



Rail Service For Santa Cruz
Iowa Pacific, 2012

Iowa Pacific

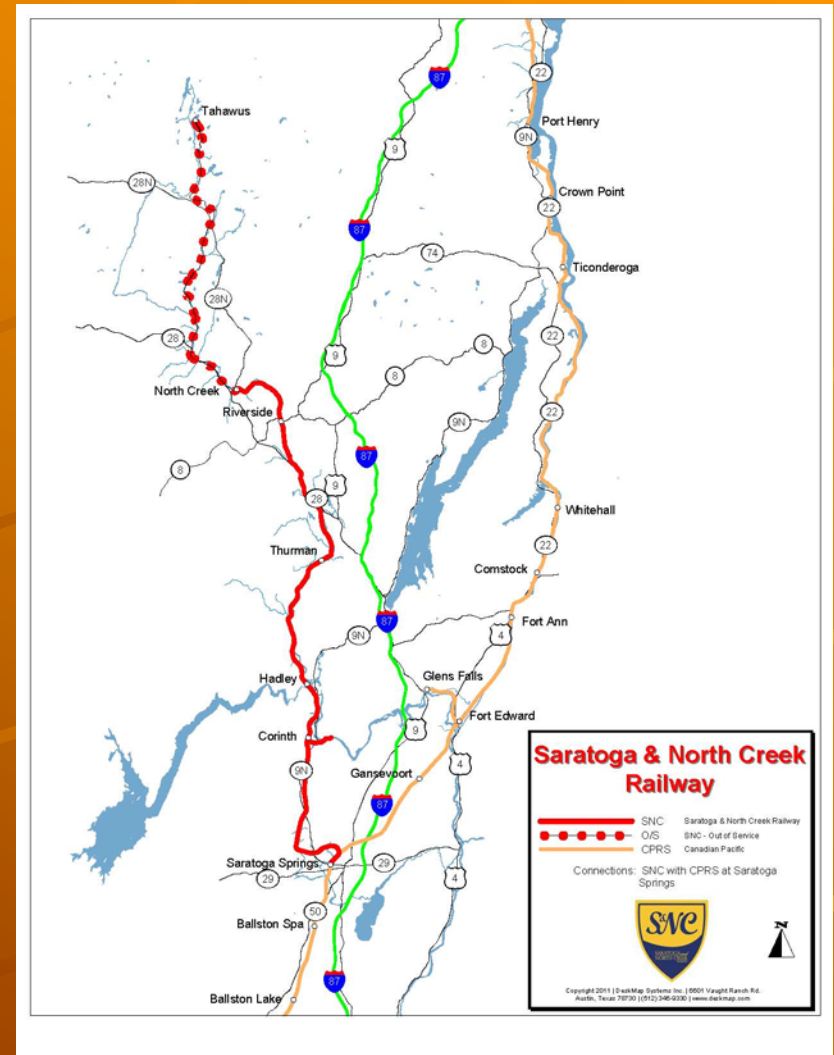
- ◆ Safe, high-quality freight and passenger services operator in six states and the U.K.
- ◆ Strong business development track record
- ◆ Demonstrated ability to work with Class I railroads
- ◆ Financially strong



IP's Newest Passenger Operation

Saratoga and North Creek Railway

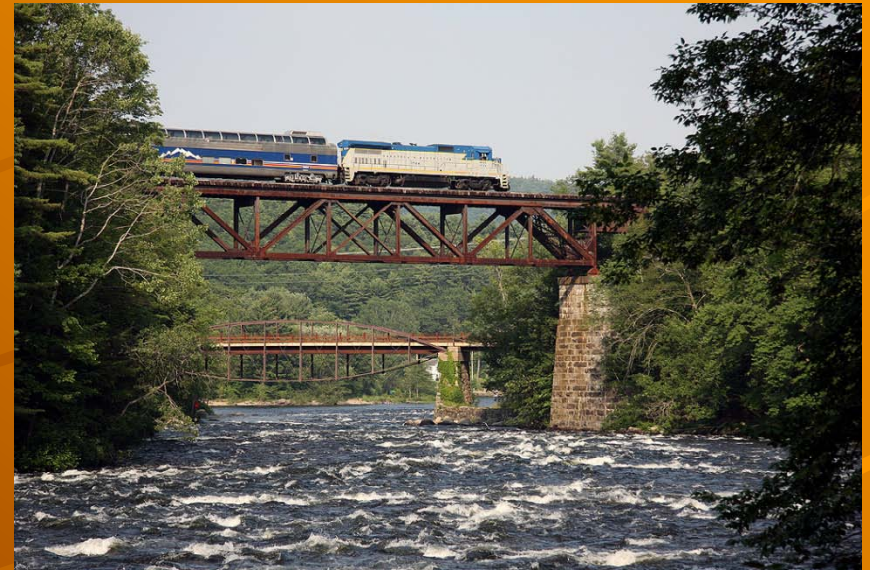
- ✦ Publicly owned line from Saratoga Springs to North Creek, NY
- ✦ Operates on CP into Saratoga Springs Union Station
- ✦ Cross-platform transfer to Amtrak
- ✦ Full Part 238 passenger carrier



Newest IP Passenger Operation

Saratoga and North Creek Railway

- ◆ RFP October 2010
- ◆ Startup July 2011
- ◆ Over 60,000 passengers to date
- ◆ Full dining service onboard
- ◆ New IP track capex
- ◆ Community marketing engagement
- ◆ Profitable “above the rail” – no subsidy



Iowa Pacific Passenger Capabilities

- ✦ Four US passenger operations
 - 3 tourist, 1 full part 238 passenger RR
- ✦ Complete operations
 - Train service
 - Equipment maintenance
 - Track maintenance
 - Dispatching
 - Fully FRA compliant



Iowa Pacific Passenger Capabilities

More than just “Operations”

- ◆ On board service
- ◆ Reservations
- ◆ Marketing and sales
- ◆ Insurance
- ◆ Rolling stock
- ◆ Facility investment
- ◆ Ticket revenue risk
- ◆ Quick-start



Polar Express

- ✦ IP is the largest licensed operator of Polar Express
- ✦ Children's book and movie with themes of hope and faith
- ✦ Over 85,000 passengers at 3 locations in 2011



Freight Development

- ◆ Iowa Pacific has successfully grown the freight business on its railroads
- ◆ IP has invested in new facilities and rolling stock
- ◆ In 2012, IP acquired 114 refrigerated cars and has ordered another 100 new refrigerator cars
- ◆ New transload facilities handling sand, coal, plastics and drilling mud have been developed on IP rail lines in the past 24 months, in some cases financed and operated by IP



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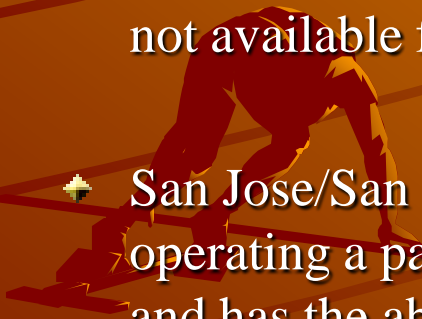
Financial Strength

- ✦ Iowa Pacific sold the Arizona Eastern Railway in 2011 for \$90.1 million, and is reinvesting the net proceeds in its rail operations.
- ✦ Iowa Pacific has lines of credit through Fifth Third Bank, with available credit in excess of \$5 million.
- ✦ Iowa Pacific has over \$25 million invested in locomotives, freight cars and passenger cars, with immediately available capacity for deployment to new operations such as Santa Cruz



Unique Elements of Iowa Pacific Proposal

- ✦ Polar Express – No other operator has comparable seating capacity and marketing capability. SNC handled over 30,000 Polar passengers the first season
- ✦ Refrigerated cars – To develop business with the existing and potential customers in the Watsonville area, IP brings refrigerated capacity, which is not available from UP or other potential operators
- ✦ San Jose/San Francisco Service – IP is the only private rail carrier operating a passenger train on a Class I railroad in the United States today, and has the ability to meet all requirements for safety, insurance, rolling stock and personnel in order to develop regular passenger rail service beyond Santa Cruz



Summary

Iowa Pacific brings

- Strength in business development

