

OLIVER WYMAN

Surface Transportation Practice

November 2011

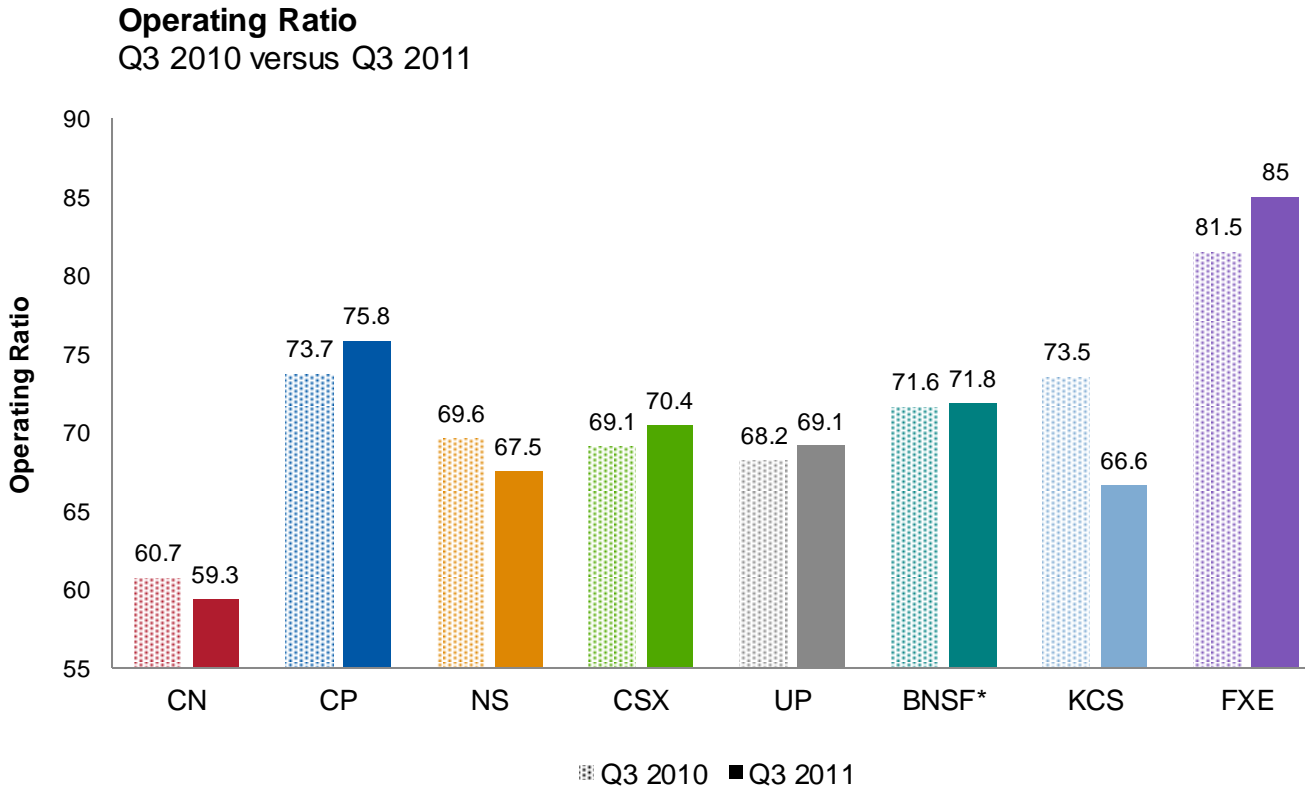
Rail Freight – 2011 Q3 Summary Class I Railroads

Contents

Financial and operating data/analysis for the North American Class I railroads and Ferromex – for the third quarter of 2011

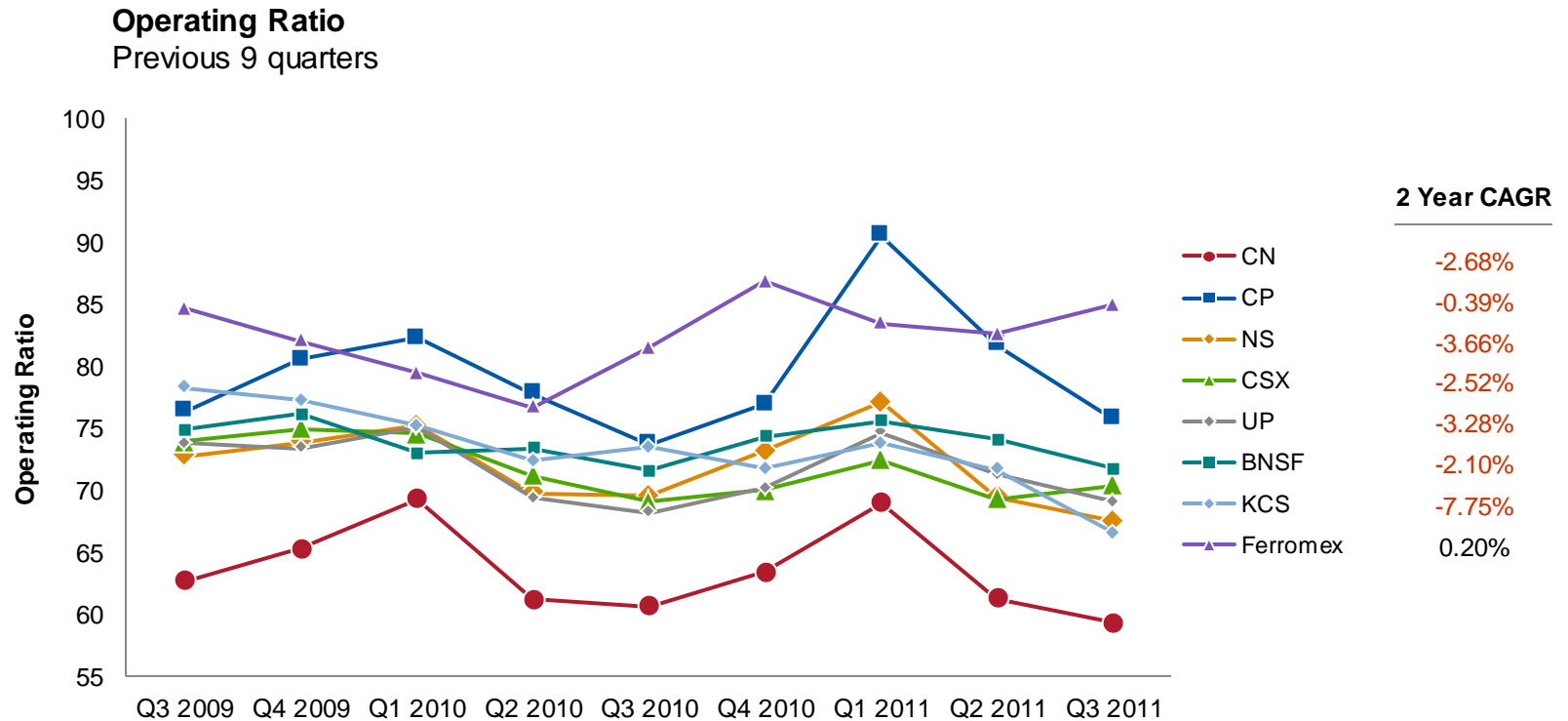
- **Slide 2** – Operating ratio (OR) for Q3 2011 compared to Q3 2010
- **Slide 3** – OR two-year trend with compounded annual growth rate (CAGR for Q3 2009 to Q3 2011)
- **Slide 4** – Operating income for Q3 2011 with a comparison to Q3 2010 and to the peak quarter in the past 5 years
- **Slide 5** – Q3 operating income two-year trend with CAGR (Q3 2009 to Q3 2011)
- **Slide 6** – Q3 2011 revenue with comparison to Q3 2010 and the peak quarter in the past 5 years
- **Slide 7** – Revenue two-year trend with CAGR (Q3 2009 to Q3 2011)
- **Slide 8** – Return on invested capital (ROIC) for Q3 2011 as compared to Q3 2010
- **Slide 9** – Operating efficiency – revenue-ton-mile (RTM) per employee comparison – Q3 2011 as compared to Q3 2010 and the year-on year percentage change
- **Slide 10** – Cash flow and capital expenditure – Q3 2011 as compared to Q3 2010
- **Slide 11** – Operating statistics – dwell time and average velocity for Q3 2011 as compared to Q3 2010
- **Slides 12 & 13** – Operating statistics trends – average dwell and average velocity for nine quarters
- **Slides 14 & 15** – Carloading data – total carloads (plus Intermodal Units), coal, intermodal and general merchandise carloads – Q3 2011 as compared to Q3 2010

Operating Ratio – Q3 2011 performance



Source: Industry annual reports and press releases
*BNSF data may not be comparable to other railroads

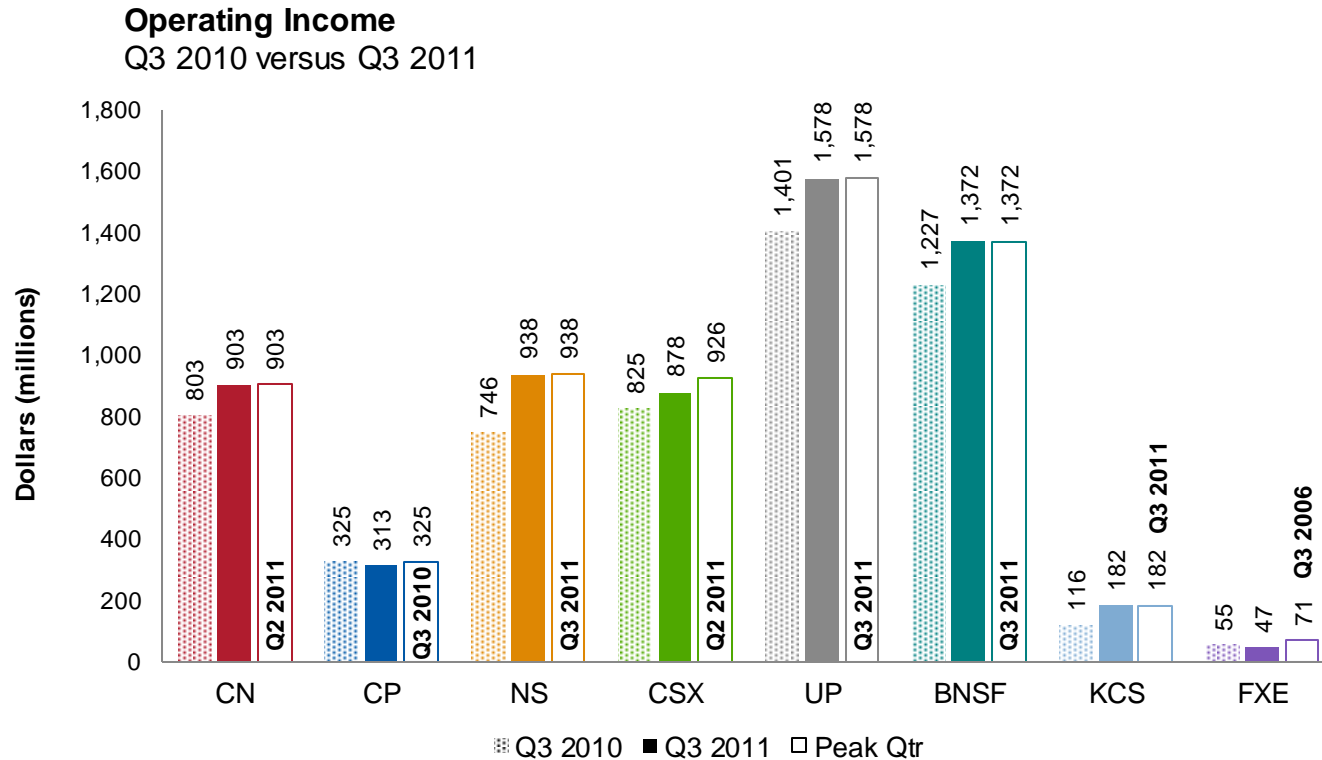
Operating Ratio – trend over the past nine quarters



Source: Industry annual reports and press releases
*BNSF data may not be comparable to other railroads

Operating Income – Q3 2011 performance

With a comparison to the peak quarter in the past 5 years

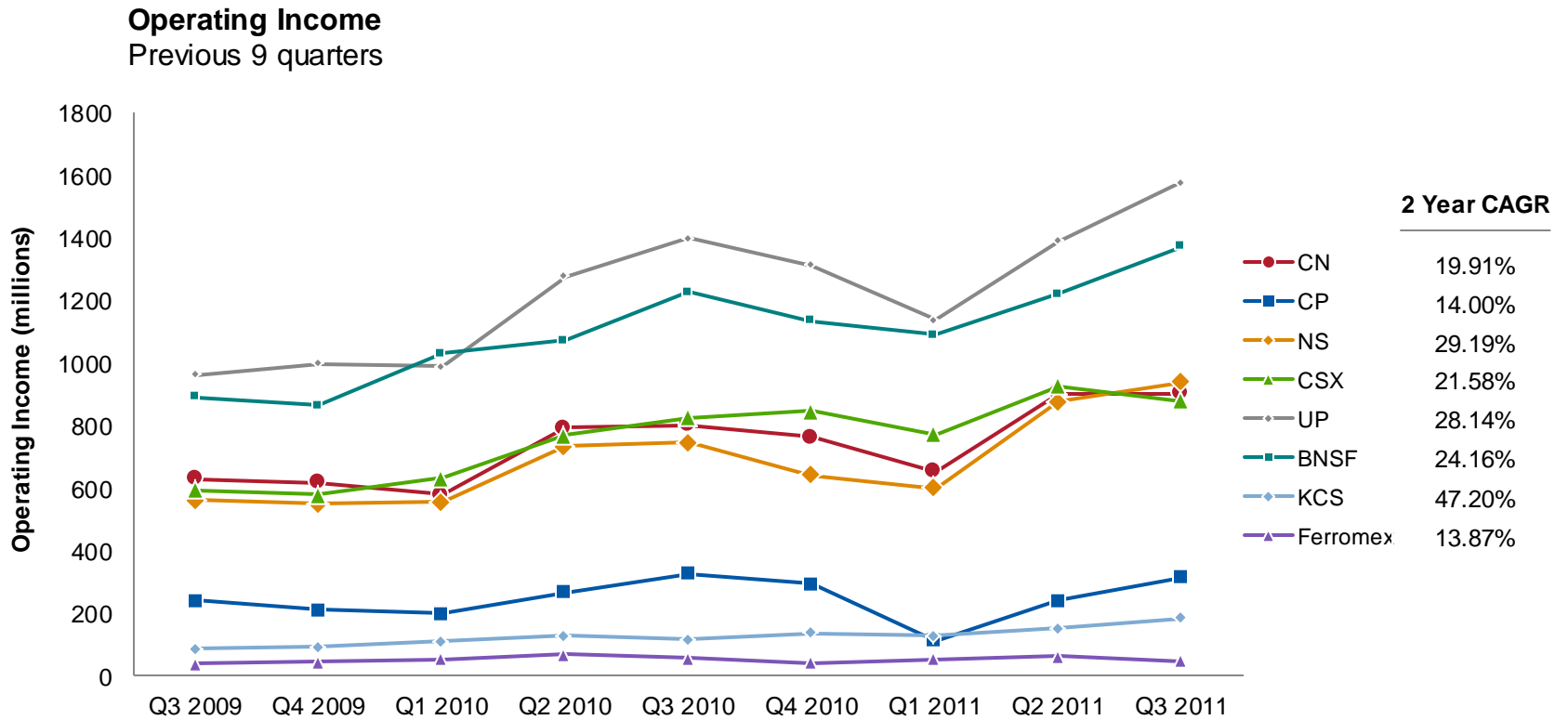


Source: Industry annual reports and press releases

Note: For CN and CP, CAD converted to USD using monthly average exchange rates as provided by the Bank of Canada

Note: Ferrerox data converted to USD using exchange rates provided by Xe.com

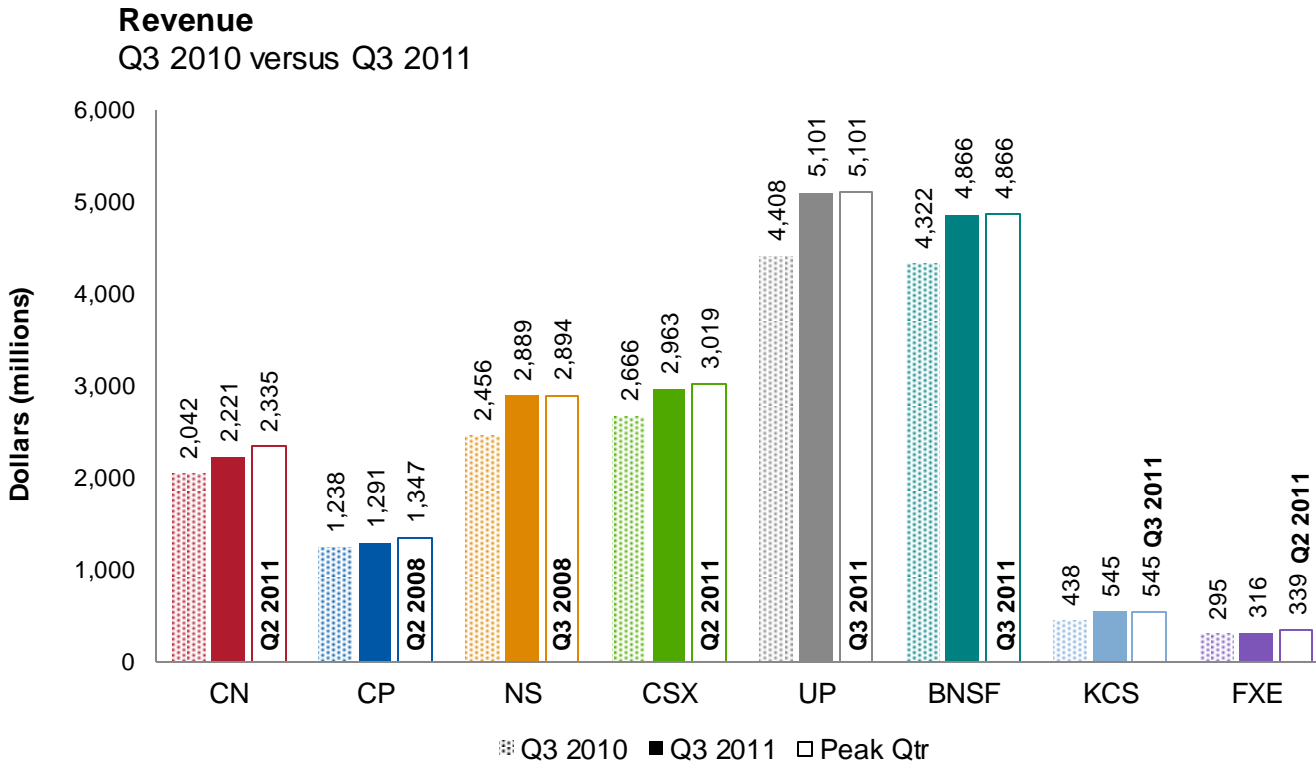
Operating Income – trend over the past nine quarters



Source: Industry annual reports and press releases
*BNSF data may not be comparable to other rail ways

Revenues – Q3 2011 performance

With a comparison to the peak quarter in the past 5 years

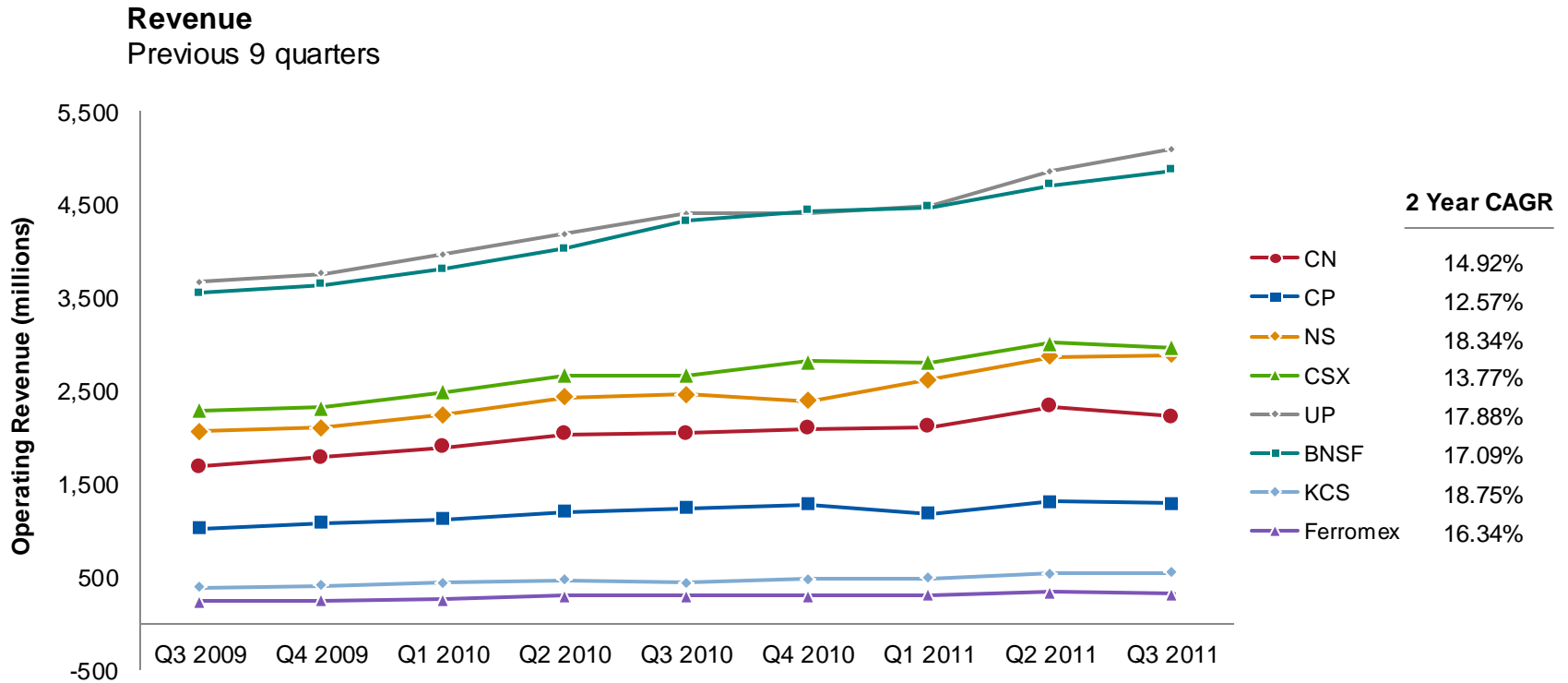


Source: Industry annual reports and press releases

Note: For CN and CP, CAD converted to USD using monthly average exchange rates as provided by the Bank of Canada

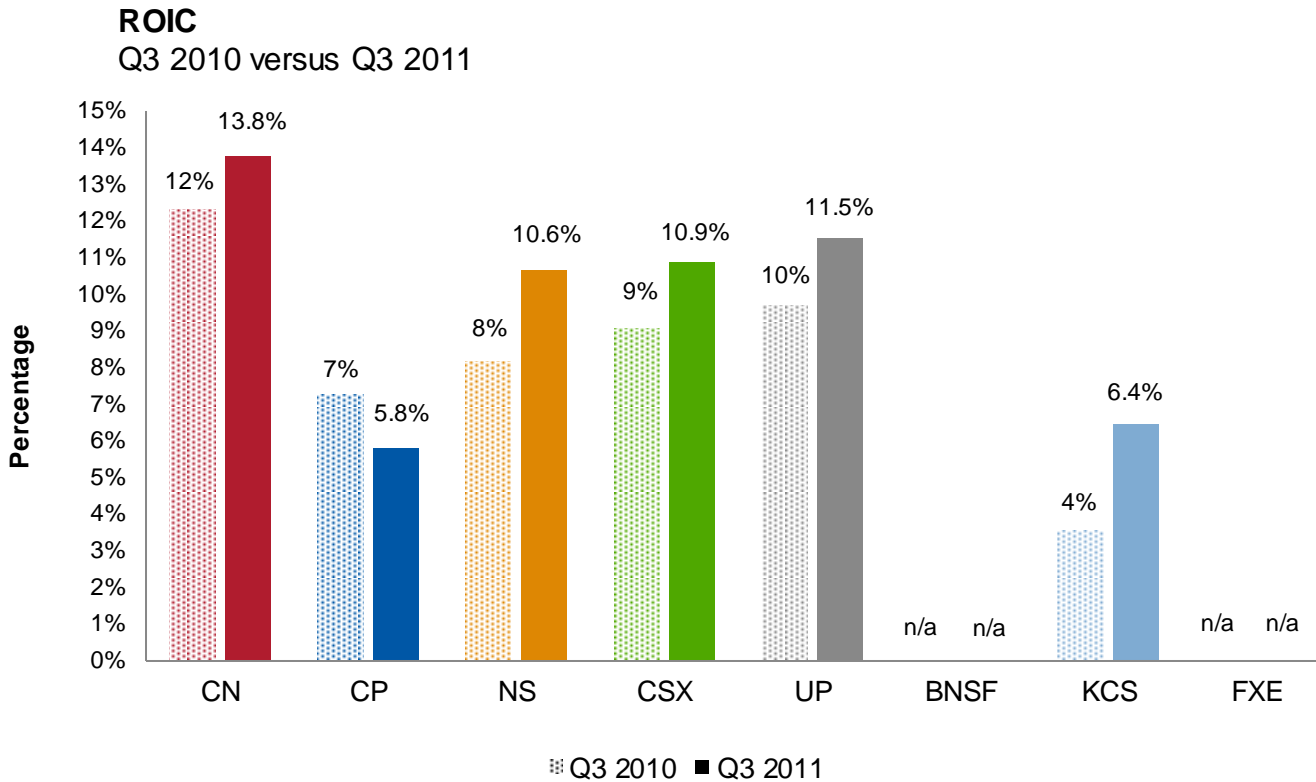
Note: Ferromex data converted to USD using exchange rates provided by Xe.com

Revenues – trend over the past nine quarters



Source: Industry annual reports and press releases
*BNSF data may not be comparable to other railroads

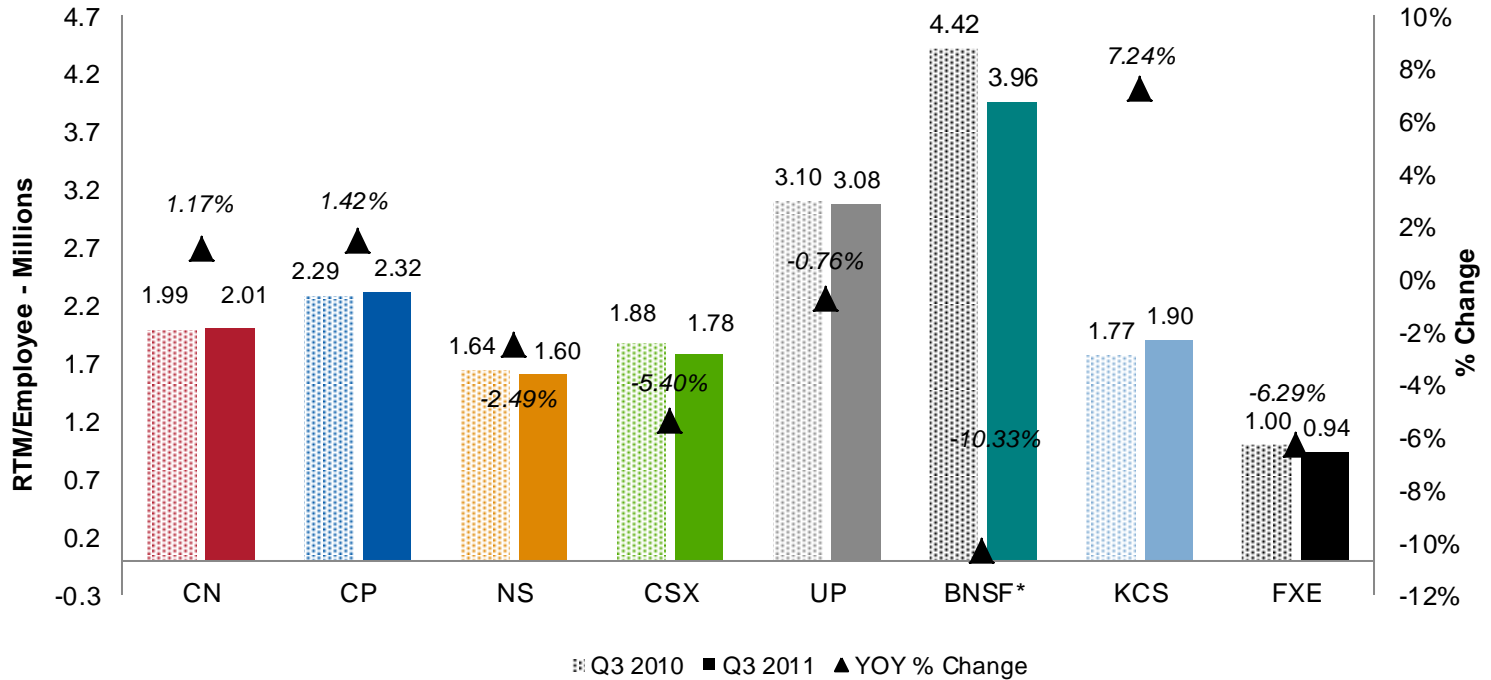
Return on invested capital (ROIC)



Source: Industry annual reports, Ycharts.com, and press releases
Note: No data available for BNSF and FXE

Operating Efficiency – year over year RTM per employee comparison

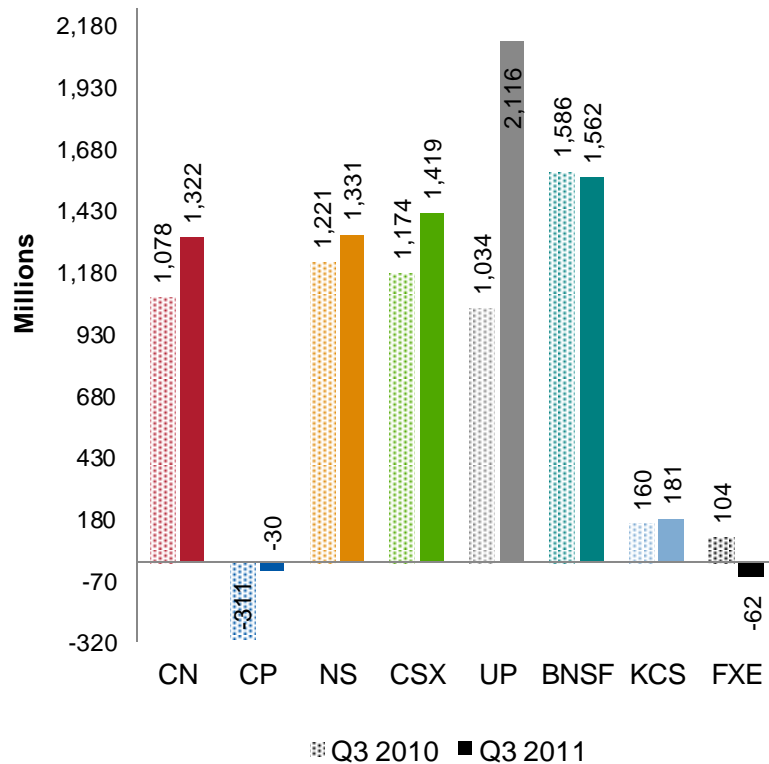
Revenue Ton Miles per Employee
Q3 2010 versus Q3 2011



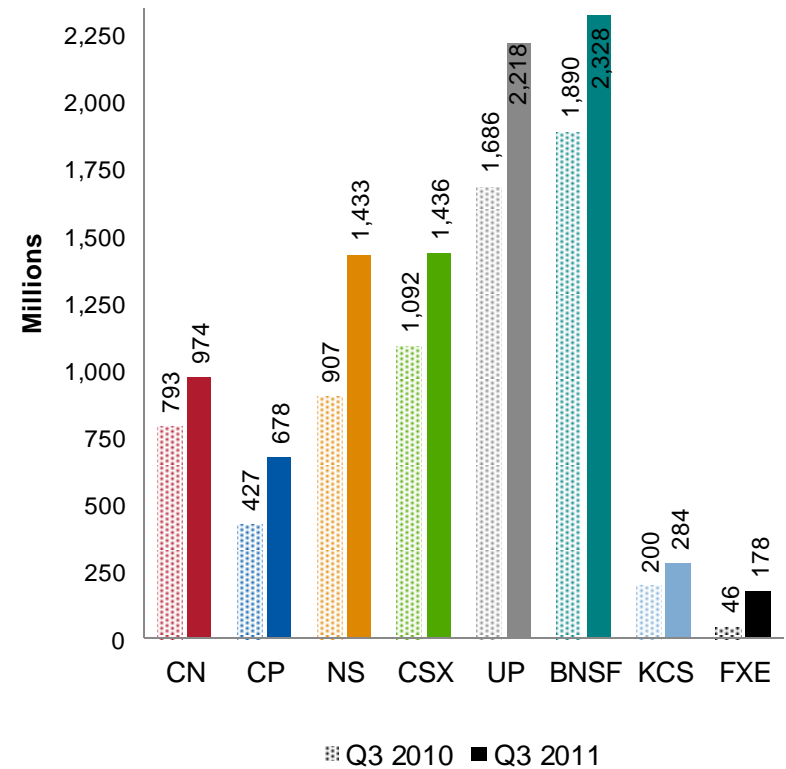
Source: Industry quarterly and annual reports, press releases and Oliver Wyman Analysis

Cash flow and capital expenditure

YTD - Free Cash Flow



YTD - Capital Expenditure



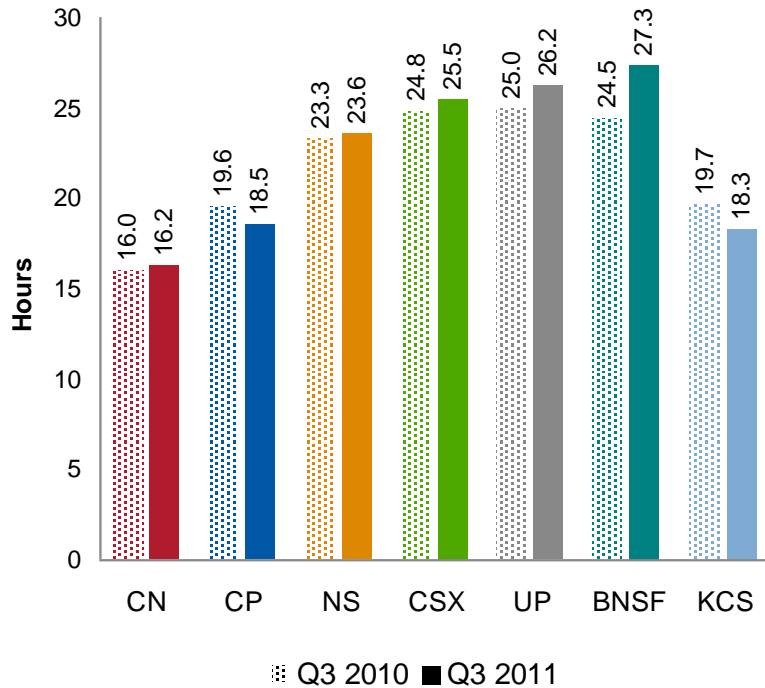
Note: Source: Industry annual reports, press release, Morningstar.com and Oliver Wyman Analysis

Note: For CN and CP, CAD converted to USD using monthly average exchange rates as provided by the Bank of Canada

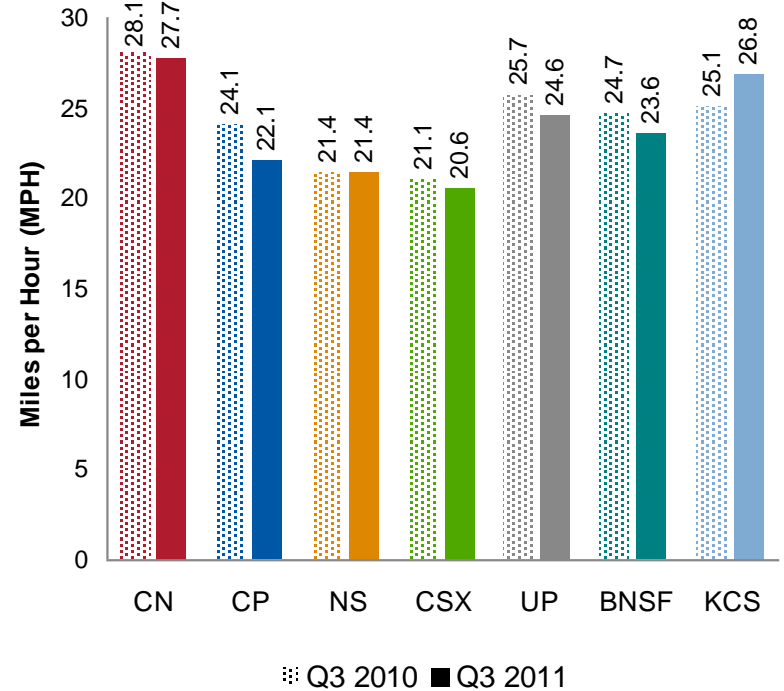
Note: Ferromex data converted to USD using exchange rates provided by Xe.com

Operating Statistics – dwell time and average velocity

Dwell Time

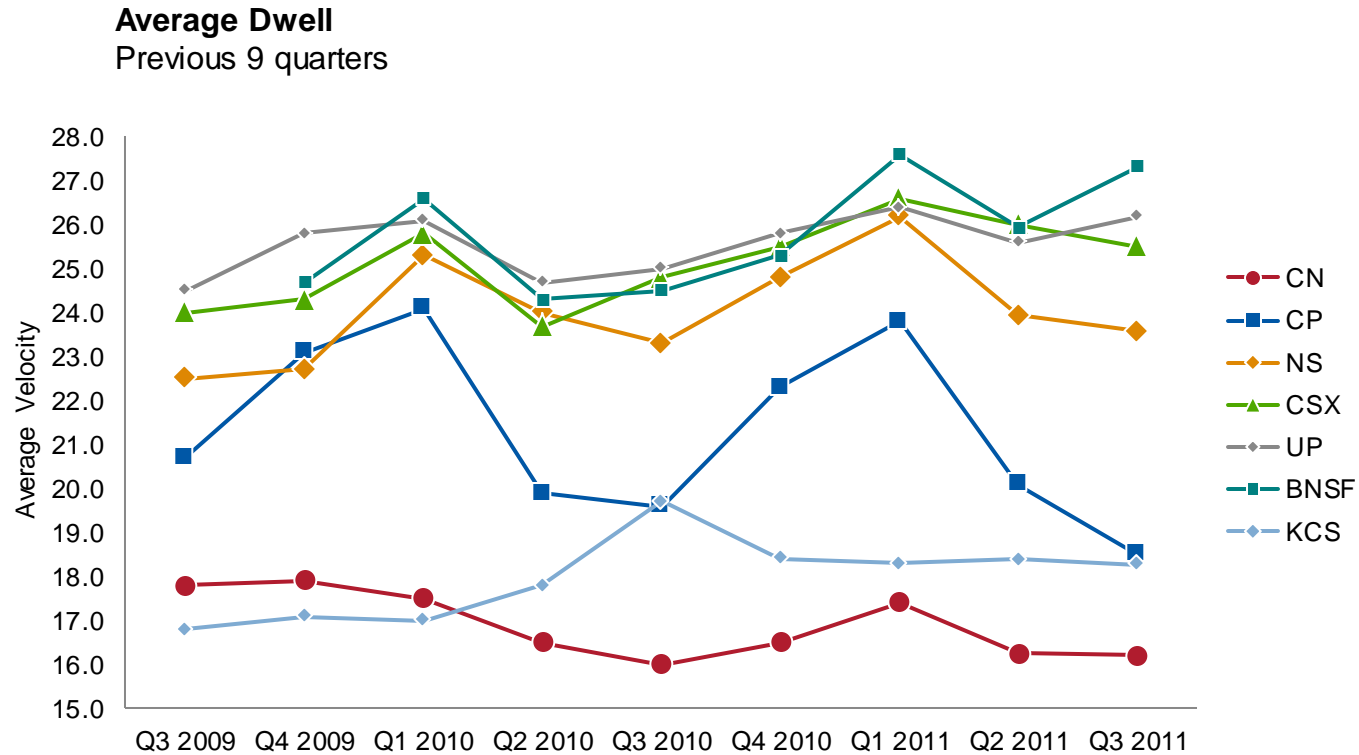


Average Velocity



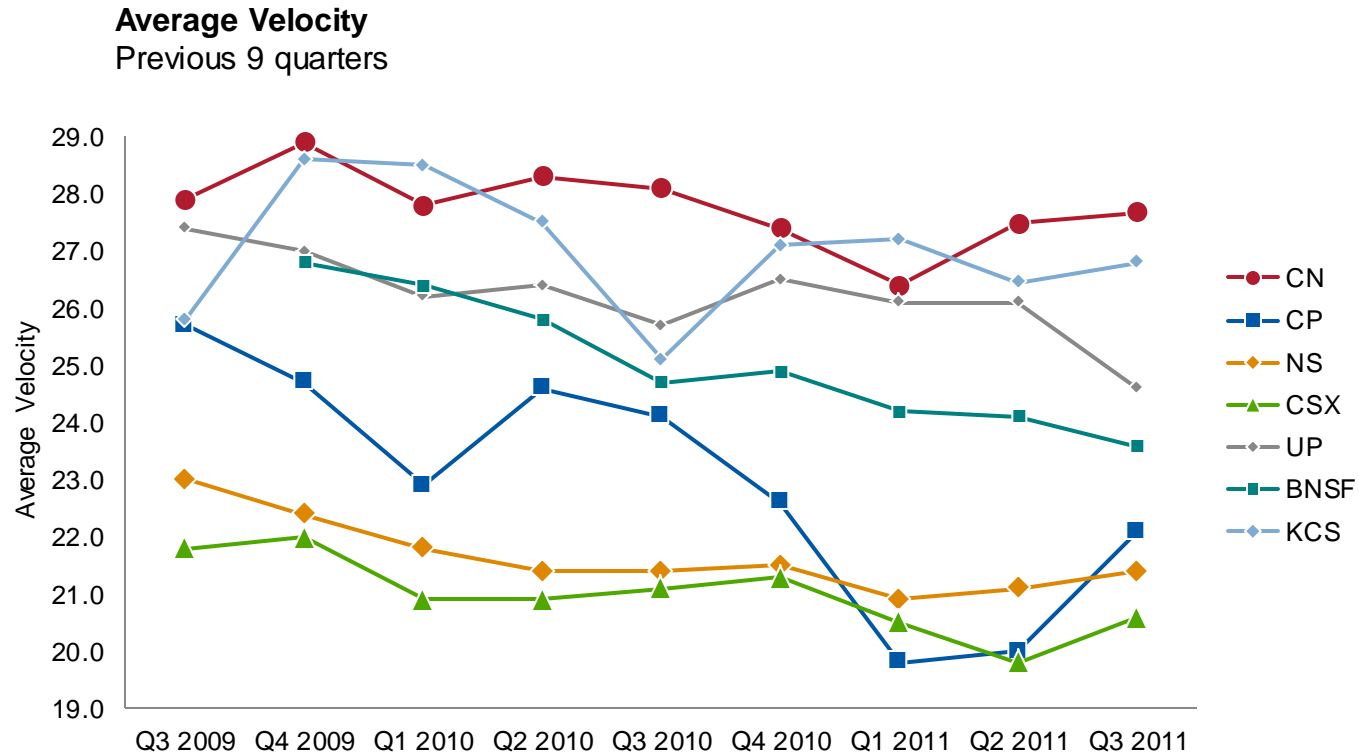
Source: Industry quarterly and annual reports, AAR Data, press releases and Oliver Wyman Analysis

Operating Statistics – average dwell for the past nine quarters



Source: Industry quarterly and annual reports, AARData, press releases and Oliver Wyman Analysis

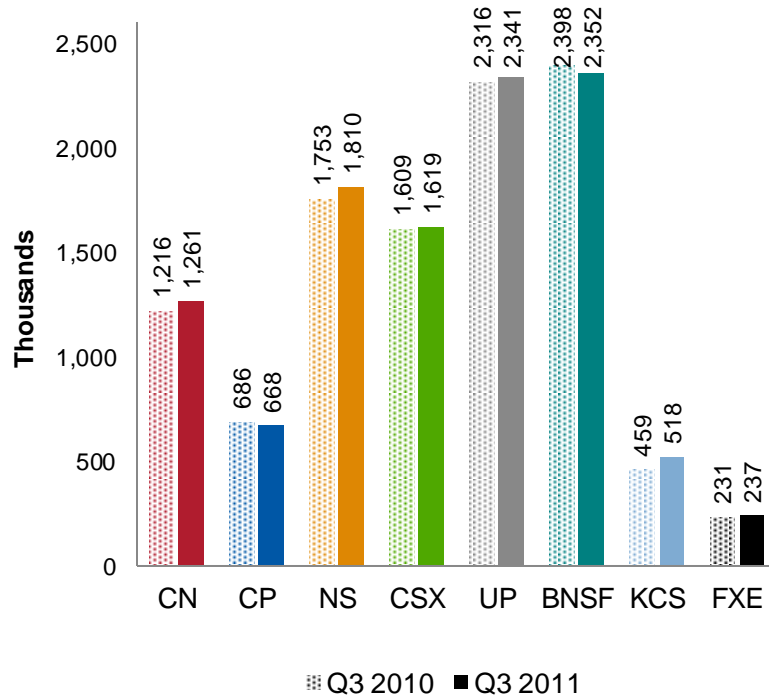
Operating Statistics – average velocity for the past nine quarters



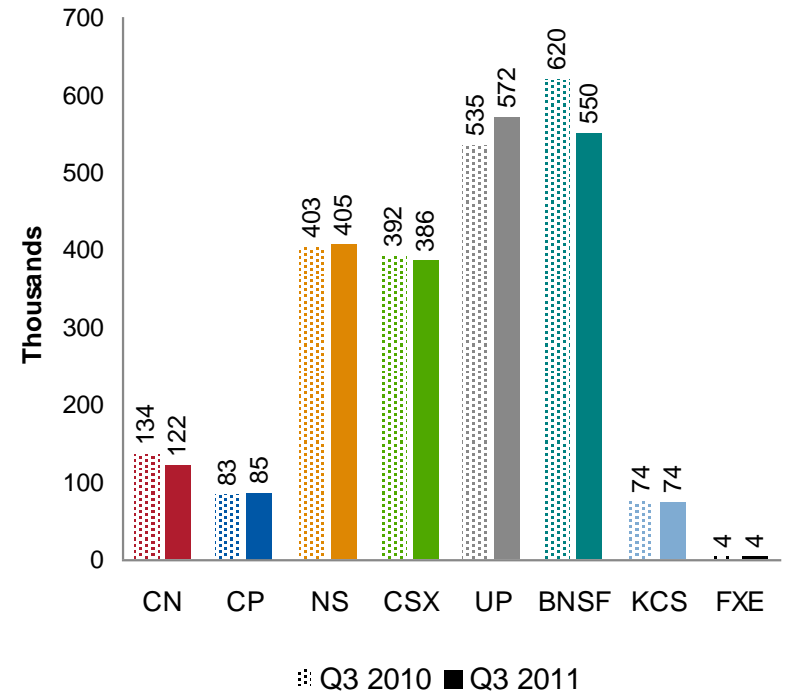
Source: Industry quarterly and annual reports, AARData, press releases and Oliver Wyman Analysis

Carloading data – Total Carloads, plus Intermodal Units, and Coal Carloads

Total Carloads plus Intermodal Units



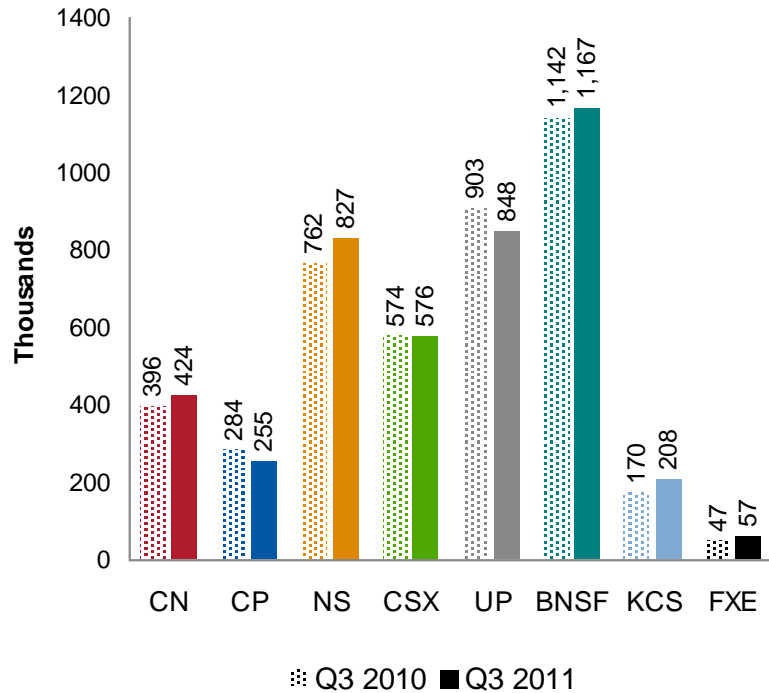
Coal Carloads



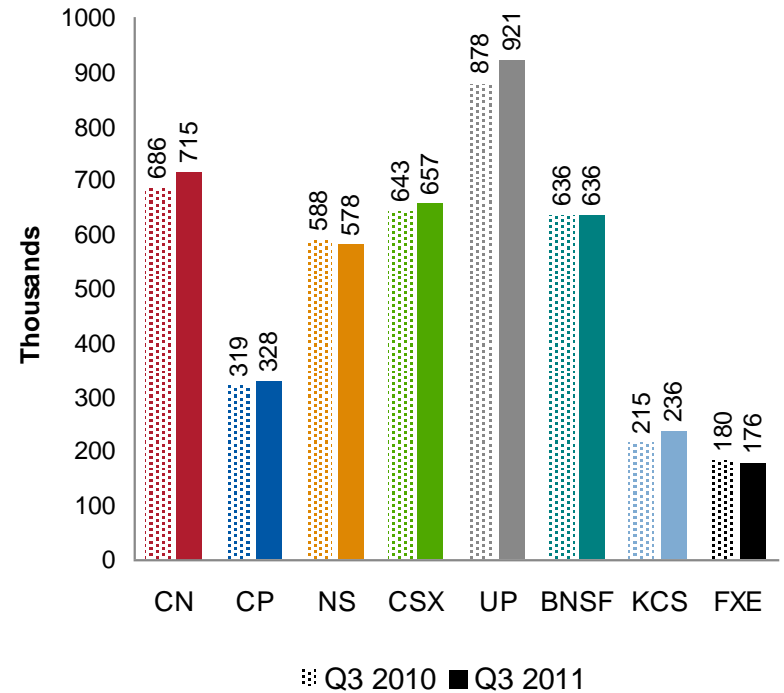
Source: Industry quarterly and annual reports, AAR Data, press releases and Oliver Wyman Analysis

Carloading Data - Intermodal and General Merchandise

Intermodal



General Merchandise



Source: Industry quarterly and annual reports, AAR Data, press releases and Oliver Wyman Analysis

OLIVER WYMAN