

ALLTRANSTEK LLC

COMPANY OVERVIEW 2017

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- ALLTRANSTEK COMPANY OVERVIEW
- WHO WE SERVE
- CAR ACCOUNTING
- FLEET MANAGEMENT
- TECHNICAL CONSULTING
- STRATEGIC SERVICES

ALLTRANSTEK | WHAT WE DO

OUR CORE BUSINESS

AllTranstek is one of North America's largest railcar management and consulting companies, managing over 275,000 railcars. Our **FLEET MANAGEMENT** team serves over 200 unique customers, and manages some of the largest privately owned fleets.

SERVICE & SUPPORT

The **TECHNICAL SERVICES** group provides a full range of technical and operational support to the rail equipment supply chain. Services include field inspections, engineering, regulatory compliance (ShopWatch® and StencilWatch®), non-destructive testing (NDT), and a variety of training options.

PROVIDING INSIGHT

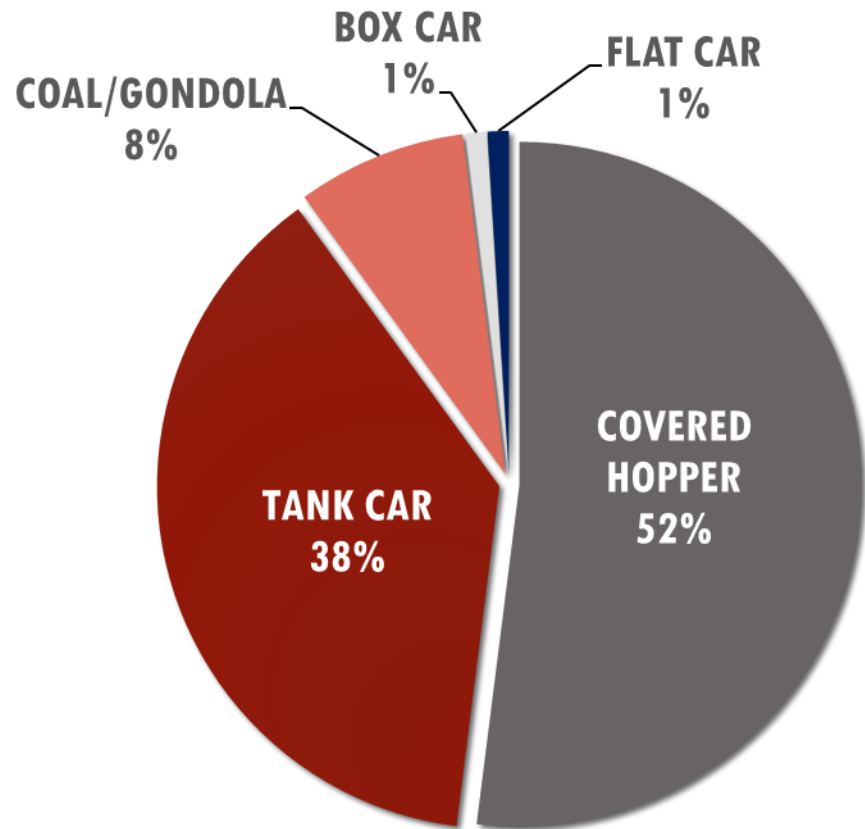
AllTranstek's **STRATEGIC SERVICES** group offers a 360° view of the rail supply chain in order to broaden our clients' view of the competitive marketplace via market research, analytics, forecasting, and strategic consulting services.

ALLTRANSTEK'S STAFF INCLUDES **OVER 100 EMPLOYEES** FOCUSED PRIMARILY ON **RAILCAR MAINTENANCE AND TECHNICAL CONSULTING**, AND WHO'S COLLECTIVE INDUSTRY EXPERIENCE TOTALS **OVER 1,500 YEARS**

ALLTRANSTEK | CAR TYPES MANAGED

CAR TYPES UNDER CONTRACT

Currently managing
approximately 25% of
North America's Tank Cars



ALLTRANSTEK | OVERVIEW OF SERVICES

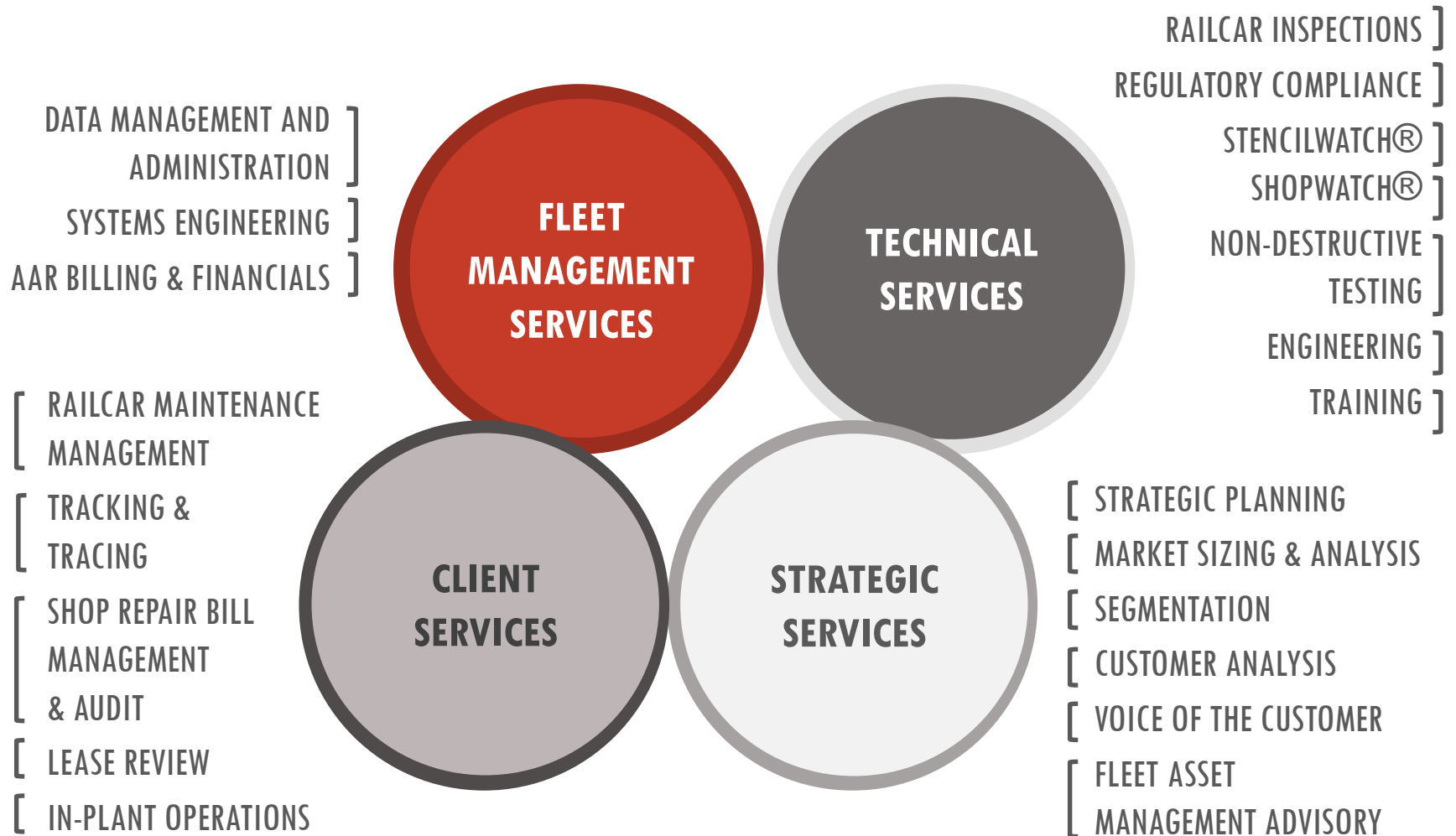


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ALLTRANSTEK | CUSTOMERS



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ALLTRANSTEK CAR ACCOUNTING



AllTranstek's Car Accounting team specializes in auditing leases, administrative processes, and car movements.

We serve as a mediator between shippers, lessors, and railroads

CAR ACCOUNTING

Leveraging AllTranstek's state of the art car accounting programming, our team streamlines the complicated audit and payment processes, freeing up clients to focus on their core business.

- INVOICE PROCESSING AND APPROVAL
- CLAIMS GENERATION
- MILEAGE EXPOSURE REDUCTION
- DATA FLOW COORDINATION

BY PAYING CLOSE ATTENTION TO **CAR MOVEMENT DETAILS**, ASSURING THAT **RECORDS ARE CORRECT**, AND VERIFYING **PAYMENTS ARE PROCESSED** AT THE CORRECT AMOUNT, THE CAR ACCOUNTING GROUP IS ABLE TO **MAXIMIZE SAVINGS** FOR CLIENTS

CAR ACCOUNTING INVOLVES MANY PARTIES



Shippers

- Load car and generate movement, releases car to railroad

Railroads

- Transport car to destination, generate CLM's, calculate mileage credits, prepare mileage statements

Railinc

- Distributes mileage records and equalization penalties (if applicable) to car mark owners

Lessors

- Pass car hire records and equalization penalties to customers and/or agents

Shipper / AllTranstek

- Reviews, audits, and if necessary, files claims

MILEAGE EQUALIZATION PROCESS

Mileage equalization is just one area where we all interact...

**1. Analyze the carhire
(CHDX) records**

2. File claims against the railroads

**3. Work with responsible
parties to adjust bills**

**4. Verify equalization
invoices for accuracy**

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FLEET MANAGEMENT

AllTranstek's fleet management program is focused on saving customers money and maximizing railcar revenue service potential.

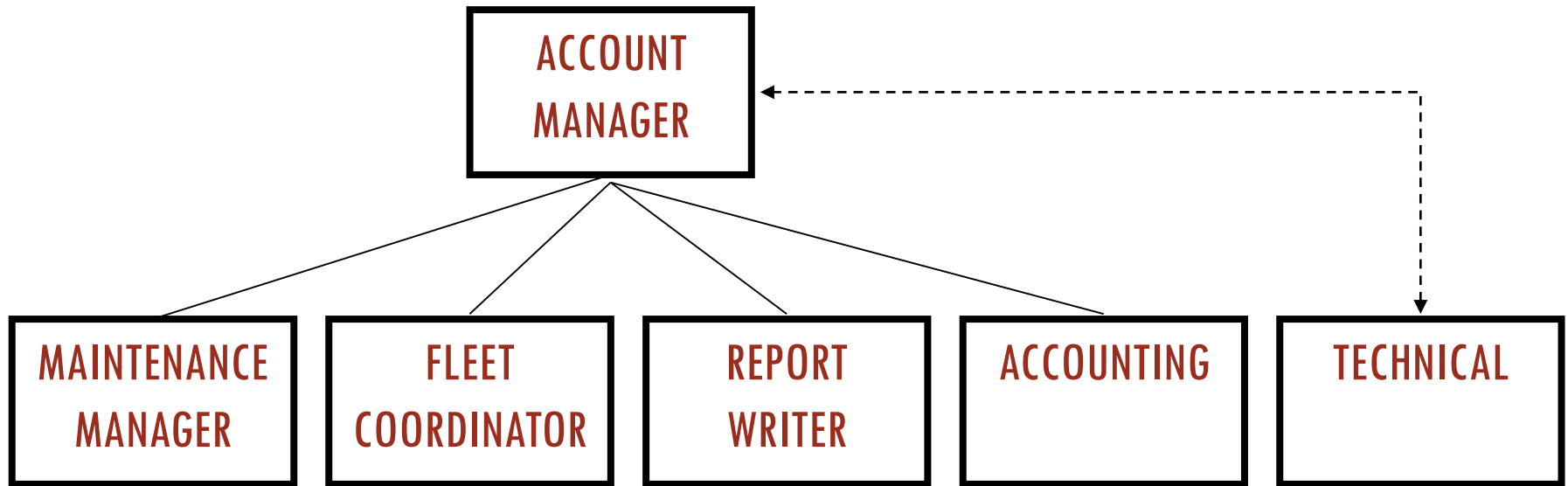
- RAILCAR SHOPPING
- FLEET ADMINISTRATION
- LEASE ADMINISTRATION

EXPEDITE CARS THROUGH SHOP

Maximize client
profit margins

FLEET MANAGEMENT IS THE **CORE OF OUR BUSINESS**. WE MONITOR **FLEET MOVEMENT**,
ENSURE **EQUIPMENT HEALTH**, MANAGE **REGULATORY REQUIREMENTS**, AND **AUDIT**
REPAIR AND MILEAGE ACTIVITY

FLEET MANAGEMENT | TEAM STRUCTURE



ALLTRANSTEK'S ACCOUNT MANAGERS MONITOR AND ORCHESTRATE ALL FLEET MANAGEMENT BUSINESS FUNCTIONS FOR THEIR CLIENTS

FLEETWATCH SYSTEM

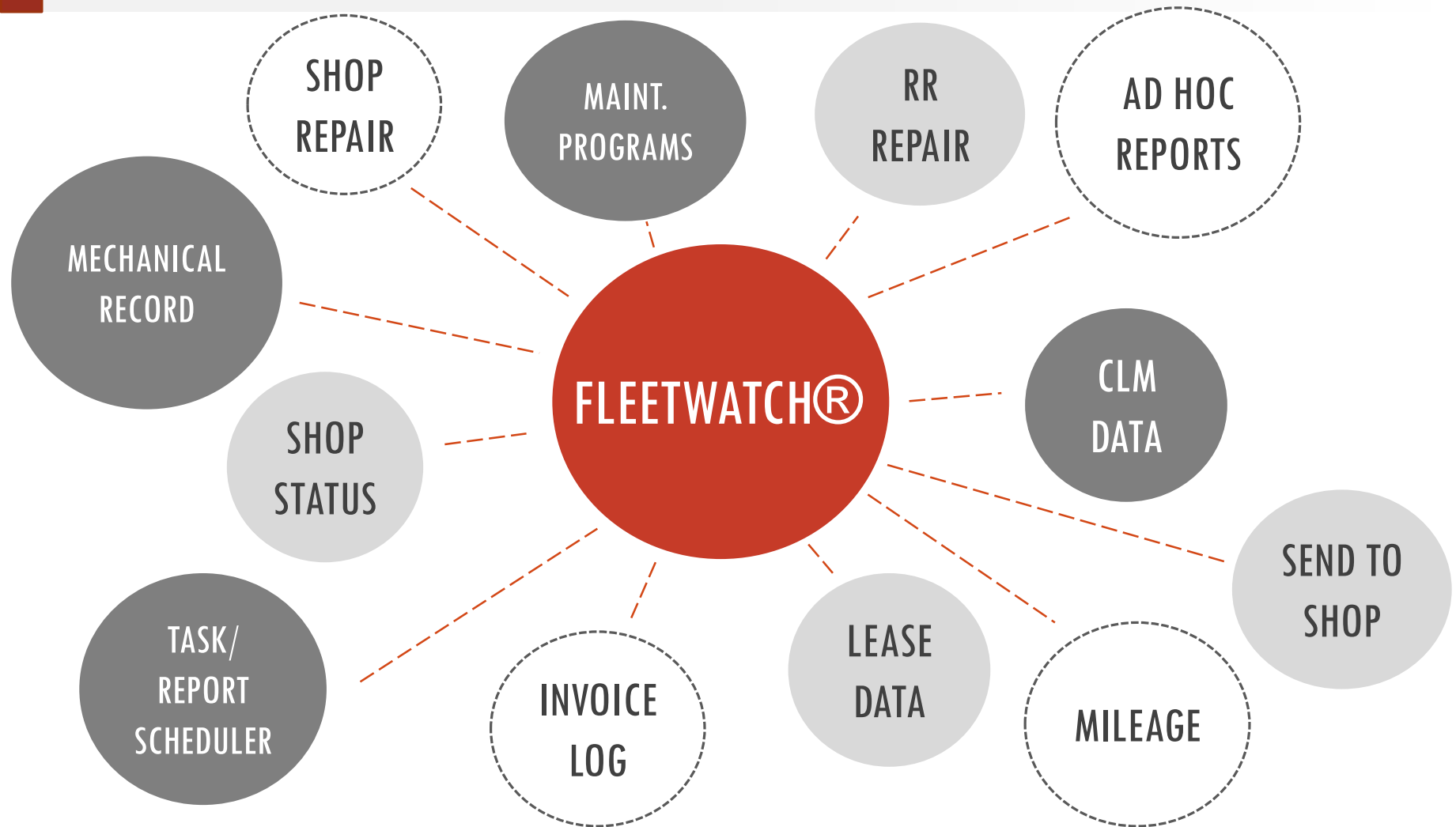


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ALLTRANSTEK TECH SERVICES | PROGRAMS

STENCILWATCH®

HM-216B COMPLIANCE | TANK CAR COMPLIANCE

- Federal regulations mandate tank car qualification interval justification
- Maintenance and qualification procedures
- Reliability centered maintenance (RCM)
- Tank Car Integrated Database (TCID) compliance
- Document hosting systems allows client to electronically store, index and sort documents
- Inspection interval analysis and component analysis is performed using above collected data

SHOPWATCH® REPAIR FACILITY

TANK CAR FACILITY CERTIFICATION REGISTRATION PROCESS

- AAR facility application and audit process
- Quality assurance program
- Special process programs
- Regulatory compliance
- ShopWatch® is provided for the repair facility, car owner and NDT welding and special process

TECHNICAL CONSULTING

NON-DESTRUCTIVE TESTING (NDT)

Our NDT certified experts keep clients current with industry regulations via exceptional practices, procedures, trainings, and welding and consulting oversight

- NDT WELDING & SPECIAL PROCESS
- NON-DESTRUCTIVE TESTING (ASNT NDT LEVEL III)
- WELDING SUPPORT (AWS, CWI, SCWI, AND CWE)
- SPECIAL PROCESSES (VALVE TRAINING, PWHT TRAINING)

ALLTRANSTEK'S SIX ASNT LEVEL III CERTIFIED NDT EXPERTS DEVELOP COMPANY WRITTEN PRACTICES WHICH OUTLINE AND ESTABLISH QUALIFICATION AND CERTIFICATION PROGRAMS

TECHNICAL CONSULTING

REGULATORY COMPLIANCE & HAZMAT TRAINING

Leverage AllTranstek's expertise in procedures, new repair shop opening, HazMat training, and many more compliance fueled needs.

- AAR FACILITY CERTIFICATION APPLICATIONS
- QUALITY ASSURANCE PROGRAM IMPLEMENTATION
- TANK CAR TECHNICAL PROGRAMS
- REGULATORY COMPLIANCE ASSISTANCE

ALLTRANSTEK PROVIDES MORE **QUANTITY OF SERVICE** AND **COMPREHENSIVE SERVICE PACKAGES** THAN ANY OTHER COMPLIANCE SERVICE PROVIDER IN THE INDUSTRY

TECHNICAL CONSULTING FIELD SERVICES & INSPECTIONS

Inspectors provide technical support, audits, and inspections for the following types of events...

- NATIONWIDE COVERAGE
- CUSTOMIZED, BEST IN CLASS REPORTING PRACTICES
- LITIGATION SUPPORT
- LEASE RETURN EXPERTISE

QUALITY AND THOROUGH REPORTS FOR A WIDE RANGE OF EVENTS
HOME TO 10 FULL TIME, INSURED, NON-CONTRACTED INSPECTORS **ACROSS 7 STATES**

TECHNICAL CONSULTING ENGINEERING

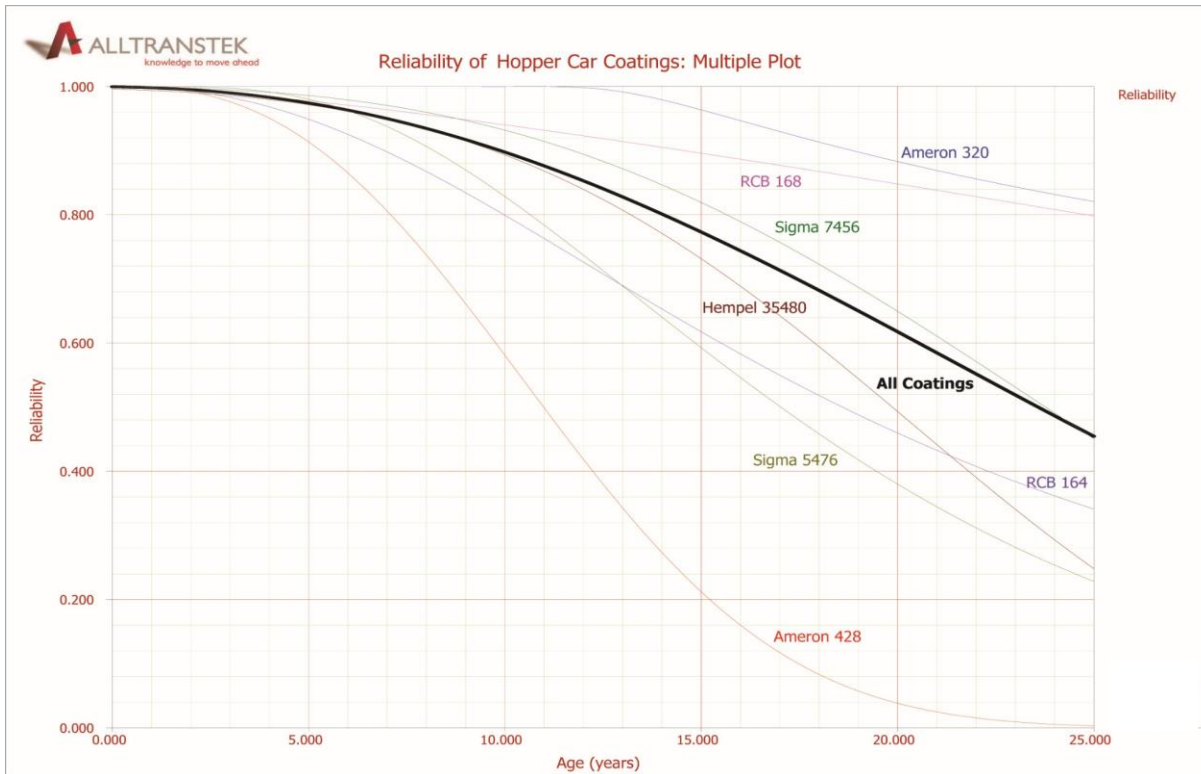
We guide tank car owners through the complicated regulatory and certification processes.

- MAINTENANCE & QUALIFICATION PROCEDURES
- RELIABILITY & INSPECTION INTERVAL ANALYSIS
- REGULATORY COMPLIANCE SUPPORT
- TANK CAR SPECIFICATION REVIEW

WE IDENTIFY THE ROOT CAUSE OF TANK CAR COMPONENT FAILURE AND
WORK TO PREVENT FUTURE EVENTS

TECHNICAL CONSULTING

ENGINEERING | RELIABILITY STUDY



IDENTIFY
COMPONENT &
CAR LIFESPAN

Budget spend cycles
and engage in
preventative
maintenance

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STRATEGIC SERVICES | INTRODUCTION

- AllTranstek's Strategic Services team houses a wealth of **historical and current rail equipment and commodities data**, as well as the leading equipment forecast
- AllTranstek's strategic partnership and collaboration with FTR Intel offers clients access to **in depth macroeconomic analysis** of the entire North American freight transportation market
- Our staff holds over **200 combined years of industry experience**, with individuals from a wide variety of rail backgrounds
- We have **vast experience** in rail equipment investment strategy, portfolio management, lease strategy and car type analysis

WE ARE UNIQUELY POSITIONED TO ASSESS THE RAILCAR MARKETPLACE

RAILCAR INVESTMENT THESIS

EXPLORE CAR TYPE OPPORTUNITIES

Stage 1: Identification

Stage 1: Car type level 1

1. Generate car type profiles and provide baseline information for first round

Stage 2: Evaluation

Stage 2: Car type level 2

2. Evaluate profiles and identify market trends for second round

Stage 3: Drivers

Stage 3: Car type 2 or 3

3. Assess growth potential for narrowed target scope in third round

Stage 4: Guidance

Stage 4: Specific car type requests

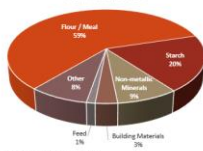
4. Strategic conclusions and guidance for final car type and market segment investment

PROVIDE CUSTOMER ENHANCED VISIBILITY

5600 PD Commodities

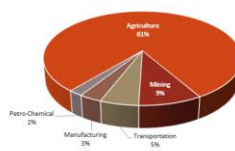
- 5600 cuf PD covered hopper serves about 25 different commodity groups
 - This car primarily serves the agricultural industry with over 81% of traffic
 - Mining of non-metallic minerals accounts for 9%
 - Empty cars account for 5% leaving the last 5% for petro-chemical and manufacturing based commodities

5600 PD Covered Hopper
Commodity Group



Source: 2014 STB Waybill, 99,304 carloads

5600 PD Covered Hopper
Industry



Source: 2014 STB Waybill, 99,304 carloads

1/1/2017

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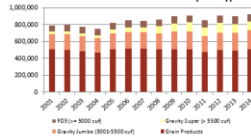
Determine crucial commodities markets served by target car type segments

Grain | grain products traffic

- Grain products accounted for about 500,000 carloads in 2014, most of which were flour and meal, while feed and malt combined for just over 20%
- Jumbo and super gravity cars move most grain products: 45% and 21% of traffic volume
- Shares in grain products traffic have grown significantly since 2001 for the super gravity car type, growing from just 6% in 2001 to 23% in 2012
- 45% of super gravity hopper traffic consisted of grain products in 2014

STCC	Grain Products - Super Gravity	Carloads
20923	Soybean Cake,Flour,Grits,Meal Or Other By-Products	37644
20421	Prepared Feed,Animal,Fish Or Poultry, Other Than Dog,Cat Or Other Pet Food	18948
20939	Nut Or Vegetable Oil Seed Cake Or Meal Or Other By-Products	15044
20823	Malt Extracts Or Brewers Spent Grains	14615
20419	Flour Or Other Grain Mill Products	12416
20831	Malt	5252
20412	Wheat Bran, Middlings Or Shorts	840
20443	Brewers Rice	400
20442	Rice Flour,Bran Or Meal	80
20314	Cottonseed Cake Or Meal Or By-Products Exc.Cotton Linters Or Rags	40
20449	Milled Rice Or By-Products	40
20832	Malt Flour Or Sprouts	40

Grain Products Historical Traffic by Car Type



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Analyze historical traffic trends across industry sectors

Ownership shares of PD Covered Hoppers

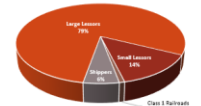
CH - Owner - Fleet Size	Pressure Differential	Grand Total
C1	106	87,971
C2/3	11	9,807
5	2,377	112,713
L-1	21,094	222,318
First Union Rail	4,789	82,810
CT Rail	5,030	45,436
Trinity Leasing	1,526	33,692
GATX Rail	3,148	27,070
American Railcar Leasing	4,013	17,820
Union Tank Car	55	10,281
Procor Ltd	13	2,237
Other L-1 Lessors	61	3,192
L-2	3,776	95,915
Greenbrier Mgmt Services	45	14,368
The Andersons-Rail Group	678	14,009
SMC Rail	754	7,303
Chicago Freight Car	800	9,005
Midwest Railcar Corp.	241	10,103
Missouri Rail Capital	0	3,160
Car Rail Inc.	448	2,259
UTX North America Inc.	56	3,058
Atel Leasing Corp.	12	2,575
Infiniti Transportation LLC	51	2,127
The Canadian Wheat Board	0	10,812
Helm-Pacific Leasing	0	1,054
David J. Joseph Co.	0	1,465
Citicorp Railmark	0	1,489
Transportation Equipment, Inc.	0	1,077
Rio Grande Chemical Ltd.	0	1,994
Everest Railcar Services	0	6
Other L-2 Lessors	687	8,451
Grand Total	27,384	526,144

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Pressure Differential 5600 cuf
2016 Ownership



Source: owner, 8,108 cars

Age Buckets	COVERED HOPPER				
	Gravity Total	Pneumatic Total	(PD) Total	Specialty Total	Covered Hopper Total
0-10	145,972	10,953	7,850	4,127	168,902
11-20	70,032	53,355	11,243	6,435	141,065
21-30	32,418	30,793	5,363	4,672	73,247
31-40	85,430	14,640	3,314	4,627	107,010
40-50	28,737	2,274	525	2,317	34,853
50+	952	43	9	64	1,068

Identify competition in the market segment by evaluating equipment ownership shares

THANK YOU!!



Presented by:

Iris D. Balmaceda

Mileage Auditor II

ibalmaceda@alltranstek.com