



Surface Transportation Board
Washington, D.C. 20423-0001

**Meeting of the National Grain Car
Council**

Tuesday, August 15, 2023
1:00 pm – 5:00 pm CDT

Location: International Kansas City At The Plaza, Kansas City, MO.

Attendance: Attendance sheets are appended to these minutes.

Approved substitutes: none requested.

The meeting was broadcast to the public via Zoom.

AGENDA

- 1:00 pm
- 1) Welcome, Call to Order, and Introductions
 - NGCC Chair Shane Berrett
 - Safety Briefing – Ross Trentadue, Zen-Noh Grain
 - TEGMA Chairman Wyatt Brummer
 - Board Vice Chairman and NGCC Co-Chair Karen Hedlund
 - Approved Substitutes
 - Self Introductions
 - 2) “Global Grains and Oilseeds Update”:
 - Colin Suiter, Economic Research Manager, Viterro US
 - 3) Grain Shipper Panel
 - Moderator: Greg Twist,
AGP
 - Dana Hansen, ADM
 - Brock Lautenschlager, Cargill
 - Justin Cauley, CHS
 - 4) Class II / III Railroad Panel
 - Moderator: Dave Long,
TCWR
 - Marty Pohlod, Genesee & Wyoming Railroad
 - Jimmy Patterson, Watco Companies
 - Carrie Evans, Iowa Interstate Railroad
- 2:50-3:05 pm Break
- 5) NGCC Officer Nominations – Alan Cassiday, Designated Federal Officer, National Grain Car Council

- 6) Rail Equipment Overview
 - Jon Mudronja, CIT Rail
 - 7) Railroad Reports
 - Class I reports
 - 8) Closing Remarks
 - Board Vice Chairman and NGCC Co-Chair Karen Hedlund
 - Board Member Robert Primus
 - Board Member Michelle Schultz
 - Board Member Patrick Fuchs
 - Board Chairman Martin Oberman
 - 5:00 pm 9) Adjourn – Shane Berrett | Jon Harman
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Welcome and Call to Order

Shane Berrett opened the meeting and welcomed the attendees to the 2023 meeting.

Ross Trentadue with Zen-Noh Grain gave the safety briefing.

Wyatt Brummer, Chair of TEGMA, gave a brief overview of TEGMA and looks forward to seeing everyone at the TEGMA gathering the next day.

Self-introductions were done beginning with the STB Board members, the council officers, and then the council members.

Shane Berrett, NGCC Chairman introduced Colin Suiter who gave an update on global grains and oilseeds.

Global Grains & Oilseeds Update Colin Suiter, Economic Research Manager Viterra U.S. & Mexico

Key issues discussed were:

- U.S. production
- South American corn and soybean acreage prospects
- Ukraine production and exports
- Biofuels and upcoming renewable diesel expansions
- U.S. share and timing of exports
- Chinese appetite for feed grains and soybeans
- Producer movement
- Large speculator fund length
- Economy

See presentation below.

Forecasted supply – Corn is up and Soy Bean is up and down depending on location.
Result of improved drought conditions.

South America corn and soy continues at record levels lead by Brazil.
China imports are expected to increase, soy slightly, corn more.
Ukraine production and exports projected to be lower.
World trade of wheat, corn, and soy expected growth by 12 mill. Metric tons
year-over-year.
Middle East, Asia, and Africa are new buyers.
US export forecast to be below average with new crops sales the lowest since
US - China trade war.
Brazil exports up due to supplies and their cheaper prices – first source supplier.
US has most expensive exports – supplier of last resort.

Renewable diesel – to increase from 3.3 to 7.5 billion gallons by 2025.
Filled by soy oil – crush operations to increase by 550 mbu by '25-'26.
Grain consumption down as feed stock – lower beef production.
Critical weather has passed.

Shane Berrett introduced Greg Twist who then introduced the panelists making up the Grain Car Panel.

Grain Shipper Panel
Moderator: Greg Twist, AGP
Dana Hansen, ADM
Brock Lautenschlager, Cargill
Justin Cauley, CHS Inc.

See presentations below.

Dana Hansen talked about the barge component of grain shipping relative to effects on rail demand. -----

One barge load is equivalent to 16 rail carloads.

Given the physical dynamics of barge transportation, barges can move a ton of cargo 700 miles on a gallon of fuel.

Water levels are always a concern and are currently low.

Levels can change quickly.

Lower levels – lower efficiencies and shallower drafts

Causes lower silt movement resulting in lower required maintenance.

High levels – faster currents, increased fuel expense, and potential facility damage.

System consists of 1930's and 40's locks with a 50-year life span.

Army Corp of Engineers have lock maintenance responsibilities.

This year's volume are hoped to be more but end is unknown due to variety of factors.

Changes are fluid in the event of disruptions with rail and truck being the options.

Parties simply pivot to another mode for corrections to transportation plans.

Brock Lautenschlager talked about the crush market and activities. -----

Soy crush is expanding and has had a steady growth from 1990.

Expectations are for 680 million additional bushels over the next 5 years.

Leading to building of new facilities and expansion of existing ones.

Renewable diesel is a demand driver.

20% goes to oil, 80% to meal for local feed market, domestic and exports.

Poultry industry – meal is the most efficient to convert to protein on the bird.

Demand also for pork and cattle feed.

No change seen in rail demand, but shifts are occurring in what is loaded in the rail car and where it ships to.

Pacific Northwest or center Gulf are departure ports.

Shipping on different corridors but no increase in cars needed.

Biggest shift is into California.

Justin & Dana – fleet size increased from 500,000 to now 1 million in the last five years.

Justin Cauley discussed corn exports. -----

Corn production – US and Brazil are equal with Argentina in 3rd.

Currently Brazil shipping to China.

Brazil increasing facilities with government backed financing.

Gulf is primary export for grain shipments.

Pacific Northwest has no capacity to pick up Gulf traffic.

Consensus:

- Market less trained than last year.
- Railroads have normalized their labor force via shipper demand – at a better point than last year.
- Weather is the same as last year but coming winter may be severe.

Jon Harman explains the new short line panel reporting format and introduces the moderator and panelists.

Class II / III Railroad Panel

Moderator: Dave Long, TCWR

Marty Pohlod, Genesee & Wyoming Railroad

Jimmy Patterson, Watco Companies

Carrie Evans, Iowa Interstate Railroad

See also short line responses and reports below.

Short line carriers make up 29% of the total US route miles and operate in 49 states.
1 in 5 cars are moved by a short line at some point in their transit.

General conditions:

G&W – service has improved with expected spotty time but good service.

Unit trains use Class 1 run through power and cars.

G&W will supplement equipment if it works well with Class 1 and customer.

Watco – is in good shape.

Have been doing capital improvements to the line to handle 286k# cars.

Concerned and addressing bridges relative to 286k# cars/heavier loads.

Just under 2000 cars in grain service.

IAIS – in good shape with current power and crews from past years enhancements.

Concentrated effort to keep interchange with Class 1 networks fluid has been successful.

Running 2 shuttle trains that use Class 1 power.

New hires:

G&W – Unlike past years, current hiring is good.

Watco – have raised starting wages to make jobs more attractive.

IAIS – better this year and getting more applicants but some still are moving to other carriers.

Grants:

Without them short lines unable to do things quickly.

G&W – have been getting grants.

State level grants such as Kansas have been generous.

Used for track work and by customers in their facilities/responsibilities.

Watco – Have used grants to rehabilitate 110 miles of track resulting in faster transits.

Have also gotten matching funds.

IAIS – have used CRISI grants for track work and capital improvements.

Have also gotten RRIF loan for locomotive purchases.

Legislation:

Legislation for disaster relief for Class 2 & 3 carriers exist.

Outcome unknown at this time.

Truck weight legislation for increasing weights on highway.

G&W – RRs are self-funded – highways are not funded.

by those who use them.

Legislatures should be cautioned about the proposals.

Watco – would likely lead to heavier and more trucks on highways.

IAIS – short haul trucks are competitive with short lines but increasing truck weights will put trucks at an advantage.

Covered hoppers:

G&W – cars may be more expensive, but it will be worked out.

Watco – Supply is tight, seeing higher costs with longer term over recent years.

IAIS – supplies are tighter, but they do have some new cars, 33% by next month.

Panel questions:

Q: Are service relationships improvements needed and where?

Service is better than 1-2 years ago but is not at the absolute peak performance.

Improvements are continuing on all fronts – better and getting better.

Q: Are short lines and Class 1s both ready to respond to new business? – what is needed to be prepared?

Communications is key.

Knowing when and where fluid shipment situations will occur.

With personnel turnover it is important to know key people to address events when they occur.

IAIS Class 1 interaction has been consistent throughout the year and will be able to handle whatever comes.

Board Officer Elections

Following a 15-minute break, Alan Cassiday, council's Designated Federal Officer, conducted council board officer elections.

Offices requiring elections were Vice-Chairman and 2nd Vice-Chairman.

Nominations from the council board were:

Vice-Chair – Justin Cauley, Sr. Director of Transportation, Global Grain and Processing, CHS.

2nd Vice-Chair – Georgia Rokas, Sr. Vice President, Agriculture Sales, Trinity Rail.

Additional nominations from the floor for Vice-Chair were opened and none were received.

Justin Cauley was declared Vice-Chair effective at the meetings end by unanimous consent.

Additional nominations from the floor for 2nd Vice-Chair were opened and none were received.

Georgia Rokas was declared 2nd Vice-Chair effective at the meetings end by unanimous consent.

Mark Huston introduced Jon Mudronja of CIT to present an overview of the current rail equipment situation and trends.

Grain Car Market Overview Jon Mudronja, CIT

There are just under 215,000 covered grain hoppers of 4,550 to 5,800 Cu.Ft. designs in the North American fleet.

90% of the fleet is owned by lessors and Class 1s or short lines.

Tightness of equipment may result in the use of bad/less reliable equipment.

Currently 26% of the fleet is 36 years old or older.

Emphasis needs to be long-term vs short-term plays in an inflationary environment.

Historical volatility in car supply has come from variables of economic signals, inflationary conditions, geopolitical factors, and repair capacities.

Responses to reduce volatility and provide adequate fleet:

New-build investment.

Re-purposing of existing cars.

Retrofit of existing cars.

Overhauling of existing cars.

Increased maintenance capabilities, full service and mobile repair units, minimizing out-of-service time.

Additionally, price cannot be a dictate investment favor.

Short lines have minimal 286 axle load cars that are aging out – they will need smaller cars.

Class 1 Reports Moderator: Jon Harman, CPKC

The format for Class 1 railroad reports was changed. Past years reports consisted of carriers reciting numbers and general descriptions of the state of their respective companies. This year, the Surface Transportation Board provided carrier statistics it received from the carriers in compliance with Board recently mandated reporting requirements. Those statistics were combined with answers to related questions which the carriers have historically supplied to the Board prior to the annual meeting. The combined document was distributed to the meeting attendees. The document and CPKC Metrics Addendum are included. Carrier representatives gave brief summaries of the information provided in the combined document.

BNSF

from 10/31/2022 to 6/30/2023

L600-TRANSPORTATION (TRAIN AND ENGINE)

Count of Employees Added	1726
Count of Employees Furloughed	2
Count of Employees Separated	799
Count of Trainees Completing Training	2101
Count of Trainees Entering Training	2179

Year to year comparisons

BNSF		10/31/2022	6/30/2023
Total Employees	L100-EXECUTIVES, OFFICIALS, AND STAFF ASSISTANTS	1510	1512
Total Employees	L200-PROFESSIONAL AND ADMINISTRATIVE	3240	3368
Total Employees	L300-MAINTENANCE OF WAY AND STRUCTURES	8068	8226
Total Employees	L400-MAINTENANCE OF EQUIPMENT AND STORES	6433	6657
Total Employees	L500-TRANSPORTATION (OTHER THAN TRAIN AND ENGINE)	1822	1945
Total Employees	L600-TRANSPORTATION (TRAIN AND ENGINE)	14950	15615
Count of Employees In Active Service	L600-TRANSPORTATION (TRAIN AND ENGINE)	13925	14520
Count of Employees On Extra Board	L600-TRANSPORTATION (TRAIN AND ENGINE)	2702	3234
Count of Trainees Entering Training	L600-TRANSPORTATION (TRAIN AND ENGINE)	175	83
Count of Trainees Currently In Training	L600-TRANSPORTATION (TRAIN AND ENGINE)	850	1012

Point in time comparisons.

BNSF		7/28/2023	10/7/2022
Average Train Speed (MPH)	GRAIN UNIT	24.9	25.2
Average Train Speed (MPH)	SYSTEM	26	26.7
Weekly Average Number of Car Miles Per Day	PRIVATE	181.6	177.6
Weekly Average Number of Car Miles Per Day	RAILROAD	173	182.7
Weekly Average Number of Car Miles Per Day	TTX	240.7	249.2
Average Grain Shuttle Turns per Month	AVERAGE TURNS	0	2.43
Average Grain Shuttle Turns per Month	PLANNED TURNS	0	2.6
Average Dwell Time at Origin for Unit Train Shipments (Hours)	GRAIN UNIT	15.7	9.6
Weekly Average Number of Trains Holding Per Day	GRAIN UNIT	7.4	10.1

Locomotives (Road)

Available	4,725
Stored/Other	475
Total	5,200

Grain Cars

Active*	21,785
Stored	10,853
Total	32,638
*Active Shuttle/Unit	14,300
*Active Manifest	7,485

Grain Past Due Orders

Total Past Due Orders	366
Average Days Late	3.3

TY&E Employees

Total Employee Count	37,323
Total TY&E	15,615
2023 TY&E Hired YTD	1,065

Peak Harvest Shuttle Program

Current Shuttles	84
Harvest Peak Shuttles	163

Grain Car Trip Plan

Single car Turns per Month	1.0
Shuttle Turns per Month (System)	2.5
Shuttle Turns per Month (PNW)	2.7

Expected Capital Expenditures (2023)

Maintenance	\$2.85B
Expansion and Efficiency	\$709M
Equipment	\$402M
Total	\$3.96B

Canadian National

from 10/31/2022 to 6/30/2023

L600-TRANSPORTATION (TRAIN AND ENGINE)

Count of Employees Added	619
Count of Employees Furloughed	0
Count of Employees Separated	467

Canadian National		10/31/2022	6/30/2023
Total Employees	L100-EXECUTIVES, OFFICIALS, AND STAFF ASSISTANTS	215	223
Total Employees	L200-PROFESSIONAL AND ADMINISTRATIVE	653	684
Total Employees	L300-MAINTENANCE OF WAY AND STRUCTURES	1802	1789
Total Employees	L400-MAINTENANCE OF EQUIPMENT AND STORES	893	924
Total Employees	L500-TRANSPORTATION (OTHER THAN TRAIN AND ENGINE)	301	294
Total Employees	L600-TRANSPORTATION (TRAIN AND ENGINE)	2514	2649
Count of Employees In Active Service	L600-TRANSPORTATION (TRAIN AND ENGINE)	2300	2432
Count of Employees On Extra Board	L600-TRANSPORTATION (TRAIN AND ENGINE)	1022	1048
Count of Trainees Entering Training	L600-TRANSPORTATION (TRAIN AND ENGINE)	*	*
Count of Trainees Currently In Training	L600-TRANSPORTATION (TRAIN AND ENGINE)	*	*

* none reported

Point in time comparisons.

Average Train Speed (MPH)	GRAIN UNIT	26.1	24.1
Average Train Speed (MPH)	SYSTEM	22.9	24.2
Weekly Average Number of Car Miles Per Day	PRIVATE	173.96	194.65
Weekly Average Number of Car Miles Per Day	RAILROAD	147.62	182.53
Weekly Average Number of Car Miles Per Day	TTX	195.80	223.47
Average Grain Shuttle Turns per Month	AVERAGE TURNS	0	0
Average Grain Shuttle Turns per Month	PLANNED TURNS	0	0
Average Dwell Time at Origin for Unit Train Shipments (Hours)	GRAIN UNIT	11.9	15.2
Weekly Average Number of Trains Holding Per Day	GRAIN UNIT	0.1	1.0

Equipment Resources:

CN had an inventory of approximately 1,900 high- and mid-horsepower locomotives as of early August 2023, compared to approximately 1,950 high- and mid-horsepower locomotives at the same time last year. As of early August 2023, CN had approximately 150 high- and mid-horsepower locomotives in storage compared to approximately 35 high- and mid-horsepower locomotives in storage at the same time last year. CN will add 35 modernized AC-traction locomotives to the fleet between October and December 2023, with another 40 to be added through 2024.

As of early August 2023, the CN-owned and leased grain hopper car fleet stood at approximately 12,900 hopper cars, of which approximately 1,325 hopper cars were dedicated primarily to US grain service. These cars are made available for manifest and unit train service. As of early-August 2023, CN's active hopper car fleet focused on grain service in the US stood at approximately 700 cars and approximately 625 cars were in storage. Most of the active CN hopper car fleet in US grain service was dedicated to manifest traffic as of early August 2023.

Labor Resources – Train and Engine Service:

As of mid-June 2023, CN's reported total employee count in the U.S. was 6,563 (with 2,649 T&E). This is an increase of almost 200 T&E year over year compared to last summer. Last year, as of mid-July 2022, CN's reported total employee count in the U.S. was 6,293 (with 2,450 T&E). CN's operating crew base has increased year-over-year across the Gulf, Central, and Midwest divisions.

CN's retention rate year to date in 2023 for fully trained and in-service T&E employees in the U.S. has been approximately 95.8%, compared to a retention rate for the full year 2022 for the same group of approximately 95%. These figures include resignations, terminations and retirements.

Train Assemblies:

The number of CN-supplied unit trains expected to run this fall in grain service in the US will be dependent on customer demand. Customers can secure unit trains through CN's car auction, by placing general orders for CN-supplied equipment, or by utilizing customer-committed system sets.

Coming into the week of August 6, 2023, CN expected to have approximately 20 cars' worth of unfulfilled demand for CN-supplied hoppers from the previous week. For the week of August 13, 2023, CN anticipates having no unfulfilled demand for CN-supplied hoppers.

Car and Train Velocity:

CN's system-average train speed in the US (reported in the 724 metrics for the week ending July 28, 2023) was 22.9 miles per hour compared to 24.1 miles per hour at the same time last year. Average grain unit train speed was 26.1 miles per hour compared to 23.8 miles per hour at the same time last year.

Car trip plan compliance:

CN's reported percentage of for grain unit trains placed within 24 hours of original arrival estimate was more than 97% since May of 2022, while the percentage for CN manifest traffic was more than 83% since May of 2022.

Weekly average dwell at origin for grain unit train shipments (for the week ending July 28, 2023) was 11.9 hours. At the same time last year, weekly average dwell for grain unit train shipments was 17.5 hours (week ending July 29, 2022).

Expected Capital Expenditures

In 2023, CN's capital investment plan is expected to be consistent with the range of investments in recent years. CN invested over \$15 billion between 2018 and 2022, with nearly two-thirds of that investment going into track and railway assets. These investments ensure the continued safe and efficient operation of our rail network as well as increase capacity, improve fluidity and accommodate growth.

CN plans to take delivery of another 750 high-capacity hopper cars during 2024, which will bring CN's owned high capacity, high efficiency hopper car fleet up to 4,250 cars.

CPKC

from 10/31/2022 to 6/30/2023 CANADIAN PACIFIC

L600-TRANSPORTATION (TRAIN AND ENGINE)

Count of Employees Added	48
Count of Employees Furloughed	0
Count of Employees Separated	192
Count of Trainees Completing Training	0
Count of Trainees Entering Training	0

Canadian Pacific		10/31/2022	6/30/2023
Total Employees	L100-EXECUTIVES, OFFICIALS, AND STAFF ASSISTANTS	226	237
Total Employees	L200-PROFESSIONAL AND ADMINISTRATIVE	219	224
Total Employees	L300-MAINTENANCE OF WAY AND STRUCTURES	845	884
Total Employees	L400-MAINTENANCE OF EQUIPMENT AND STORES	268	269
Total Employees	L500-TRANSPORTATION (OTHER THAN TRAIN AND ENGINE)	85	117
Total Employees	L600-TRANSPORTATION (TRAIN AND ENGINE)	1205	1250
Count of Employees In Active Service	L600-TRANSPORTATION (TRAIN AND ENGINE)	30	20
Count of Employees On Extra Board	L600-TRANSPORTATION (TRAIN AND ENGINE)	0	0
Count of Trainees Entering Training	L600-TRANSPORTATION (TRAIN AND ENGINE)	0	0
Count of Trainees Currently In Training	L600-TRANSPORTATION (TRAIN AND ENGINE)	0	0

Point in time comparisons.

Average Train Speed (MPH)	GRAIN UNIT	19.2	25.7
Average Train Speed (MPH)	SYSTEM	21.4	26.4
Weekly Average Number of Car Miles Per Day	PRIVATE	188.67	214.75
Weekly Average Number of Car Miles Per Day	RAILROAD	173.87	174.51
Weekly Average Number of Car Miles Per Day	TTX	243.98	266.78
Average Dwell Time at Origin for Unit Train Shipments (Hours)	GRAIN UNIT	5.6	24.9
Weekly Average Number of Trains Holding Per Day	GRAIN UNIT	1.0	0.0

from 10/31/2022 to 6/30/2023 KANSAS CITY SOUTHERN
L600-TRANSPORTATION (TRAIN AND ENGINE)

Count of Employees Added 347
Count of Employees Furloughed 2
Count of Employees Separated 74

Kansas City Southern		10/31/2022	6/30/2023
Total Employees	L100-EXECUTIVES, OFFICIALS, AND STAFF ASSISTANTS	395	379
Total Employees	L200-PROFESSIONAL AND ADMINISTRATIVE	468	473
Total Employees	L300-MAINTENANCE OF WAY AND STRUCTURES	421	432
Total Employees	L400-MAINTENANCE OF EQUIPMENT AND STORES	249	269
Total Employees	L500-TRANSPORTATION (OTHER THAN TRAIN AND ENGINE)	76	75
Total Employees	L600-TRANSPORTATION (TRAIN AND ENGINE)	1330	1370
Count of Employees In Active Service	L600-TRANSPORTATION (TRAIN AND ENGINE)	1243	1224
Count of Employees On Extra Board	L600-TRANSPORTATION (TRAIN AND ENGINE)	377	482

Point in time comparison.

Average Train Speed (MPH)	GRAIN UNIT	24.9	25.2
Average Train Speed (MPH)	SYSTEM	27.3	26.7
Weekly Average Number of Car Miles Per Day	PRIVATE	136.50	145.54
Weekly Average Number of Car Miles Per Day	RAILROAD	150.02	181.04
Weekly Average Number of Car Miles Per Day	TTX	150.08	174.94
Average Grain Shuttle Turns per Month	AVERAGE TURNS	0	0
Average Grain Shuttle Turns per Month	PLANNED TURNS	0	0
Average Dwell Time at Origin for Unit Train Shipments (Hours)	GRAIN UNIT	14.7	8.7
Weekly Average Number of Trains Holding Per Day	GRAIN UNIT	3.0	4.0

CPKC Metrics Addendum.

CPKC NGCC 2023 REPORT OUT

September 15 2023

LOCOMOTIVES, GRAIN CARS, AND PRODUCTS AND SERVICES

CPKC currently had roughly 1700 active locomotives in service and around 60 stored serviceable. For the upcoming fall peak, CP plans to make available approximately 1900 to 2000 locomotives.

The CPKC Grain covered hopper fleet is currently at 21,301 KCS

Legacy: 5,543

CP Legacy: 15,758

Our grain hopper cars are used interchangeably across our network. This flexibility allows CP to maximize empty spotting at all elevators across our system. We do not discretely assign carloads to unit train vs manifest service, however approximately >80% of our fleet is expected to move in unit train service.

We currently have no backlog of rail car orders in the US. We continue to monitor export sales for Sept and Q4. So far, it seems US export grain sales have been light in the peak months, however, interest in subscribing for CPKC Dedicated Trains has been strong. In Canada, a drought centered around Southern AB and SW Saskatchewan appears to be creating strong demand for US Northern Plains corn into that area.

During the 2022-23 crop year, CPKC expects to have ~100 Dedicated Trains in Canada and the Northern US, historically our SOO Line property. This is in line with previous years. We do not plan to change how trains and cars are ordered and allocated on the legacy KCS property for this crop year, which is more of a tariff style system of ordering and placement Vs a Dedicated Train contract.

TRAIN PERFORMANCE AND METRICS

- CPKC overall average grain train on time performance year to date is 89% and in July it was 86%.
- Our average manifest on time performance in the last week of July was around 73% compared to the same week last year, which was 75%. CPKC continues to focus on improving service on the manifest cars across the system.

LABOUR

On the labor front, CPKC has increased the number of operations employees compared to last winter and is well positioned to move this year's grain harvest.

- To meet demand for rail transportation, CPKC anticipates hiring 2700 employees in their newly combined organization in 2023.
- Of the 2700 anticipated hires across our combined network, approximately 2200 are craft operations personnel. To date, 1629 operational craft employees have been hired of which 1200 are conductor trainees.
- In fact, CPKC's ability to build a robust pipeline of candidates heading into 2023 has enabled us to hire 78% of the conductor hire demand in the first two quarters of 2023 and year to date have hired 84% of the total conductor hire demand.
- Specific to the US in our combined organization, by the end of the second quarter, CPKC had hired 261 or 77% of the required conductor hires for 2023 and year to date have hired 270 conductor trainees, which is 80% of the US hire demand for conductors.
- Retention rate of T&E employees fully trained and placed in service from October 2022 to present (ALL including Cda, US & KCS) = 85% (914 of 1086 qualified Oct pt onward and retained to date)
- Retention rate of US T&E employees fully trained and placed in service from October 2022 to present is 79% (356 of 448 qualified Oct 1st onward and retained to date)
- To address remote areas where it is particularly challenging to hire, we have continued with our hiring fair strategy to supplement our normal advertising and selection process to help build the appropriate pipeline of candidates.
- In order to attract conductor candidates to our hiring pipelines, CPKC has maintained signing bonuses in several locations across our network as well as some relocation assistance for those moving to new residences to join CP.
- We have worked to coordinate informational and career events with technical colleges, high schools and universities building awareness of our career opportunities as part of our Early Talent Strategy and have successfully hired employees from these venues.

CSX

from 10/31/2022 to 6/30/2023

L600-TRANSPORTATION (TRAIN AND ENGINE)

Count of Employees Added	685
Count of Employees Furloughed	102
Count of Employees Separated	546
Count of Trainees Entering Training	856
Count of Trainees Completing Training	777

CSXT		10/31/2022	6/30/2023
Total Employees	L200-PROFESSIONAL AND ADMINISTRATIVE	1584	1684
Total Employees	L300-MAINTENANCE OF WAY AND STRUCTURES	4922	5115
Total Employees	L400-MAINTENANCE OF EQUIPMENT AND STORES	2411	2583
Total Employees	L500-TRANSPORTATION (OTHER THAN TRAIN AND ENGINE)	811	830
Total Employees	L600-TRANSPORTATION (TRAIN AND ENGINE)	7379	7557
Count of Employees In Active Service	L600-TRANSPORTATION (TRAIN AND ENGINE)	6813	7283
Count of Employees On Extra Board	L600-TRANSPORTATION (TRAIN AND ENGINE)	1995	2115
Count of Trainees Entering Training	L600-TRANSPORTATION (TRAIN AND ENGINE)	263	*
Count of Trainees Currently In Training	L600-TRANSPORTATION (TRAIN AND ENGINE)	755	*

*none reported

Point in time comparison.

Average Train Speed (MPH)	GRAIN UNIT	23.3	23.7
Average Train Speed (MPH)	SYSTEM	26.6	26.1
Weekly Average Number of Car Miles Per Day	PRIVATE	50.31	47.84
Weekly Average Number of Car Miles Per Day	RAILROAD	74.89	71.19
Weekly Average Number of Car Miles Per Day	TTX	110.60	114.62
Average Dwell Time at Origin for Unit Train Shipments (Hours)	GRAIN UNIT	34.8	34.0
Weekly Average Number of Trains Holding Per Day	GRAIN UNIT	0.4	1.1

- Total # locomotives, # available or in service, # in storage.
 - As of August 7, CSX has 2,248 active locomotives, 399 stored serviceable, and 776 in longer term storage.
- Total # grain cars, # in active service, # in storage, # in unit service, # in manifest service.
 - CSX expects to have ~3,400 system grain cars on hand for 2023/24 harvest.
 - Approximately 2,900 will be in active service, with close to 500 in ready storage.
 - CSX will have 29 system 90-car sets (2,610 cars) in unit train service.
 - A pool of ~300 cars will be in single car/manifest service.
- Grain car backlog, if any.
 - N/A
- Retention rate of T&E employees fully trained and placed in service from October 2022 to present.
 - Retention for all T&E employees over the prior 10 months (October 2022 – July 2023) has been ~95%.
 - With an average of 5,550 conductors and 3,550 engineers, CSX has had monthly attrition of ~30 conductors and ~15 engineers monthly.
 - CSX has reached ~7,300 *active* T&E levels and continues to hire for attrition and resiliency.
- Number of shuttle or unit grain trains anticipated to operate during harvest peak.
 - CSX expects to have 56 unit grain trains active on the network on October and November 2023 harvest peak.
- Grain Car trip plan compliance.
 - Unit train grain movements at CSX do not generate a trip plan and therefore trip plan compliance is not measured. Approximately 30% of CSX grain shipments move in manifest service. For this population, trip plan compliance for the first half of 2023 was 85%, versus a measure of 68% for the first half of 2022.
- Expected capital expenditures.
 - CSX continues to invest in infrastructure to ensure reliable capacity.
 - In 2022, CSX invested \$2.13B in capital expenditures, including capital investments in our core track network of \$977M.

- As guided externally, 2023 capital expenditures are expected to be ~\$2.3B.
- No capital maintenance programs are expected to negatively impact grain operations during harvest.
- Expect grain network to benefit holistically from any network investment.

Norfolk-Southern

from 10/31/2022 to 6/30/2023

L600-TRANSPORTATION (TRAIN AND ENGINE)

Count of Employees Added	2967
Count of Employees Furloughed	30
Count of Employees Separated	2374
Count of Trainees Completing Training	1102
Count of Trainees Entering Training	2533

Norfolk-Southern		10/31/2022	6/30/2023
Total Employees	L100-EXECUTIVES, OFFICIALS, AND STAFF ASSISTANTS	1638	1762
Total Employees	L200-PROFESSIONAL AND ADMINISTRATIVE	1800	1949
Total Employees	L300-MAINTENANCE OF WAY AND STRUCTURES	4299	4382
Total Employees	L400-MAINTENANCE OF EQUIPMENT AND STORES	2434	2628
Total Employees	L500-TRANSPORTATION (OTHER THAN TRAIN AND ENGINE)	766	793
Total Employees	L600-TRANSPORTATION (TRAIN AND ENGINE)	8329	8736
Count of Employees In Active Service	L600-TRANSPORTATION (TRAIN AND ENGINE)	7380	7770
Count of Employees On Extra Board	L600-TRANSPORTATION (TRAIN AND ENGINE)	2063	2165
Count of Trainees Entering Training	L600-TRANSPORTATION (TRAIN AND ENGINE)	421	254
Count of Trainees Currently In Training	L600-TRANSPORTATION (TRAIN AND ENGINE)	1063	1027

Point in time comparison.

Average Train Speed (MPH)	GRAIN UNIT	13.7	17.6
Average Train Speed (MPH)	SYSTEM	19.8	21.1
Weekly Average Number of Car Miles Per Day	PRIVATE	91.62	98.63
Weekly Average Number of Car Miles Per Day	RAILROAD	77.09	76.56
Weekly Average Number of Car Miles Per Day	TTX	130.15	136.38
Average Dwell Time at Origin for Unit Train Shipments (Hours)	GRAIN UNIT	40.0	50.2
Weekly Average Number of Trains Holding Per Day	GRAIN UNIT	7.0	3.0

Locomotives

- Ownership = 3,187 (2,038 Road)
- Leased In = 30
- In Service = 2,695 (1,797 Road)
- In Storage = 114 (27 Road Stored Ready)

Grain Cars

- Total # grain cars: 3,318
- # in active service, 2,872
- # in storage 446
- # in unit service = 2,754
- # in manifest service: 564

Grain car backlog: none

Retention rate of T&E employees fully trained and placed in service from October 2022 to present:
85%

Number of shuttle or unit grain trains anticipated to operate during harvest peak:

- Shuttle trains or Unit Grain Trains currently running = 85 loadings per month
- Shuttle trains or UGT anticipated to operate during harvest peak = 110 loadings per month

Car trip plan compliance: 77% for week ending July 28, 2023

Expected capital expenditures:

NS updated our expected spend numbers during the Q2 2023 earnings call on July 27, 2023. CapEx is now expected to be a ~\$2.2B for 2023 which is up from the ~\$2.1B originally expected as we accelerate investments in safety and growth.

Union Pacific

from 10/31/2022 to 6/30/2023

L600-TRANSPORTATION (TRAIN AND ENGINE)

Count of Employees Added	3362
Count of Employees Furloughed	0
Count of Employees Separated	1231
Count of Trainees Completing Training	1555
Count of Trainees Entering Training	2696

Union Pacific		10/31/2022	6/30/2023
Total Employees	L100-EXECUTIVES, OFFICIALS, AND STAFF ASSISTANTS	3130	3187
Total Employees	L200-PROFESSIONAL AND ADMINISTRATIVE	1924	1958
Total Employees	L300-MAINTENANCE OF WAY AND STRUCTURES	8085	8084
Total Employees	L400-MAINTENANCE OF EQUIPMENT AND STORES	4951	4964
Total Employees	L500-TRANSPORTATION (OTHER THAN TRAIN AND ENGINE)	855	839
Total Employees	L600-TRANSPORTATION (TRAIN AND ENGINE)	13862	15037
Count of Employees In Active Service	L600-TRANSPORTATION (TRAIN AND ENGINE)	13274	13602
Count of Employees On Extra Board	L600-TRANSPORTATION (TRAIN AND ENGINE)	3760	4707
Count of Trainees Entering Training	L600-TRANSPORTATION (TRAIN AND ENGINE)	255	152
Count of Trainees Currently In Training	L600-TRANSPORTATION (TRAIN AND ENGINE)	501	843

Point in time comparison.

Average Train Speed (MPH)	GRAIN UNIT	22.9	23.0
Average Train Speed (MPH)	SYSTEM	23.4	23.8
Weekly Average Number of Car Miles Per Day	PRIVATE	156.00	154.00
Weekly Average Number of Car Miles Per Day	RAILROAD	199.00	191.00
Weekly Average Number of Car Miles Per Day	TTX	302.00	290.00
Average Grain Shuttle Turns per Month	AVERAGE TURNS	2.8	2.4
Average Grain Shuttle Turns per Month	PLANNED TURNS	2.5	2.5
Average Dwell Time at Origin for Unit Train Shipments (Hours)	GRAIN UNIT	14.7	31.7
Weekly Average Number of Trains Holding Per Day	GRAIN UNIT	7.0	15.0

Total # locomotives, # available or in service, # in storage.

UP has approximately 4,200 operable high-horsepower locomotives, consistent with our forecasted demand for the second half of 2023, and around 2,000 locomotives in storage.

Total # grain cars, # in active service, # in storage, # in unit service, # in manifest service.

In Q4 Union Pacific will have around 17,000 covered hoppers in our fleet.

Union Pacific expects all covered hoppers to be in active service during harvest, with no cars in storage.

Around 60% of the fleet is in unit train service and around 40% in manifest service.

Grain car backlog, if any.

There is essentially no backlog of unfilled grain car orders.

Retention rate of T&E employees fully trained and placed in service from October 2022 to present.

As reported to the STB in our July 15, 2023 employment report, our average active TE&Y workforce was 13,602. This is an increase of ~740 people compared to June 2022.

The annual attrition for the TE&Y workforce is around 10% annually.

Number of shuttle or unit grain trains anticipated to operate during harvest peak.

Union Pacific expects to operate around 85 shuttles and other unit trains during harvest peak.

Grain Car trip plan compliance.

Over the past 3 months (May-Jul), Grain manifest trip plan compliance has been 64% - which is an improvement from the same time period last year of 57%.

Expected capital expenditures.

Our 2023 capital expenditures will be approximately \$3.6B.

Class 2 and 3 Reports

Genesee & Wyoming

1. Equipment resources:
 - # Locomotives
 - 165 total
 - 161 available/in service
 - 4 in storage
 - # Grain cars – fleet total
 - 4,023 in active service
 - 0 in storage,
 - 0 in unit service,
 - 4,023 in manifest service (some occasionally used for unit train service)
2. Labor resources – Train and Engine Service:
 - 285 Total T&E service
 - 14 Hirings
 - 0 Furloughed and available for recall
 - 28 In training
 - 80% retention rate of employees fully trained and placed in service.
 - 285 Crews available in grain region(s) to support harvest demand surge.
3. Train assemblies:
 - 29 Shuttle trains or Unit Grain Trains currently running.
 - 44 Shuttle trains or UGT anticipated to operate during harvest peak.
4. Car and train velocity – 24-48 hours.
5. Car trip plan compliance measure – Complies with relevant Class I specifications.
6. Expected capital expenditures of note
 - IORY 2023 capex includes an approximately \$5M project including 32,000 mainline ties inserted between Lima, OH and Washington Court House, OH preserving safe, reliable rail infrastructure for grain shippers on this route.
 - RCPE 3-year \$84M 88-mile rail replacement (cwr) project on Pierre-Rapid City Subdivision began this year which will improve track speeds and 286K gwr capabilities for grain shippers.

Iowa Interstate Railroad

1. Equipment resources:

Locomotives

Total-**41**

available/in service-**35** in

storage-**6**

Grain cars – fleet total

in active service-**470 (597 total when newly leased hoppers arrive in 2023)**

in storage,

in unit service,

in manifest service.

2. Labor resources – Train and Engine Service: # Total T&E

service-**90**

Hirings-**8**

Furloughed and available for recall-**none**

In training **15**

The retention rate of employees fully trained and placed in service.

Crews available in grain region(s) to support harvest demand surge. -**80**

3. Train assemblies:

Shuttle trains or Unit Grain Trains currently running. **IAIS serves 2 shuttle loaders.**

Shuttle trains or UGT anticipated to operate during harvest peak. **Unknown**

4. Car and train velocity- Dependent upon Shipper/Consignee loading/unloading time.

Typically, 2 days transit from Council Bluffs, IA to Chicago or Peoria, IL

5. Car trip plan compliance measure- **Dwell Reports**

6. Expected capital expenditures-**2023 IAIS Capital plan includes installation of 43,000 ties, major work on Iowa River bridge in Iowa City, new bridge near Oxford, IA and completion of multiple smaller bridge projects across the system, also replacing 2 miles of curve rail.**

Iowa Northern Railway

1. Equipment resources:

- # Locomotives
 - Total 24
 - available/in service All in service
 - in storage
- # Grain cars – fleet total 370
 - # in active service All in service
 - # in storage,
 - # in unit service,
 - # in manifest service.

2. Labor resources – Train and Engine Service:

- # Total T&E service 26 T&E
- # Hirings 5 additional after qualified trainees
- # Furloughed and available for recall
- # In training 4 Trainees entering Phase 2 training, 5 Trainees entering Phase 1
- The retention rate of employees fully trained and placed in service. Senior employees = 100%, Post Covid employees = 50%
- # Crews available in grain region(s) to support harvest demand surge. All of our crews support harvest demand.

3. Train assemblies:

- # Shuttle trains or Unit Grain Trains currently running. We handle 8-10 unit trains of grain a year.
- # Shuttle trains or UGT anticipated to operate during harvest peak. We don't typically handle unit trains of grain during harvest peak.

4. Car and train velocity We flush our network every 24-48 hours

5. Car trip plan compliance measure We don't have a metric to measure trip compliance currently

6. Expected capital expenditures Just under \$9M in capital expenditures

Rio Grande Pacific Corporation/Nebraska Central Railroad Company

1. Equipment resources:

- # Locomotives
 - Total- 19 Locomotives
 - available/in service- 15
 - in storage- 4
- # Grain cars – fleet total - n/a - NCRC does supply equipment. Rely on a combination of Class I connecting supply and shipper's private cars.
 - # in active service
 - # in storage,
 - # in unit service,
 - # in manifest service.

2. Labor resources – Train and Engine Service:
 - # Total T&E service- 22
 - # Hirings - none planned at this time
 - # Furloughed and available for recall – 0
 - # In training- 2
 - The retention rate of employees fully trained and placed in service.- 85%
 - # Crews available in grain region(s) to support harvest demand surge.- 24 – 100%
3. Train assemblies:
 - # Shuttle trains or Unit Grain Trains currently running. 6-10/month
 - # Shuttle trains or UGT anticipated to operate during harvest peak. Expecting similar volume to 2022 harvest. 40-50 trains Oct. & Nov.
4. Car and train velocity- 24 Hours
5. Car trip plan compliance measure- 24 Hours
6. Expected capital expenditures- Est. \$6m in annual maint.

Twin Cities & Western Railroad

1. Equipment resources:
 - # Locomotives - Total, available/in service, in storage: Same locomotive fleet size as in recent years, adequate to handle expected business levels.
 - # Grain cars – fleet total, # in active service, # in storage, # in unit service, # in manifest service: Current grain fleet is approximately 475 cars (slightly more than last year), all active in manifest service, plus ~ 50 cars used only in local service. All unit trains handled (both cars and locomotives) are provided to us by our Class 1 partners.
2. Labor resources – Train and Engine Service:
 - # Total T&E service, # Hirings, # Furloughed and available for recall, # In training, retention rate of employees fully trained and placed in service,
 - # Crews available in grain region(s) to support harvest demand surge: Our T&E employee count is consistent with recent past years, including last year, and is expected to be adequate to meet our customers' needs during the upcoming harvest. No employees are or have been furloughed. Five T&E employees are in training and will ultimately result in an increased T&E count as compared to last year once training is completed. Retention has not been an issue of major significance. All T&E employees are available to support a harvest demand surge.
3. Train assemblies:
 - # Shuttle trains or Unit Grain Trains currently running. As noted above, all unit grain trains handled (both cars and locomotives) are provided to us by our Class 1 partners.
 - # Shuttle trains or UGT anticipated to operate during harvest peak. See above.
4. Car and train velocity: Velocity has remained consistent and is largely dependent on loading and unloading time at origin and destination.
5. Car trip plan compliance measure: Manifest shipments move in regularly scheduled service. We have a good track record of moving empty and loaded unit grain trains in a timely manner and our customers have a good track record of loading unit trains promptly.
6. Expected capital expenditures: Our capital expenditures are and will be consistent with recent years and are focused on tie and ballast replacement, surfacing and rail joint elimination.

Watco Companies

Equipment resources:

- # Locomotives
 - 603 total
 - 577 available/in service
 - 14 in surge fleet, ready for deployment as needed.
- # Grain cars – fleet total
 - 1931 active
 - 0 in storage
 - 0 in unit train service (utilize class 1 equipment)

- 1931 in manifest service
- Labor resources – Train and Engine Service:
 - 380 Total T&E service
 - 40 open positions
 - 0 Furloughed
 - 60 In training
 - 38% retention rate of employees fully trained and placed in service.

Expected capital expenditures.

- Expect
 - \$70m in Capital
 - \$45m in maintenance
 - \$50m in growth and acquisitions

Crew readiness:

- Are you having any labor issues?
 - In isolated areas we are having trouble finding quality candidates. We have increased base pay in numerous job markets as an attempt to attract more people.

Impacts, advantageous or detrimental, of any changes to Class I service.

- We are currently participating in pilot programs with the BNSF and NS to share information on interchange metrics to increase the number of cars interchanged and to reduce delays and miscommunications.

Closing Remarks and Adjournment

Chairman Oberman:

The Board has an ongoing concern about the use of embargos for purposes other than their intended use.

Member Primus:

Questioned the carriers on the motive power and snow equipment that is available.

Information will be sent to the Board.

Some carriers noted that they have installed additional switch heaters.

Vice-Chairman Hedlund:

Commented that things do appear to be getting better.

Shane Berrett thanked everyone for their work during his time as council chairman and specifically noted Mark Houston for his years of dedication and service with the council. He then turned the meeting over to Jon Harman as the new NGCC Chairman.






Jon Harman thanked everyone for their work in putting together the meeting and their involvement with the council. He adjourned the meeting at approximately 5:00 PM.

Please

Initial

Board members

Title

	Martin J. Oberman	Board Chairman
	Karen J. Hedlund	Board Vice-Chairman
	Patrick J. Fuchs	Board Member
	Michelle A. Schultz	Board Member
	Robert E. Primus	Board Member

Board Staff

Board Office

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Please

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**NATIONAL GRAIN CAR COUNCIL
2023 ANNUAL MEETING
PUBLIC ATTENDANCE LIST**

Page 1 of 2

	First	Last	Company
1	Monica	Freeman	CHS, Inc.
2	Steve	Ewers	Norfolk Southern
3	Wayne	Johnson	AGP
4	Dan	Franko	Wabtec
5	Kristen	Wright	Wabtec
6	Tres	Meyer	Rio Grande Pacific
7	Greg Franko	Twist	AGP
8	Kyle	Andersen	Wabtec
9	Marty	Ruikka	The Pro Exporter
10	Brant	Massmann	ND Mill
11	Dale	Brockmann	CVA
12	Lance	Adams	Producer Ag
13	Bob	Petersen	TECMA
14	Lee	Jones	GOX
15	Austin	Hunt	USDA
16	Dan	Franko	GOX
17	Jim	Wilson	Norfolk Southern
18	Tom	Surma	INGREDION
19	Mike	Sayfert	NCF
20	Greg	Franko	GOX
21	Greg	Beck	LG B
22	Alison	Davis	Sidley
23	Elizabeth	Hucker	CPEC
24	Roger	Fray	Ag West
25	Greg	Franko	GOX
26	Jeff	Asmussen	MRC
27	Jeff	Griffin	Stonebrier Commercial Finance
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**NATIONAL GRAIN CAR COUNCIL
2023 ANNUAL MEETING
PUBLIC ATTENDANCE LIST**

Page 2 of 2

	First	Last	Company
1	Henry	Auf derkamp	CPI
2	Justin	Goessel	CPI
3	Thomas	Schneider	EA
4	Kelby	Vanderberg	CVA
5	Ron	Jeboer	KAFA
6	Brendan	Gamey	BNSF
7	Lindsey	Fisher	CPKC
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Global Grains & Oilseeds Update

August 2023

Colin Suiter
Economic Research Manager
Viterra U.S. & Mexico

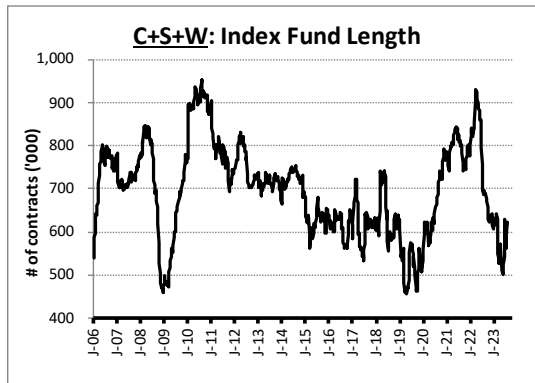
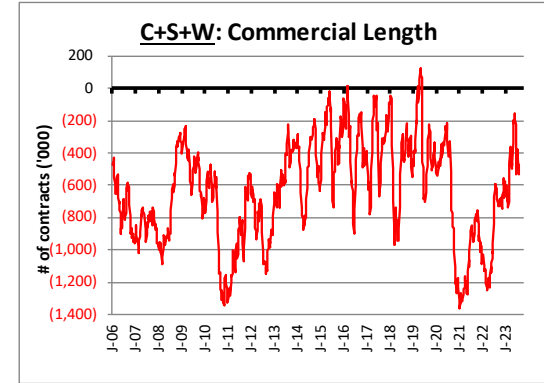
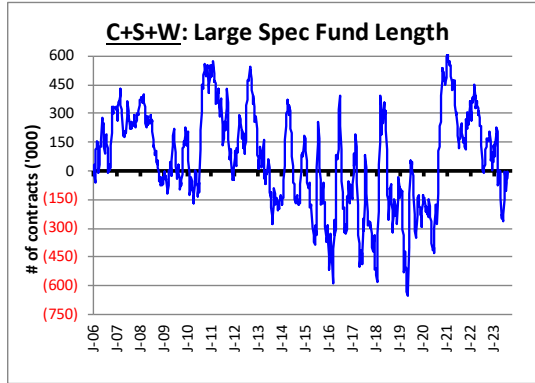
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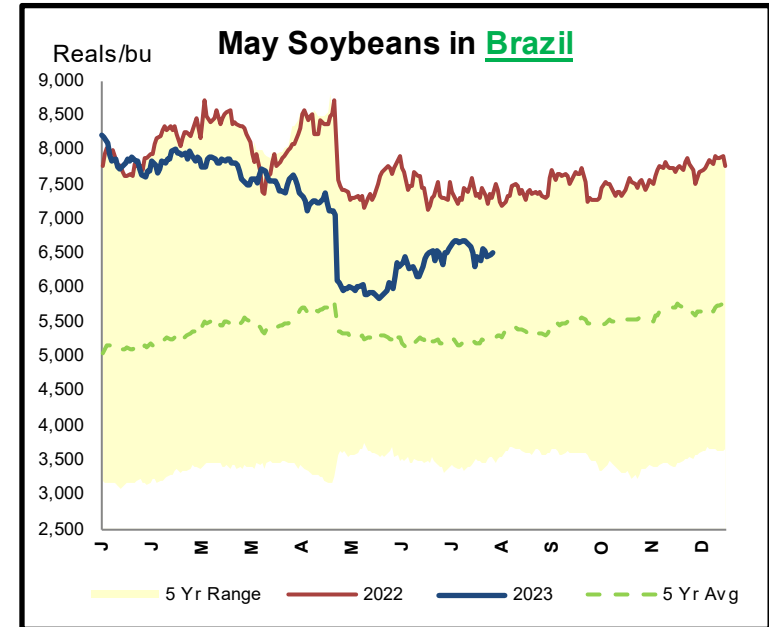
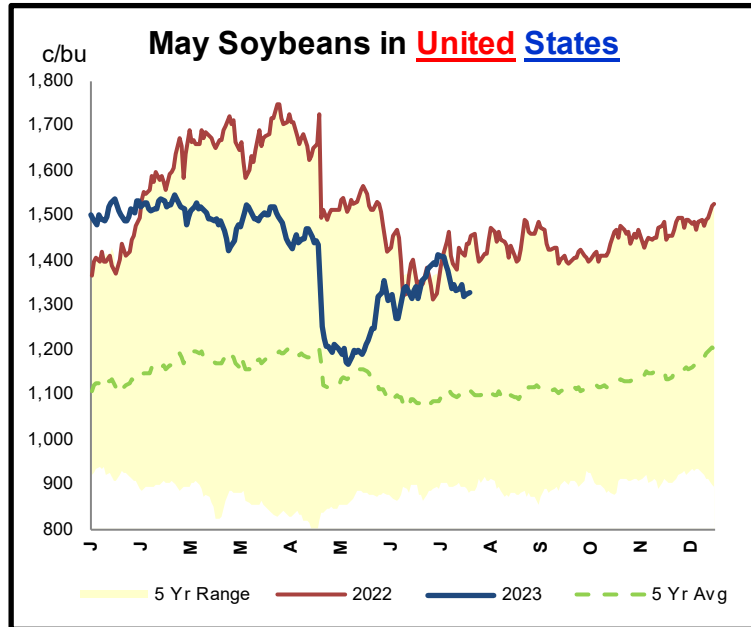
Key issues for the year ahead

- U.S. production
- South American corn and soybean acreage prospects
- Ukraine production and exports
- Biofuels and upcoming renewable diesel expansions
- U.S. share and timing of exports
- Chinese appetite for feed grains and soybeans
- Producer movement
- Large speculator fund length
- Economy:
 - Livestock sector and feeding
 - Domestic biofuel demand

The large spec are SHORT feed grain and LONG soy complex

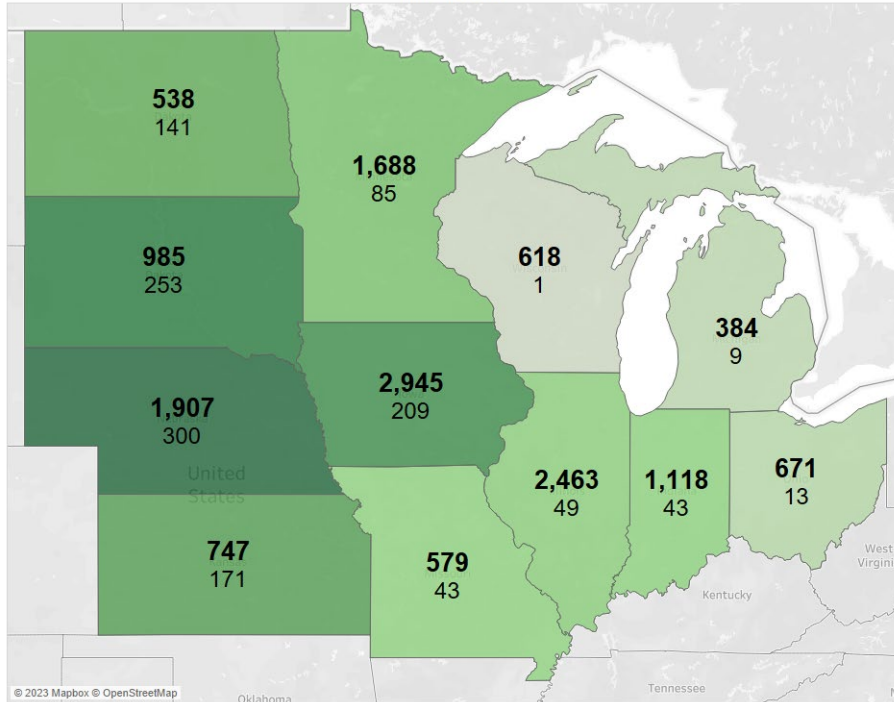


Elevated soybean prices in U.S. and Brazil

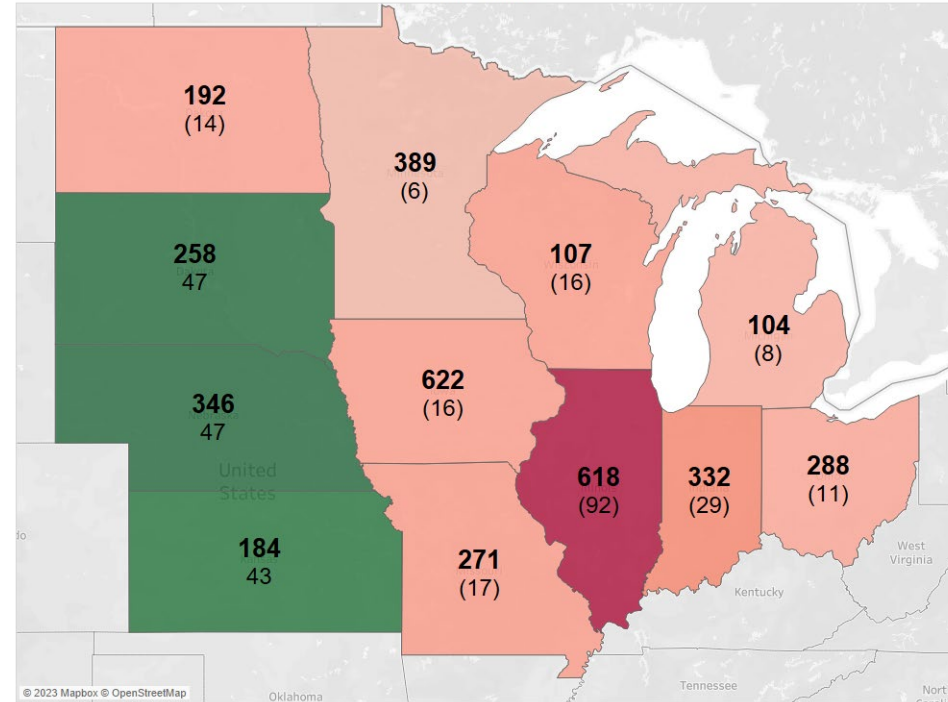


Dichotomy between U.S. new crop corn and soy supplies

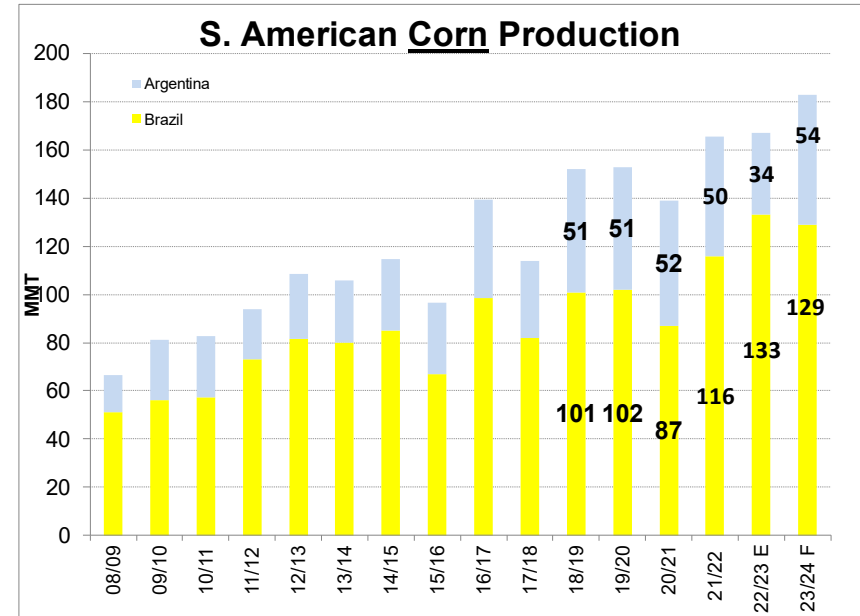
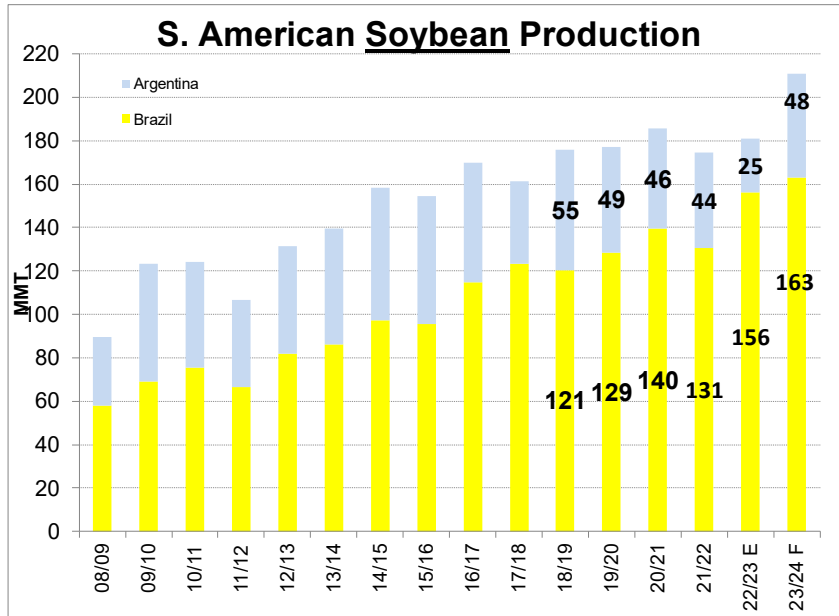
Forecasted 2023/24 Corn Total Supplies (mbu)
YOY Change



Forecasted 2023/24 Soybean Total Supplies (mbu)
YoY Change



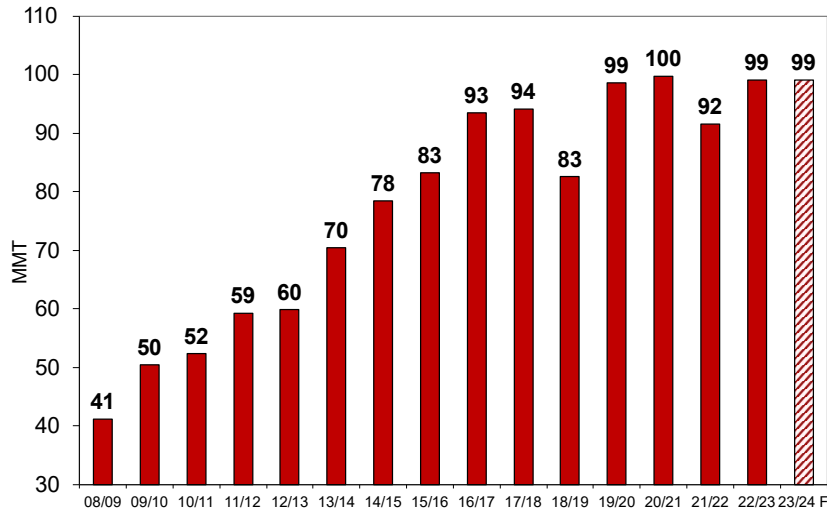
South American corn and soy production continues at record levels led by Brazil



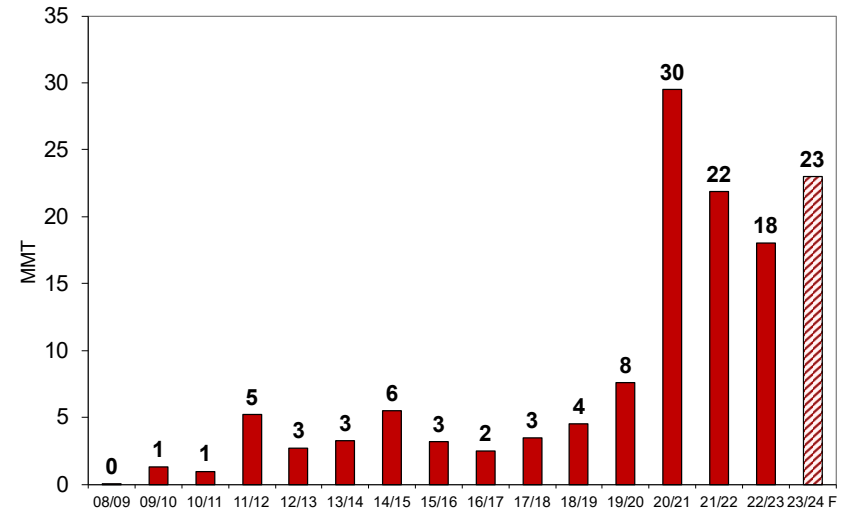
2023/24 F = Harvest in Spring and Summer of 2024

Will China grain and oilseed imports rise in new crop?

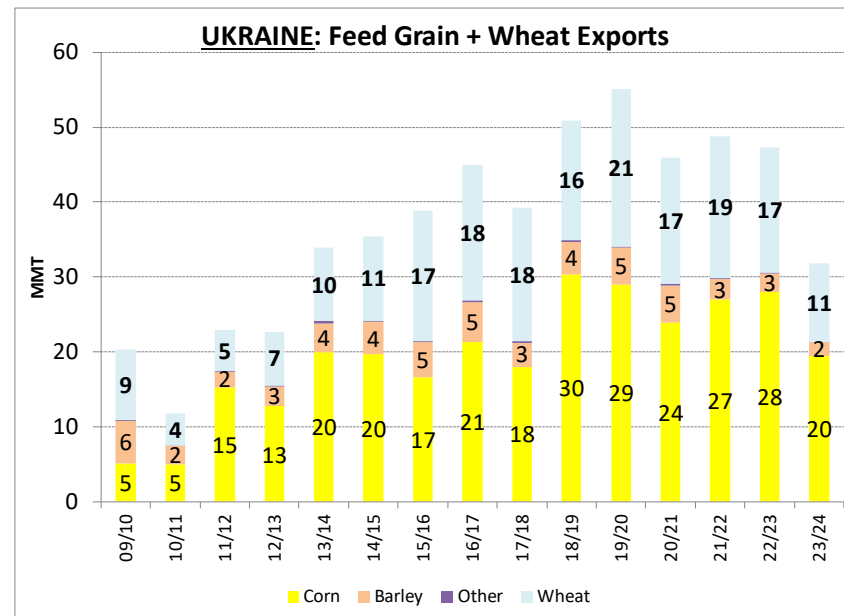
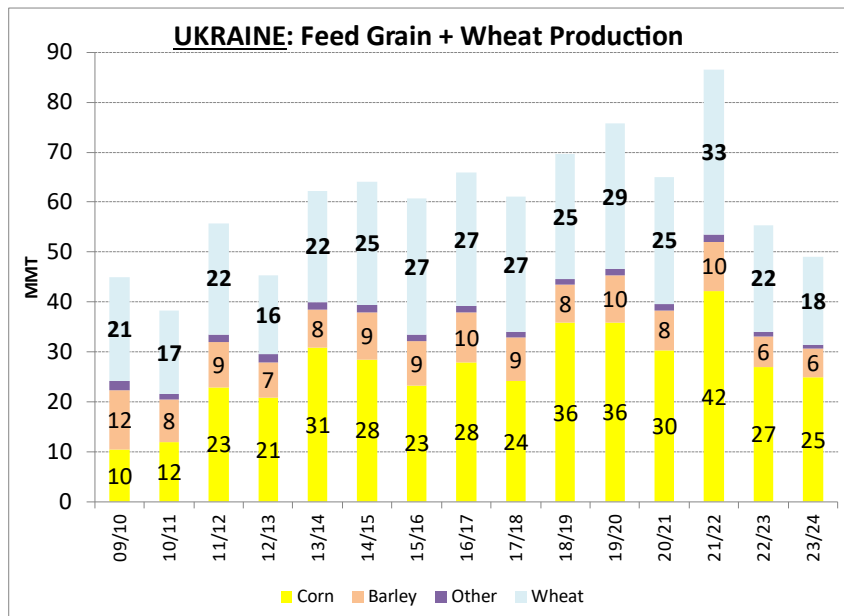
China Soybean imports from all sources



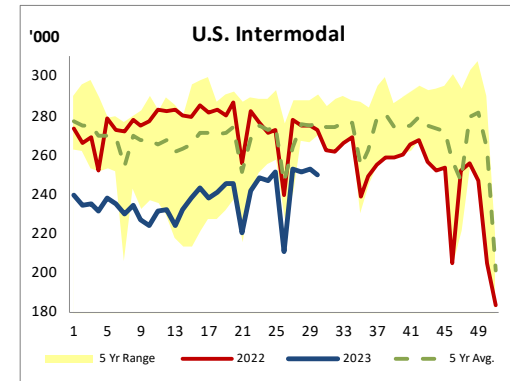
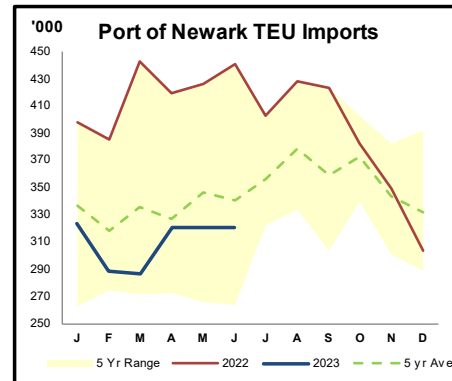
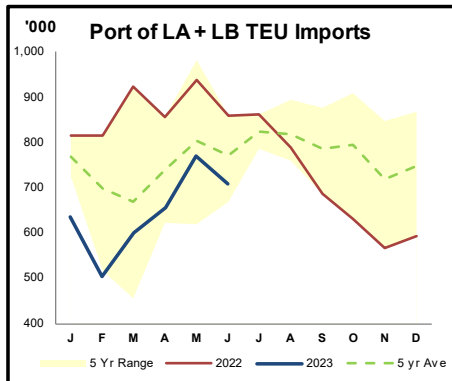
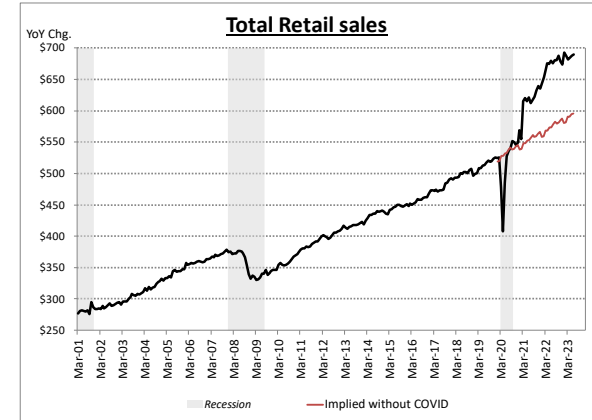
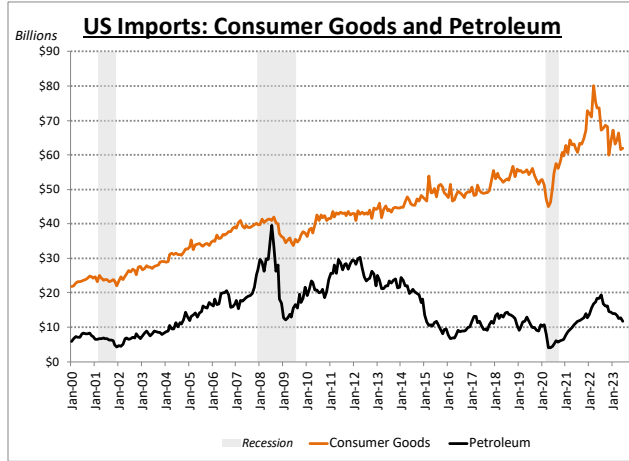
China Corn imports from all sources



The 50 MMT ???



Various indicators and their effect on intermodal



Trucker Yellow Goes Bankrupt After Debt, Labor Woes Pile Up

- Firm closes after nearly 100 years, leaves 30,000 jobless
- Gets breathing room from creditors as it ponders repayment

ECONOMICS

Truckers flooded the market during Covid. Now they struggle to pay their bills.

After supply chain problems offered an incentive for new truckers, demand has dropped, and now drivers struggle to find work.

Business

Maersk warns of slower demand for container shipping

By Jacob Gronholt-pedersen

August 4, 2023 10:13 AM CDT · Updated 4 days ago



COPENHAGEN, Aug 4 (Reuters) - Shipping group A.P. Moller-Maersk ([MAERSKB.CO](#)) warned on Friday of a steeper decline in global demand for shipping containers by sea this year, prompted by muted economic growth and customers reducing inventories.

The company, one of the world's biggest container shippers with a market share of around 17%, said it expects container volumes to fall by as much as 4%. It had previously forecast a decline of no more than 2.5%.


China's Trade Plunges More Than Forecast in Blow to Recovery

- Exports drop 14.5% y/y in July, worst decline since Feb. 2020
- Imports fall 12.4%, much deeper than economists expected

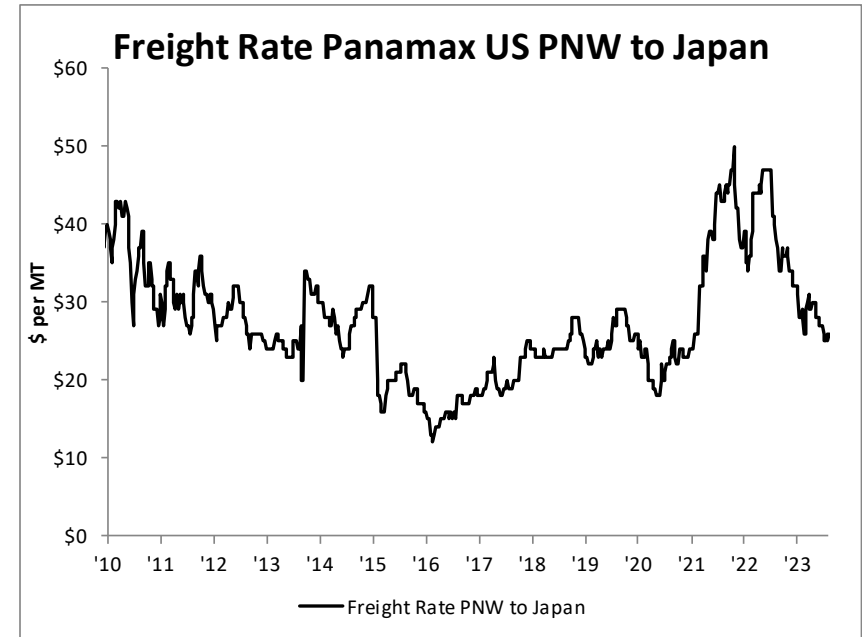
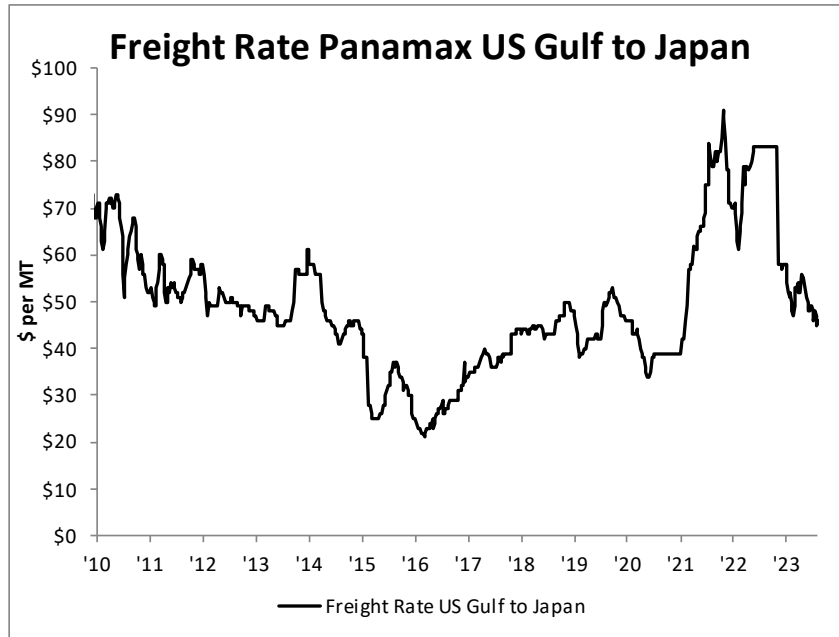
By Bloomberg News

August 7, 2023 at 10:14 PM CDT

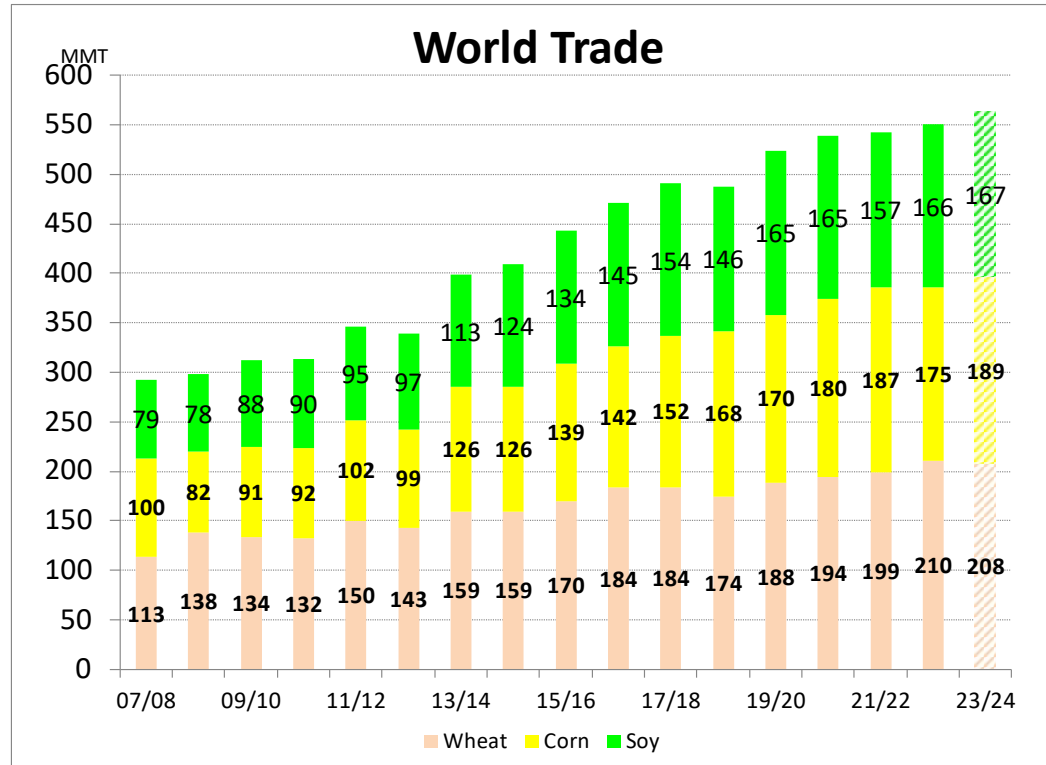
Updated on August 8, 2023 at 1:12 AM CDT

 Listen 5:07

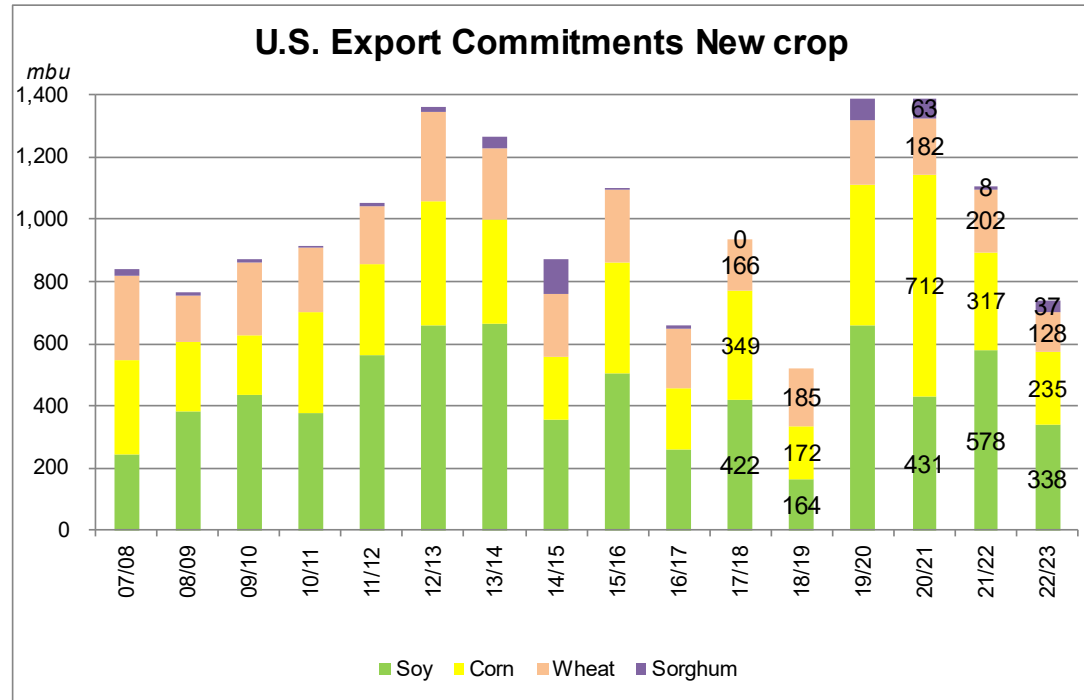
Freight rates down significantly from the highs in 2021 & 2022



World trade of wheat, corn and soy forecast to grow by 12 MMT YoY

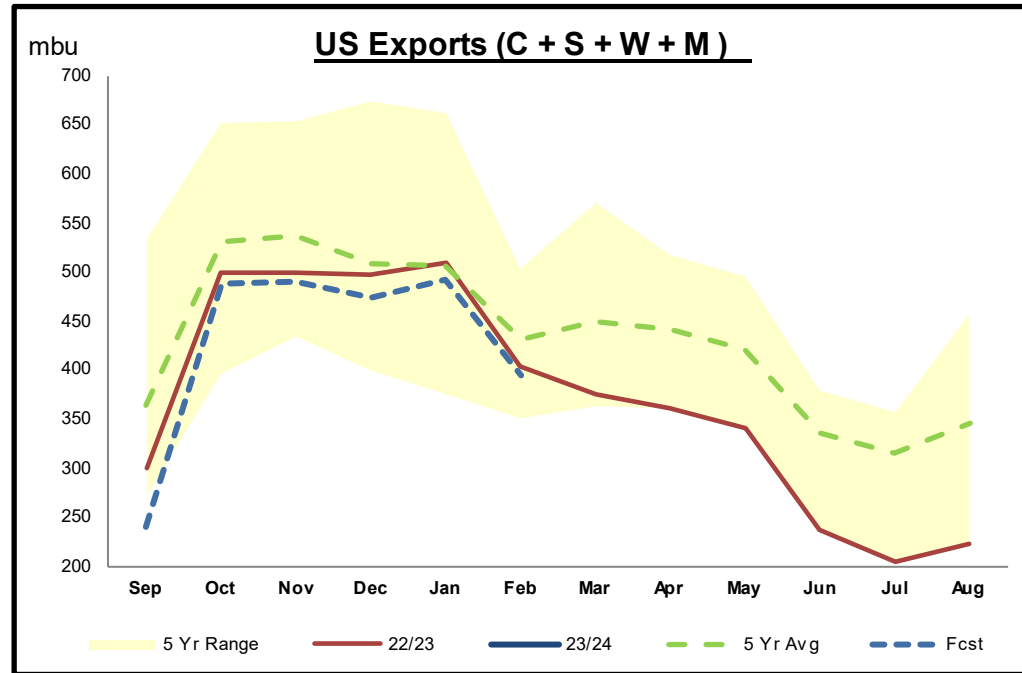


New crop sales below average and at lowest level since the U.S. – China trade war

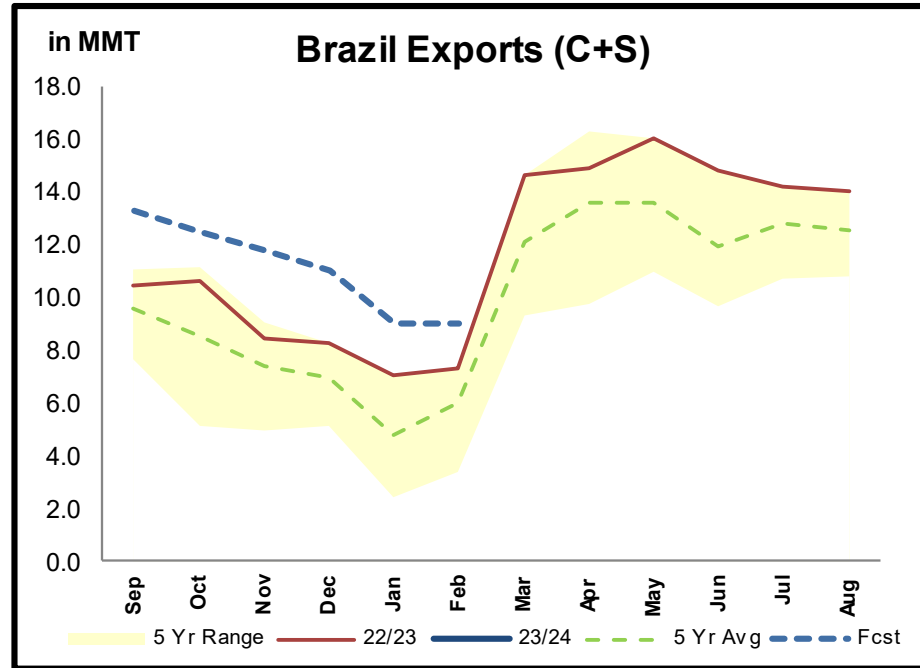


* 22/23 refers to commitments for Sep. '23 thru Aug. '24

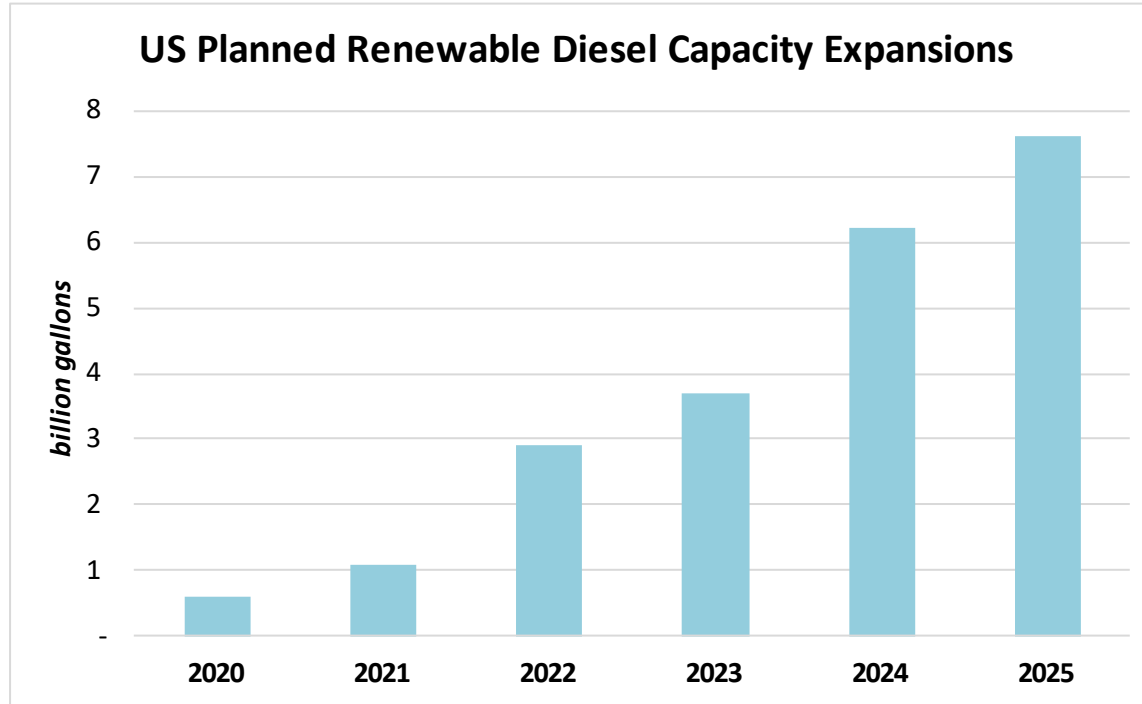
U.S. new crop exports forecast to be below average levels



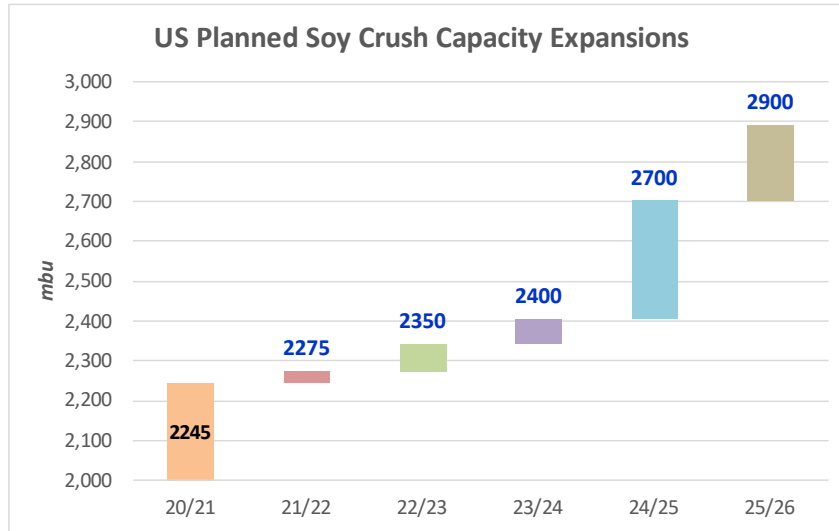
Brazilian exports forecast to remain above YA levels in the 1st half of the crop year due to higher corn supplies



Renewable Diesel capacity to rise from 3.3 to 7.5 billion gallons by 2025



U.S. crush capacity estimated to increase by 550 mbu by 2025/26

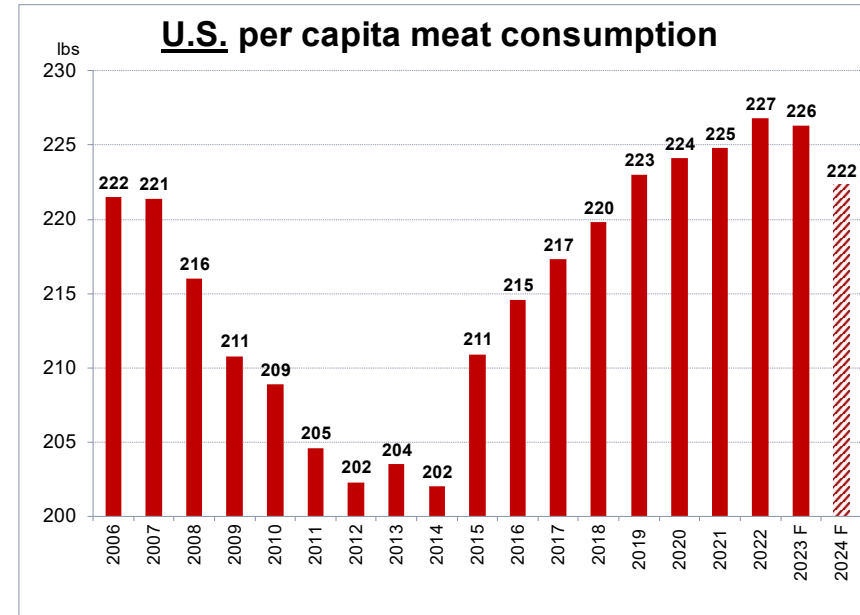
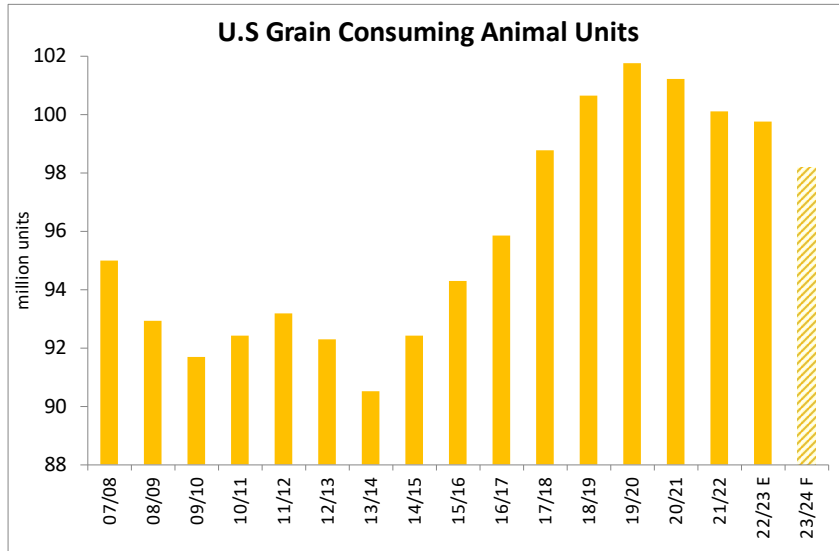


2023/24 expected changes:

Spiritwood, ND: Nov. 2023 expected start date with capacity of ~53 mbu/yr

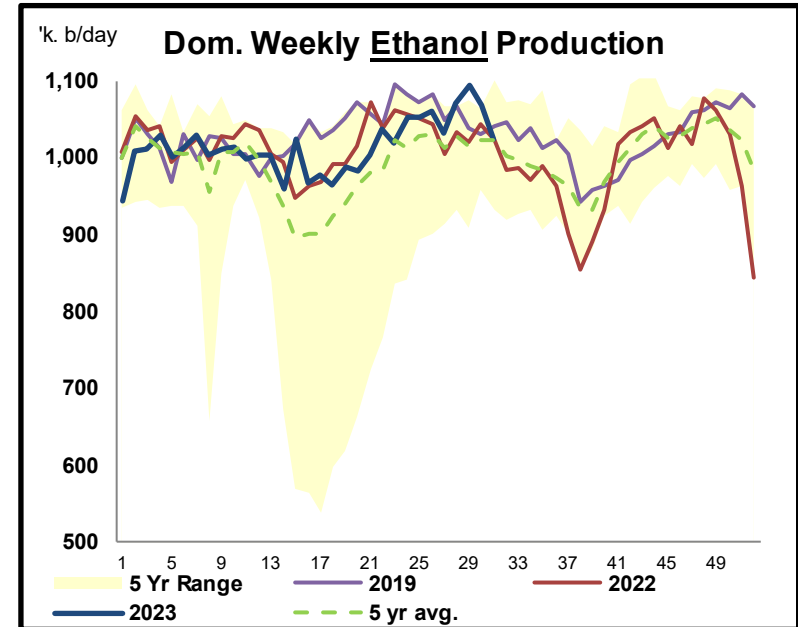
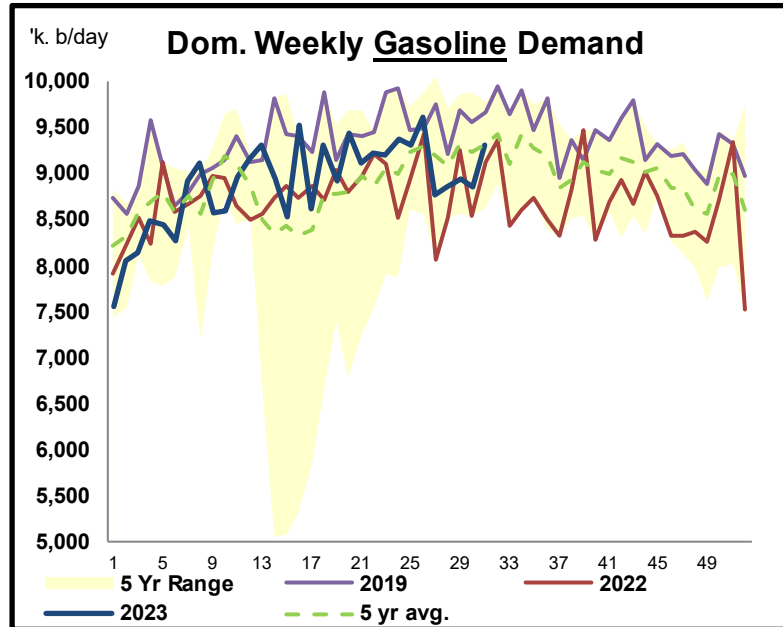
Sergeant Bluff, IA: Fall 2023 expected completion of expansion, taking capacity from ~28 mbu/yr to 38 mbu/yr

Last 4 years of high prices and lately poor margins have caused domestic livestock industries to CONTRACT



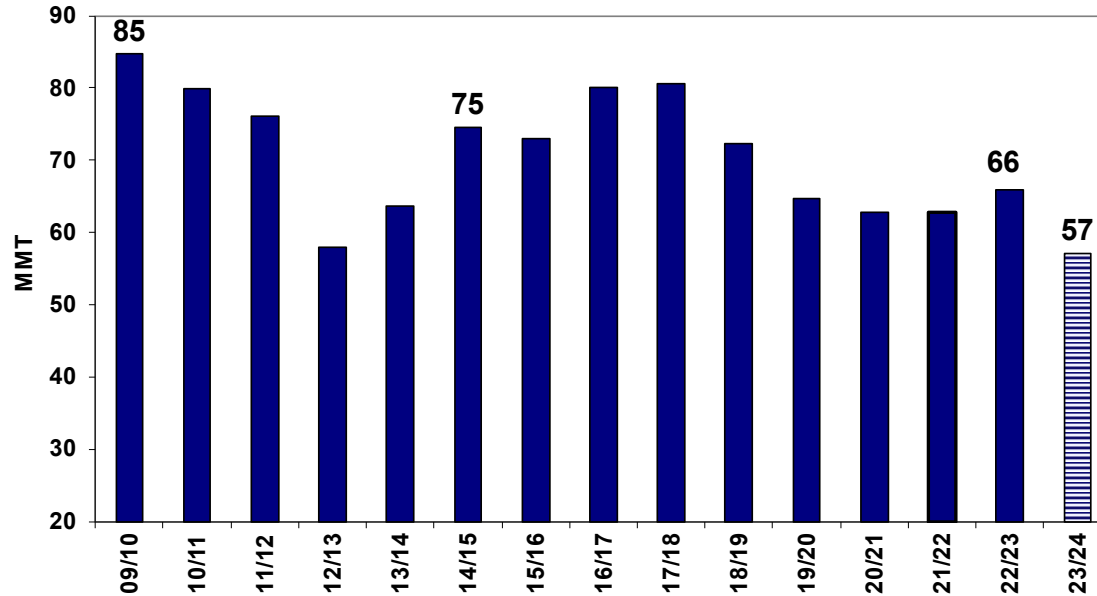
Strong U.S. gasoline demand has provided support for domestic ethanol production

Recent increases in gasoline prices will be a headwind for demand



Major exporter ending stocks being drawn down to very low levels

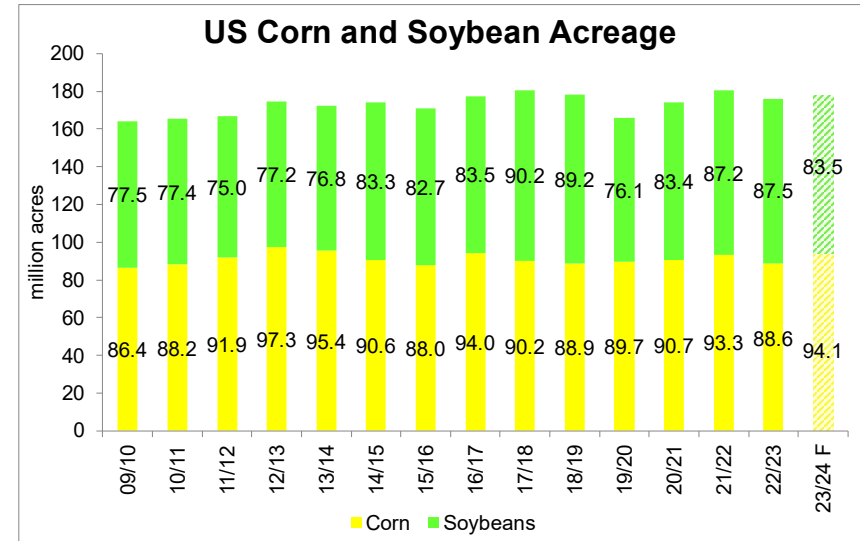
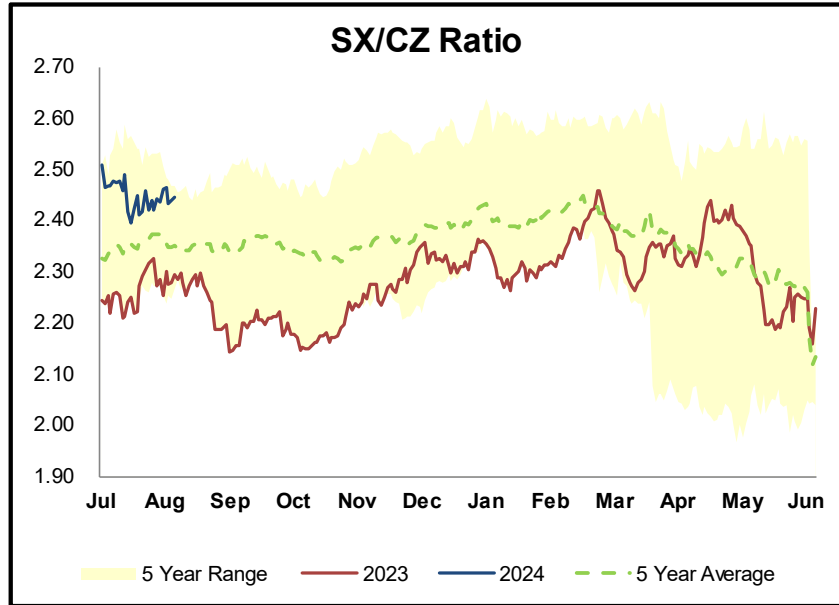
Major Wheat Exporter* Ending Stocks



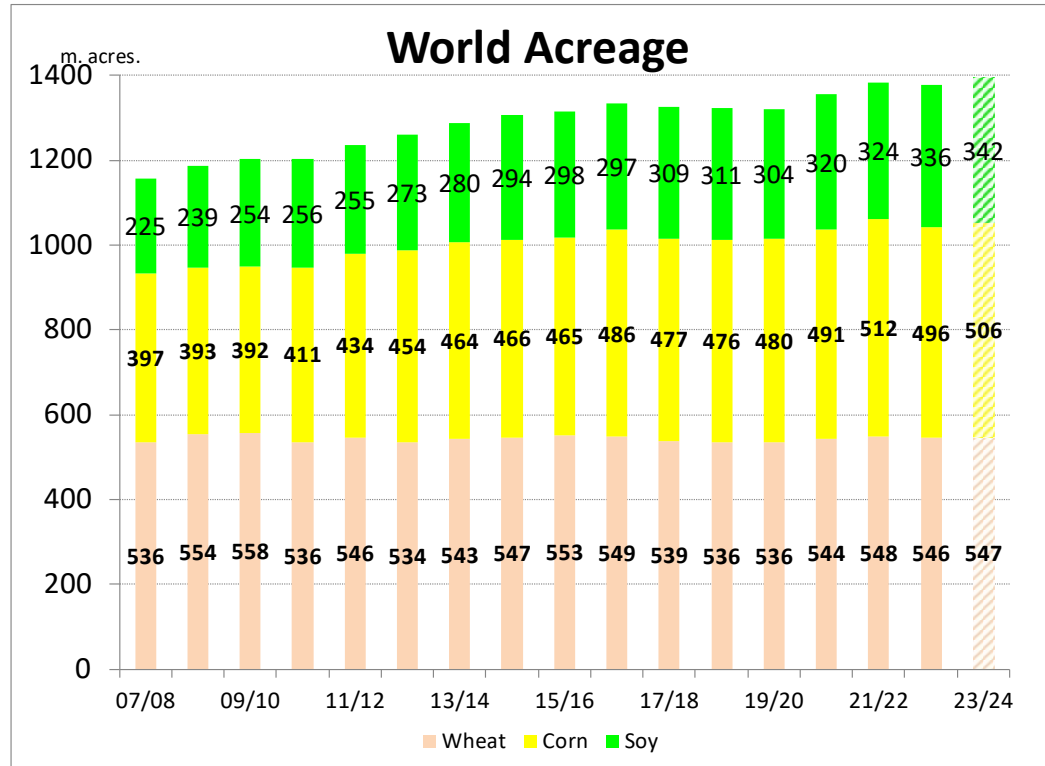
Major Exporters = US, Canada, Australia, Argentina, EU 28 and FSU -12

* FSU 12 – Former Soviet Union to include Russia

The market will ask for higher soybean acres in Spring 2024



How will world acreage respond to the volatility in grain prices?



Summary and Takeaways

- The large spec remains long soy complex, but short feed grains
- Critical U.S. weather behind us but final production still yet to be known
- Record South American corn crop is eagerly awaited by importers
- Higher Brazilian soybean supplies this Fall to be a headwind
- Producer sales remain behind historical pace and end user is hand to mouth
- World trade for CSW to be a record led by increased supplies

Thank you!

Questions and Answers



National Grain Car Council US Soybean Processing Expansion



August 15, 2023

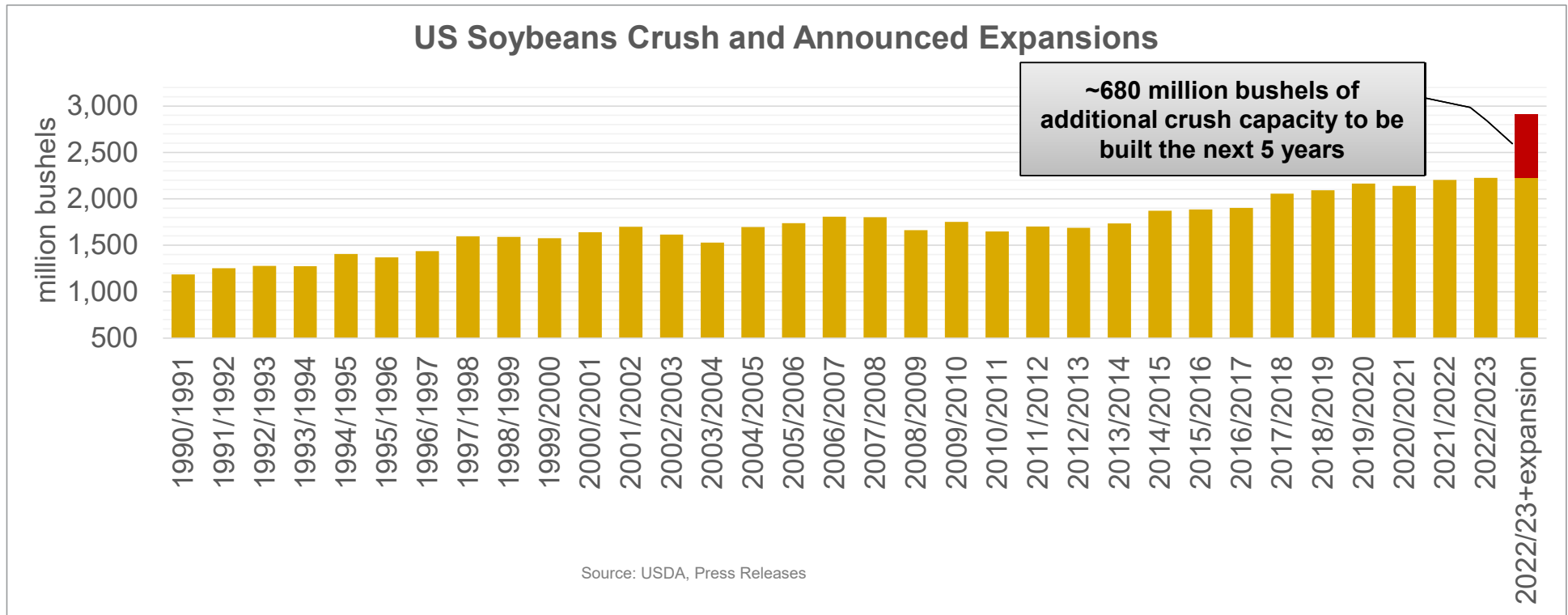
Kansas City, MO

Brock Lautenschlager, North America Rail Leader

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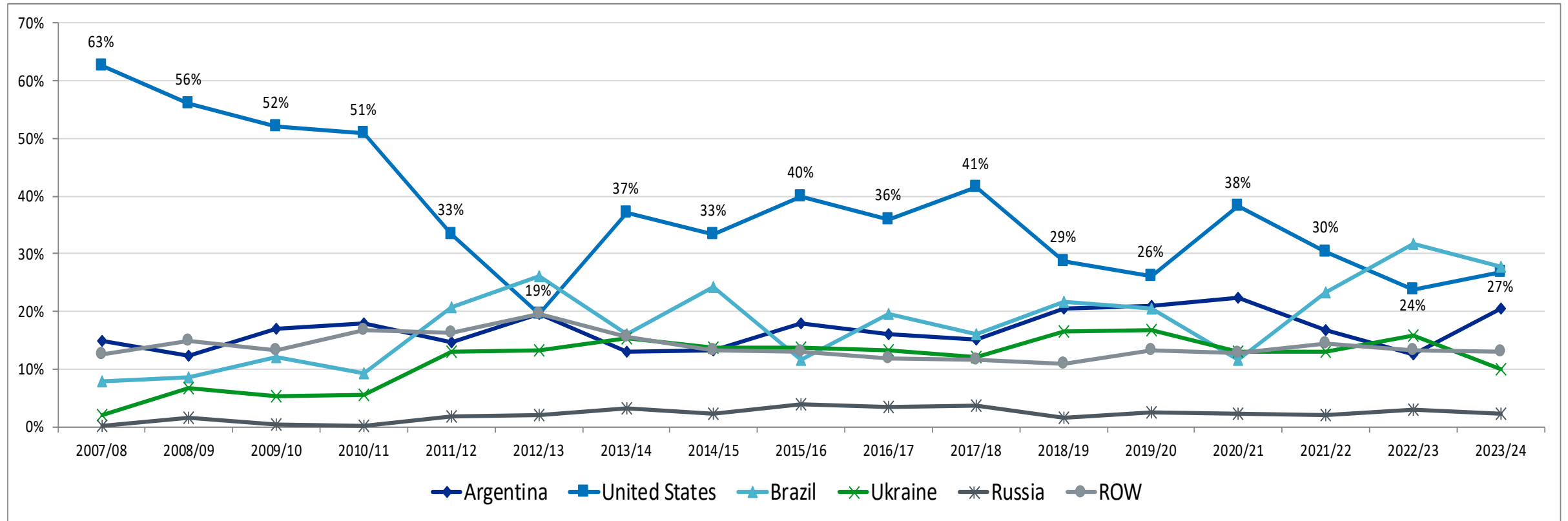


US Soy Crush Expansion

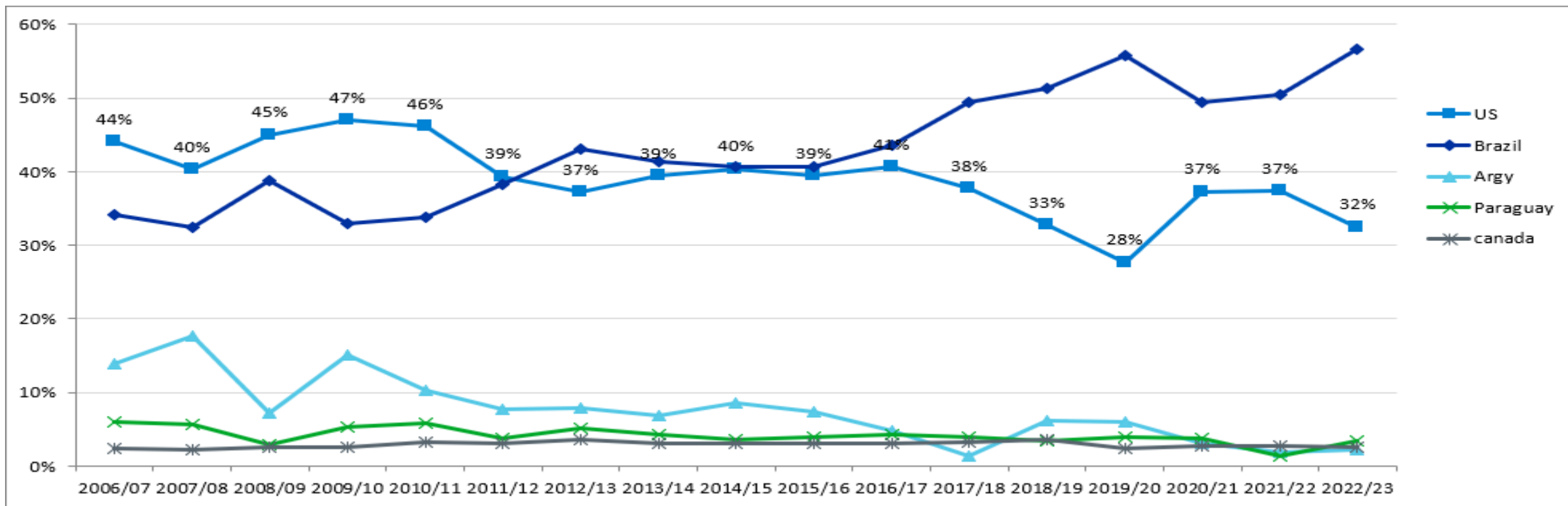


Source: Processing Journal

World Corn Export Share



World Soybean Export Share





A Division of First Citizens Bank

Market Overview

National Grain Car Council Meeting

Jon Mudronja - VP, Business Intelligence
August 15, 2023

Agenda

Corporate Introduction

CIT Rail within FCB

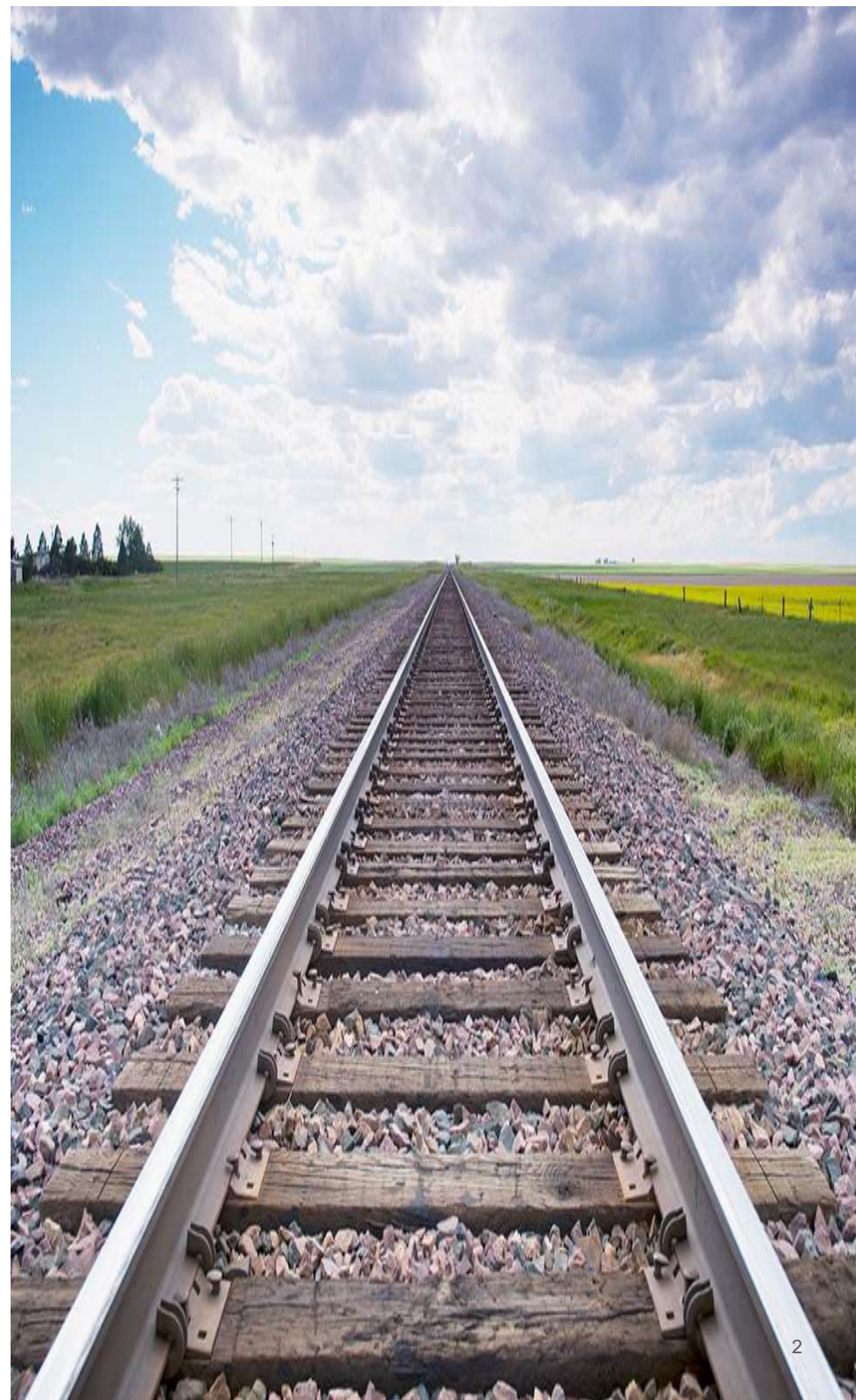
Rail Market Overview

Our Fleet and Competitiveness

Current Market Landscape

Positioning for the Long Haul

Q&A



First Citizens Business Segments

Together with SVB, First Citizens business segments provide a broad set of products, services and expertise organized around a client-centric model.

Segment	FCB Commercial Bank	FCB General Bank	SVB	Rail
Business Segment Overview	<ul style="list-style-type: none"> • Focused on the needs of our commercial clients across their life-cycle. • Strong expertise and capabilities to facilitate client growth across industry verticals including Healthcare, TMT, Maritime financing and syndicated ABL. • Focus on financing and leasing options, real estate finance, factoring, ABL, treasury management, commercial digital capabilities and capital markets. 	<ul style="list-style-type: none"> • Expansive regional branch network supported by digital and Contact Center fulfillment. • Robust suite of products and services including lending and deposits, payments, investments, digital banking and more. • Focus on Bankcard, Merchant, SBA, Community Association Banking, Mortgage, Wealth and Private Banking. • Digital-only Direct Bank to provide frictionless, personalized banking experience. 	<p><u>SVB Commercial</u></p> <ul style="list-style-type: none"> • Supports Technology & Life Science/Healthcare clients from startups, to venture-backed growth companies, to large corporates. • Global Fund Banking offers lending, deposit and treasury management products to private equity and venture capital firms. • Provides options for investing in third-party money market mutual funds and fixed income securities through SVB Asset Management. <p><u>SVB Private</u></p> <ul style="list-style-type: none"> • Private banking and wealth management solutions for executives, investors and individuals in the innovation economy. • Provides working capital and vineyard loans to premium wine producers. 	<ul style="list-style-type: none"> • One of the leading rail operating lessors in North America. • Clients include rail carriers, short line railroads and bulk commodity shippers. • Offers operating leases combined with value-added fleet management services. • Diverse fleet with broad market coverage. • Fleet car types include covered hoppers, tank cars, gondolas, boxcars, etc.

Introduction - CIT Rail

Headquarters in
Chicago, IL

Currently at \$7.8B
in railcars and locos
Regional presence
throughout North
America

Key Success Factors

Diverse Fleet
Customer
Relationships
Consistent Buyer
Portfolio Management

Fleet Highlights

Largest 286k GRL fleet
in North America
Diverse fleet to serve our
customers' needs
Locomotives with both 4
and 6-axle configurations



Business Pillars

Top Lessor

3rd largest fleet in North America

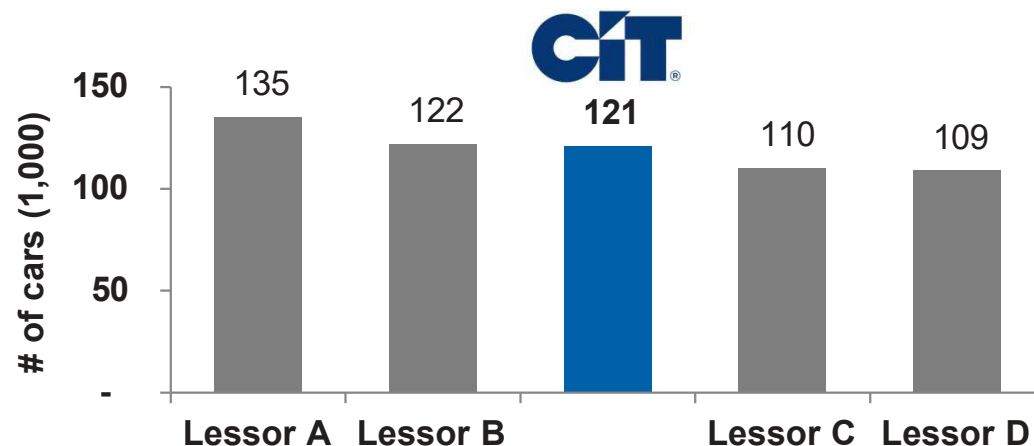
- Operating leverage enables growth
- Low average fleet age (15 years) vs. N.A. fleet (20 years)

Efficient Fleet

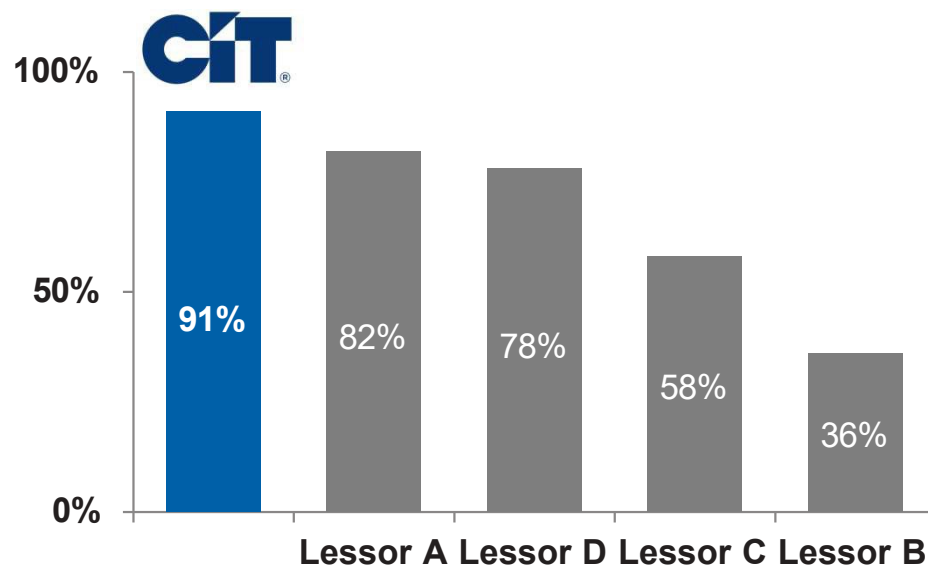
Younger, highest % of 286k GRL

- Loading efficiencies and productivity
- Lower operating and maintenance costs

N.A. Railcar Lease Fleets



286k GRL Fleet %



Business Pillars

Market Coverage

- Serve most bulk commodity industries
- Diverse car types *'one-stop shop'*
- Multiple lease structures with value-added fleet services

- Broad geographic & industry presence

Agriculture & Food

Mining

Automotive

Petrochemicals

Aggregates

Petroleum & Gas

Cement & Building Products

Plastics

Chemical

Steel & Metals

Coal & Utilities

Waste Products

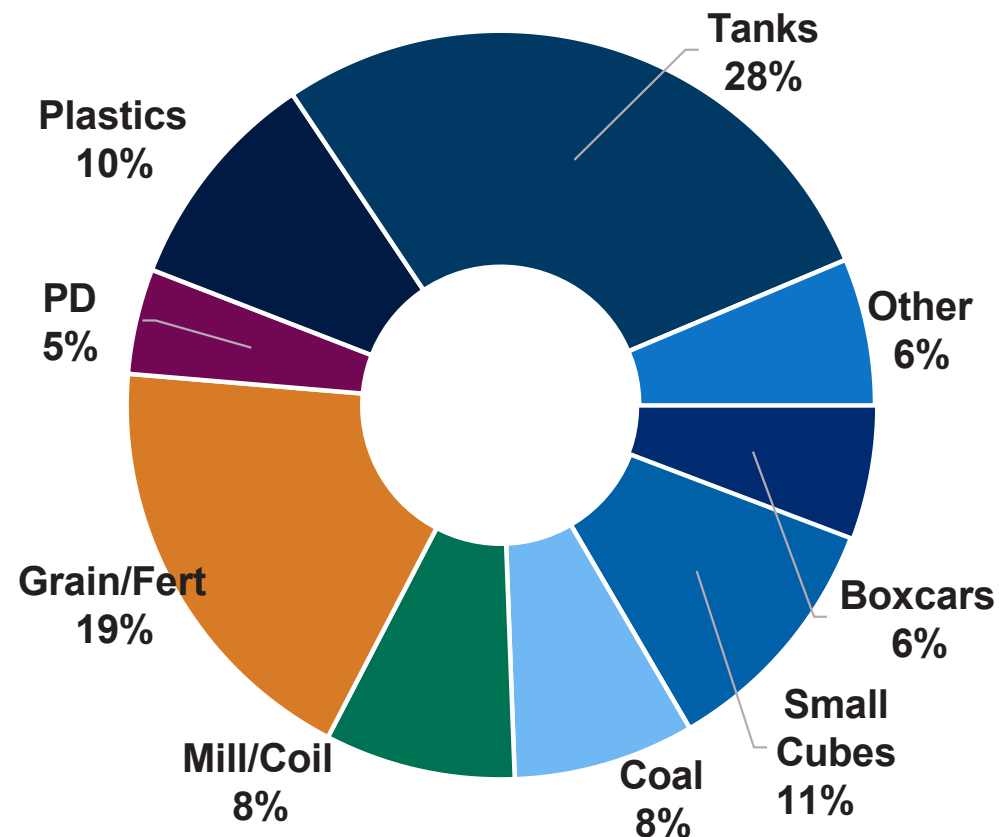
Forest Product

Building Partner Relationship Equity

Industry experience and partner touch points across the organization:

Sales, Customer Service, Financial Operations, Sourcing, Documentation, and Mechanical

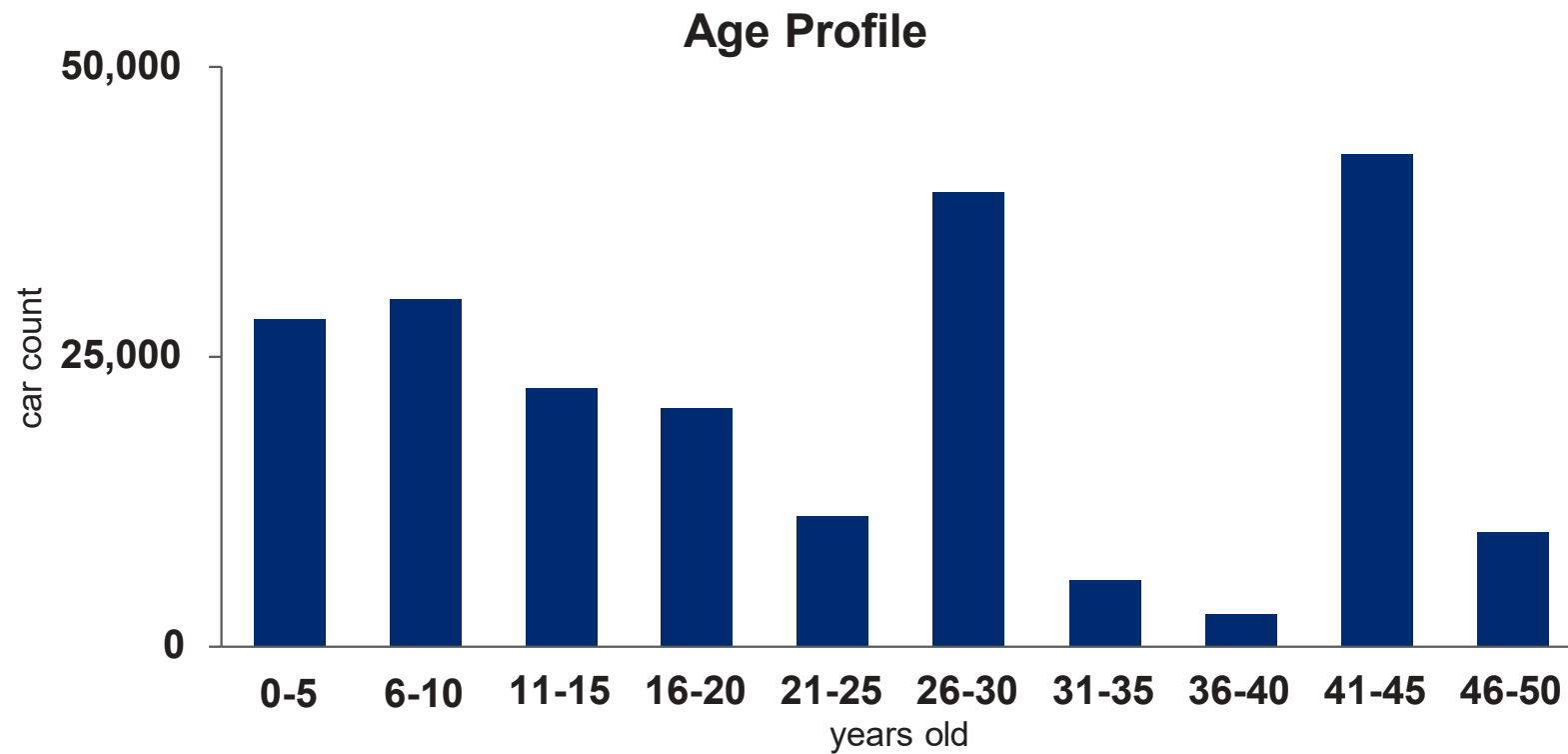
Fleet Composition



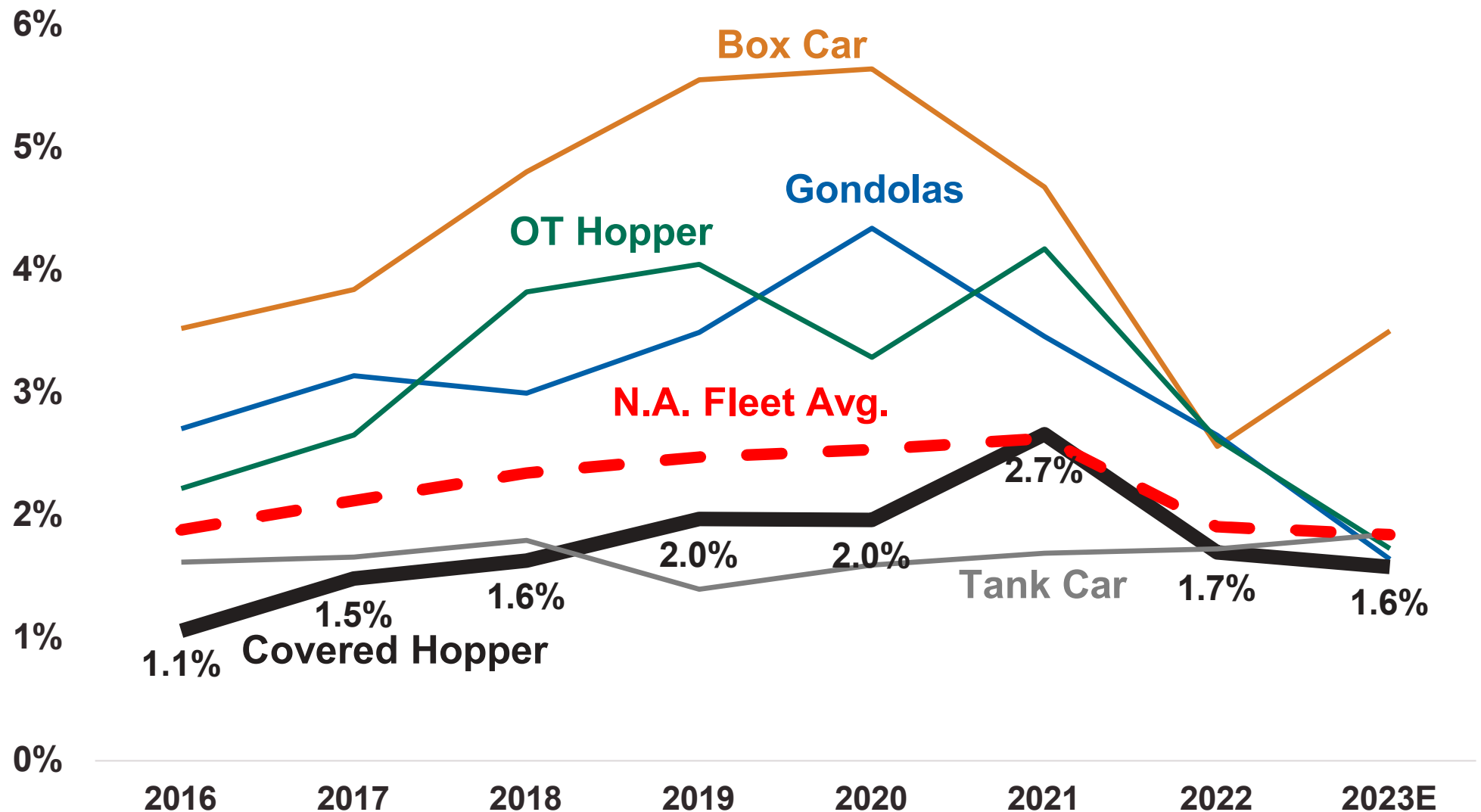
State of the N.A. Fleet

Grain gravity covered hoppers

- There are just shy of 215k cars, counting 4,550-5,800 cuft. designs.
- 90% of the fleet is owned by lessors and Class Is + short lines.
- 53% of this car class is 25 years or newer while 26% is 36 years or older.

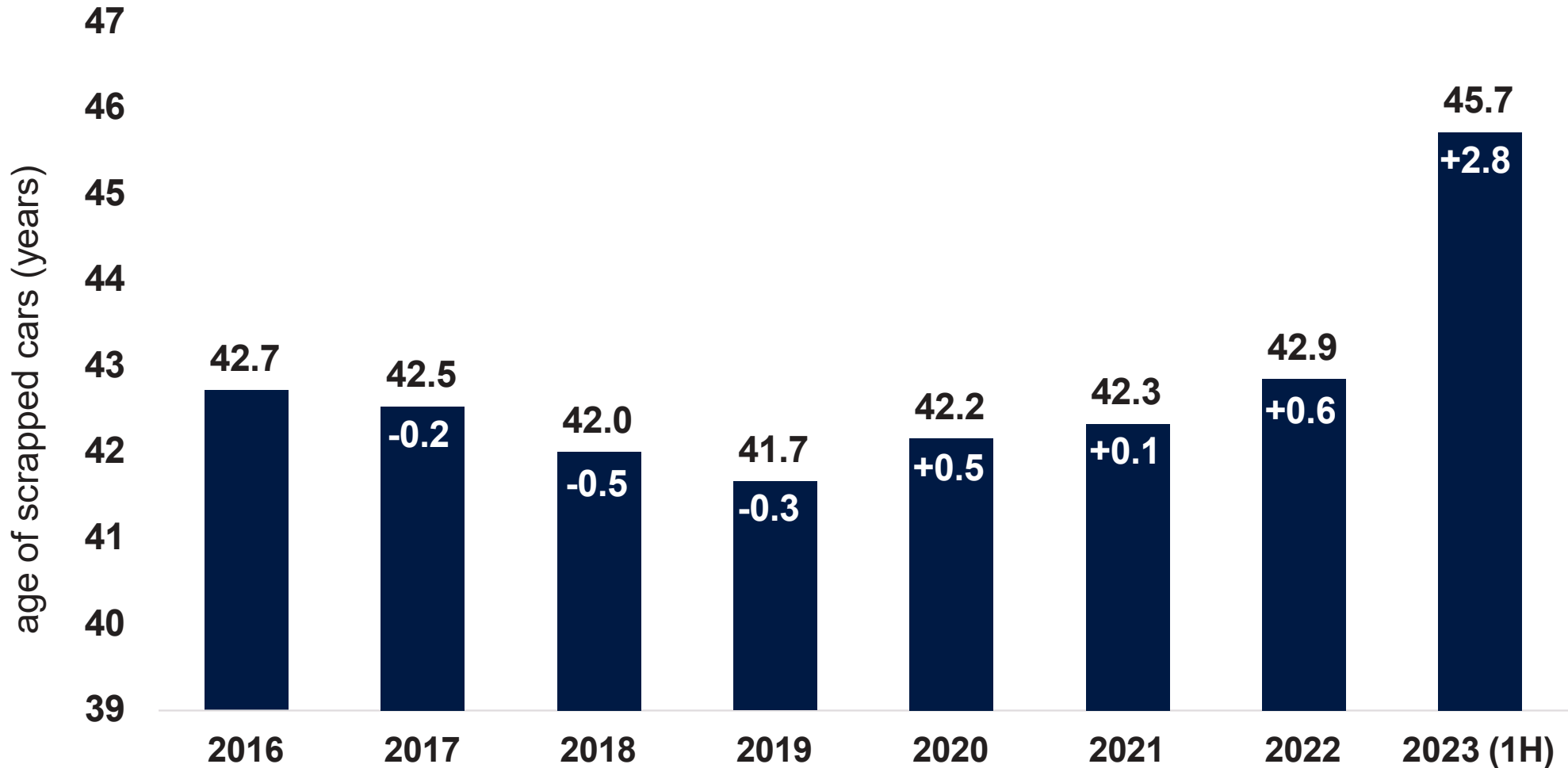


Scrap Trends - Rate

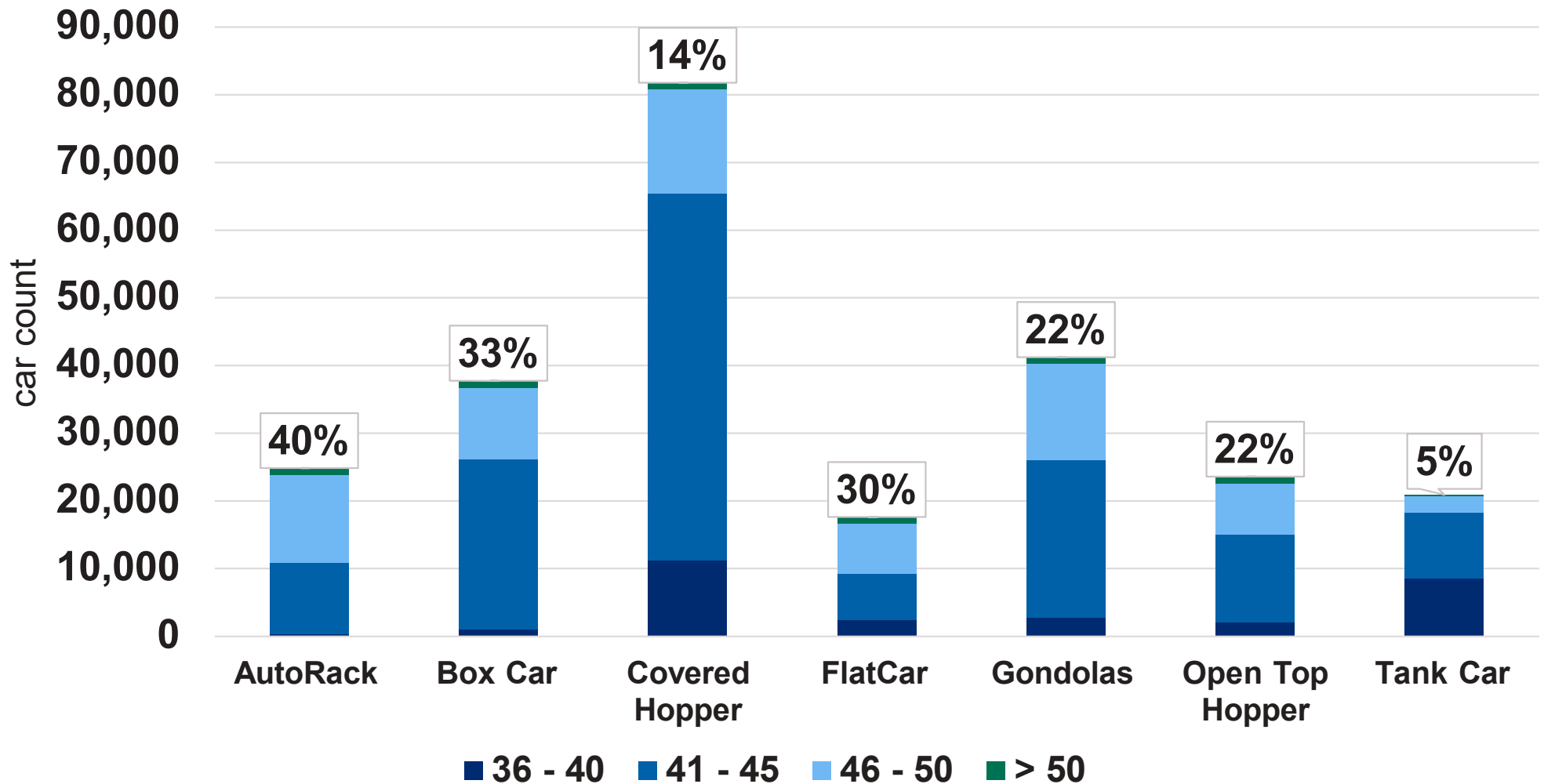


Scrap Trends - Age

Medium cubes increasing sequentially since 2019



New Build Outlook - Investment Need



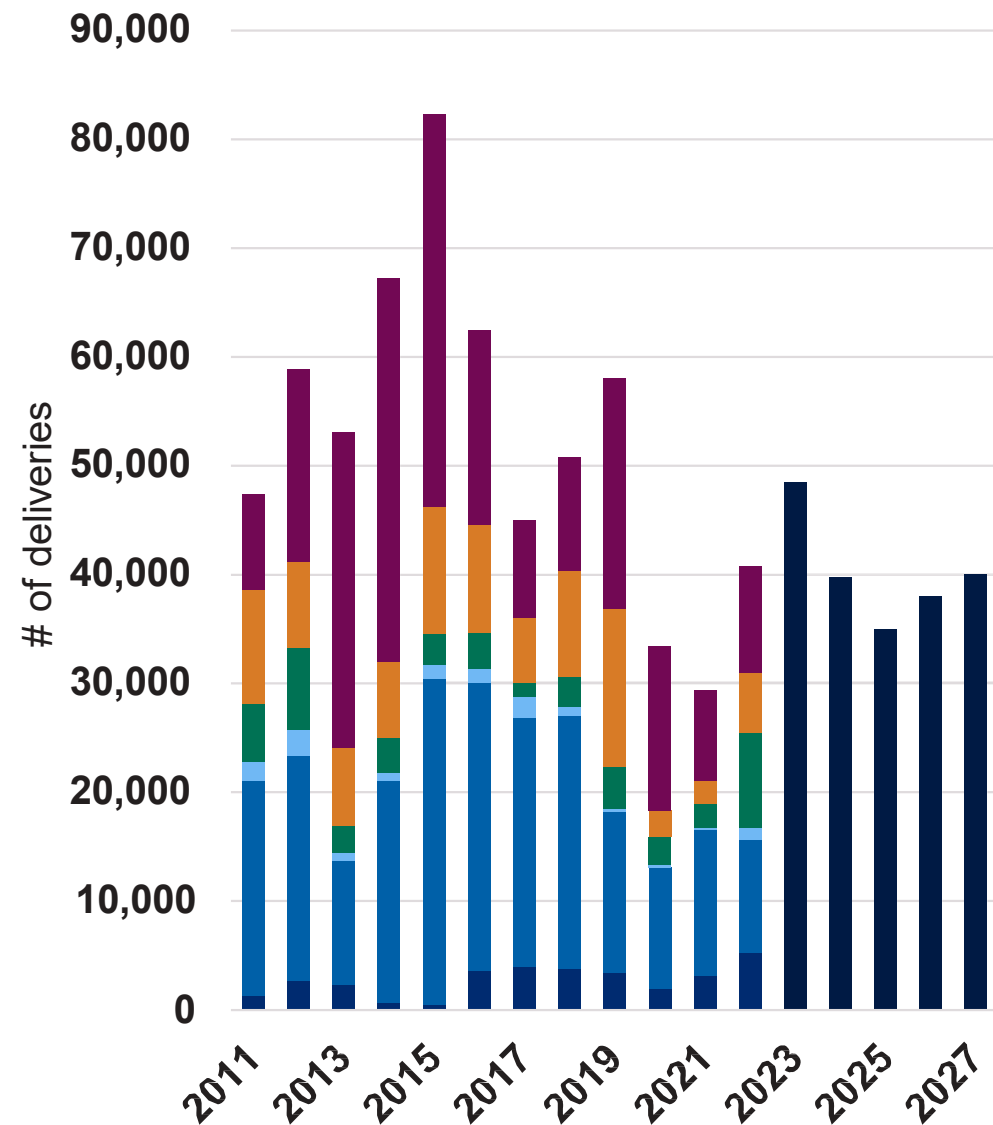
Over 257k cars >35 years, accounting for ~16% of the N.A. fleet.*

New Build Outlook

- Emphasis on long-term thinking vs. short-term plays, especially in an inflationary environment
- CIT has significant new car investment in 2023 and has positioned for 2024 and beyond
- The current market compared to 2014-2016 has shown disciplined, broad-based demand rather than chasing a trendy, single sector
- Going forward, and coupled with car builder capacity adjustments, reduced volatility is forecasted

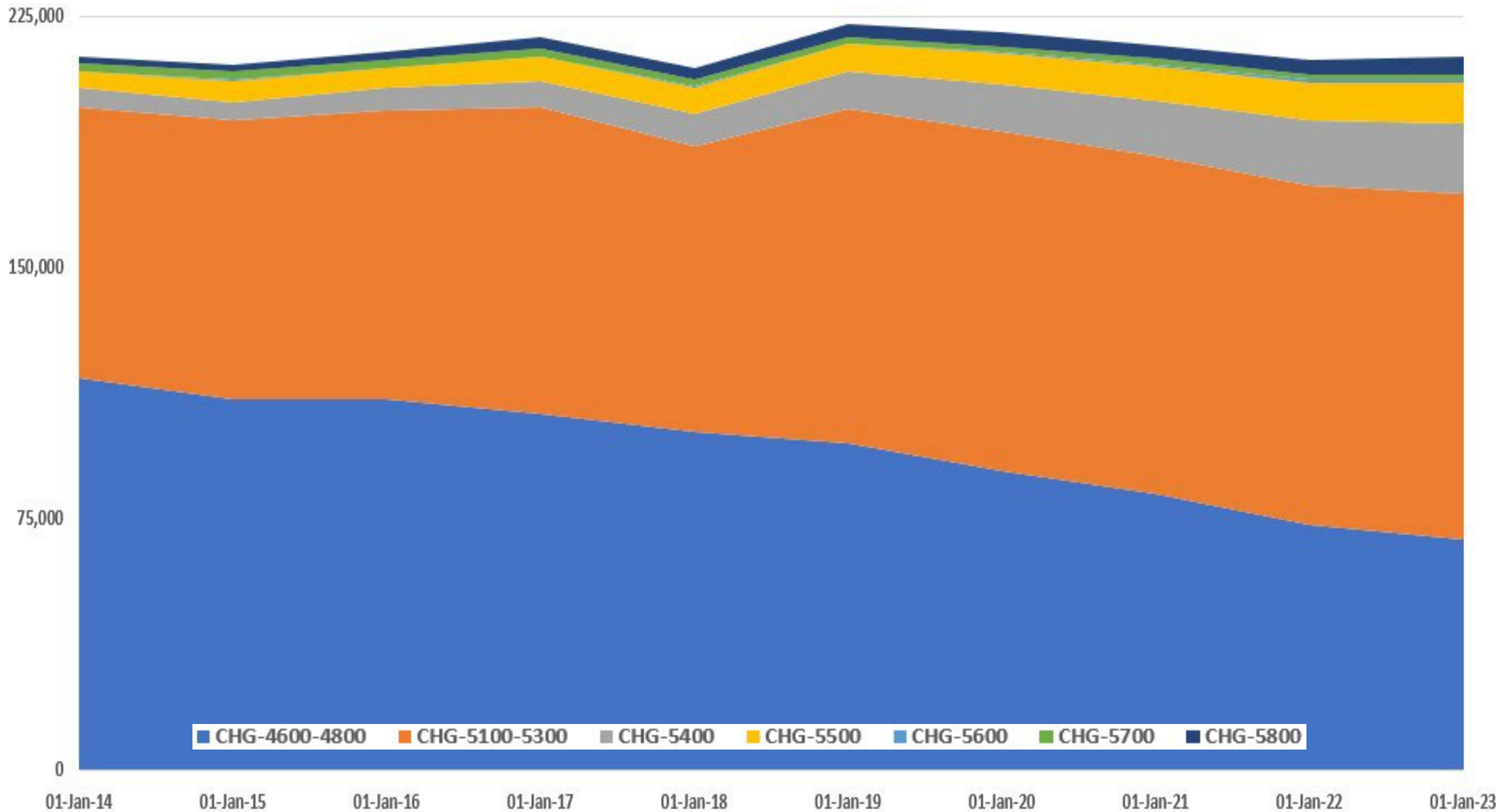


N.A. Deliveries



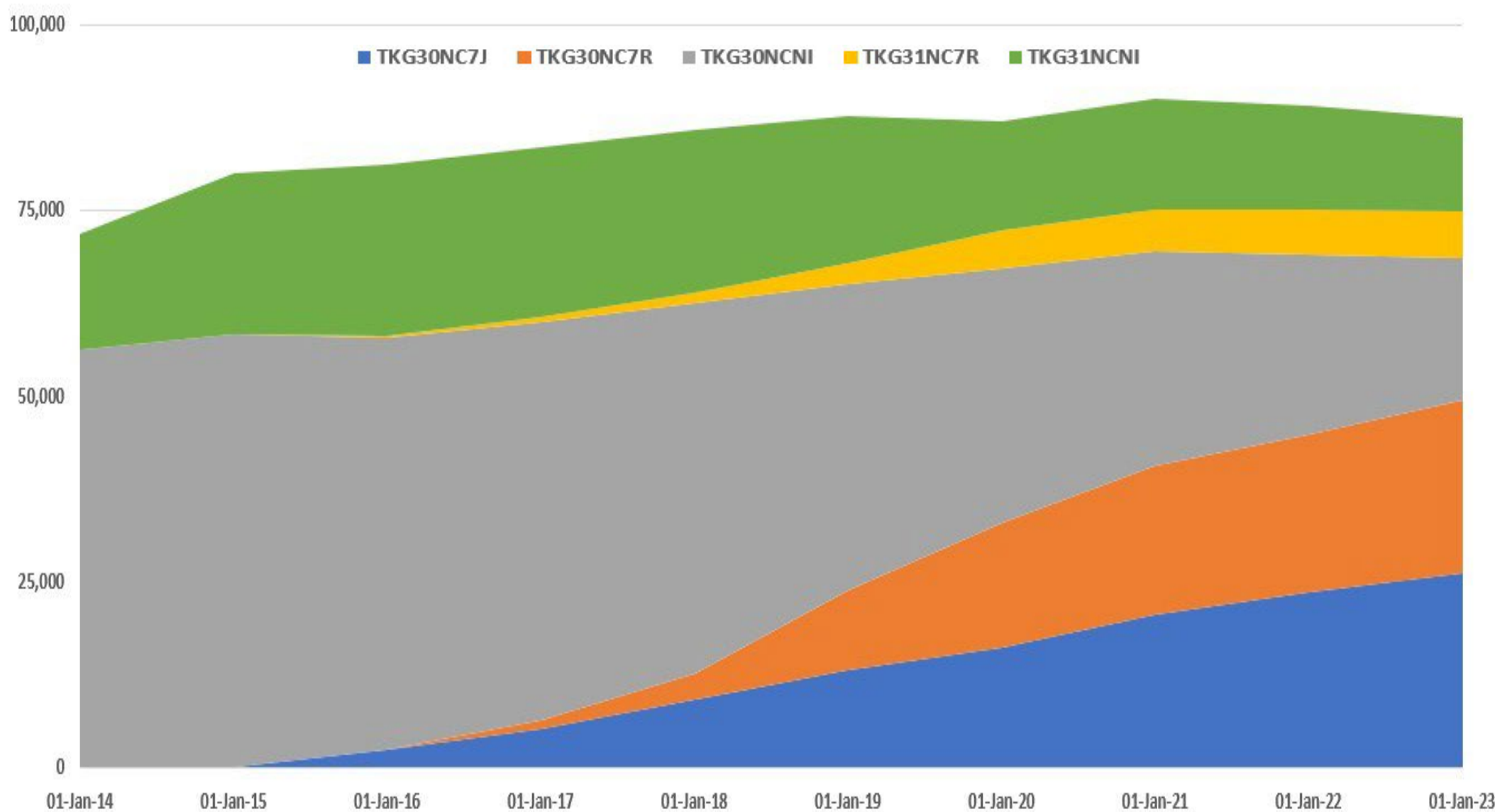
Historical Trends

Covered Hoppers (4,550-5,800 cuft.)



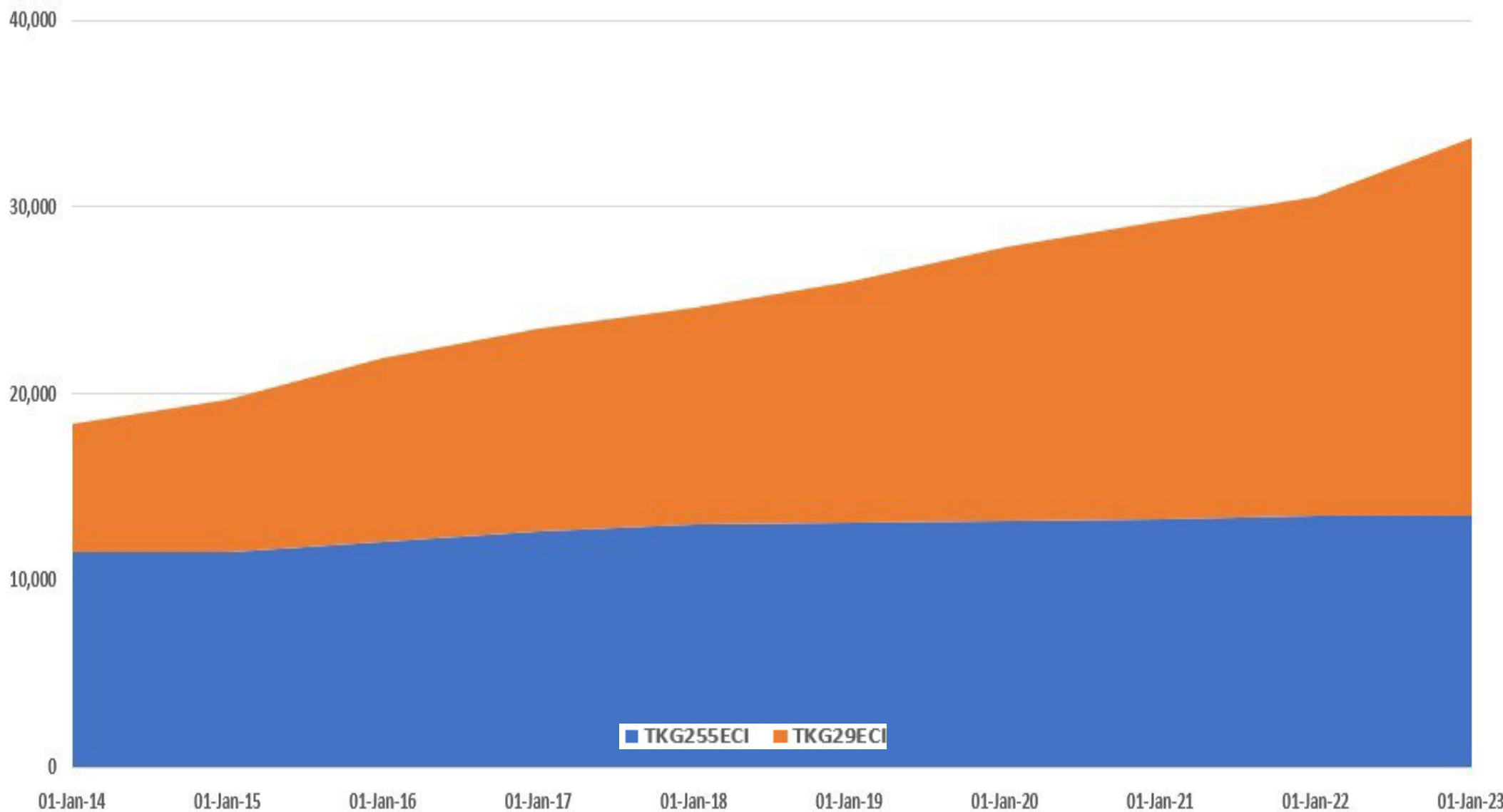
Historical Trends

Tanks (30k DOT-111 + 117J/R & 31k CPC-1232 + 117R)



Historical Trends

Tanks (25.5k & 29k AAR-211)

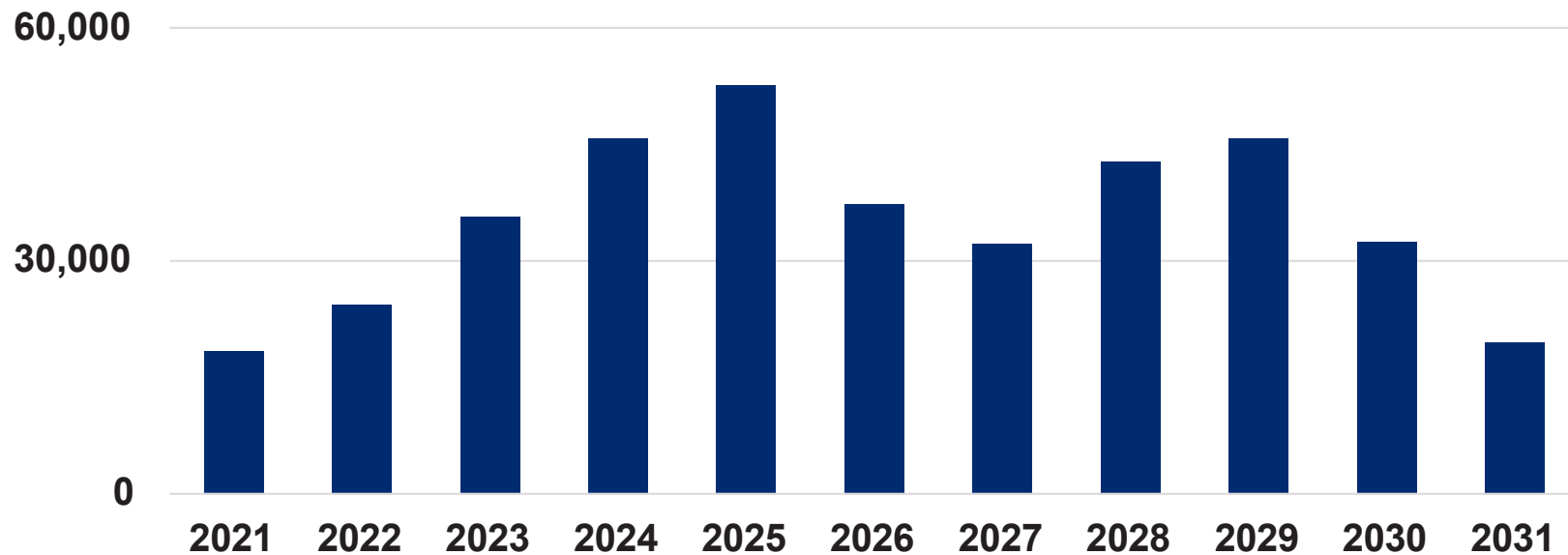


Near-Term Variables

Mitigating the uncontrollable

- Conflicting economic signals
 - Inflation / steel pricing
 - Geopolitical factors
 - Repair shop capacity
- ✓ No captive, owned shops but ...
 - ✓ Access to 140 full-service facilities
 - ✓ 45+ are CIT Rail tank certified
 - ✓ Network of 250+ MRUs

HM-216B Exposure for N.A. Tank Fleet



CIT Market Response

Positioning for the long term with continued investment

Tailoring to customer needs

- + *New-build investment*
- + *Re-purposing*
- + *Retrofits*
- + *Overhauls*
- + *Maintenance footprint to minimize out-of-service time*

***Committed to meeting challenges with efficient
transportation capacity & asset readiness***

Q&A. Thank you.

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