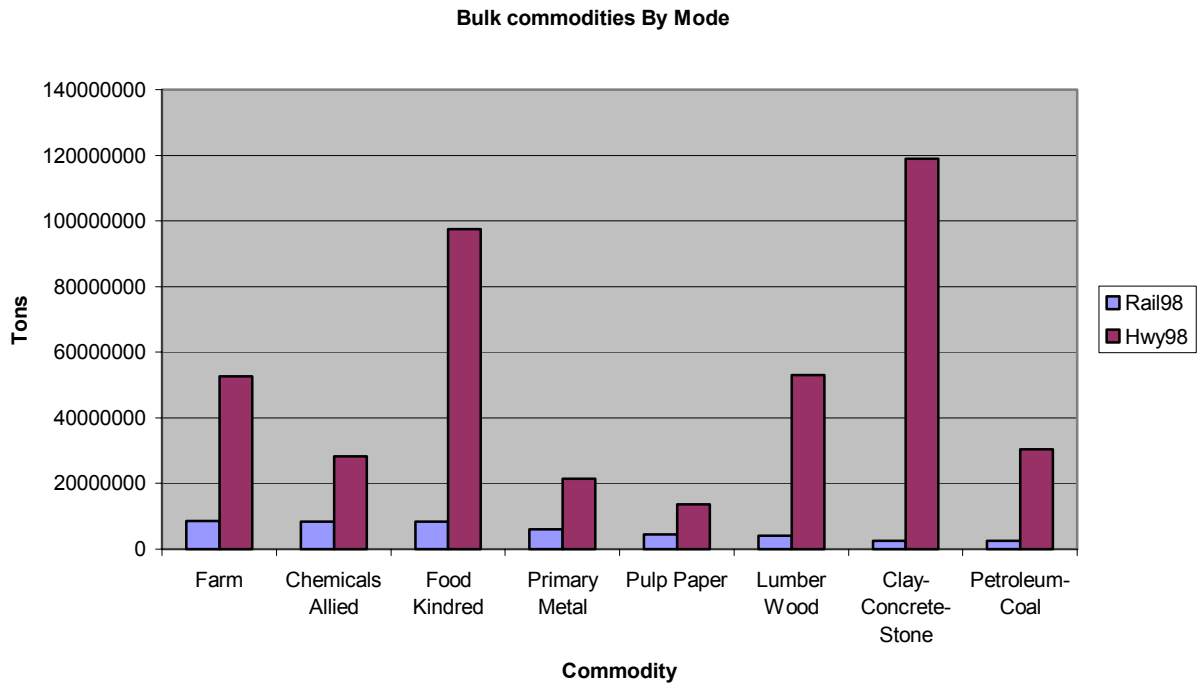


RAIL COMMODITY FLOWS

The major commodities handled by rail are bulk, with the exception of the automotive traffic. The following pages provide detailed information rail commodities in California, and specific rail commodity flows for San Diego. Competition for transportation of specific commodities is discussed. Demand, markets, competition sources, and transportation characteristics are covered.

State Commodity Flows

Although the vast majority of the tonnage into and out of California is handled by truck, rail has an increasing share of bulk commodities. Truck still handles the majority of the bulk traffic, but the percentage is smaller as indicated in the chart below.



Rail has a greater percentage of pulp and paper, bulk chemicals, and primary metal. The commodities shown above are the primary bulk commodities shipped into San Diego by rail.

California Rail Carload Traffic

Commodity	Exp Carloads	Exp Tons	Avg. Miles	Tons %	Cumulative %
Steel Products	63,528	5,503,216	1,217	15%	15%
Coal	37,402	3,985,715	950	11%	26%
Chemicals	33,876	3,241,360	2,116	9%	35%
Field Crops	30,785	3,042,096	2,251	8%	44%
Grain Products	20,076	1,823,372	269	5%	49%
Motor Vehicles	82,000	1,809,464	1,470	5%	54%
Petroleum Products	23,544	1,762,768	1,600	5%	59%
Lumber	20,360	1,741,080	1,391	5%	63%
Paperboard	25,880	1,700,040	2,009	5%	68%
Plastics	16,680	1,559,360	1,872	4%	72%
Crude Pet. & Natural Gas	16,286	1,440,880	270	4%	76%
Paper	13,944	970,396	2,168	3%	79%
Misc. Wood Products	10,440	828,240	2,151	2%	81%
Beverages	11,272	788,668	289	2%	84%
Misc. Foods	8,332	748,332	282	2%	86%
Cement	6,756	612,200	2,527	2%	87%
Sand & Gravel	5,628	567,936	143	2%	89%
Misc. Mineral Products	5,856	560,248	2,049	2%	90%
All Others	48,616	3,474,033	1,360	10%	100%
Total	481,261	36,159,404	1,414	100%	100%

The carload list for California shows the majority of the rail commodities shipped into California are heavy bulk.

San Diego Commodity Flows

San Diego rail commodities are ranked in order of inbound estimated tonnage as follows:

Rank	STCC	COMMODITY GROUP		%
1		Automotive	Automobiles	27
2		Non-Metallic Minerals	Soda Ash, Borates	25
3		Lumber	Lumber	8
4		Farm Products	Feed	6
5		Petroleum Coal	LPG	5
6		Primary Metal	Structural Steel	4
7		Clay, Concrete, Stone	Cement, Fly Ash	4
8		Chemicals	Plastic Pellets	4
9		Food, Kindred	Processed Food	4

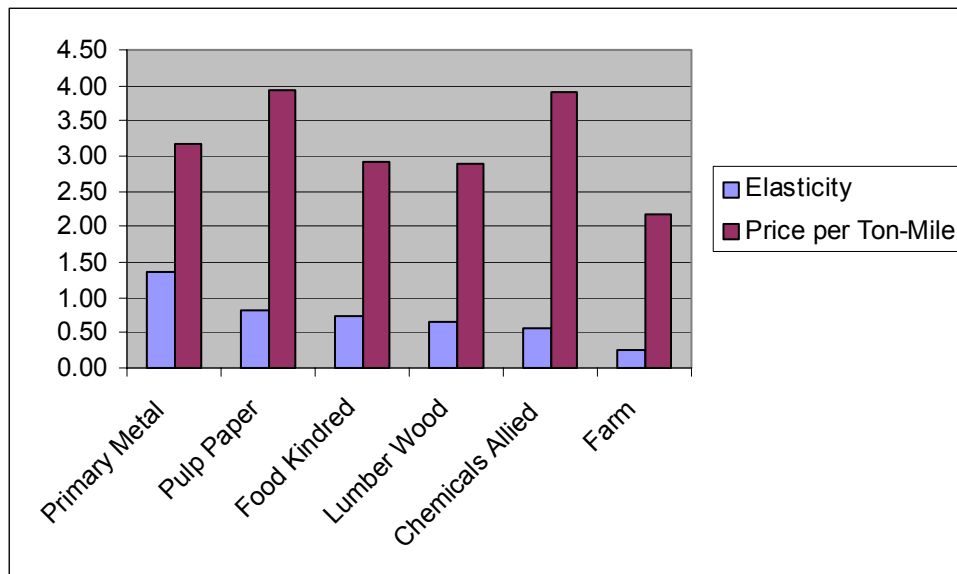
Commodity Transportation Modal Shifts.

Bulk commodities with a length of haul more than 500 miles usually go by rail. But individual commodities have unique characteristics that determine the tendency to go by truck or rail. Both rates and service quality will affect mode choice. These tendencies or elasticities can be ranked to determine which commodities are most likely to remain on rail as rates or prices change.

Commodity	Elasticity
Primary Metal	1.35
Pulp Paper	0.82
Food Kindred	0.73
Lumber Wood	0.65
Chemicals Allied	0.58
Farm	0.25
Transportation Equip	0.25
Waste Scrap	0.20
Non-Metallic Minerals	0.17
Petroleum Coal	0.17
Clay Concrete Stone	0.17

The higher the number, the more likely the commodity can be diverted to truck.

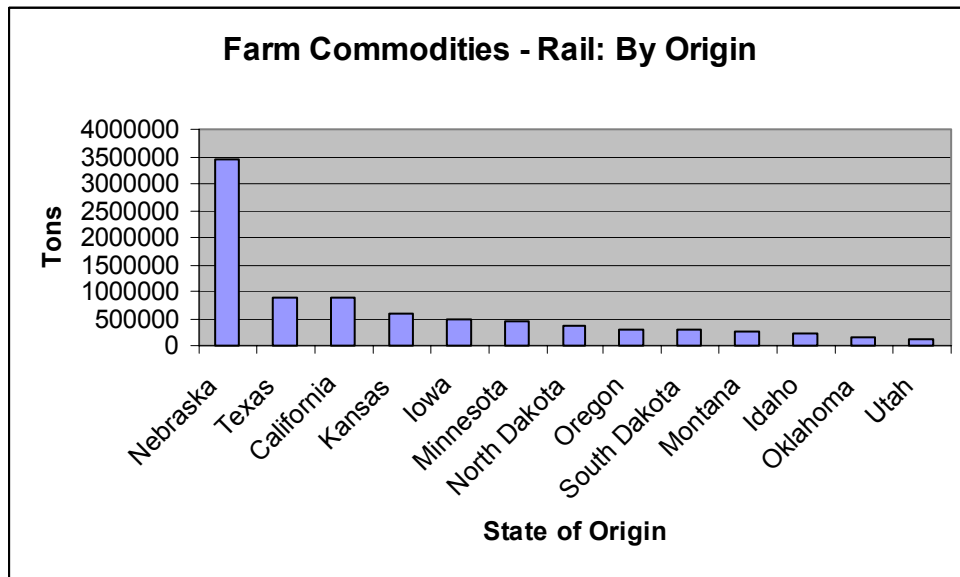
Elasticity's for bulk products also tend to decrease as do prices per ton mile, as the commodity tends towards rail. The exceptions are for paper products and pulp/paper.



FARM PRODUCTS

STCC 01

Farm products include corn, barely and fresh vegetables. The primary users are co-ops in North San Diego County and feedlots in Mexico. Competition for transportation services is from truck. The material is shipped in covered hoppers.

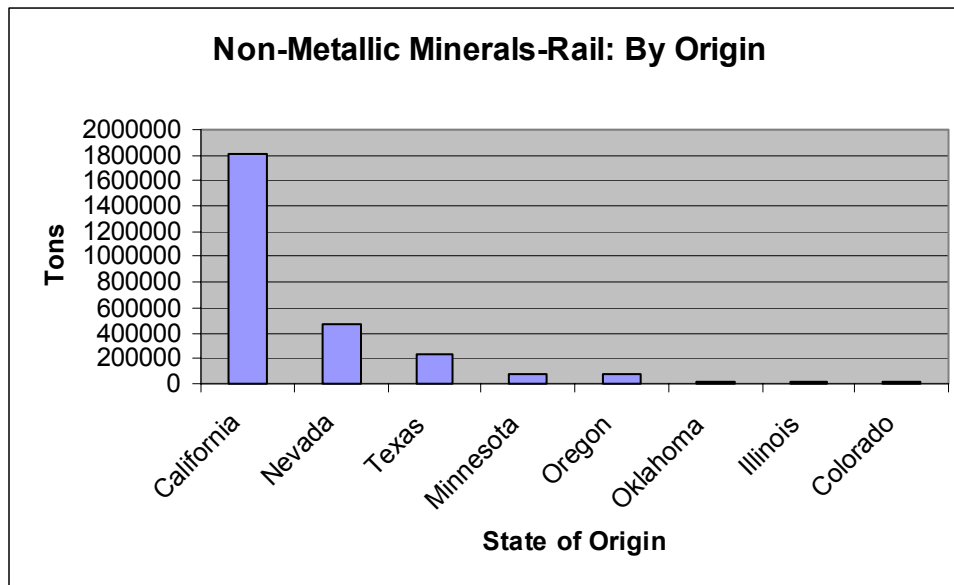


Avg. Tons per Carload: 95.6
Avg. Length of Haul: 2251 mi.

NON-METALLIC MINERALS

STCC 14

Items in this general group include soda ash (STCC 28), phosphates, sand, and gravel. Soda ash, used in glassmaking, is the bulk commodity for export at the Port of San Diego 10th Ave Terminal. The Port of San Diego exported over 500,000 tons of soda ash in 2000. Most of this material was shipped from Trona, CA to the Port by rail. Sand is used for concrete in construction. Transportation of soda ash is by unit train, and is generally immune from transportation competition. Competition for transportation of sand is from truck, and by barge from Ensenada, Mexico. Soda ash is shipped in covered hoppers. Sand and gravel are shipped in open hoppers. Additional sand rail shipments are expected with the re-opening of the Desert Line

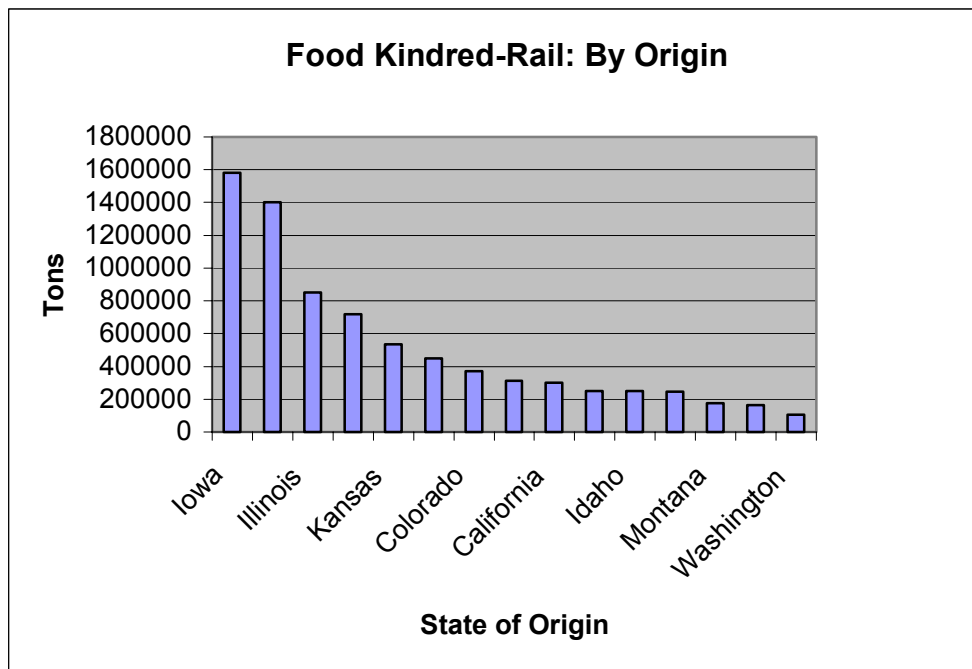


Avg. Tons per Carload: 96.5
Avg. Length of Haul: 2049 mi.

FOOD & KINDRED PRODUCTS

STCC 20

This commodity group consists of milled farm and finished food products including milo, corn starch, corn syrup, malt, soybean meal, lard, fresh/frozen meats, processed poultry, and frozen fruits/vegetables. Competition for transportation is from trucking. Lard and corn syrup are moved by tank car. Processed feeds are moved by box car. Frozen foods are moved by refrigerated car.

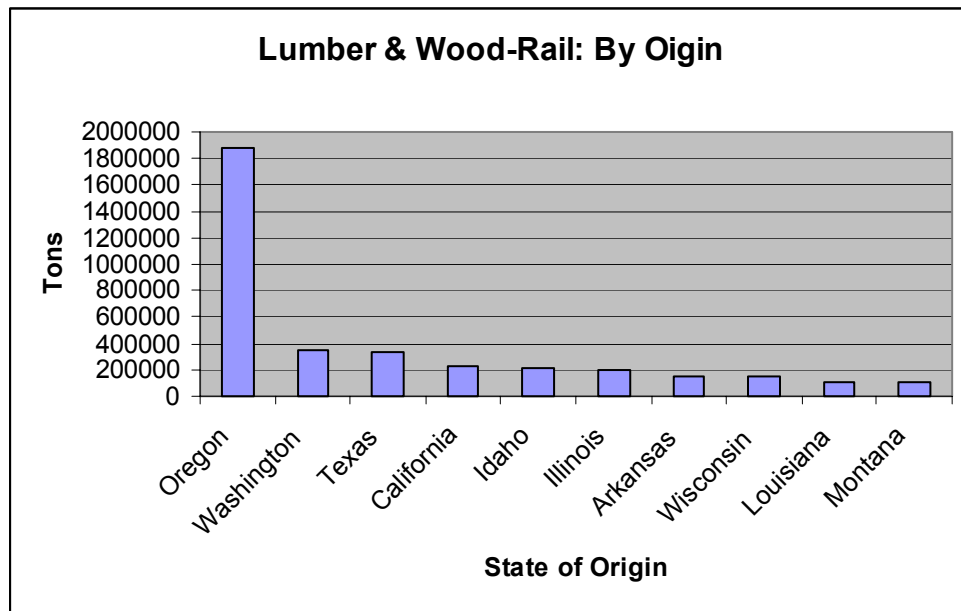


Avg. Tons per Carload: 70.0
Avg. Length of Haul: 282 mi.

LUMBER & WOOD PRODUCTS

STCC 24

Lumber is used heavily by the construction industry. Primary customers are lumber wholesalers throughout San Diego County. These commodities are usually offloaded and stored in open yards for further transfer to truck for the final customer. Competition for these movements is from truck and intra-coastal barge. Lumber products are shipped on center-beam flat cars.

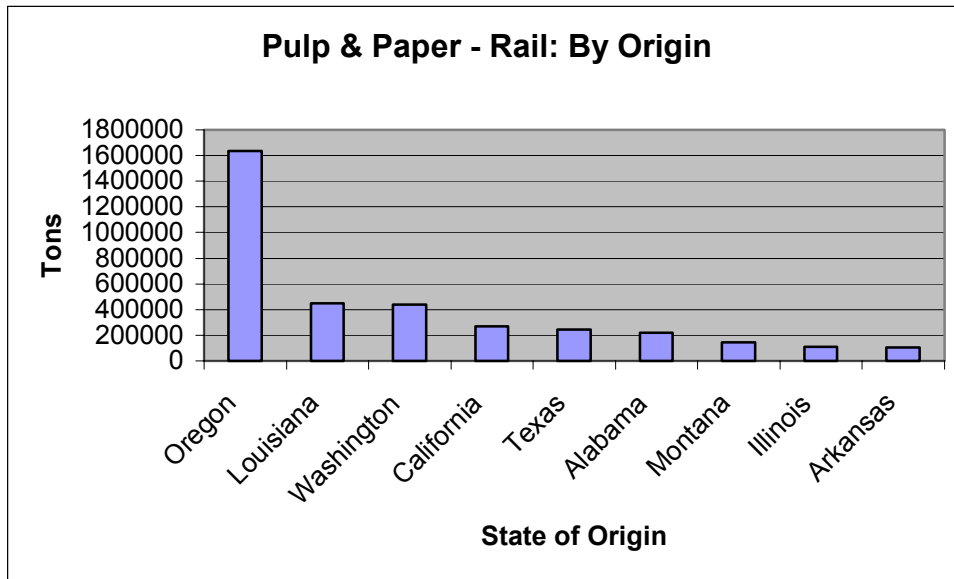


Avg. Tons per Carload: 75.6
Avg. Length of Haul: 1391 mi.

PULP & PAPER PRODUCTS

STCC 26

Paper is used for printing (newsprint), and paperboard is moved for packaging. Prime customer for newsprint is the San Diego Union Tribune. Packaging companies use paperboard. Some paper products are transloaded to truck prior to final delivery. Competition for transportation is by ship through the Port of San Diego, and truck. Paper products are shipped in box cars.

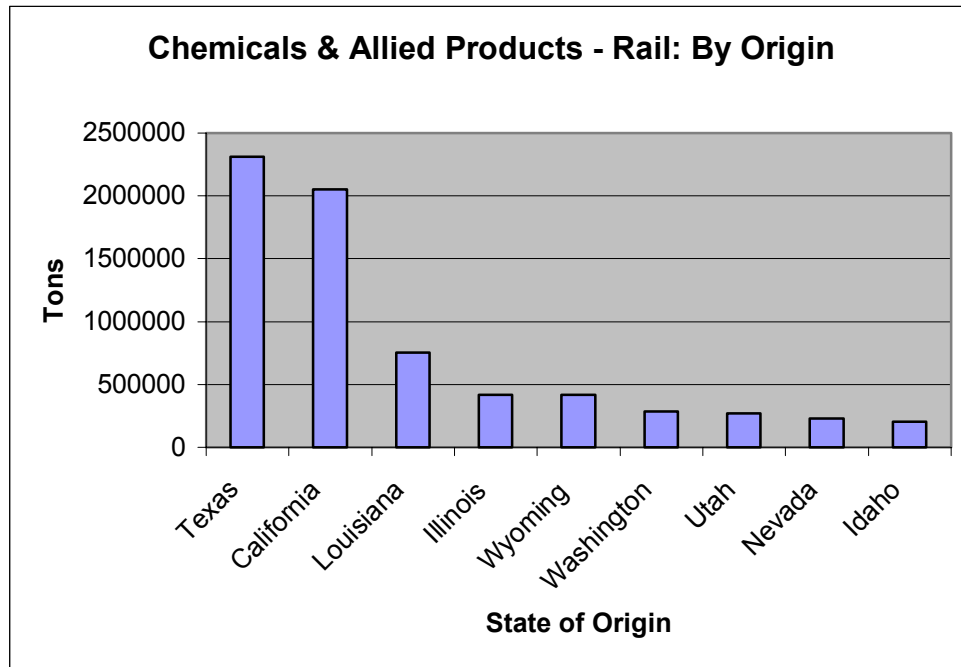


Avg. Tons per Carload: 61.8
Avg. Length of Haul: 2168 mi.

CHEMICALS & ALLIED PRODUCTS

STCC 28

Plastic pellets are used in the manufacture of finished plastic products. The pellets are byproducts of the petrochemical process. These pellets are shipped in pressurized hopper cars, and usually transloaded to trucks for delivery to the final destination. The majority of this product is shipped to San Diego from refineries within the state, or from Texas. Competition for transportation is by truck.

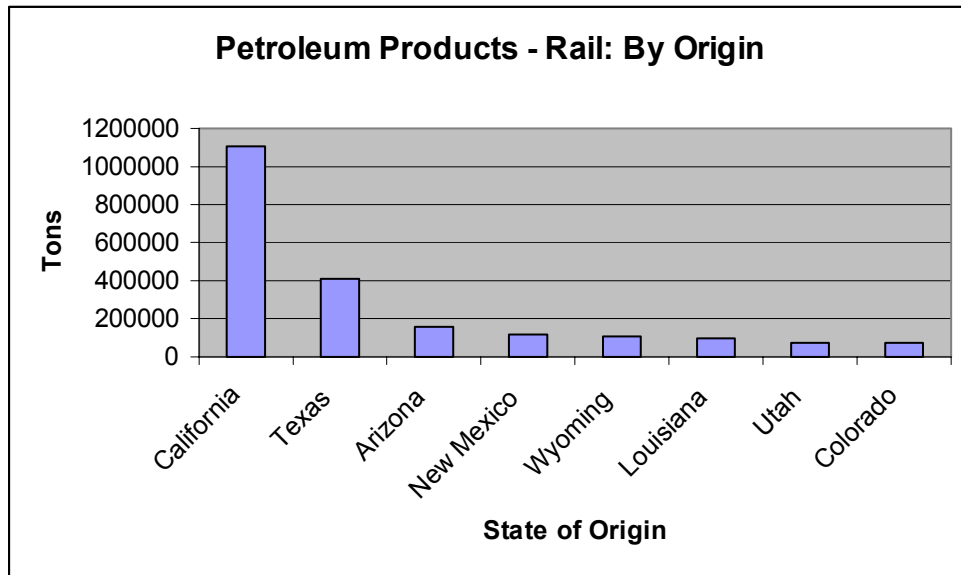


Avg. Tons per Carload: 84.7
Avg. Length of Haul: 2116 mi.

PETROLEUM PRODUCTS

STCC 29

Liquefied petroleum gas (LPG) is shipped from refineries to San Diego for final delivery to Mexico. The majority of this product is shipped by refineries in California. Transportation is limited, although construction of a pipeline or large ocean loading terminal in Mexico could have a serious impact on this traffic. LPG is shipped in pressurized tank cars.

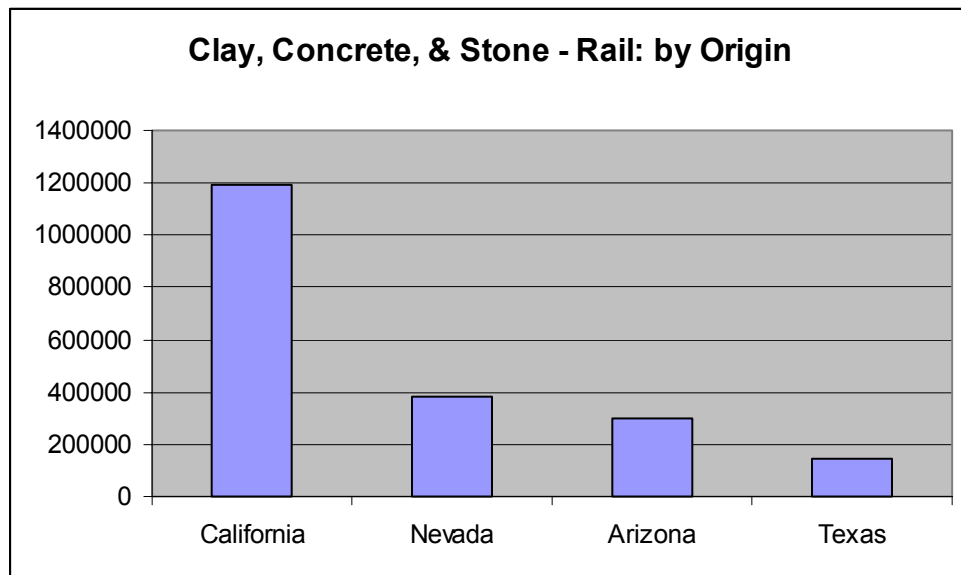


Avg. Tons per Carload: 73.7
Avg. Length of Haul: 1600 mi.

CLAY, CONCRETE, & STONE

STCC 32

Cement is used extensively in the construction industry. The product is shipped to terminals and transloaded to truck for final delivery at concrete producing facilities. Competition is y imported cement via the Port of San Diego, and truck. The majority of the cement tonnage used in San Diego arrives by the Port. Cement is moved in covered hoppers.

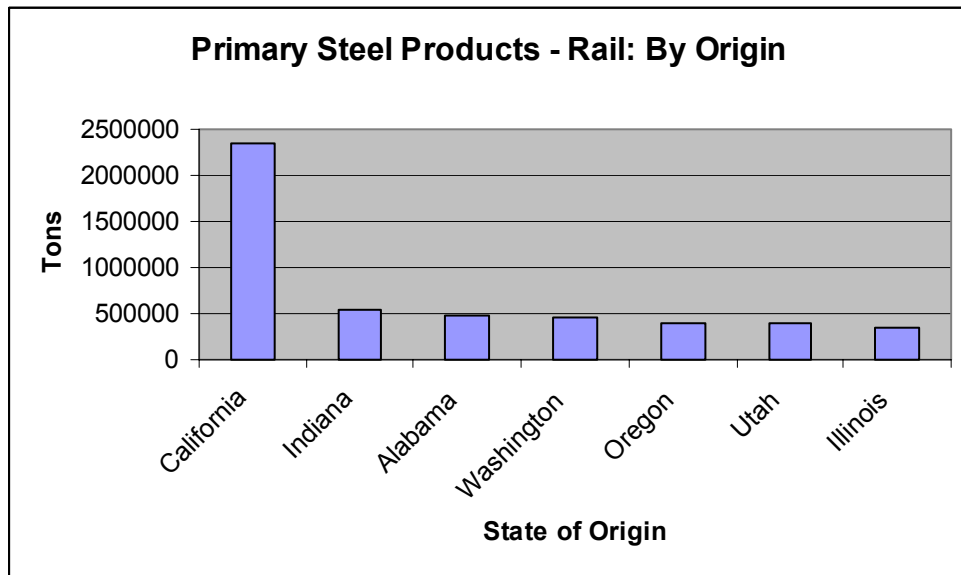


Avg. Tons per Carload: 88.8
Avg. Length of Haul: 2527 mi.

PRIMARY METAL

STCC 33

Primary metals include aluminum and steel shapes used in the construction industry. The primary users are structural steel fabricators. The majority of this commodity is shipped from mills in California. Competition is by truck. These shapes are moved by bulkhead flatcar.

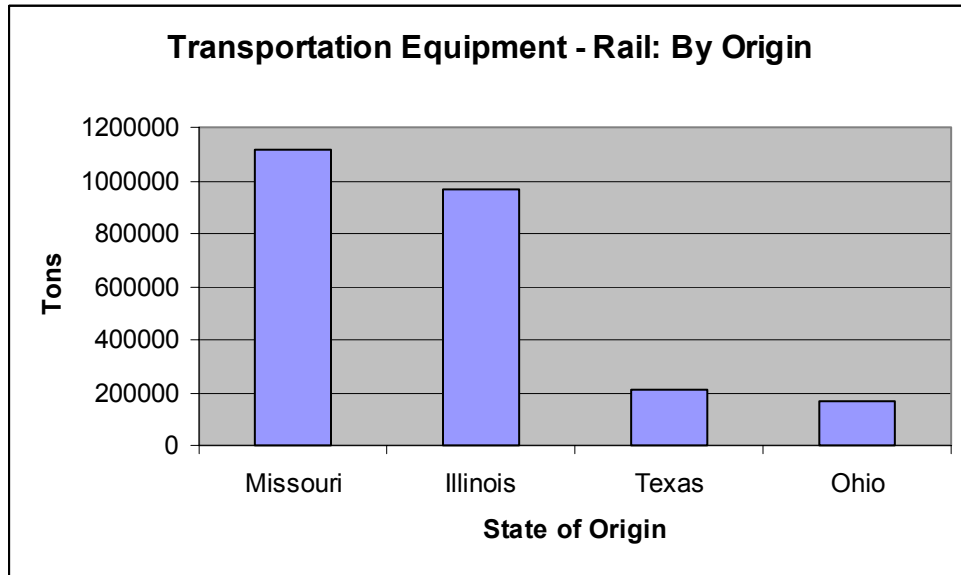


Avg. Tons per Carload: 83.9
Avg. Length of Haul: 1217 mi.

TRANSPORTATION EQUIPMENT

STCC 37

The Port of San Diego National City Marine Terminal facility has a capacity of 350,000 imported autos per year. Many of these vehicles are shipped inland by rail. The BNSF San Diego Yard also has an auto facility. Truck competition for autos exists, as there are major rail served auto facilities in the LA Basin that can compete based upon rail equipment availability and economics of scale.



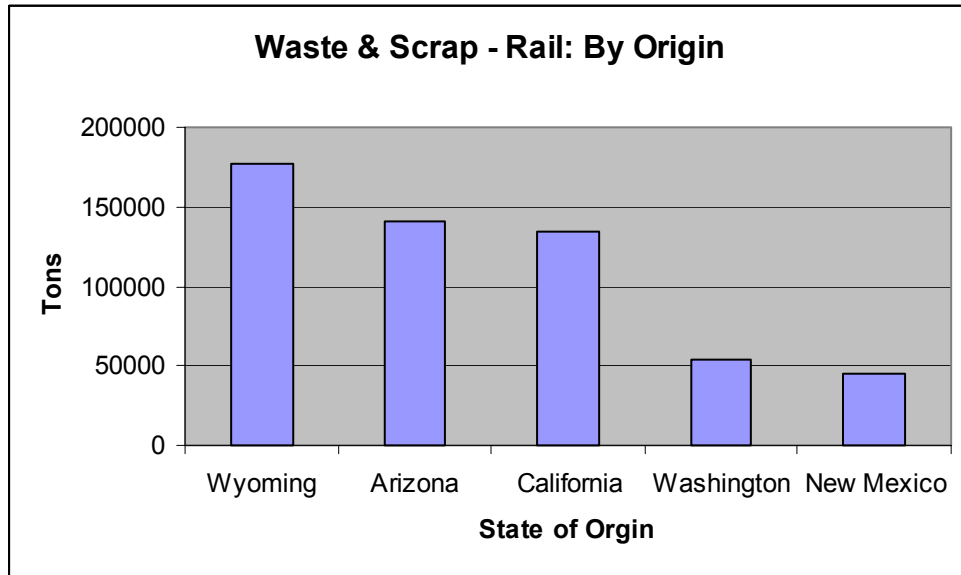
Avg. Tons per Carload: 22.1

Avg. Length of Haul: 1470

WASTE & SCRAP

STCC 40

Fly ash is a byproduct of coal combustion, and used in concrete. Cement terminals are the primary. Due to the low value of the commodity and average length of haul, there is little transportation competition. Fly ash is moved in covered hoppers. Some scrap paper and scrap metal originate in San Diego.



Avg. Tons per Carload: 66.8
Avg. Length of Haul: 1360