

## **What are TCW's growth plans?**

From Twin Cities & Western (TCW) railroad:

We have been growth oriented since we purchased the rail line in 1991, but our growth depends on the growth of the south central Minnesota economy. Since we are a short line, you do not see "through" train traffic on our line (compared to Seattle-Chicago train traffic that goes over the BNSF through Minnesota, etc.). It is highly unlikely, but not impossible that through traffic would use our line to get from points east of Minnesota to points west of Minnesota – never say never, but not on the horizon now.

We have seen a change in interest in shipping via rail once fuel prices rose a few years ago, so I would think we will see moderate growth going forward. 15 years ago we could not have foreseen the growth in the ethanol industry, so today we cannot predict beyond 3 years what additional possibilities are out there. With respect to grain, we currently have the right to operate on the MN&S corridor, both north to get to the Camden river terminal in north Minneapolis as well as south to get to the Savage river terminals. The river market is largely dependent on the rates the ocean ships charge to get to Asia from the Pacific Northwest ports compared to the US Gulf ports. In the period 1998-2002, the rates favored shipping to Asia via the US Gulf through the Panama Canal to Asia (we shipped over 6000 cars via the MN&S track), but since 2002 the rates have favored the Pacific Northwest ports. With the expansion of the Panama Canal scheduled for completion in 2013, we may very well see a return of that traffic, but that traffic will traverse the MN&S regardless of whether the re-route occurs or not.