



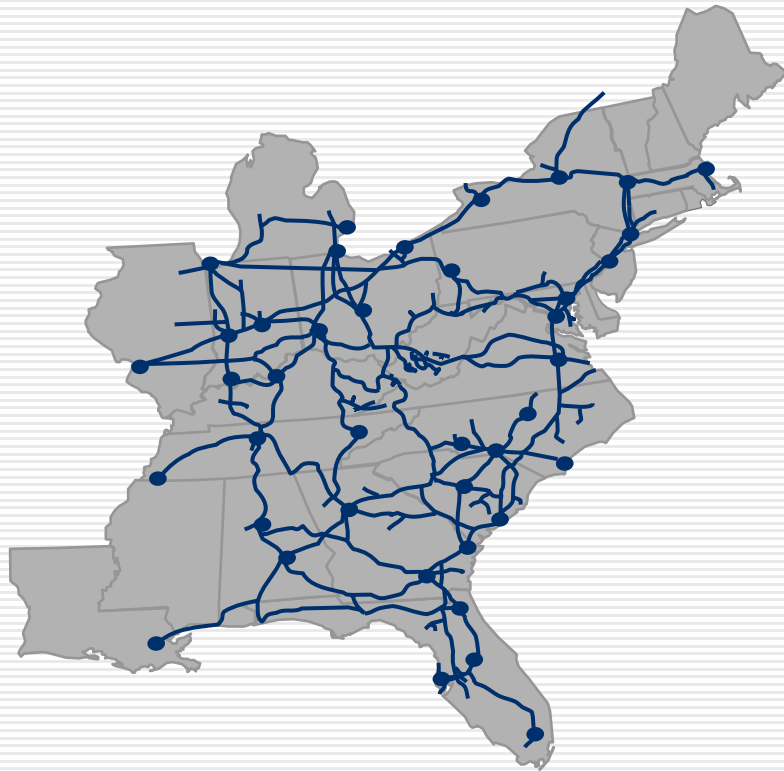
SHIFTING INTERNATIONAL TRADE ROUTES

Derrick Smith – VP, Emerging Markets

January 24, 2014



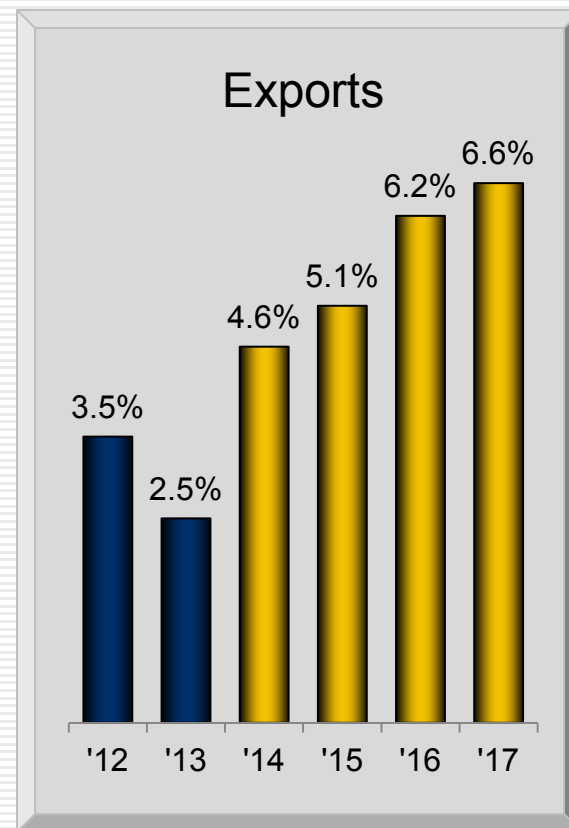
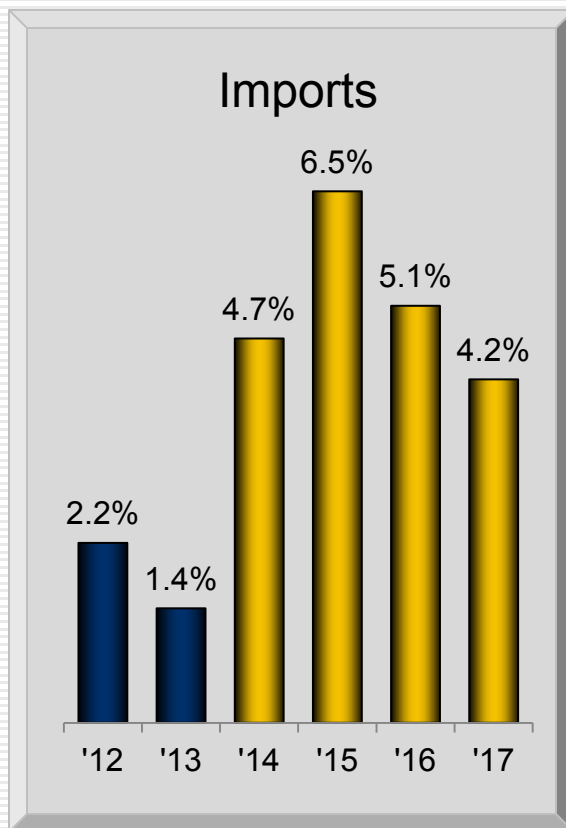
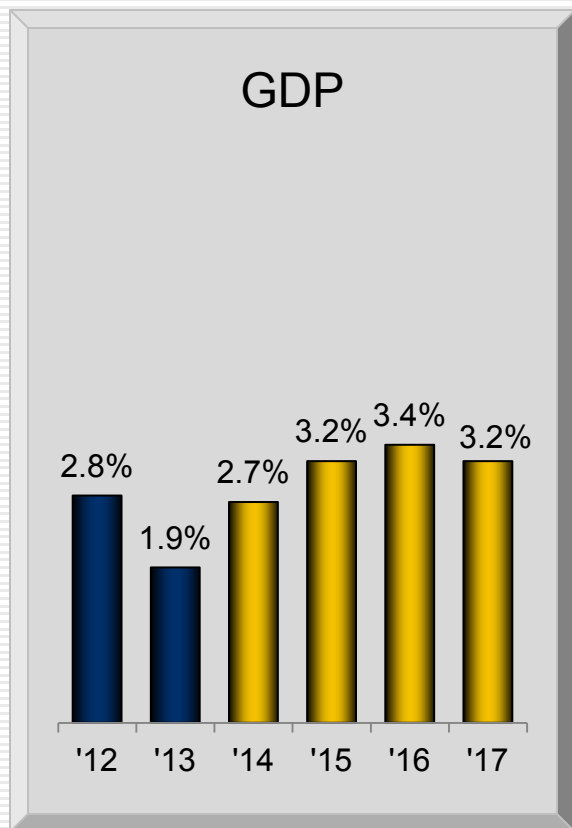
CSX provides the efficiency of rail transportation



21K miles of infrastructure
31K employees
\$12B in revenue

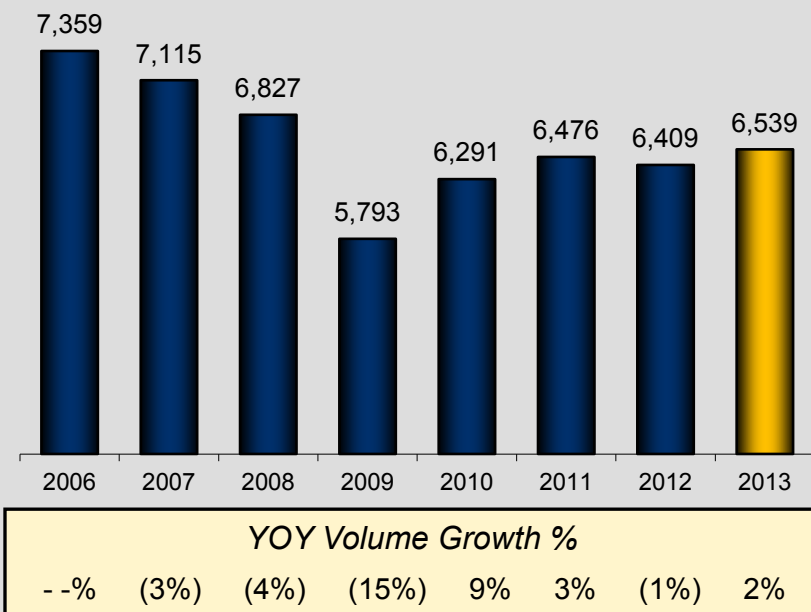
Serves almost $\frac{2}{3}$ of the nation's population – large consumption markets
Reaches over 70 coastal & inland ports

U.S. economic outlook generally looks promising



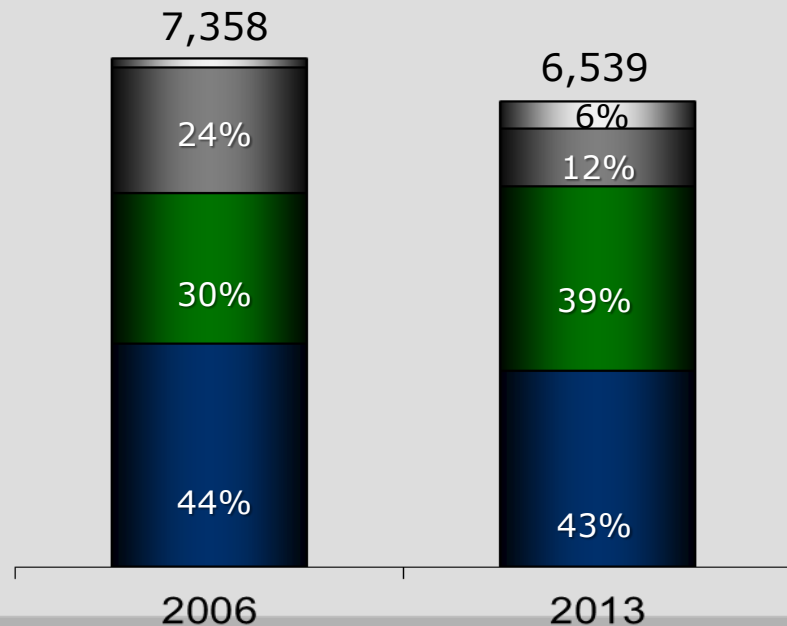
CSX volume rebounding but with a significant change

CSX Volume History
Units in Thousands

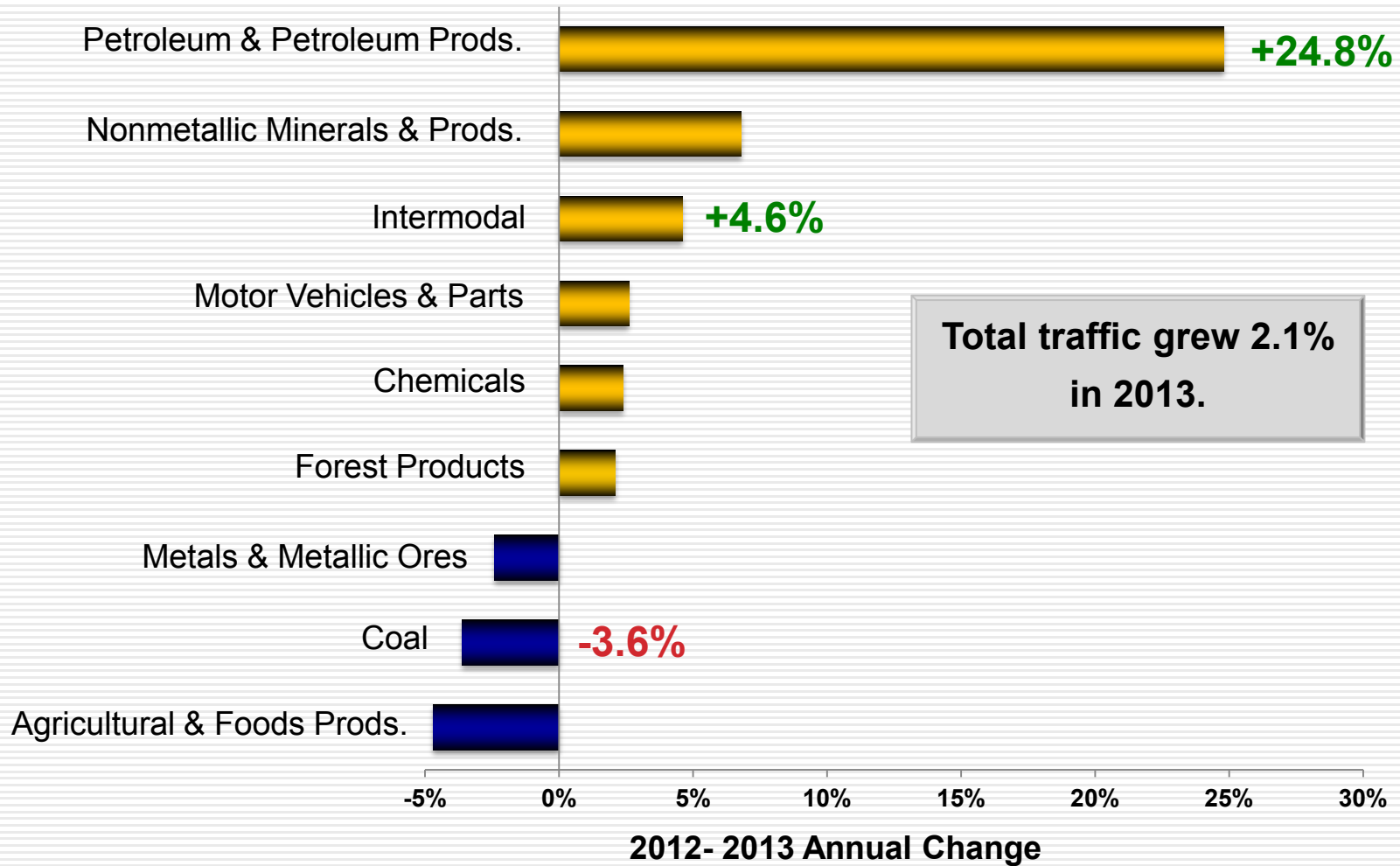


Volume
(Units in Thousands)

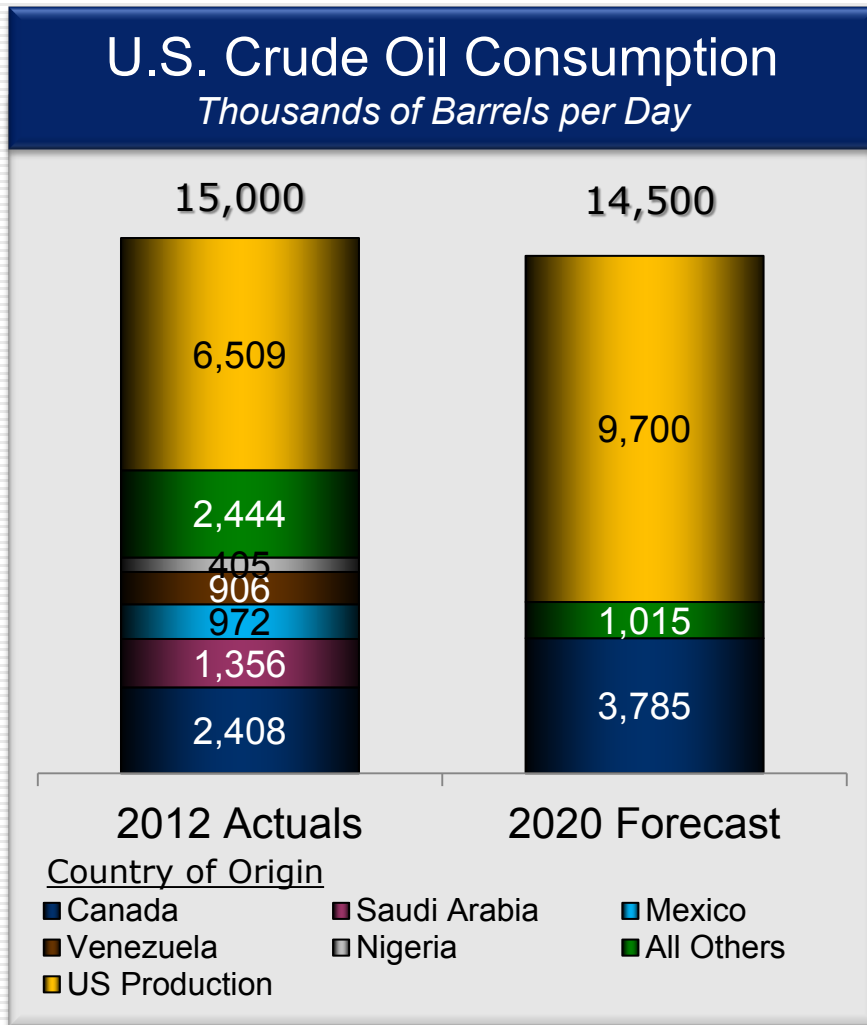
■ Merchandise ■ Intermodal ■ Domestic Coal □ Export Coal



Mix changes consistent with North American railroads



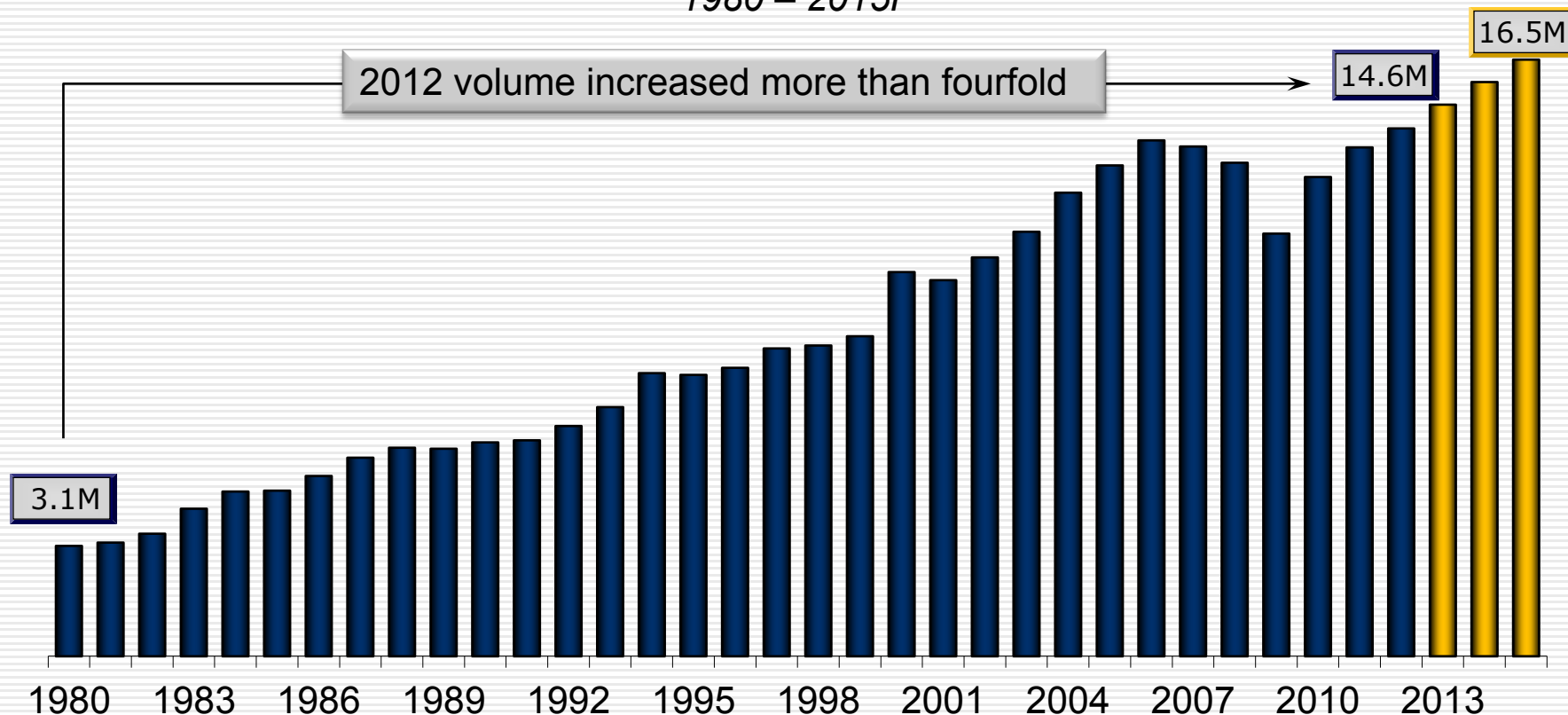
North American crude oil production is rapidly growing



- Bakken and Niobrara will be primary rail sources to the East
- Shale drives production growth
 - 1.7M bbls/day 2012
 - Growing to 3.5M bbls/day by 2020
- Fuel efficiency standards decreases consumption
- Imports decline to <7% of consumption
- A path toward independence by 2020

Increasing global trade fuels intermodal growth

North American Intermodal Volume 1980 – 2015P



CSX positioned to convert more traffic to rail



- Northwest Ohio Terminal
- Existing Terminals Served
- Terminals being Expanded
- Projected Growth
- Double Stack Cleared
- Double Stack in Process
- New Terminal Development

Nine million addressable loads
in Eastern freight market

- Ensure double stack clearance on core routes
- Provide greater terminal capacity
- Optimize port access
- Promote truck conversions



Infrastructure projects support increasing demand



National Gateway

National Gateway

- *\$850 million public/private partnership. 47 of 64 clearance projects and 5 of 7 intermodal terminals completed.*



District of Columbia

- *Partnering to invest ~\$160 million for new double stack cleared Virginia Avenue Tunnel in Washington, DC*



Florida

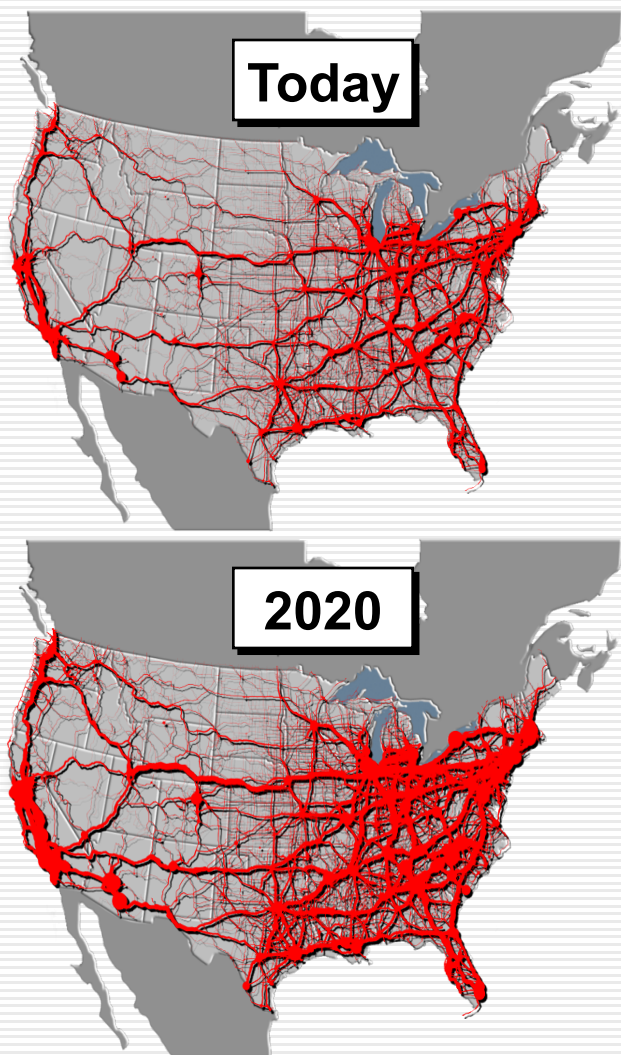
- *CSX made \$500 million commitment to invest in FL*
- *Winter Haven intermodal terminal to open 2Q-2014.*



Massachusetts

- *As of 2012, CSX is double stack cleared to Worcester*
- *Invested over \$100 million in new intermodal terminals in Worcester and West Springfield*

Greater highway congestion likely increases rail usage



- Freight demand projected to grow more than 60% by 2040
- Governmental budget issues amplify highway funding challenges
- Truck driver shortage and increased operating costs creates rail conversion potential
- Railroads are 3 - 4 times more fuel efficient than highway transportation

Governmental actions continue to have a major impact

Regulatory Compliance

- Safety standards affecting on-board technology (PTC) or car design

Environmental Policy

- Guidelines for fuel emissions or permitting

Public-Private Partnerships

- Funding alternatives for port or rail infrastructure improvements

Railroads invested over \$13B to grow and modernize (2013)



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