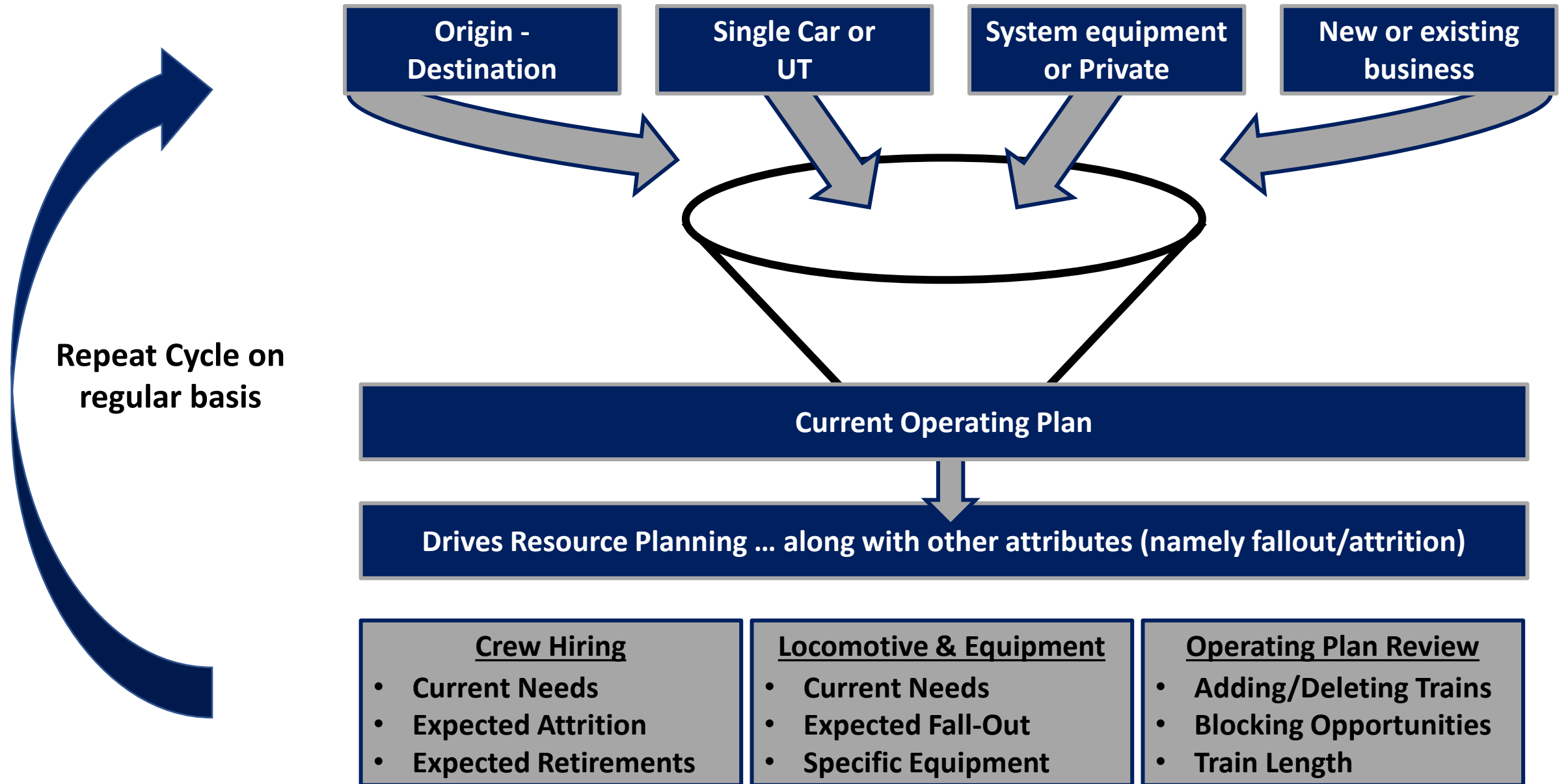


# Regular Detailed Planning Process

1. Planning and nomination process
  - Timing = July-Oct for upcoming year
  - Monthly nomination process – end of month for following month
2. Receive demand view from customers
3. Cross verify with suppliers for feasibility and validity
4. Put plan into detailed network planning – locomotives, crews, capacity, etc.
5. Identify and address concerns
6. Receive regular updates on supply and demand from customers
  - Update forecasts and resource plan accordingly

# Forecasting and Resource Planning Framework



# Even Accurate Forecasts Run Into Challenges

## Shifts in market dynamics

- Weather, gas and coal pricing can suddenly change demand and routing
- Unanticipated growth in other markets affect network capacity
- Outages and other events (e.g. mine outages, quality issues, LW moves, plant maintenance, labor issues, weather, source shifts, etc.)

## Monthly nomination process

- May not align with annual or semi-annual nomination process – peaks/valleys
- Producers and receivers can overbook or shift reservations
- Daily/weekly schedule often remain dynamic and aren't controlled by rails

## Unique nature of unit trains

- More resource intensive
- Train doesn't move if there is an issue
- Complexity with mix of set ownership and equipment types
- Requires coordination with producers, receivers, short lines and other rails

**Despite Frequent Communication**

# U.S. Rail Ton-Miles: Coal vs. Non-Coal

