

# **RAIL INFRASTRUCTURE CHALLENGES**

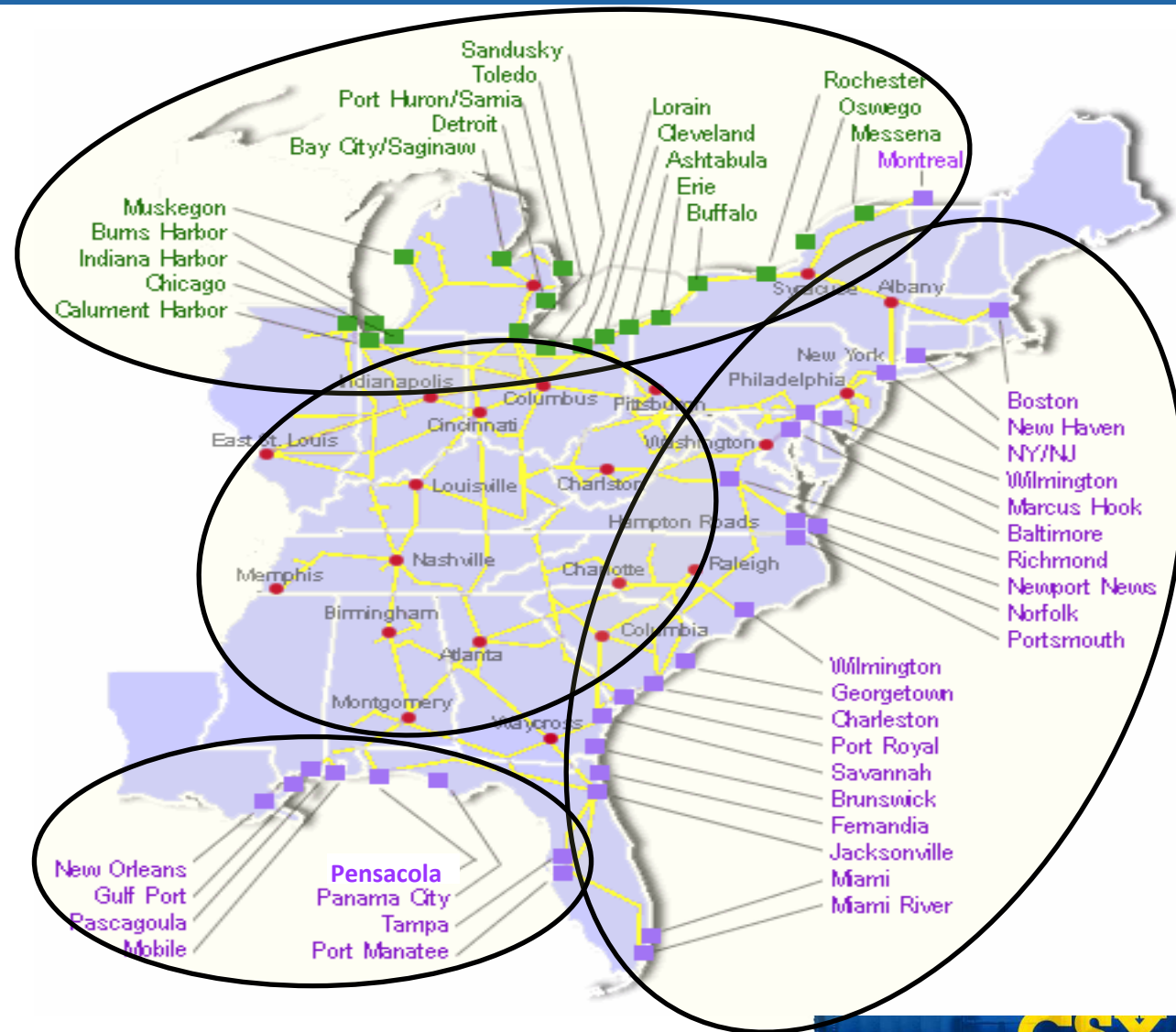
***Derrick Smith, Vice President – Emerging Markets***  
***January 15, 2009***

*How tomorrow moves*



# CSX operates over 21,000 route miles within 23 Eastern states and the District of Columbia.

- Access to more than 70 ports
- Defined by geographic region
  - Atlantic
  - Gulf
  - Lake
  - River



# The current environment is unsettled.

- Economic environment is weakening
  - *Housing and auto sectors remain weak, industrial sector softening*
- Financial momentum remains strong
  - *Momentum has been sustained in declining volume environment*
- Fundamentals of the *Rail Renaissance* remain intact
  - *Long-term view still require more freight by rail*



# Imports are expected to decline and then grow steadily.

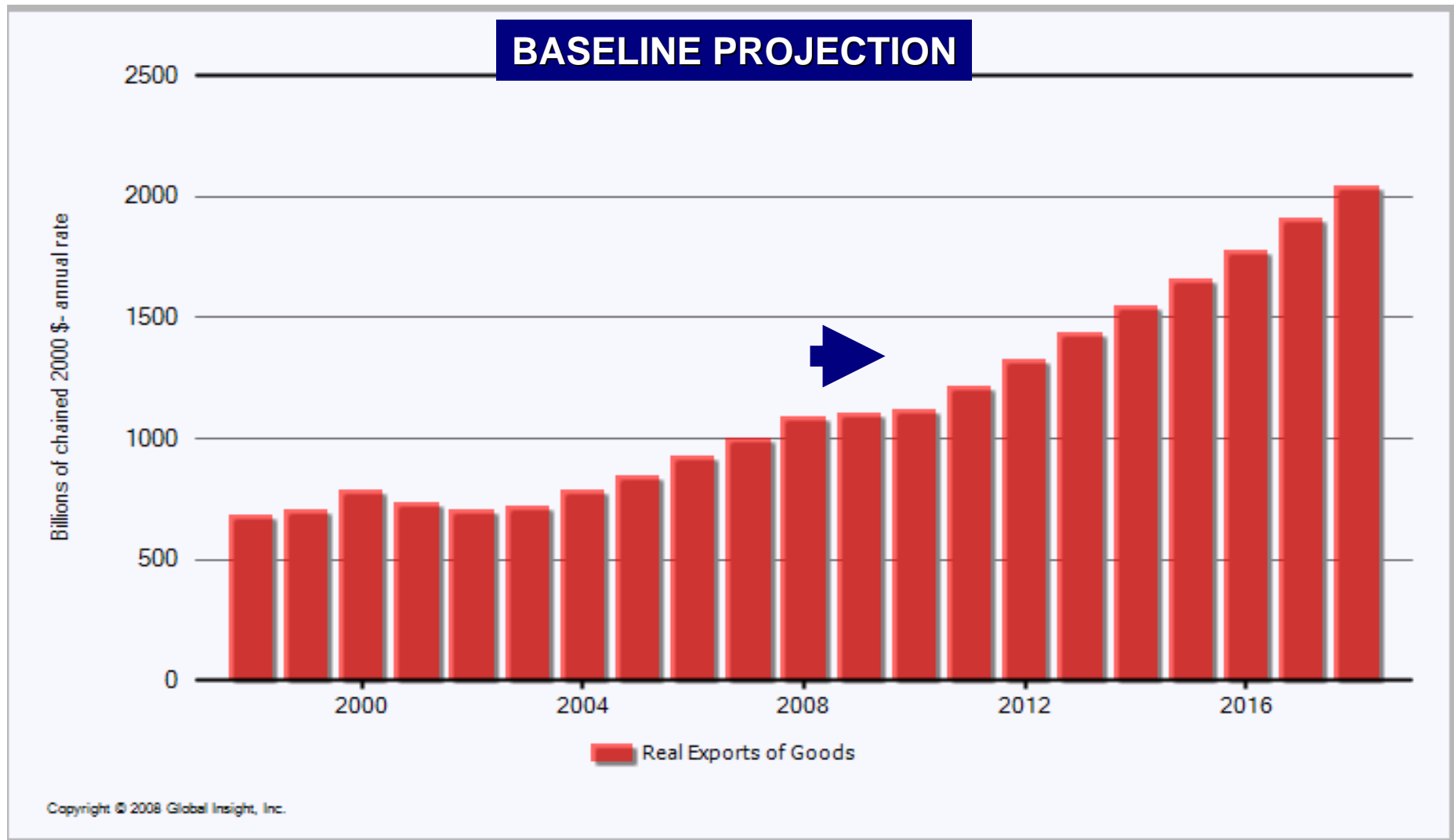
## BASELINE PROJECTION



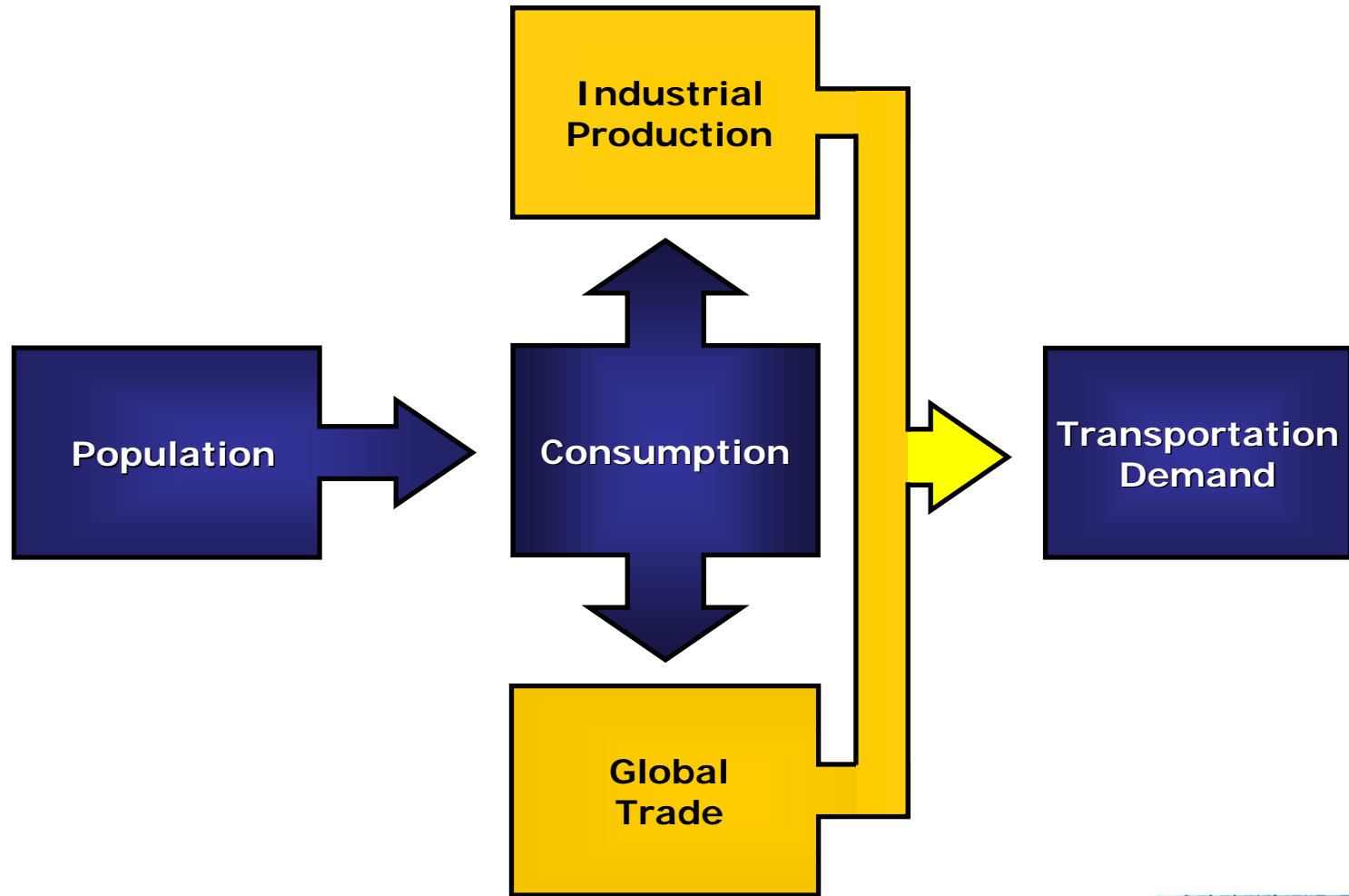
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Exports are forecasted to remain flat through 2010 before significantly growing again.



**Transportation demand will increase as a result.**



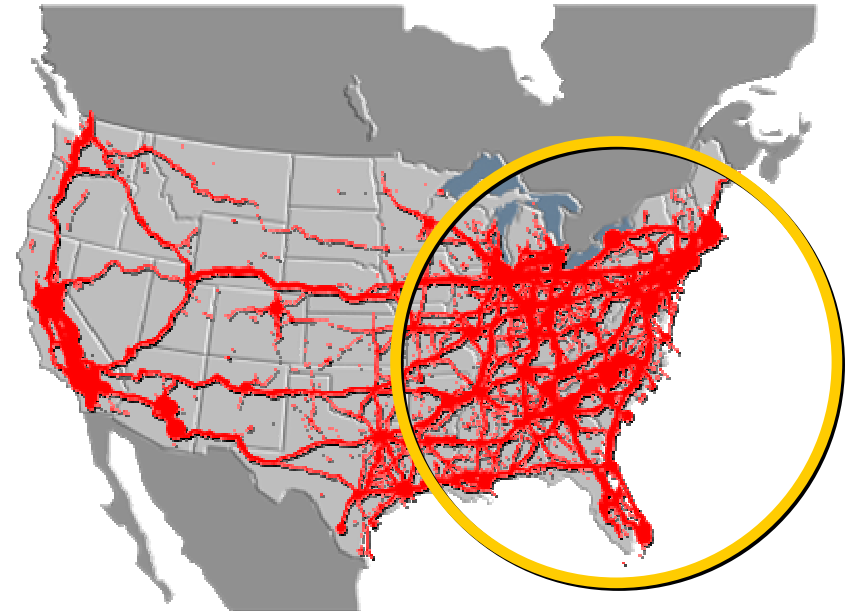


# Highway congestion will become worse, especially around major population centers.

*Today*



*2020*



CSX Territory

Source: USDOT FHWA Freight Analysis Framework



# CSX is promoting the National Gateway to connect Mid-Atlantic ports and the Midwest.



- Over \$724 million in terminal and infrastructure improvements
  - Federal & state = 50%, CSX = 50%
  - Create thousands of jobs
  - Move freight off of crowded highways
- OH & PA governors favor this project



*NC – VA - MD via DC*



*DC – Northwest OH via PIT*



*Wilmington - Charlotte*





# The National Gateway creates an efficient intermodal network.



- ✓ Creates a double stack network along key corridors
- ✓ Additional terminal construction begins 2011
- ✓ Targeted completion by 2015

- ⊗ Terminal Construction: 2008
- Planned Construction

[www.nationalgateway.org](http://www.nationalgateway.org)  
National Gateway Project  
[www.nationalgateway.org](http://www.nationalgateway.org)  
Double Stack Clearance  
Existing or Planned



# The major East Coast ports reportedly investing \$6.4 billion for infrastructure improvements.\*

- Driven by containerization
- Port infrastructure issues
  - Availability of deep water
  - Rail connectivity
  - On-dock intermodal container transfer facility
  - Warehouses & logistics centers
- Break bulk cargo strategy
- Environmental and community impact
- Potential partnerships

*\*Port of Tampa = \$1.7 billion*

