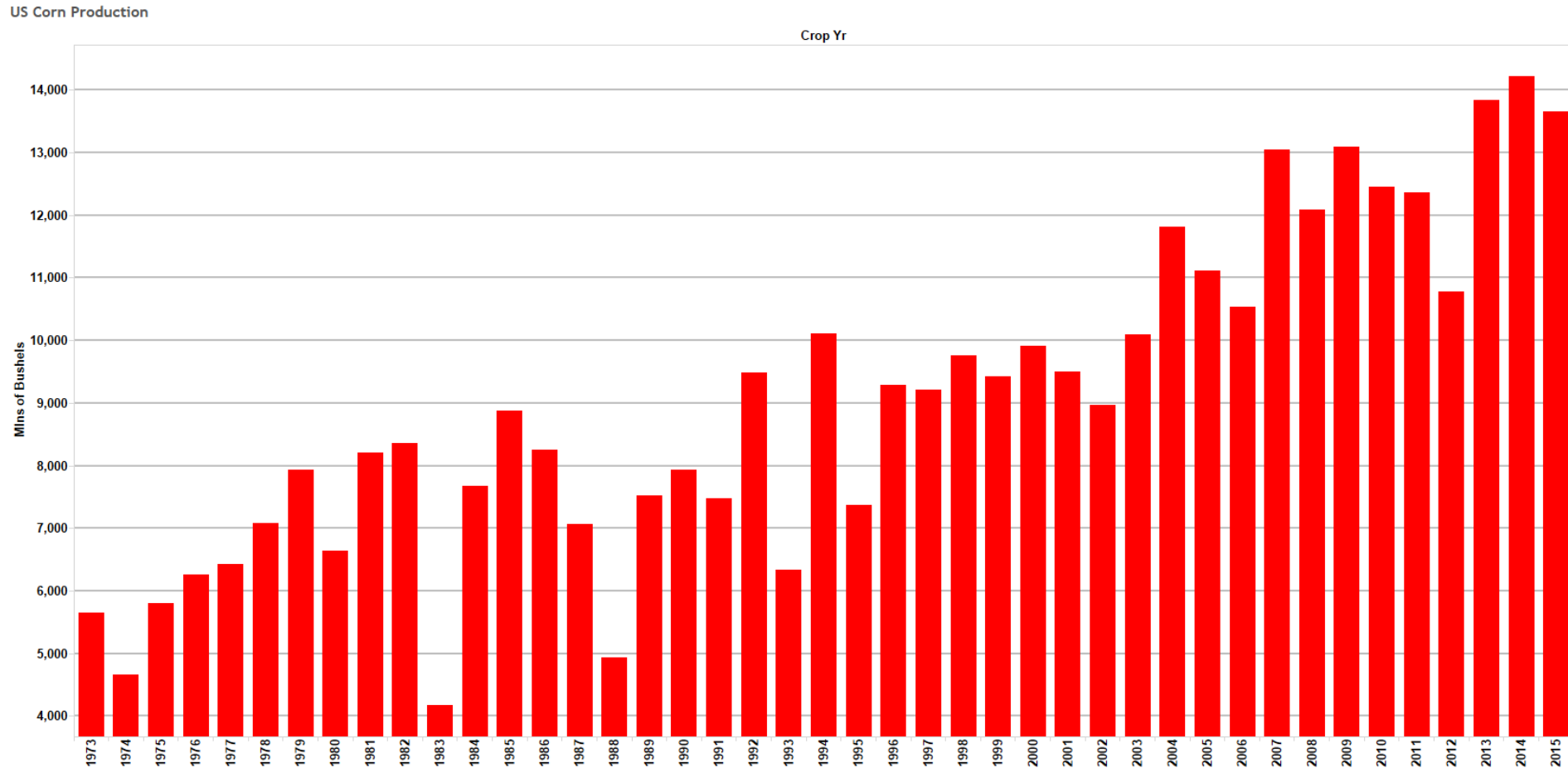


**Louis Dreyfus
Commodities**

Surface Transportation Board

Rail Energy Transportation Advisor
Committee Meeting
Biofuels Segment Update
December 1, 2015



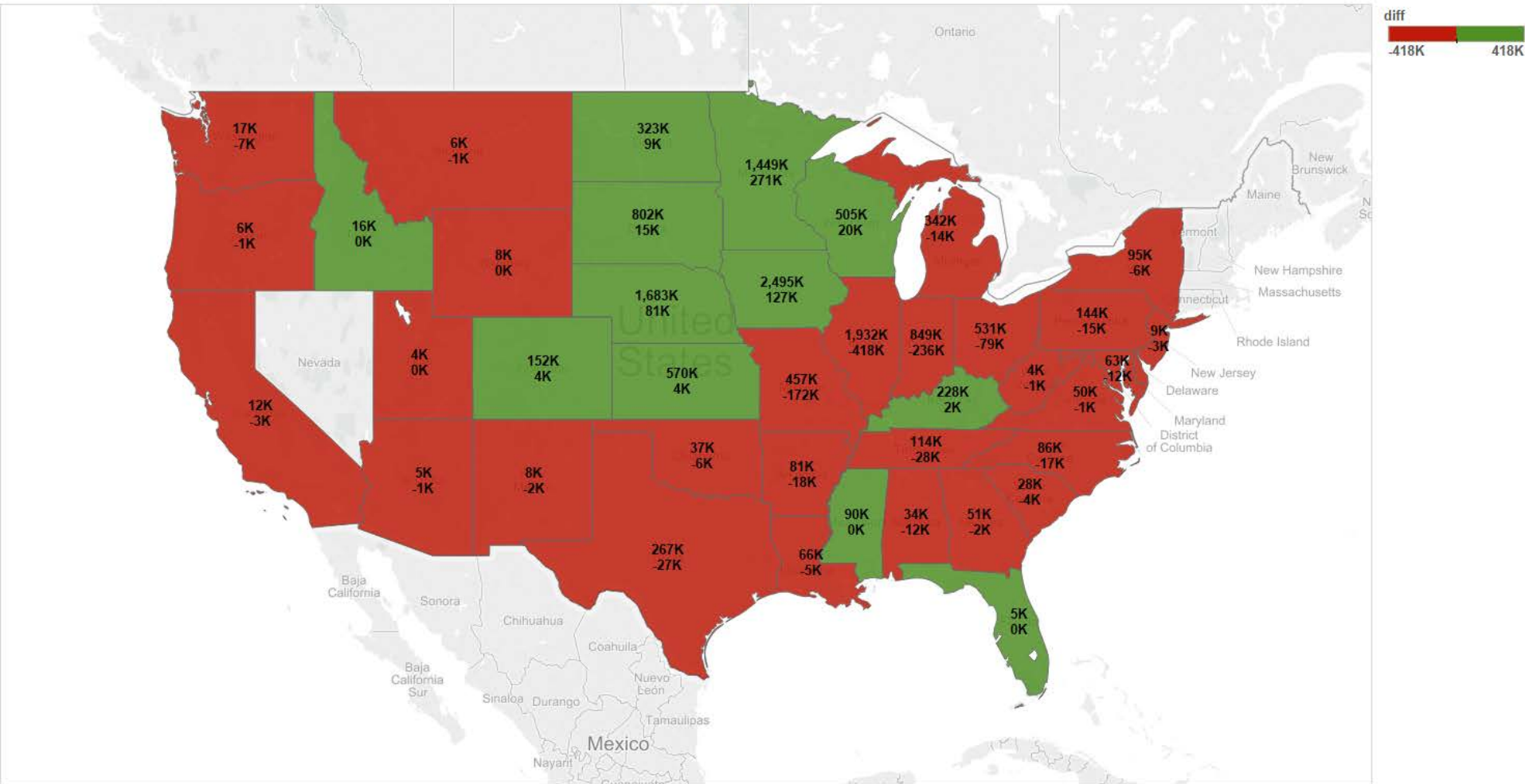
2015/16 Production Estimate at 13.654 Bill Bushels

	<u>13/14</u>	<u>14/15*</u>	<u>15/16*</u>
Planted (mln acres)	95.4	90.6	88.4
Harvested	87.5	83.1	80.7
Yield (Bu/Acre)	158.1	171.0	169.2
Carry-In (mln Bu)	821	1232	1731
Production	13829	14216	13654
Imports	<u>36</u>	<u>32</u>	<u>30</u>
Total Supply	14686	15479	15415
Food/Industrial	6503	6568	6555
Feed / Residual	5030	5315	5300
Exports	<u>1920</u>	<u>1864</u>	<u>1800</u>
Total Use	13454	13748	13655
Carry-out	1232	1731	1760

* Projected estimates – USDA : Crop Year 2015/16

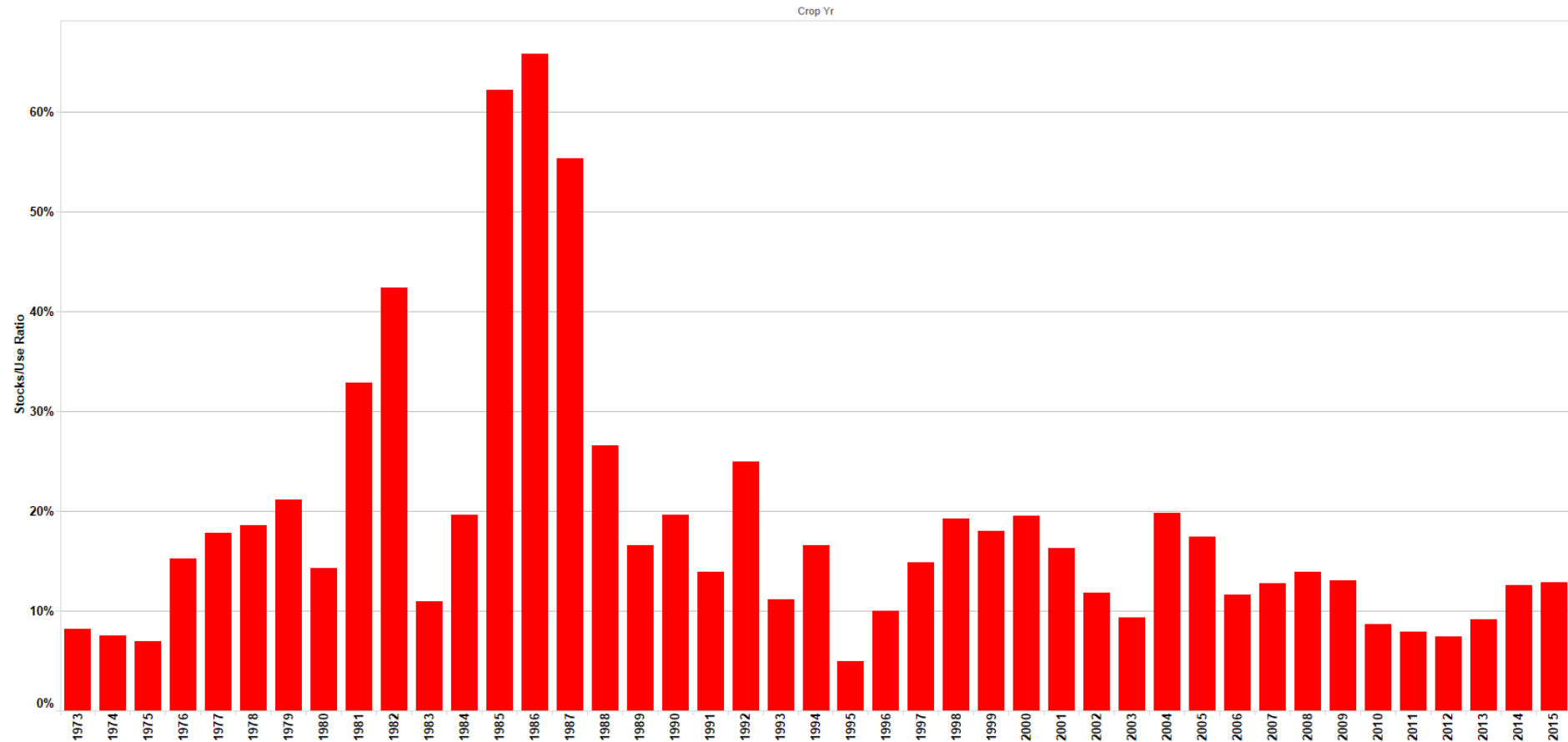
US Corn Production for 2015 over difference from 2014

US Corn Production for 2015

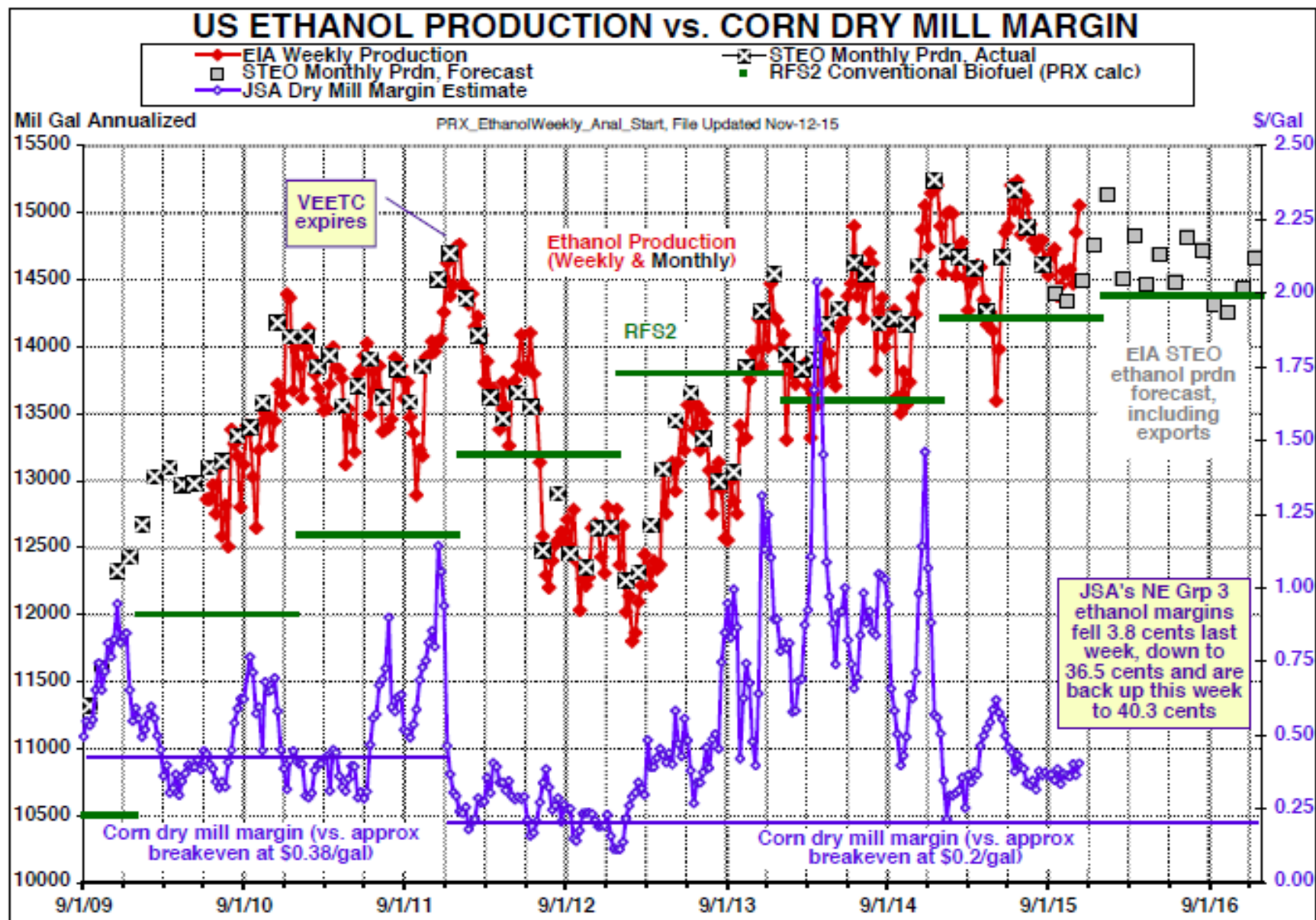


Data = 2015 over difference from 2014

US Corn Stocks

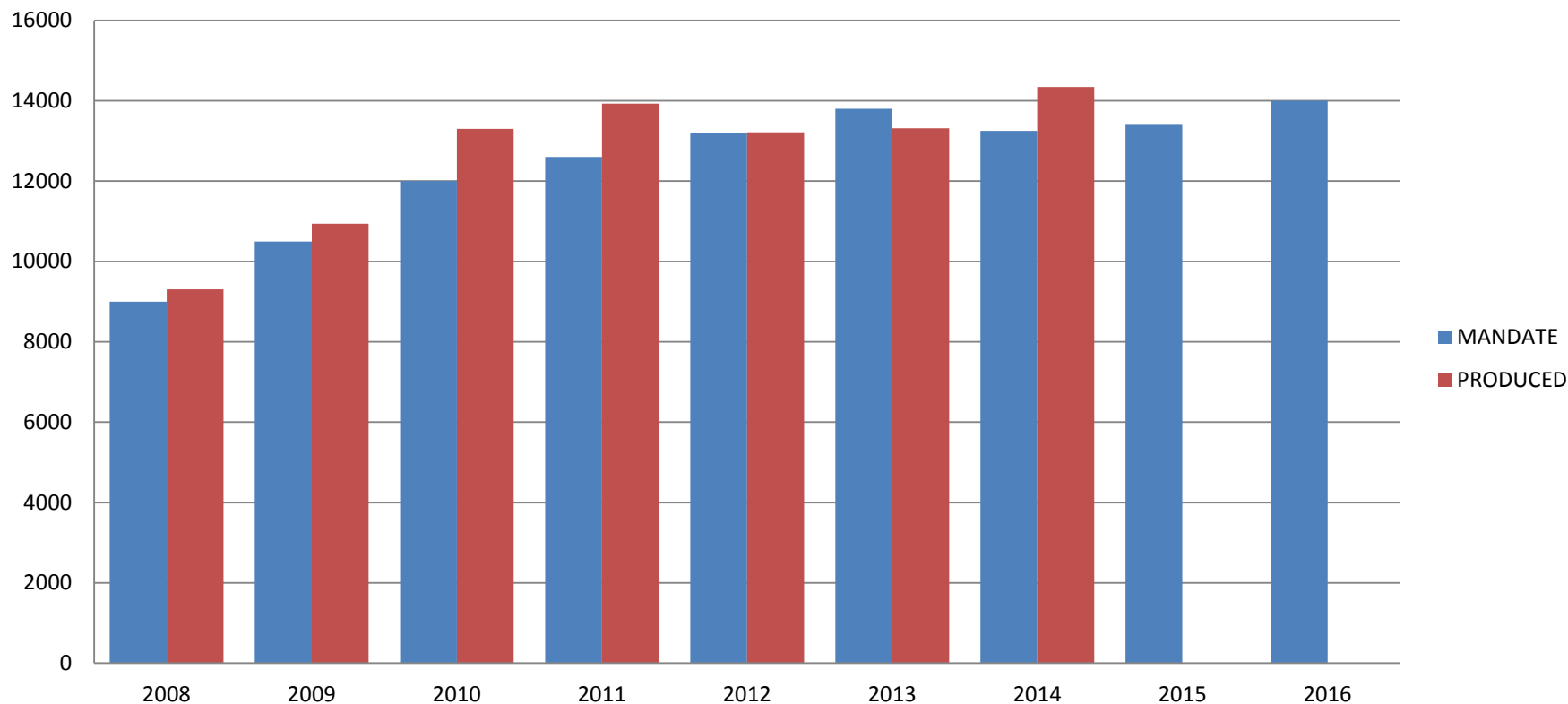


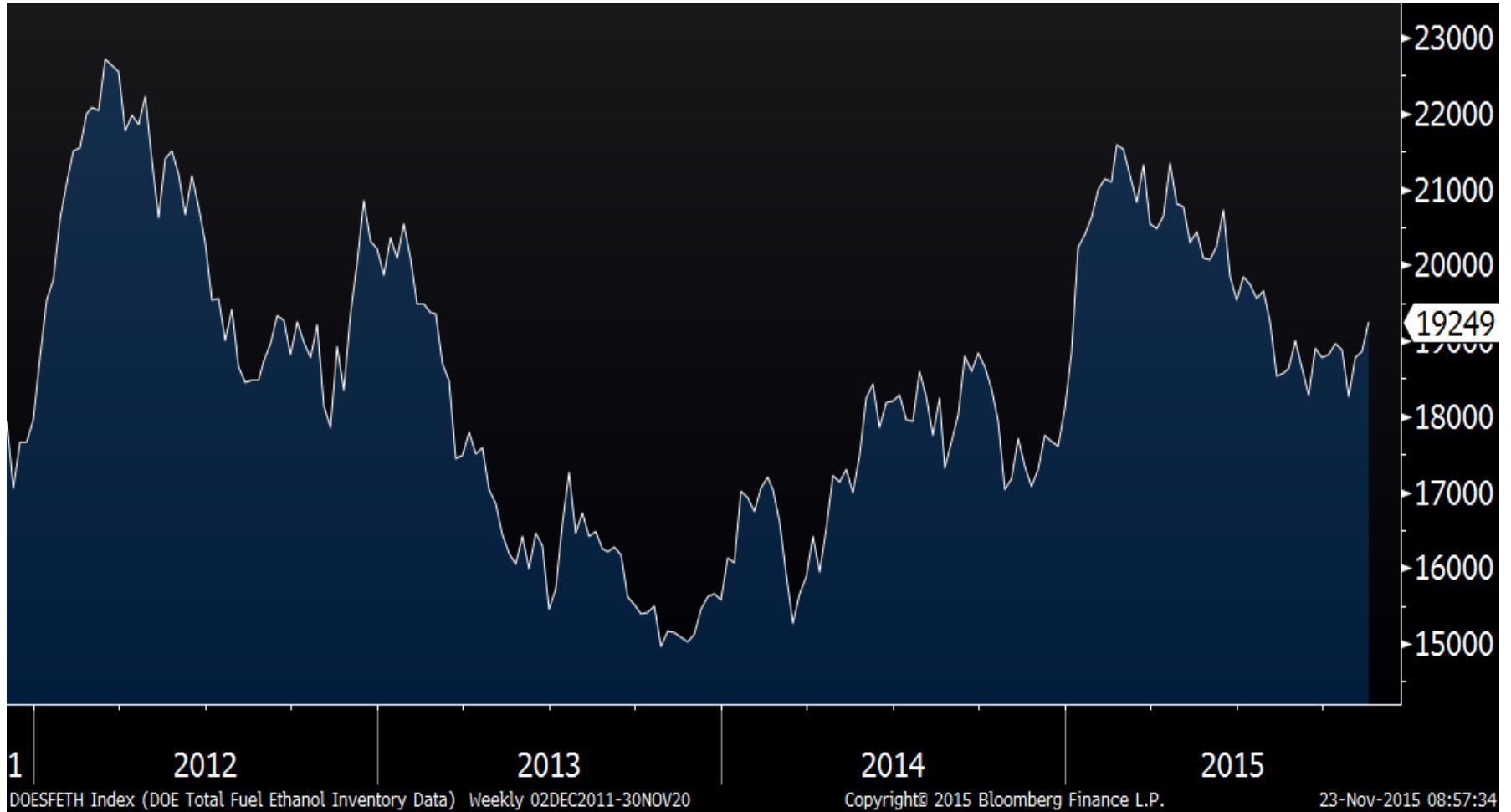
Stocks to Use % is a measure of carryout to use (annual bases)

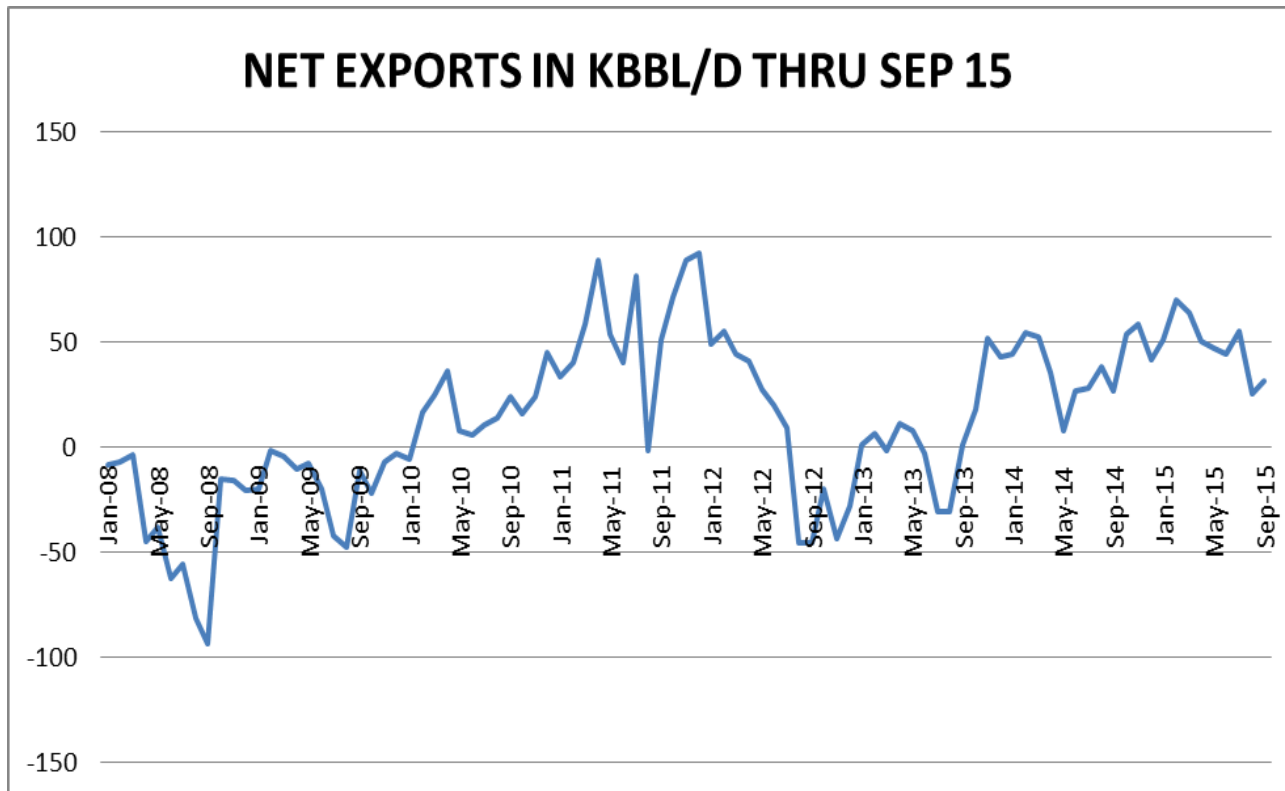


EPA to finalize volume requirements for 2014 and 2015 by November 30th

Ethanol Mandates and Production PROPOSED 2014-2016



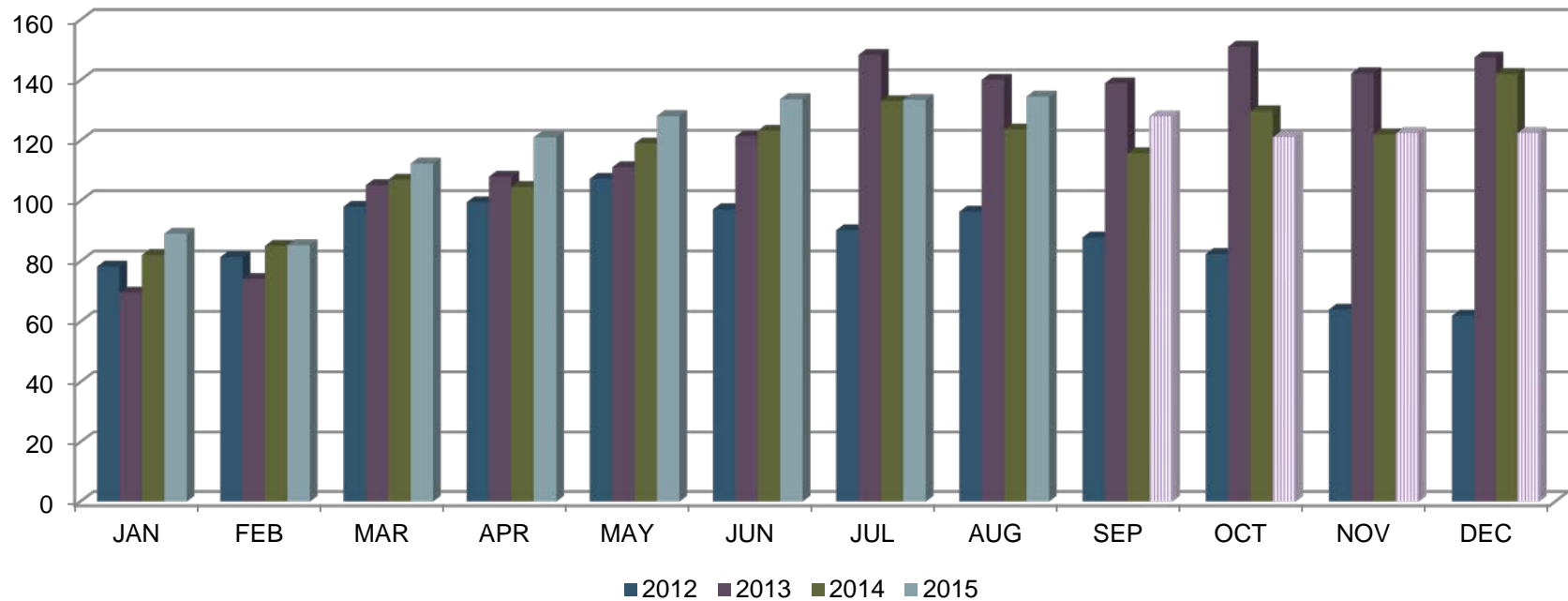




- US now structural exporter of Ethanol
- Production capacity in the US needs this export demand
- Currencies/Weather changes/RIN spreads can change arbs quickly

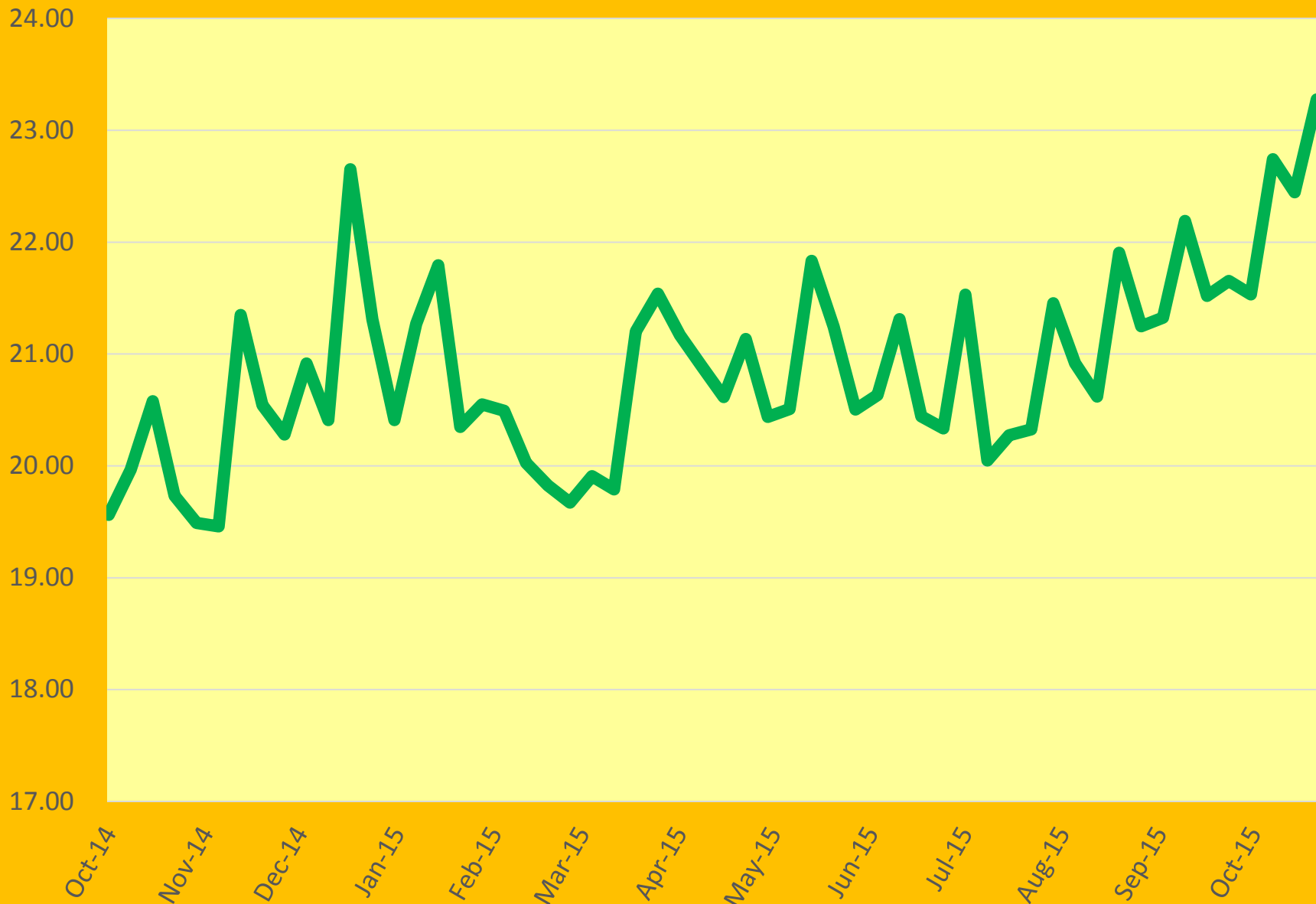
Domestic US Biodiesel Production

In Million Gallons (Actuals through August, Projections thereafter)



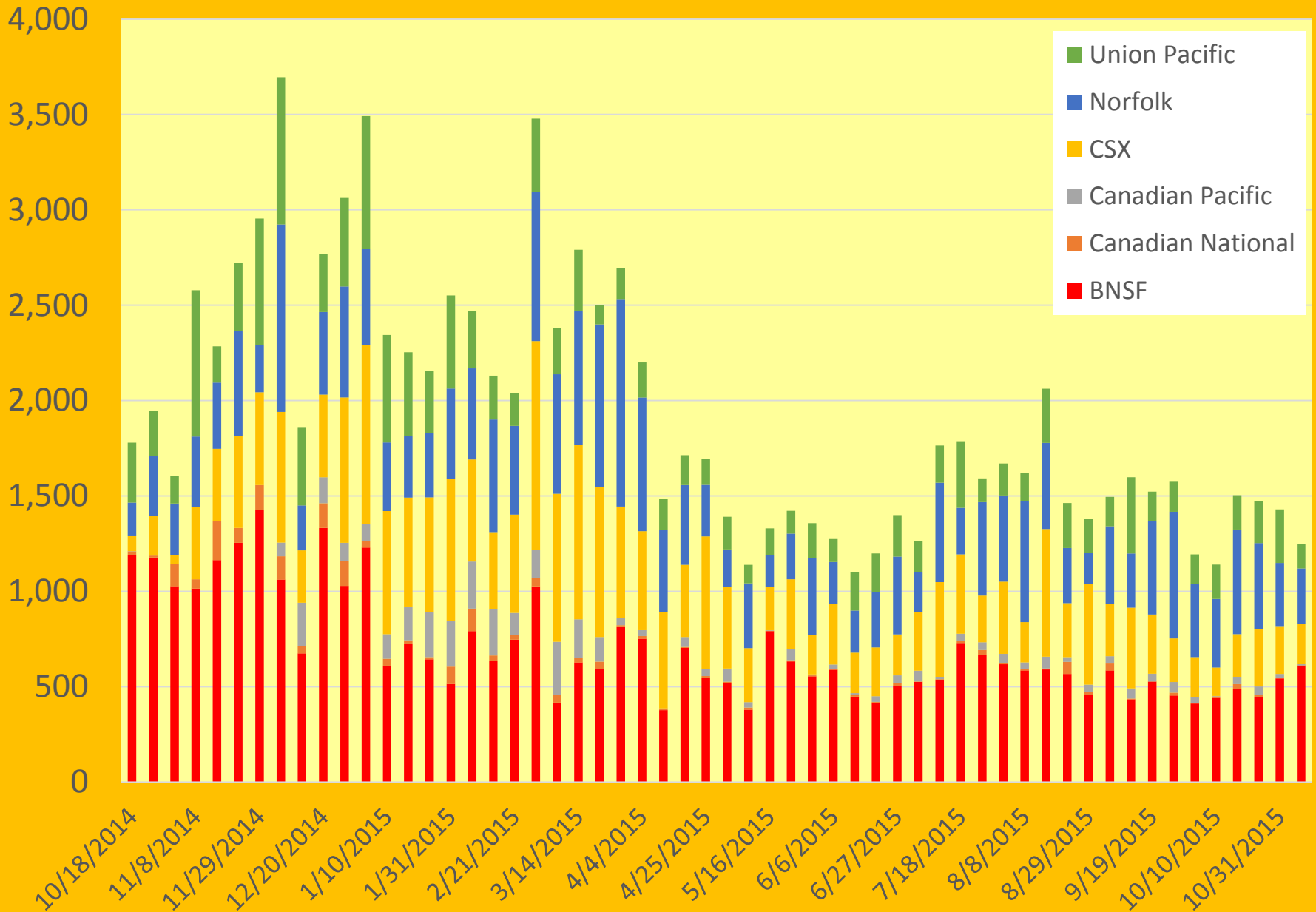
- Jan-Aug, 2015 production running about 7% above 2014 and 7% above 2013 y-t-d.
- Revised EPA volume obligations 1.7 bill gal 2015, 1.8 bill 2016, 1.9 bill 2017.
- Note obligations can also be filled by imports (=300 mil gal 2014, 317 mil gal y-t-d '15).
- Tax credit still not passed, may change to producer's credit → higher production in 2016?

Weighted Average Train Speed for Ethanol, MPH



Source: Houston Biofuels Consultants

Total Loaded Ethanol Cars not Moved in Greater than 48 Hours



Rail Service:

All carriers are providing an acceptable level of service today and are anticipated to continue to do so thru the fall and winter period

Carriers were well positioned to handle fall grains and oilseeds harvest

Carriers seem to have resources in place for any adverse winter weather

Chicago gateway is fluid, less traffic than a year ago, and operational plans are in place to manage weather and potential congestion as it arises

Market Dynamics:

Some carriers are pushing for larger ethanol trains, 100's vs. 80's, which the market is not ready for and incentives offered to shippers have created a disincentive to ship units. Manifest movements should increase as a result

Adequate yellow corn supply will support ethanol production in excess of mandated levels. Eastern Corn Belt ethanol plants will struggle to procure corn stocks in the last half of the crop year due to production shortfall. This should/will create additional opportunities to move ethanol over Chicago from producers located in the Western Corn Belt

Last reporting identified ten ethanol plants off line. Current margins would suggest this number should remain in this range for the time being

Congress is pushing for blender credits for Biodiesel which turn into producer blend credits in 2016 if passed

Other:

Recent actions by AAR requires that Group E slack adjuster on all hazmat tank cars be replaced with a new model less prone to freezing. The deadline for change out is 12/31/15 and affects 45,000 tank cars most of which are in ethanol service. Best case projections would suggest that only 60% of the identified fleet will be modified by the current deadline. Ethanol stakeholders have petitioned for an extension to this deadline. The potential for major disruptions in the shipment of ethanol by rail could occur if no extension is granted

New tank car regulations, released in May 2015, were challenged at the various issuing agencies by stakeholders in an attempt to modify the rule making to better meet their needs or desires. All challenges were denied. ECB braking application(s) are currently being challenged in court by a Class 1 carrier

Potential “Shadow Regulations” by carriers has created uncertainty for lessors and lessees as it relates to investing to modify existing DOT 111 and CPC 1232 car types. Simply put, will carriers allow the new tank car regulations play out or will they circumvent with surcharges to expedite removal of these cars from the US tank fleet