



# National Grain and Feed Association

Jack Hellmann, President & CEO  
Genesee & Wyoming Inc.

March 30, 2014



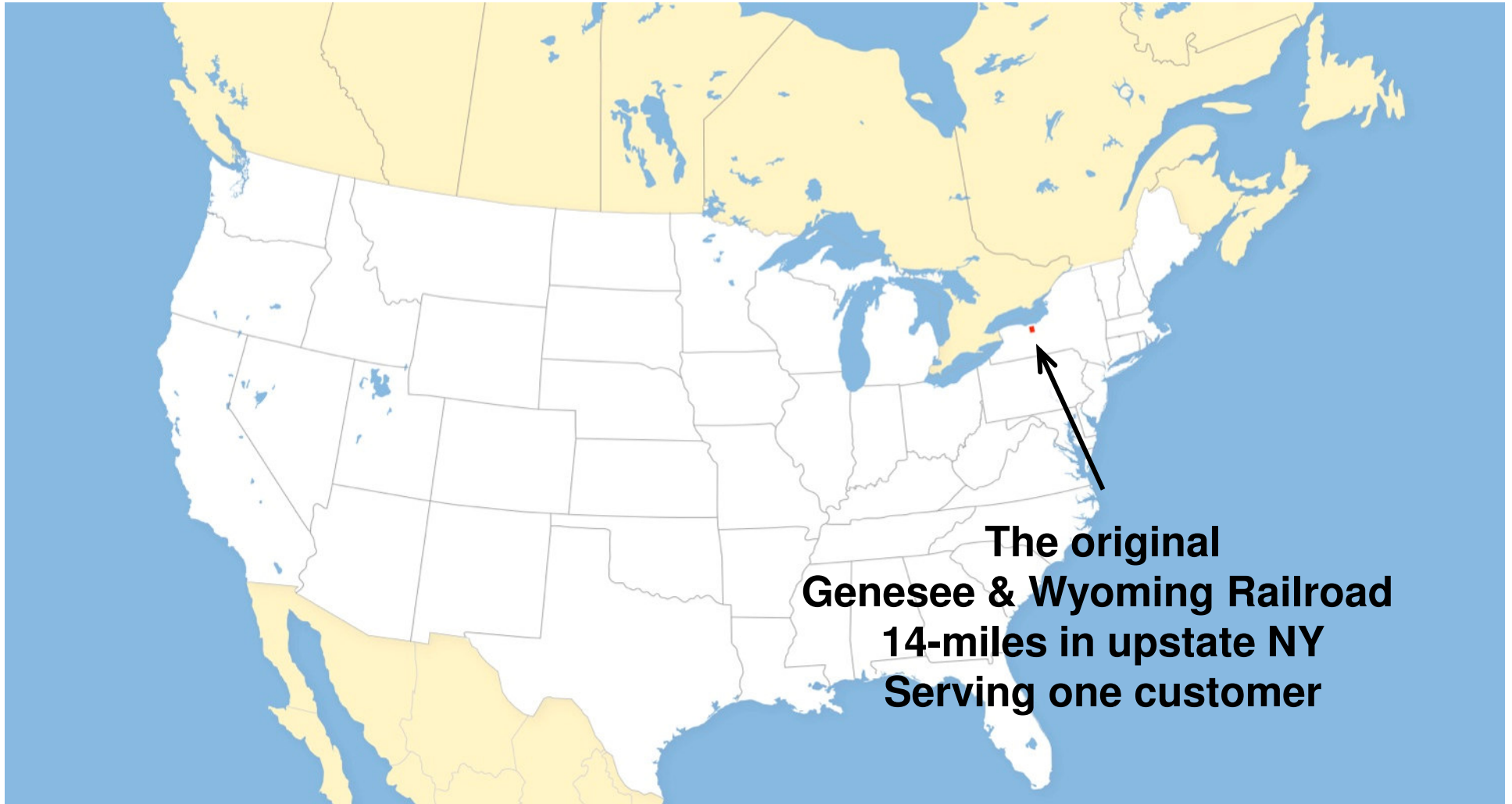
# Agenda

1. Introduction to G&W
2. G&W's Grain Business Including the Rapid City, Pierre & Eastern
3. Evolution of the Short Line Industry





# Genesee & Wyoming Inc. 1899



**The original  
Genesee & Wyoming Railroad  
14-miles in upstate NY  
Serving one customer**

# G&W Board of Directors 1899



Genesee & Wyoming Inc.



# Early G&W Power



# Genesee & Wyoming 2014

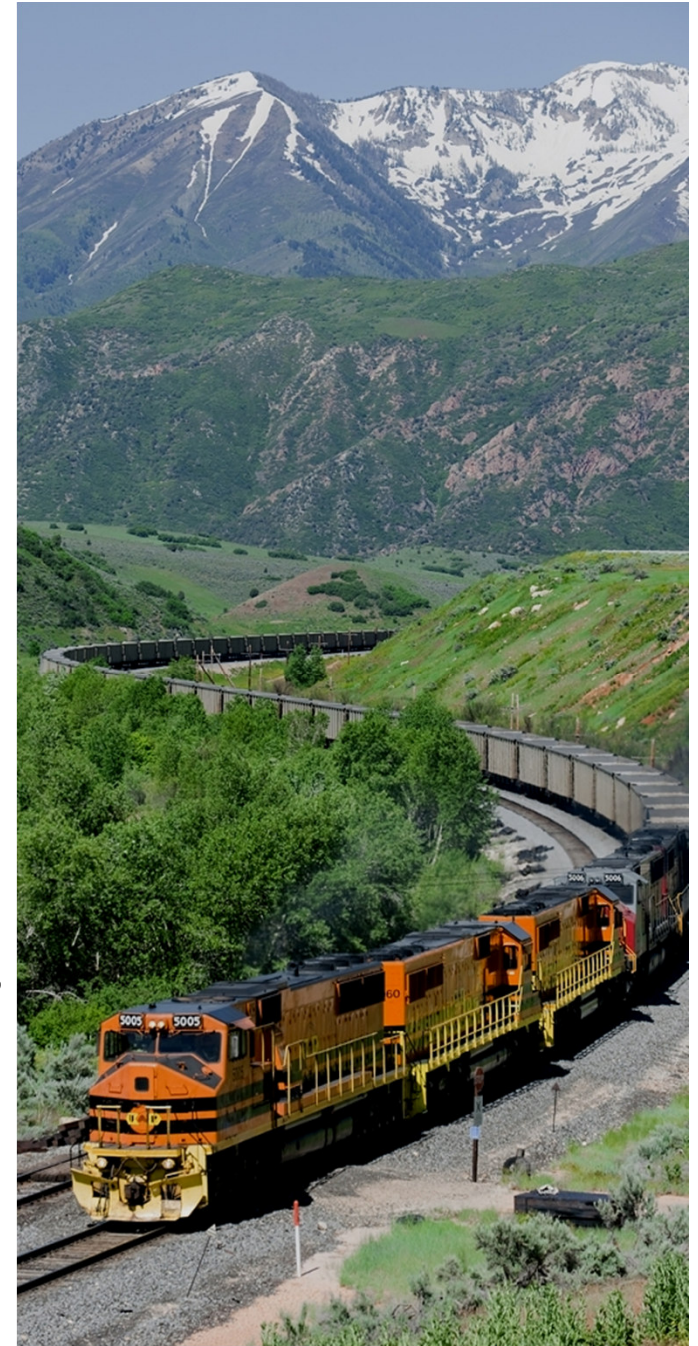






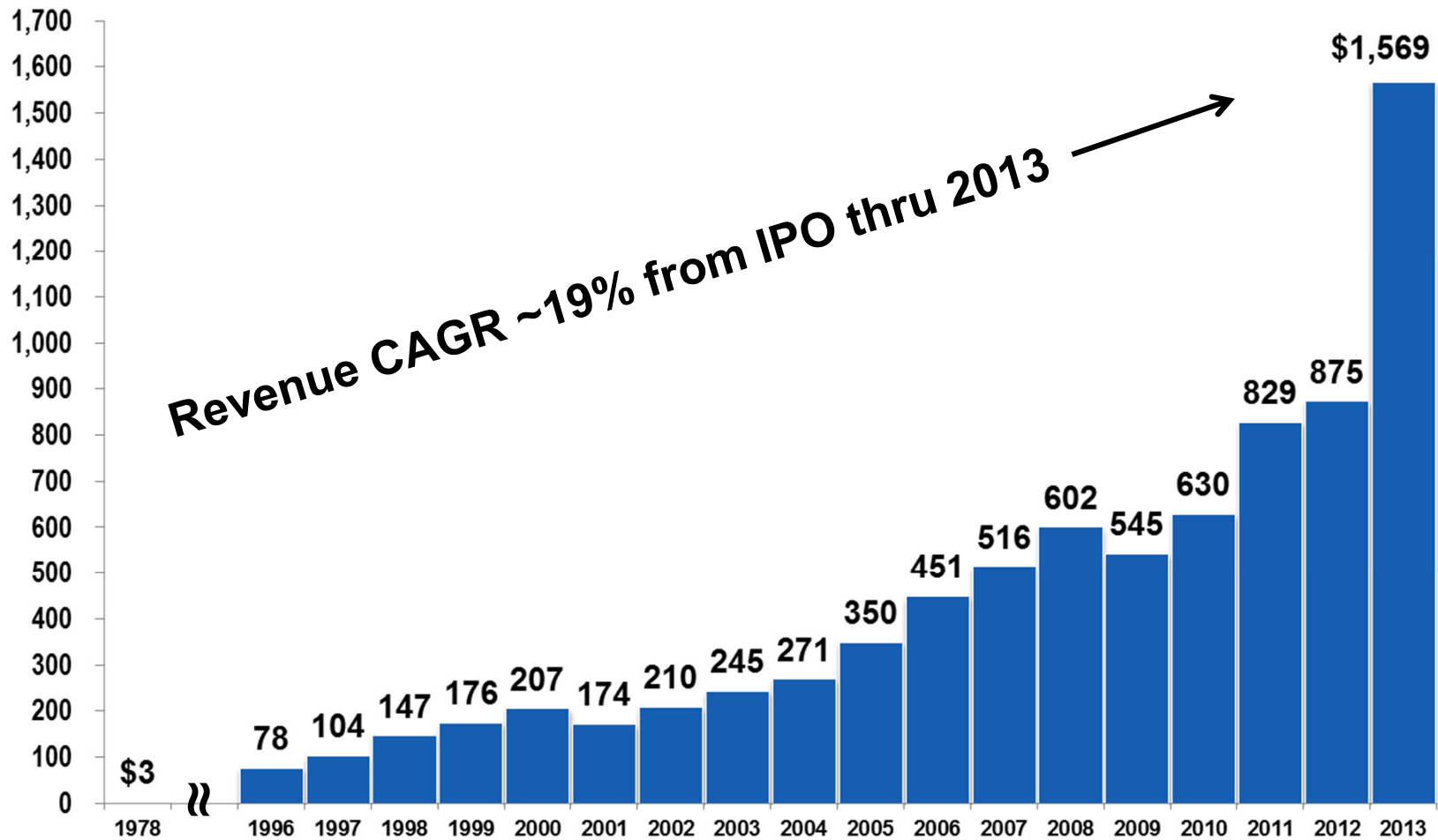
## Overview

- **NYSE:** Listed as GWR with ~\$5.0b market capitalization
- **Railroads:** 111 railroads with ~15,000 track miles (80% North America; 20% Australia)
- **People:** ~4,600 worldwide
- **Equipment:** Over 1,000 locomotives
- **Track Record of Acquisitions:** Added 93 railroads since 2000 with 1 pending



# Consistent Long-Term Growth

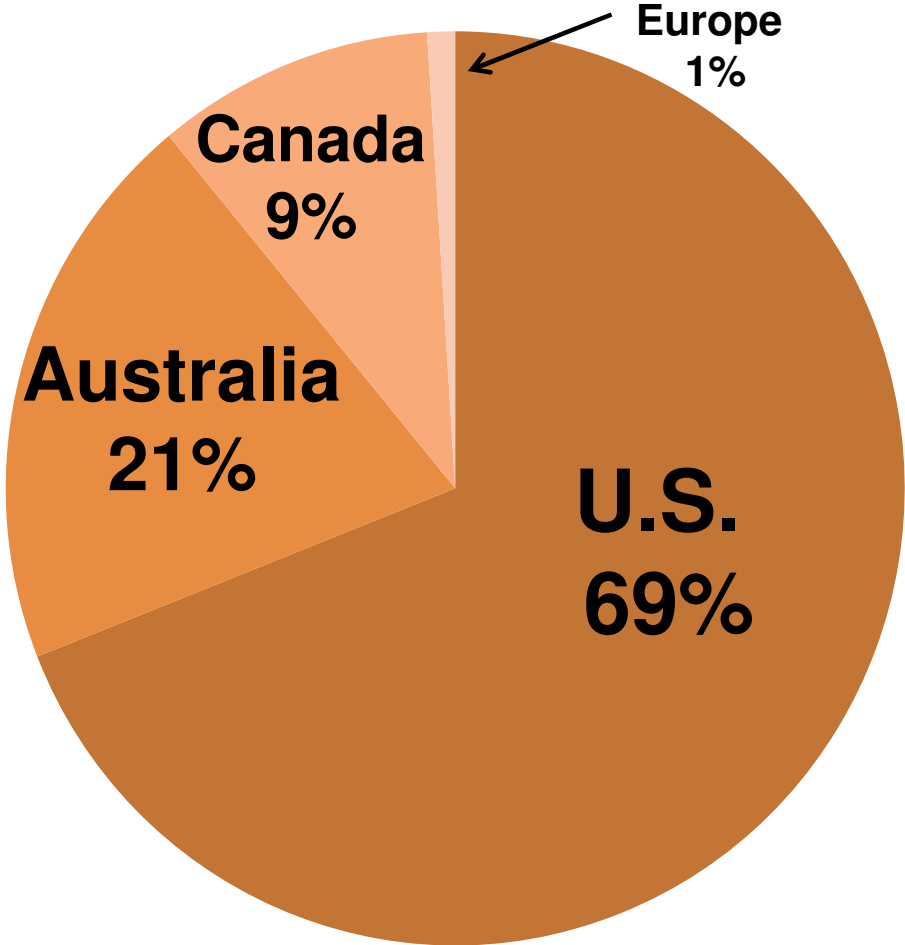
(\$ millions)



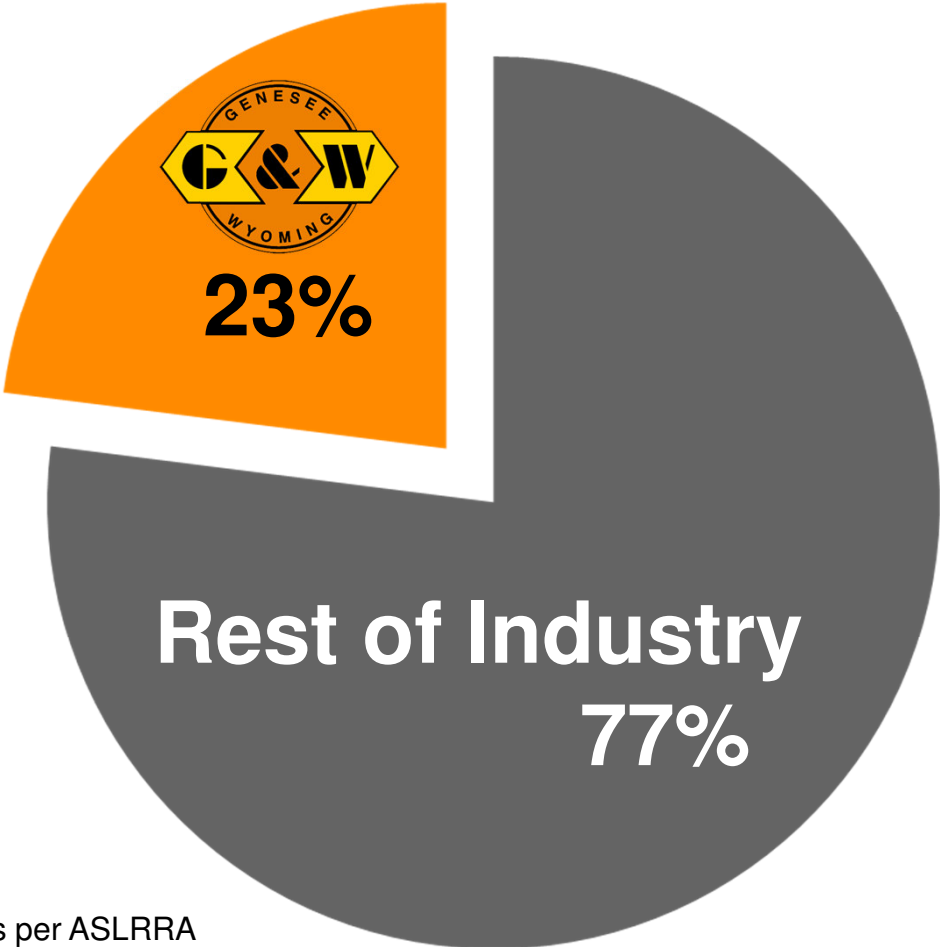


# International Railroad Business

2013 Total Revenue by Geography



# 43,000 U.S. Short Line Track Miles

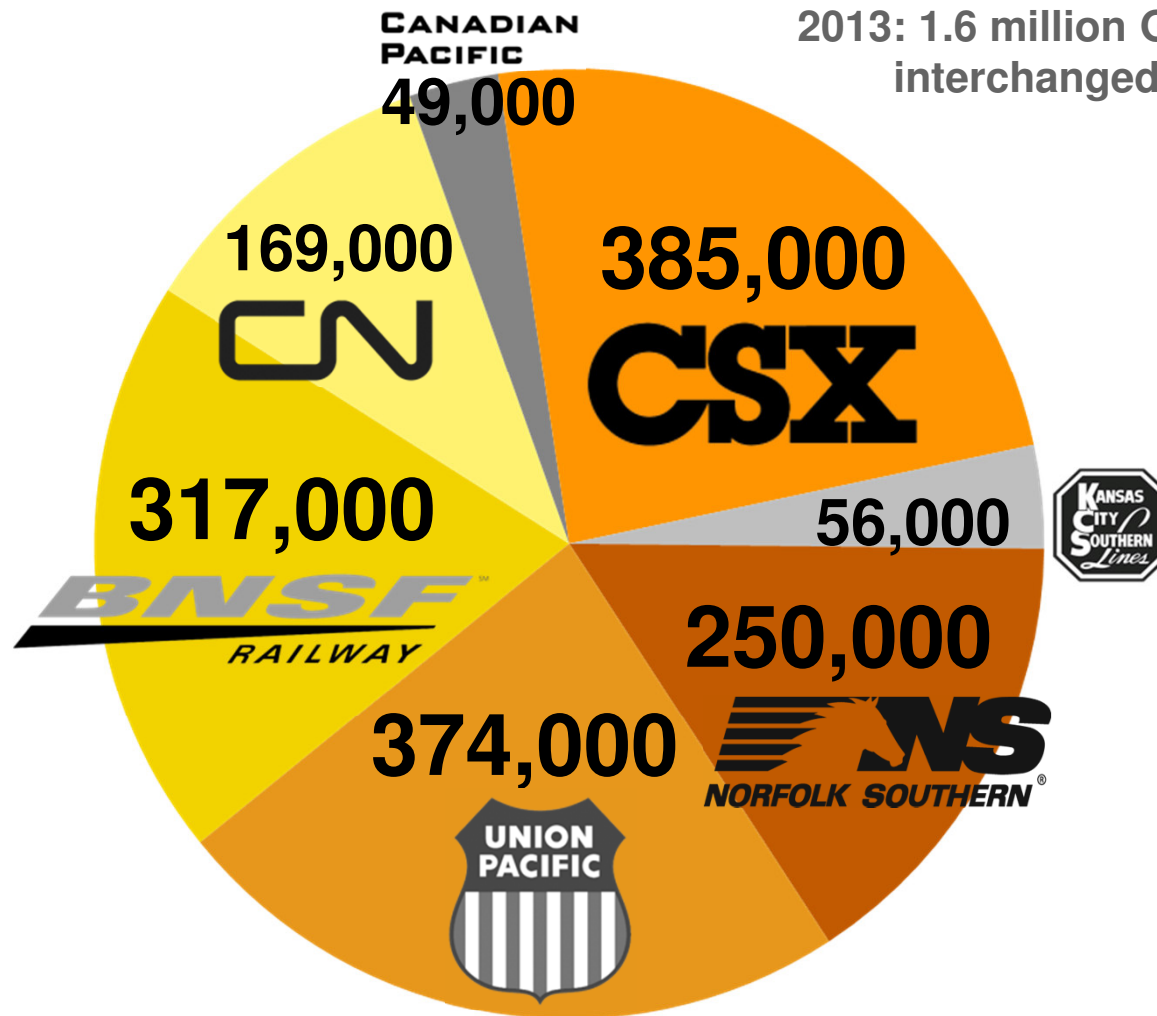


Total Class II & III miles per ASLRRRA



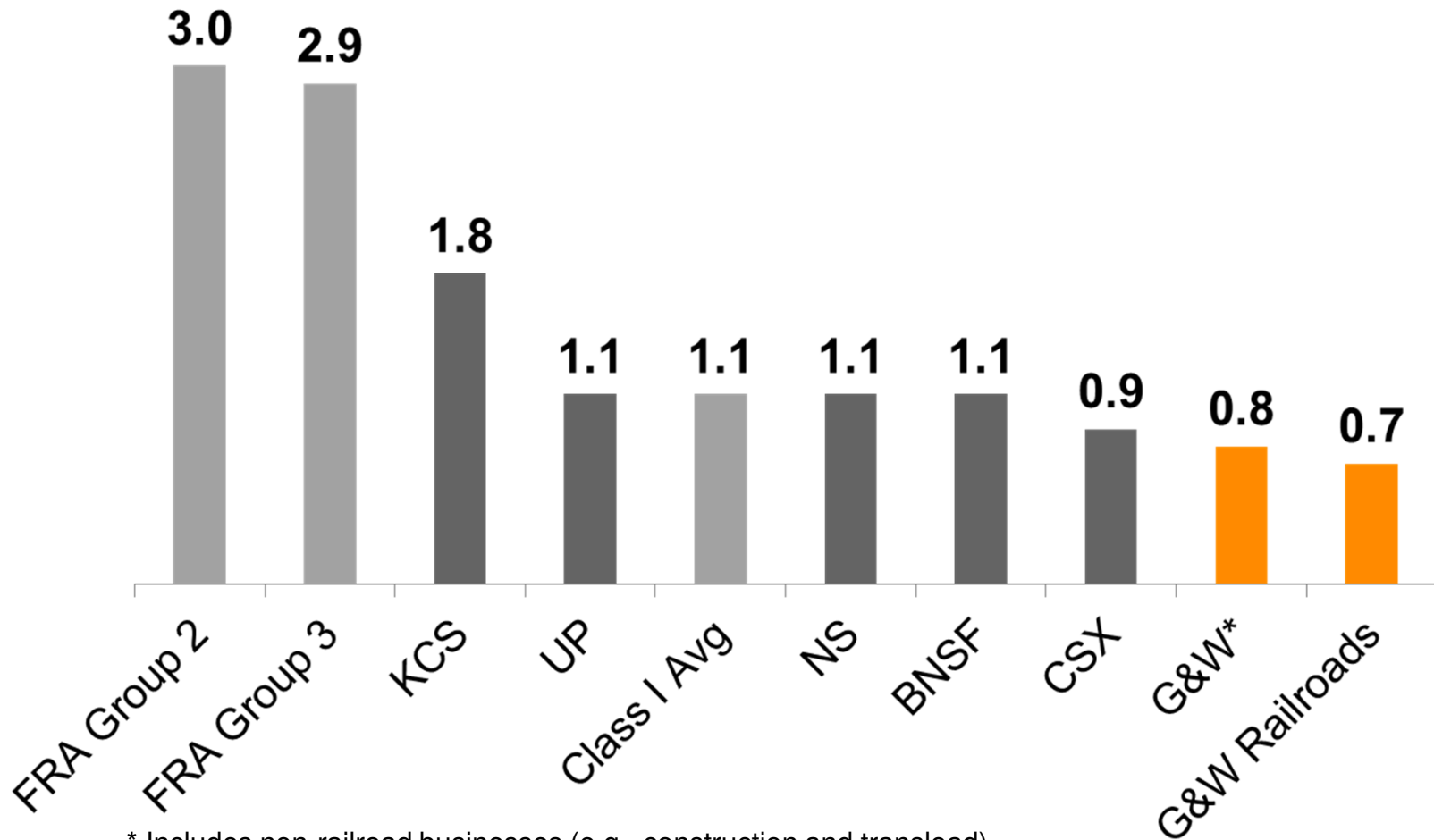
# G&W Annual Carloads by Class I

2013: 1.6 million G&W carloads  
interchanged with Class I



# Industry-Leading Safety

2013 Injury Frequency Rate per 200,000 man-hours

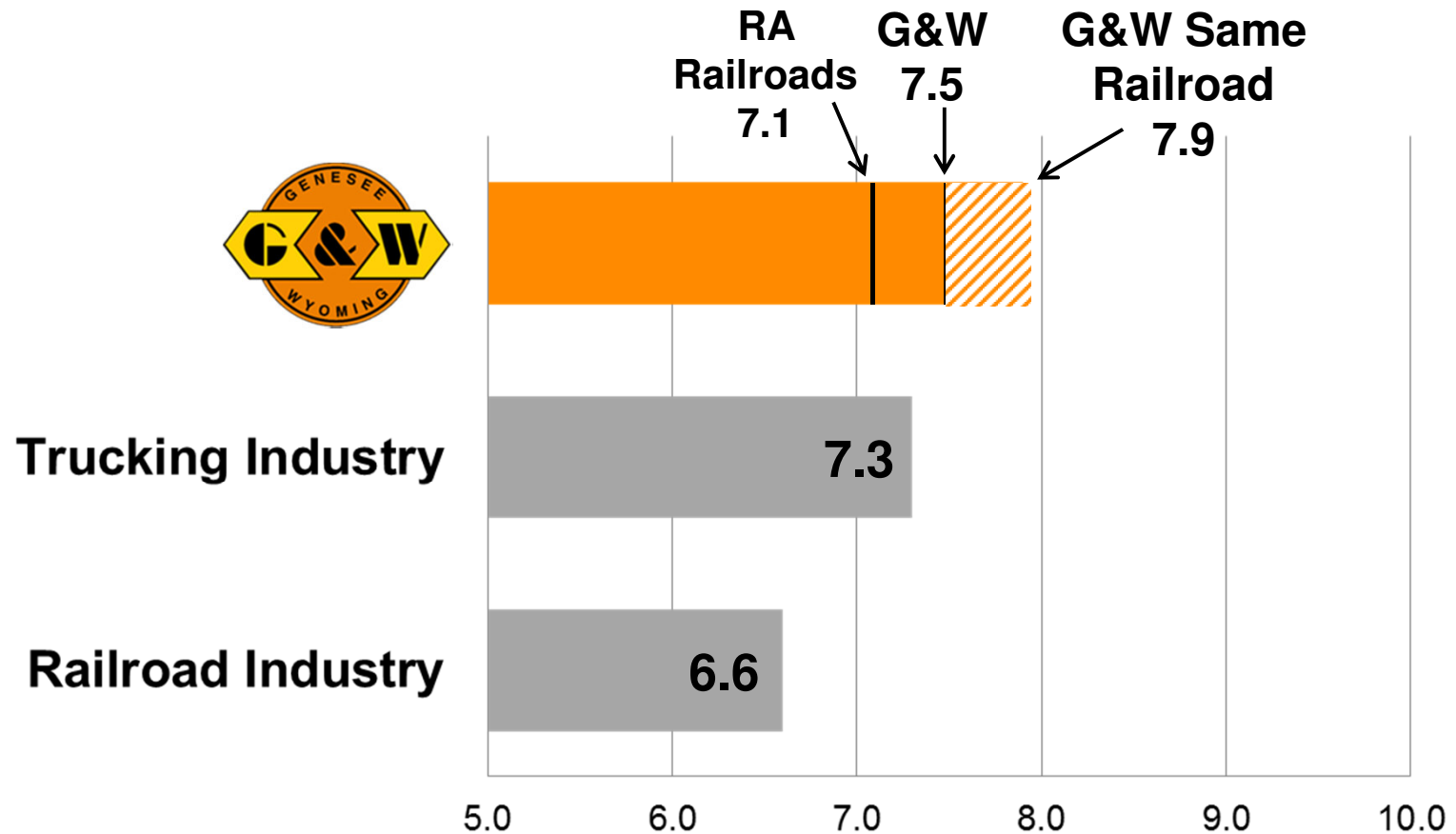


\* Includes non-railroad businesses (e.g., construction and transload).



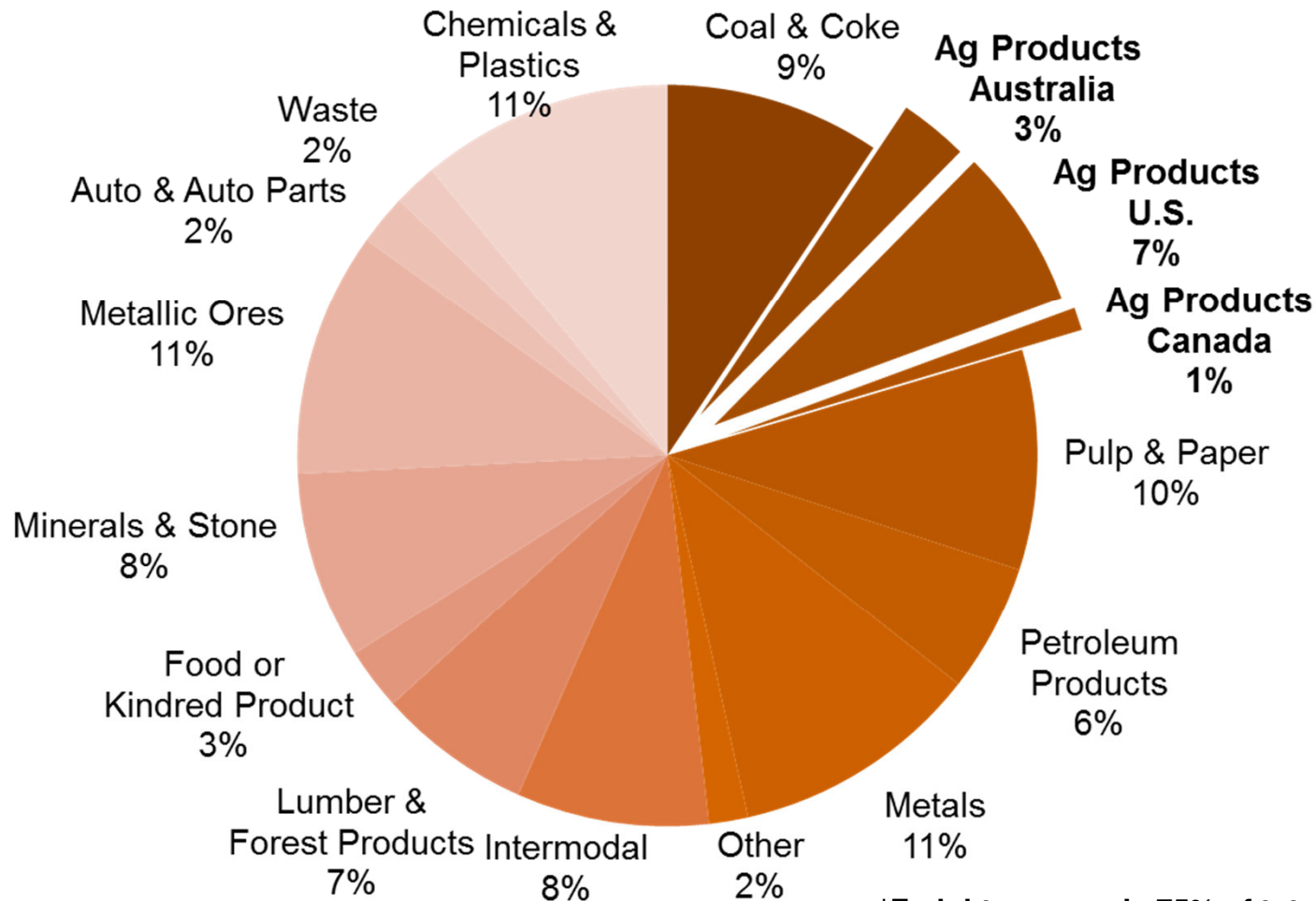
# Commitment to Customer Satisfaction

November 2013 Survey by a Leading Customer-Satisfaction Research Firm



# Diversity by Commodity

2013 Freight Revenue\* by Commodity

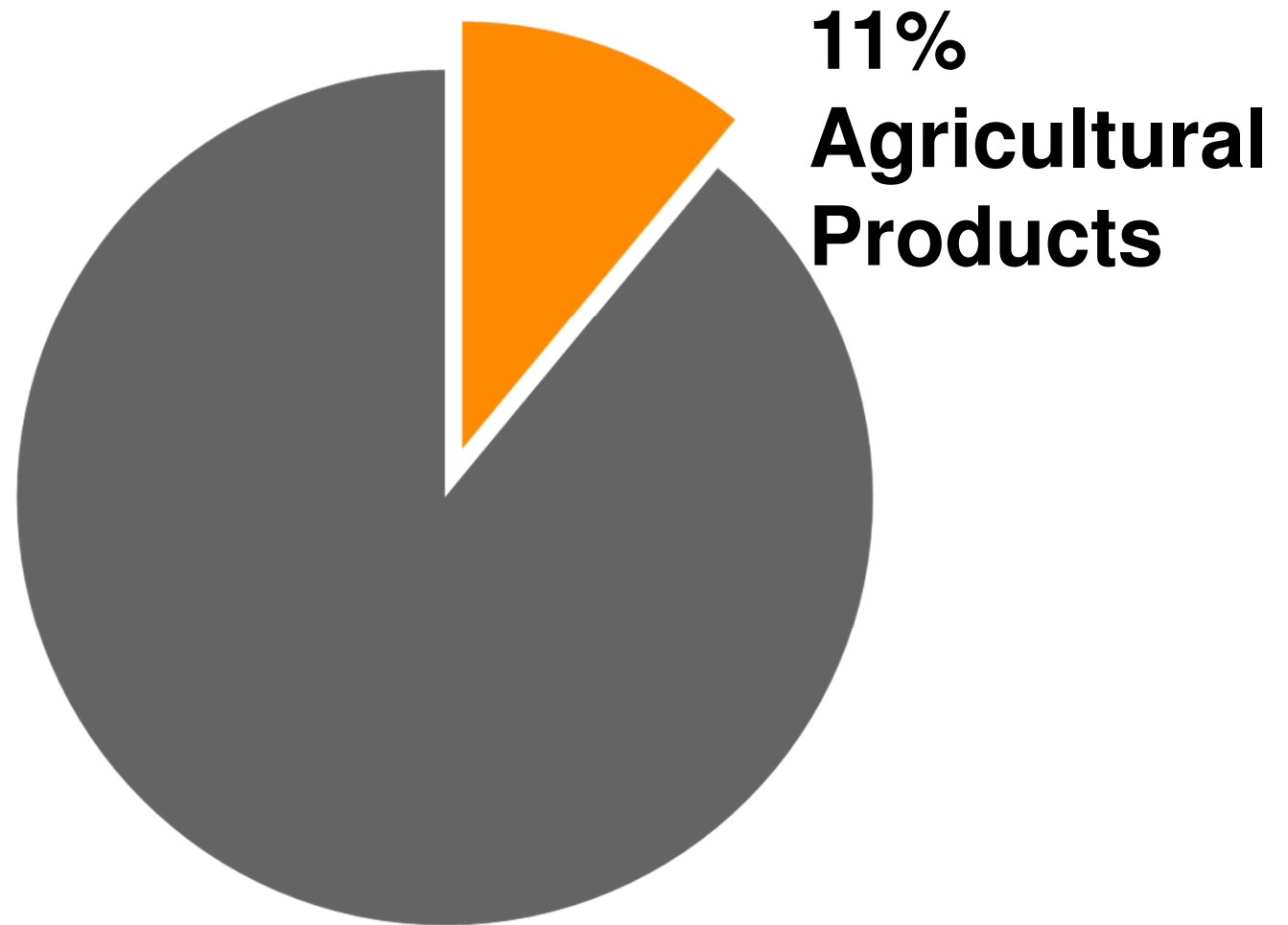


\*Freight revenue is 75% of total revenues

# G&W's Grain Business



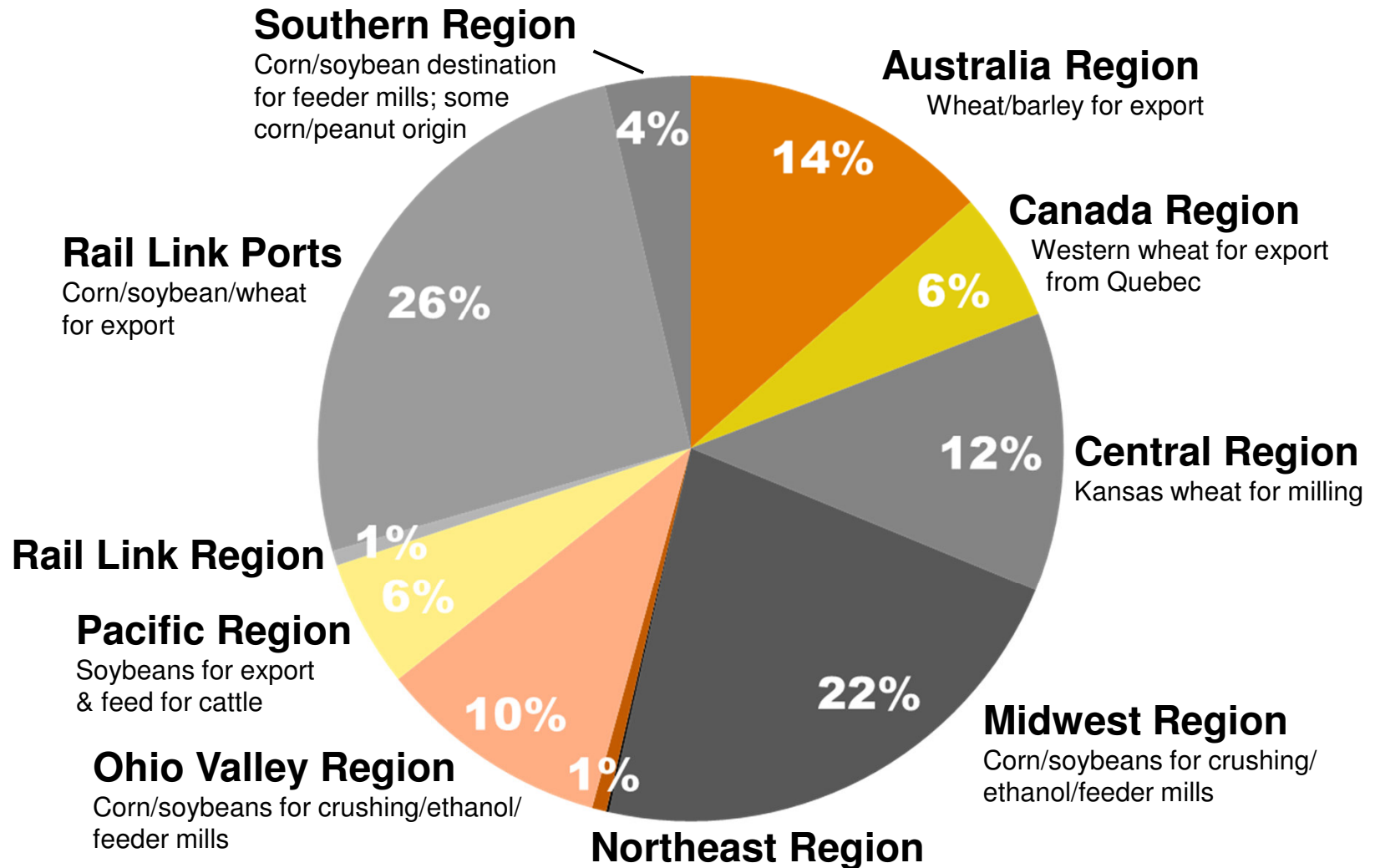
## G&W Freight Revenue by Commodity





# G&W's Ag Franchise by Operating Region

222,000 carloads / 18 million tons



# Rapid City, Pierre & Eastern Railroad



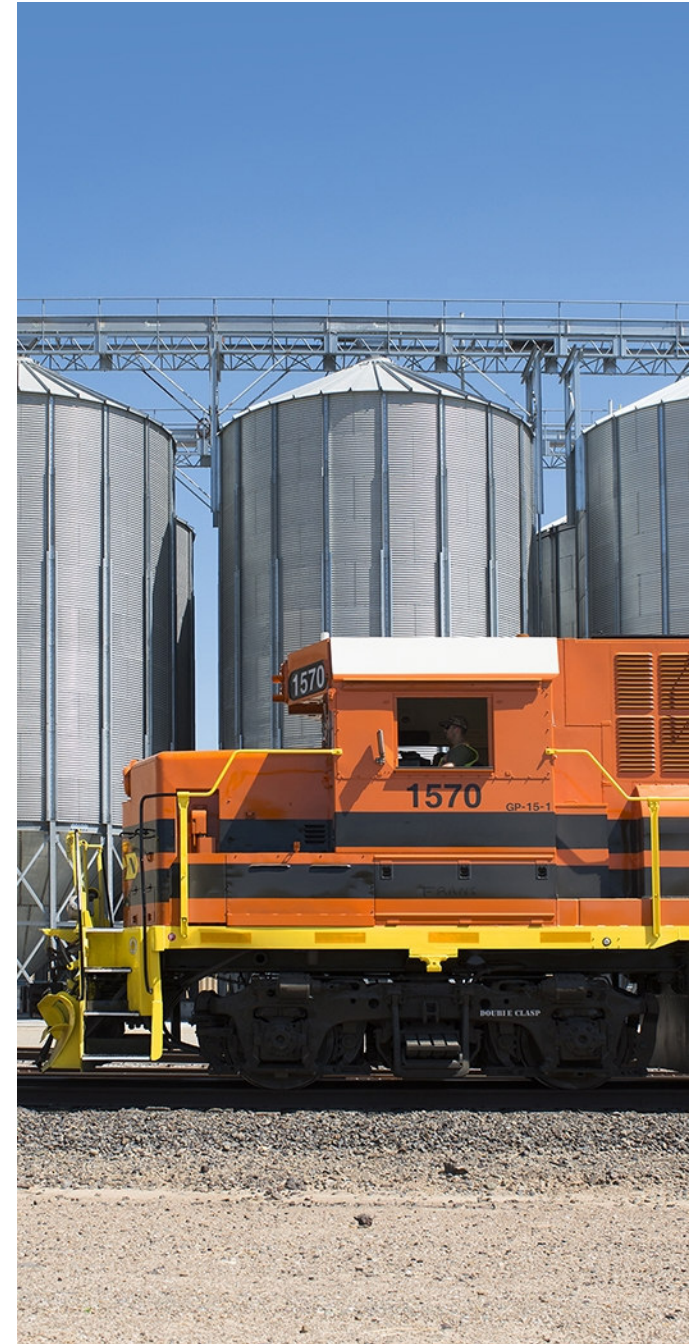
## Rapid City, Pierre & Eastern Railroad

- G&W purchasing the assets of the “DM&E West” from Canadian Pacific (CP), subject to STB approval
- DM&E West is 670 miles in South Dakota, Minnesota, Wyoming and Nebraska
- RCPE will interchange with three Class I railroads (CP, BNSF and UP)
- Initial expectations of 52,500 carloads (bentonite, cement, agricultural products)



# G&W General View of Agricultural Products

- Revenue base uncorrelated with economy is important to our diversity
- Within grain, geographic diversity is important to us
- Excited about long-term crop yield improvements and Asian demand



# G&W Commitment to Agricultural Products Customers

1. Operate safe and efficient railroads to ensure global competitiveness of customers
2. Support customers with investment in the “right” assets (track upgrades, new loops, G&W-owned railcars)
3. Extend the reach of the Class I networks
  - Strong relationships and seamless connections with all Class I railroads
4. Provide customers with destination alternatives across our national footprint, including export terminals



# Evolution of the Short Line Industry



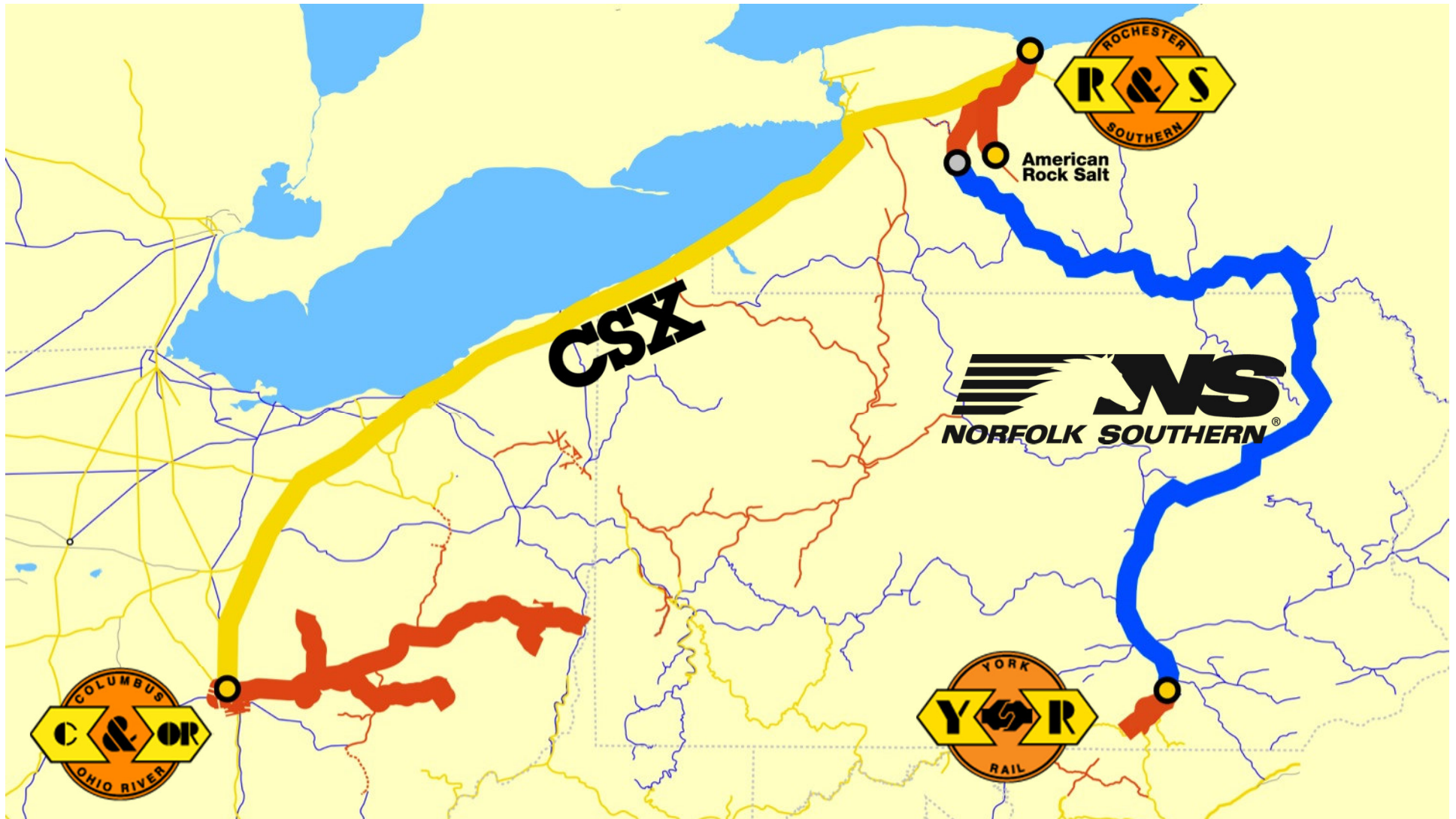
# Components of Growth

## 1. Traditional Class I spinoffs after Staggers Act



# 1. Traditional Class I spinoffs

“First & Last Mile” to the Customer



# Components of Growth

## 2. Railroads embedded in industrial facilities

## 2. Embedded Industrial Railroads Non-Core Competence for Owners





## 2. Embedded Industrial Railroads Non-Core Competence for Owners





## Components of Growth

# 3. Contiguous railroads as building blocks of regional rail systems

# 3. Contiguous Railroads

## Building Regional Rail Systems



- 1977** Genesee & Wyoming Railroad (GNWR)
- 1985** Dansville & Mount Morris Railroad (DMM)
- 1986** Rochester & Southern Railroad (RSR)
- 1988** Buffalo & Pittsburgh Railroad (BPRR)
- 1992** Allegheny & Eastern Railroad (ALY)
- 1996** Pittsburg & Shawmut Railroad (PS)
- 2001** South Buffalo Railway (SB)
- 2008** Ohio Lines

# Components of Growth

## 4. International privatizations

# Genesee & Wyoming Australia





## 4. International Privatizations

### South Australia Purchase



**1996** G&W Privatizes Australia National's South Australian Assets



## 4. International Privatizations

### Western Australia Purchase



**2000** Formation of ARG Joint Venture; ARG Buys Westrail



# 4. International Privatizations

## Western Australia Sale; Retained South Australia



**2006** Sold Western Australian Assets; G&W Retains Original South Australia Business



## 4. International Privatizations

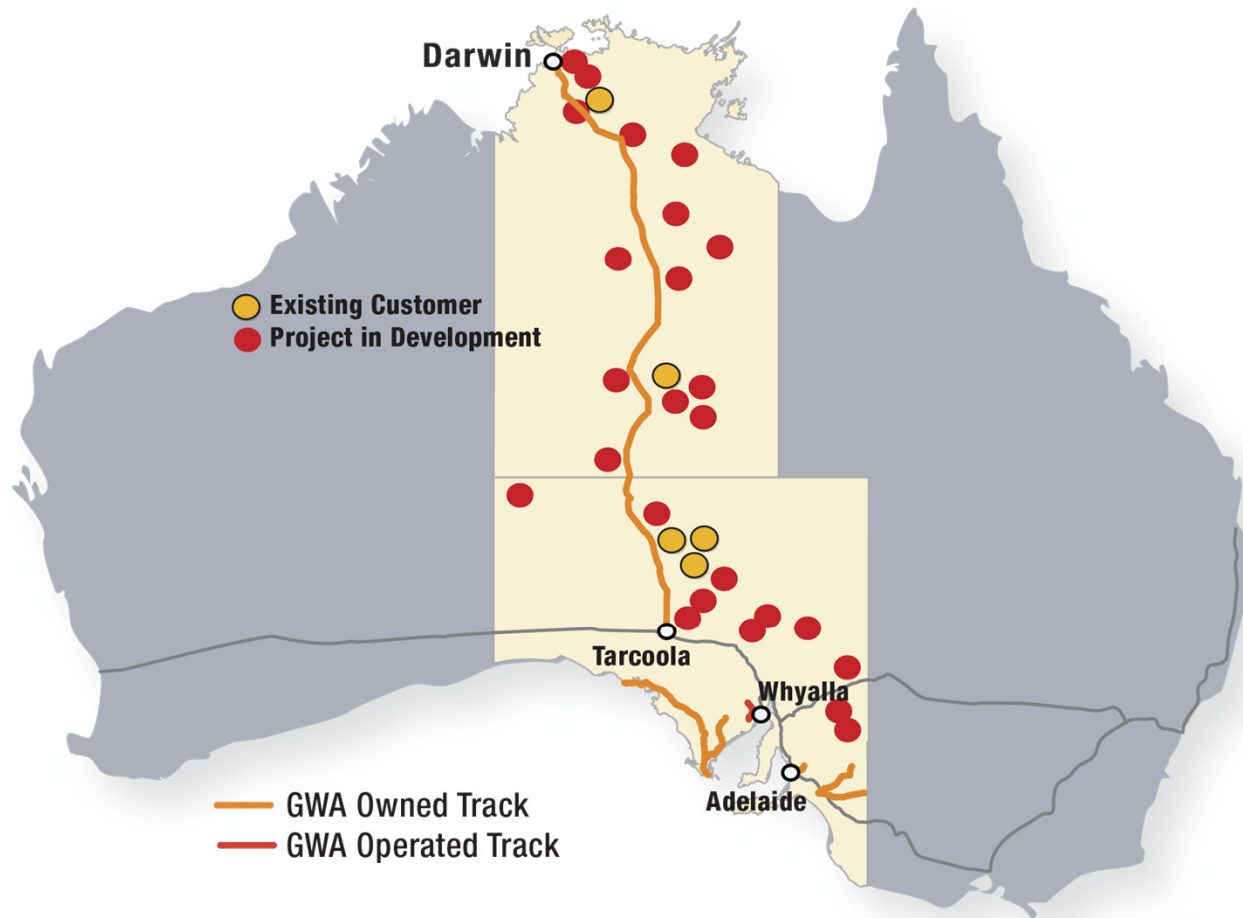
### Purchase of Alice Springs to Darwin Rail Line from Bankruptcy



**2010** GWA Buys FreightLink, creating dominant railroad in central Australia



# Genesee & Wyoming Australia



## Components of Growth

# 5. Mining-focused railroads serving Asian industrialization

# 5. Mining-Focused Railroads Serving Asian Industrialization

## Iron Ore Mines in Canada



## Components of Growth

# 6. Consolidation of short line industry with G&W acquisition of RailAmerica



## 6. Consolidation of short line industry

### G&W acquisition of RailAmerica

1. Combined 1<sup>st</sup> & 2<sup>nd</sup> largest operators
2. Duplicative overhead eliminated
3. Expansion of existing G&W operating regions
4. Powerful commercial platform in 39 U.S. states and 4 Canadian provinces

# G&W Acquisition of RailAmerica:

Natural progression in the evolution of the rail industry since deregulation

**Step 1:** rationalization by Class I railroads; industry now capable of earning its cost of capital and reinvesting in its network

**Step 2:** consolidation of lower-density short lines; investment in long-term infrastructure to provide world-class service from door to door





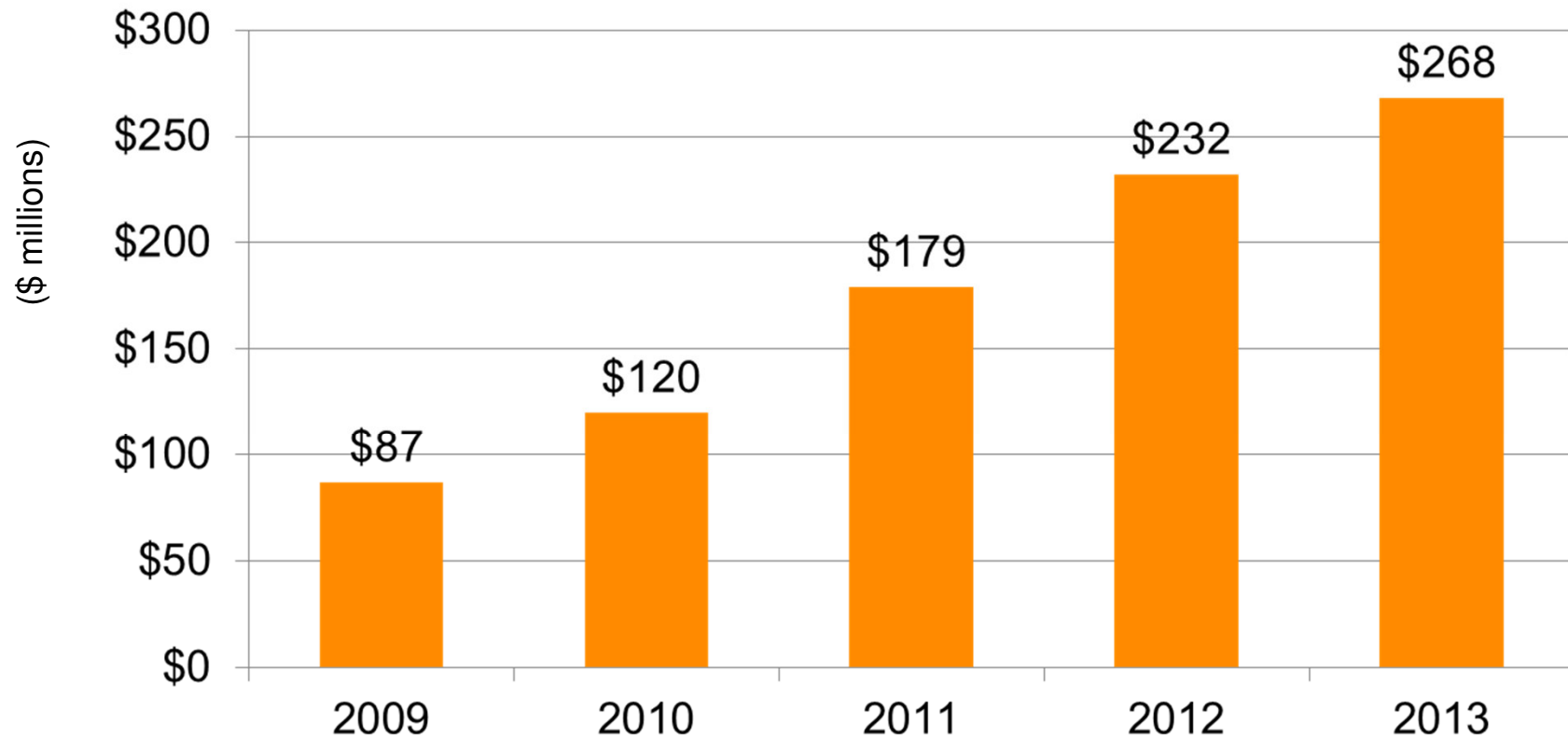
# Transition to Ownership by Rail Operator

## Long-Term Infrastructure Investments



# G&W Commitment to Infrastructure

## Gross Capital Investment



**~\$900 million invested in past 5 years**



# Enhanced Commercial Capabilities

1. Industrial Development (New)
2. Real Estate (New)
3. Transload (New)
4. Customer Service (Enhanced)
5. Atlas Track Construction and Build/Own/Operate Capabilities (New)



# Enhanced Operating Support for Regions

David Brown, Chief Operating Officer

**Engineering**  
Track & Bridge

**Mechanical**  
Locos & Cars

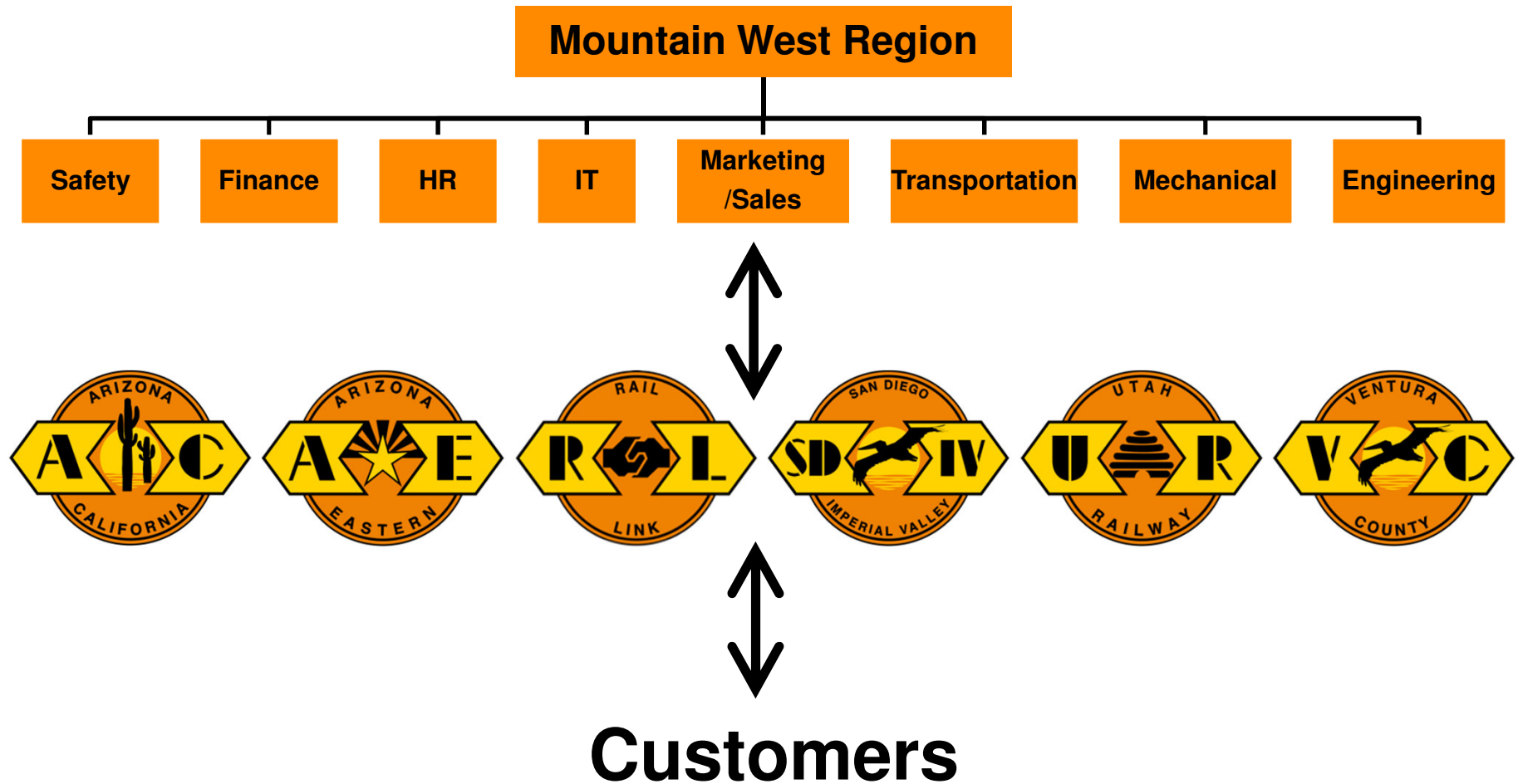
**Purchasing**

**Train  
Dispatching**

**Service  
Design**

**Standardize Processes and Best Practices**

# Regional Operating Structure: Designed to be Close to Customers



## Beyond the First and Last Mile

- Short line industry has matured greatly since its birth in 1980
- Successful business model of being close to customers with entrepreneurial decision-making unchanged
- Transformation underway from “Mom & Pop” railroads to professional, well capitalized partners to support customer growth in the U.S. and abroad





**Zero  
Injuries**

***Our Goal Every Day***