Safety – Foundation of Operational Excellence

Employee
(Reportable Personal Injury Incidents Per 200,000 Employee-Hours)

- 2016: 0.75
- 2017: 0.79
- 2018: 0.82
- 2019: 0.90 (Flat)
- 2020: 0.90

Rail Equipment
(Reportable Derailment Incidents Per Million Train Miles)

- 2016: 3.02
- 2017: 2.94
- 2018: 3.28
- 2019: 4.28 (-17%)
- 2020: 3.54

Public
(Crossing Accidents Per Million Train Miles)

- 2016: 2.43
- 2017: 2.55
- 2018: 2.69
- 2019: 2.72 (+12%)
- 2020: 3.04

- Ever Evolving
- Empower Teams
- Using Technology
30% Increase since 2018

Continued opportunities to grow train length through process improvements & capital investment

Critical to additional productivity & facilitating volume growth

Next Stop – 10,000!
Lean Locomotive Fleet – Ready for Growth

- Deliver 20%+ reduction in locomotive variability
- Modernize our locomotive fleet
Simplify the Network

March 2021 Houston Terminal Complex Example

PSR Principles

Service
✓ Minimize Touch Points
✓ Cars Direct to Customer from Settegast
✓ Reduce 24 Hours of Car Cycle

Asset Utilization
✓ Utilize Capacity at Settegast to Reduce Switch Handlings

Cost Control
✓ $3.5 Million Annual Savings
Strong Core, Investing for Future

Capital Spending

- $3.1
- $3.2
- $3.2
- $2.8
- $2.9

% of Revenue

- 14.7%
- 14.0%
- 14.8%
- 14.5%
- <15%

2017*
2018
2019
2020**
2021 Outlook

- Productivity Focus / Siding Extensions
- Efficiency Investment in Locomotive Modernization
- Growth Investment in New Intermodal Ramps
PSR Foundation to Grow

Reduced Complexity \(=\) Consistent Service \& Lower Cost

Consistent Service + Lower Cost = Open New Markets
Technology: Mobile Work Order

- Improve Reporting
- Enables Direct Communication with Customer
- More Efficient and Employee-Friendly Processes
Technology: Terminal Planner & Precision Train Builder

- Optimizes Terminal Connections and Train Profiles
- Creates Terminal Capacity
- Enables More Efficient Operation
- Improves Customer Experience
Productivity: Train Length

- Reduces the Demand for Resources
- Generates Capacity While Improving Service
- Opportunities
  - Leverage Existing Infrastructure
  - Strategic Transportation Plan Adjustments
  - Additional Investments In Sidings
Productivity: Terminal Capacity

- Reduced Car Dwell ~20% Since 2018
- Enables Facilities to be Repurposed
- PSR has Created Capacity to Grow
Meeting Evolving Customer Needs

- Chicago (G2): Expanded Intermodal Capability
- Houston: Englewood Modifications
- Twin Cities: New Ramp
- More to Come!
Mechanical Productivity

Optimized Fleet Size & Maintenance Resources

• Reduced Labor Cost & Increased Labor Productivity
Mechanical Technology

Trending Performance & Component Replacement

• Hot Box / Wheel Journal
• Hot Wheel
• Flat Wheel

Reduces Online Failure Variability & Associated Costs
Rethinking Our Future

Jenks Locomotive Shop, N. Little Rock

• Re-opening Facilities as Volume Dictates

• Re-open Strategy:
  – World Class Safety
  – Best in Industry Productivity
  – Cost Competitive
Engineering Technology – Rail Sensor

Improving Reliability, Performance and Efficiency

Semi Autonomous Track Inspections via:

• Geometry Car
• Boxcars
• Locomotives
Wood Tie Unloading Automation

- Simplify Process
- Reduce Touch Points
- Reduce Cost
Tie Plate Distribution Automation
Foundational Platform Enabling a Connected Future

• Connects Operational Systems
• Enables Smart Capabilities
• Provides Frictionless Integrations
• Delivers Ability to Evolve with Business
VALUES

- Passion for Performance
- High Ethical Standards
- Work as a Team