

RAIL: LEADING THE WAY TO ECONOMIC RECOVERY

Southeast Association of Rail Shippers

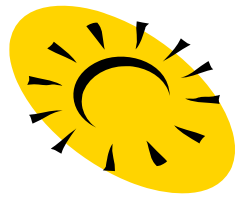


Eric Butler, VP & GM Industrial Products
September 30, 2009



BUILDING AMERICA®

Economy Outlook

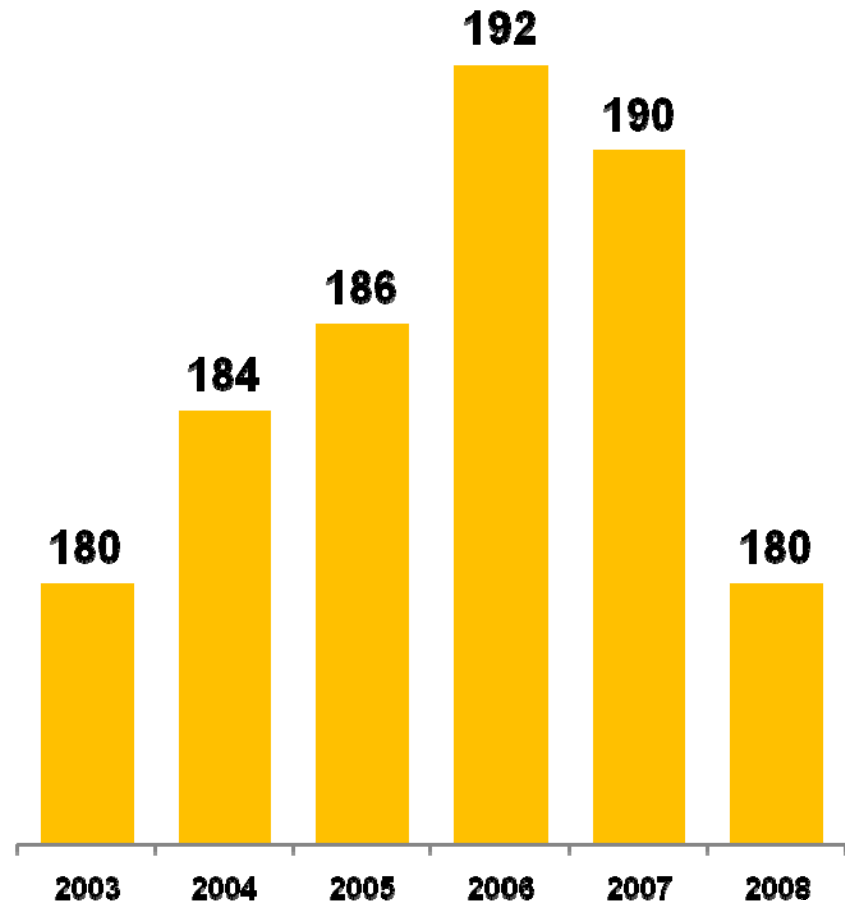
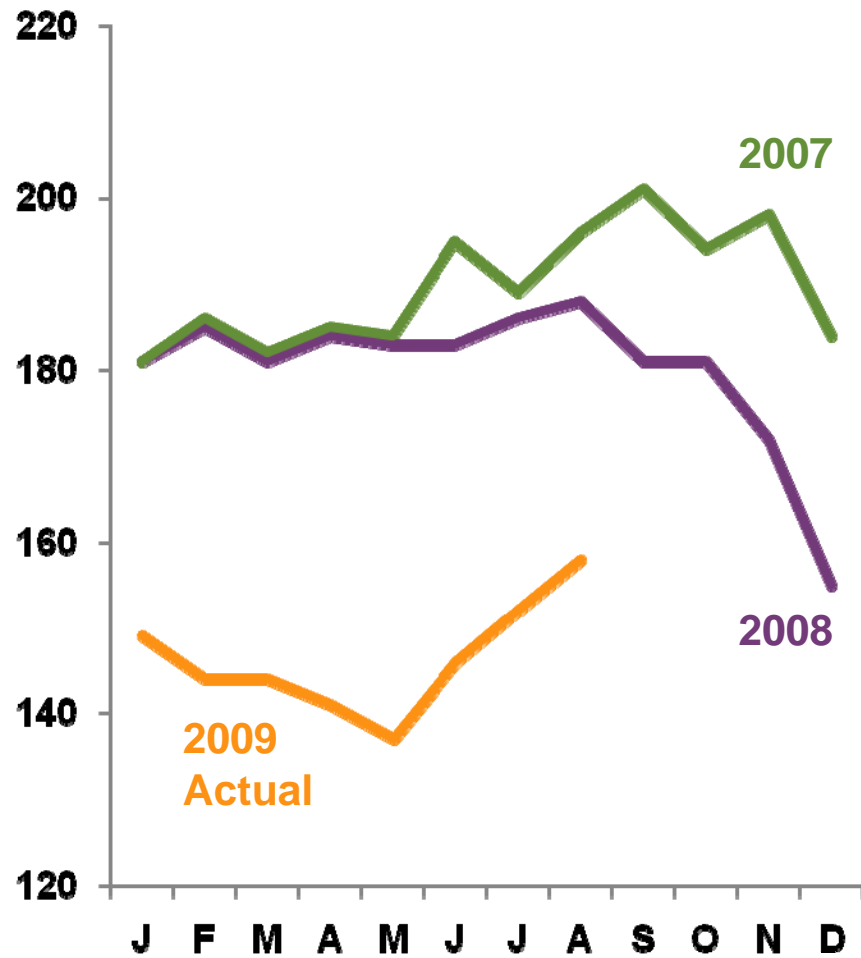


	<u>2005</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
GDP	2.9%	1.2%	(2.8%)	1.5%
Industrial Production	3.3%	(1.6%)	(10.3%)	1.6%
Housing Starts (MM)	2.1	0.91	0.56	.86
Vehicle Sales (MM)	17.0	13.1	9.8	11.3
Exports	7.0%	6.4%	(14.3%)	3.7%
Imports	5.9%	(3.1%)	(15.2%)	8.5%

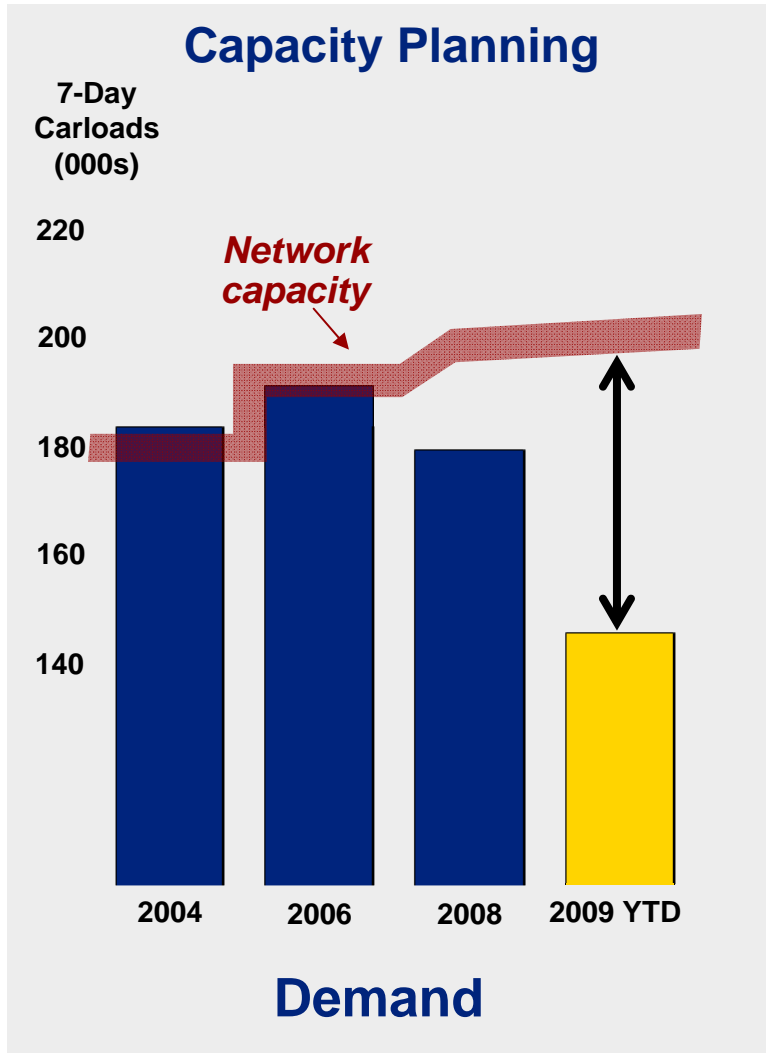
Global Insight – Aug 2009

Economic Uncertainty

7-Day Carloadings (000)



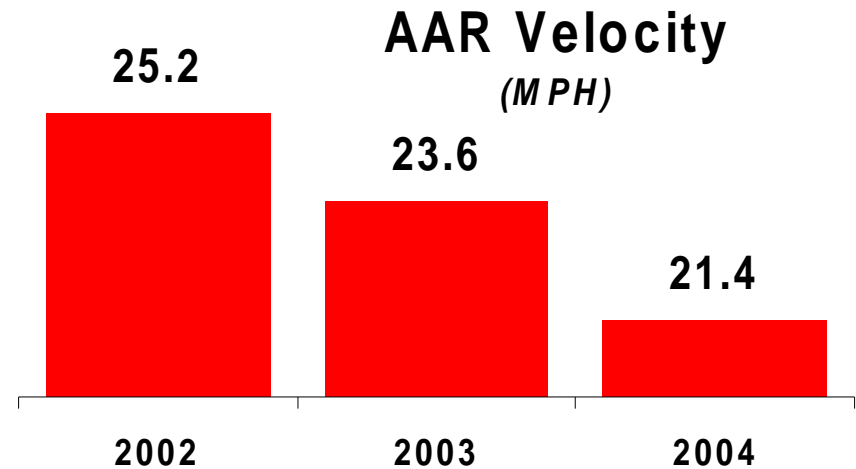
The Challenge Today



- **Available Resources**
 - 4,500 Furloughed Employees
 - 1,850 Locomotives Stored
 - 54,000+ Freight Cars Stored

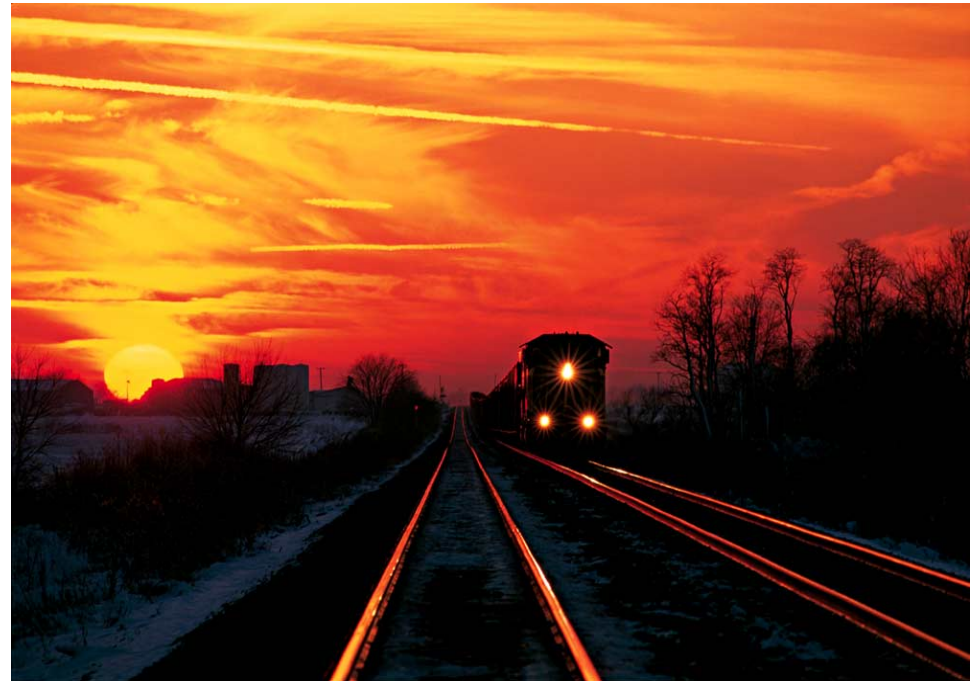
Past Railroad Reaction to Economic Downturn

- Reduce Costs
- Cut Capital Investment
- Significantly Downsize the Workforce



A Better Solution... Create Customer Value!

- **Position ourselves for Economic Recovery**
- **Invest for the Future**
- **Drive Further Improvement in Service**



Position Ourselves for Economic Recovery Resource Management

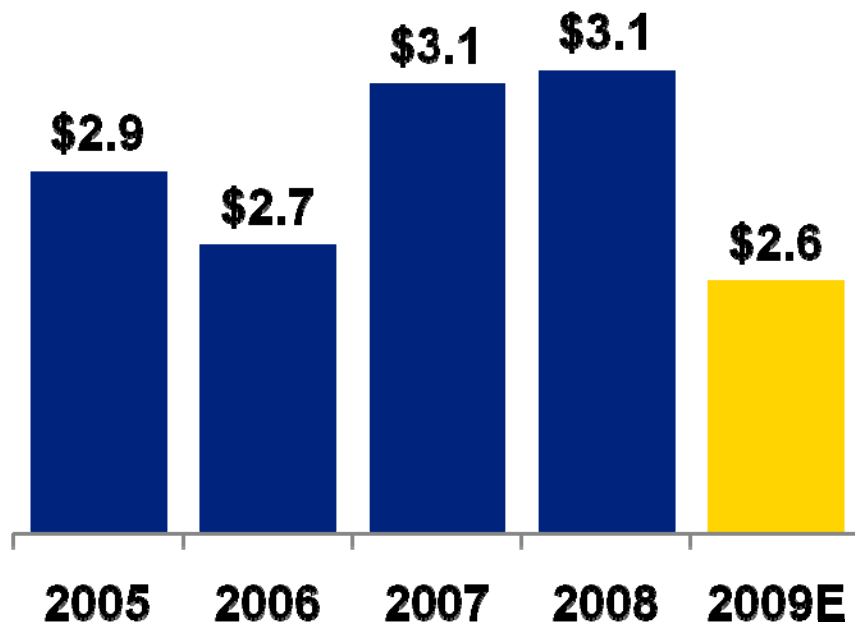
- **30-60-90 Day Recall Plans**
- **Pre-Inspection of Stored Railcars**
- **Alternative Work Program**



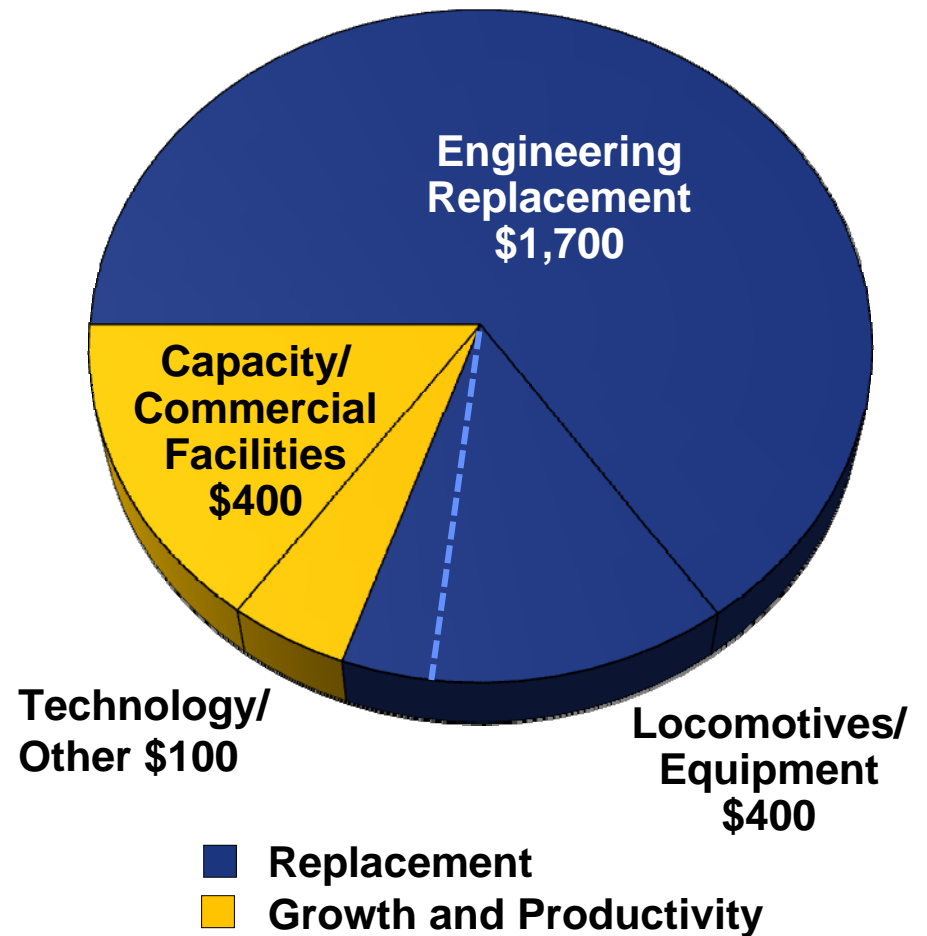
Invest for the Future

Replacement, Growth and Productivity

\$14 Billion in 5 Years
\$28 Billion Since 1999



≈ \$2.6 Billion Capital Plan
In Millions

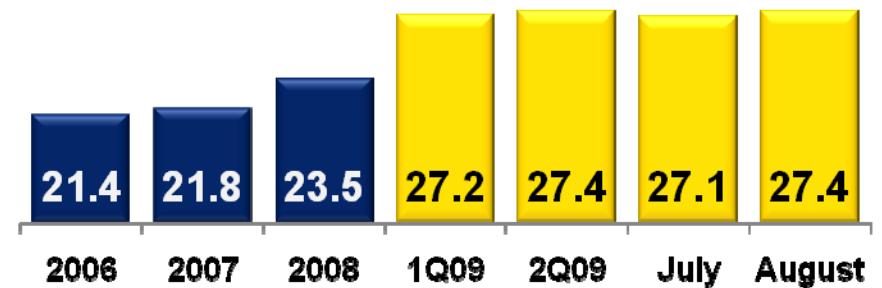


Creating Customer Value

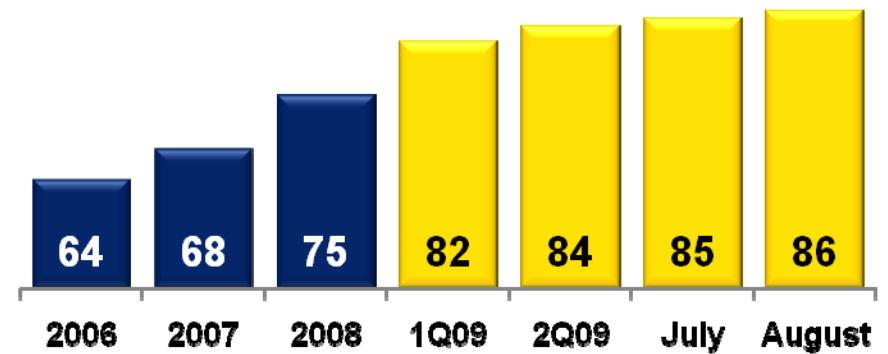
Service Execution in 2009



AAR Velocity (MPH)



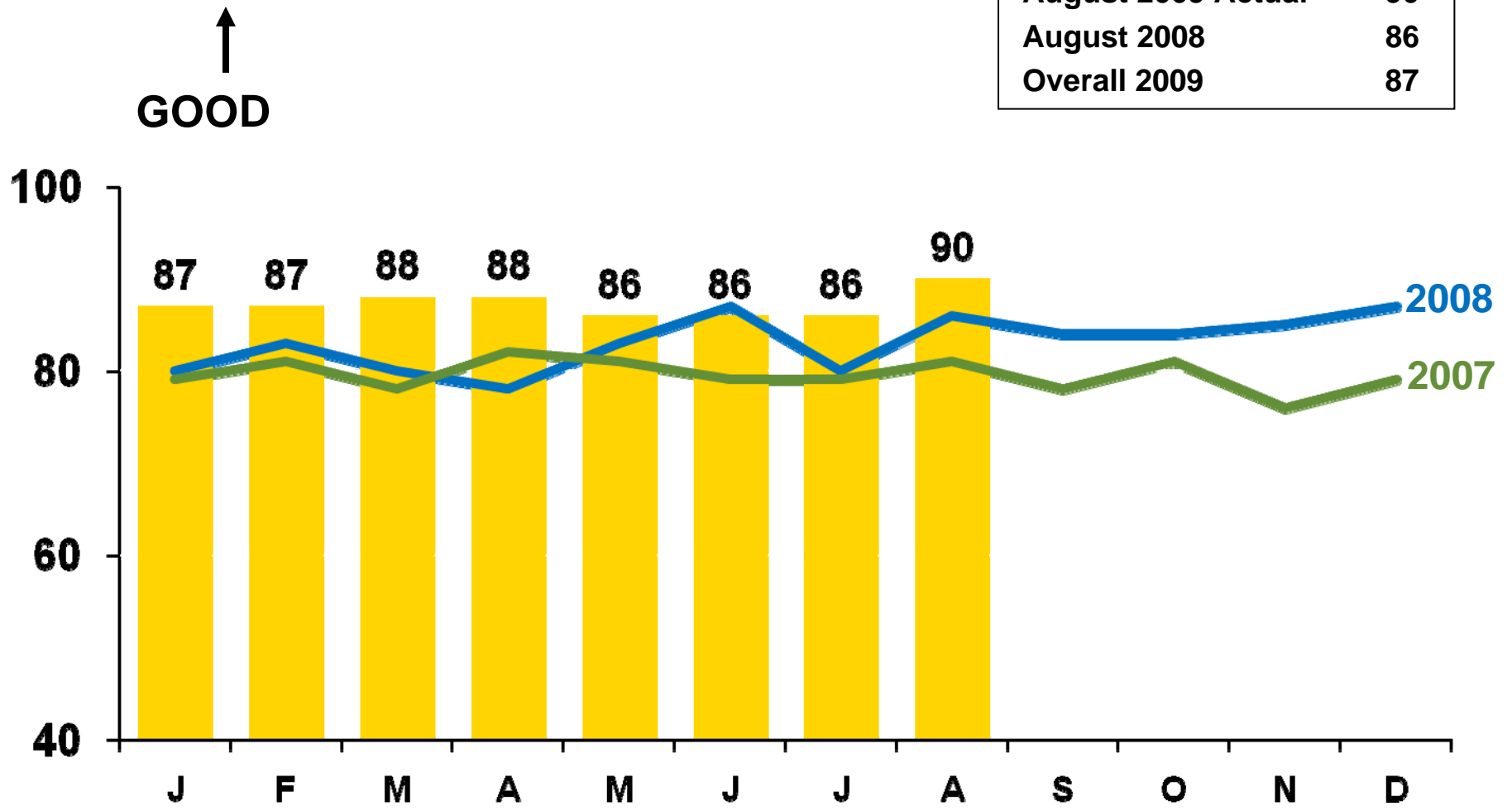
SDI



Overall Satisfaction – Customer Value

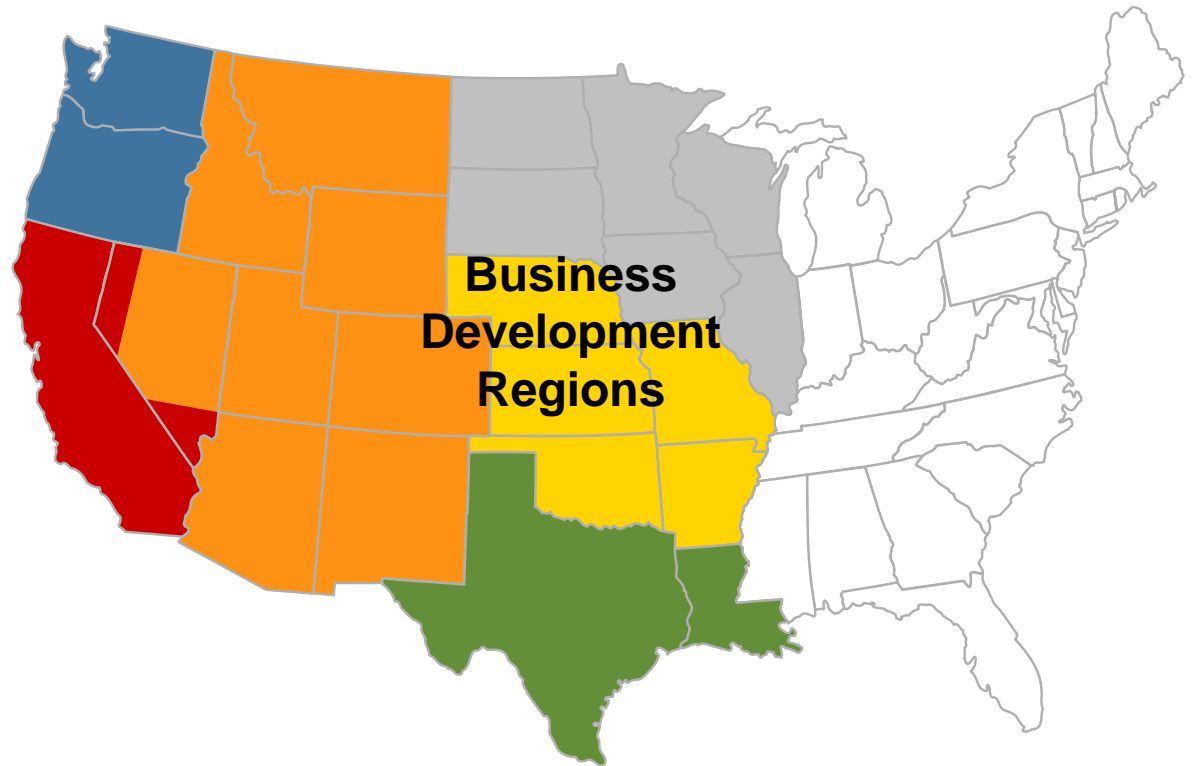
Customer Satisfaction Index

August 2009 Actual	90
August 2008	86
Overall 2009	87



Business Development Team

- New customers
- New markets
- New products
- Network extension
- Cross selling
- Streamline
- Prospecting
- Google growth



Public Policy Challenges

- **Balanced Regulation**
- **Positive Train Control**
- **Climate Legislation**



Going Forward...

- **Unprecedented Economic Challenge in 2009**
- **Rail is Positioned to Be a Vital Part of the Nation's Response**
- **Rail Must Be Prepared for Recovery – It Will Come**
- **Public Policy Must Support Affordable, Efficient, Environmentally Responsible Transportation**
- **Work Together to Grow**



Thank you !

