective and timely response to correct inaccuracies or falsifications. Such use of social and other digital media could result in unexpected and unsubstantiated claims concerning the Company in general or our products, our leadership or our reputation among customers and the public at large, thereby making it more difficult for us to compete effectively, and potentially having a material adverse effect on our business, operations, or financial condition. From time to time we may take tax positions that the Internal Revenue Service or other taxing jurisdictions may contest. We have in the past and may in the future take tax positions that the Internal Revenue Service (" IRS ") or other taxing jurisdictions may challenge. We are required to disclose to the IRS as part of our tax returns particular tax positions in which we have a reasonable basis for the position but not a" more likely than not" chance of prevailing. If the IRS successfully contests a tax position that we take, we may be required to pay additional taxes or fines which may not have been previously accrued that may adversely affect our results of operations and financial position.