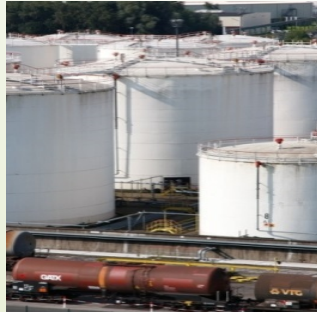


California Grain and Feed Annual Convention

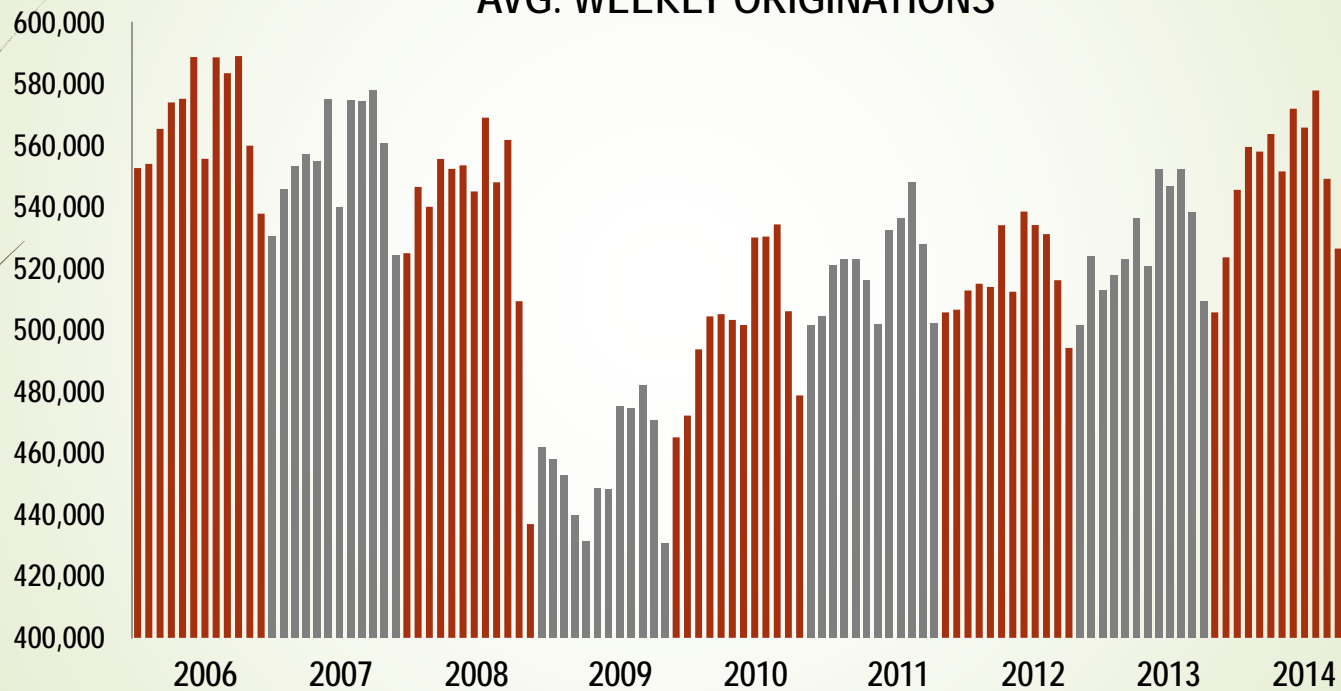
April 23, 2015

Monterey, CA



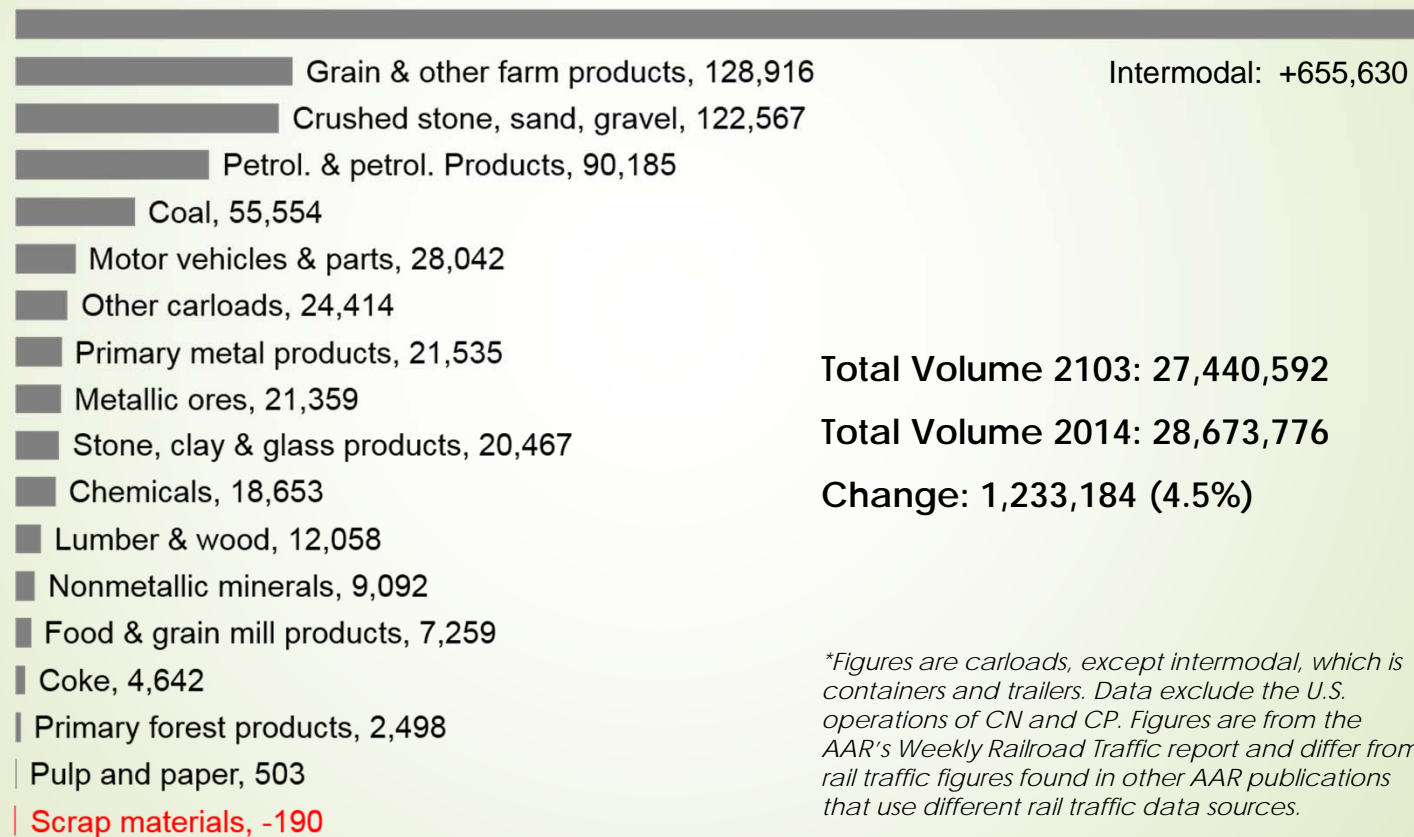
Freight Levels Today Highest Since Before Recession

U.S. CARLOAD + INTERMODAL UNITS
AVG. WEEKLY ORIGINATIONS



Significant Growth Over Multiple Businesses

U.S. RAIL TRAFFIC: 2013 VS. 2014*

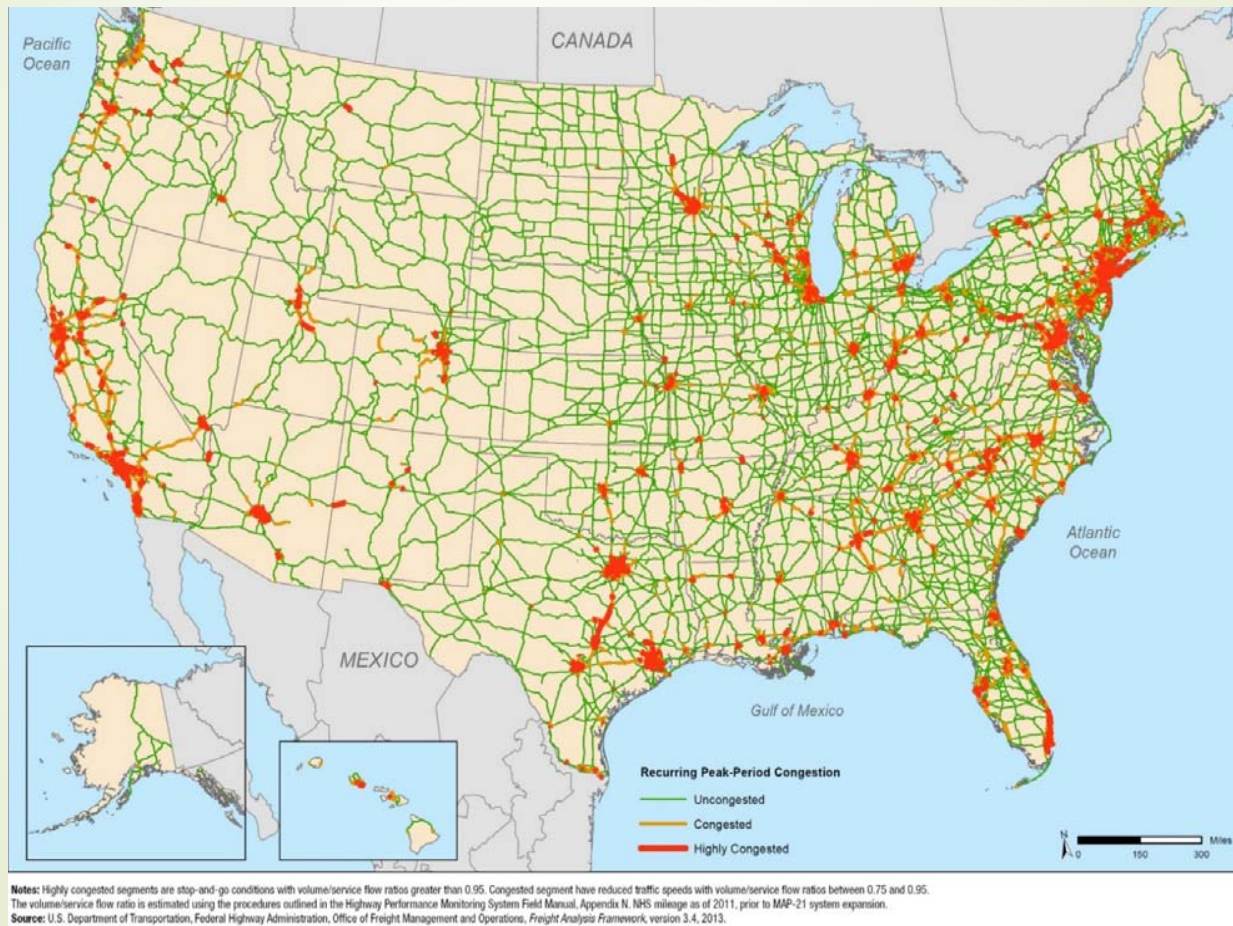


**Figures are carloads, except intermodal, which is containers and trailers. Data exclude the U.S. operations of CN and CP. Figures are from the AAR's Weekly Railroad Traffic report and differ from rail traffic figures found in other AAR publications that use different rail traffic data sources.*

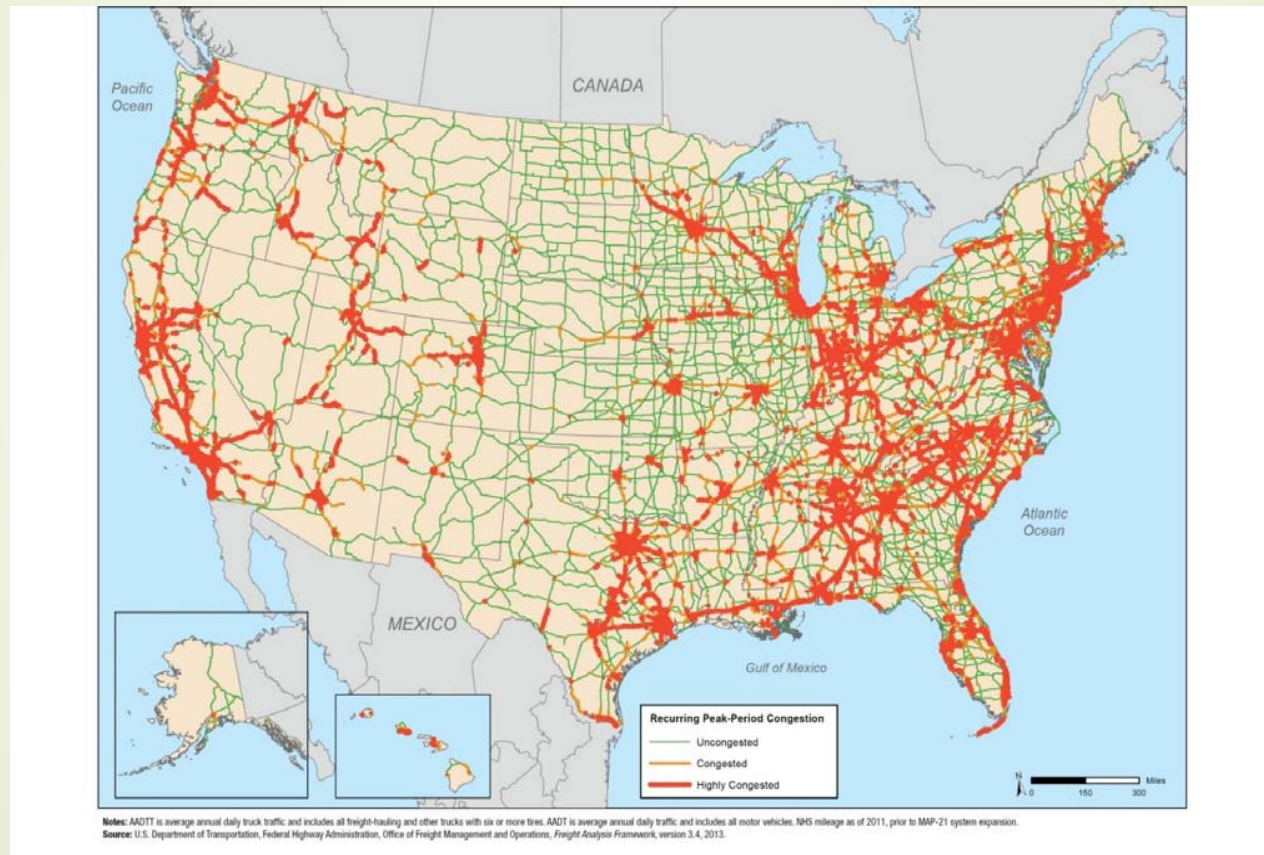
North America Truck Market

- Truck utilization is at 98% and forward S/D appears even tighter through 2017.
- The US economy is projecting slightly positive to modest growth through 2017.
- Driver demographics are concerning and will result in higher turnover in the near future:
 - Average driver age 57 years
 - In general poor health
 - Average wage of \$50,000 USD
 - Estimated salary increases required to retain current drivers is ~ 10%
 - To attract new entrants would be an additional 20%
- Tighter safety driver regulations will continue to reduce capacity.
 - New “Hours of Service” rule
 - EOBR – Electric on Board Recording

Peak-Period Congestion on the National Highway System: 2011



Peak-Period Congestion on the National Highway System: 2040



Current Rail Legislation Activities

- Surface Transportation Board (STB) Reauthorization Act of 2015: aka “The Thune Bill”
 - Expand STB from 3 to 5 members
 - Allow non-public member discussions
 - Allow STB investigative authority
 - Public reporting of rail rate cases and service complaints
- STB proceeding on Making Rail Service Data Reporting by Class I Carriers Permanent (EP 724)
 - Require service data to be delineated by all business segments

Rail Legislation Continued

- Rail rate proceeding for Captive Ag Shippers (STB EP 665)
 - New methodology to challenge rate cases
 - STB asked for proposals and received three new proposals in 2014
 - Current method is costly and can take a lengthy amount of time for decisions
 - Public Hearings expected to start this year
- Competitive Switching Proceeding (STB EP 711)
 - Allows captive shippers access to competing carriers within reasonable distance
 - Keep competitive switching charges



Questions and Thank You!

