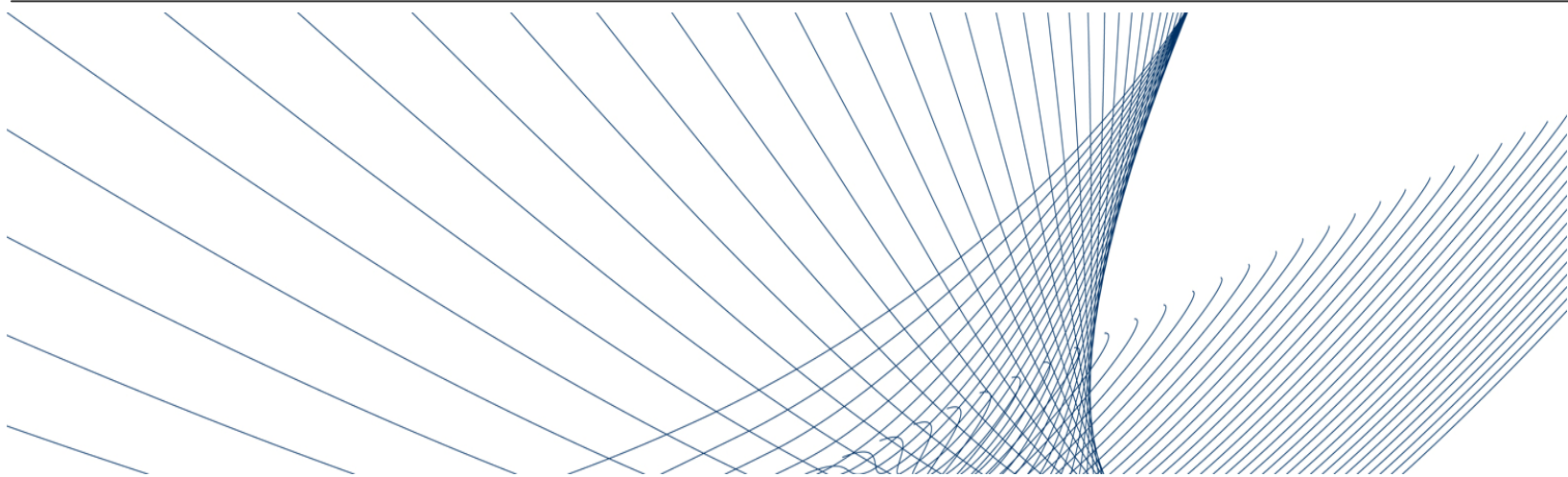


VOLKSWAGEN

GROUP OF AMERICA



VW Chattanooga Site Selection Rail Logistics
Scott Mabry, Manager Transportation

September 28, 2011

Agenda

- The Passat and the VW Group
- Logistics Needs and Market Location
- The Value of Rail
 - Rail Road Perspective
 - Shipper Perspective
 - Flexibility for Future Growth
- Chattanooga, the HCRA and Two Class 1 Railroads
- Thank you Chattanooga

The Passat



For the first time, customers seeking a midsize car will have an affordable alternative that delivers German engineering and premium standard features. It will deliver the ride and precision handling you expect from Volkswagen, and it will be a class leader when it comes to fuel economy.

Volkswagen Group of America

Our growth strategy for the U.S. is built on the same values that have driven our growth in markets around the world: quality and value; style and performance; commitment and responsibility.

You can see our commitment in the new plant, and in the enthusiasm of the people who will build the Passat. They work in one of the world's newest, most advanced and environmentally responsible auto manufacturing facilities... with a state of the art training facility, a revolutionary paint shop that reduces CO2 emissions by 20 percent and a recycling system that saves around 350,000 gallons of freshwater annually.

Logistics Needs and Locations for Vehicle Logistics

Our needs most simply:

timely and cost effective damage free delivery from Plant to customer.

For shorter distances or the last mile delivery, product moves on truck.

For long distance transportation, shipments by rail are the best solution.

For our imported product,

VWGoA operates 4 locations on the coasts.

We are typically 1 or 2 days from our customers on the coasts.

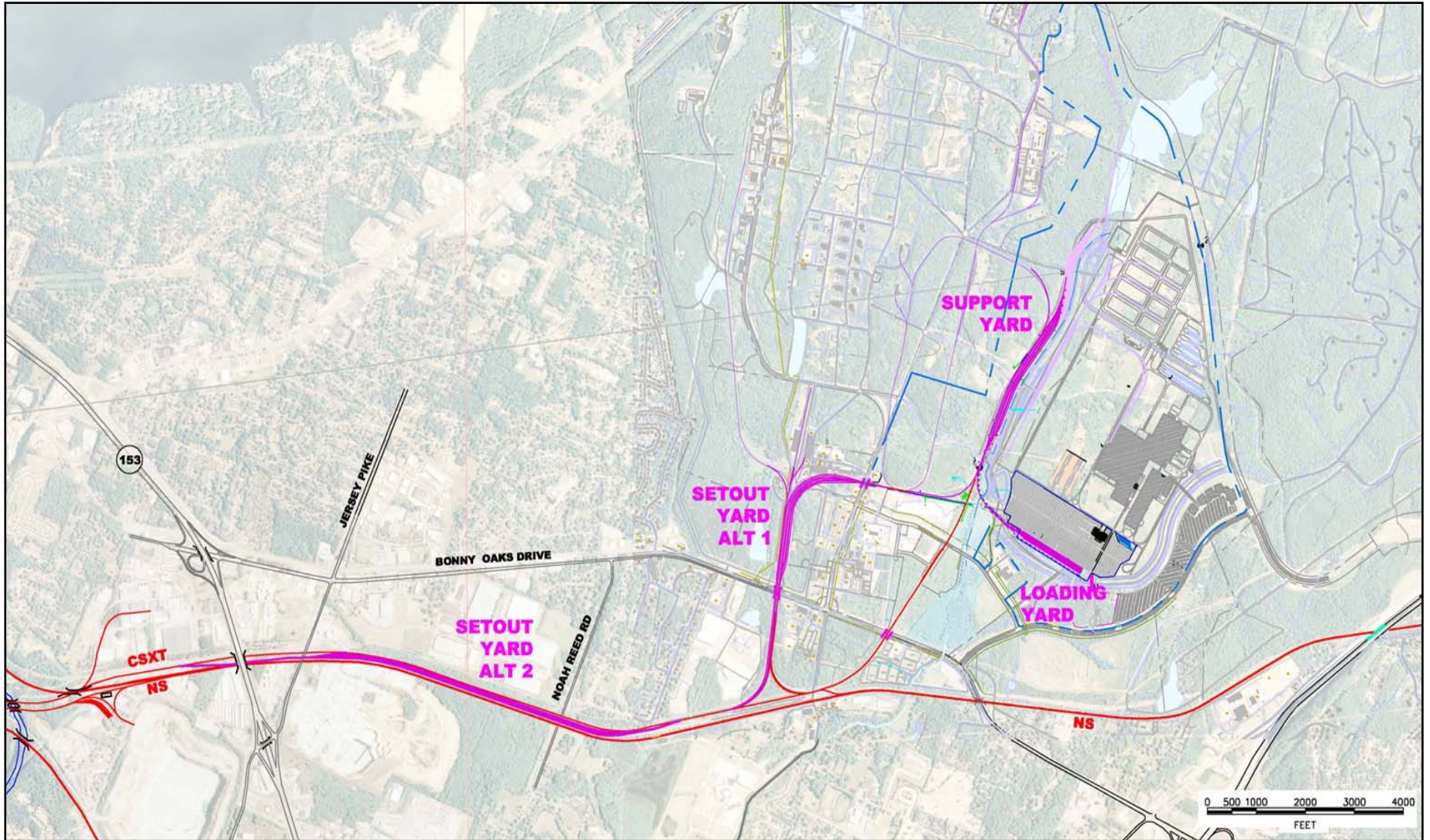
Rail Service from Houston, TX to the Midwest, Upper West and Pacific Northwest to serve areas farther from the coasts.

For a domestic US plant,

VW AG undertook site location studies based upon VW's vehicle sales pattern in the USA and the distribution to Canada and Mexico.

All of the sites evaluated had rail service and many were dual served.

Chattanooga Plant Rail Vicinity Map



Value of Rail: Rail Road Perspective

American Association of Railroads: Freight Rail Works



Commerce

Rail Hauls 1/3 of US Exports

Every Rail job supports another 4.5 jobs

Railroads move a ton of freight 484 miles on a single gallon of fuel

Environment

A freight train moves a ton of freight an average of 484 miles on a single gallon of fuel.

Railroad fuel efficiency is up 106 percent since 1980.

If just 10 percent of long-distance freight that currently moves by highway switched to rail, national fuel savings would exceed one billion gallons a year and annual greenhouse gas emissions would fall by some 12 million tons.

From 1980 through 2010, U.S. freight railroads emitted 658 million fewer tons of carbon dioxide thanks to their fuel efficiency gains.

Capacity

A single freight train can take the load of 280 or more trucks — equivalent to 1,100 cars — off our overcrowded highways. Moving freight by rail also reduces the pressure to build costly new roads and helps cut the cost of maintaining the roads we already have.

Value of Rail: Shippers Perspective

VW Chattanooga has access to two Class 1 Mainlines via the Hamilton County Shortline Railroad with far reaching benefits including :

Faster Time to Market

VW can select best lane to the destination and optimize delivery times

Quick and efficient handover of goods; optimized to each railroad's schedule

Flexibility and Innovation

2 major railroads partners have assist VW in development and design and provide innovative suggestions on operations

In the event of service disruption on either line, origin hand-off procedures have been identified to keep the plant fluid

Economic Competition

VW is able to receive the best value for its shipping by competitively bidding lanes

Both railroads service the east and can hand off to western rail roads

Value of Rail: Flexibility for Future Growth

Inbound Production Materials

The Design of Support Yard Tracks allow for deliveries to supplier park and the plant itself

Growth in volume and type of vehicles built

The loading yard at Chattanooga holds a 60 car spot today

Concept includes space for more loading tracks up to 90 car spot

VW Loading pads are designed for both conventional equipment and Automax railcars: easy conversion from passenger vehicle to SUV sized product

The Hamilton County Railroad is designed to support our growth and multiple businesses at Enterprise South

Growth to new export markets: East, West or Gulf Coast flexibility

As the market for the Chattanooga vehicles grows, we can easily reach export ports around North America.

Thank you Southeast Association of Rail Shippers

And

Thank you Chattanooga