National Grain Car Council
Annual Meeting
September 13, 2011
Location: Intercontinental Hotel on the Plaza, Kansas City, MO.
Meeting Minutes and Attendance List

National Grain Car Council Members in attendance per sign-in sheet

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<table>
<thead>
<tr>
<th>Name</th>
<th>Title/Position</th>
<th>Company</th>
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<tbody>
<tr>
<td>Michael Adams</td>
<td>AVP Grain Marketing</td>
<td>Canadian Pacific Railway</td>
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<tr>
<td>Frank Anderson</td>
<td>General Director</td>
<td>BNSF Ag Operations</td>
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<tr>
<td>Mike Bilovesky</td>
<td>Vice President Mktg and Sales</td>
<td>Kansas City Southern RR</td>
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<tr>
<td>Keith Bouquet</td>
<td>President, COO</td>
<td>Southern Illinois Railcar</td>
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<tr>
<td>Randy Broady</td>
<td>Director of Grain Operations</td>
<td>Trupointe</td>
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<td>Sharon G. Clark</td>
<td>VP Transportation</td>
<td>Perdue Agri Business Inc</td>
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<tr>
<td>Paul Deasy</td>
<td>President</td>
<td>Chicago Freight Car Leasing Co</td>
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<td>Fred Ehlers</td>
<td>VP Customer Service</td>
<td>Norfolk Southern RR</td>
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<td>Bill Eilbracht</td>
<td>General Director Logistics</td>
<td>Union Pacific RR</td>
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<td>Gene Senesac</td>
<td>Transp Director</td>
<td>Archer Daniels Midland</td>
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<td>Gregory Guthrie</td>
<td>Dir Railway Agricultural Prod</td>
<td>BNSF</td>
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<td>Michael A. Haeg</td>
<td>AVP Sales</td>
<td>Rail America</td>
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<tr>
<td>Jason Hess</td>
<td>General Director Grain</td>
<td>Union Pacific RR</td>
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<tr>
<td>Brad Hildebrand</td>
<td>Assistant Vice President</td>
<td>Cargill AgHorizons</td>
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<td>Mark A. Huston</td>
<td>Director Transportation</td>
<td>Louis Dreysus Commodities</td>
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<td>Columbus Johnson</td>
<td>Product Line Leader</td>
<td>GE Rail Services</td>
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<tr>
<td>Michael S. Jones</td>
<td>Director – Transportation</td>
<td>North Dakota Mill &amp; Elevator Assn</td>
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<td>Mike Keasling</td>
<td>Senior Vice President</td>
<td>CIT Rail</td>
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<td>Tony Long</td>
<td>SVP – Operations Support</td>
<td>Genessee &amp; Wyoming Inc</td>
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<td>Alan Lullman</td>
<td>Senior Vice President</td>
<td>American Railcar Industries</td>
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<td>Thomas McGraw</td>
<td>Director</td>
<td>Citigroup Global Markets Inc</td>
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<tr>
<td>Timothy J. McNulty</td>
<td>Director of Marketing</td>
<td>CSX</td>
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<tr>
<td>Dennis Miller</td>
<td>President</td>
<td>Iowa Interstate Railroad, LTD</td>
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<tr>
<td>Steve Milligan</td>
<td>Account Director – Elev Sales</td>
<td>Canadian Pacific Railway</td>
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<tr>
<td>Eric Parthemore</td>
<td>President CEO</td>
<td>Heritage Cooperative</td>
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<tr>
<td>David Pope</td>
<td>Fleet and Logistics Manager</td>
<td>CHS Incorporated</td>
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<tr>
<td>John Setterdahl</td>
<td>Sr. VP – Grain</td>
<td>Farmers Cooperative Co.</td>
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<tr>
<td>Patrick J. Simonic</td>
<td>Director Agricultural Marketing</td>
<td>Norfolk Southern RR</td>
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<tr>
<td>Ed Sims</td>
<td>General Manager,</td>
<td>Green Plains Grain Company TN LLC</td>
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<td>Doug Story</td>
<td>Ag Marketing</td>
<td>Watco Transportation Services</td>
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<td>John Todd</td>
<td>Director Network Operations</td>
<td>CSX</td>
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<td>Sharon Trudell</td>
<td>VP Marketing</td>
<td>Red River Valley &amp; Western RR</td>
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<tr>
<td>Gregory Twist</td>
<td>Senior Vice President - Trans</td>
<td>Ag Processing</td>
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<tr>
<td>Mark C. Van Cleave</td>
<td>Vice President Comm Sales</td>
<td>Trinity Rail</td>
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<tr>
<td>Darrell Wallace</td>
<td>Vice President Trans</td>
<td>Bunge North America, Inc</td>
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<tr>
<td>Wayne Winkle</td>
<td>Sr. Manager, Int Asset Mgmt</td>
<td>Kansas City Southern RR</td>
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Not represented at meeting – Canadian National CN

Total Attendance at meeting including guests who signed-in 80

Minutes of the NGCC Annual Meeting, Sept 13, 2011

NGCC Chairman Tim McNulty called the meeting to order at 1:08 PM.
Welcomed the Members and guests.
Covered Safety procedures and preliminary announcements.
Invited TEGMA’s President and Bartlett Grain representative Bob Knief to join in welcoming the
NGCC members and guests.
Mr. Knief welcomed the NGCC and guests to Kansas City.

Then Co-Chairman of the NGCC, STB Vice Chairman Ann Begeman welcomed the group. Spoke of her background, growing up on a farm and being familiar with many of the issues facing the NGCC today.

Then STB Chairman Dan Elliott welcomed the members and guests. Mentioned the flooding situations facing the railroads and flyovers of Omaha and Kansas City reviewing the rail transportation problems in each of those areas. Commented that he would be reviewing the flooding situation in the Northeast in the near future. Also welcomed STB Attorney Advisor Anika Cooper to the meeting filling in for Commissioner Mulvey who was attending a different shipper meeting at the time.

Tim McNulty briefly described the NGCC annual meeting agenda, both outline and timing.

Moving around the meeting table, members introduced themselves to all in attendance.

NGCC Secretary and Treasurer Keith Bouquet gave the financial report.
   As of 9/16 cash was $3854.
   Cost of Sept meeting is $2424.
   Good participation by members in paying dues.

1:25 PM – Reports by Class-one carriers

BNSF
   Anticipated grain fleet 29200 cars.
   900 additional cars expected in the next 12 weeks
   Grain cars averaging 176 miles per day vs. 175 last year, driven by weather events.
   At height of flooding, 40% of traffic was detoured around problem areas.
   Confident carrier will be able to service on coming harvest demands.
   (Q&A) Not looking for an increase in harvest this season.
   (Q&A) Approx 10-15% traffic still detoured today. Still 40 miles under water.
   Brad Hildebrand, Cargill commending railroads for flood recovery efforts this year.

UP
   3% up in car loadings for all commodities.
   7% increase in agriculture.
   4% increase in grain car loadings.
   System velocity currently 26.1 mph vs. 27.3 last year, in face of serious flooding threats at Council Bluffs, Fremont and other locations. Up efforts included lifting 75 miles of track from one to five feet in elevation to stay ahead of flooding.
   Drought in south – with resulting slow orders.
   Velocity just returning to normal now.
   Slower grain export expected for 2011 vs. previous year.
   Exports that do move may favor the Gulf where fewer shuttles operate.
   Working on a two to three year plan to increase most shippers loading capability to a 110 car standard.
   Turns on grain cars a bit slower than previous year.
   UP goal of release-to-depart average of at 7.9 hours. Actual is around 9 hours.
   UP grain fleet expected to be 17034 cars in 2011, vs. 16900 in 2010.
   575 new cars expected for 20100. Mostly C-5s.
   Overall 14000 cars in storage – all types.
   600 employees furloughed.
   175 new locos this year.
   3.3 capital budget in 2011.
   UP expects to be in great shape for harvest. Track capacity, crews and locos all available.
   (Q&A) Will raised track, stay raised? Hope to keep all track at levels today.
KCS

Grain fleet 5500 cars about the same as last year.
40% of fleet high cube cars, vs. lower cube covered hoppers.
Cars are positioned in US for loading anticipating new crop.
Expect little harvest surge, or not as consistent a large push as experienced in the past.
40% of KCS grain originates north of Kansas City on other railroads.
KCS in good shape for 2011 crop. Last year lost bridge in Mexico. This year flooding.
Thanks to all railroads for assistance.
Dwell time on KCS has been up to approximately 18.5 hours.
18 hours is about the usual dwell on system.

CSX

More trains moving efficiently in 2011.
200 more grain cars added in 2011.
25 empty unit grain trains positioned on system ready for start of market.
Added 250 locomotives to fleet.
Higher carload volume expected this year.
Weather issues – ice, snow, flooding, etc. System has recovered and is moving fluidly.
90 car grain unit train program in development.
No problems anticipated serving AG customers in 2011.
(Q&A) Crew base? Expect stable crew base this year.

NS

Employment – hiring 3400 conductors, 1600 of which are in active service, and net increase of 900 over 2010.
Road locomotive fleet approx 5000 units, up 92 from previous year.
Current velocity, train speed and terminal dwell measurements all back up to 2008 numbers following 2009 sag.
Grain fleet – adding 2100 new jumbo covered hopper cars. Of those, 1200 are already on the property. Fleet in great shape – best condition in over a decade.
Flooding and weather problems are past.
(Q&A) how many of the new cars are replacing older cars? Net out approx 500 more cars than previous year.

CP

Tough winter. Rough spring. System has recovered enough to handle projected volumes this year. Cycle times suffered by 25%
Grain volume up 14% versus 2010.
Managing the current crops in US. Nearly current on Soo Line car orders. Current on DM&E. Anticipate being in a better position to manage harvest this year.
Added 115 locomotives.
CP mechanical working on covered hoppers – gates and hatch program underway until 2012.
Added 350 hi-caps to US grain fleet.
Taking additional looks at US branch lines and service processes. Goal is efficiency in grain service.

CN

Not represented at meeting.
Follow-up questions for Class-one railroads.

- To BNSF = T, Y & E counts? 9% increase YOY.
- Status of power on Northern corridor? Fully deployed.
- Time required for training of crews? 6 – 8 months.

Reports by Class-two/three carriers

IAIS
- Grain runs in class-one car fleets.
- Loco fleet – only 10 locomotives in storage.
- RR handled a lot of detour traffic in 2011.
- Looking for a bumper crop in Iowa area.
- RR in good shape.

RRVW
- 2011 was a challenging year.
- Record snow as well as flooding concerns.
- Plows operated from Nov 2010 through April 2011.
- Experienced washouts in 3 areas. But managed to have the system up and running in 2 - 3 weeks each time.
- Trackwork included 22000 ties and 90 miles of resurfacing.
- Wheat – just about done at time of NGCC meeting. Crop down.
- Soybeans expected in a couple of weeks. Some freezing temperatures are forecast.
- Corn forecast to be up 6% YOY.
- Most grain cars from BNSF.
- RRVW has a small fleet of their own grain cars for local movements only. Fleet was 160 cars in 2010; now 230 cars in 2011.
- Ready for harvest and hoping mother nature is kind.

West Tennessee
- West Tennessee has a fleet of about 250 covered hopper cars, roughly the same as last year.
- So far this year, the corn crop is behind, and nobody knows about the bean harvest.

Genesee & Wyoming
- Grain is important for port railroads.
- Don’t see any issues right now.

Rail America
- RA operates 43 railroads.
- Agriculture commodities make up 16% of commodity mix.
- Crops affected by moisture problems. Extreme temperatures – some areas 106 degrees - tough winter.
- No early harvest – expect modest crop.
- Lots of hiring this year.
- Car velocity is constant.
- 3200 covered hopper cars leased. Frac sand as well as grain use the fleet.
- Anticipate modest demand for grain transportation and less than in previous year.
- Many customers are adding permanent storage capacity.

Watco
- Watco has a 1260 car fleet this year, an increase of 300 over last year. These cars are used for on-line moves in Kansas and Oklahoma.
The wheat harvest decreased 24 percent YOY due to the weather. A poor corn harvest is also expected due to the weather. Beans in October are expected to be 30-40 percent down YOY.

Farmrail – not represented at meeting.
**Farmrail’s George Betke sent a letter to the DFO with a statement to be read on his behalf. Unfortunately, the letter was not received in Washington DC until after NGCC meeting and was not available to be read at the meeting. A copy of Mr. Betke’s letter will be posted on the STB/NGCC website.

Reports by Grain Shippers

Bunge NA
Wide variations in the quality of this year’s crop. Drought – flood – and more.
As a result of huge South American crop (Record Brazil crop), there is no “export pull” resulting in lower demand for US exports (20-30 percent less). Farmers are expected to go into storage. More domestic shipments of beans are expected. US movement at harvest is 10% lower than normal. Kudos to railroad efforts to combat flooding and cover shippers with reroutes. Good thing we will not see more of a normal harvest this year. Callbacks on capacity possible. Overall car supply is good, but demand will be smaller.

Cargill
USDA corn I 650 exports “poor.”
World supply of grain has improved – prices weak – demand for US grain is lower. 672 million bushels after carry-out - very tight situation. Ethanol demand remains strong. Expect to see further more west to east non-traditional corn movement shipments as a result of the ethanol demand. Strong wheat crop in Russia this last year continues to export out of Black Sea ports. US exports expected to be down – fewer movements through Texas ports this year. Exports have been ho hum with the exception of beans to China.

Archer Daniel Midland
Similar to other shipper presentations. Exports lower this year. Longer harvest period with some potential for local markets.

Louis Dreyfus
Expect rationing with possible impact on poultry and livestock. Off 35-40,000 railcars of business. Second quarter – overall exports weak. USDA – 165 mil bu prediction. Expect price rationing and substitution. Briefly mentioned the ILWU situation in the Pacific Northwest. LD is watching the situation. (Q&A) more on rationing? A; Hard to say precisely, but could see distillers grains used in certain areas instead of corn.

Perdue Agri Business
Manages 4,000 carloads a day. Changing origination patterns are a challenge increasing as they are reaching further West for corn supplies due to ethanol demand. Currently drawing from Iowa, Minnesota, and Wisconsin with resulting longer turn times – longer than Perdue feels they should be – combined with higher commodity prices – delays for distance, repairs, and interchange are hurting receivers.

Seamless power sharing is necessary between railroads. Need for redundancy has been magnified this year, especially for short lines.
Equipment tightening in the East – 4750’s are taken by frac sand and other commodities – forcing the increased use of private cars. More identity preservation requirements, etc. Increases in the use of organic crops.
Conclusion – running a private car fleet is not for the faint of heart this year.

North Dakota Mill & Elevator
Severe weather impact this year – snow, flooding – restricting ability to deliver service. Seeing 3 - 6 week delay on placing cars at times. Commending railroads for their efforts to restore service. Re routes still causing delays. Cycle times are up 10-12 percent.
New issue – reoccurrence of La Nina conditions could mean reoccurrence of this year’s weather patterns in 2012.

AGP
Flooding has affected 9 plants on river. Kudos to BNSF and UP for efforts to keep plants going. Good crop, not a great crop. Export demand over PNW may be heavier in the 2nd quarter of 2012. Also expect the balance of meal and oil cars to be gobbled up by the domestic market.

Heritage Cooperative
Shippers and carriers pressed for velocity and size of unit train shipments – liquidity – need for capital.
Intrastate trucking demand due to ethanol.
Increased chances for consolidation to stay ahead of economy. Compliance and regulatory issues will press older facilities.
Expecting a challenging year.

CHS
Shuttles are going to be the major mode of grain shipments.
More corn to storage – more competition.
Communication between shipper and carrier will be critical.

Farmers Co-op
Expect strong Iowa corn crop – anticipate record in parts of State. Acreage up 6 percent YOY.
Slide south and see smaller corp.
Logistics will be key – ethanol plant demand.
Sees Iowa converting from a rail to a truck State in terms of grain shipments.

Trupointe
Contrast last year’s crop with this year, sees shorter crop, feed wheat substitution, and winter wheat into feed.
Markets will have to stretch for supply.

Reports by Rail Equipment Suppliers

Trinity Rail
2011 fleet
37,900 total rail cars
14,000 covered hopper cars
4,500 grain cars
5,500 DDG cars

2012 projected build – 48,000 cars. 2 pocket cars for frac sand will be the most produced, followed by 4 pocket DDG cars.

CIT Rail
105,000 cars total in fleet.
15,000 cars for agriculture.
Strong leasing market – fleet 100% leased.
Seeing demand shifting from railroads to shippers.
Car builders have increased production – close to 2/3 of capacity today.
Component supply is one of the key issues – supply of break beams, grab irons, valves.
Seeing cascading process of grain cars into other commodity areas – example frac sand.
Only 4,000 4750 cube hopper cars left.

GE Rail Services
23,000 covered hopper car fleet – mostly grain, but some in fertilizer.
Currently 5200 cu ft cars being placed this year. 4,500 in grain this year.
300 to 400 4750’s not placed in grain – but moved to fertilizer and frac sand, etc. Others will be shopped for gates.

Chicago Freight Car Leasing Co
10,000 cars – 47% in grain. Of those, 100% in service today.
Grain car lease rates are back to levels of several years ago. Not covering cost.

Southern Illinois Railcar
3,000 cars. All 4750 cube. All under lease. Not a lot of new grain cars being built.

American Railcar Industries
Leases mostly 3500 cube cars mostly for frac sand loading. Just starting to lease grain cars.
Ramping up for more cars – same as Trinity.

Citigroup Global Markets
10,000 car total fleet.
4,000 grain cars – of which 1,000 are 4750 cars and 3,000 are larger cube cars.
Mostly leased to railroads.
Some grain cars acquired in the last year. No acquisition plans for 2011.
Do plan to add cars in 2012.

No questions received for car manufacturers.

Meeting break at 3:00 PM.

Meeting resumes at 3:20 PM.

Introduction speaker - Kendell Keith, President, National Grain and Feed Association, Washington DC.
Comment: J. J. Simmons would be proud of today’s turnout.
Rail Legislation update.
Switching issues blocking rail access to markets. Rates (switching) getting high.
Accessorial charges increasing and new ones being created. Decrease in STB filing fees is a plus, and the competition hearing is off to a good start.
Challenges.
NGFA must maintain the access to the rail network that exists today; no one expects a rollback for plants that have been closed to switching.
Agriculture in general will lose government support.
CRP issues. NGFA supports regulatory changes that would allow Conservation Reserve acres to be put back into production.
(Q&A) CRP and Bio-tech issues – discussion of genetically modified grain developments.

Historical review of the White Paper Project and its goals.
First product was reviewed in the 2010 NGCC annual meeting. More definition was requested – sent back to Committee.
Additional contributions by Sharon Clark and Keith Bouquet. Investment side contributed by Mark Van Cleave.
Comments: Brad Hildebrand – any thoughts of periodic review and update of White Paper?
Some discussion of changing the name of the White Paper to “RR Manifesto.”
Move: Vote for Acceptance of White Paper
Seconded.
Approved by voice vote.

Election of Officers
McNulty – description of NGCC charter, positions, and terms. Initial nomination process handled by email just prior to Annual meeting.
Request for additional candidates for Chairman – none received.
Will handle final list vote by email after meeting – confidential voting.
Request for additional candidates for Vice Chairman – none received.
Request for additional candidates for Secretary – none received.
Final comment on elections – any candidates wishing to withdraw their names from nomination, please call Tim McNulty after the meeting.

Clean-up

Thoughts for future meetings
McNulty: Ideas requested.
Hildebrand: Agricultural economist as speaker. The fit of the ag business in the overall railroad portfolio. PTC.
Wallace: mentions how the focus of the grain market has changed over the years. Grain car supply not as critical. There are more things the NGCC can do.
Bouquet: are there going to be enough grain cars for peak season? What is the situation, and how do we deal with it? Does the NGCC need to evolve? Do we really need to hear details such as “dwell time.”
Clark: Possible assignments – example, one designated speaker for railroads, one for shippers, etc.
Audience - Paul Titterton, GATX: sees benefits for maintaining the individual comments by railroad. Likes comments by individual railroads.
Simms: when the NGCC was formed it was feast or famine for grain shippers – car supply frequently in question. Current focus just needs to be tweaked.
McNulty: speakers in past included USDA, Shortline Association. Standard part of meeting format for a while.
Guthrie: Prefers each railway speaking to its own situation. Unique characteristics of PTC; important capital issues for railroads that have an impact on investments – frac sand as example taking capacity away from grain.
Wallace: past local meetings allowed other shippers to voice opinion on rail service issues.
Eilbracht: mentioned technology, then residual grain on top of grain cars.
Hildebrand: Food safety bill just passed. Spice up discussion list with other topics.
Adams: More input from individual shippers.
Parthemore: hesitant to change current format.
Setterdahl: Size of group should be attractive to speakers.
McNulty:
Summary
Individual reports by carrier or company beneficial.
Format information back to group.
Test group envisioned to submitting topics/speakers they think is important.
Test envisioned to formalize an idea or two that has relevance to group and railroads. Envisioning 2 to 3 person group or committee, to suggest topics, or Council members as a whole could submit ideas to group.
DFO: response to pre-meeting emailing asking for ideas – 42 emails out, 13 responses. Bouquet: recommends committee to determine future meeting content.
Deasy: needs response from group.
Bouquet: group response light. Committee responses or Individual input needed – well in advance.
McNulty: to Council – Send in ideas.

Other Items
None.

Closing comments
Co Chair Ann Begeman – very interested in the discussions concerning what this group should be doing. The important thing is you are having a dialog. Keep it up. The more you can do to help others, the better. Thank you for attending.

STB Chairman Dan Elliott – I agree that the reports are quite helpful involving pertinent issues. Felt energy at the end of the meeting, during discussion of what to do, to continue to grow grain transportation and make it an important part of rail’s future.

NGCC Chairman Tim McNulty – Appreciate everyone’s comments.

Meeting closed – 4:20 PM