NATIONAL SUMMIT on Agricultural and Food Truck Transport

April 25, 2007

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National Grain and Feed Association

Rail / Truck
Modal Share for Commercial Grain

	1980	*2006*
Rail	50%	32%
Truck	30%	50%

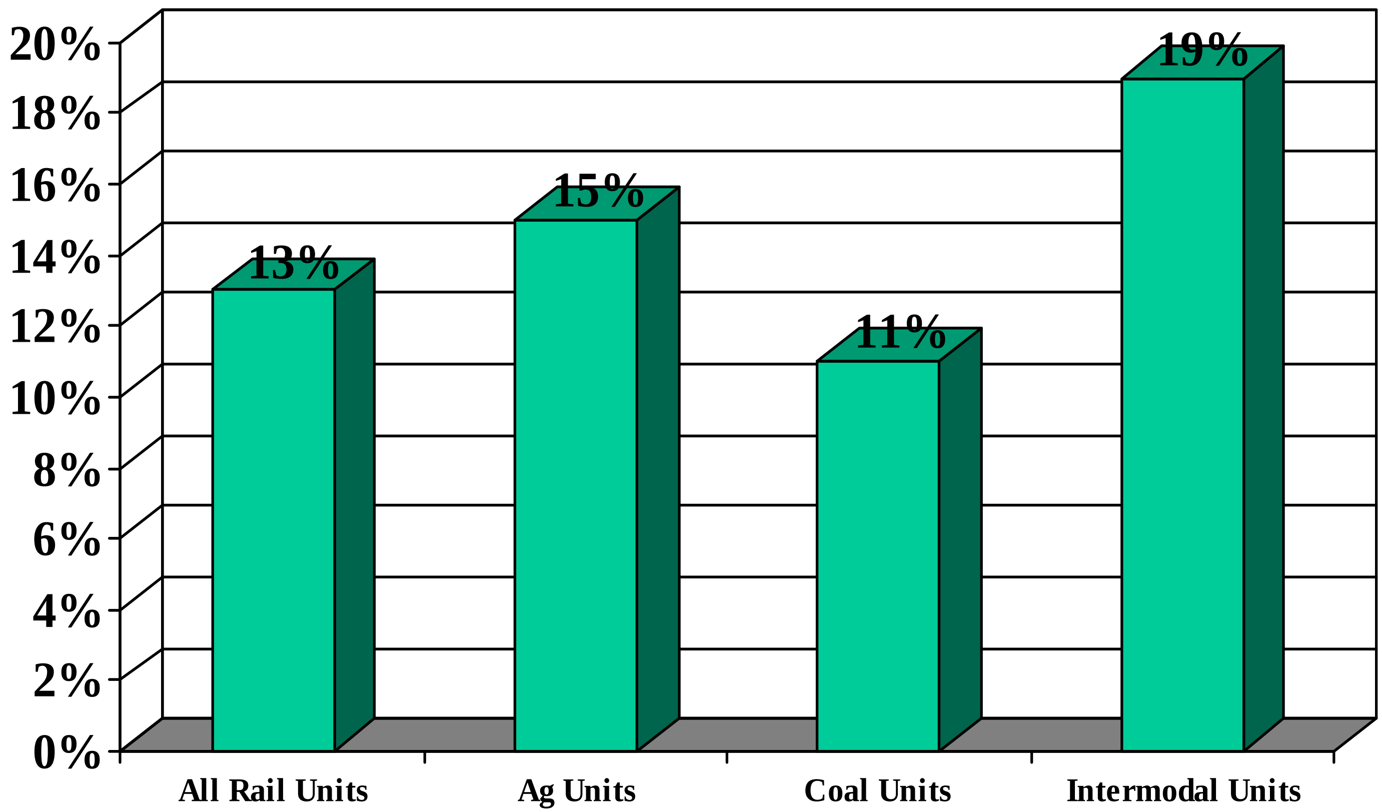
U.S. Freight Cars by Type - As of January 2006

Car Type		# Cars	% of Ownership	Ave Age
Box Car	Railroad	147,362	85.90	23.6
	Private	24,186	14.10	20.3
Covered Hopper	Railroad	150,554	34.53	23
	Private	285,479	65.47	17.3
Open Hopper	Railroad	90,446	54.14	26.5
	Private	76,614	45.86	15.3
Gondolas	Railroad	139,718	60.32	21.5
	Private	91,903	39.68	15.6
Flat Cars	Railroad	70,891	34.48	12.9
	Private	134,701	65.52	16.2
Refrigerated	Railroad	22,926	89.72	24.9
	Private	2,626	10.28	21.7
Tank Cars	Railroad	525	0.20	30.2
	Private	259,823	99.80	16.9
All Others	Railroad	3,598	54.35	32.1
	Private	3,022	45.65	21.5
Total	Railroad	626,020	41.61	22.3
	Private	878,354	58.39	16.8

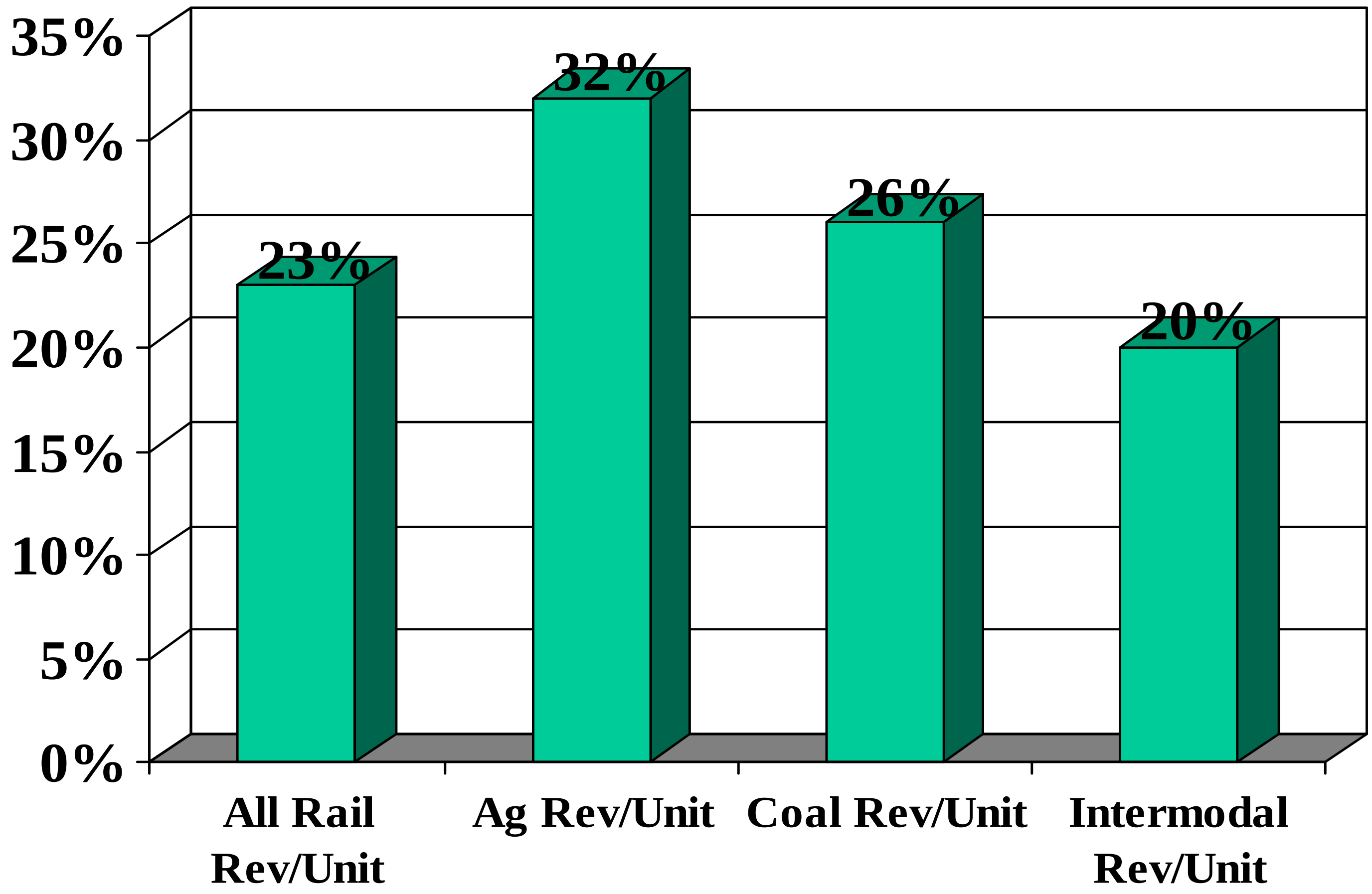
Source: AAR/Umler as reported by Railway Age, May 2006

Railroad car data reflects equipment owned or leased by 6 largest Class I carriers.

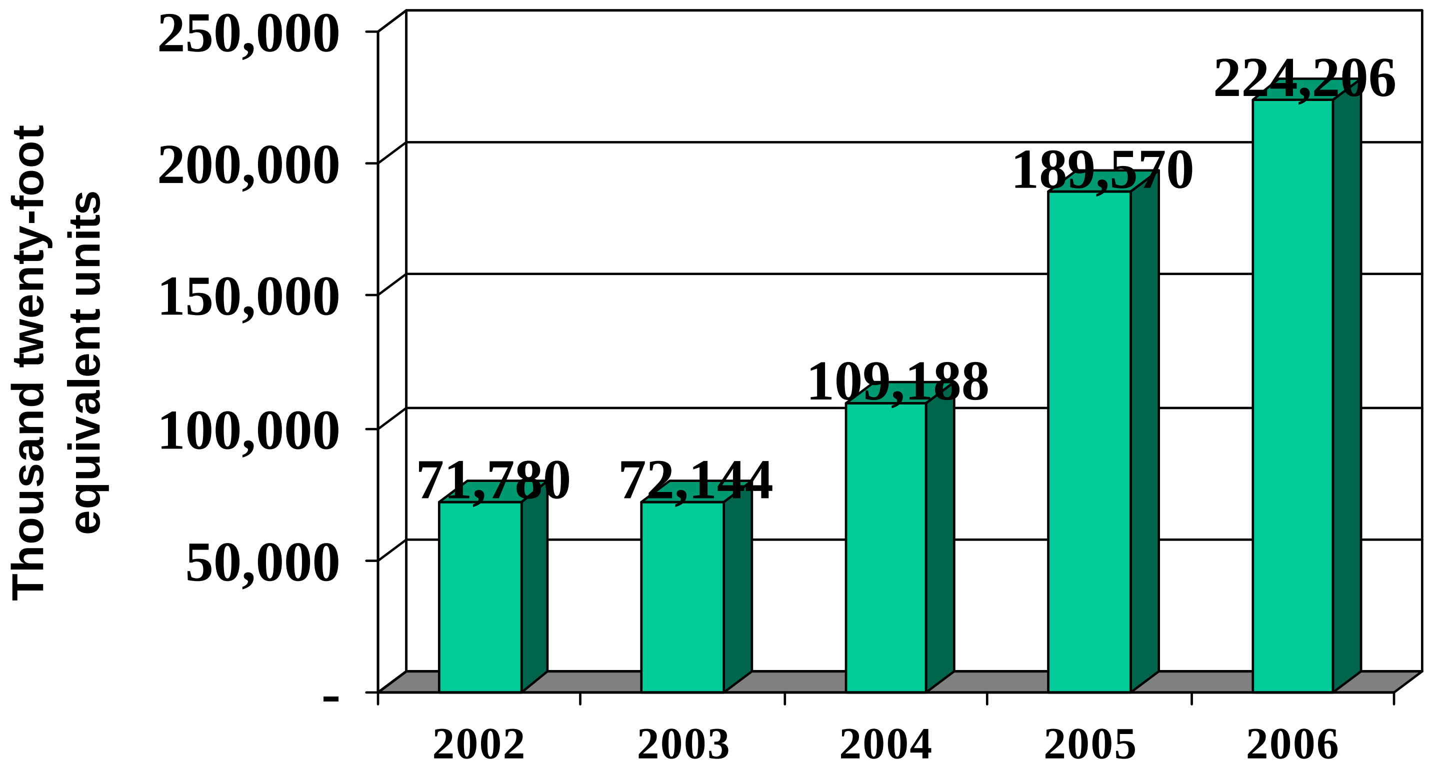
3-Year Growth in Units Shipped, Ag vs. Other Industries, 1st Half 2003 to 1st Half 2006



3 Yr. % Change in Revenue per Unit, 1st Half 2003 to 1st Half 2006



Annual Shipments of Containerized Grain to Asia



Sustainability of trends Toward Containerized Shipping

- Biotech events driving need for IP
- Specialty crop IP
- Ethanol encouraging high yield feed wheats
- Demand for traceability
- Cost of Containers vs. Bulk
- Availability of boxes / logistical systems

Are Rates an Issue?

2005 Waybill Sample
Total Grains and Oilseeds (STCC 01)

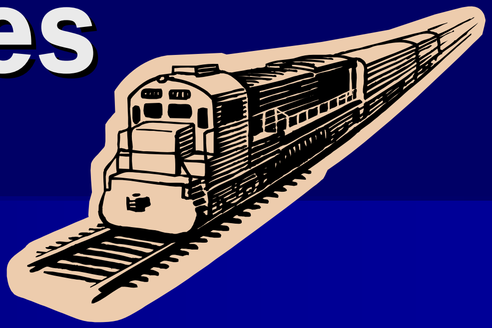
	% of Traffic	Average Rev. to Var. Cost
Traffic greater than 300% VC	7.6%	362%
Traffic 180% to 300% VC	35.5%	222%
Traffic less than 180% VC	56.9%	133%
Total	100%	165%

Challenging Rail Rates:
How much should it cost?

Surface Transportation Board Proposals:

1. 3-Benchmark Approach $100 -200,000
2. "Simplified" Stand Alone Cost (SSAC) $1,000,000
3. Stand Alone Cost (SAC) $4,000,000

Rail Issues



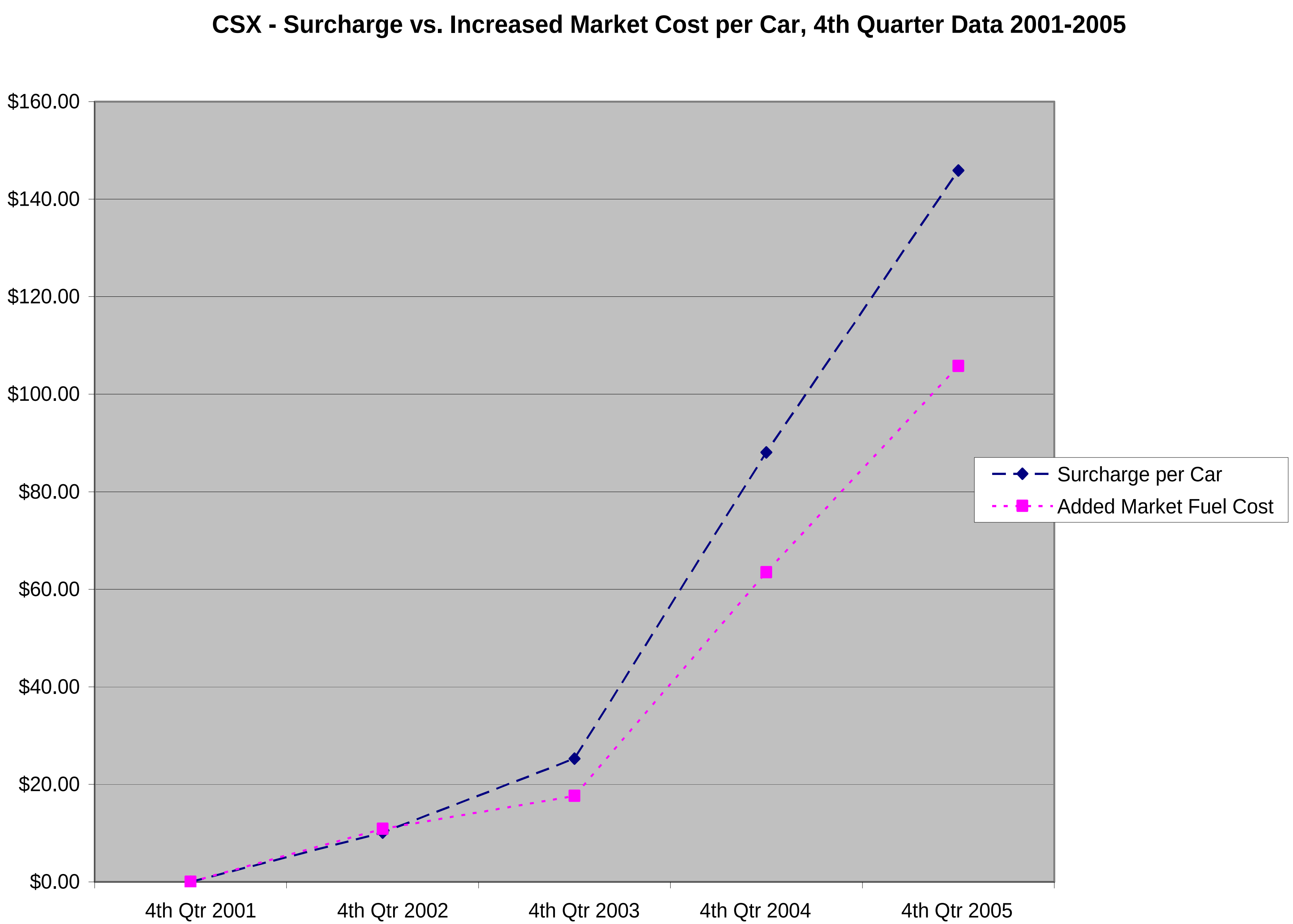
Rail Fuel Surcharges

– STB decision January 26, 2007:

Rate-based fuel surcharges will no longer be allowed

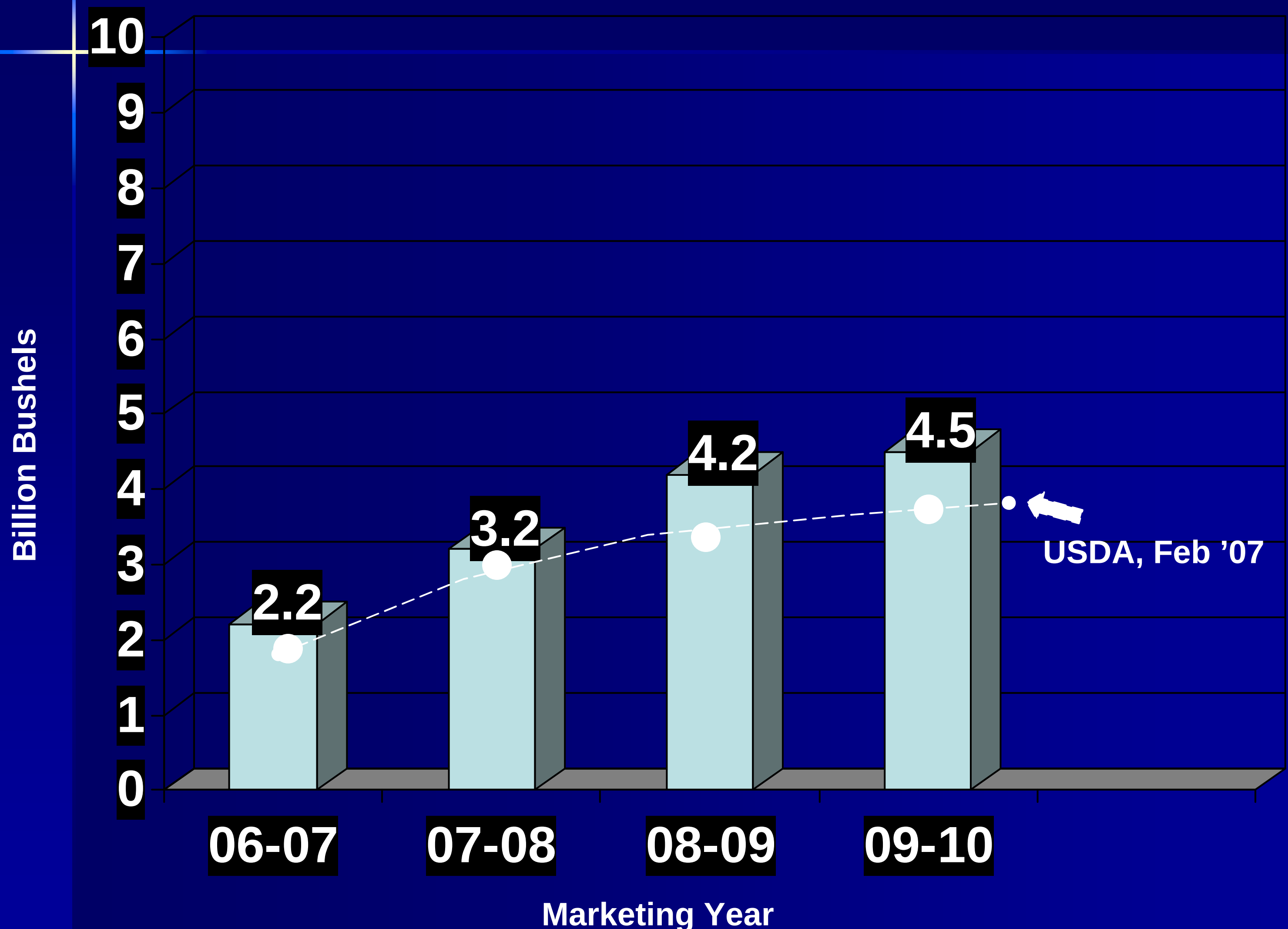
Railroads have 90 days to come into compliance with mileage-based or other cost-based surcharges

Example Carrier - Surcharge vs. Increased Market Cost per Car, 4th Quarter data 2001-2005



The Numbers…

Corn Used in U.S. Ethanol Production



Ethanol Math

- 12 billion gallons of ethanol
- 400,000 tank car loads
- 38 million metric tons of DDGS
- 14 billion bushels of corn production
- 5-6% annual growth in truck and rail freight

Other Significant Rail Policy Matters

- Infrastructure Tax Credit Bill
- S. 953 – Pro-competition Bill
- STB Re-defining Rail “Revenue Adequacy”

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Thank you!