SOY TRANSPORTATION COALITION

NEWS RELEASE

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Soybean & Grain Shippers Rate Rail Service for 2016 Harvest

Ankeny, Iowa – Agricultural shippers rated the performance of the nation's seven largest freight railroads in the seventh annual Soy Transportation Coalition (STC) Railroad Report Card. For the fifth time, Union Pacific was regarded as the top performing railroad. Survey respondents ranked Canadian Pacific in last place for the sixth year in a row.

The survey was completed anonymously by agricultural shippers of various sizes and scale of operations. The number of respondents has been largely consistent over the past seven years. For the 2016 report card, the survey period was adjusted to encapsulate the entirety of the key September to March time horizon during which a high percentage of the U.S. soybean and grain harvest is transported. Questionnaires were disseminated in April and were completed and returned by the end of June. As a result, the report card better reflects the performance of railroads in accommodating a higher percentage of the 2016 harvest. The survey period for the 2015 report card was September through November.

The survey has been comprised of the same eleven questions since the report card's inception. The questions are categorized under: 1.) On Time Performance; 2.) Customer Service; and 3.) Costs. For most questions, participants were asked to rate each of the seven Class I railroads on a scale from 1-10 with ten being the highest and one being the lowest.

After combining the results from the eleven survey questions, Union Pacific received the highest overall rating. The company ranked first in seven out of the eleven questions. Canadian Pacific, rated as the lowest performing railroad, received a last place ranking in eight of the eleven questions.

<u>Soy Transportation Coalition Rail Customer Satisfaction Index – Overall Ratings:</u>

1.) Union Pacific Railroad
2.) Norfolk Southern Railway
3.) CSX Transportation
4.) BNSF Railway
5.) Canadian National Railway
6.) Kansas City Southern Railway
7.) Canadian Pacific Railway

"Railroads are critical for transporting our soybeans and grain to domestic markets and export terminals," said Gerry Hayden, a soybean farmer from Calhoun, Kentucky and chairman of the Soy Transportation Coalition. "Without a cost-effective and reliable rail system, agriculture will fail to be profitable. The STC's annual Railroad Report Card is designed to help assess the performance of railroads in meeting the needs of their agricultural customers. The feedback expressed in this year's report card suggests railroads are doing some things right, but that there are a number of opportunities for improvement."

Agricultural shippers via survey responses and verbatim comments expressed a degree of satisfaction with the condition of the rail network and the ability of a number of railroads to accommodate the historic 2016 harvest. Overall, the rail network was described as well capitalized with available capacity.

Survey respondents overall expressed some frustration with rail rates many consider an increasing obstacle to agricultural competitiveness. Many continue to assert that a number of agricultural regions – due to a lack of proximity to competing railroads or the inland waterway system – are assessed rates that challenge their profitability.

BNSF Railway received notably lower scores from the previous year – particularly providing service commensurate with its cost. Many agricultural shippers cited weather related challenges throughout the northwestern corridor that significantly impeded the railroad's ability to effectively transport soybeans and grain from states like Minnesota, North Dakota, South Dakota, etc. to export terminals in the Pacific Northwest.

"Survey respondents continue to express concern with the performance of Canadian Pacific," said Mike Steenhoek, executive director of the Soy Transportation Coalition. "We are encouraged that the new leadership of Canadian Pacific has emphasized outreach to their key customers, including agriculture. We are hopeful this increased customer engagement will translate into rail service soybean and grain shippers require to remain profitable."

In March, the former CEO of Canadian Pacific became the new CEO of CSX Transportation. While the report card's survey period occurred prior to CSX's new leadership, agricultural shippers are concerned that the service recently experienced by Canadian Pacific will be replicated at CSX.

"Whenever new management is installed at a company, sometimes the owners and shareholders benefit, sometimes the customers benefit, sometimes it is a combination of the two," explained Steenhoek. "Agricultural shippers are concerned that the new operations approach being instituted at CSX will primarily benefit the owners of the company, rather than the customers. We are hopeful that future changes at the railroad will benefit both."

Class I railroads are the largest railroads in the country with an annual operating revenue exceeding $458 million. Seven freight railroads are classified as Class Is: BNSF Railway, CSX Transportation, Kansas City Southern Railway, Norfolk Southern Railway, and Union Pacific Railroad. Canadian National Railway and Canadian Pacific Railway are also considered Class Is due to their significant trackage lines in the United States.

The full results of the survey, including a copy of the questionnaire, can be accessed at www.soytransportation.org.

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Established in 2007, the Soy Transportation Coalition is comprised of thirteen state soybean boards, the American Soybean Association, and the United Soybean Board. The goal of the organization is to position the soybean industry to benefit from a transportation system that delivers cost effective, reliable, and competitive service.