

# 2020 Railroad Metrics

## Class I Metrics

### BNSF

#### **Resources:**

- BNSF is well poised to handle this year's harvest with approximately 29,000 grain cars in the fleet.
- Again this year, BNSF will have 140 shuttle sets running during the harvest peak. In response to customer requests we have been actively advancing the start of these sets to handle old crop volume ahead of October.
- BNSF has approximately 8,000 locomotives with a number in storage and positioned across our network to deploy in response to a rapid uptick in freight demand.
- In terms of human resources, while the drop in freight demand unfortunately led the need to furlough TY&E employees in 2020, we have begun to call people back to handle the increasing volumes. BNSF remains well-positioned and well-resourced to flex with changing freight demands across all of the markets we serve.

#### **Shuttle cycle times:**

- BNSF is averaging between 2.6 – 2.7 cycle times per month, with a regional high of 3.3 for West Texas.

#### **Car and Train Velocity:**

- The most recently reported grain train speed was 23.1 miles per hour while merchandise train speed which serves as a proxy for single car grain was 22.9 miles per hour.
- System wide train speed is 26.7 miles per hour.

#### **First/Last Mile Service:**

- For 2020, BNSF has performed first mile/last mile service in excess of 90%.

#### **PTC:**

- BNSF completed the installation of Positive Train Control (PTC) infrastructure on all of its federally mandated subdivisions at the end of 2017. Additionally, we've reached interoperability and PTC is active on the majority of passenger railroads, including Amtrak, Metra, Metrolink, Northstar and Sound Transit where they run on BNSF.

#### **Capital Investment:**

- This year, BNSF's capital investment plan is \$3.1 billion. Nearly 80% of this year's planned capital program is for maintaining BNSF's infrastructure. The projects included are primarily for replacing and upgrading rail, rail ties and ballast and maintaining its rolling stock. It will include approximately 10,000 miles of track surfacing and/or

undercutting work and the replacement of 483 miles of rail and nearly 2.6 million rail ties.

## **Canadian National**

### **Canadian National Railway Company, on behalf of its U.S. rail subsidiaries – report to National Grain Car Council September 2020**

#### **Resources:**

CN had an inventory of approximately 1,925 high- and mid-horsepower locomotives as of early September 2020, compared to approximately 1,975 high- and mid-horsepower locomotives at the same time last year and 1,875 at the same time in 2018. As of early September, CN had approximately 175 high- and mid-horsepower locomotives in storage compared to approximately 125 at the same time last year. CN has taken delivery of all 260 of its new Tier 4 high horsepower locomotives from GE Transportation.

As of early September 2020, total number of engineers, conductors, and running trades personnel employed by CN in the United States stood at approximately 2,875 employees, of which approximately 2,250 were active. There were 140 qualified conductors with firm September recall dates as of early September 2020. Specifically with respect to T&E, there remained 465 employees on furlough in the United States as of early September 2020.

Overall as of the end of August 2020, the CN hopper car fleet for grain service stood at approximately 14,300, of which approximately 1,500 hoppers were focused primarily on grain service in the US. These cars are made available for manifest and unit train service.

#### **Unit/shuttle trains and associated metrics:**

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.

Cycle times and velocity for grain unit trains, whether CN-supplied or private unit trains, have been improving ex origins in Iowa and Illinois. For weekly information on service metrics, including for grain unit trains, please refer to data provided to STB and provided for on STB website.

Coming into the week of September 6, CN had approximately 250 cars' worth of unfulfilled demand from the previous week for CN-supplied hoppers.

#### **First mile / last mile /trip plan compliance:**

The carload car trip plan performance for the US region for August (month to date as of August 24) was 77%.

### Current PTC status:

CN has implemented of Positive Train Control (PTC) on approximately 3,100 route miles on its network according to federal statutory mandate. In 2019, CN completed initiating positive train control on its remaining subdivisions in its network where PTC is required and began interoperability testing with tenant railroads. By the end of Q2 2020, CN had completed interoperability testing with 12 tenants.

### Expected CAPEX

CN is following up its record CAD \$7.4 billion capital expenditure program between 2018 and 2019 with a CAD \$2.9 billion capital expenditure program in 2020, with special emphasis being placed on increasing network resiliency and adding network capacity west of Edmonton. In 2020, CN is investing over CAD \$550M in its U.S. network. Additional detail at a state level can be found at <https://www.cn.ca/en/about-cn/capital-investments-plan/>

In late July 2020, CN announced the acquisition of another 1,500 new high capacity hopper cars, with delivery in the 2020-21 crop year. These 1,500 hoppers are in addition to the 1,000 new hoppers CN announced acquisition of in 2018.

1. This fall will see the first real export program in years, but many railroads made cutbacks this past spring. These questions go to whether the railroads are resourced to handle a full grain export program:

- What were the extent of any reductions made this past spring? Specifically, how many crews were furloughed and how many locomotives went into storage at the peak?

At the peak of the impacts of COVID-19 on rail traffic volumes, CN had 3,600 employees on furlough and 731 locomotives in a stored status.

- Where was the railroad in terms of crew and locomotives at the beginning of September?

Discussed previously.

- Where does the railroad plan to be at the beginning of October?

Across the network, and based on the projected volumes of traffic that CN anticipates, CN expects to have approximately 500 additional qualified conductors and conductor trainees active across the network between now and the end of September 2020, of which an estimated 140 qualified crew are based in the US. Based on the updated grain export demand forecast solicited from customers in early September, CN will recall an additional 40 qualified conductors with October 2020 recall dates. Traffic volumes for certain business segments, notably frac sand and crude, have been slower to recover, and as such anticipated resource levels are in line with overall projected customer demand levels.

2. Does the railroad feel that planned capital programs will be completed ahead of the harvest so as not to interrupt export programs? Does the railroad have any scheduled maintenance on heavy export corridors that would interfere with the harvest?

CN expects that planned capital programs in the US will not interrupt export programs. No significant maintenance is scheduled in heavy export corridors that would interfere with the harvest. The tie replacement project on the Yazoo sub in the mid-south region is near completion. The tie replacement project on the Champaign sub in Illinois that is expected to be completed by early October requires minimal duration of train staging north and south when the work block is in effect.

## **Canadian Pacific**

### **1. Resources: # locomotives; # crew hiring/furloughed; # cars in grain fleet (# in trains; # in single car service)**

- For the upcoming crop year, CP is planning to make available 1,000-1,100 active locomotives, up to 15,500 grain hopper cars and 3,600-3,800 T&E employees (1,162 in the U.S.).

*Source: [CP's 2020-21 Grain Service Outlook report](#) & [CP's 8/25/20 response to the FRA/STB request for information](#)*

- CP's fleet will be more than enough to accommodate the expected crop. Our grain hopper cars are used interchangeably within Canada and the US. This flexibility allows CP to maximize empty spotting at all elevators across our system. More than a third of the fleet is projected to be utilized in the U.S. this crop year.

### **2. # Shuttle trains or UGT anticipated to operate during harvest**

- We anticipate having up to 97 shuttle trains available to our customers to operate during harvest in the U.S. and Canada.

### **3. Shuttle cycle times**

- CP's shuttles now come with a continuous cycle provision and customers are recognizing over 2-3 spins per month.

*Source: [STB metrics](#), submitted weekly by CP*

### **4. Car and train velocity**

- As reflected in our Q2 2020 earnings report, CP's average train speed across all commodities has remained consistent YoY, at 22.4 miles per hour. Train weights and lengths are at all-time record levels, up 7% and 8% respectively.

*Source: <https://investor.cpr.ca/financials/default.aspx>*

### **5. First mile/last mile service**

- We do not provide this externally.

### **6. Car trip plan compliance measure**

- As an indicator, our over the road train on-time performance to date for Q3 2020 is 96% in the United States. That performance is actually an improvement, during a pandemic,

over last year's 92% for the same period.<sup>1</sup> All-in train speed, which includes CP's US bulk trains (potash, grain, oil, coal), has improved 8% over the same period last year.<sup>2</sup>

*Source: [CP's 8/25/20 response to the FRA/STB request for information](#)*

## 7. Current PTC status

- Under the United States Rail Safety Improvement Act of 2008, Congress mandated installation of a technology called Positive Train Control (PTC) on much of the U.S. rail system. Subsequently, the Positive Train Control Enforcement and Implementation Act extended the deadline to Dec. 31, 2018, with the possibility of an alternate schedule extending the end of 2020. CP has been working since the initial Congressional mandate to design and implement PTC, and to train employees on the technology. CP is progressing well on full implementation, and is committed to completion by Dec. 31, 2020, as the law mandates.
- For the past 14 years, CP has maintained the lowest Federal Railroad Administration (FRA) train accident frequency rate of all North American Class 1 railroads. CP has done this by investing billions of dollars in its rail network, improving its safety culture, improving its training programs, deploying new technology and striving for continual improvement on safety, among other efforts.
- CP has completed all locomotive, wayside hardware installation and obligatory training, and implemented majority of route-miles where PTC must be installed. Work toward full implementation continues. CP provides quarterly reports on its progress to the FRA, and the latest progress updates are available at <https://www.fra.dot.gov/app/ptc/>.

*Data source: <https://www.cpr.ca/en/about-cp/cp-and-public-policy/positive-train-control>*

## 8. Expected CAPEX

- We expect that our total 2020 system-wide capital investment will be approximately \$1.6 billion. This significant investment builds on our record 2019 \$1.65 billion capital program. To meet the demands of our customers and improve safety and efficiency, CP has increased annual capital expenditures by 127 percent between 2010 and 2019.
- On June 7, 2018, CP announced plans to invest more than \$500 million over four years in new high-capacity grain hopper cars as part of our commitment to the agricultural sector. Our grain customers can expect to see more than 3,300 of these new hoppers in active service before the end of 2020, enabling CP to transport more grain in each train. Over four years, CP is acquiring 5,900 grain hopper cars, enabling the complete removal of all low-capacity hoppers from the fleet, including all hopper cars owned by the Government of Canada.

*Data source: [CP's 2020-21 Grain Service Outlook report](#)*

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<sup>1</sup> Over the road on-time train performance measures to on-time plus 2 hours. It captures performance of all CP's scheduled trains, including intermodal, but not bulk trains.

<sup>2</sup> All-in train speed captures all time from origin to destination, including intermediate terminal and crew change time.

# CSX

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CSX is ready for 2020/21 harvest, and is well positioned to meet all freight demand in the Agricultural products space.

Service metrics in for 2020 were at record highs pre-COVID and after shut-downs began as volumes decreased. Measures were pressured as volume and resources returned, but have recovered to near pre-COVID levels that are the best in CSX's history

- *System Train velocity in the 19-20 mph range, compared to 20.7 mph on 3/1.*
- *System Dwell in the 9-10 hour range, as compared to 8.5 on 3/1.*
- *Trip plan compliance on the scheduled network is ranging from 72-75%, compared to 78.5% on 3/1.*

CSX has sufficient locomotive, crew, and car resources available to meet harvest demand

- *~2,200 active locomotives with 500 stored serviceable and 1,300 total stored.*
  - *CSX was at ~2,300 active locomotives pre-COVID and dropped down to just under 1,900 at the peak of resource reductions in the face of demand destruction. We have been adding back power as needed to handle volume as it rebounds*
- *~6,600 active T&E employees with 300 furloughed.*
  - *Over 1,300 were furloughed at the peak, we are back near pre-COVID crew levels*
- *Plan on hiring 125 conductors in Q4 2020 – including in the key grain origin & destination locations*
- *CSX expects to operate approximately 48 unit grain trains (90 cars each) on our network at the peak of this harvest. We have over 3,500 covered hopper cars available for unit grain service and single car Merchandise Service. We expect approximately 78% of the equipment to be in unit train service with the balance available for single car shipments. This capacity currently exceeds our demand.*
- *In partnership with our customers we continue to focus on our grain express programs which provides an economic incentive to originate grain at locations that can load in the most efficient manner. This allows us to leave the locomotive power with the train and adequately plan our crew resources. We currently have ~60 express capable elevators and 90% of our grain originates from these locations.*
- *We are entering the third year of our train commitment program which allows our customers complete control of a RR set in exchange for the commitment to run the cars 12 months per year. 19 of our 90-car sets will be in this program again for the 2020/21 crop year.*

CSX continues to invest in infrastructure to ensure reliable capacity

- *In 2019, CSX invested \$1.66B in capital expenditures, increasing our capital investments in our core track network from \$771M in 2018 to \$860M in 2019.*
- *As guided externally, 2020 capital expenditures are expected to be in the \$1.6B - \$1.7B range.*
- *No capital programs are expected to impact grain operations during harvest*

CSX has completed PTC implementation

- *CSX successfully completed PTC installation and activation across our network. We now operate nearly 13,000 PTC-equipped track miles and are on pace to have the system fully operational with our tenant railroads ahead of the 2020 deadline.*
- *CSX estimates that total PTC company investment will near \$2.5 billion.*
- *The company has equipped 1,800 locomotives with PTC, installed 423 new radio towers and 4,400 track-side communication units.*

## **Kansas City Southern**

1. Resources: # locomotives - we currently have 778 locomotives in service with 180 in storage. Of the 180, 157 are line of road locomotives and 23 are yard locomotives. # crew hiring/furloughed - we currently have an active crew base of 1,095. During COVID we furloughed 250 crew members. We are down to 133 furloughed now. # cars in grain fleet - 5,144 cars in our grain fleet (# in trains - currently running 3200 in train service # in single car service - 1,944 running in single car service)
2. # shuttle trains or UGT anticipated to operate during harvest - 40
3. Shuttle cycle times - we do not necessarily run shuttle trains on our network. Trains will change between customers as we assess the fluidity of the network. The trains we are running are turning, on average at 18.7 days. The train fleet is getting 1.63 trips per month.
4. Car and train velocity - Car velocity is 26.4MPH and Train velocity is 27.9MPH - Net Velocity. Our gross velocity is 15.83MPH.
5. First mile/last mile service - our on-time termination for the last seven days has been 47%. This number has been impacted by recent weather related disruptions. Our YTD average is 72.4%
6. Car trip plan compliance measure - in August our Trip Plan Compliance was 67.2%. Like some other measures, these numbers are lower recently due to weather related disruptions.
7. Current PTC status - as of October 2018 we had fully implemented PTC. As of June 2020 we have completed full interoperability with our tenants and other roads. Tenants now actively running with PTC on KCS - UP, BNSF, Amtrak, CN. Roads now actively running with PTC in the lead of KCS trains are CP, CSX, NS, KCT.
8. Expected CAPEX - approximately \$425M 17% of revenue.

# **Norfolk Southern**

**Locomotives:** Currently NS has 2513 active locomotives and of those 1702 are in our road fleet. We do have approximately 270 locomotives stored and at this time do not expect we will have to pull any from storage to handle harvest but do have the available resources if needed.

**T&E:** We believe Norfolk Southern has sufficient resources to meet our customers' needs and expectations. As demand increased, we began recalling crews, and as demand exceeded our forecast we accelerated that effort. Approximately 550 train and engine employees who were in furlough status on June 1 have now returned to work, resulting in a net increase of 217 train and engine employees in that time.

**Grain Cars as of 8/28/2020:**

- In unit trains: 1462 railcars
- Filler cars around system: 104 railcars
- Storage: 1344
- We have sufficient cars available for our current business levels as well as growth.

**Cycle Times:** Our shuttle cycle times have remained consistent over the past year. Dedicated power sets rolling year averaged 10.73 days and this year August 2020 cycle time averaged 10.79 days. Non-dedicated power sets rolling year averaged 11.94 days with August 2020 cycle time averaging 11.14 days. Improvements are a result of dedicating power to our shuttle loaders and unloaders.

**Train Speed and Terminal Dwell:** Train speed and terminal dwell performance remains solid. As of 8/28/2020 train speed is currently 22.5 mph. and dwell at 19 hours.

**First mile/Last mile (what we often refer to as local service):** local service remains strong with a Railroad LOPA (Local Operating Plan Adherence) failure rate of 3.4% for the month of August.

**Car trip plan compliance measure:** Shipment Consistency, which measures our accuracy to our car NS1 ETA, remains strong and near all-time record highs.

**PTC:** NS completed implementing its PTC required districts and the last of the 8,009 required miles in March 2020. An average day on the NS network includes PTC protection for the trains operating with PTC active on our PTC footprint; that's around 150,000 miles of the PTC system's safety overlaid on an already safe operation. We are on track to complete the fully implemented and fully interoperable requirement on or slightly before the 12/31/2020 deadline.

**CapEx:** We're investing approximately \$1.5 billion of capital expenditures in 2020. While this is a reduction of 25%, or \$500 million, from 2019, we're prioritizing the health and safety of the network, our locomotive modernization program, and near-term revenue opportunities. We're leveraging technology and analytics to ensure we're putting rails, ties, and ballast into the appropriate places at the appropriate time and will remain committed to investing in the future of our franchise.



# Union Pacific

1. Resources: # locomotives; # crew hiring/furloughed; # cars in grain fleet (# in trains; # in single car service)
  - As of June 30, UP had around 4,200 active locomotives. We have been able to reduce our active fleet as we find more efficient ways to run our network through Unified Plan 2020.
  - Per the monthly STB employee count report, UP had 13,102 TE&Y employees in July 2020 compared to 17,851 TE&Y employees in July 2019
  - The total grain fleet size is around 14,000 cars, with around 500 of those in storage (but in the process of being pulled from storage). We are also in the process of converting at least 350 cars from fertilizer to grain services. Around 60% of the fleet is in unit train service and 40% is in single car service
2. # shuttle trains or UGT anticipated to operate during harvest
  - UP expects to have around 75 shuttle trains in service during the 2020 harvest
3. Shuttle cycle times
  - July YTD shuttle times are 3.0 turns/month, which is a 9% improvement of 2.76 turns/month in 2019
4. Car and train velocity
  - Freight car velocity in July was 219 daily miles/car, which was a 6% improvement from 2019
  - Train speed was 25.4 miles/hour in July which represents a 3% improvement from 2019
5. First mile/last mile service
  - First/last mile service has been running around 92%
6. Car trip plan compliance measure
  - Car trip plan compliance was 72% in July 2020 for manifest/auto business, which was an 8 percentage point improvement vs July 2019
7. Current PTC status
  - PTC is currently installed and implemented on 100% of required rail lines. The technology being deployed as part of PTC should create a platform we can leverage to further improve efficiency in multiple areas. Examples include improved fuel efficiency and improved GPS technology, allowing us to run trains closer together, generating additional network capacity.
8. Expected CAPEX
  - Our 2020 cap ex will be approximately \$2.9+ billion. This includes \$1.775 billion for infrastructure replacement, \$650 million for capacity & commercial facilities (includes \$150 million for strategic siding extensions), \$290 million for equipment, \$200 for technology/other and \$85 million for PTC.

# Class II/III Metrics

## Farmrail System

Because the export movement for wheat went away several years ago, we haven't seen grain for export since then. We would love to see an export market to come back.

We own a fleet of 275 grain hoppers, and we shuttle from the co-ops on our railroads to shuttle facilities either at Enid for ADM Grain or down at Headrick for PCCA (a producers co-op). So primarily we provide shuttle service to those grain shuttle facilities, and from there the unit trains ship out on the Class Is.

One of the interesting things with regard to our railroads is that we are 2/3 of the way through a \$9.9 million TIGER grant, that will increase weight limits on 175 of 350 miles, from 268,000 pounds per rail car, up to 286,000 pounds per rail car. Farmrail is matching \$6.5 million to that. Farmrail has replaced about 15 miles with higher weight rail and done work on about 15 smaller bridges. Early next year, hopefully, construction will begin on a new bridge over the North Canadian River alongside existing bridge.

Farmrail did not furlough any crews.

Business is down 75% due to lack of oilfield activity; storage is king. Right now, 2800 railcars in storage, ranging from intermodal flats to hoppers and tanks, and brand new boxcars.

## Genesee & Wyoming

<b>NGCC - STB Meeting 2020</b>	<b>G&amp;W - Six (6) Grain Railroads</b>
No. of Active Locomotives ready for service	136
No. of locomotives currently in bad order that are being repaired in the next 30 days as part of harvest readiness plans	7
No. Crews Hired/Furloughed?	8 additional employees hired/hiring
No. Cars in Grain Fleet	~4,550
No. of these Grain Cars in Unit Train Service	As needed from the shortline supplied grain car fleet; most unit trains are supplied by Class I's (not included in the 4,550 count above)
No. of these Grain Cars in Single Car Service	Majority of railroad supplied grain cars remain in single car service
No. Shuttle Trains or UGT anticipated to operate during harvest	Mostly Class I supplied
Shuttle Cycle Times	Varies by RR and Class I partner; often between 24 - 72 hours
First mile/last mile service	These G&W railroads provide first and last mile service
Current PTC Status	PTC compliant across all six railroads
Car and Train Velocity	varies by RR and Class I partner
Car Trip Plan Compliance Measure	N/A
Expected CAPEX	N/A

## **Iowa Interstate Railroad**

- 1a. Crews: no staff reductions nor train crew furloughs
- 1b. Locomotives: 6 locomotives placed into storage
- 1c. Grain Cars: Currently IAIS has approximately 400 grain hoppers in service.
2. Anticipated shuttles: 45 unit grain trains
3. Shuttle Cycle Times: <24 hours to/from Class I interchanges
4. Velocity: not measured
5. First/Last mile service: currently not encountering significant service issues on IAIS-served elevators or foreign railroad-served destinations
6. Trip Plan Compliance: not measured
7. PTC Status: IAIS has equipped 50% of the locomotives needed for PTC. IAIS has completed field testing, training, and successfully completed 20 end to end runs on our host railroad. IAIS should have no issues meeting the PTC deadline.
8. 2021 CAPEX program: 45,000 ties between Rock Island, IL and Iowa City, IA as well as surfacing and bridge work

## **Iowa Northern Railway**

1. Resources: # locomotives = 20 locomotives in fleet; # crew hiring/furloughed = 5 employees furloughed, Grain cars = 370 grain and gondola cars
2. # shuttle trains or UGT anticipated to operate during harvest – N/A
3. Shuttle cycle times – N/A
4. Car and train velocity – N/A
5. First mile/last mile service – 24/7 first mile/last mile service is running as scheduled
6. Car trip plan compliance measure N/A
7. Current PTC status – PTC fully implemented on 19 locomotives. All 20 will be complete and tested by 9/12/20
8. Expected CAPEX - \$3M

# Montana Rail Link

## National Grain Car Council Report

September 7, 2020

MRL is a class II regional railroad that operates over 900 miles of track in Montana and Idaho, including 655 miles of mainline track from Jones Junction, MT to Sandpoint, ID. In 2019, MRL shipped 492,000 total carloads and averaged 23.3 trains-per-day. 111,684, or 22.7%, of our total volume was grain, up from 102,000 carloads in 2018. Of the 2019 total, 5,007 carloads were originating traffic from Montana based grain shippers. MRL services 24 local grain shippers located in Eastern and South Central Montana including a unit train facility in Billings, MT. The majority of grain shipped across our line is corn and soybeans that originate in the Midwest.

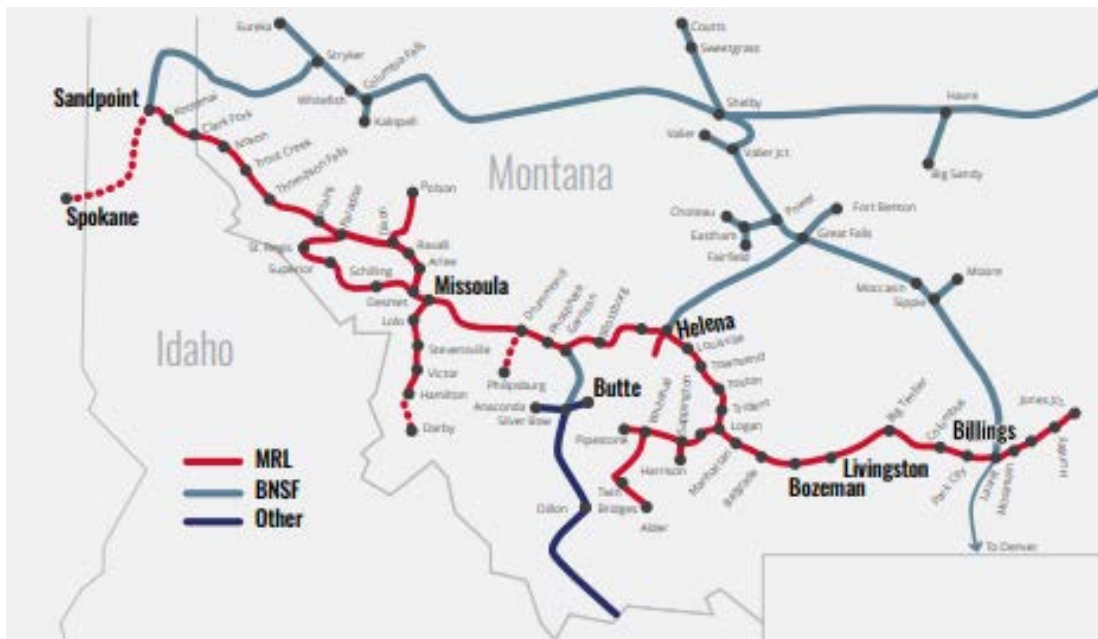
2020 grain volumes, through Q2, are down 5.9% as compared to 2019, primarily due to the global Pandemic and trade tensions.

MRL currently operates 71 locomotives. MRL owns 700 railcars, of which 106 are grain cars.

MRL has 1,181 employees. 65 transportation employees are voluntarily furloughed due to reduced volumes during the COVID-19 global pandemic.

MRL 2020 capital budget is \$45 Million and includes 165,000 new ties and 23 miles of new rail.

MRL's customers are forecasting a strong wheat, barley and pulse crop harvest this fall. MRL stands ready to provide safe and reliable service to our Montana and regional grain shippers.



# **Rio Grande Pacific Corporation**

## **NEBRASKA CENTRAL RAILROAD COMPANY (NCRC)**

1. Resources: # locomotives; # crew hiring/furloughed; # cars in grain fleet (# in trains; # in single car service)

21 locomotives in service not to mention the run though power we receive from our Class I Railroad partners for shuttle trains. Grain car fleet entirely supplied by Class I carriers that has been ample so far this year and we expect that supply to remain constant through harvest. 95+ % of grain shipments depart the railroad by shuttle trains. Ample TEY personnel as we speak. Occasionally hiring crews for train service and this hiring process can be cumbersome to meet our hiring guidelines.

2. # shuttle trains or UGT anticipated to operate during harvest

We expect to handle at least 40 X 110 car shuttle trains during the harvest period. We are home to 9 shuttle train stations.

3. Shuttle cycle times

Shuttle trains are normally turned in 24 hours from interchange to interchange including customer loading time.

4. Car and train velocity

See above #3

5. First mile/last mile service

We are the first mile for grain shipments. Communication between class I's and our loading elevators about ETA's and anticipated billings of shuttle trains is crucial.

6. Car trip plan compliance measure

Our goal is to help our customers complete the cycle to earn load incentives.

7. Current PTC status

Fully compliant with PTC

8. Expected CAPEX

Final CAPEX number not available. However, we will operate the railroad to FRA Class II conditions.

## Watco Companies

- Watco Railroads – Grain traffic will be expected on the following railroads – KO, SKOL, DREI, WSOR, GDLK, AA, PCC, EIRR, ARS, and MSR.
  - Locomotives – 159 locomotives in service across these roads
  - Railcars – 2077 railcars distributed between the KO, SKOL, WSOR and PCC
  - Crews – all railroads are fully staffed and ready for harvest
  - CapEx
    - SKOL - the SKOL was awarded two grants in 2020 that will be completed in 2021. The first, a State of KS grant upgrading 31 miles of main line track to 286k max. and 25 MPH. The second, a federal CRISSI grant upgrading 201 miles of main line track to 286k and 25 MPH. This will obviously not be realized in the 2020 fall harvest, but we are hopeful it will be completed in time to for the 2021 summer wheat harvest. These upgrades will allow quicker turn times and will give the customers the ability to load above the SKOL's historic 263k limitations.
    - KO - Kansas DOT Grant to upgrade 53 miles of the Hutchinson Subdivision and 51 miles of the Great Bend Subdivision to allow for 286k capacity and 25 MPH. Great Bend Sub work has been completed. Hutch Sub is expected to be completed by end of Sept.
    - WSOR - The WSOR has completed a bridge upgrade project on the Prairie Subdivision which included 5 bridge replacements that changed the track capacity from 263k to 286k. Additionally, the Waukesha Subdivision has received 40 miles of new ties and will be receiving 28 miles of new CWR and surfacing in the next 30 days. This will increase the track speed on the Waukesha Sub from 25 mph to 40 mph.
    - DREI - surfacing 20 miles of the Decatur Subdivision and installation of 4,000 ties on the Charleston Sub. Goal to reduce/remove all slow order on Decatur sub and restore full line to 25 MPH.
    - GRNW - Tie installation on the Hooper Subdivision to remove 1.25 miles of slow orders.
  - Harvest Outlook
    - In KS, projections are high for a record setting Milo Harvest. Additionally, soybeans demands are high, and carloads are expected to remain steady through Feb. Wheat is still being moved from outlying elevators into to the larger shuttle loaders.
    - In WI, both corn and soybean production are expected to be up vs. 2019. Winter wheat production is expected to be down but will move due to short supply.
    - In IL, a slight downturn in Corn demand in IL is more likely an increased supply issue as the states of IN and OH will have a crop this year which reduces the need to source as much grain out of IL for the SE feed markets. There will be some decreased demand for corn as certain ethanol plants have idled in OH and IN, but overall the processors in Decatur are still pushing their normal grind volumes, so local demand is unchanged.