TRINITY INDUSTRIES INC
Form 10-K
February 19, 2016

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K
(Mark One)

þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-6903
(Exact name of registrant as specified in its charter)

Delaware	75-0225040
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
2525 N. Stemmons Freeway, Dallas, Texas	75207-2401
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (214) 631-4420
Securities Registered Pursuant to Section 12(b) of the Act

Title of each class	Name of each exchange on which registered
Common Stock ($0.01 par value)	New York Stock Exchange, Inc.

Securities registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No ¨

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No þ

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer þ Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨
(Do not check if a smaller reporting company)

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No þ

The aggregate market value of voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold as of the last business day of the Registrant's most recently completed second fiscal quarter (June 30, 2015) was $4,007.3 million.

At January 31, 2016 the number of shares of common stock outstanding was 152,858,247.

The information required by Part III of this report, to the extent not set forth herein, is incorporated by reference from the Registrant's definitive 2016 Proxy Statement.

TRINITY INDUSTRIES, INC.
FORM 10-K
TABLE OF CONTENTS

Table of Contents

PART I

Item 1. Business.

General Development of Business. Trinity Industries, Inc. and its consolidated subsidiaries, ("Trinity", "Company", "we", or "our") headquartered in Dallas, Texas, is a diversified industrial company that owns a variety of market-leading businesses providing products and services to the energy, transportation, chemical, and construction sectors. Trinity was incorporated in 1933.

Trinity became a Delaware corporation in 1987. Our principal executive offices are located at 2525 N. Stemmons Freeway, Dallas, Texas 75207-2401, our telephone number is 214-631-4420, and our Internet website address is www.trin.net.

Financial Information About Industry Segments. Financial information about our industry segments for the years ended December 31, 2015, 2014, and 2013 is presented in Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Narrative Description of Business. As a diversified industrial company, we manufacture and sell a variety of products and services principally including:

- railcars and railcar parts;
- parts and steel components;
- the leasing, management, and maintenance of railcars;
- highway products;
- aggregates;
- inland barges;
- structural wind towers;
- steel utility structures;
- storage and distribution containers; and
- trench shields and shoring products.

We serve our customers through the following five business groups:

Rail Group. Through wholly-owned subsidiaries with manufacturing facilities in the U.S. and Mexico, our Rail Group is a leading manufacturer of freight and tank railcars in North America used for transporting a wide variety of liquids, gases, and dry cargo ("Trinity Rail Group" or "Rail Group").

Trinity Rail Group offers a complete array of railcar solutions to our customers. We are capable of manufacturing a full line of railcars, including:

Autorack Cars - Autoracks and flatcars transport finished automobiles and light trucks.

Box Cars - Box cars carry a wide variety of bulk cargo such as auto parts, paper, and food products.

Covered Hopper Cars - Covered hopper cars transport commodities such as industrial sand and cement, grain products, dry fertilizer, and plastics. Pressure differential covered hopper cars carry products such as flour and starch.

Gondola Cars - Rotary gondola cars are primarily used for coal service. Other gondola cars carry bulk commodities such as scrap metal, aggregate, ores, and finished steel.

Intermodal Cars - Intermodal cars transport shipping containers in single or double stacked configurations as well as truck trailers.

Open Hopper Cars - Open hopper cars are used to transport coal, aggregates, and other similar products.

Tank Cars - Non-pressurized tank cars transport a wide variety of liquid commodities including chemicals, food products, and petroleum products. Pressurized tank cars are used to transport liquefied gases.

Our Rail Group is capable of manufacturing a diversified railcar product line, allowing us to capitalize on changing industry trends and developing opportunities in the construction, agricultural, energy, chemical and automotive markets, among others. We also manufacture and sell a variety of railcar parts and components used in manufacturing and repairing railcars including couplers, axles, and other equipment. We have plants in Mexico and the U.S. that manufacture parts and components, primarily for the North American market. We provide railcar maintenance services at multiple facilities in the U.S.

Our customers include railroads, leasing companies, and industrial shippers of products, such as utilities, petrochemical companies, grain shippers, agricultural product companies, and major construction and industrial

companies. We compete in the North American market primarily against five major railcar manufacturers.
For the year ended December 31, 2015 we shipped 34,295 railcars, or 41% of total North American railcar shipments.
As of December 31, 2015, our Rail Group backlog consisted of 48,885 railcars valued at $5.4 billion. This amount included approximately $1.5 billion in orders from our Railcar Leasing and Management Services Group ("Leasing Group"). The total amount of orders in our backlog from the Leasing Group was supported by lease commitments with external customers. The final amount dedicated

Table of Contents

to the Leasing Group may vary by the time of delivery as customers may alternatively choose to purchase railcars as external sales from the Rail Group.

We hold patents of varying duration for use in our manufacture of railcars and components. We believe patents offer a marketing advantage in certain circumstances. No material revenues are received from the licensing of these patents.

Railcar Leasing and Management Services Group. Our Railcar Leasing and Management Services Group is a leading provider in North America of comprehensive rail industry services. Through wholly-owned subsidiaries, primarily Trinity Industries Leasing Company ("TILC"), and partially-owned subsidiaries, TRIP Rail Holdings LLC ("TRIP Holdings") and RIV 2013 Rail Holdings LLC ("RIV 2013"), we offer operating leases for tank and freight railcars. Trinity's Rail Group and TILC coordinate sales and marketing activities under the registered trade name TrinityRail®, thereby providing a single point of contact for railroads and shippers seeking rail equipment and services.

In addition, TILC originates and manages railcar leases for third-party investor-owned funds and provides fleet maintenance and management services to industrial shippers. Our affiliations with third-party investor-owned funds, through strategic railcar alliances and the formation of railcar investment vehicles, combined with TILC's fleet maintenance and management services capabilities, complement our leasing business by generating stable fee income, strengthening customer relationships, and enhancing the view of TrinityRail® as a leading provider of railcar products and services.

The railcars in our lease fleet are leased to industrial shippers and railroads. These companies operate in the chemical, agricultural, automotive, and energy industries, among others. Substantially all of the railcars in our lease fleet were manufactured by our Rail Group. The terms of our railcar leases generally vary from one to twenty years and provide for fixed monthly rentals, predominantly under full-service leases. A small percentage of our fleet is leased on a per diem basis. As of December 31, 2015, the lease fleet of our subsidiaries included 76,765 owned or leased railcars that were 97.7% utilized. Of this total, 67,185 railcars were owned by TILC or its affiliates and 9,580 railcars were financed in sale-leaseback transactions.

Our railcar leasing businesses compete against a number of well-established entities that are also in the business of leasing railcars.

Construction Products Group. Through wholly-owned subsidiaries, our Construction Products Group manufactures highway products as well as other primarily-steel products for infrastructure-related projects; and mines and produces aggregates. Many of these lines of business are seasonal and revenues are impacted by weather conditions and fluctuations in government spending levels.

Our Highway Products business is a leading U.S. manufacturer of guardrail, crash cushions, and other protective barriers. The Federal Highway Administration, which determines product eligibility for cost reimbursement using federal funds, has approved many of our products as eligible for federal-aid reimbursement based on satisfactory performance testing pursuant to criteria established under either the National Cooperative Highway Research Program Report 350 or the Manual for Assessing Safety Hardware, as applicable. Our crash cushion, protective barrier, and guardrail products include multiple proprietary products manufactured under license from certain public and private research organizations and inventors as well as Company-held patents. We sell highway products in Canada, Mexico, and throughout the U.S., and we export highway products, including proprietary products, to more than 60 countries. The Company does not perform any installation services with respect to its highway products, except minimally in Mexico. We compete against several national and regional highway products manufacturers.

We are a leading producer and distributor of lightweight and natural aggregates, including expanded shale and clay; crushed stone; sand and gravel; asphalt rock; and various other products in the western and southwestern U.S. Our aggregates customers are concrete producers; commercial, residential, and highway contractors; manufacturers of masonry products; and state and local municipalities. We compete with lightweight aggregates producers nationwide and natural aggregates producers located in the regions where we operate.

We also manufacture a line of trench shields and shoring products for the construction industry.

Energy Equipment Group. Through wholly-owned subsidiaries, our Energy Equipment Group manufactures structural wind towers; utility steel structures for electricity transmission and distribution; storage and distribution containers; cryogenic tanks; and tank heads for pressure and non-pressure vessels.

We are a leading manufacturer in North America of structural wind towers used in the wind energy market. These towers are manufactured in the U.S. and Mexico to customer specifications and installed by our customers. Our customers are generally wind turbine producers. Our structural wind towers backlog as of December 31, 2015 was approximately $371.3 million.

We are one of the leading manufacturers of steel utility structures for electricity transmission and distribution, which are used principally by municipalities and other local and state governmental entities, as well as by public and private utilities. These structures are manufactured in the U.S. and Mexico to customer specifications and installed by our customers.

We are a leading manufacturer in North America of storage and distribution containers. We manufacture these products in the U.S., Mexico, and Canada. We market a portion of our products in Mexico under the brand name of TATSA®. Our storage and

Table of Contents

distribution containers support the oil, gas, and chemical industries and are used by industrial plants, utilities, residences, small businesses in suburban and rural areas. Additionally, we manufacture fertilizer storage and distribution containers for bulk storage, farm storage, and the application and distribution of anhydrous ammonia. We also manufacture cryogenic tanks for the distribution of industrial gases and liquefied natural gas. Our storage and distribution container products range from nine-gallon containers for motor fuel use to 1.8 million-gallon bulk storage spheres. We sell our storage and distribution containers to dealers and large industrial users. In the U.S., we generally deliver storage and distribution containers to our customers who install and fill the containers. Our competitors include large and small manufacturers of storage and distribution containers. Additionally, we manufacture and sell oil and gas process and storage equipment, including various types of containers, separators, and treaters used at the well-site and in midstream locations.

We also manufacture tank heads, which are pressed metal components used in the manufacturing of many of our finished products, both pressure rated and non-pressure rated, depending on their intended use. We use a significant portion of the tank heads we manufacture in the production of our railcars and storage and distribution containers. We also sell our tank heads to a broad range of other manufacturers. There are many competitors in the tank heads business.

Overall, there are a number of well-established entities that actively compete with us in the business of manufacturing energy equipment.

Inland Barge Group. Through wholly-owned subsidiaries, our Inland Barge Group is a leading U.S. manufacturer of inland barges and fiberglass barge covers. We manufacture a variety of dry cargo barges, such as deck barges, and open or covered hopper barges that transport various commodities, such as grain, coal, and aggregates. We also manufacture tank barges used to transport liquids including chemicals and a variety of petroleum products. Our fiberglass reinforced lift covers are used primarily for grain barges. Our barge manufacturing facilities are located along the U.S. inland river systems, allowing for rapid delivery to our customers. Our Inland Barge Group backlog as of December 31, 2015 was approximately $416.0 million.

Our primary Inland Barge customers are commercial marine transportation companies. Many companies have the capability to enter into, and from time to time do enter into, the inland barge manufacturing business. We strive to compete through operational efficiency, timely delivery, and quality products. We have a number of competitors for our products in this industry.

All Other. All Other includes our captive insurance and transportation companies; legal, environmental, and maintenance costs associated with non-operating facilities; and other peripheral businesses.

Foreign Operations. Trinity's foreign operations are primarily located in Mexico. Continuing operations included sales to foreign customers, primarily in Mexico, which represented 7.0%, 5.8%, and 11.7% of our consolidated revenues for the years ended December 31, 2015, 2014, and 2013, respectively. As of December 31, 2015 and 2014, we had 3.9% and 3.9%, respectively, of our long-lived assets not held for sale located outside the U.S. We manufacture railcars, storage and distribution containers, tank heads, structural wind towers, steel utility structures, parts and steel components, and other products at our Mexico facilities for local consumption as well as for export to the U.S. and other countries.

Backlog. As of December 31, 2015 and 2014, our backlog of firm and noncancellable orders was as follows:

	December 31, 2015	December 31, 2014
	(in millions)	
Rail Group		
External Customers	$3,948.5	$5,204.3
Leasing Group	1,452.7	2,010.5
	$5,401.2	$7,214.8
Inland Barge Group	$416.0	$437.9
Wind towers	$371.3	$473.5

For the twelve months ended December 31, 2015, our rail manufacturing businesses received orders for 22,145 railcars. The change in backlog as of December 31, 2015 compared with our backlog as of December 31, 2014 reflects the value of orders taken and orders delivered during the year. The orders in our backlog from the Leasing Group are fully supported by lease commitments with external customers. The final amount dedicated to the Leasing Group may vary by the time of delivery as customers may alternatively choose to purchase railcars as external sales from the Rail Group. Approximately 51% of our railcar backlog is expected to be delivered during the twelve months ending December 31, 2016 with the remainder to be delivered from 2017 through 2020. Substantially all of our Inland Barge and structural wind towers backlog is expected to be delivered during the twelve months ending December 31, 2016. The Company does not report backlog from its utility structures business because certain contracts contain partial order cancellation provisions.

Marketing. We sell or lease substantially all of our products and services through our own sales personnel operating from offices in multiple locations in the U.S. as well as Canada, Mexico, the United Kingdom, Singapore, Sweden, and Peru. We also use independent sales representatives on a limited basis.

Table of Contents

Raw Materials and Suppliers.

Railcar Specialty Components and Steel. Products manufactured at our railcar manufacturing facilities require a significant supply of raw materials such as steel, as well as numerous specialty components such as brakes, wheels, axles, side frames, bolsters, and bearings. Although the number of alternative suppliers of specialty components has declined in recent years, at least two suppliers continue to produce most components.

The principal material used in our manufacturing segments is steel. During 2015, the supply of steel was sufficient to support our manufacturing requirements. Market steel prices continue to exhibit periods of volatility and ended 2015 significantly lower than 2014. Steel prices may be volatile in the future in part as a result of market conditions. We often use contract-specific purchasing practices, existing supplier commitments, contractual price escalation provisions, and other arrangements with our customers, to mitigate the effect of steel price volatility on our operating profits for the year. In general, we believe there is enough capacity in the supply industry to meet current production levels and that our existing contracts and other relationships we have in place will meet our current production forecasts.

Aggregates. Aggregates can be found throughout the U.S., and many producers exist nationwide. Shipments of natural aggregates from an individual quarry are generally limited in geographic scope because the cost of transporting processed aggregates to customers is high in relation to the value of the product itself. Lightweight aggregates have a much wider, multi-state distribution area due to their higher value relative to their distribution costs. We currently operate mining facilities located in Texas, Louisiana, Alabama, Colorado, and California.

Employees. The following table presents the approximate headcount breakdown of employees by business group:

Business Group	December 31, 2015
Rail Group	12,080
Construction Products Group	1,410
Inland Barge Group	1,700
Energy Equipment Group	5,820
Railcar Leasing and Management Services Group	200
All Other	450
Corporate	370
	22,030

As of December 31, 2015, approximately 11,490 employees were employed in the U.S. and 10,470 employees were employed in Mexico.

Acquisitions and Divestitures. See Note 2 of the Notes to Consolidated Financial Statements.

Environmental Matters. We are subject to comprehensive federal, state, local, and foreign environmental laws and regulations relating to the release or discharge of materials into the environment; the management, use, processing, handling, storage, transport, and disposal of hazardous and non-hazardous waste and materials; and other activities relating to the protection of human health, natural resources, and the environment.

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. We regularly monitor and review our operations, procedures, and policies for compliance with our operating permits and related laws and regulations. We believe that our operations and facilities, whether owned, managed, or leased, are in substantial compliance with applicable environmental laws and regulations and that any non-compliance is not likely to have a material adverse effect on our operations or financial condition.

Governmental Regulation.

Railcar Industry. Our railcar and related manufacturing, maintenance services, and leasing businesses are regulated by multiple governmental regulatory agencies such as the U.S. Environmental Protection Agency ("USEPA"); Transport Canada ("TC"); the U.S. Department of Transportation ("USDOT") and the administrative agencies it oversees, including the Federal Railroad Administration ("FRA"), the Pipeline and Hazardous Materials Safety Administration ("PHMSA"), and the Research and Special Programs Administration; and industry authorities such as the Association of American Railroads ("AAR"). All such agencies and authorities promulgate rules, regulations, specifications, and 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 or toxic materials. We believe that our product designs and operations are in compliance with these specifications, standards, and regulations.

New regulations promulgated in 2015 pertaining to the transportation of flammable materials by rail are now in effect. These regulatory changes materially impact: the rail industry as a whole; railroad operations; older and newer tank railcars that met or exceeded prior regulatory requirements and standards; future tank railcar specifications; market decisions relative to capital

Table of Contents

investment in rail products; and the capability of the nation's railcar manufacturing, repair and maintenance infrastructure to implement mandated modification configurations or new construction.

Inland Barge Industry. The primary regulatory and industry authorities involved in the regulation of the inland barge industry are the U.S. Coast Guard; the U.S. National Transportation Safety Board; the U.S. Customs Service; the Maritime Administration of the U.S. Department of Transportation; and private industry organizations such as the American Bureau of Shipping. These organizations establish safety criteria, investigate vessel accidents, and recommend improved safety standards. We believe that our product specifications and operations are in compliance with applicable laws and regulations.

Highway Products. The primary regulatory and industry authorities involved in the regulation of highway products manufacturers are the USDOT, the Federal Highway Administration ("FHWA"), and various state highway departments and administrative agencies. These organizations, with participation from the American Association of State Highway and Transportation Officials ("AASHTO"), establish certain standards, specifications, and product testing criteria related to the manufacture of our highway products. We believe that our highway products are in compliance with all applicable standards and specifications.

Storage and Distribution Containers. The primary regulatory authorities involved in the regulation of manufacturers of storage, transportation, and distribution containers are the PHMSA and the Federal Motor Carrier Safety Administration ("FMCSA"), both agencies being part of the USDOT. These agencies promulgate and enforce rules and regulations pertaining, in part, to the manufacture of containers that are used in the storage, transportation, and distribution of regulated and non-regulated substances. We believe that our storage and distribution containers are in compliance with all applicable rules and regulations.

Occupational Safety and Health Administration and Similar Regulations. Our operations are subject to regulation of health and safety matters by the U.S. Occupational Safety and Health Administration and the U.S. Mine Safety and Health Administration. We believe that we employ appropriate precautions to protect our employees and others from workplace injuries and harmful exposure to materials handled and managed at our facilities. However, claims that may be asserted against us for work-related illnesses or injury and the further adoption of occupational and mine safety and health regulations in the U.S. or in foreign jurisdictions in which we operate could increase our operating costs. While we do not anticipate having to make material expenditures in order to remain in substantial compliance with health and safety laws and regulations, we are unable to predict the ultimate cost of compliance.

See Item 1A for further discussion of risk factors with regard to environmental, governmental, and other matters.

Table of Contents

Executive Officers and Other Corporate Officers of the Company.

The following table sets forth the names and ages of all of our executive officers and other corporate officers, their positions and offices presently held by them, and the year each person first became an officer. All officer terms expire in May 2016.

Name	Age	Office	Officer Since
Timothy R. Wallace*	62	Chairman, Chief Executive Officer, and President	1985
James E. Perry*	44	Senior Vice President and Chief Financial Officer	2005
Melendy E. Lovett*	57	Senior Vice President and Chief Administrative Officer	2014
William A. McWhirter II*	51	Senior Vice President and Group President	2005
D. Stephen Menzies*	60	Senior Vice President and Group President	2001
S. Theis Rice*	65	Senior Vice President and Chief Legal Officer	2002
Scott C. Beasley	35	Vice President, Corporate Strategic Planning	2015
Kathryn A. Collins	52	Vice President, Human Resources	2014
Virginia C. Gray, Ph.D.	56	Vice President, Organizational Development	2007
Mary E. Henderson*	57	Vice President and Chief Accounting Officer	2009
W. Relle Howard	46	Vice President, Information Technology	2016
John M. Lee	55	Vice President, Business Development	1994
Steven L. McDowell	54	Vice President and Chief Audit Executive	2013
Gail M. Peck	48	Vice President, Finance and Treasurer	2010
Heather Perttula Randall	42	Vice President, Legal Affairs	2011
Stephen W. Smith	66	Vice President and Chief Technical Officer	2012
Bryan P. Stevenson	42	Associate General Counsel and Secretary	2015
Jack Todd	52	Vice President, Public Affairs	2015

*Executive officer subject to reporting requirements under Section 16 of the Securities Exchange Act of 1934.

The following officers, for the preceding five years, have either not been in full time employment with the Company or have had changes in responsibilities during that period:

Mr. Beasley joined Trinity in 2014 as Executive Director of Strategic Finance and was appointed Vice President, Corporate Strategic Planning in 2015. Prior to joining Trinity, Mr. Beasley worked for McKinsey & Company from 2008 to 2014, most recently serving as Associate Principal.

Ms. Collins joined Trinity in 2014 as Vice President, Human Resources. Prior to joining Trinity, she worked for RealPage, Inc. from 2012 to 2014, most recently serving as Vice President, Talent Management and HR Systems. She served as Divisional Vice President, Organization Effectiveness and Vice President, Associate Recruitment at J.C. Penney Company, Inc. where she held management and executive positions from 2009 to 2012.

Mr. Howard joined the Company in 2016 as Vice President, Information Technology. Prior to joining Trinity, he worked for Flowserve Corporation from 2009 to 2016, serving as Vice President Information Technology, Operating Divisions and, beginning in 2014, as Global Vice President, Information Technology.

Ms. Lovett joined the Company in 2014 as Senior Vice President and Chief Administrative Officer. A member of the Company's Board of Directors since 2012, Ms. Lovett resigned her Board position at the time of her appointment as an officer of the Company. Prior to joining Trinity, she worked for Texas Instruments ("TI"), serving as Vice President in TI's human resources organization from 1998 until 2004 when she was named Senior Vice President and President of TI's Education Technology business. Prior to joining TI in 1993, she was a senior manager with the consulting firm of Coopers & Lybrand.

Mr. McWhirter joined the Company in 1985 and held various accounting positions until 1992, when he became a business group officer. In 1999, he was elected to a corporate position as Vice President for Mergers and Acquisitions. In 2001, he was named Executive Vice President of a business group. In March 2005, he became Vice President and Chief Financial Officer and in 2006, Senior Vice President and Chief Financial Officer. In 2010, Mr. McWhirter was named Senior Vice President and Group President of the Construction Products and Inland Barge Groups. In 2012, Mr. McWhirter was named Senior Vice President and Group President of the Construction Products, Energy

Equipment, and Inland Barge Groups.

Mr. McDowell joined the Company in 2013 as Vice President and Chief Audit Executive. Prior to joining Trinity, he worked for Dean Foods from 2007 to 2013, where he held a variety of management positions and most recently served as Vice President, Internal Audit and Risk Management. Prior to his tenure at Dean Foods, he served as Vice President - Internal Audit at Centex Corporation.

Table of Contents

Ms. Peck joined Trinity in 2010 as Treasurer and was appointed Vice President and Treasurer in 2011 and Vice President, Finance and Treasurer in 2014. Prior to joining Trinity, she worked for Centex Corporation from 2001 to 2009, serving as Vice President and Treasurer beginning in 2004.

Mr. Perry joined Trinity in 2004 and was appointed Treasurer in April 2005. Mr. Perry was named a Vice President of Trinity in 2006 and appointed its Vice President, Finance in 2007. In 2010, Mr. Perry was appointed Chief Financial Officer and in 2011 was elected Senior Vice President and Chief Financial Officer.

Ms. Randall joined the Company in 2005 as Chief Counsel of TrinityRail. In 2006, she became Deputy General Counsel in charge of litigation for Trinity. In 2011, Ms. Randall was elected Vice President, Legal Affairs.

Mr. Rice joined the Company in 1991 and held various legal and business positions until 2005, when he was elected Vice President and Chief Legal Officer. He was named Senior Vice President, Human Resources and Chief Legal Officer in 2011 and was named Senior Vice President and Chief Legal Officer in 2013.

Mr. Smith joined the Company in 1976 and held various engineering positions, advancing to Senior Vice President Engineering for TrinityRail. In 2008, Mr. Smith was promoted to a corporate position and serving as an engineering and technical advisor to Trinity's Group Presidents and corporate officers. In 2012, Mr. Smith was elected Vice President and was named Chief Technical Officer in 2013.

Mr. Stevenson joined the Company in 2015 as Associate General Counsel and Secretary. Prior to joining Trinity, Mr. Stevenson was Vice President, General Counsel and Secretary for U.S. Auto Parts Network, Inc. from 2011 to 2015, where he oversaw all of the company's legal efforts. Prior to his tenure at U.S. Auto Parts, he served as Vice President, Associate General Counsel for Blockbuster, Inc., which he joined as Senior Corporate Counsel in 2004. Before Mr. Stevenson joined Blockbuster, he worked at the law firm of Beirne, Maynard & Parsons, LLP.

Mr. Todd joined Trinity in 2006, initially serving as Director of Public Affairs for the Construction, Energy, Marine, and Components Group. Since 2009, Mr. Todd has held several leadership positions at Trinity, culminating in his election in 2015 as Vice President, Public Affairs. Prior to joining Trinity, Mr. Todd had a distinguished 20-year career in the U.S. Navy retiring as a Lieutenant Commander.

Messrs. Wallace, Menzies, and Lee, Ms. Henderson, and Dr. Gray have been in full time employment of Trinity or its subsidiaries for more than five years and have performed essentially the same respective duties during such time.

Item 1A. Risk Factors.

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 Securities and Exchange Commission (“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. 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. We undertake no obligations to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

Many of the industries in which we operate are cyclical, and, accordingly, our business is subject to changes in the economy. We operate in cyclical industries. Downturns in overall economic conditions usually 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. The railcar, barge, and wind energy industries have previously experienced sharp cyclical downturns and at such times operated with a minimal backlog. The business cycles of our different operations may not typically coincide but an economic downturn could impact disparate cycles contemporaneously. In such cases, the effect of an economic downturn may magnify the adverse effect on our business.

Volatility in the global markets may adversely affect our business and operating results. Instability in the global economy, negative conditions in the global credit markets, volatility in the industries that our products serve, fluctuations in commodity prices that our customers produce and transport, changes in legislative 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 breaches 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.

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. 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, 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 of which there could be a material adverse effect on our business, operations, or overall financial condition.

Increases in the price and demand for steel could lower our margins and profitability. The principal material used in our manufacturing segments is steel. Market steel prices may exhibit short periods of volatility. Steel prices may experience further volatility as a result of scrap surcharges assessed by steel mills and other market factors. We often 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 for the year. To the extent that we do not have such arrangements in place, an increase in steel prices could materially lower our profitability. 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.

We have potential exposure to environmental liabilities, which 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 not only expose us to liability for our own acts, but also may expose us to liability for the acts of others or for our actions which were in compliance with all applicable laws at the time these actions were taken. 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, barge, or container 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, barge, or container, 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.

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 all geographic markets and each industry sector in which we operate. In addition to price, we face competition in product performance and technological innovation, quality, reliability of delivery, customer service, and other factors. This competition is often intense, the effects of which could reduce our revenues and operating profits, limit our ability to grow, increase pricing pressure on our products, and otherwise affect our financial results.

The limited number of customers in certain of our businesses, the variable purchase patterns of our customers in all of our segments, and the timing of completion, delivery, and customer acceptance of orders may cause our revenues and income from operations to vary substantially each quarter, which would result in significant fluctuations in our quarterly results. Some of the markets we serve have a limited number of customers. Customers in each of our business segments do not purchase a similar volume of products each year nor make purchases consistently from year-to-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 be significantly affected. As a result of these quarterly

Table of Contents

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.

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' operations, relies in large part upon banks and capital markets to fund its operations and contractual commitments and refinance existing debt. These markets can experience high levels of volatility and access to capital can be constrained for an extended period 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 to 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 be unable to maintain railcar assets on lease at satisfactory lease rates. 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 lease, re-lease, maintain satisfactory lease rates, or sell leased or unleased railcars profitably 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 availability in the market generally 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 on favorable terms could result in lower lease rates, lower lease utilization percentages, and reduced revenues and operating profit.

Fluctuations in the price and supply of raw materials and parts and components used in the production of our products 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 raw materials and parts and components needed 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, as well as flanges for the wind towers business. Our manufacturing operations partially depend on our ability to obtain timely deliveries of raw materials, parts, and components in acceptable quantities and quality from our suppliers. Certain raw materials and parts and components 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. If we are unable to purchase a sufficient quantity of raw materials and parts and components on a timely basis, we could face disruptions in our production and incur delays while we attempt to engage alternative suppliers. Fewer suppliers could result from unimproved or worsening economic or commercial conditions which could increase our rejections for poor quality and require us to source unknown and distant supply alternatives. Any such disruption or conditions could harm our business and adversely impact our results of operations.

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 and use diesel fuel in vehicles to transport our products to customers and to operate our plant equipment. An outbreak or escalation of hostilities between the U.S. and any foreign power and, in particular, prolonged conflicts 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 could result in varying states of disaster and a real or perceived shortage of petroleum and/or natural gas 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. 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 or in the ordinary course.

Our manufacturer's warranties expose us to product replacement and repair claims. Depending on the product, we warrant against manufacturing defects due to our workmanship and certain materials (including surface coatings, primers, sealants, and

Table of Contents

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.

Increasing insurance claims and expenses could lower profitability and increase business risk. The nature of our business subjects us 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 manufacture that our customers install along US highways or that our customers use to transport hazardous, flammable, toxic, or explosive materials. Over the last several years, insurance carriers have raised premiums for many companies operating in our industries. As policies expire, increased premiums for renewed or new coverage may further increase our insurance expense and/or require that we increase our self-insured retention 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 levels based on commercial norms in 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. 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 overall risk exposure and our operational expenses would 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.

Many of our products are 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.

Risks related to our operations outside of the U.S., particularly Mexico, could decrease our profitability. Our operations outside of the U.S. are subject to the risks associated with cross-border business transactions and activities. Political, legal, trade, 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. Violence in Mexico associated with drug trafficking is continuing. 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 primarily in the U.S. and the transportation and import of such products may be disrupted. Some foreign countries where we operate have regulatory authorities that regulate railroad safety, railcar and railcar component part design, performance, and manufacture of equipment used on their railroad systems. If we fail to obtain and maintain certifications of our railcars and railcar parts and components and other products within the various foreign countries where we operate, we may be unable to market and sell our railcars, parts, and components 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 or import/export laws of other countries.

Equipment failures or extensive damage to our facilities, including as might occur as a result of natural disasters, 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 and on navigable waterways in the U.S. An interruption in production capabilities or maintenance and repair capabilities at our facilities, as a result of equipment failure or acts of nature, including non-navigation orders resulting from low-water conditions issued from time to time by the U.S. Army Corps of Engineers on one or more U.S. rivers that serve our facilities, 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.

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. Although we have historically been largely successful in retaining the services of our key management, we may not be able to do so in the future. 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.

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.

Violations of or changes in the regulatory requirements applicable to the industries in which we operate may increase our operating costs. Our railcar manufacturing and leasing 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; and industry authorities such as the AAR. All such agencies and authorities promulgate rules, regulations, specifications, and 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 or toxic materials.

New regulations promulgated in 2015 pertaining to the transportation of flammable materials by rail are now in effect. These regulatory changes materially impact: the rail industry as a whole; railroad operations; older and newer tank railcars that met or exceeded prior regulatory requirements and standards; future tank railcar specifications; market decisions relative to capital investment in rail products; and the capability of the nation’s railcar manufacturing, repair and maintenance infrastructure to implement mandated modification configurations or new construction.

Our Inland Barge operations are subject to regulation by the U.S. Coast Guard; the U.S. National Transportation Safety Board; the U.S. Customs Service; the Maritime Administration of the U.S. Department of Transportation; and private industry organizations such as the American Bureau of Shipping. These organizations establish safety criteria, investigate vessel accidents and recommend improved safety standards.

Our Construction Products Group is subject to regulation by the USDOT; the FHWA; and various state highway departments and administrative agencies. These organizations, with participation from AASHTO establish certain standards, specifications, and product testing criteria related to the manufacture of our highway products.

Our storage and distribution containers are subject to regulation by the PHMSA and the FMCSA, both agencies being part of the USDOT. These agencies promulgate and enforce rules and regulations pertaining, in part, to the manufacture of containers that are used in the storage, transportation, and distribution of regulated and non-regulated substances.

Our operations are also subject to regulation of health and safety matters by the U.S. Occupational Safety and Health Administration and the U.S. Mine Safety and Health Administration. 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 which could have a material adverse effect on our financial condition and operations.

Some of our customers place orders for our products in reliance on their ability to utilize tax benefits or tax credits such as accelerated depreciation or the production tax credit for renewable energy, or to recover the cost of products acquired to comply with federal requirements or standards. There is no assurance that the U.S. government will reauthorize, modify, or otherwise not allow the expiration of such tax benefits, tax credits, or reimbursement policies, and in cases where such subsidies and policies are materially modified to reduce the available benefit, credit, or reimbursement or are otherwise allowed to expire, the demand for our products could decrease, thereby creating the potential for a material adverse effect on our financial condition or results of operations.

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

Table of Contents

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.

We may incur 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. 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.

Railcars as a significant mode of transporting freight could decline, become more efficient over time, 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 and become more efficient, 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.

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 the current debate over climate change in general, and the related science, policy discussion, and prospective legislation. Some scientific studies have suggested that emissions of certain gases, commonly referred to as greenhouse gases (“GHGs”) and including carbon dioxide and methane, may be contributing to warming of the Earth’s atmosphere and other climate changes. Additionally, the potential challenges and opportunities for the Company that climate change policy and legislation may pose are reviewed. 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 has been introduced in numerous state legislatures, the U.S. Congress, and by the EPA. Some of these proposals would require industries to meet stringent new standards that may require substantial reductions in carbon emissions. While Trinity cannot assess the direct impact of these or other potential regulations, it does recognize that new climate change protocols could affect the demand for its products and/or affect the price of materials, input factors, and manufactured components. Potential opportunities could include greater demand for wind towers and 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 an increased frequency 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. 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.

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 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 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 Summary of Significant Accounting Policies of the Notes to Consolidated Financial Statements.
Shortages of skilled labor could adversely impact our operations. We depend on skilled labor in the manufacture, maintenance, and repair of our products. Some of our facilities are located in areas where demand for skilled laborers may exceed supply. Shortages of some types of skilled laborers, such as welders, could restrict our ability to maintain or increase production rates and could increase our labor costs.
Some of our employees 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 some of our operations in the U.S. and all of 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.

Table of Contents

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.

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.

Our inability to produce 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. Management relies on information technology infrastructure and architecture, including hardware, network, software, people, and processes to provide useful and confidential information to conduct our business in the ordinary course, including correspondence and commercial data and information interchange with customers, suppliers, legal counsel, governmental agencies, and financial institution consultants, and to support assessments and conclusions about future plans and initiatives pertaining to market demands, operating performance, and competitive positioning. In addition, any material failure, interruption of service, compromised data security, or cybersecurity threat 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, and profitability. Security breaches in our information technology could result in theft, destruction, loss, misappropriation, or release of confidential data, trade secret, or other proprietary or intellectual property that could adversely impact our future results.

Discord, conflict, and lack of compromise within and amongst the executive and legislative branches of the U.S. government relative to federal government budgeting, taxation policies, government expenditures, and U.S. borrowing/debt ceiling limits could adversely affect our business and operating results. The legislative and executive branches of the U.S. government have encountered one or more impasses or deadlocks relative to federal government budgeting, tax revenue requirements, deficit spending, and management of short and long term U.S. government borrowing, debt ratings, and debt ceiling adjustments. Continuing impasses or deadlocks could negatively impact U.S. domestic and global financial markets thereby reducing demand by our customers 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.

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 in which the Company becomes involved and ultimately concludes 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 overall financial condition.

The price for our common stock is subject to volatility which may result in losses to our shareholders. During the two year period ended December 31, 2015, the closing sales price of our stock varied between a high of $50.30 per share and a low of $22.37 per share. 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 is likely to remain volatile and 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 or 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; and
- changes in government regulations and interpretations of those regulations.

Table of Contents

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 if it were initiated. 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 18 of the Consolidated Financial Statements for a description regarding certain shareholder class actions related to the Company's Highway Products litigation.

Additional Information. Our Internet website address is www.trin.net. Information on the website is available free of charge. We make available on our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments thereto, as soon as reasonably practicable after such material is filed with, or furnished to, the SEC. The contents of our website are not intended to be incorporated by reference into this report or in any other report or document we file and any reference to our website is intended to be an inactive textual reference only.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

We principally operate in various locations throughout the U.S. and in Mexico and Canada. Our facilities are considered to be in good condition, well maintained, and adequate for our purposes.

	Approximate Square Feet		Approximate Square Feet Located In		
	Owned	Leased	US	Mexico	Canada
Rail Group	6,218,500	142,400	4,266,000	2,094,900	—
Construction Products Group	1,307,400	160,500	1,371,200	96,700	—
Inland Barge Group	1,011,400	81,000	1,092,400	—	—
Energy Equipment Group	2,870,100	497,300	2,531,900	752,100	83,400
Corporate Offices	231,200	—	211,000	20,200	—
	11,638,600	881,200	9,472,500	2,963,900	83,400

Our estimated weighted average production capacity utilization for the twelve month period ended December 31, 2015 is reflected by the following percentages:

	Production Capacity Utilized	
Rail Group	90	%
Construction Products Group	60	%
Inland Barge Group	80	%
Energy Equipment Group	80	%

Item 3. Legal Proceedings.

See Note 18 of the Notes to Consolidated Financial Statements.

Item 4. Mine Safety Disclosures

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95 to this Form 10-K.

Table of Contents

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is traded on the New York Stock Exchange under the ticker symbol “TRN”. The following table shows the closing price range of our common stock by quarter for the years ended December 31, 2015 and 2014.

	Prices	
Year Ended December 31, 2015	High	Low
Quarter ended March 31, 2015	$35.61	$24.77
Quarter ended June 30, 2015	36.80	26.43
Quarter ended September 30, 2015	29.79	22.67
Quarter ended December 31, 2015	27.86	22.37
Year Ended December 31, 2014	High	Low
Quarter ended March 31, 2014	$37.32	$27.08
Quarter ended June 30, 2014	43.74	33.82
Quarter ended September 30, 2014	50.30	41.56
Quarter ended December 31, 2014	43.12	26.57

Our transfer agent and registrar as of December 31, 2015 was American Stock Transfer & Trust Company.

Holders

At December 31, 2015, we had 2,001 record holders of common stock. The par value of the common stock is $0.01 per share.

Dividends

Trinity has paid 207 consecutive quarterly dividends. Quarterly dividends declared by Trinity for the years ended December 31, 2015 and 2014 are as follows:

	Year Ended December 31,	
	2015	2014
Quarter ended March 31,	$0.100	$0.075
Quarter ended June 30,	0.110	0.100
Quarter ended September 30,	0.110	0.100
Quarter ended December 31,	0.110	0.100
Total	$0.430	$0.375

Recent Sales of Unregistered Securities

None.

Table of Contents

Performance Graph

The following Performance Graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that the Company specifically incorporates it by reference into such filing.

The following graph compares the Company's cumulative total stockholder return (assuming reinvestment of dividends) during the five-year period ended December 31, 2015 with an overall stock market index (New York Stock Exchange Composite Index) and the Company's peer group index (Dow Jones US Commercial Vehicles & Trucks Index). The data in the graph assumes $100 was invested on December 31, 2010.

	2010	2011	2012	2013	2014	2015
Trinity Industries, Inc.	100	114	138	213	222	193
Dow Jones US Commercial Vehicles & Trucks Index	100	88	98	117	122	92
New York Stock Exchange Composite Index	100	96	112	142	151	145

Table of Contents

Issuer Purchases of Equity Securities N EED

This table provides information with respect to purchases by the Company of shares of its common stock during the quarter ended December 31, 2015:

Period	Number of Shares Purchased (1)	Average Price Paid per Share (1)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (2)
October 1, 2015 through October 31, 2015	474	$24.58	—	$103,648,179
November 1, 2015 through November 30, 2015	837	$26.24	—	$103,648,179
December 1, 2015 through December 31, 2015	197	$24.63	—	$103,648,179
Total	1,508	$25.51	—	$103,648,179

(1) These columns include the following transactions during the three months ended December 31, 2015: (i) the surrender to the Company of 943 shares of common stock to satisfy tax withholding obligations in connection with the vesting of restricted stock issued to employees and (ii) the purchase of 565 shares of common stock by the Trustee for assets held in a non-qualified employee profit-sharing plan trust.

(2) In December 2015, the Company's Board of Directors renewed its $250 million share repurchase program effective January 1, 2016 through December 31, 2017. The new program replaced the previous program which was authorized in March 2014 and expired on December 31, 2015. There were no shares purchased during the three months ended December 31, 2015. The approximate dollar value of shares that were eligible to be repurchased under such share repurchase program is shown as of the end of such month or quarter. Since the previous program was terminated on December 31, 2015, beginning on January 1, 2016, $250 million of shares are eligible for repurchase under the new program.

Table of Contents

Item 6. Selected Financial Data.

The following financial information for the five years ended December 31, 2015 has been derived from our audited consolidated financial statements. This information should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and notes thereto included elsewhere herein.

	Year Ended December 31,				
	2015	2014	2013	2012	2011
	(in millions, except percent and per share data)				
Statement of Operations Data:					
Revenues	$6,392.7	$6,170.0	$4,365.3	$3,811.9	$2,938.3
Operating profit	1,438.9	1,251.0	772.9	574.8	426.8
Income from continuing operations	826.0	709.3	386.1	251.9	146.8
Gain on sale of discontinued operations, net of provision for income taxes of $-, $-, $5.4, $-, and $-	—	—	7.1	—	—
Income (loss) from discontinued operations, net of provision (benefit) for income taxes of $-, $-, $(0.8), $1.1, and $(0.4)	—	—	(0.8)	1.8	(1.1)
Net income	$826.0	$709.3	$392.4	$253.7	$145.7
Net income attributable to Trinity Industries, Inc.	$796.5	$678.2	$375.5	$255.2	$142.2
Net income attributable to Trinity Industries, Inc. per common share:					
Basic:					
Continuing operations	$5.14	$4.35	$2.34	$1.59	$0.89
Discontinued operations	—	—	0.04	0.01	(0.01)
	$5.14	$4.35	$2.38	$1.60	$0.88
Diluted:					
Continuing operations	$5.08	$4.19	$2.34	$1.58	$0.89
Discontinued operations	—	—	0.04	0.01	(0.01)
	$5.08	$4.19	$2.38	$1.59	$0.88
Weighted average number of shares outstanding:					
Basic	150.2	151.0	152.8	154.7	154.9
Diluted	152.2	156.7	152.9	155.1	155.4
Dividends declared per common share	$0.430	$0.375	$0.270	$0.210	$0.175
Balance Sheet Data:					
Total assets	$8,885.9	$8,695.3	$7,274.5	$6,630.2	$6,076.2
Debt - recourse	$836.7	$823.6	$416.5	$454.4	$450.6
Debt - non-recourse	$2,358.7	$2,690.9	$2,534.4	$2,561.3	$2,476.8
Stockholders' equity	$4,048.7	$3,397.4	$2,749.1	$2,137.6	$1,948.3
Ratio of total debt to total capital	44.1 %	50.8 %	51.8 %	58.5 %	60.0 %
Book value per share	$26.50	$21.83	$17.75	$13.52	$12.15

Effective December 31, 2015, the Company adopted Accounting Standards Codification ("ASC") 2015-03 requiring debt issuance costs in financial statements to be presented as a direct deduction from the related debt liability rather than as an asset. Amounts previously reported have been adjusted to reflect this change. See Note 1 of the Notes to Consolidated Financial Statements.

20

Table of Contents

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide a reader of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity, and certain other factors that may affect our future results. Our MD&A is presented in the following sections:

- Company Overview
- Executive Summary
- Results of Operations
- Liquidity and Capital Resources
- Contractual Obligations and Commercial Commitments
- Critical Accounting Policies and Estimates
- Recent Accounting Pronouncements
- Forward-Looking Statements

Our MD&A should be read in conjunction with our Consolidated Financial Statements and related Notes in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K.

Company Overview

Trinity Industries, Inc., headquartered in Dallas, Texas, is a diversified industrial company that owns market-leading businesses providing products and services to the energy, transportation, chemical, and construction sectors. We operate in five distinct business groups which we report on a segment basis: the Rail Group, Construction Products Group, Inland Barge Group, Energy Equipment Group, and Railcar Leasing and Management Services Group. We also report the All Other segment which includes the Company's captive insurance and transportation companies; legal, environmental, and maintenance costs associated with non-operating facilities; and other peripheral businesses.

Our Rail and Inland Barge Groups and our structural wind towers, utility structures, and storage and distribution containers businesses operate in cyclical industries. Additionally, results in our Construction Products Group are affected by seasonal fluctuations with the first quarter historically being the weakest quarter. Railcar sales from the lease fleet are the primary driver of fluctuations in results in the Railcar Leasing and Management Services Group.

During the most recent year, an increased level of uncertainty in the macro-economic environment reduced the pace of new order volumes in certain of the Company's businesses. Over the last several years, many of our businesses benefitted from investment activity occurring in the upstream energy markets and a relatively high and stable price of oil. The extended downturn in the price of oil as well as other factors including, among others, the strong dollar and weakness across other commodity prices, has created uncertainty for our customers in their long-term capital planning processes. At the same time, demand fundamentals in the automotive, construction, petrochemical, and wind energy sectors are positive. As a result, the Company is experiencing a mixed demand environment. We continually assess our manufacturing capacity and are taking steps to align our production capacity with demand for our products.

Executive Summary

The Company's revenues for 2015 were $6.39 billion, representing an increase of 3.6% over last year. The increase in revenues for 2015, when compared to the previous year, resulted primarily from higher shipment volumes and higher pricing on railcars delivered by our Rail Group. Revenues in our Energy Equipment Group increased primarily due to an acquisition. Revenues increased slightly for our Inland Barge Group as a result of higher shipment volumes and product mix changes. In our Leasing Group, leasing and management revenues increased by 10.7% while revenues from railcar sales owned one year or less totaled $404.9 million for the year ended December 31, 2015 compared with $486.3 million for the year ended December 31, 2014. Revenues in our Construction Products Group declined by 3.5% as higher acquisition-related revenues in our Aggregates business were more than offset by lower shipment volumes in our Highway Products business.

Operating profit for 2015 increased by 15.0% to $1.44 billion compared to $1.25 billion last year. Operating margin improved to 22.5% in 2015 from 20.3% in 2014. Overall operating profit and margin grew for the year ended December 31, 2015, when compared with the prior year, primarily due to increased volumes in our Rail and Energy Equipment Groups as well as higher leasing and management revenues and higher railcar sales in our Leasing Group during the period. Selling, engineering, and administrative expenses increased for the year ended December 31, 2015, primarily due to higher legal and litigation-related expenses as well as increased compensation costs resulting from acquisitions and higher average headcount during the year. At December 31, 2015, the Company's overall headcount, including both production and non-production personnel, decreased slightly from the end of 2014.

As of December 31, 2015 and 2014 our backlog of firm and noncancellable orders was as follows:

	December 31, 2015	December 31, 2014
	(in millions)	
Rail Group		
External Customers	$3,948.5	$5,204.3
Leasing Group	1,452.7	2,010.5
	$5,401.2	$7,214.8
Inland Barge Group	$416.0	$437.9
Wind towers	$371.3	$473.5

For the twelve months ended December 31, 2015, our rail manufacturing businesses received orders for 22,145 railcars. The change in backlog as of December 31, 2015 compared with our backlog as of December 31, 2014 reflects the value of orders taken and orders delivered during the year. The orders in our backlog from the Leasing Group are fully supported by lease commitments with external customers. The final amount dedicated to the Leasing Group may vary by the time of delivery as customers may alternatively choose to purchase railcars as external sales from the Rail Group. Approximately 51% of our railcar backlog is expected to be delivered during the twelve months ending December 31, 2016 with the remainder to be delivered from 2017 through 2020. Substantially all of our Inland Barge and structural wind towers backlog is expected to be delivered during the twelve months ending December 31, 2016. The Company does not report backlog from its utility structures business because certain contracts contain partial order cancellation provisions.

Capital expenditures for 2015 were $1,029.8 million with $833.8 million utilized for net lease fleet additions, net of deferred profit of $259.6 million. Manufacturing and corporate capital expenditures for 2016 are projected to be between $150.0 million and $200.0 million. For 2016, we expect the annual net cash investment in new railcars in our lease fleet to be approximately $385.0 million after considering the expected proceeds received from leased railcar sales during the year.

During the year ended December 31, 2015 and 2014, the Company received proceeds from the sale of leased railcars to Element Financial Corporation ("Element") under the strategic alliance with Element announced in December 2013 as follows:

	Year Ended December 31, 2015	2014
	(in millions)	
Leasing Group:		
Railcars owned one year or less at the time of sale	$228.6	$446.6
Railcars owned more than one year at the time of sale	294.7	235.7
Rail Group	227.5	200.4
	$750.8	$882.7

Since the inception of our alliance in December 2013, the Company has received proceeds of $1,738.5 million from the sale of leased railcars to Element. In October 2015, the Company and Element announced a $1 billion extension of the alliance through December 2019.

In February 2015, our Leasing Group purchased all of the railcars that previously had been leased to the Leasing Group from one of the independent owner trusts for $121.1 million, resulting in the termination of the selling trust and the Leasing Group's remaining future operating lease obligations to the selling trust totaling $105.8 million. See Note 6 to the Consolidated Financial Statements for a description of lease arrangements with the independent owner trusts.

In March 2015, we completed the acquisition of the assets of a lightweight aggregates business in our Construction Products Group with facilities located in Louisiana, Alabama, and Arkansas for a purchase price of $46.2 million.

In April 2015, the TILC warehouse loan facility was increased to $1 billion and extended through April 2018. Borrowings under the facility totaled $264.3 million as of December 31, 2015. Under the renewed facility, $735.7 million was unused and available as of December 31, 2015 based on the amount of warehouse-eligible, unpledged equipment.

In May 2015, we renewed and extended our unsecured corporate revolving credit facility through May 2020, increasing the size of the facility from $425.0 million to $600.0 million. Borrowings under the credit facility bear interest at a defined index rate plus a margin and are guaranteed by certain 100%-owned subsidiaries of the Company. As of December 31, 2015, we had letters of credit issued under our revolving credit facility in an aggregate principal amount of $91.6 million, leaving $508.4 million available for borrowing.

In May 2015, Trinity Rail Leasing VI LLC ("TRL VI"), a wholly-owned subsidiary of the Company owned through TILC, repaid its Promissory Notes in full for approximately $340.0 million. The Promissory Notes were issued by TRL VI in 2008 and secured by a diversified portfolio of leased railcars and certain cash reserves. The Promissory Notes had an effective interest rate of 5.63%,

Table of Contents

after consideration of interest rate hedges. Per the original terms of the Promissory Notes, the borrowing margin was scheduled to increase by 0.50% in May 2015.

In May 2015, the Company declared an increase in its quarterly dividend from $0.10 to $0.11 per share, reflecting a 10% increase. Additionally, at the Company's Annual Meeting of Stockholders in May 2015, the Company's stockholders approved amendments to the Company's Certificate of Incorporation, increasing the number of authorized shares of common stock from 200 million to 400 million and reducing the par value of the Company's common stock to $0.01 per share from $1.00 per share.

In June 2015, we sold the assets of our galvanizing business for $51.3 million which included six facilities in Texas, Mississippi, and Louisiana. The assets and results of operations for this divestiture were previously included in the Construction Products Group.

In December 2015, the Company’s Board of Directors renewed its $250 million share repurchase program effective January 1, 2016 through December 31, 2017. The new program replaced the previous program which expired on December 31, 2015. Under the previous program, 3,947,320 shares were repurchased during the year ended December 31, 2015, at a cost of $115.0 million.

A current summary of the Company's Highway Products litigation is provided in Note 18 of the Consolidated Financial Statements.

Table of Contents

Results of Operations
Years Ended December 31, 2015, 2014, and 2013
Overall Summary for Continuing Operations
Revenues

	Year Ended December 31, 2015			
	Revenues			Percent Change
	External	Intersegment	Total	2015 versus 2014
	($ in millions)			
Rail Group	$3,236.2	$1,225.6	$4,461.8	16.9 %
Construction Products Group	520.6	12.0	532.6	(3.5)
Inland Barge Group	652.9	—	652.9	2.3
Energy Equipment Group	883.6	230.1	1,113.7	12.2
Railcar Leasing and Management Services Group	1,091.6	13.2	1,104.8	(1.2)
All Other	7.8	104.5	112.3	1.7
Segment Totals before Eliminations	6,392.7	1,585.4	7,978.1	10.4
Eliminations – Lease subsidiary	—	(1,164.4)	(1,164.4)	
Eliminations – Other	—	(421.0)	(421.0)	
Consolidated Total	$6,392.7	$—	$6,392.7	3.6

	Year Ended December 31, 2014			
	Revenues			Percent Change
	External	Intersegment	Total	2014 versus 2013
	($ in millions)			
Rail Group	$3,077.6	$739.2	$3,816.8	33.1 %
Construction Products Group	546.1	5.6	551.7	5.1
Inland Barge Group	638.5	—	638.5	10.7
Energy Equipment Group	796.0	196.3	992.3	49.1
Railcar Leasing and Management Services Group	1,106.4	11.9	1,118.3	73.3
All Other	5.4	105.0	110.4	27.5
Segment Totals before Eliminations	6,170.0	1,058.0	7,228.0	34.7
Eliminations – Lease subsidiary	—	(710.1)	(710.1)	
Eliminations – Other	—	(347.9)	(347.9)	
Consolidated Total	$6,170.0	$—	$6,170.0	41.3

	Year Ended December 31, 2013		
	Revenues		
	External	Intersegment	Total
	($ in millions)		
Rail Group	$2,093.5	$774.0	$2,867.5
Construction Products Group	508.6	16.4	525.0
Inland Barge Group	576.6	0.1	576.7
Energy Equipment Group	536.5	128.9	665.4
Railcar Leasing and Management Services Group	645.4	—	645.4
All Other	4.7	81.9	86.6
Segment Totals before Eliminations	4,365.3	1,001.3	5,366.6
Eliminations – Lease subsidiary	—	(756.5)	(756.5)
Eliminations – Other	—	(244.8)	(244.8)
Consolidated Total	$4,365.3	$—	$4,365.3

Our revenues for the year ended December 31, 2015, increased by 3.6% from the previous year primarily as a result of higher shipment volumes and pricing in our Rail Group partially offset by product mix changes. We also experienced overall higher volumes in our Inland Barge Group; and in our Energy Equipment Group, primarily as a result of an acquisition in 2014. Revenues from the Construction Products Group declined as a result of lower revenues from our Highway Products business partially offset by higher acquisition-related volumes in our Aggregates business. Our Leasing Group experienced lower revenues from external sales of railcars owned one year or less, partially offset by higher leasing and management revenues due to increased rental rates and net lease fleet additions.

Table of Contents

Our revenues for the year ended December 31, 2014, increased by 41.3% from the previous year. The increase resulted primarily from higher shipment volumes and pricing due to increased overall demand and a more favorable product mix in our Rail Group combined with the effects of higher volumes in our Construction Products, Inland Barge, and Energy Equipment Groups. In addition to higher volumes, revenues from our Inland Barge Group increased as a result of favorable product mix changes while an increase in revenues from our Energy Equipment Group was primarily due to acquisitions completed in 2014. Our Leasing Group experienced higher leasing and management revenues due to increased rental rates and higher utilization as well as higher external railcar sales owned one year or less.

Operating Costs

Operating costs are comprised of cost of revenues; selling, engineering, and administrative costs; and gains or losses on property disposals.

	Year Ended December 31,		
	2015	2014	2013
	(in millions)		
Rail Group	$3,530.2	$3,092.7	$2,377.8
Construction Products Group	478.1	486.3	472.4
Inland Barge Group	535.9	524.1	480.7
Energy Equipment Group	962.8	884.2	604.0
Railcar Leasing and Management Services Group	498.6	602.0	348.6
All Other	120.5	136.0	100.3
Segment Totals before Eliminations and Corporate Expenses	6,126.1	5,725.3	4,383.8
Corporate	152.6	119.0	73.4
Eliminations – Lease subsidiary	(904.8)	(577.0)	(621.1)
Eliminations – Other	(420.1)	(348.3)	(243.7)
Consolidated Total	$4,953.8	$4,919.0	$3,592.4

Operating costs for the year ended December 31, 2015 increased by 1.0% over the previous year primarily due to higher shipment levels in our Rail Group as well as acquisition-related increases in our Energy Equipment Group. Operating costs in our Leasing Group declined as a result of lower railcar sales owned one year or less during the year ended December 31, 2015 over the prior year in addition to higher gains from railcar sales owned more than one year in 2015 over the prior year. Selling, engineering, and administrative expenses increased primarily due to higher legal and litigation-related expenses as well as increased compensation costs resulting from acquisitions and higher average headcount during the year. For 2014, the 36.9% increase in operating costs over the previous year was primarily due to higher shipment levels in our manufacturing segments and higher railcar sales in our Leasing Group. Selling, engineering, and administrative expenses increased overall primarily due to higher performance-related compensation costs and higher average headcount in addition to increased legal and litigation-related expenses. As a percentage of revenue, our selling, engineering, and administrative expenses were 7.5% for 2015 as compared to 6.5% for 2014 and 6.7% for 2013.

Operating Profit (Loss)

	Year Ended December 31,		
	2015	2014	2013
	(in millions)		
Rail Group	$931.6	$724.1	$489.7
Construction Products Group	54.5	65.4	52.6
Inland Barge Group	117.0	114.4	96.0
Energy Equipment Group	150.9	108.1	61.4
Railcar Leasing and Management Services Group	606.2	516.3	296.8
All Other	(8.2)	(25.6)	(13.7)
Segment Totals before Eliminations and Corporate Expenses	1,852.0	1,502.7	982.8
Corporate	(152.6)	(119.0)	(73.4)

Eliminations – Lease subsidiary	(259.6)	(133.1)	(135.4)
Eliminations – Other	(0.9)	0.4	(1.1)
Consolidated Total	$1,438.9	$1,251.0	$772.9

25

Table of Contents

Our operating profit for the year ended December 31, 2015 increased by 15.0% primarily as a result of higher shipment volumes in our Rail Group and acquisition-related improvements in our Energy Equipment Group. Rail Group operating profit also increased as a result of improved pricing and higher operating efficiencies partially offset by product mix changes. Operating profit in our Leasing Group increased for the year ended December 31, 2015 over the prior year period from higher leasing and management revenues as well as higher operating profit from railcar sales. Operating profit from railcar sales in our Leasing Group totaled $275.1 million and $228.4 million for the years ended December 31, 2015 and 2014, respectively. Operating profit in our Inland Barge Group was substantially unchanged while operating profit in the Construction Products Group decreased for the year ended December 31, 2015 when compared to the prior year, as higher volumes in our Aggregates business related to an acquisition in 2015 were more than offset by lower volumes in our Highway Products business.

Our operating profit for the year ended December 31, 2014 increased by 61.9% primarily as a result of higher shipments in our manufacturing segments as well as higher railcar sales in our Leasing Group.

For a further discussion of revenues, costs, and the operating results of individual segments, see Segment Discussion below.

Other Income and Expense. Other income and expense is summarized in the following table:

	Year Ended December 31,		
	2015	2014	2013
	(in millions)		
Interest income	$(2.2)	$(1.9)	$(2.1)
Interest expense	194.7	193.4	187.3
Other, net	(5.6)	(4.6)	(2.8)
Consolidated Total	$186.9	$186.9	$182.4

Interest expense in 2015 increased $1.3 million over the prior year primarily due to the issuance of the Company's Senior Notes in September 2014, partially offset by the repayment in full of the TRL VI Promissory Notes in May 2015. Interest expense in 2014 increased $6.1 million over the prior year primarily due to the issuance of the Company's Senior Notes in September 2014.

Income Taxes. The provision for income taxes results in effective tax rates that differ from the statutory rates. The following is a reconciliation between the statutory U.S. federal income tax rate and the Company’s effective income tax rate on income from continuing operations:

	Year Ended December 31,		
	2015	2014	2013
Statutory rate	35.0 %	35.0 %	35.0 %
State taxes	1.2	1.4	2.1
Domestic production activities deduction	(1.4)	(2.0)	(1.4)
Noncontrolling interest in partially-owned subsidiaries	(0.8)	(1.1)	(0.9)
Changes in valuation allowances and reserves	—	0.1	(0.8)
Other, net	—	(0.1)	0.6
Effective rate	34.0 %	33.3 %	34.6 %

Our effective tax rate reflects the Company's estimate for 2015 of its state income tax expense, the current tax benefit available for U.S. manufacturing activities, and income attributable to the noncontrolling interests in partially-owned leasing subsidiaries for which no income tax expense is provided. See Note 5 of the Consolidated Financial Statements for a further explanation of activities with respect to our partially-owned leasing subsidiaries. See Note 13 of the Consolidated Financial Statements for a further discussion of income taxes.

Income from continuing operations before income taxes for the years ended December 31, 2015, 2014, and 2013 was $1,241.1 million, $1,051.4 million, and $571.2 million, respectively, for U.S. operations, and $10.9 million, $12.6 million, and $19.3 million, respectively, for foreign operations, principally Mexico. The Company provides deferred income taxes on the unrepatriated earnings of its foreign operations where it results in a deferred tax liability.

At December 31, 2015, the Company had $30.7 million of federal consolidated net operating loss carryforwards and $5.3 million of tax-effected state loss carryforwards remaining. The federal net operating loss carryforwards were acquired as part of an acquisition of a company in 2010 and are subject to limitations on the amount that can be utilized in any one tax year. The federal net operating loss carryforwards are due to expire in 2028 and 2029. We have established a valuation allowance for federal, state, and foreign tax operating losses and credits that we have estimated may not be realizable.

The IRS field work for our 2006-2008 audit cycle and our 2009-2011 audit cycle have concluded and all issues have been agreed upon by us and the IRS. The issues that were a part of the mutual agreement process, previously disclosed have been agreed. As the cycles included years in which tax refunds were issued to us, the Joint Committee on Taxation is required to review the final

Table of Contents

revenue agent report before the issues are effectively settled. For this reason, we cannot determine when the 2006-2008 or the 2009-2011 cycle will close and all issues formally settled.

Income tax payments, net of refunds, differ from the current provision primarily based on when estimated tax payments were due as compared to when the related income was earned and taxable. The Company's consolidated income tax position was a net receivable of $85.0 million and $48.3 million from federal, state, and foreign jurisdictions at December 31, 2015 and 2014, respectively. Income taxes paid, net of refunds, during the years ended December 31, 2015, 2014, and 2013 totaled $326.8 million, $399.0 million, and $110.9 million, respectively.

Table of Contents

Segment Discussion

Rail Group

	Year Ended December 31,			Percent Change	
	2015	2014	2013	2015 versus 2014	2014 versus 2013
	($ in millions)				
Revenues:					
Railcars	$4,301.7	$3,674.8	$2,736.7	17.1 %	34.3 %
Components and maintenance services	160.1	142.0	130.8	12.7	8.6
Total revenues	4,461.8	3,816.8	2,867.5	16.9	33.1
Operating costs:					
Cost of revenues	3,449.4	3,027.2	2,330.8	13.9	29.9
Selling, engineering, and administrative costs	80.8	65.5	47.0	23.4	39.4
Operating profit	$931.6	$724.1	$489.7	28.7	47.9
Operating profit margin	20.9 %	19.0 %	17.1 %		

As of December 31, 2015, 2014, and 2013 our Rail Group backlog of railcars was as follows:

	Year Ended December 31,		
	2015	2014	2013
	(in millions)		
External Customers	$3,948.5	$5,204.3	$4,189.6
Leasing Group	1,452.7	2,010.5	827.0
Total	$5,401.2	$7,214.8	$5,016.6

The changes in the number of railcars in the Rail Group backlog are as follows:

	Year Ended December 31,		
	2015	2014	2013
Beginning balance	61,035	39,895	31,990
Orders received	22,145	51,395	32,240
Shipments	(34,295)	(30,255)	(24,335)
Ending balance	48,885	61,035	39,895

Revenues increased for the year ended December 31, 2015 by 16.9% when compared to the prior year. Approximately 75% of the increase in railcar revenue results from an increase in unit deliveries with the remainder due to improved pricing partially offset by product mix changes. Cost of revenues increased for the year ended December 31, 2015 by 13.9% when compared with the prior year primarily due to an increase in unit deliveries partially offset by greater operating efficiencies.

Revenues increased for the year ended December 31, 2014 by 33.1% when compared to 2013 with approximately 75% of the increase resulting from higher unit deliveries and the remainder of the increase due to improved pricing and product mix changes. Cost of revenues increased for the year ended December 31, 2014 by 29.9% when compared with the prior year primarily due to an increase in unit deliveries.

Unit decreases and lower prices decreased total backlog dollars by 25.1% when comparing December 31, 2015 to the prior year. The average selling price in the backlog at December 31, 2015 was 6.5% lower as compared to the previous year primarily due to product mix changes. Backlog increased when comparing 2014 versus 2013 due to unit increases and higher prices. The average selling price in the backlog at December 31, 2014 was 6.0% lower as compared to the previous year due to product mix changes. The backlog dedicated to the Leasing Group is supported by lease commitments with external customers. The final amount dedicated to the Leasing Group may vary by the time of delivery as customers may alternatively choose to purchase railcars as external sales from the Rail Group.

For the year ended December 31, 2015, railcar shipments included sales to the Leasing Group of $1,164.4 million with a deferred profit of $259.6 million, representing 8,760 railcars, compared to $710.1 million with a deferred profit of $133.1 million, representing 6,810 railcars, in the comparable period in 2014. Results for the year ended December 31, 2013, included sales to the Leasing Group of $756.5 million with a deferred profit of $135.4 million, representing 6,620 railcars. Sales to the Leasing Group and related profits are included in the operating results of the Rail Group but are eliminated in consolidation. For the years ended December 31, 2015 and 2014, railcar shipments included sales of leased railcars to third parties of $260.5 million and $243.2 million, respectively. There were no sales of leased railcars to third parties from the Rail Group during the year ended December 31, 2013.

Table of Contents

The Leasing Group purchases a portion of our railcar production utilizing the Company's cash or alternatively, financing a portion of the purchase price through a non-recourse warehouse loan facility. Periodically, the Leasing Group refinances those borrowings through equipment financing transactions. In 2015, the Leasing Group purchased 25.5% of our railcar production compared to 22.5% in 2014.

Construction Products Group

	Year Ended December 31,			Percent Change	
	2015	2014	2013	2015 versus 2014	2014 versus 2013
	($ in millions)				
Revenues:					
Highway products	$277.9	$317.6	$335.9	(12.5)%	(5.4)%
Aggregates	192.0	152.1	112.7	26.2	35.0
Other	62.7	82.0	76.4	(23.5)	7.3
Total revenues	532.6	551.7	525.0	(3.5)	5.1
Operating costs:					
Cost of revenues	407.4	430.9	409.6	(5.5)	5.2
Selling, engineering, and administrative costs	81.0	67.8	63.3	19.5	7.1
Property disposition gains	(10.3)	(12.4)	(0.5)		
Operating profit	$54.5	$65.4	$52.6	(16.7)	24.3
Operating profit margin	10.2%	11.9%	10.0%		

Revenues decreased for the year ended December 31, 2015 by 3.5% compared to the same period in 2014. Higher revenues in our Aggregates business primarily related to an acquisition were more than offset by lower volumes in our Highway Products and other businesses including lower volumes from the sale of assets of our galvanizing business in June 2015. Similarly, cost of revenues decreased by 5.5% for the year ended December 31, 2015, compared to the same period in 2014 as the effects of our Aggregates acquisition were more than offset by lower volumes in our Highway Products and other businesses. Additionally, cost of revenues for the year ended December 31, 2014, included a $2.6 million gain from the settlement of certain liabilities related to Aggregates acquisitions in 2013. Selling, engineering, and administrative costs increased by 19.5% for the year ended December 31, 2015 compared to the same period in 2014 primarily due to higher legal expenses and compensation costs. The property disposition gains for the year ended December 31, 2015 primarily related to the sale of assets of our galvanizing business.

Revenues increased for the year ended December 31, 2014 by 5.1% compared to the same period in 2013. During the year ended December 31, 2014, slightly more than half of the 35.0% increase in revenues in our Aggregates business was due to the timing of acquisitions and the remainder was due to increased sales volume. The 5.4% decrease in Highway Products revenue resulted from lower sales volumes. Cost of revenues increased by 5.2% for the year ended December 31, 2014 when compared to the prior year due to higher volumes in our Aggregates business partially offset by a $2.6 million gain from the settlement of certain liabilities related to Aggregates acquisitions in 2013. Selling, engineering, and administrative costs increased by 7.1% for the year ended December 31, 2014 compared to the same period in 2013 primarily due to higher compensation expenses. The property disposition gains for the year ended December 31, 2014 primarily related to the sale of certain land held by our Aggregates business.

Table of Contents

Inland Barge Group

	Year Ended December 31,			Percent Change	
	2015	2014	2013	2015 versus 2014	2014 versus 2013
	($ in millions)				
Revenues	$652.9	$638.5	$576.7	2.3 %	10.7 %
Operating costs:					
Cost of revenues	518.3	506.6	461.5	2.3	9.8
Selling, engineering, and administrative costs	18.0	17.5	19.2	2.9	(8.9)
Property disposition gains	(0.4)	—	—		
Operating profit	$117.0	$114.4	$96.0	2.3	19.2
Operating profit margin	17.9 %	17.9 %	16.6 %		

Revenues and cost of revenues increased for the year ended December 31, 2015 by 2.3% compared to the same period in 2014 primarily from higher delivery volumes of hopper barges, partially offset by lower delivery volumes of tank barges. Selling, engineering, and administrative costs increased for the year ended December 31, 2015 compared to the same period in 2014 due to higher compensation and consulting costs.

Revenues increased for the year ended December 31, 2014 by 10.7% compared to the same period in 2013 with two-thirds of the increase resulting from higher delivery volumes and the remainder due to product mix changes. Cost of revenues increased at a lower rate than the increase in revenues for the year ended December 31, 2014 when compared to the same period in the prior year due to product mix changes. Selling, engineering, and administrative costs decreased for the year ended December 31, 2014 compared to the same period in 2013 due to a legal reserve regarding a matter originating over ten years ago involving a foreign subsidiary recorded during the three months ended March 31, 2013 as well as decreased employee-related and consulting costs.

As of December 31, 2015, the backlog for the Inland Barge Group was $416.0 million compared to $437.9 million as of December 31, 2014. Deliveries for multi-year barge agreements are included in the backlog when specific production quantities for future years have been determined.

Energy Equipment Group

	Year Ended December 31,			Percent Change	
	2015	2014	2013	2015 versus 2014	2014 versus 2013
	($ in millions)				
Revenues:					
Wind towers and utility structures	$611.8	$454.6	$280.1	34.6 %	62.3 %
Other	501.9	537.7	385.3	(6.7)	39.6
Total revenues	1,113.7	992.3	665.4	12.2	49.1
Operating costs:					
Cost of revenues	879.8	810.5	559.0	8.6	45.0
Selling, engineering, and administrative costs	83.0	74.8	45.0	11.0	66.2
Property disposition gains	—	(1.1)	—		
Operating profit	$150.9	$108.1	$61.4	39.6	76.1
Operating profit margin	13.5 %	10.9 %	9.2 %		

Revenues for the year ended December 31, 2015 increased by 12.2% compared to the same period in 2014. Revenues from our wind towers and utility structures product lines increased by 34.6% primarily due to an acquisition in 2014. Revenues from other product lines for the year ended December 31, 2015 decreased by 6.7% when compared to 2014 primarily as a result of changes in shipment volumes. Other revenues include results primarily from our storage and distribution containers and tank heads product lines. Cost of revenues increased by 8.6% for the year ended

December 31, 2015 compared to 2014 while selling, engineering, and administrative costs increased by 11.0%. Substantially all of the increase in operating costs for the year ended December 31, 2015 was due to an acquisition.

Table of Contents

Revenues for the year ended December 31, 2014 increased by 49.1% compared to the same period in 2013 with revenue from acquisitions completed during 2014 totaling $186.1 million and the remainder of the increase due to higher volumes. Revenues from our wind towers and utility structures product lines increased by 62.3% while other revenues increased by 39.6% for the year ended December 31, 2014. Cost of revenues increased by 45.0% for the year ended December 31, 2014 compared to 2013. Slightly less than two-thirds of the increase was due to acquisitions while the remainder of the increase was due to higher volumes. Selling, engineering, and administrative costs increased by 66.2% for the year ended December 31, 2014 compared to 2013 primarily due to acquisitions.
As of December 31, 2015, the backlog for wind towers was $371.3 million compared to $473.5 million as of December 31, 2014. The Company does not report backlog from its utility structures business because certain contracts contain partial order cancellation provisions.

Table of Contents

Railcar Leasing and Management Services Group

	Year Ended December 31,			Percent Change	
	2015	2014	2013	2015 versus 2014	2014 versus 2013
	($ in millions)				
Revenues:					
Leasing and management	$699.9	$632.0	$586.9	10.7 %	7.7 %
Sale of railcars owned one year or less at the time of sale	404.9	486.3	58.5		
Total revenues	$1,104.8	$1,118.3	$645.4	(1.2)	73.3
Operating profit:					
Leasing and management	$331.1	$287.9	$267.3	15.0	7.7
Railcar sales:					
Railcars owned one year or less at the time of sale	109.0	136.1	9.1		
Railcars owned more than one year at the time of sale	166.1	92.3	20.4		
Total operating profit	$606.2	$516.3	$296.8	17.4	74.0
Operating profit margin:					
Leasing and management	47.3 %	45.6 %	45.5 %		
Railcar sales	*	*	*		
Total operating profit margin	54.9 %	46.2 %	46.0 %		
Selected expense information[1]:					
Depreciation	$142.3	$130.0	$129.0	9.5	0.8
Maintenance	$97.3	$78.9	$71.5	23.3	10.3
Rent	$41.6	$52.9	$53.3	(21.4)	(0.8)
Interest:					
External	$138.8	$153.3	$153.5		
Intercompany	—	—	3.8		
Total interest expense	$138.8	$153.3	$157.3	(9.5)	(2.5)

* Not meaningful

[1] Depreciation, maintenance, and rent expense are components of operating profit. Amortization of deferred profit on railcars sold from the Rail Group to the Leasing Group is included in the operating profits of the Leasing Group resulting in the recognition of depreciation expense based on the Company's original manufacturing cost of the railcars. Interest expense is not a component of operating profit and includes the effect of hedges. Intercompany interest expense is eliminated in consolidation and arises from Trinity's previous ownership of a portion of TRIP Holdings' Senior Secured Notes, which notes were retired in full in May 2013. See Note 11 Debt of the Notes to the Consolidated Financial Statements.

Total revenues decreased by 1.2% for the year ended December 31, 2015 compared to 2014 due to a lower volume of railcar sales owned one year or less, partially offset by growth in leasing and management revenues. Half of the increase in leasing and management revenues was due to higher average rental rates with the remainder primarily due to net fleet additions.

Total revenues increased by 73.3% for the year ended December 31, 2014 compared to 2013 due to increased railcar sales. Forty-five percent of the increase in leasing and management revenues was due to higher average rental rates on renewals and 25% was due to net fleet additions with the remainder resulting from higher utilization and other fees.

During the year ended December 31, 2015 and 2014, the Leasing Group received proceeds from the sale of leased railcars to Element Financial Corporation ("Element") under the strategic alliance with Element announced in December 2013 as follows:

	Year Ended December 31,	
	2015	2014
	(in millions)	
Railcars owned one year or less at the time of sale	$228.6	$446.6
Railcars owned more than one year at the time of sale	294.7	235.7
	$523.3	$682.3

In October 2015, the Company and Element announced a $1 billion extension of the alliance through December 2019.

Table of Contents

Operating profit increased by 17.4% for the year ended December 31, 2015 compared to 2014 due to higher profit from railcar sales and higher leasing and management operating profit. Leasing and management profit for the year ended December 31, 2015 increased due to higher average rental rates, net fleet additions, and decreased rent expense partially offset by higher depreciation and maintenance expense. In February 2015, the Leasing Group purchased all of the railcars which previously had been leased to the Company from one of the independent owner trusts. As a result of this purchase, rent expense decreased for the year ended December 31, 2015 when compared to 2014. See Note 6 to the Consolidated Financial Statements for a description of lease arrangements with the independent owner trusts.
Operating profit increased by 74.0% for the year ended December 31, 2014 compared to 2013 due to higher profit from railcar sales. Leasing and management profits increased primarily due to higher average rental rates in our lease fleet, partially offset by increased maintenance costs resulting from higher regulatory compliance activity for the year ended December 31, 2014 when compared to 2013. Selling, engineering, and administrative costs increased to $49.6 million for the year ended December 31, 2014 from $37.6 million for the year ended December 31, 2013 primarily due to increased staffing and higher performance-related compensation costs.
The Leasing Group generally uses its non-recourse warehouse loan facility or cash to provide initial financing for a portion of the purchase price of the railcars. In April 2015, the TILC warehouse loan facility was increased to $1 billion and extended through April 2018. After initial financing, the Leasing Group generally obtains long-term financing for the railcars in the lease fleet through non-recourse asset-backed securities; long-term non-recourse operating leases pursuant to sales/leaseback transactions; long-term recourse debt such as equipment trust certificates; or third-party equity. See Other Investing and Financing Activities.
Information regarding the Leasing Group's lease fleet, owned through its wholly-owned and partially-owned subsidiaries, follows:

	December 31, 2015		December 31, 2014		December 31, 2013	
Number of railcars	76,765		75,930		75,685	
Average age in years	8.1		7.8		7.2	
Average remaining lease term in years	3.2		3.4		3.3	
Fleet utilization	97.7	%	99.5	%	99.5	%

All Other

	Year Ended December 31,						Percent Change			
	2015		2014		2013		2015 versus 2014		2014 versus 2013	
	($ in millions)									
Revenues	$112.3		$110.4		$86.6		1.7	%	27.5	%
Operating costs:										
Cost of revenues	114.0		125.2		94.6		(8.9	)	32.3	
Selling, engineering, and administrative costs	8.5		9.4		6.0		(9.6	)	56.7	
Property disposition (gains)/losses	(2.0	)	1.4		(0.3	)				
Operating loss	$(8.2	)	$(25.6	)	$(13.7	)				

Revenues were substantially unchanged for the year ended December 31, 2015 compared to 2014. The decrease in operating loss for the year ended December 31, 2015 was due to overall improved efficiency from internal logistics operations, certain reserves recorded in 2014, and gains from certain property dispositions.
Revenues increased by 27.5% for the year ended December 31, 2014 compared to 2013 due to increased revenues from our transportation company resulting from higher internal shipments. The increase in operating loss for the year ended December 31, 2014 was due to higher costs of facility maintenance activities, higher costs related to commodity hedges, and higher reserves.

Table of Contents

Corporate

	Year Ended December 31,			Percent Change	
	2015	2014	2013	2015 versus 2014	2014 versus 2013
	($ in millions)				
Operating costs	$152.6	$119.0	$73.4	28.2 %	62.1 %

The increase in operating costs for the year ended December 31, 2015 compared to 2014 is primarily due to higher legal and litigation-related expenses as well as performance-related compensation costs and increased staffing compared to 2014.

The increase in operating costs for the year ended December 31, 2014 compared to 2013 is primarily due to higher performance-related compensation costs and increased staffing, increased legal expenses and approximately $8.7 million in one-time costs related to the acquisition of Meyer Utility Structures ("Meyer") for the year ended December 31, 2014.

Liquidity and Capital Resources

Cash Flows

The following table summarizes our cash flows from operating, investing, and financing activities for each of the last three years:

	Year Ended December 31,		
	2015	2014	2013
	(in millions)		
Total cash provided by (required by):			
Operating activities	$939.7	$819.2	$662.2
Investing activities	(511.3)	(814.7)	(818.0)
Financing activities	(530.3)	454.9	11.3
Net increase (decrease) in cash and cash equivalents	$(101.9)	$459.4	$(144.5)

2015 compared with 2014

Operating Activities. Net cash provided by operating activities for the year ended December 31, 2015 was $939.7 million compared to net cash provided by operating activities of $819.2 million for the year ended December 31, 2014. Cash flow provided by operating activities increased primarily due to higher operating profits in 2015. Receivables at December 31, 2015 were substantially unchanged from December 31, 2014 as a higher income tax receivable was offset by lower trade receivables in our Rail, Energy Equipment, and Construction Products Groups. Raw materials inventory at December 31, 2015 decreased by $106.8 million or 18.2% since December 31, 2014 primarily attributable to lower levels in our Rail Group from improved inventory management. Finished goods inventory at December 31, 2015 increased by $56.9 million or 30.8% since December 31, 2014 primarily due to higher inventory related to scheduled shipments in early 2016 in our Rail and Energy Equipment Groups. Accounts payable decreased by $78.6 million as a result of lower inventory levels, while accrued liabilities decreased by $169.6 million from December 31, 2014 due primarily to lower customer advances outstanding. We continually review reserves related to bad debt as well as the adequacy of lower of cost or market valuations related to accounts receivable and inventory.

Investing Activities. Net cash required by investing activities for the year ended December 31, 2015 was $511.3 million compared to $814.7 million for the year ended December 31, 2014. Capital expenditures for the year ended December 31, 2015 were $1,029.8 million, of which $833.8 million were for additions to the lease fleet. This compares to $464.6 million of capital expenditures for the same period last year, of which $245.3 million were for additions to the lease fleet. Proceeds from the sale of property, plant, and equipment and other assets totaled $522.8 million for the year ended December 31, 2015, including railcar sales from the lease fleet owned more than one year at the time of sale totaling $514.6 million. This compares to $288.8 million for the same period in 2014, including railcar sales from the lease fleet owned more than one year at the time of sale totaling $265.8 million. Full-year manufacturing and corporate capital expenditures for 2016 are projected to range between $150.0 million and $200.0

million. For 2016, we expect the annual net cash investment in new railcars in our lease fleet to be approximately $385.0 million after considering the expected proceeds received from leased railcar sales during the year. Net cash required related to acquisitions amounted to $46.2 million and $714.4 million for the years ended December 31, 2015 and 2014, respectively. Proceeds from business divestitures totaled $51.3 million for the year ended December 31, 2015. Short-term marketable securities for the year ended December 31, 2015 decreased $9.9 million.

Financing Activities. Net cash required by financing activities during the year ended December 31, 2015 was $530.3 million compared to $454.9 million of net cash provided by financing activities for the same period in 2014. During the year ended December 31, 2015, we retired $587.2 million in debt including $340.0 million for the full repayment of promissory notes related to one of our wholly-owned leasing subsidiaries.We borrowed $242.4 million, net of debt issuance costs, during the year ended December 31, 2015, from our TILC warehouse loan facility. During the year ended December 31, 2014, we retired $186.6 million in debt as scheduled. We borrowed $727.3 million, net of debt issuance costs, during the year ended December 31, 2014, from the issuance of $400.0 million in senior notes and, the issuance by a wholly-owned subsidiary of TRIP Holdings of $335.7 million in secured equipment notes. Also, during the year ended December 31, 2014, we received $49.6 million in equity contributions from noncontrolling interests in one of the Company's partially-owned leasing subsidiaries. Additionally, we repurchased shares of the Company’s stock under a share repurchase program as described further below. We intend to use our cash and committed credit facilities to fund the operations, expansions, and growth initiatives of the Company.

2014 compared with 2013

Operating Activities. Net cash provided by operating activities for the year ended December 31, 2014 was $819.2 million compared to $662.2 million of net cash provided by operating activities for the same period in 2013. Cash flow provided by operating activities increased primarily due to higher operating profits in 2014.

Receivables at December 31, 2014 increased by $56.4 million or 15.1% from December 31, 2013, primarily due to an increase in income taxes receivable. Raw materials inventory at December 31, 2014 increased by $108.4 million or 22.7% since December 31, 2013 primarily attributable to higher levels in our Rail Group required to meet production demands. Finished goods inventory at December 31, 2014 increased by $48.5 million or 35.6% since December 31, 2013 primarily due to higher levels in our Rail and Energy Equipment Groups pending delivery. Accounts payable increased by $60.7 million to support higher inventory levels, while accrued liabilities increased by $82.1 million from December 31, 2013 due to higher customer advances which totaled $193.8 million at December 31, 2014.

Investing Activities. Net cash required by investing activities for the year ended December 31, 2014 was $814.7 million compared to $818.0 million for the year ended December 31, 2013. Capital expenditures for the year ended December 31, 2014 were $464.6 million, of which $245.3 million were for additions to the lease fleet. This compares to $731.0 million of capital expenditures for the same period in 2013, of which $581.1 million were for additions to the lease fleet. Proceeds from the sale of property, plant, and equipment and other assets totaled $288.8 million for the year ended December 31, 2014, including railcar sales from the lease fleet owned more than one year at the time of sale totaling $265.8 million. This compares to $135.3 million for the year ended December 31, 2013, including railcar sales from the lease fleet owned more than one year at the time of sale totaling $131.6 million. Net cash required related to acquisitions amounted to $714.4 million and $73.2 million for the years ended December 31, 2014 and 2013, respectively. Short-term marketable securities for the year ended December 31, 2014 decreased $74.7 million.

Financing Activities. Net cash provided by financing activities during the year ended December 31, 2014 was $454.9 million compared to $11.3 million of net cash provided by financing activities for the year ended December 31, 2013. During the year ended December 31, 2014, we retired $186.6 million in debt as scheduled. We borrowed $727.3 million, net of debt issuance costs, during the year ended December 31, 2014, from the issuance of $400 million in senior notes and the issuance by a wholly-owned subsidiary of TRIP Holdings of $335.7 million in secured equipment notes. Also, during the year ended December 31, 2014, we received $49.6 million in equity contributions from noncontrolling interests in one of the Company's partially-owned leasing subsidiaries. During the year ended December 31, 2013, we retired $262.1 million in debt principally consisting of the repayment of the Leasing Group term loan and the TRIP Holdings senior secured notes. During the year ended December 31, 2013, we borrowed $175.0 million, net of debt issuance costs, primarily from the issuance by TRL 2012 of its 2013-1 Secured Railcar Equipment Notes. During the year ended December 31, 2013, we received proceeds of $296.7 million related to the sale of equity interests in certain partially-owned leasing subsidiaries and we received $50.0 million in equity contributions from noncontrolling interests in one of the Company's partially-owned leasing subsidiaries. During 2013, TRIP Holdings repurchased the equity interests of certain equity investors for $84.0 million. Additionally, we repurchased shares of the Company’s stock under a share repurchase program as described further below.

Other Investing and Financing Activities

During the year ended December 31, 2015 and 2014, the Company received proceeds from the sale of leased railcars to Element under the strategic alliance with Element announced in December 2013 as follows:

Year Ended December 31,

	2015	2014
	(in millions)	
Leasing Group:		
Railcars owned one year or less at the time of sale	$228.6	$446.6
Railcars owned more than one year at the time of sale	294.7	235.7
Rail Group	227.5	200.4
	$750.8	$882.7

Table of Contents

Since the inception of our alliance, the Company has received proceeds of $1,738.5 million from the sale of leased railcars to Element. In October 2015, the Company and Element announced a $1 billion extension of the alliance through December 2019.

In March 2015, we completed the acquisition of the assets of a lightweight aggregates business in our Construction Products Group with facilities located in Louisiana, Alabama, and Arkansas for a purchase price of $46.2 million.

In April 2015, the TILC warehouse loan facility was increased to $1 billion and extended through April 2018. The loan facility, established to finance railcars owned by TILC, had $264.3 million in outstanding borrowings as of December 31, 2015. Under the renewed facility, $735.7 million was unused and available as of December 31, 2015 based on the amount of warehouse-eligible, unpledged equipment. The warehouse loan facility is a non-recourse obligation secured by a portfolio of railcars and operating leases, certain cash reserves, and other assets acquired and owned by the warehouse loan facility trust. The principal and interest of this indebtedness are paid from the cash flows of the underlying leases. Advances under the facility bear interest at a defined index rate plus a margin, for an all-in interest rate of 2.10% at December 31, 2015. Interest rate pricing remained unchanged under the renewed facility. Amounts outstanding at maturity, absent renewal, are payable under the renewed facility in April 2019.

In May 2015, TRL VI, a wholly-owned subsidiary of the Company owned through TILC, repaid the Promissory Notes in full for approximately $340.0 million. The Promissory Notes were issued by TRL VI in 2008 and secured by a diversified portfolio of leased railcars and certain cash reserves. The Promissory Notes had an effective interest rate of 5.63%, after consideration of interest rate hedges. Per the original terms of the Promissory Notes, the borrowing margin was scheduled to increase by 0.50% in May 2015.

In May 2015, we renewed and extended our unsecured corporate revolving credit facility through May 2020, increasing the size of the facility from $425.0 million to $600.0 million. As of December 31, 2015, we had letters of credit issued under our revolving credit facility in an aggregate principal amount of $91.6 million, leaving $508.4 million available for borrowing. Other than these letters of credit, there were no borrowings under our revolving credit facility as of December 31, 2015, or for the two year period then ended. Borrowings under the credit facility bear interest at a defined index rate plus a margin and are guaranteed by certain 100%-owned subsidiaries of the Company.

In December 2015, the Company’s Board of Directors renewed its $250 million share repurchase program effective January 1, 2016 through December 31, 2017. The new program replaced the previous program which expired on December 31, 2015. Under the previous program, 3,947,320 shares were repurchased during the year ended December 31, 2015, at a cost of $115.0 million.

In May 2015, the Company declared an increase in its quarterly dividend from $0.10 to $0.11 per share, reflecting a 10% increase.

In June 2015, we sold the assets of our U.S. galvanizing business for $51.3 million which included six facilities in Texas, Mississippi, and Louisiana. The assets and results of operations for this divestiture were previously included in the Construction Products Group.

During the most recent quarter, an increased level of uncertainty in the macro-economic environment reduced the pace of new order volumes in certain of the Company's businesses. Over the last several years, many of our businesses benefitted from investment activity occurring in the upstream energy markets and a relatively high and stable price of oil. The extended downturn in the price of oil as well as other factors including, among others, the strong dollar and weakness across other commodity prices, has created uncertainty for our customers in their long-term capital planning processes. At the same time, demand fundamentals in the automotive, construction, petrochemical, and wind energy sectors are positive. As a result, the Company is experiencing a mixed demand environment. We continually assess our manufacturing capacity and are taking steps to align our production capacity with demand for our products.

Equity Investment

See Note 5 of the Notes to the Consolidated Financial Statements for information about the Company's investment in partially-owned leasing subsidiaries.

Future Operating Requirements

We expect to finance future operating requirements with cash, cash equivalents, and short-term marketable securities; cash flows from operations; and, depending on market conditions, short-term debt, long-term debt, and equity. Debt instruments that the Company has utilized include its revolving credit facility, the TILC warehouse facility, senior notes, convertible subordinated notes, asset-backed securities, and sale-leaseback transactions. As of December 31, 2015, the Company had unrestricted cash, cash equivalents, and short-term marketable securities balances of $870.9 million, and $508.4 million available under its revolving credit facility. In April 2015, the TILC warehouse facility was increased to $1 billion and extended through April 2018. Under the renewed facility, $735.7 million was unused and available as of December 31, 2015 based on the amount of warehouse-eligible, unpledged equipment. The Company believes it has access to adequate capital resources to fund operating requirements and is an active participant in the capital markets.

Table of Contents

Off Balance Sheet Arrangements

As of December 31, 2015, we had letters of credit issued under our revolving credit facility in an aggregate principal amount of $91.6 million, of which $90.3 million is expected to expire in 2016 and the remainder in 2017. The majority of our letters of credit obligations support the Company’s various insurance programs and generally renew each year. See Note 11 of the Notes to the Consolidated Financial Statements for information about our corporate revolving credit facility.

As described further in Note 18 of the Notes to the Consolidated Financial Statements, the Company posted a supersedeas bond in the amount of $686.0 million related to its Highway Products litigation. The Company obtained the supersedeas bond on an unsecured basis for an initial annual premium of $3.9 million. Additionally, at December 31, 2015 the Company has outstanding surety bonds in the amount of $66.1 million issued to support our operations and, as required under the terms of certain customer agreements, to guarantee our performance.

See Note 6 of the Notes to the Consolidated Financial Statements for information about off balance sheet arrangements with regard to our Leasing Group.

Table of Contents

Derivative Instruments

We may use derivative instruments to mitigate the impact of changes in interest rates, both in anticipation of future debt issuances and to offset interest rate variability of certain floating rate debt issuances outstanding. We also may use derivative instruments to mitigate the impact of changes in natural gas and diesel fuel prices and changes in foreign currency exchange rates. For derivative instruments designated as hedges, the Company formally documents the relationship between the derivative instrument and the hedged item, as well as the risk management objective and strategy for the use of the derivative instrument. This documentation includes linking the derivatives that are designated as fair value or cash flow hedges to specific assets or liabilities on the balance sheet, commitments, or forecasted transactions. At the time a derivative instrument is entered into, and at least quarterly thereafter, the Company assesses whether the derivative instrument is effective in offsetting the changes in fair value or cash flows of the hedged item. Any change in fair value resulting in ineffectiveness, as defined by accounting standards issued by the Financial Accounting Standards Board ("FASB"), is recognized in current period earnings. For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative instrument is recorded in accumulated other comprehensive loss ("AOCL") as a separate component of stockholders' equity and reclassified into earnings in the period during which the hedged transaction affects earnings. Trinity monitors its derivative positions and the credit ratings of its counterparties and does not anticipate losses due to counterparties' non-performance. See Note 3 of the Notes to Consolidated Financial Statements for discussion of how the Company valued its commodity hedges and interest rate swaps at December 31, 2015. See Note 11 of the Notes to Consolidated Financial Statements for a description of the Company's debt instruments.

Interest rate hedges

			Included in accompanying balance sheet at December 31, 2015		
	Notional Amount	Interest Rate[1]	Liability	AOCL – loss/ (income)	Noncontrolling Interest
	(in millions, except %)				
Expired hedges:					
2006 secured railcar equipment notes	$200.0	4.87 %	$—	$(1.0)	$—
TRIP Holdings warehouse loan	$788.5	3.60 %	$—	$7.9	$10.7
Open hedges:					
TRIP Master Funding secured railcar equipment notes	$46.6	2.62 %	$1.6	$0.7	$0.9

[1] Weighted average fixed interest rate

	Effect on interest expense-increase/(decrease) Year Ended December 31,			Expected effect during next twelve months[1]
	2015	2014	2013	
	(in millions)			
Expired hedges:				
2006 secured railcar equipment notes	$(0.3)	$(0.3)	$(0.3)	$(0.2)
Promissory notes	$1.2	$2.9	$3.1	$—
TRIP Holdings warehouse loan	$4.9	$5.1	$6.1	$4.8
Open hedges:				
TRIP Master Funding secured railcar equipment notes	$1.3	$1.5	$1.8	$0.8
Promissory notes	$5.3	$15.4	$15.8	$—

[1]Based on the fair value of open hedges as of December 31, 2015

During 2005 and 2006, we entered into interest rate swap derivatives in anticipation of issuing our 2006 Secured Railcar Equipment Notes. These derivative instruments, with a notional amount of $200.0 million, were settled in

2006 and fixed the interest rate on a portion of the related debt issuance. These derivative instrument transactions are being accounted for as cash flow hedges with changes in the fair value of the instruments of $4.5 million in income recorded in AOCL through the date the related debt issuance closed in 2006. The balance is being amortized over the term of the related debt. The effect on interest expense is due to amortization of the AOCL balance.

During 2006 and 2007, we entered into interest rate swap derivatives in anticipation of issuing our Promissory Notes. These derivative instruments, with a notional amount of $370.0 million, were settled in 2008 and fixed the interest rate on a portion of

Table of Contents

the related debt issuance. These derivative instrument transactions were being accounted for as cash flow hedges with changes in the fair value of the instruments of $24.5 million recorded as a loss in AOCL through the date the related debt issuance closed in 2008. The balance was being amortized over the term of the related debt. These derivative instruments were fully amortized in May 2015. The effect on interest expense is due to amortization of the AOCL balance.

In 2008, we entered into an interest rate swap derivative instrument to fix the variable Libor component of the Promissory Notes. This derivative instrument expired in May 2015 and was being accounted for as a cash flow hedge. The effect on interest expense is primarily from a result of monthly interest settlements.

Between 2007 and 2009, TRIP Holdings, as required by the TRIP Warehouse Loan, entered into interest rate swap derivatives, all of which qualified as cash flow hedges, to reduce the effect of changes in variable interest rates in the TRIP Warehouse Loan. In July 2011, these interest rate hedges were terminated in connection with the refinancing of the TRIP Warehouse Loan. Balances included in AOCL at the date the hedges were terminated are being amortized over the expected life of the new debt with $4.8 million of additional interest expense expected to be recognized during the twelve months following December 31, 2015. Also in July 2011, TRIP Holdings' wholly-owned subsidiary, TRIP Master Funding, entered into an interest rate swap derivative instrument, expiring in 2021, with an initial notional amount of $94.1 million to reduce the effect of changes in variable interest rates associated with the Class A-1b notes of the TRIP Master Funding secured railcar equipment notes. The effect on interest expense is primarily a result of monthly interest settlements.

See Note 11 Debt regarding the related debt instruments.

Other Derivatives

Natural gas and diesel fuel

We maintain a program to mitigate the impact of fluctuations in the price of natural gas and diesel fuel. The intent of the program is to protect our operating profit from adverse price changes by entering into derivative instruments. For those instruments that do not qualify for hedge accounting treatment, any changes in their valuation are recorded directly to the consolidated statement of operations. The amount recorded in the consolidated balance sheet as of December 31, 2015 for these instruments was a liability of $0.8 million. The effect of these hedges was to increase cost of revenues for the years ended December 31, 2015 and 2014 by $1.1 million and $2.3 million, respectively. The effect on operating income for the year ended December 31, 2013 was not significant.

Stock-Based Compensation

We have a stock-based compensation plan covering our employees and our Board of Directors. See Note 16 of the Notes to the Consolidated Financial Statements.

Employee Retirement Plans

As disclosed in Note 14 of the Notes to the Consolidated Financial Statements, the projected benefit obligations of the employee retirement plans exceeded the plans' assets by $22.5 million and $39.4 million as of December 31, 2015 and 2014, respectively. The change was primarily due to a 46 basis point increase in the obligation discount rate assumption partially offset by a lower return on assets. We continue to sponsor an employee savings plan under the existing 401(k) plan that covers substantially all employees and includes both a company matching contribution and an annual retirement contribution of up to 3% each of eligible compensation based on our performance, as well as a Supplemental Profit Sharing Plan. Both the annual retirement contribution and the company matching contribution are discretionary, requiring board approval, and made annually with the investment of the funds directed by the participants. Finally, with the acquisition of Meyer, the Company contributes to a multiemployer defined benefit pension plan under the terms of a collective-bargaining agreement that covers certain union-represented employees at one of Meyer's facilities.

Employer contributions for the year ending December 31, 2016 are expected to be $8.8 million for the defined benefit plans compared to $16.2 million contributed during 2015. Employer contributions to the 401(k) plans and the Supplemental Profit Sharing Plan for the year ending December 31, 2016 are expected to be $18.5 million compared to $16.3 million contributed during 2015. Employer contributions for the year ending December 31, 2016 are expected to be $2.4 million for the multiemployer plan compared to $2.5 million contributed during 2015.

39

Table of Contents

Contractual Obligation and Commercial Commitments

As of December 31, 2015, we had the following contractual obligations and commercial commitments:

Contractual Obligations and Commercial Commitments	Total	Payments Due by Period 1 Year or Less	2-3 Years	4-5 Years	After 5 Years
	(in millions)				
Debt and capital lease obligations:					
Debt:					
Parent and wholly-owned subsidiaries, excluding unamortized debt discount	$1,793.7	$52.3	$103.7	$335.1	$1,302.6
Partially-owned subsidiaries	1,446.9	62.1	117.0	141.4	1,126.4
Capital lease obligations	35.8	3.5	32.3	—	—
Interest	852.8	148.5	273.2	209.6	221.5
	4,129.2	266.4	526.2	686.1	2,650.5
Operating leases:					
Leasing Group	361.8	42.1	82.5	72.1	165.1
Other	25.5	8.5	10.6	3.0	3.4
Obligations for purchase of goods and services[1]	874.8	866.1	5.2	3.5	—
Other	3.2	3.2	—	—	—
Total	$5,394.5	$1,186.3	$624.5	$764.7	$2,819.0

[1] Includes $744.5 million in purchase obligations for raw materials and components principally by the Rail, Inland Barge, and Energy Equipment Groups.

As of December 31, 2015 and 2014, we had $77.7 million and $73.9 million, respectively, of tax liabilities, including interest and penalties, related to uncertain tax positions. Because of the high degree of uncertainty regarding the timing of future cash outflows associated with these liabilities, we are unable to estimate the years in which settlement will occur with the respective taxing authorities. See Note 13 of the Notes to the Consolidated Financial Statements.

Table of Contents

Critical Accounting Policies and Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments, including those related to bad debts, inventories, property, plant, and equipment, goodwill, income taxes, warranty obligations, insurance, restructuring costs, contingencies, and litigation. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies, among others, affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Inventory

We state all our inventories at the lower of cost or market. Our policy related to excess and obsolete inventory requires an analysis of inventory at the business unit level on a quarterly basis and the recording of any required adjustments. In assessing the ultimate realization of inventories, we are required to make judgments as to future demand requirements and compare that with the current or committed inventory levels. It is possible that changes in required inventory reserves may occur in the future due to then current market conditions.

Long-lived Assets

We periodically evaluate the carrying value of long-lived assets to be held and used for potential impairment. The carrying value of long-lived assets to be held and used is considered impaired only when the carrying value is not recoverable through undiscounted future cash flows and the fair value of the assets is less than their 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 by the estimated cost to dispose of the assets.

Goodwill

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. The quantitative goodwill impairment test is a two-step process with step one requiring the comparison of the reporting unit's estimated fair value with the carrying amount of its net assets. If necessary, step two of the impairment test determines the amount of goodwill impairment to be recorded when the reporting unit's recorded net assets exceed its fair value. Impairment is assessed at the “reporting unit” level by applying a fair value-based test for each unit with recorded goodwill. The estimates and judgments that most significantly affect the fair value calculations are assumptions, consisting of level three inputs, related to revenue and operating profit growth, discount rates and exit multiples. Based on the Company's annual goodwill impairment test, performed at the reporting unit level as of December 31, 2015, the Company concluded that no impairment charges were determined to be necessary and that none of the reporting units evaluated was at risk of failing the first step of the goodwill impairment test. A reporting unit is considered to be at risk if its estimated fair value does not exceed the carrying value of its net assets by 10% or more. See Note 1 of the Notes to the Consolidated Financial Statements for further explanation.

Given the uncertainties of the economy and its potential impact on our businesses, there can be no assurance that our estimates and assumptions regarding the fair value of our reporting units, made for the purposes of the long-lived asset and goodwill impairment tests, will prove to be accurate predictions of the future. If our assumptions regarding forecasted cash flows are not achieved, it is possible that impairments of remaining goodwill and long-lived assets may be required.

Warranties

The Company provides warranties against materials and manufacturing defects generally ranging from one to five years depending on the product. The warranty costs are estimated using a two-step approach. First, an engineering estimate is made for the cost of all claims that have been asserted by customers. Second, based on historical claims experience, a cost is accrued for all products still within a warranty period for which no claims have been filed. The Company provides for the estimated cost of product warranties at the time revenue is recognized related to products covered by warranties and assesses the adequacy of the resulting reserves on a quarterly basis. See Note 10 of the Notes to the Consolidated Financial Statements.

Table of Contents

Insurance

We are effectively self-insured for workers' compensation claims. A third-party administrator processes all such claims. We accrue our workers' compensation liability based upon independent actuarial studies. To the extent actuarial assumptions change and claims experience rates differ from historical rates, our liability may change.

Contingencies and Litigation

The Company is involved in claims and lawsuits incidental to our business. Based on information currently available with respect to such claims and lawsuits, including information on claims and lawsuits as to which the Company is aware but for which the Company has not been served with legal process, it is management's opinion that the ultimate outcome of all such claims and litigation, including settlements, in the aggregate will not have a material adverse effect on the Company's overall financial condition for purposes of financial reporting. However, resolution of certain claims or lawsuits by settlement or otherwise, could impact the operating results of the reporting period in which such resolution occurs. See Note 18 of the Notes to the Consolidated Financial Statements for further explanation.

Environmental

We are involved in various proceedings related to environmental matters. We have provided reserves to cover probable and estimable liabilities with respect to such proceedings, taking into account currently available information and our contractual rights of indemnification. However, estimates of future response costs are necessarily imprecise. Accordingly, there can be no assurance that we will not become involved in future litigation or other proceedings or, if we were found to be responsible or liable in any litigation or proceeding, that such costs would not be material to us.

Income Taxes

The Company accounts for income taxes under the asset and liability method prescribed by ASC 740. See Note 13 of the Notes to the Consolidated Financial Statements. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases and other tax attributes using currently enacted tax rates. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the provision for income taxes in the period that includes the enactment date. Management is required to estimate the timing of the recognition of deferred tax assets and liabilities, make assumptions about the future deductibility of deferred tax assets and assess deferred tax liabilities based on enacted law and tax rates for the appropriate tax jurisdictions to determine the amount of such deferred tax assets and liabilities. Changes in the calculated deferred tax assets and liabilities may occur in certain circumstances, including statutory income tax rate changes, statutory tax law changes, or changes in the structure or tax status of the Company. The Company assesses whether a valuation allowance should be established against its deferred tax assets based on consideration of all available evidence, both positive and negative, using a more likely than not standard. This assessment considers, among other matters, the nature, frequency and severity of recent losses; a forecast of future profitability; the duration of statutory carryback and carryforward periods; the Company's experience with tax attributes expiring unused; and tax planning alternatives.

At December 31, 2015, the Company had $30.7 million of federal consolidated net operating loss carryforwards and $5.3 million of tax-effected state loss carryforwards remaining. The federal net operating loss carryforwards were acquired as part of an acquisition of a company in 2010 and are subject to limitations on the amount that can be utilized in any one tax year. The federal net operating loss carryforwards are due to expire in 2028 and 2029. We have established a valuation allowance for federal, state, and foreign tax operating losses and credits which we have estimated may not be realizable. We believe that it is more likely than not that we will be able to generate sufficient future taxable income to utilize the remaining deferred tax assets.

At times, we may claim tax benefits that may be challenged by a tax authority. We recognize tax benefits only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon settlement. A liability for “unrecognized tax benefits” is recorded for any tax benefits claimed in our tax returns that do not meet these recognition and measurement standards.

Table of Contents

Pensions

The Company sponsors defined benefit plans which provide retirement income and death benefits for certain eligible employees. The Company's pension costs and liabilities are primarily determined using actuarial assumptions regarding the long-term rate of return on plan assets and the discount rate used to determine the present value of future benefit obligations. The compensation increase rate assumption pertains solely to the pension plan of the Company's Inland Barge segment which was closed to new participants in 2014. The accrued benefits of the Company's remaining pension plans were frozen in 2009.

Pension assumptions are reviewed annually by outside actuaries and the Company's management. These actuarial assumptions are summarized in the following table:

	Year Ended December 31,		
	2015	2014	2013
Assumptions used to determine benefit obligations at the annual measurement date were:			
Obligation discount rate	4.79 %	4.33 %	5.22 %
Compensation increase rate	4.00 %	4.00 %	4.00 %
Assumptions used to determine net periodic benefit costs were:			
Obligation discount rate	4.33 %	5.22 %	4.25 %
Long-term rate of return on plan assets	7.00 %	7.75 %	7.75 %
Compensation increase rate	4.00 %	4.00 %	4.00 %

The obligation discount rate assumption is determined by deriving a single discount rate from a theoretical settlement portfolio of high quality corporate bonds sufficient to provide for the plans' projected benefit payments. The expected long-term rate of return on plan assets is an assumption reflecting the anticipated weighted average rate of earnings on the portfolio over the long-term. To arrive at this rate, estimates were developed based upon the anticipated performance of the plans' assets. The effect of a change in either of these assumptions on the net retirement cost for the year ended December 31, 2015 and on the projected benefit obligations at December 31, 2015 is summarized as follows:

Assumptions:	Effect on Net Retirement Cost for the Year Ended December 31, 2015 Increase/(decrease) (in millions)	Effect on Projected Benefit Obligations at December 31, 2015
Obligation discount rate:		
Increase of 50 basis points	$(0.8)	$(27.2)
Decrease of 50 basis points	$0.8	$30.1
Long-term rate of return on plan assets:		
Increase of 50 basis points	$(2.2)	$—
Decrease of 50 basis points	$2.2	$—

Recent Accounting Pronouncements

See Note 1 of the Notes to the Consolidated Financial Statements for information about recent accounting pronouncements.

Table of Contents

Forward-Looking Statements

This annual report on Form 10-K (or statements otherwise made by the Company or on the Company's behalf from time to time in other reports, filings with the Securities and Exchange Commission ("SEC"), news releases, conferences, World Wide Web postings or otherwise) contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements contained herein that are not historical facts are forward-looking statements and involve risks and uncertainties. These forward-looking statements include expectations, beliefs, plans, objectives, future financial performances, estimates, projections, goals, and forecasts. Trinity uses the words "anticipates," "believes," "estimates," "expects," "intends," "forecasts," "may," "will," "should," and si expressions to identify these forward-looking statements. Potential factors, which could cause our actual results of operations to differ materially from those in the forward-looking statements include, among others:

- market conditions and demand for our business products and services;
- the cyclical nature of industries in which we compete;
- variations in weather in areas where our construction products are sold, used, or installed;
- naturally-occurring events and disasters causing disruption to our manufacturing, product deliveries, and production capacity, thereby giving rise to an increase in expenses, loss of revenue, and property losses;
- the timing of introduction of new products;
- the timing and delivery of customer orders, sales of leased railcars, or a breach of customer contracts;
- the credit worthiness of customers and their access to capital;
- product price changes;
- changes in mix of products sold;
- the extent of utilization of manufacturing capacity;
- availability and costs of steel, component parts, supplies, and other raw materials;
- competition and other competitive factors;
- changing technologies;
- surcharges and other fees added to fixed pricing agreements for steel, component parts, supplies and other raw materials;
- interest rates and capital costs;
- counter-party risks for financial instruments;
- long-term funding of our operations;
- changes in our stock price resulting in a dilutive impact on earnings per share related to conversion features in our financing instruments;
- taxes;
- the stability of the governments and political and business conditions in certain foreign countries, particularly Mexico;
- changes in import and export quotas and regulations;
- business conditions in emerging economies;
- costs and results of litigation, including trial and appellate costs and supersedes bonding costs;
- changes in accounting standards or inaccurate estimates or assumptions in the application of accounting policies; and
- legal, regulatory, and environmental issues, including compliance of our products with mandated specifications, standards, or testing criteria and obligations to remove and replace our products following installation or to recall our products and install different products manufactured by us or our competitors.

Any forward-looking statement speaks only as of the date on which such statement is made. Trinity undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made. For a discussion of risks and uncertainties which could cause actual results to differ from those contained in the forward-looking statements, see Item 1A, "Risk Factors" included elsewhere herein.

Table of Contents

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Our earnings could be affected by changes in interest rates due to the impact those changes have on our variable rate debt obligations, which represented 9.9% of our total debt as of December 31, 2015. If interest rates average one percentage point more in fiscal year 2016 than they did during 2015, our interest expense would increase by $2.8 million, after considering the effects of interest rate hedges. In comparison, at December 31, 2014, we estimated that if interest rates averaged one percentage point more in fiscal year 2015 than they did during 2014, our interest expense would increase by $1.4 million. The impact of an increase in interest rates was determined based on the impact of the hypothetical change in interest rates and scheduled principal payments on our variable-rate debt obligations as of December 31, 2015 and 2014. A one percentage point increase in the interest rate yield would decrease the fair value of the fixed rate debt by approximately $211.3 million. A one percentage point decrease in the interest rate yield would increase the fair value of the fixed rate debt by approximately $238.0 million.

Trinity uses derivative instruments to mitigate the impact of increases in natural gas and diesel fuel prices. Existing hedge transactions as of December 31, 2015 are based on the New York Mercantile Exchange for natural gas and heating oil. Hedge transactions are settled with the counterparty in cash. The effect of these transactions on the consolidated balance sheets was a liability of $0.8 million and $2.1 million at December 31, 2015 and 2014, respectively. The effect on the consolidated statement of operations for the year ended December 31, 2015 was operating expense of $1.1 million, and for the year ended December 31, 2014 was an operating expense of $2.3 million. Based on hedge positions at December 31, 2015 we estimate that a hypothetical 10% increase in the price of these commodities would reduce the liability and the related operating expense by $0.2 million. Similarly, a hypothetical 10% decrease in the price of these commodities would increase the liability and the related operating expense by $0.2 million.

In addition, we are subject to market risk related to our net investments in our foreign subsidiaries. The net investment in foreign subsidiaries as of December 31, 2015 was $271.1 million. The impact of such market risk exposures as a result of foreign exchange rate fluctuations has not been material to us. See Note 12 of the Notes to the Consolidated Financial Statements.

Table of Contents

Item 8. Financial Statements

Trinity Industries, Inc.

Index to Financial Statements

Table of Contents

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Trinity Industries, Inc.

We have audited the accompanying consolidated balance sheets of Trinity Industries, Inc. and Subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, cash flows and stockholders' equity for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Trinity Industries, Inc. and Subsidiaries at December 31, 2015 and 2014, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Trinity Industries, Inc. and Subsidiaries' internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 19, 2016 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Dallas, Texas
February 19, 2016

Table of Contents

Trinity Industries, Inc. and Subsidiaries
Consolidated Statements of Operations

	Year Ended December 31,		
	2015	2014	2013
	(in millions, except per share amounts)		
Revenues:			
Manufacturing	$5,301.1	$5,063.6	$3,719.9
Leasing	1,091.6	1,106.4	645.4
	6,392.7	6,170.0	4,365.3
Operating costs:			
Cost of revenues:			
Manufacturing	4,043.9	3,975.1	2,990.9
Leasing	612.3	644.7	331.4
	4,656.2	4,619.8	3,322.3
Selling, engineering, and administrative expenses:			
Manufacturing	271.4	235.0	180.4
Leasing	52.4	49.6	37.6
Other	152.6	119.0	73.3
	476.4	403.6	291.3
Gains on disposition of property:			
Net gains on railcar lease fleet sales owned more than one year at the time of sale	166.1	92.3	20.4
Other	12.7	12.1	0.8
	178.8	104.4	21.2
Total operating profit	1,438.9	1,251.0	772.9
Other (income) expense:			
Interest income	(2.2)	(1.9)	(2.1)
Interest expense	194.7	193.4	187.3
Other, net	(5.6)	(4.6)	(2.8)
	186.9	186.9	182.4
Income from continuing operations before income taxes	1,252.0	1,064.1	590.5
Provision (benefit) for income taxes:			
Current	309.4	360.6	158.6
Deferred	116.6	(5.8)	45.8
	426.0	354.8	204.4
Net income from continuing operations	826.0	709.3	386.1
Discontinued operations:			
Gain on sale of discontinued operations, net of provision for income taxes of $-, $-, and $5.4	—	—	7.1
Loss from discontinued operations, net of benefit for income taxes of $-, $-, and $(0.8)	—	—	(0.8)
Net income	826.0	709.3	392.4
Net income attributable to noncontrolling interest	29.5	31.1	16.9
Net income attributable to Trinity Industries, Inc.	$796.5	$678.2	$375.5
Net income attributable to Trinity Industries, Inc. per common share:			
Basic:			
Continuing operations	$5.14	$4.35	$2.34
Discontinued operations	—	—	0.04
	$5.14	$4.35	$2.38

Diluted:			
Continuing operations	$5.08	$4.19	$2.34
Discontinued operations	—	—	0.04
	$5.08	$4.19	$2.38
Weighted average number of shares outstanding:			
Basic	150.2	151.0	152.8
Diluted	152.2	156.7	152.9
Dividends declared per common share	$0.430	$0.375	$0.270

See accompanying notes to consolidated financial statements.

Table of Contents

Trinity Industries, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income

	Year Ended December 31,		
	2015	2014	2013
	(in millions)		
Net income	$826.0	$709.3	$392.4
Other comprehensive income (loss):			
Derivative financial instruments:			