

TRANSPORTATION 2009, CHALLENGES AND SOLUTIONS

ISSUES AND CONCERNS OF RAIL CUSTOMERS

Midwest Association of Rail Shippers

January 14, 2009

Presented By Dennis Wilmot

WT & L Corp
Making Logistics Easy & Competitive

WT&L Corp

Making logistics easy & competitive

Who We Are

WT&L Purpose

- Mission- To make logistics easy for our customers and competitive in the marketplace.
- Core Values
 - Uncompromising Integrity
 - Honoring Relationships
 - Unwavering Commitment
 - Personal Responsibility

WT&L Services

- Full-service rate management
- Comprehensive customer service functions (billing, diversions, tracing, problem resolution, and more)
- Private railcar fleet management
 - Shipment tracking , fleet distribution & utilization
 - Car repair auditing and maintenance management
 - Tax filing and preparation

WT&L Railcar

- Railcar sales
- Railcar leasing
 - Full service
 - Net
- Railcar purchasing
- Railcar dismantling

www.wtandl.com

- Monthly WT&L Newsletter (5 months)
- View railcars available for sale and lease
- Railroad fuel surcharge chart
 - Percentage-based
 - Mileage-based

Global & USA Steel industry info



STEEL BEING POURED IN AN ELECTRIC FURNACE

January 14, 2009

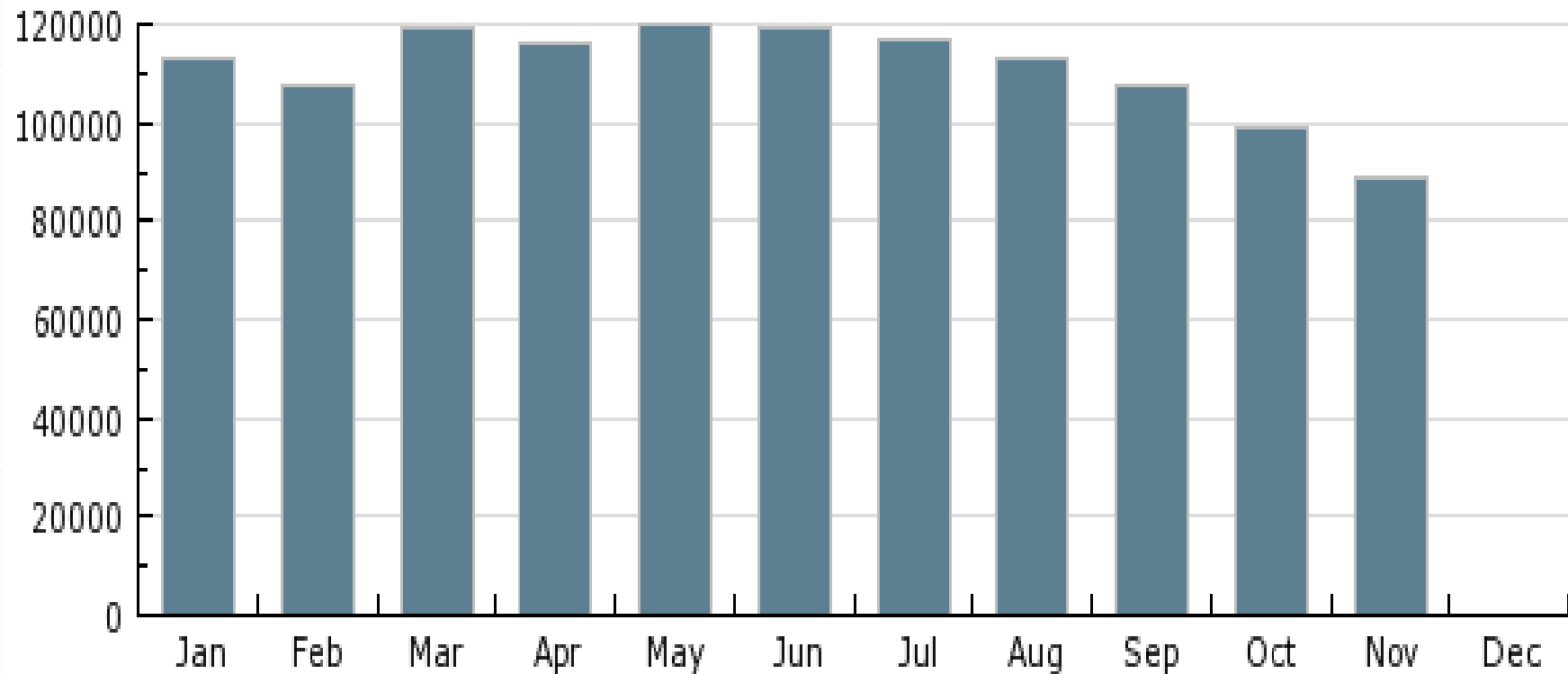
2007 World's Top 30 Steel Producers

Source: World Steel Association

Rank	MMT	Company	Rank	MMT	Company	Rank	MMT	Company
1	116.4	ArcelorMittal	11	20.2	Wuhan	21	13.3	Magnitogorsk
2	35.7	Nippon Steel	12	20.0	Nucor	22	13.1	Techint
3	34.0	JFE	13	18.6	Gerdau Group	23	12.9	Shougang
4	31.1	POSCO	14	17.9	Riva	24	12.1	Jinan
5	28.6	Baosteel	15	17.3	Severstal	25	11.7	Laiwu
6	26.5	Tata Steel ¹	16	17.0	ThyssenKrupp ²	26	11.1	Hunan Valin
7	23.6	Anshan-Benxi	17	16.2	Evrax	27	10.9	China Steel
8	22.9	Jiangsu Shagang	18	14.2	Maanshan	28	10.1	IMIDRO
9	22.8	Tangshan	19	13.9	SAIL	29	10.0	Hyundai
10	21.5	US Steel	20	13.8	Sumitomo	30	9.7	Novolipetsk

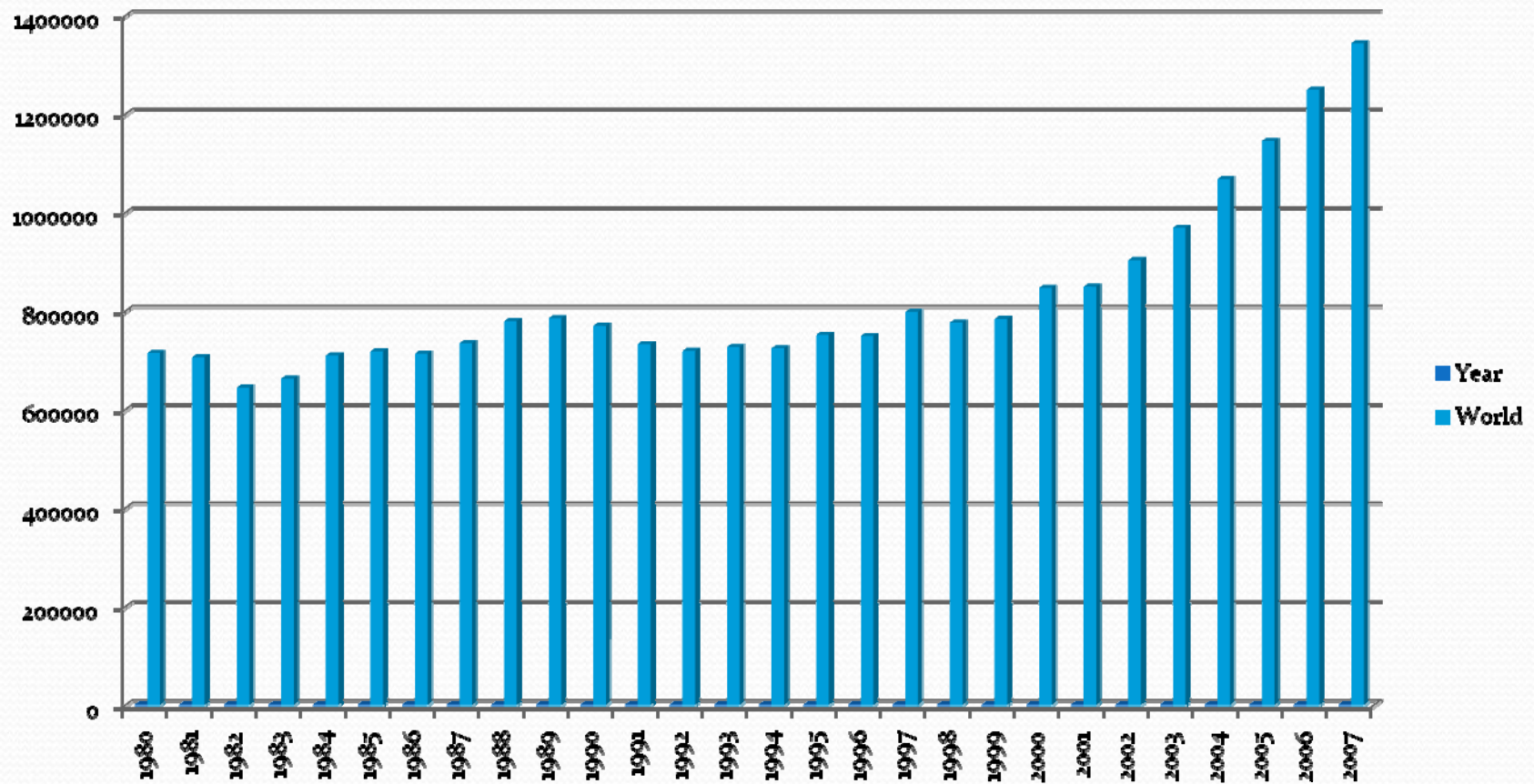
2008 World Crude Steel Production

Source: World Steel Association



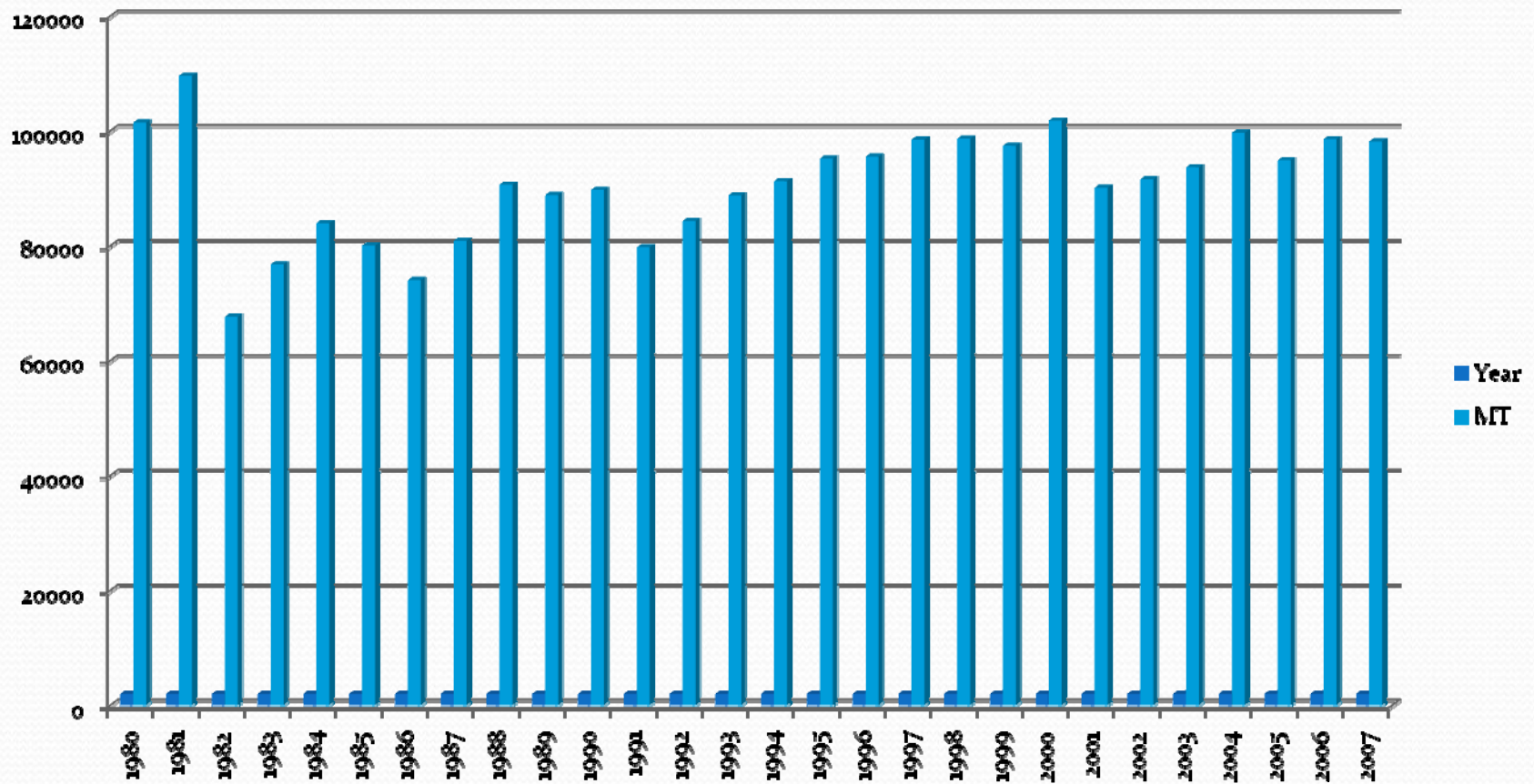
World Steel Production Since 1980

Source: World Steel Association



USA Steel Production Since 1980

Source: World Steel Association



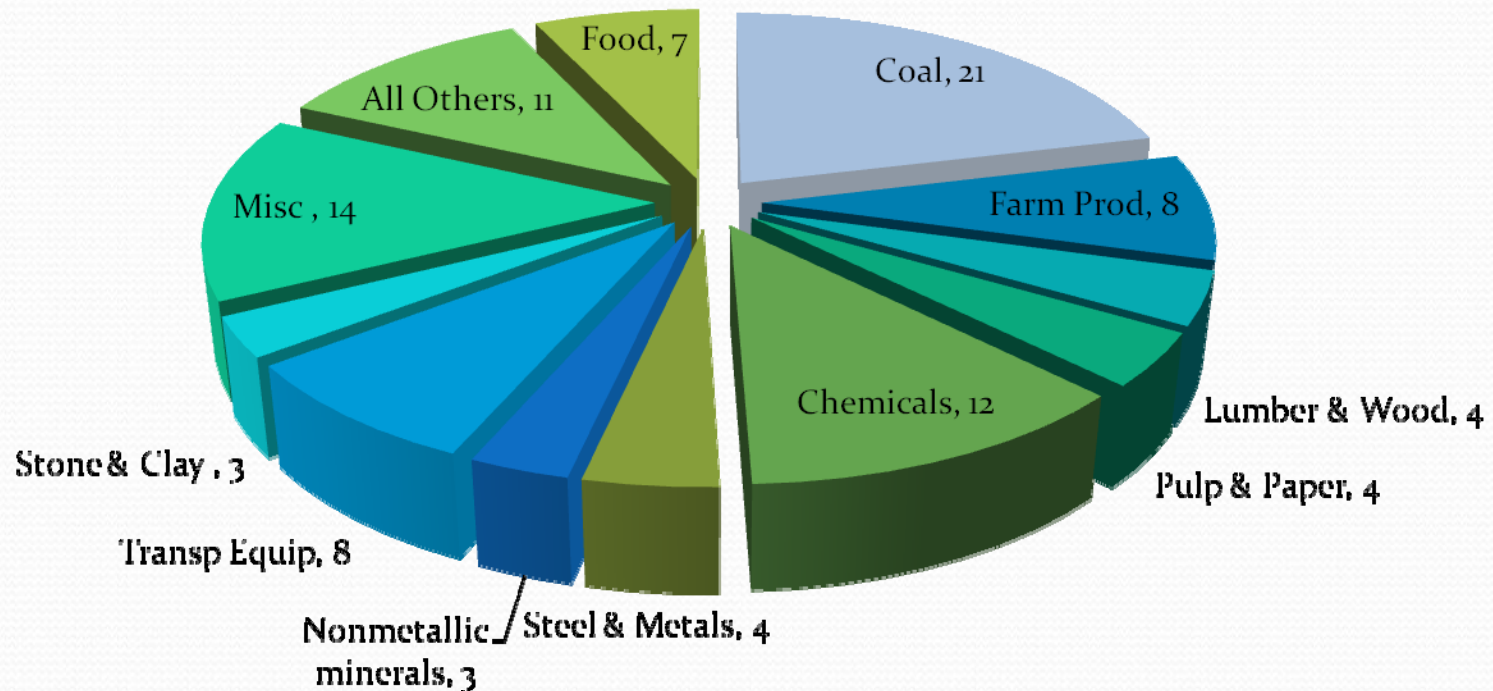


Railroad industry stats

Class I Gross Freight Revenue By Commodity- 2007

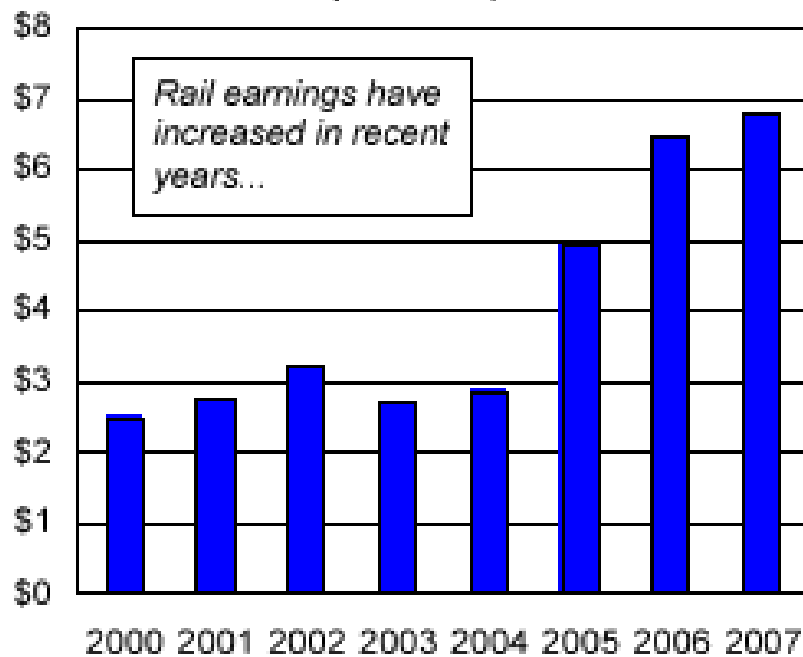
Total Revenue was \$54.6 Billion

Source: Association of American Railroads



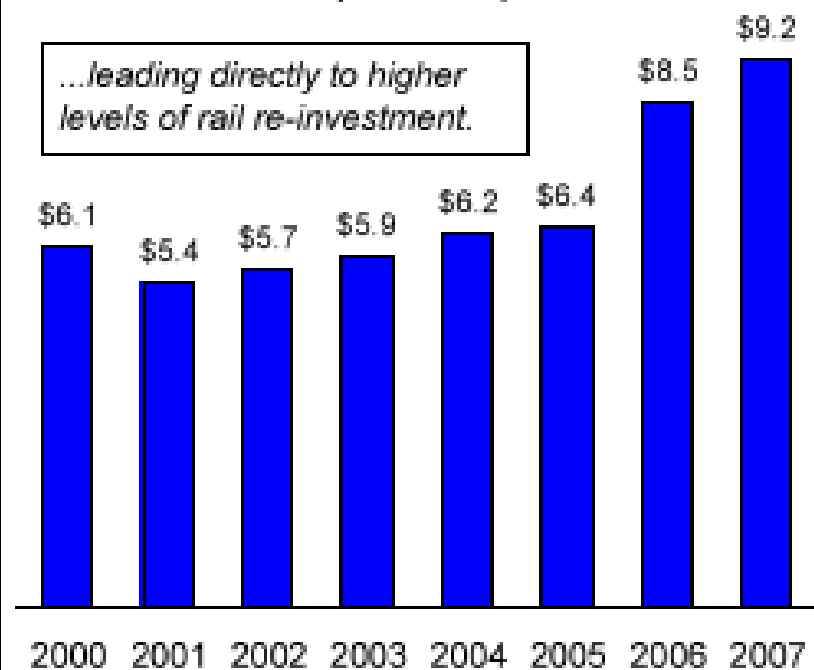
Class I Financial Data

Class I Railroad Net Income: 2000-2007
(\$ billions)



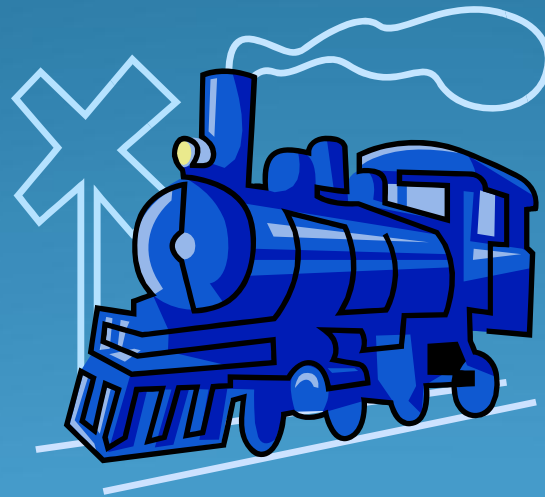
Source: AAR

Class I RR Capital Expenditures: 2000-2007
(\$ Billions)



Source: AAR

Rail customer issues & concerns



Issues & Concerns

- Pricing (Freight Rates)
 - Has not followed the economy
 - Commodity prices have plummeted
 - Rate is much larger share of commodity unit price
 - Trucks much more competitive alternative
 - Carriers still seek increases?
- Fuel surcharges
 - Surcharge rates continue to decline with price of fuel
 - Do we forget potential overcharges over past 6+ years?
 - How do we prevent return to overcharges if fuel pricing escalates again?
 - Past fuel increases rolled into current rates

Issues & Concerns

- Demurrage
 - Renaming attempts (a rose, or thorn, by any other name...)
 - Huge price increases (as much as \$150/day)
 - Self-management tools create time constraints
- Overload/improper loading penalties
 - Remains subjective
 - Huge increases (as much as \$10,000 per overload)

Issues & Concerns

- New AAR scrap metal loading rules
 - Increased freight cost per ton
 - More gons required
 - Increased costs for overload/improper load penalties
- Reregulation
 - Are the carriers right (Rereg = “The End”)?
 - Do we really want the government involved?
 - Will this kill reinvestment?
- Private car ownership
 - Lack of stability/consistency from carrier policy
 - Short-term carrier vision?

Issues & Concerns

- Has “Customer-driven” become “Driving customers away”
- Short-staffed carriers
 - Slow response
 - Lack of experience
 - Little relationship



Thank You

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