



RCP&E Proposal to Purchase Wolsey Interchange and Yale Rail Line: Presentation to SD Railroad Board

January 21, 2026



Rapid City, Pierre & Eastern Railroad (RCP&E): Overview



- Acquired by G&W in 2014
- 742 track miles
- 44 online customers
- ~58,000 annual carloads
- 176 employees
- 40 locomotives
- 3 Class 1 connections:

BNSF RAILWAY Wolsey, SD; Crawford, NE; Florence, MN

CPKC Tracy, MN

 Mankato, MN

RCP&E and South Dakota's Significant Partnership: Substantial Investments Completed and In Progress

- **Philip Siding and Huron Track Upgrade**
(2015 TIGER grant)



- **\$12.4mn project** (\$6.4mn RCP&E; \$6mn FRA); new siding construction and upgrade of ~10 miles of track; project completed in 2018

- **South Dakota Freight Capacity Expansion Project**
(2021 RAISE grant)



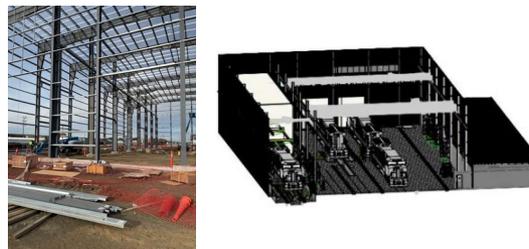
- **\$84.0mn project** (\$42mn RCP&E; \$20mn SDDOT; \$22mn FRA); replace ~88 miles of rail, upgrade 121 bridges, upgrade to Class 2 track standards; 2026 target project completion

- **Upper Black Hills Corridor Upgrade Project**
(2023 STC grant)



- **\$20.1mn project** (\$14.1mn FRA; \$6.0mn RCP&E); upgrade ~16 miles of rail, replace / upgrade 34 structures; 2027 target project completion

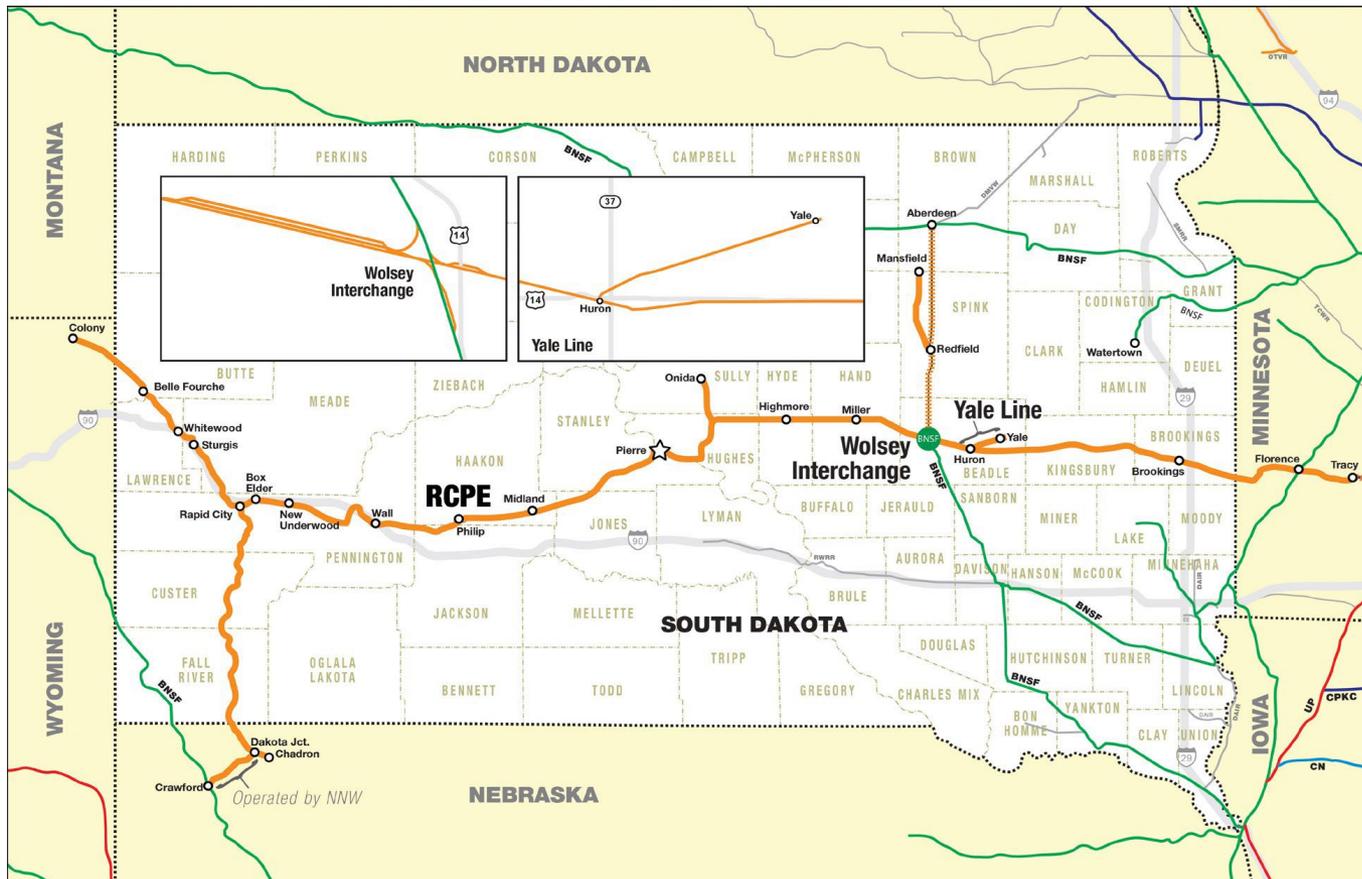
- **New Locomotive Shop and Locomotive Purchases**
(RCP&E funded project)



- **\$39.1mn project** (\$39.1mn RCP&E); new locomotive shop and purchase of 27 rebuilt locomotives; 2026 target project completion

Wolsey Interchange and Yale Rail Line: RCP&E currently leases and operates both Assets

- **Wolsey Interchange:** Two tracks in Wolsey, SD used primarily for interchange with BNSF; includes 4.2 miles of 115 lb. jointed rail and four turnouts
- **Yale Rail Line:** Rail line from Huron, SD to Yale, SD with one active customer (Agtegra grain elevator); 15.3 miles of 85 lb. and 90 lb. jointed rail with six structures



Wolsey Interchange and Yale Rail Line: Purchase Proposal, Price and Regulatory Approval

- **Wolsey Interchange and Yale Rail Line Purchase Proposal**
 - Includes all land (right-of-way), track and bridge infrastructure
 - Excludes any encumbrances of debt or grant obligations, including any associated loan commitments with the State, SDDOT or the Board

- **\$3,125,000 Purchase Price**
 - \$2,000,000 paid at closing
 - \$1,125,000 paid in four equal annual installments (\$281,250 annually); RCP&E can prepay any of the outstanding instalment amounts at any time
 - Deferred consideration structure consistent with SDDOT's MRC Line sale

- **Regulatory Approval**
 - Upon execution of sale agreement, RCP&E will submit any necessary filings with the Surface Transportation Board (STB)
 - RCP&E expects its STB authority to purchase Yale Rail Line will be effective 30 days after filing; no STB filing is required for Wolsey Interchange (auxiliary/private tracks)

Wolsey Interchange and Yale Rail Line: Conditions of Sale

1. SDDOT ability to re-purchase the Yale Rail Line if RCP&E were to seek to abandon it
2. SDDOT right of first refusal if RCP&E offers to sell all or any of the Assets to a third party
3. Any assignee or successor to RCP&E must abide by the sales agreement terms
4. Sale of the Assets is considered "AS IS, WHERE IS"
5. Indemnification and hold harmless of SDDOT for any claims related to any acts or omissions of RCP&E related to the Assets after closing
6. RCP&E to fully protect any haulage, trackage, and interchange rights applicable to the Assets owing to SDDOT's settlement with BNSF
7. SDDOT retention of mineral rights to the extent required by South Dakota law
8. Right of highway authorities to maintain, construct, re-construct, sign, mark and repair all existing public highway crossings
9. Reserved right for public highway crossings identified for construction during 2026 to 2029 in SDDOT's Statewide Transportation Improvement Plan
10. Assets conveyed by quit claim deed, with RCP&E waiving any immaterial title defects

Wolley Interchange and Yale Rail Line: SDDOT BNSF Settlement – Specific Asset Provisions

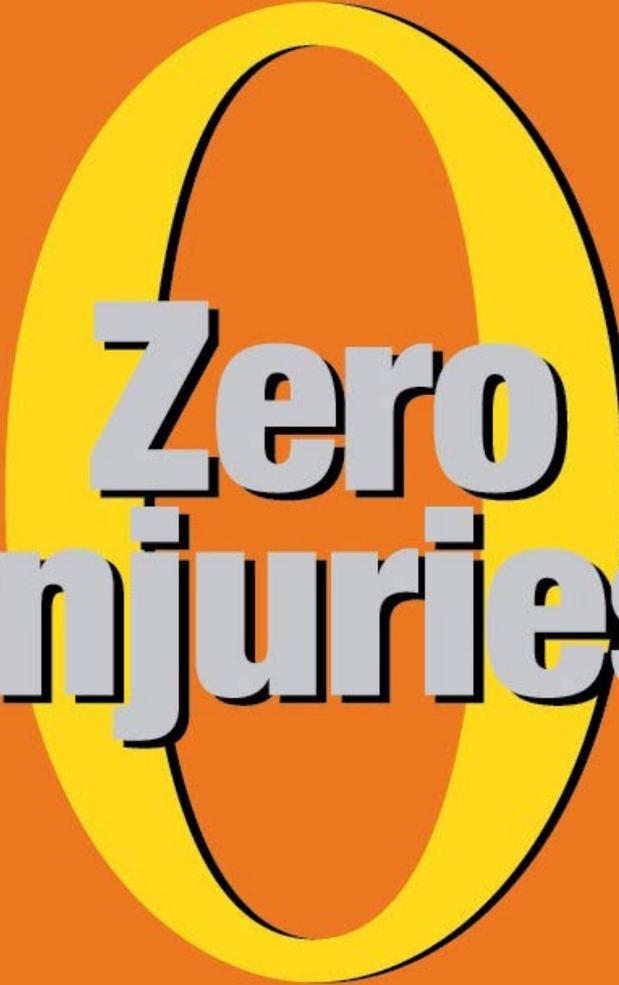


- a) Wolley to Aberdeen**
 - Right to interchange on BNSF-owned track with operator of the Britton Line (Britton Line traffic/RCP&E select traffic)
- b) Wolley to Aberdeen, Mitchell, Napa Junction and Sioux City**
 - Overhead haulage rights on BNSF (convertible to overhead trackage rights) to lessees/operators of State-owned rail lines connecting with BNSF for the purpose of interchange (rail line traffic excl. coal or intermodal traffic)
- c) Wolley to Canton and Sioux Falls**
 - Overhead trackage rights on BNSF for aggregates traffic from D&I to RCP&E
- d) Wolley to Sioux Falls**
 - RCP&E trackage rights on BNSF to move RCP&E business cars

Appendix:

SDDOT BNSF Settlement – Specific Asset Provisions Detail

- a) RCP&E's right to interchange with the operator of the State-owned Britton Line on BNSF-owned trackage in Aberdeen for (i) all traffic that originates or terminates on the Britton Line and (ii) agricultural product, fertilizer, ethanol, bentonite and forest products traffic that originates or terminates on RCP&E in South Dakota and is moving to or from points served by CPKC's network as it existed as of the effective date of the settlement agreement in North Dakota (excluding unit train traffic) and Canada
- b) Overhead haulage rights with BNSF (convertible to overhead trackage rights) to lessees and operators of then State-owned rail lines connecting only with BNSF on the South Dakota Core lines, to reach and interchange with each other and all connecting rail carriers at Sioux City, Wolsey, Napa Junction, Mitchell and Aberdeen in South Dakota; only applicable for traffic (excluding coal and intermodal) originating or terminating on the State-owned rail lines connecting only with BNSF on the South Dakota Core lines as they existed in South Dakota at execution of the settlement agreement
- c) D&I Railroad Company's overhead trackage rights with BNSF for aggregates traffic from Canton, SD and Sioux Falls, SD across the South Dakota Core lines to Wolsey, SD for interchange with RCP&E for termination at points existing on RCP&E in South Dakota at execution of the settlement agreement
- d) Trackage rights with BNSF for RCP&E to move business cars from Wolsey, SD on the South Dakota Core lines to Sioux Falls, SD



**Zero
Injuries**

Our Goal Every Day