

2019 Railroad Statistics

Class I Railroads

BNSF

Fleet

- Ag Hopper Fleet is at 29,300 cars for 2019. The makeup of the fleet currently is 80% high cube capacity, or 23,300 cars. 20% of the total fleet remains at 4750 cubic capacity, but that number continues to be replaced with the larger cars on a yearly basis. Although this varies slightly depending on time of year, the Ag hopper fleet is almost evenly split between unit and single car service.
- Capital hopper purchases for 2019 will be a total of 1,263 cars. This is up slightly from the past couple of years, with 840 and 1080 the past 2 years respectively. BNSF is still evaluating the level of cars we will acquire for 2020.
- The current shuttle set count is at 106. This increases to 137 sets by mid-October. Shuttle sets have been cycling between 2.4-2.6 trips per month for most the past year, except for February/March where it was closer to 2.0.

Locomotives

- The current active fleet is at 7,436 locomotives, of which 80% are high horsepower units. The storage fleet(surge) is at 515 units today, but we are in the process of putting an additional 60 to a new target of 575 locomotives. The capital plan calls for an additional 500 unit to be acquired between 2020-2024.

Manpower

- The 2019 hiring plan is for a total of 314 TY&E employees, this is down significantly from last year's plan of around 2200. Presently, we have a total of 1,336 employees in furlough status, this is evenly split between the North and South regions. The hiring plan for the upcoming year is still being reviewed.

PTC Status

- BNSF has completed installation of all PTC infrastructure on all 88 required subdivisions, or about 11,500 miles of track. In addition, over 5000 high HP locomotives have PTC capability. Approximately 80% of all traffic running on BNSF operates with PTC technology.

Capital Investment

- This year, BNSF will spend \$3.57B on replacement capital, equipment purchases, and expansion projects. Approximately 21% of this total(\$760m) will be for expansion and efficiency projects.

Canadian National

Resources:

- CN had an inventory of approximately 1,975 high- and mid-horsepower locomotives as of early September 2019, compared to approximately 1,875 high- and mid-horsepower locomotives at the same time last year. CN currently has approximately 125 high- and mid-horsepower locomotives in storage. CN has taken delivery of 200 of 260 new Tier 4 high horsepower locomotives from GE Transportation.

- As of late August 2019, CN qualified crew personnel in the Southern Region stood at approximately 2,660 compared to approximately 2,610 at the same time last year. Across the CN network, qualified crew personnel stood overall at approximately 8,075 compared to 7,175 at the same time last year.
- Overall at the end of August 2019, the CN hopper car fleet for grain service stood at approximately 14,150, 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. CN has taken delivery of its first 500 new-generation, high capacity 5431 cubic foot hopper cars and will take delivery of another 500 between January and July 2020.

2-4. 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 or by placing general orders for CN-supplied equipment.
- Cycle times and velocity for grain unit trains, whether CN-supplied or private unit trains, has been consistently strong ex origins in Iowa and Illinois. For more specific information on service metrics, please refer to data provided to STB and provided for on STB website.
- CN is current to customer demand for CN-supplied hoppers.

5-6. First mile/last mile service / car trip plan compliance:

- No specific initiatives / items to report.

7. Current PTC status:

- CN has completed FRA infrastructure requirements for 2020 extension. 100% of crews are trained, locomotives are mission capable, towers and radios are installed and wayside infrastructure is complete. CN has received conditional FRA approval that enables interoperability testing with other railroads.
- CN filed its extension application with the FRA on November 7, 2018 and received approval on January 3, 2019.
- In 2019, CN has successfully achieved 32 subdivisions in PTC Revenue Operation (target is 35 by 2020)
- CN has over 20,000+ PTC train trips in revenue operation to date, 97.5% of CN's PTC trips completed successfully without penalty braking. CN is voluntarily upgrading all PTC track to Centralized Train Control (CTC) to improve average train speed and safety. CN is committed to meeting 2020 regulatory deadlines.

8. Expected CAPEX

- CN is following up its record CAD \$3.5 billion capital expenditure program in 2018 with a CAD \$3.9 billion capital expenditure program in 2019, with special emphasis being placed on increasing network resiliency and adding network capacity Edmonton - Prince Rupert, Edmonton - Vancouver, Edmonton - Winnipeg, and Winnipeg - Chicago.
- In 2019, CN is investing USD \$696M in its U.S. network. Specifically, between Winnipeg and Chicago, CN is putting in 8 miles of double track at Hawthorne Hill on the Superior sub and adding a 12,000 foot siding at Glendale on the Rainy sub. Both projects are on track for completion in Q4. The Fulton drop table was also completed earlier this year and is in service.

Canadian Pacific

Resources

- CP has hired crews and increased its locomotive fleet size through its modernization program. Since 2016, CP has grown its workforce by 12% (1,342 employees), adding more than 700 last year. Currently we have more than 775 new employees in various stages of training, systemwide.
- CP is undertaking a robust locomotive modernization program; we've modernized more than 130 locomotives in the fleet. Equipped with the latest technology, these locomotives will significantly improve reliability and performance. CP is planning to have 170 locomotives modernized by the end of 2019.
- For the upcoming crop year, CP is targeting 1,100-1,150 locomotives in service, up to 15,700 grain hopper cars and 4,350-44,200 T&E employees. 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.
- In June 2018, CP announced plans to invest more than a half billion dollars in new high-capacity grain hopper cars over four years, as part of our commitment to the agricultural sector. Our grain customers can expect to see more than 1,900 new cars in service before the end of 2019, enabling CP to transport more grain in each dedicated train. CP currently has 1,400 new high-capacity hoppers in service. With the new high-capacity hopper car, a train of the same length as our 7,000 foot standard will have 16% more capacity
- 88 shuttle trains or UGT anticipated to operate during harvest. Shuttle cycle times - Over 2 spins per month.

Car and train velocity

As reflected in our Q2 2019 earnings report, our operating performance continues to improve and we've seen industry leading volume growth. For Q2:

- Terminal dwell improved 4% YoY
- Train weights and lengths improved 3% YoY
- Train speed improved 5% YoY
- We've had record operating and safety performance
- FRA personal injuries improved 30% YoY
- FRA train accidents improved 25% YoY
- Cycle times to the PNW are expected to be 2 to 2.5 trips per month.

Current PTC status

We're committed to meeting the December 31, 2020 implementation

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

Expected CAPEX

CP generated a substantial amount of network capacity over the last 5 years through operational efficiencies and investments in network upgrades. CP continues to invest to renew depleted rail assets, improve network productivity, and support future growth. CP expects its total 2019 system-wide capital expenditure to be approximately \$1.6 billion. This significant investment builds on our record 2018 capital program which was also \$1.6 billion. Since 2017, CP has increased annual capital expenditures by 120% to meet the demands of our customers, improve safety and enhance efficiency. This investment has outpaced growth in our GTMs and outpaced GDP growth over the period. Continued network upgrades will drive further productivity and capacity improvements.

Questions:

Any network changes over the past 6 months and next 6 months including yards closures and/or conversions.

No major network changes. There are no plans to open, close or convert any yards in the next 6 months, nor were there any in the prior 6 months. We do continually work to optimize and enhance efficiency in each of our yards. A reconfiguration and expansion of our Shoreham Intermodal Yard in Minneapolis which will increase capacity is underway.

Shift away from unit train service towards manifest service, particularly for grain shippers. Impact of longer turn times and increased private car fleets?

CP has not shifted away from unit train service; we strive to provide service to our customers regardless of size of grain shipment, destination/lane etc.

Frequency of service for individual customers (particularly for grain shippers) and changes in weekend service

No, nothing we've stated publicly regarding frequency of service and changes to weekend service.

Impact of trade tariffs and/or changes in trade agreements – shifts in traffic patterns of grain exports (e.g. away from the PNW and toward the Gulf)?

We have seen fewer PNW exports than one would expect in a typical year; we are working with our customers to move traffic

Plans to keep/grow agricultural business?

Grain comprises 22% of CP's book of business and is the largest individual business unit within our portfolio. We just delivered a record year for grain volumes in Canada in 2018-19 (moving 26.8MMT) and are ready to move our US customer's freight in a variety of corridors, notwithstanding trade dynamics, export embargos, etc.

Use of embargoes to reduce online inventories of individual shippers

It's a measure we use rarely and only when absolutely necessary, in order to protect our network and our customers shipments.

CSX

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

- Service metrics in 2019 remain consistent, at levels that are the best in CSX's history
- System Train velocity in the 20-22 mph range, as compared to 17-18 last year.
- System Dwell in the 18-20 hour range, similar to last year
- Trip plan compliance on the scheduled network is ranging from 78-81% currently

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

- ~2,500 active locomotives with 700 stored serviceable.
- ~7,500 active T&E employees with 170 furloughed. Plan on hiring 350 conductors in next 12 months – 1/3 in the key grain origin & destination locations
- CSX expects to operate approximately 55 unit grain trains (90 cars each) on our network this harvest. We have 3500 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 load/unload a train in 15 hours and allows us to leave the

locomotive power with the train and adequately plan our crew resources. We currently have ~75 participating locations in our Express program.

- In addition to our express programs, we are entering the second year of 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. We are also introducing a train auction program this year for customers who are unable to commit to a full year of utilization.

There have not been any significant network changes, yard closures, or yard conversions recently, nor are any planned.

CSX continues to invest in infrastructure to ensure reliable capacity

- In 2018, CSX invested \$1.75B in capital expenditures, increasing our capital investments in our core track network from \$714M in 2016 to \$773M in 2018.
- As guided externally, 2019 capital expenditures are expected to be in the \$1.6B - \$1.7B range.

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-tested and operational with our tenant railroads ahead of the required 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.
- Interoperability testing with other carriers continues

Kansas City Southern

Resources

Our total U.S. locomotive fleet is 555 units with 527 in active status. Last year, our total U.S. fleet was 613 units. In September of 2018 our crew base was 1,296 and today we have 1,352 with zero on furlough. We have had a 4% increase in crews year over year. Our current grain fleet is 5,226 cars. We will be receiving 150 additional cars in September and 70 additional cars in October. Our fleet will be 5,446 cars when all cars are received. Last year at this time our fleet was 5,773 cars. We've reduced the grain fleet 6% (327 cars) year over year. KCS has determined that the unit grain train service that KCS offers does not constitute grain shuttle or dedicated grain train service, nor does KCS cycle unit grain trains routinely between the same origin-destination pair. While we do not necessarily run shuttles or dedicated trains on our network, at any given time we would estimate that 60% of our fleet is in train service and 40% is in manifest service.

shuttle trains or UGT anticipated to operate during harvest

As stated above, We do not necessarily run shuttle or dedicated trains on our network. We try to match car orders with network fluidity and train movements. At any point in time we will have +/- 40 trains operating in our grain service.

Shuttle cycle times

For the year, our covered hopper fleet (shuttle and manifest) is turning at 1.29 TPM however in July we turned the fleet at 1.36 TPM and August was 1.42 TPM.

Historic turn times - - - 2015 (1.05), 2016 (1.18), 2017 (1.11) and 2018 (1.14). Our cycle times on the covered hopper fleet are up 13% year over year.

Car and train velocity

2nd quarter gross velocity 12.5 MPH – a 9% improvement from 2nd quarter 2018. We are now operating at 14.8MPH. 2nd Quarter dwell 21.2 Hours – an 11% improvement from 2nd quarter 2018. Our dwell is now 20.4 Hours

First mile/last mile service

We are currently developing this metric.

Car trip plan compliance measure

For trip plan compliance metrics we consider “on-time” as up to two hours late. On-time origination, YTD is 84.4%. For the last month we are operating at 93.6% on-time origination. On-time termination, YTD is 55.6%. For the last month we have been operating at 70.6% on-time termination. Both metrics have continued to show improvement throughout the year.

Current PTC status

We are 100% implemented on locomotives, track segments, towers, employees and route miles. We are conditionally certified and currently working on interoperability. KCS continues to make progress with our tenants on interoperability. We have established testing dates and

plans with each tenant and have begun interoperability testing. The tenants that are required to equip with PTC on KCS are: UP, BNSF, Amtrak, CN. While CP, CSX and NS do not operate on the KCS as a tenant we do expect to see their locomotives in the lead position of a train we will see at interchange and will be working with each to ensure we have fully tested that scenario with each to ensure smooth operations.

Expected CAPEX

In 2019 we are expecting to spend just under \$600M in capital which will equate to near 21% of revenue. Looking forward we expect to spend approximately 18% of revenue annually on capital through 2021.

Union Pacific

Resources

- UP has a total locomotive fleet of approximately 8,000 locomotives, of which around 2,300 are stored
- Through the first half of 2019, UP's FTE count is down 6% year over year (on 3% lower carloads)
- The total grain fleet size is around 15,000 cars, with 1,800 of those in storage. Around 40% of the fleet is in unit train service and 60% in single car service

shuttle trains or UGT anticipated to operate during harvest

- UP expects to have around 50 unit trains in service during the 2019 harvest

Shuttle cycle times

- YTD shuttle times are 2.75 turns/month, which is 5% faster than 2018

Car and train velocity

- Freight car velocity was 199 daily miles/car in Q2 2019, which was up 3% vs 194 daily miles/car in 2018
- July 2019 freight car velocity was 206, which represents an 8% improvement vs the July 2018 number of 191
- Train speed was 23.1 miles/hour in Q2 2019 and was down 6% vs 2018 figure of 24.7 due to flooding impacts on our network and an increase in work events as a result of the shift to Unified Plan 2020. July train speed was 23.3, down 4% vs 24.2 miles/hour in 2018. UP expects train speed to continue to improve, but it may not improve as significantly as other metrics since we used to run a network that was more focused on getting the train from origin to destination and now we have shifted to a focus on moving cars. The shift to progressing the car as far as possible each day includes adding in work events on line of road which can impact the train speed while the freight car velocity and terminal dwell improve.

First mile/last mile service

- UP performed first mile/last mile service at 92% in July compared to 79% in July of 2018. This illustrates our commitment to deliver and pick up rail cars to/from customer facilities per our train schedule

Car trip plan compliance measure

- Car trip plan compliance was 68% for July 2019, which is 7 points better than July 2018, reflecting improved operating performance

Current PTC status

- PTC is currently installed on 100% of the required rail lines, and we continue to work diligently to execute the revised implementation plan we filed with the FRA
- We are implemented so far on 86% of the required miles and we will continue implementing, testing and refining PTC through the rest of 2019 and 2020

Expected CAPEX

- UP's 2019 capital plan is around \$3.2B

Class II/III Railroads

Iowa Northern

Locomotives

- 26 locomotives (which includes 4 slugs)

Grain cars

- 430 grain cars (combination of 4750's and 5200's)

Crew Resources

- 40 operating employees

Car and train velocity

- Continuous movement of trains to and from processing facilities based on their needs.

First mile/last mile service

- Coops/Elevators served on a daily basis with no IANR service issues.

Current PTC status

- Well underway – installation of equipment completed in October. We will equip 20 locomotives and GE/Wabtec will establish all the back office implementation and integration concurrently. Employee training will be starting once installation is complete with 100% deployment in June 2020.

Expected CAPEX

- 2019 approximately \$7,000,000

Montana Rail Link

Montana Rail Link (MRL) is committed to the safety of our employees, customers and general public. We are in the midst of a record safety year with an injury frequency rate of .48. This is the lowest in the company's history. Our FRA reportable accident rate is near a record low and stands at .95 with only four reportable accidents YTD. Our focus is on safety and we have implemented various new programs to promote employee engagement and ownership. We are proud of our results and will not rest until we have zero injuries and accidents.

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 2018, MRL shipped 440,000

total carloads and averaged 20.8 trains-per-day. 102,250, or 23.5%, of our total volume was grain, up from 86,000 carloads in 2017. Of the 2018 total, 5,188 carloads were originating traffic from Montana based grain shippers. MRL services 24 local grain shippers located in Eastern and South Central Montana. The majority of grain shipped across our line is corn and soybeans that originate in the Midwest.

2019 grain volumes, through Q2, are down 12.8% as compared to 2018, primarily due to escalating international trade tensions.

MRL currently operates 71 locomotives, including four new SD70 ACe's added last year. MRL owns 700 railcars, of which 106 are grain cars.

MRL has 1,223 employees and in the past four years has hired 437 new employees. We have added 109 new employees in 2019 with plans to hire 22 additional transportation employees each quarter. MRL's 2019 capital budget plan is \$87 Million, the largest in the company's history, including:

- 160,000 ties
- 25 miles of new track
- 285 miles of surface work

Capacity improvement plans include a new siding at Bradley, extended siding in Dixon, a new cross-over at Desmet, adding CTC at the Phosphate siding and expansion of our Logan yard. MRL is also investing several million dollars in a state of the art petroleum product facility located in Park City, MT to offer new transload services to our customers.

MRL is also beginning the process to voluntarily install PTC across our mainline network. Preliminary work has begun and the project is expected to be completed in 4-5 years.

MRL continues to monitor international trade tensions and the potential impact to grain shipments across our network. We are currently experiencing a record grain year for Montana on-line shippers and our 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.

When preparing reports for the upcoming NGCC meeting, the central question remains "is the railroad ready for harvest?" Consistent with the process established last year, please provide the following metrics/statistics (as applicable) by email to me prior to the meeting to be included in a handout for the members. This will allow the oral reports to be focused on the big picture rather than a recitation of the metrics.

Watco Railroads – Railroads with grain traffic include KO, SKOL, DREI, WSOR, GDLK, AA, PCC, EIRR, ARS, and MSR

Locomotives

- 160 locomotives across all railroads

Grain Cars

- 1675 covered hopper fleet across the KO, SKOL, WSOR, DREI, and PCC
- Shuttle trains across the WATCO network utilize Class I power and equipment

Crew Resources

- All Railroads are fully staffed for Harvest

Harvest Outlook

- Corn planted acres are down and yield is expected to be down based on late plantings
- Soybean planted acres are down and yield is expected to be down
- Trade issues are making it very difficult to predict when this crop will move and where it will go