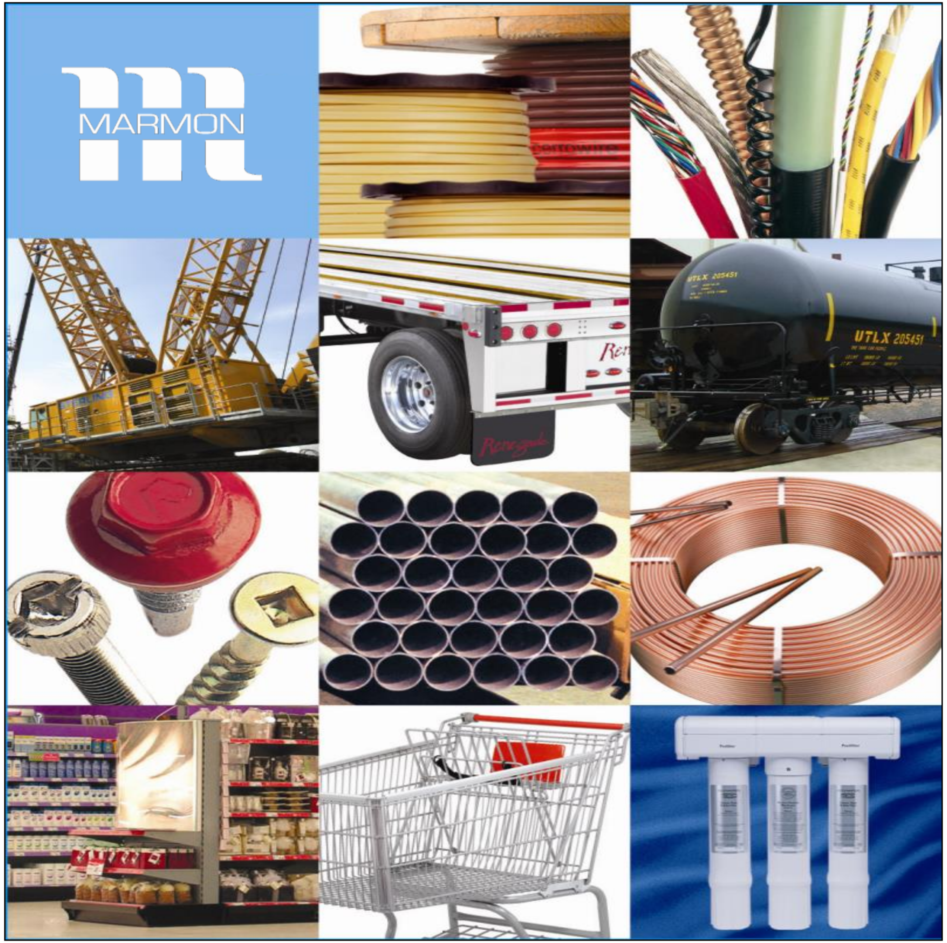


MARMON

The Marmon Group

A Berkshire Hathaway Company

Presented by
Lee Locasto
Union Tank Car Company

Pennsylvania Rail Freight Seminar
Harrisburg, PA
May 23, 2013

Discussion topics…

- About Marmon and UTLX
- Tank car industry composition and customers
- Impact of crude oil boom on tank car industry
- Tank car specifications for crude oil tank cars and regulatory issues
- Closing and thank you!

UTLX

THE TANK CAR PEOPLE

The Marmon Group, a *Berkshire-Hathaway Company*

Three companies, 11 business sectors, 150 independent manufacturing and service businesses, employ more than 17,000 people worldwide. Revenues exceeded $7 billion in 2012.

- Marmon Engineered Industrial & Metal Components, Inc.
  - Distribution Services, Electrical & Plumbing Products—Distribution, Industrial Products
- Marmon Natural Resource & Transportation Services, Inc.
  - Crane Services, Engineered Wire & Cable
  - Transportation Services & Engineered Products
- Marmon Retail & End User Technologies, Inc.
  - Food Service Equipment, Highway Technologies
  - Retail Home Improvement Products, Retail Store Fixtures
  - Water Treatment

- See www.berkshirehathaway.com or www.marmon.com for more information

Transportation Services

UTLX

THE TANK CAR PEOPLE

PROCOR

RAILSERVE

EXSIF

WORLDWIDE

TRACKMOBILE®

UTLX
THE TANK CAR PEOPLE

Union Tank Car Company
Chicago, IL

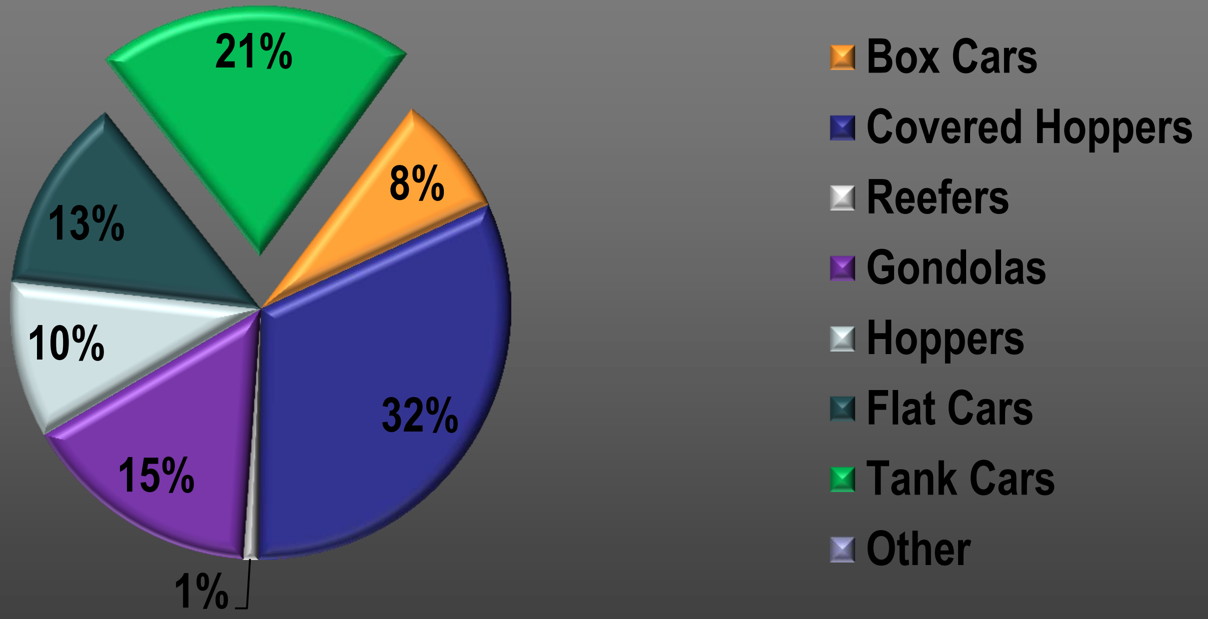
Leasing Business Unit
UTLX – 75,000 Cars
PROX – 22,000 Cars

Manufacturing Business Unit
Alexandria, LA
Sheldon, TX

Repair Business Unit
12 repair shops NA
61 mobile units / mini shops

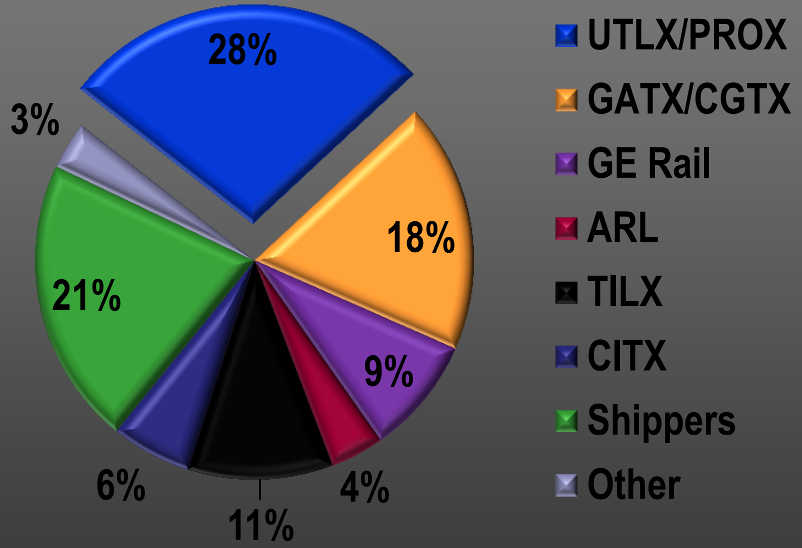
Leading the tank car industry in personalized leasing services supported by outstanding design, manufacturing and maintenance capabilities. See www.utlx.com for more information.

North American Railcar Fleet



1,538,900 rail cars registered as of February 2013 (AAR/UMLER/EPA)

Tank Car Fleet Ownership Profile



- 320,000 tank cars registered in North America
- 80% owned & managed by operating Lessors
- Railroads are non-players
- Average Age - 16 years

North American tank car fleet size grew about 4% in 2012

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THE TANK CAR PEOPLE

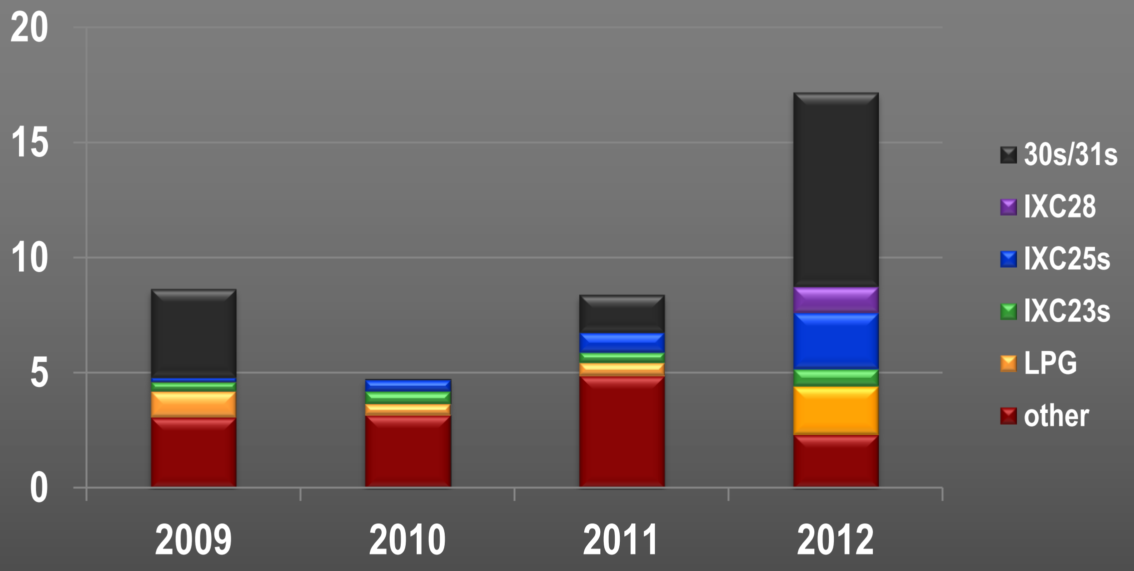
Tank Car Industry Players

- Trinity Industries – builder, lessor, repair
- Union Tank Car – builder, lessor, repair
- American Railcar Industries – builder, lessor - ARL, repair
- The Greenbrier Companies – builder, lessor
- GATX Corporation – lessor, repair
- GE Railcar Services – lessor, repair
- National Steel Car – soon to be tank car builder, lessor?
- Texana Tank, CIT, Flagship Rail, First Union,
- Various tank car brokers

Tank Car Customers

- Chemicals – 48%
- Petroleum & Coal Products – 22%
- Food Products – 18%
- Blue chip customers, household names – about 90% of our total market above

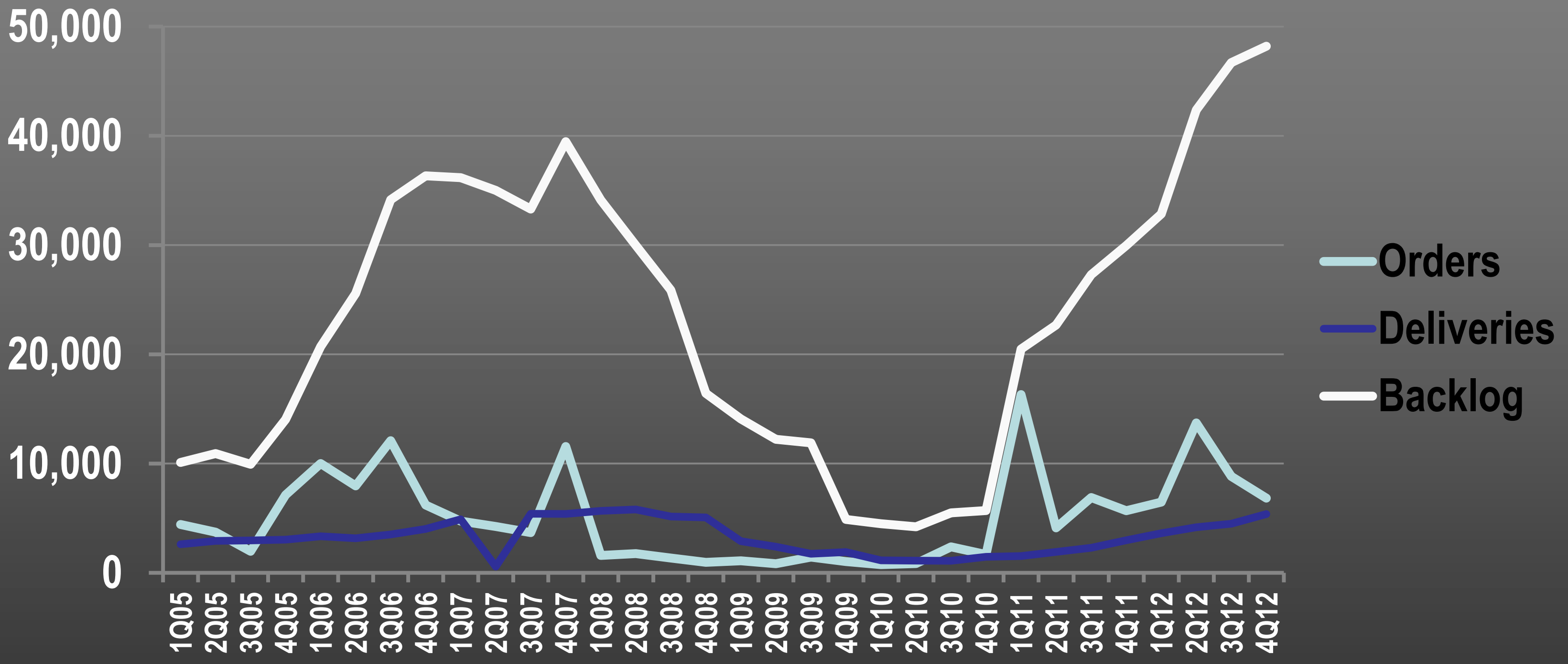
New tank cars added in 2012



- New car production more than doubled in 2012 to 17,200 units
- Reduced specialty car types offset by agriculture and fertilizer gains
- Oil and gas related production drives new tank car builds

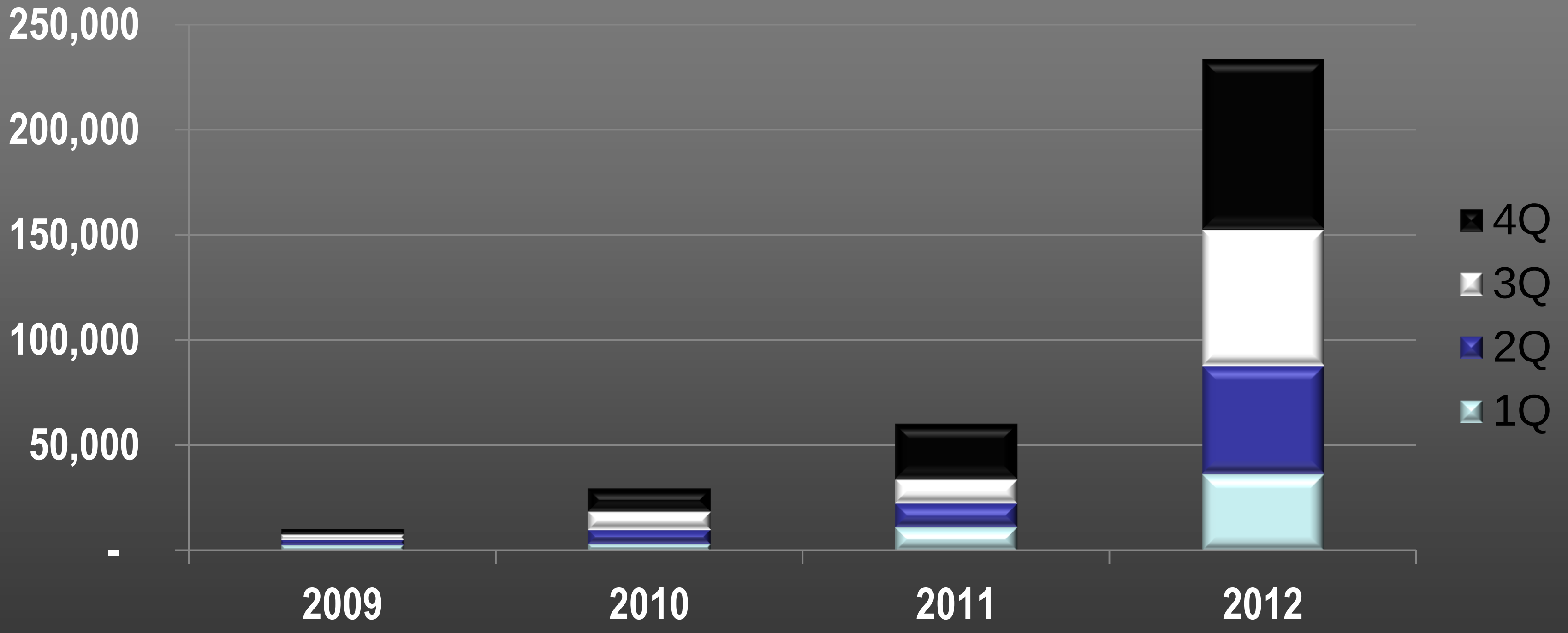
Oil and gas related car types accounted for about 70% of new builds in 2012

Quarterly trends for new tank cars



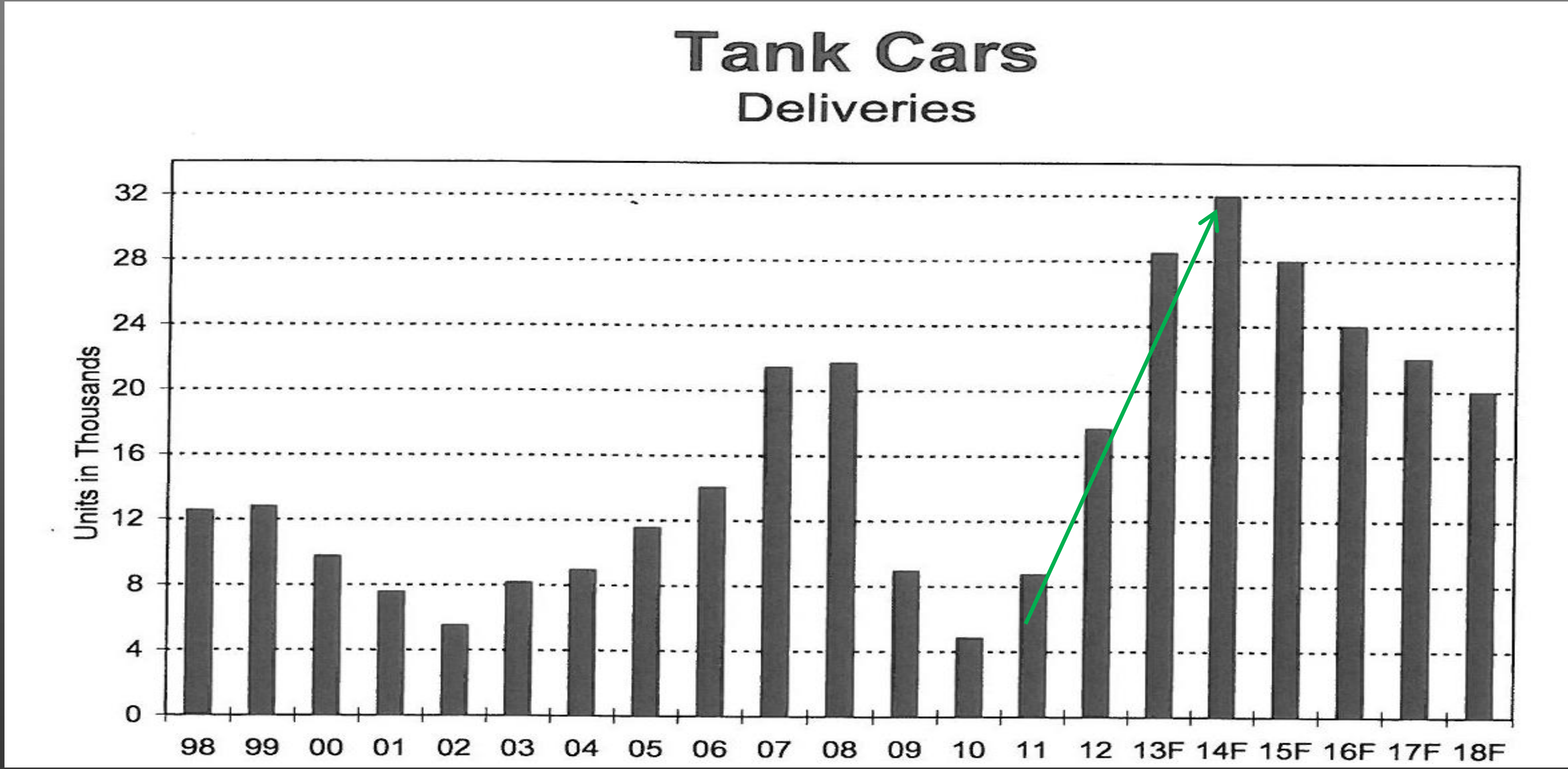
New car backlog 18 -24 months as existing fleet utilization is maximized. 36,000 tank cars ordered in 2012

US Class I Petroleum Car Load Originations



Source – AAR Annual Crude-by-Rail Data 2/21/2013

The Crude Oil Boom



The Crude Oil Boom

- 2009 – all idle existing NI/NC 30M cars (formerly ethanol service) went into crude oil service – followed by general purpose cars in 23M capacity and up range.
- 2011 - New car building boom started, orders placed – lead times moved out and pricing moved up.
- Preferred car type for lighter U.S. crudes (Bakken, Eagle Ford, Permian) is NI/NC 30M to 31.8M car – latter at 286K GRL
- Preferred car type for heavier Canadian crude is I/EC 25M to 28M car at 286K GRL

The Crude Oil Boom

- Destinations for lighter U.S. crude are Coastal U.S. and Eastern Canadian refineries
- U.S. growth projected from 6.7MMb/d in 2012 to 11.6MMb/d in 2022
- Current destinations for Canadian crude are U.S. Gulf coast and future destinations U.S. Midwest and Pacific export
- Canadian growth projected from 3.5MMb/d in 2011 to 5.6MMb/d in 2025
- Rail critical to accommodate this new growth – at least in near term. If even half of this incremental 7MMb/d goes by rail – there will be a need for at least 70,000 railcars for transport

The Crude Oil Boom

- NI/NC cars are the lightest-weight, highest capacity cars for crude shippers
- Payload savings can be $100’s/carload

- However
- NI/NC cars can’t move heavy crude
- NI/NC cars may be more likely to attract new rules
- NI/NC cars have seen a greater run-up in fleet size due to the sequential booms in ethanol and crude

The Crude Oil Boom

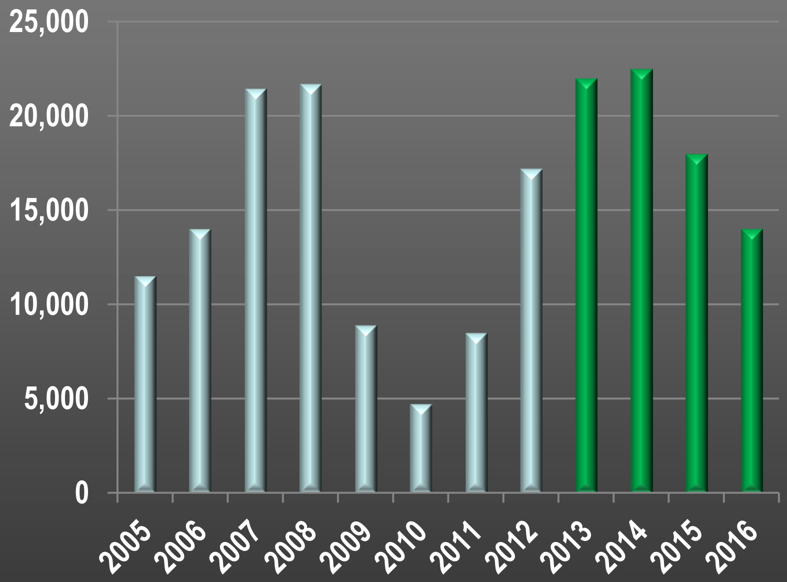
Philadelphia area refineries – back in business!

- Philadelphia Energy Solutions – Philadelphia, PA – 335K b/d

- PBF Energy – Delaware City, DE – 180K b/d and Paulsboro, NJ – 160K b/d

- Monroe Energy – Trainer, PA – 185K b/d

2013 Tank Car Forecast…



- Record high lease retention and utilization will continue to drive new car demand
- Lease rates supporting new investment across the board
- Energy development and agriculture sectors remain key drivers for demand near term
- Chemical sector poised for expansion based on lower feedstock cost
- Return to traditional builds in subsequent years as crude oil growth subsides
- Market risks to “boom” times, overbuilding and pipelines

Tank Car Specifications/Regulatory Issues

AAR issues Circular letter CPC-1232 for crude oil and ethanol service

- 286K GRL takes precedence
- Larger Volume Capacity
- Affects cars ordered after October 10, 2011
- Half-Height Head shield protection
- Tank & Head Material must be normalized TC-128 Gr. B or A-516-70
- 1/2” shell thickness for TC128 non-jacketed cars (5/8” for A-516-70)
- Top fitting protection required
- PRD must be reclosing type

Tank Car Specifications/Regulatory Issues

Future Crude Oil Tank Car specifications

Thermal Protection systems

Option 1 – Modified Pressure Relief Design

Option 2 – Fire Rated Insulation blanket

Enhanced Bottom Outlet Valve Protection

Improved Crash Worthiness

Better/Thicker Tank Steel

Head Protection

Final rule making at least 2 years out


UTLX 207129
THE TANK CAR PEOPLE
LD LMT 197100 LB 89400 KG
LT WT 65900 LB 29900 KG

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Available Cars – Thank You!