Industrial development on the New England Central Railroad

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Genesee & Wyoming Railroad Services Inc.
Overview of G&W, NECR
Overview

- **NYSE**: Listed as GWR with ~$5.0b market capitalization
- **Railroads**: 112 railroads with >15,000 track miles (80% North America; 20% Australia)
- **People**: 5,000 worldwide
- **Equipment**: >1,000 locomotives
- **Track record of acquisitions**: Added 94 railroads since 2000
Genesee & Wyoming Inc. 2014

A map showing railroads and regions across North America, including Canada, the United States, and parts of Australia and Europe.
Industry-Leading Safety Performance

2014 Injury-Frequency Rate per 200,000 man-hours
G&W through September; others through July

<table>
<thead>
<tr>
<th></th>
<th>FRA Group 3</th>
<th>FRA Group 2</th>
<th>KCS</th>
<th>NS</th>
<th>Class I Avg</th>
<th>UP</th>
<th>BNSF</th>
<th>CSX</th>
<th>G&amp;W RRrs</th>
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<td>Rate</td>
<td>3.31</td>
<td>3.24</td>
<td>1.63</td>
<td>1.17</td>
<td>1.12</td>
<td>1.04</td>
<td>0.98</td>
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<td>0.49</td>
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</table>
Respected by Our Customers:

Gross Capital Investment

~$900 million invested in past 5 years
New England Central Railroad

• The NECR owns and operates the 325-mile corridor between the Vermont/Canadian border and the deep-water port at New London, Conn.
• The route serves businesses in Vermont, New Hampshire, Massachusetts and Connecticut.
• The NECR interchanges with all four eastern Class-1 carriers, providing customers with competitive routing choices.
• The NECR also interchanges with five New England regional and short line railroads.
• In addition to rail-freight, the route hosts Amtrak’s *Vermont* passenger trains between St. Albans, Vt., and Palmer, Mass.
Port of New London: Rail-water access
Dual-use corridor

The New England Central Railroad is primarily a freight railroad but also shares the corridor with two daily Amtrak trains.

Newly painted NECR locomotive

Amtrak’s Vermonter on the NECR.
Despite significant improvements, short lines need continued investment.

Upgrades to bridges and rail are consistently the critical investments to allow short line railroads to reliably handle 286,000-lb. rail cars.
Recent corridor investments

Over the past eight years, more than $90M has been invested in the NECR corridor through public-private partnerships.

- $70.5M FRA High-Speed Rail Vermonter Project in VT & NH
- $2.2M FHWA Crossing upgrades in VT & NH
- $5M FRA East Alburg Trestle upgrades in VT
- $10.2M USDOT TIGER Grant in VT
- $500K MASSDOT welded rail in Amherst
- $500K MASSDOT Palmer Ind. Park
- $5.1M CTDOT bridges & Norwich Tunnel
U.S. DOT TIGER VI grant awarded 9/14

- $8.2 million award is last piece of puzzle to create modern, high-capacity rail corridor from Canadian border to New London
- Increases railcar capacity from 263,000 to 286,000 lbs. in CT
- Increases train speeds from 25 to 40 MPH from MA/CT line to Willimantic, from 25 to 30 MPH from Willimantic to New London
- Increases public safety at 10 public highway grade crossings
- Improves marketability of region through a modern rail corridor
- Upgrades improve the line for possible future passenger service
- Creates short-term employment, long-term development potential

*Made possible through strong government & community support!*
Industrial development on the NECR
Why rail?

• Rail often offers immediate savings in freight costs
  – Specific rates vary by commodity and by lane
  – The best potential for savings is often for heavier, bulk goods on short (NECR-only) or longer-distance (1,000-mile+) hauls

• Long-term trends point to more use of rail
  – Truck rates will increase with driver shortages and more regulation … and we are near the limit on how many new roads can be built!

• Great public benefits
  – 4x more fuel efficient than truck … with ¼ of the air pollution
  – Every rail car is FOUR trucks not on highways / local roadways
What commodities, projects work?

• NECR handles “carload” or “manifest” freight
  – Generally heavier bulk materials such as lumber, paper, logs, propane, steel, feed ingredients, cement, aggregates, bricks … some consumer goods such as canned goods, beverages
  – “Intermodal” (containers/trailers) limited to Class I mainlines

• Numerous types of projects possible
  – Rehabilitation of track into former rail-served sites
  – Construction of new track into brownfield or greenfield sites
  – Service possible to new manufacturing facilities, warehouses, or rail/truck “transload” sites to allow businesses located off rail to take advantage of rail freight economics
Case study: C.C. Lounsbury

• History
  – Started as a utility pole distribution company
  – Moved to South Windham

• Commodities
  – Expanded product lines to panel products, dimensional lumber

• NECR role
  – Multiple Class 1 connectivity
  – Extension to new markets
Case study: Sherwood Lumber

• History
  – Celebrating 60 years
  – Three generations
  – Wholesale, reload

• Commodities
  – Dimensional & engineered lumber, panel products

• NECR role
  – Multiple Class 1 connectivity
  – 2,900’ expansion, IRAP-MA
Transloading: Railcars arrive
Transloading: What’s inside a railcar
Transloading: Unloading a railcar
G&W’s Industrial Development “ID” Team is focused on three primary goals to meet your needs:

1) Locating rail served customers on G&W's network which promotes economic growth in our communities.

2) Assisting and facilitating customer expansion / transloading projects.

3) Identifying and developing infrastructure that promotes incremental rail business.
Locating, expanding, or transloading on a G&W rail accessible site provides many benefits including:

- **Connectivity to Class I Railroads**
  
  *(Multiple in many instances)*

- **Strategic Access to Major Markets**

- **Customized & Consistent Service via Localized / Flexible Operating Teams**

- **Infrastructure Investments / Incentives**
  
  *(Project Specific)*

- **A Government Services Team who will research available transportation grants**
The Industrial Development “ID” Team has coverage across each region in North America.

Contact Us to Learn More!
Zero Injuries

Our Goal Every Day