

Lott, Kathy

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From: Scheller, Walt
Sent: Tuesday, September 05, 2017 10:27 AM
To: russ_epting@csx.com
Cc: 'joe_forkum@csx.com'; 'Randy Craver (randy.craver@warriormetcoal.com)'
Subject: CSX/Warrior Partnership
Attachments: WMC Q2 2017 Earnings Script Page 15.pdf

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Good morning Russ,

We at Warrior Met Coal have noted some of the negative press surrounding the operational changes made, including the requested Congressional investigation. As for Warrior, we experienced about 5 days of some minor reductions in performance attributed to CSX's management transition to a new operational plan. It not only quickly stabilized, but per our VP of Logistics, it reduced dwell times and improved total transit times and effective crew utilization. Even with our option to move coal via other modes, our preference is to move our coal by rail and we appreciate the great partnership we have with CSX at all levels.

I have attached a copy of page 15 from our second quarter earnings transcript on August 3, 2017. Please note our CFO's comments when questioned about CSX service noting positive service and our partnership with CSX.

Let me know if I can assist in any other way.

Walt



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the last full study that was done and still done back before the acquisition. So, we are doing some work on that and trying to really zero in on what we think the actual capital cost and what the timing of that would be.

Daniel Scott

Okay.

Walt Scheller

The near term and the midterm focus is more, let's ramp up these lines to the current production levels before we start heavily focusing on developing Blue Creek.

Daniel Scott

Of course, certainly when you look at the balance sheet around I think \$155 million cash on hand right now. Is there an optimum level that you need to be at to weather all cycles that above which you really start to make a decision about dividends special or increases or the regular?

Dale Boyles

Well, I think we have to take the amount of cash that we need to run the business into consideration; we really haven't set a minimum target there. We do have the full availability for ABL and with the cycle proofing that we have done with our cost structure we feel like we can run the business on a nominal amount of cash, but then we could distribute a large amount of cash back to shareholders when we complete that evaluation and like the final determination.

Daniel Scott

Okay, great. Obviously great quarter. Thanks guys.

Dale Boyles

Thank you.

Walt Scheller

Thanks Daniel.

Operator

And our next question comes from Mark Levine of Seaport. Please go ahead.

Mark Levine

I think terrific quarter; most of my questions have been asked and answered. Just one specifically on rail service, obviously CSX has been under the gun quite a bit. My understanding is that a lot of that has been in Appalachia, maybe in Central Appalachia, maybe even northern Appalachia, but have you seeing any deterioration in CSX's service and has it had any impact on your ability to get tons out of the country? Thanks.

Dale Boyles

We have not been impacted; I want to remind you that we also have the barge load-out where we can shift coal by barge from the Warrior River down to Mobile as well. So, if there had been any issues where we have struggled to get a train or two we have simply moved that coal by barge. But, to date we have been very fortunate with CSX and they have been a good partner.

Mark Levine