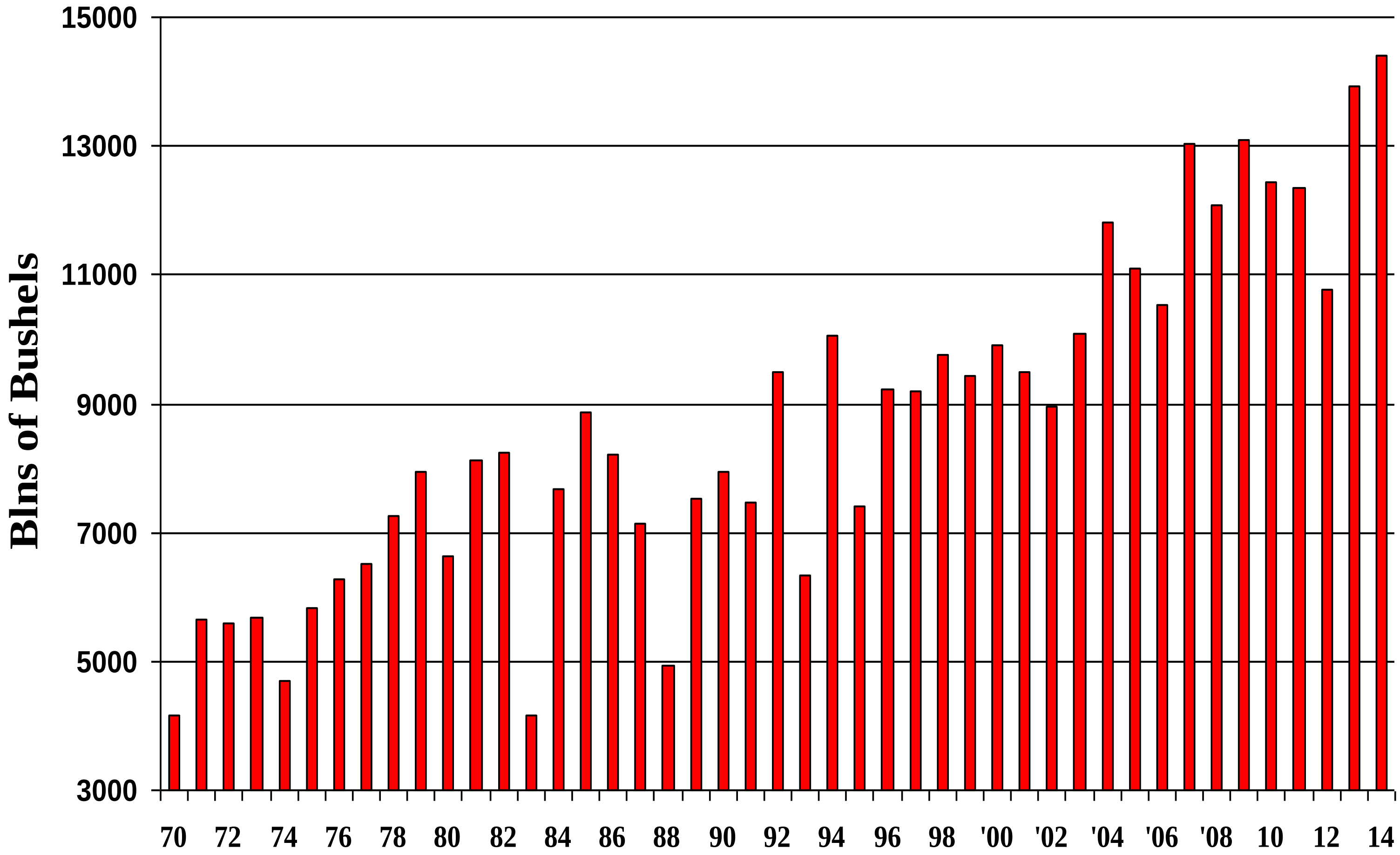
Surface Transportation Board

Rail Energy Transportation Advisory Committee Meeting

Biofuels Segment Update

March 5, 2015

U.S. CORN PRODUCTION



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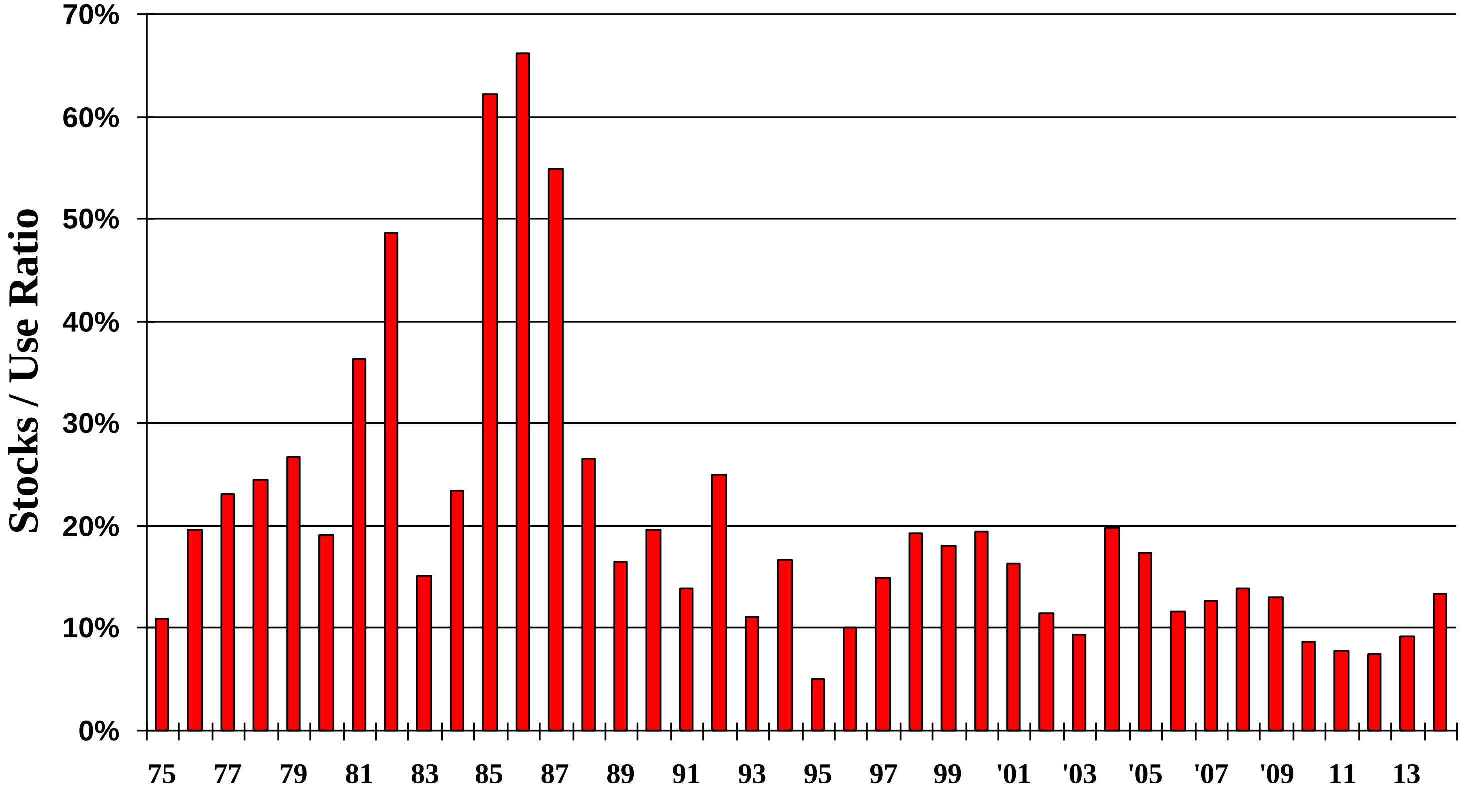
U.S. CORN SITUATION

US Corn Supply & Demand				
		12/13	13/14	14/15
Planted (mln acres)		97.3	95.4	90.6
Harvested (mln acres)		87.4	87.7	83.1
Yield (Bu/Acre)		123.1	158.1	171.0
Carry-In (mln Bu)		989	821	1232
Production		10755	13829	14216
Imports		160	36	25
Total Supply		11904	14686	15472
Food/Industial		6038	6501	6645
Ethanol		4641	5134	5250
Feed / Residual		4315	5036	5250
Exports		730	1917	1750
Total Use		11083	13595	13645

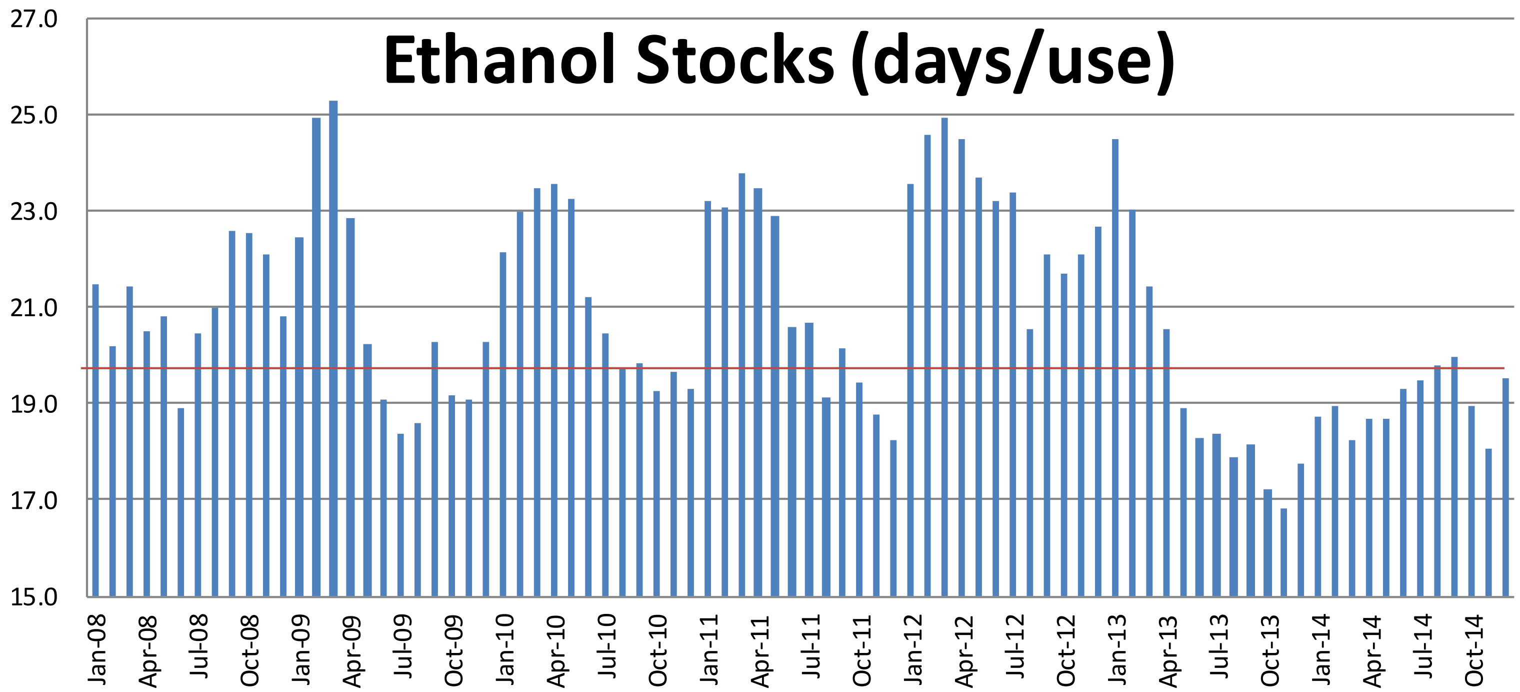
Source: USDA February 2015

U.S. CORN STOCKS



- Carryout stocks expected to grow to 1.8 Bln bushels
- Plenty of feed grains available in world to compete with US corn
- Planting intentions are looking like a slight decrease in corn acres

ETHANOL STOCKS



- Stocks rebounding thanks to record levels of production from healthy margins.
- Stocks grow as production stays at near record levels going into 2015.
- 21 Day Supply is typical for the Ethanol Industry

ETHANOL INVENTORIES ARE HIGH

Million Barrels

- Inventories have built rapidly since December
- Due to high Production and lower Winter Demand

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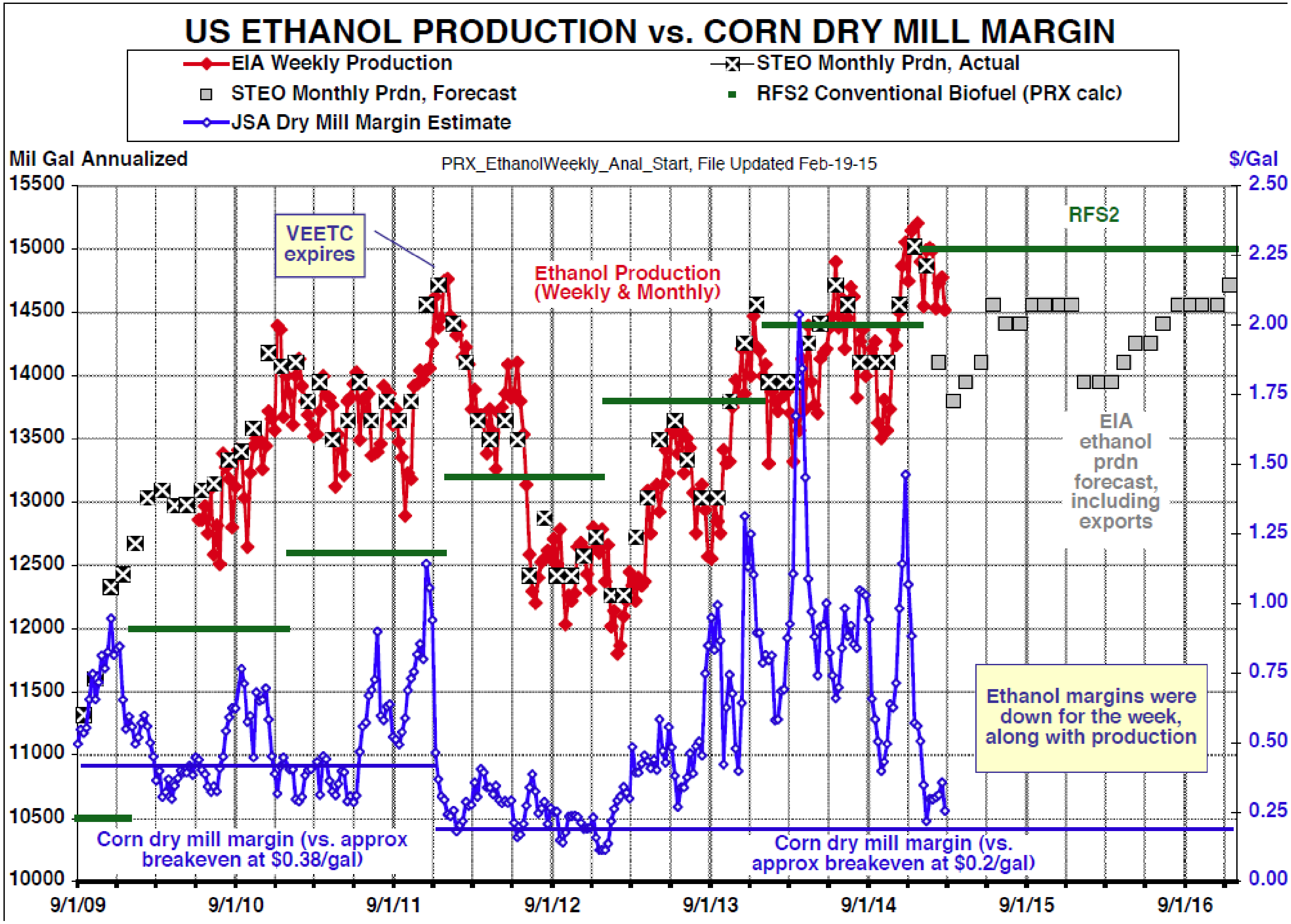
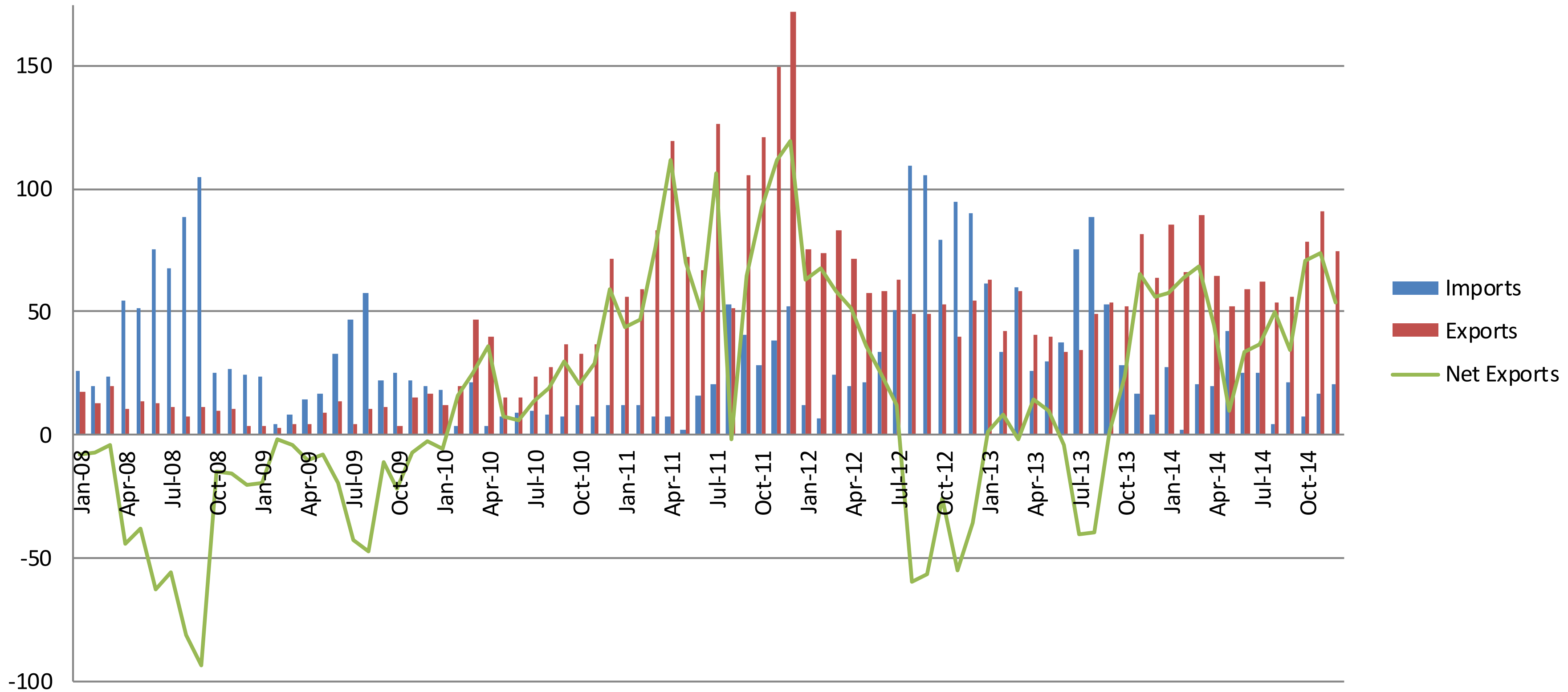
ETHANOL PRODUCTION AND MARGINS



ETHANOL EXPORTS VS. IMPORTS



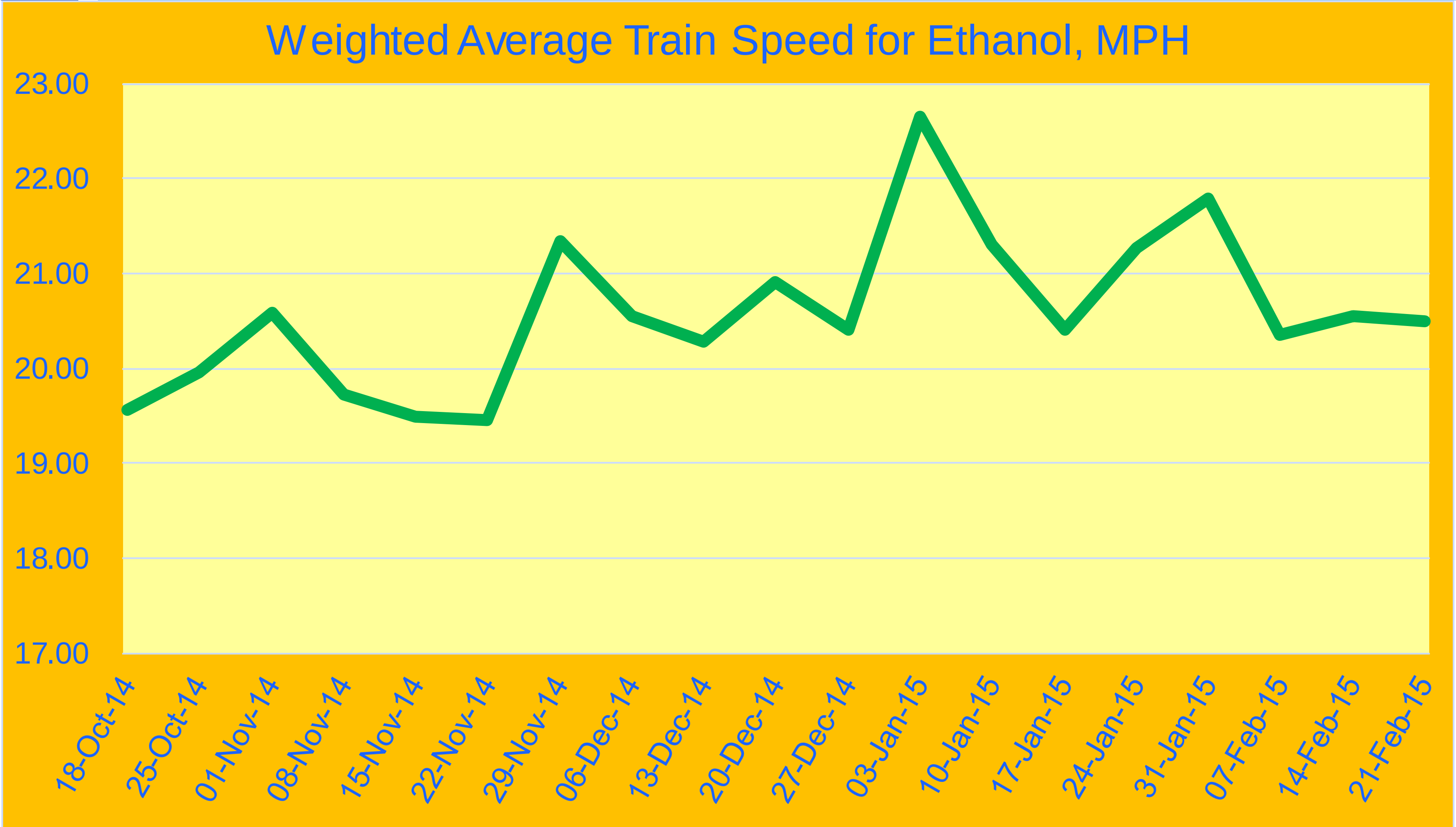
- Exports will play a bigger role given the record production and oversupply of domestic ethanol
- 2015 is expected to be +7% increase export vs 2014

WHERE THE EXPORTS GO

Top Markets for U.S. Ethanol Exports in 2014

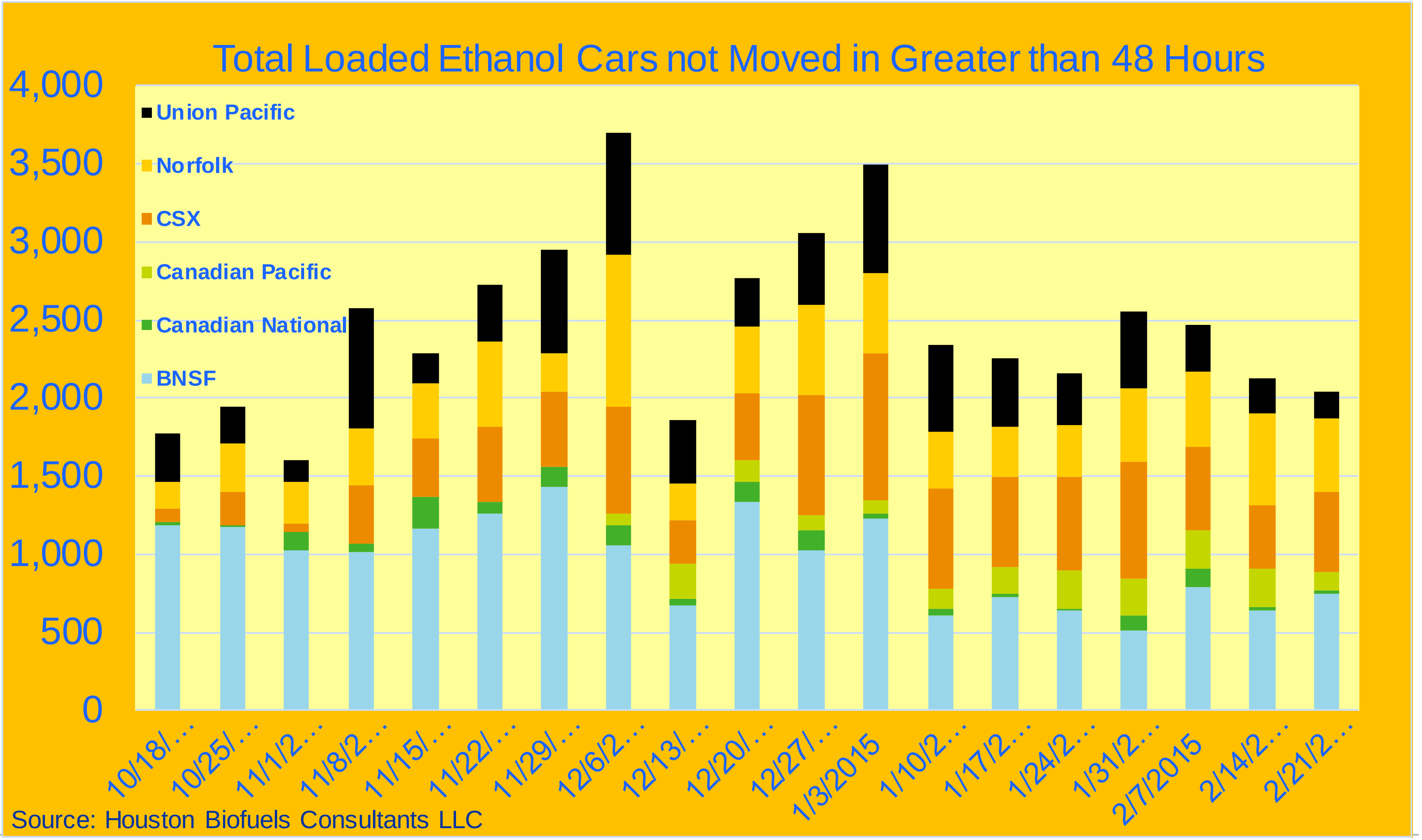
RFA RENEWABLE FUELS ASSOCIATION

STB WEEKLY SERVICE REPORTS

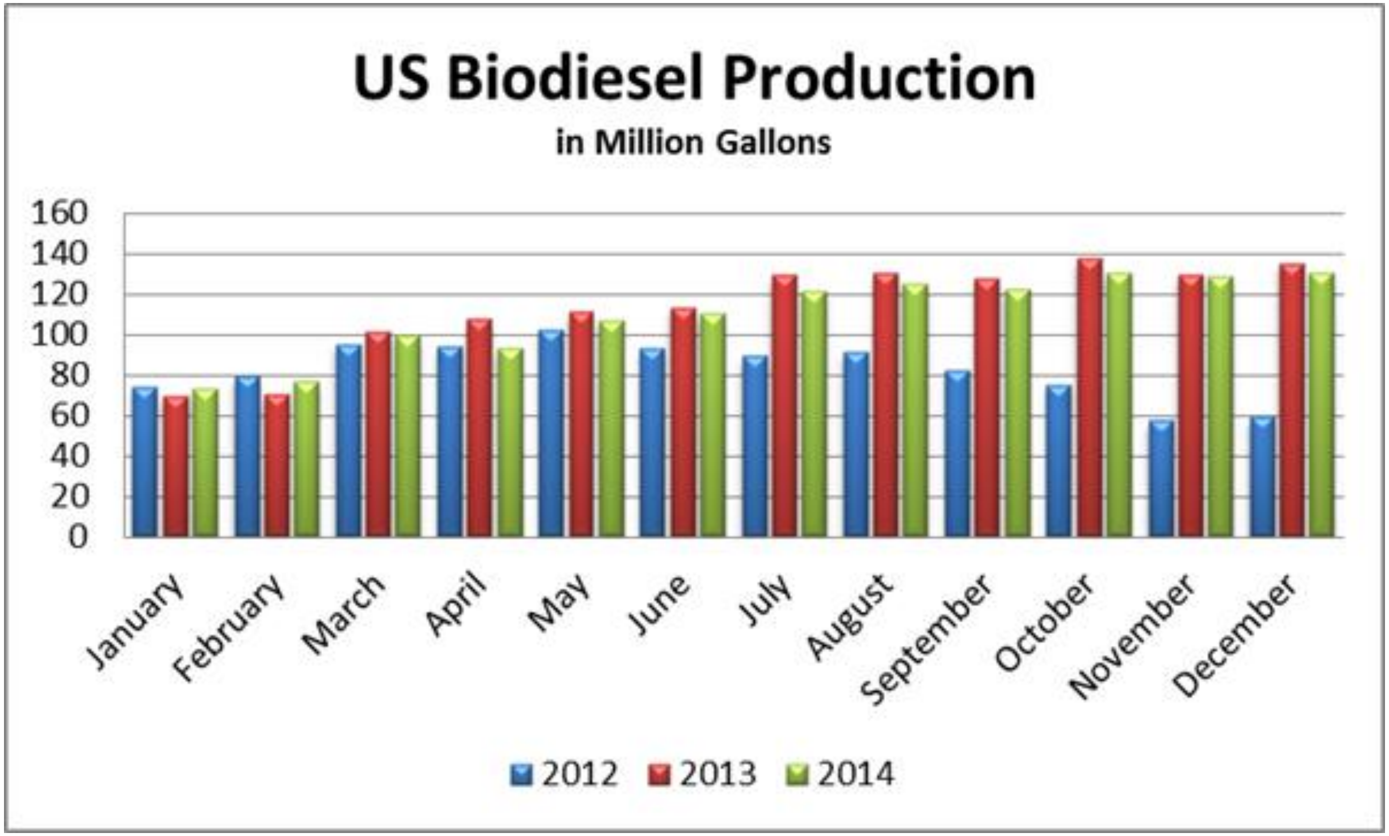


Source: Houston Biofuels Consultants LLC

STB WEEKLY SERVICE REPORTS



US BIODIESEL PRODUCTION



- 2014 production was 1.7 Bln gallons. $1/gal blender credit was issued in December
- Similar production projected for this year
- EPA 2014-2016 volume obligations are expected by Spring, 2015
- No word yet on blender's credit for 2015, If no credits then RIN's will have to work

BIOFUELS RAIL TRANSPORTATION

Ethanol

- Given the significant capital investments, transit times and service have improved overall
- Much better service than last year, but still more power & crew issues than in previous years
- Winter conditions in the East are challenging
- Chicago has improved but is still inconsistent
- Rate increases continue at unprecedented levels
- Concerns about Fuel Surcharge changes

Tank Cars

- Recent incidents at Dubuque, IA and Mount Carbon, WV have highlighted the differences between Ethanol and Crude Oil impacts
- Ethanol fleet retrofit Cost/Benefit is of great concern
- Concerns about Surcharges for DOT 111's and Empty Shop Returns

Farmer-owned with global connections