

How tomorrow moves™



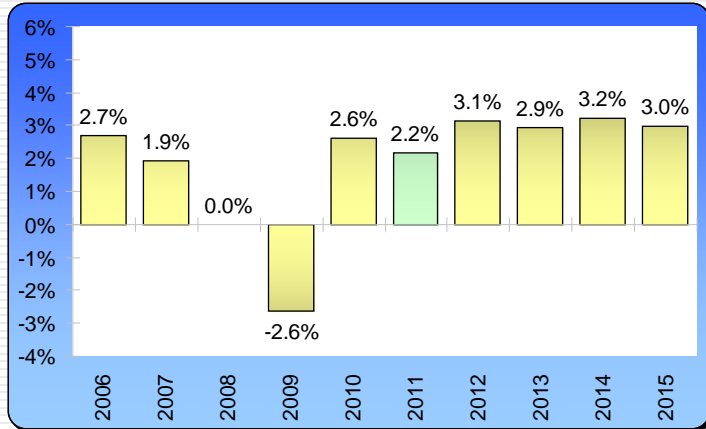
# Re-Defining the Intermodal Opportunity

Los Angeles Transportation Club

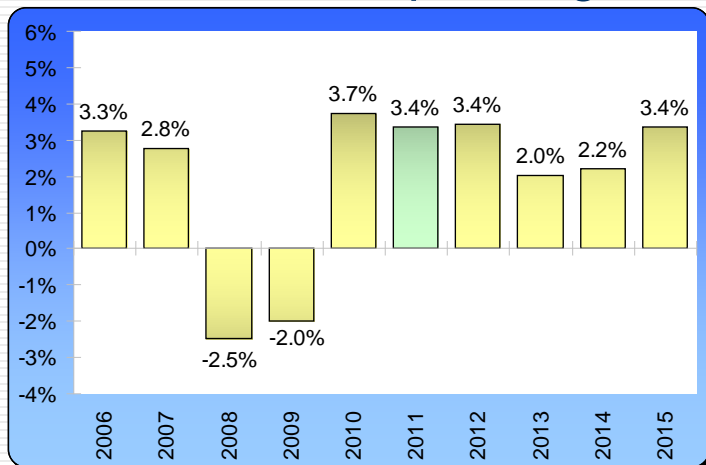
September 16, 2010

# Economic headwinds persist

## GDP



## Consumer Spending



- Temporary factors helped sustain the economy in 1H 2010
  - Federal stimulus for housing and autos
  - Inventory cycle replenishment
- Near future GDP growth likely more subdued without this support
  - Interest rate-sensitive industries will not lead us out of this recession as quickly
  - Consumer demand still challenged
- Consumer spending is under siege
  - Stocks rebounded from lows boosting net wealth, home values have not
  - Unemployment remains stubbornly high
  - Personal savings rate on the rise

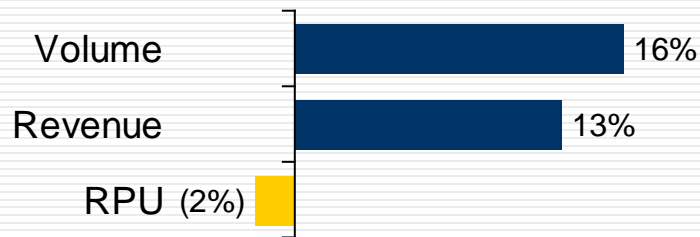
# Yet intermodal rebounded in 1H 2010

Revenue \$623 M

Volume 1,038K

RPU \$600

## 1H 2010 Year-Over-Year Change

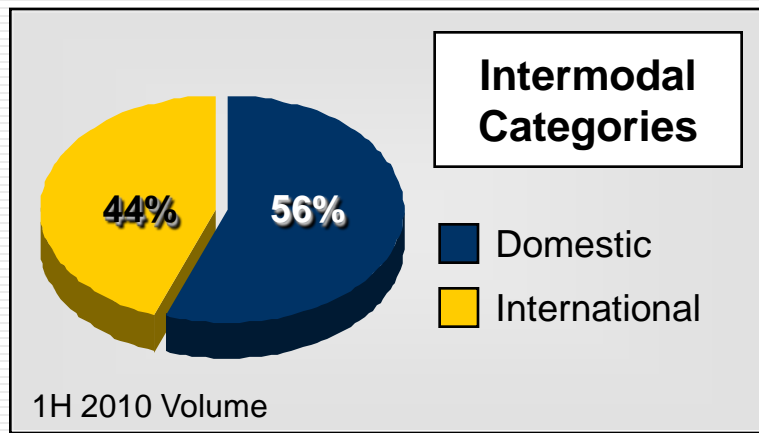


- Strong growth in both International (+24%) and Domestic (+9%)

- Total volume returned to 1H 2008 levels lead by YoY Domestic gains

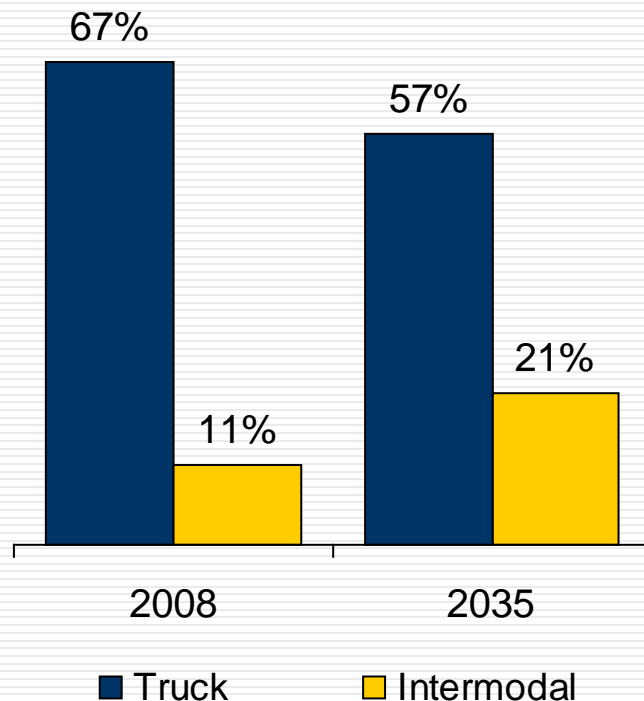
- Domestic volumes continued to grow with truckload conversions and expanded service offerings

- International volumes increased due to higher imports



# The intermodal renaissance continues

## Freight Market Value by Mode

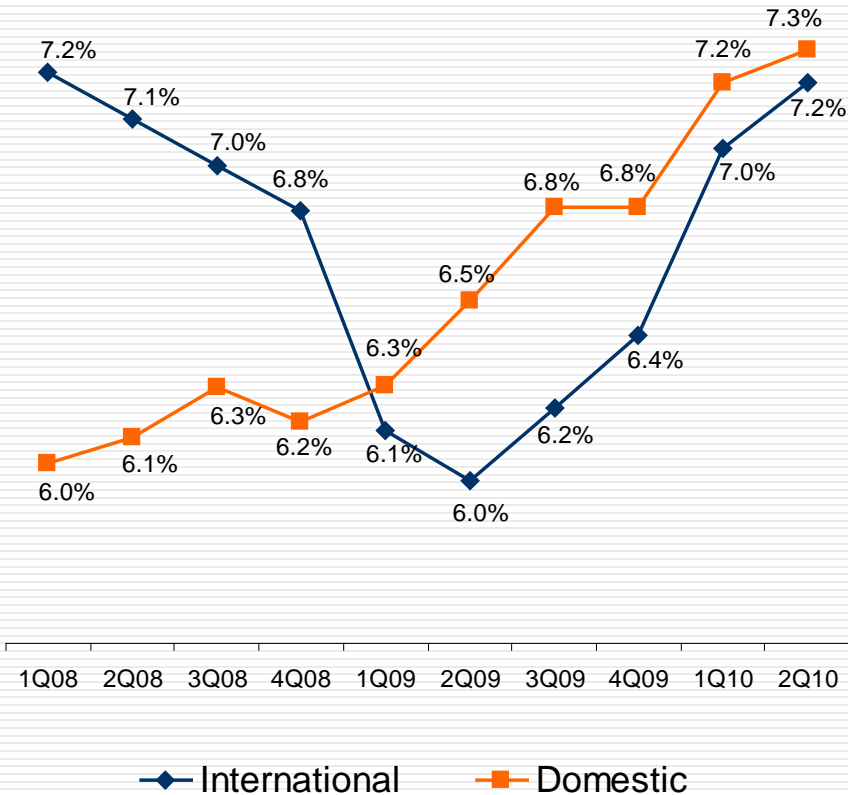


- Intermodal expected to outpace all other modes in growth
- Over-the-road alternative is increasingly challenged
  - Declining truckload productivity due to highway congestion
  - Shrinking driver pool due to demographics and regulation
  - Greening of the supply chain and exposure to spikes in diesel prices
- Intermodal service potential is increasing thanks to investments

Source: 2009 Facts & Figures, USDOT/FHWA 2010.

# Re-defining the intermodal opportunity

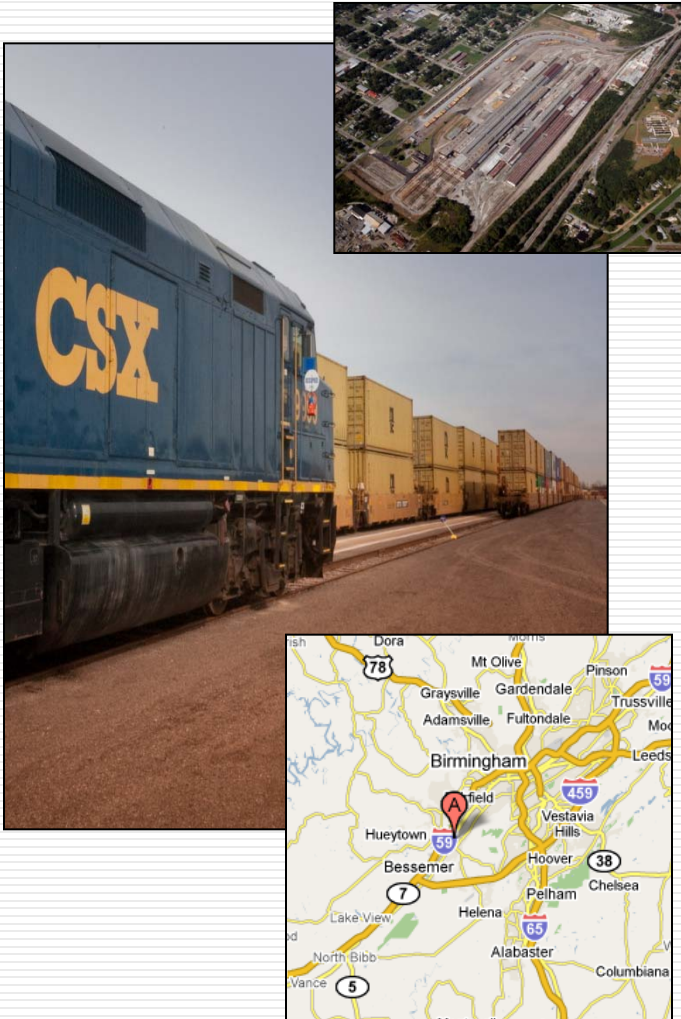
Share of Long-Haul (550+ mile)  
Dry Van Freight



- Intermodal continues to gain share of the “long-haul” market
  - Rise of regional intermodalism
  - Interline alliances to capture transcon opportunities
  - Aligning networks for demand creation and management
- Investments in intermodal growth
  - New local service lanes
  - Domestic transcon solutions
  - Terminals expand market access
  - Infrastructure for efficiencies

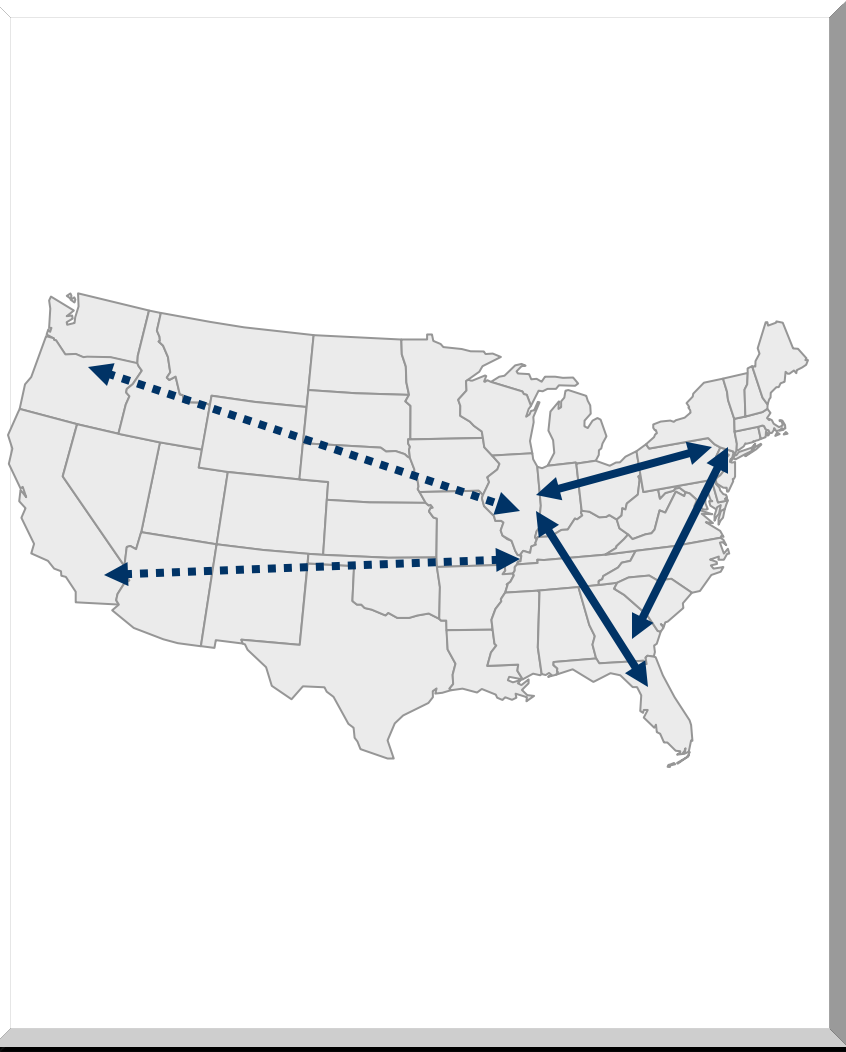
Source: FTR

# New local service lanes



- Fastest growing segment is the 501-750 mile length-of-haul
- International port services
  - Canadian services from PANYNJ and Philadelphia
  - Central Alabama ICTF
  - Threads Express
- Key domestic service lanes
  - Chicago-Chambersburg lane
  - Atlanta-Orlando lane
- Collaborative approach with stakeholder engagement at all levels key to success

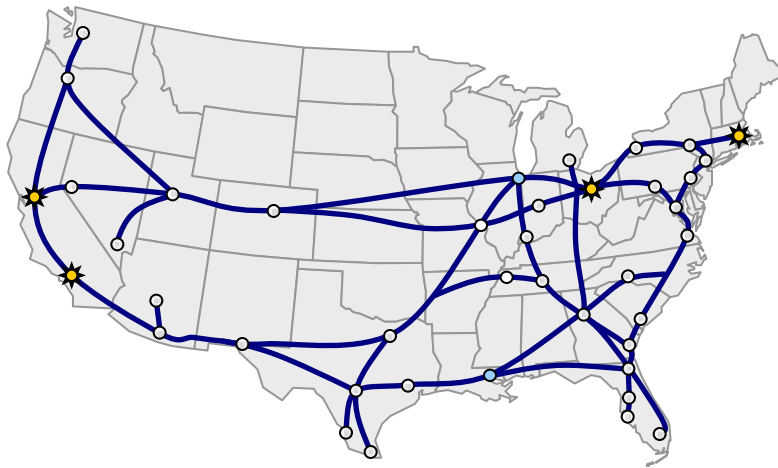
# Competitive domestic transcon solutions



- Over one-third of all intermodal moves in the East are transcon
- Transcon is a key source of domestic intermodal growth
- Speed to market is a greater priority for transcon services
  - High inventory carrying costs
  - Perishables
- Domestic intermodal solutions enable vital transloading activity

Source: IANA ETSO YTD July 2010.

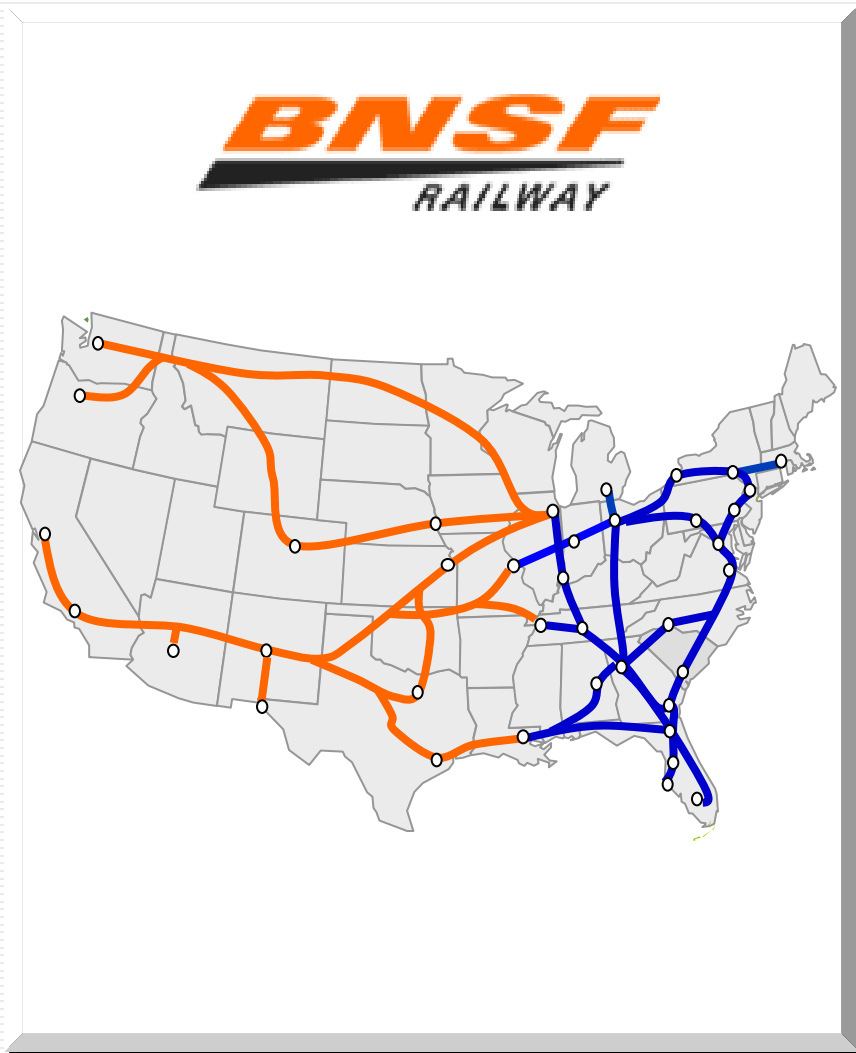
# Competitive domestic transcon solutions



- ★ Multiple Terminal Markets  
New England (BOS, SPR, WOR), Ohio (CIN, CLV, COL)  
N. California (LATHROP, OAK), S. California (COI, LATC, LA)
- Single Terminal Markets
- Gateways: CHI, ESL, MEM and NOLA

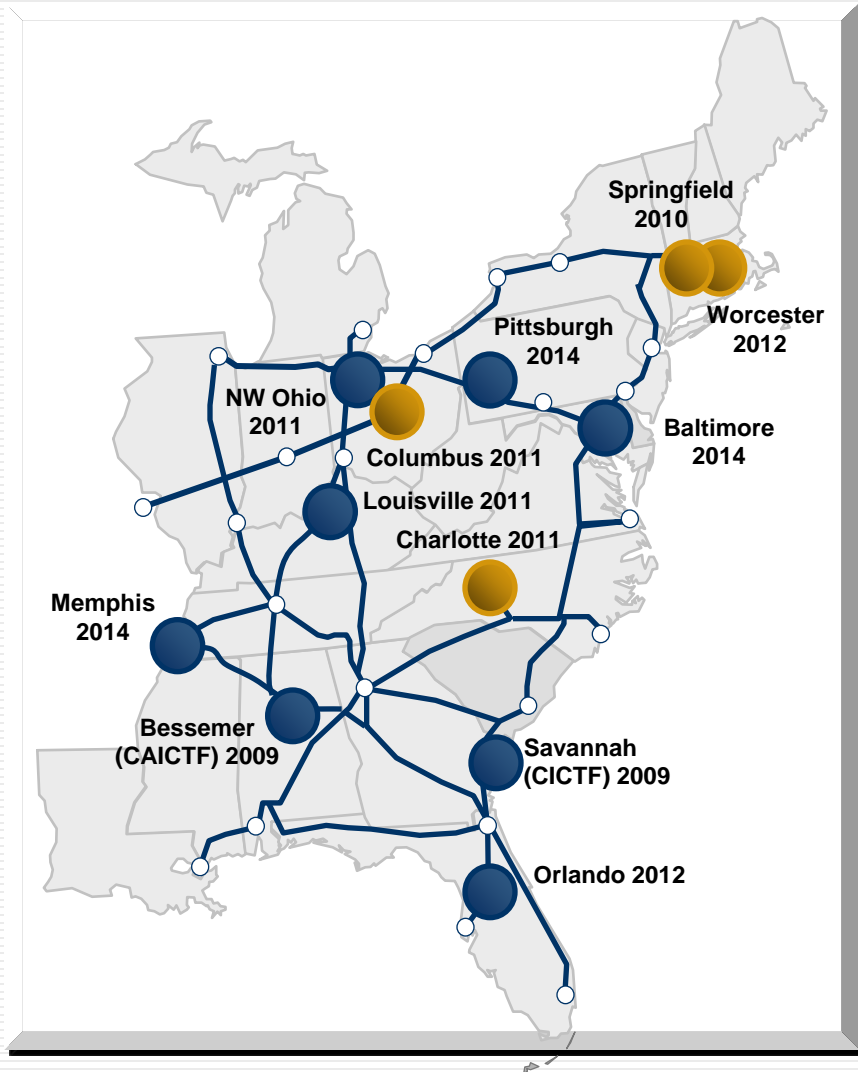
- More service options
  - Over 200 new Transcon lanes
  - 2-day faster transit in key lanes
  - More frequent train service
- More access to more containers
  - Channel expansion to Truckload
  - Current fleet of over 20,000 53-foot dedicated containers
- On-going product development
  - Grow new markets like Denver, Las Vegas and Salt Lake City
  - Expand presence at Mexican Gateways like El Paso and Laredo

# Competitive domestic transcon solutions



- BNSF Direct provides competitive transcon service
  - Expands network reach to more Southeast locations
  - Improves transit time
- Door-to-Door product offers transcon service in both directions
  - Committed pricing coming soon
  - Expansion to other markets

# Expanding market access for demand creation



- New terminals create opportunities for incremental growth

- Terminal Expansions

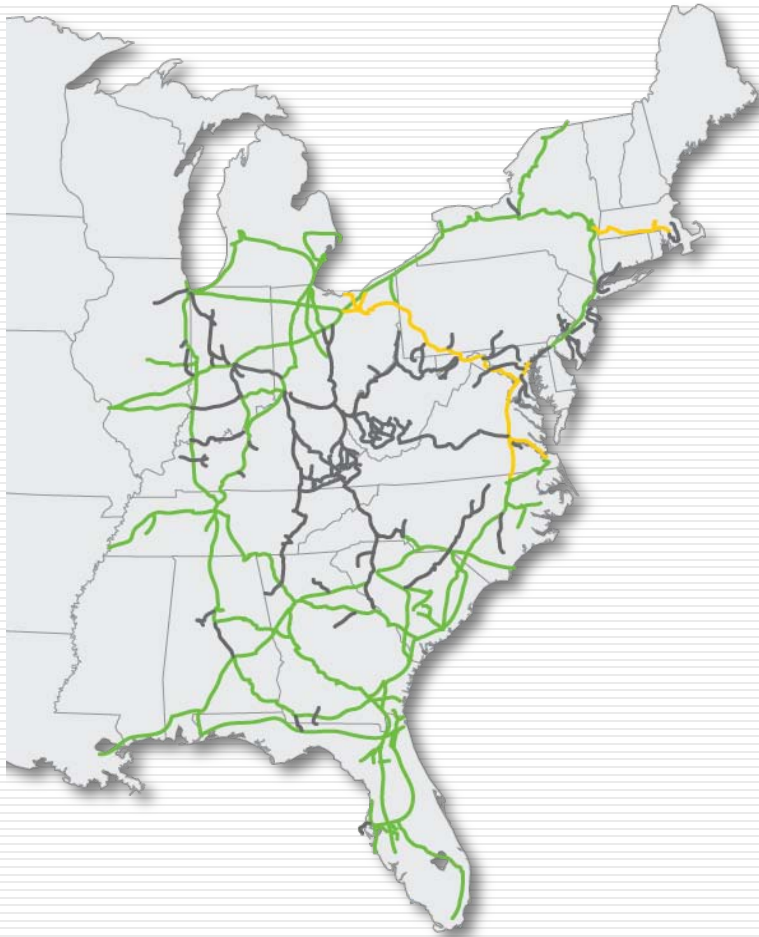
- Added capacity at Columbus and Charlotte terminals
- New England terminal expansions in line with I-90 Corridor clearances

- NW Ohio Hub will increase overall network efficiency

● Expansion

● New Construction

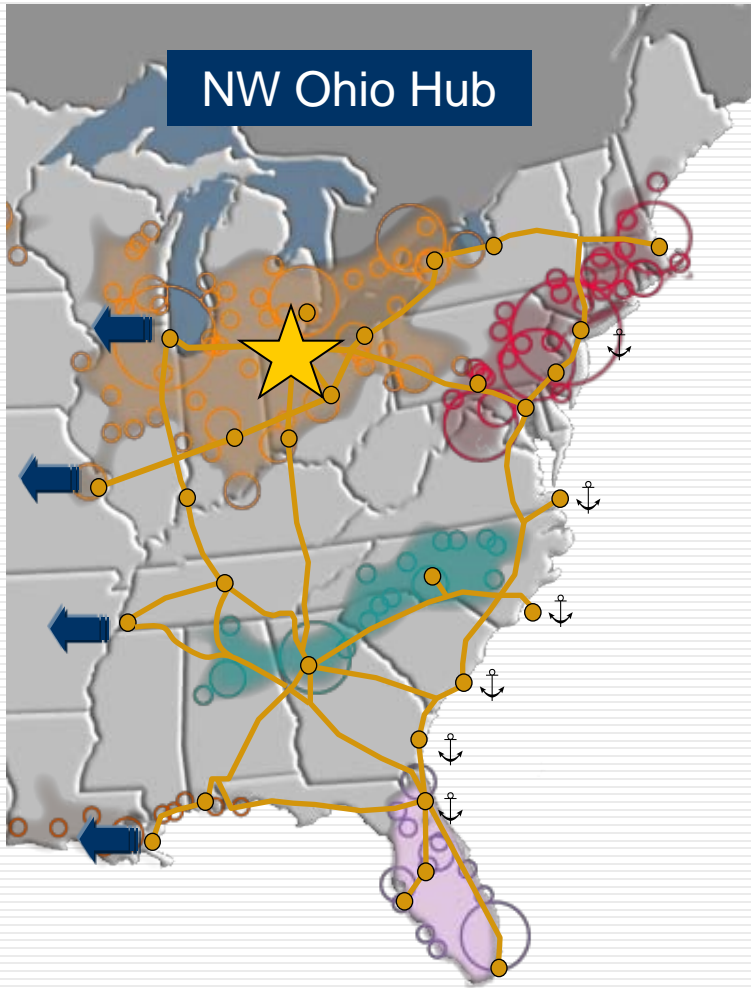
# Aligning infrastructure to manage demand



- Double-stack network creates efficiencies and capacity
  - Reduce intermediate handlings
  - Increase train densities
- Key routes doubled stacked
  - Midwest to New York
  - Midwest to Florida
- Western connectivity in place
  - Enhances competitive position
- Eastern connectivity near complete
  - Liberty Corridor
  - New England I-90 Corridor
  - National Gateway

— Current double-stack network — National Gateway and New England I-90 — Remaining lines

# NW Ohio Hub: Bringing it all together



- Serves as the new gateway to the West
  - BNSF/UP Connectivity
  - Domestic SoCal lanes
  - International: LA/LBC/SeaTac
  - CN/CP: Vancouver/Prince Rupert
- Enables more O/D pairs
  - Mid-Atlantic (PMT, BLT, CHB, PHIL) to Ohio Valley (DET, CLEV, COL, CIN), Louisville, Indianapolis, E St. Louis, Kansas City
  - Potential for Atlanta and Memphis to Northeast service
- Improves network velocity and reliability

Evansville Western Railway, an affiliate of CSX, is the developer-operator of this NW Ohio facility

# NW Ohio Hub: A total network initiative



# Building a terminal of the future

## Northwest Ohio – Widespan Crane Operation



5 widespan cranes  
8 working tracks  
Two straddle lanes  
One truck lane  
5 container stacks (4 high)  
18 block swap tracks

### ■ Environment

- Reduce carbon emissions
- Almost silent operations

### ■ Network

- Increase terminal throughput
- Connect more markets
- Reduce transit times

### ■ Operations

- Semi automatic operations
- Improves facility safety
- Reduce equipment maintenance
- Reduce fuel & labor expense

# NW Ohio Hub: On Schedule

- Opening in 1-QTR-2011
  - Earthwork complete
  - Main-line signals cut-over
  - Crane runways completed
  - Kuenz Wide Span Cranes
    - delivered June
    - assembly underway
  - 60% of track work complete
  - Buildings completed by September



# Going forward our focus is clear



- Customer-specific initiatives help open new frontiers
- Western alliances create opportunities coast-to-coast
- New and expanded terminals improve intermodal accessibility
- Double-stack clearances create efficiencies while adding capacity

It Starts with the Customer

