



**Leveraging Intermodal  
Transportation**  
*Georgia Environmental Conference  
August 21, 2014*



# CSX is providing substantial value for shippers

## Company Overview

- America's first railroad
  - *Founded 1827, headquartered in Jacksonville, FL*
- Largest rail network in east
  - *21,000 route miles in 23 states, serving 70 ports*
- Significant resources
  - *Over 4,000 locomotives, 70,000 freight cars, 30,000 employees*
- Fortune 500 Company
  - *\$12 billion of revenue in 2013*

## Intermodal at CSX

- Far-reaching, dynamic network
  - *Hub and spoke design provides unique service capabilities*
- Aggressive capital investment
  - *CSX prepared for significant industry growth*
- Customer and service focus
  - *Providing a high-level service product to meet customer needs*
- Highway-to-rail "H2R" strategy
  - *Conversion of over-the-road loads*



# *Environmental stewardship*

- Upgraded locomotives lower fuel consumption by 10 million gallons annually—enough energy to power over 11,000 homes for a year
- Transferring 1% of truck freight to rail each year would save 110 million gallons of fuel and reduce greenhouse gasses by 1.2 million tons
- EPA states that freight railroad account for less than 3% of U.S. greenhouse gas emissions from transportation sources
- Comprehensive recycling programs at CSX include steel, batteries, oil, crossties and land

# Intermodal spans many industries, shippers



- While the intermodal industry has broad market reach, H2R focuses on new users
  - *Education is key to foster conversion opportunities*
- Neophyte users generally defined as moving <1,000 loads with CSXT intermodal
  - *Coca-Cola, A.C. Moore as examples*

H2R initiative targets primarily neophyte intermodal users

# Intermodal rail has to address scale and flexibility

**In the past**, shippers had the following concerns with intermodal:

Port Costs

Rail/Dray Costs

Service Reliability

Transit Time

Available Capacity

Priority Container Access



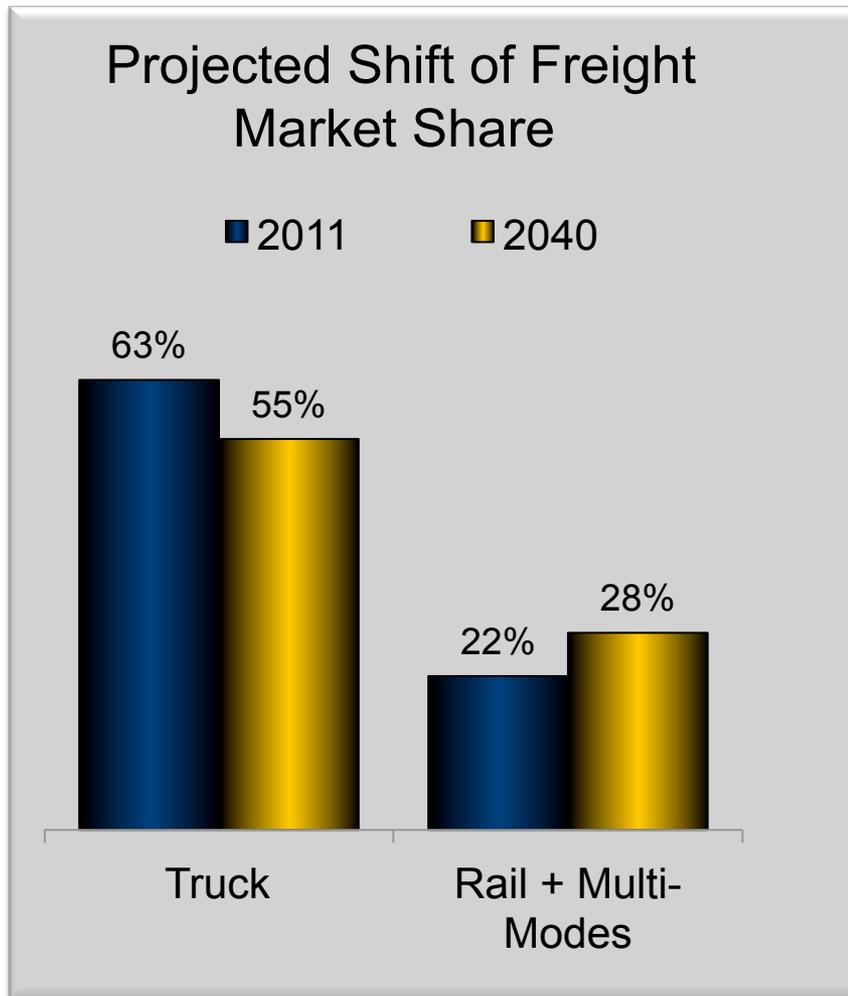
**Today**, intermodal offers a reliable, cost effective solution:

Highly competitive inland and ports costs

Reliable, fast transit with proven service recovery strategies

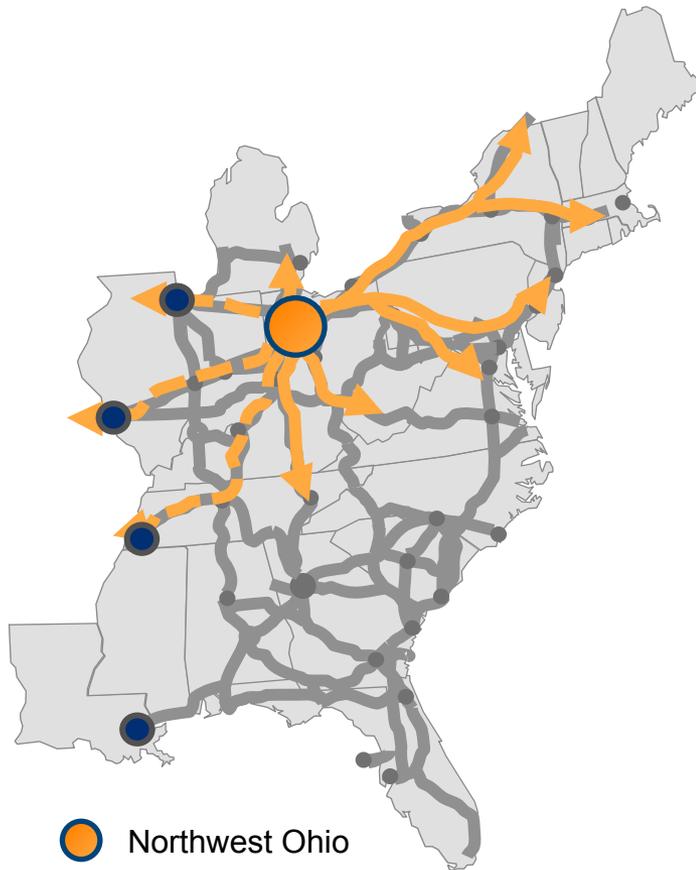
Scalable capacity with visibility to cargo information and requirements

# Trucking challenges encourage modal conversion



- Regulatory factors, aging driver population, lifestyle challenges impact driver supply
  - *Hours of Service estimated to impact productivity by 1-3%*
  - *Electronic Onboard Recorder regulations by 2-5%*
- U.S. highway systems face increasing congestion, aging infrastructure, funding challenges
- Intermodal is a sustainable transportation solution

# Northwest Ohio Hub enhances network connectivity



Ability to bypass high traffic areas resulting in faster transit times

Streamlined coast-to-coast service, efficiencies improve service performance

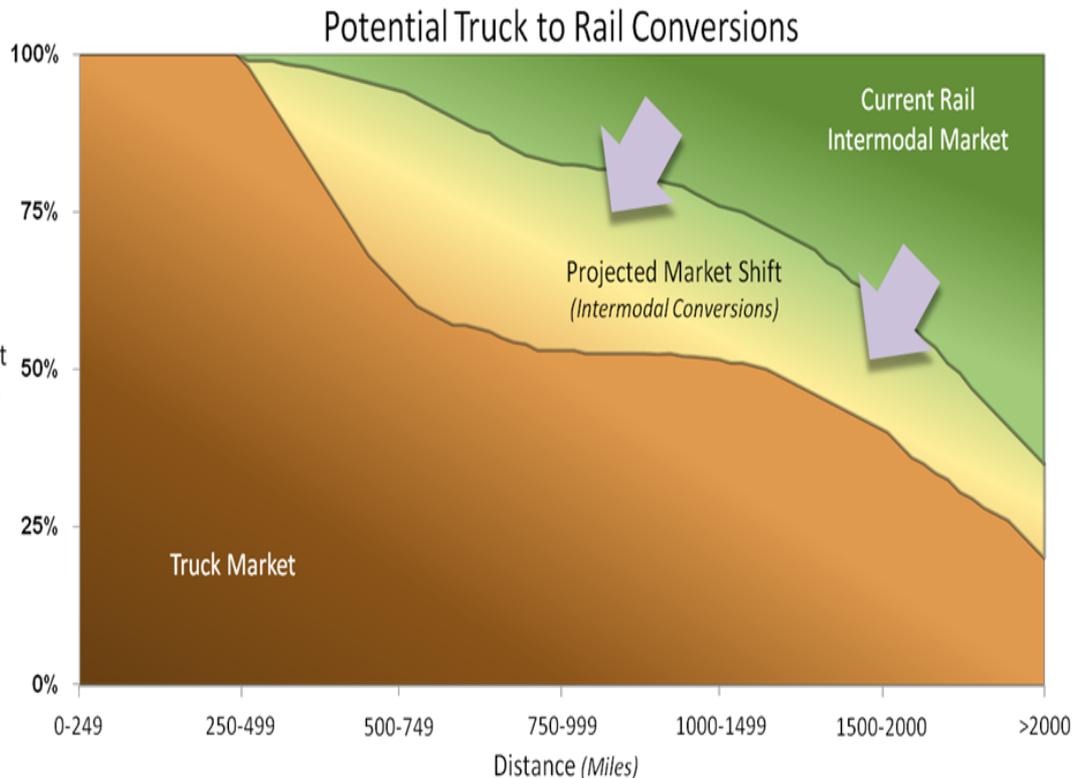
New lanes increase mid-tier market access to major population centers

Efficient, sustainable service resulting from innovation and technology advancements

Creating a reliable, truck-competitive network with broad market reach

Hub and spoke network is a strategic differentiator

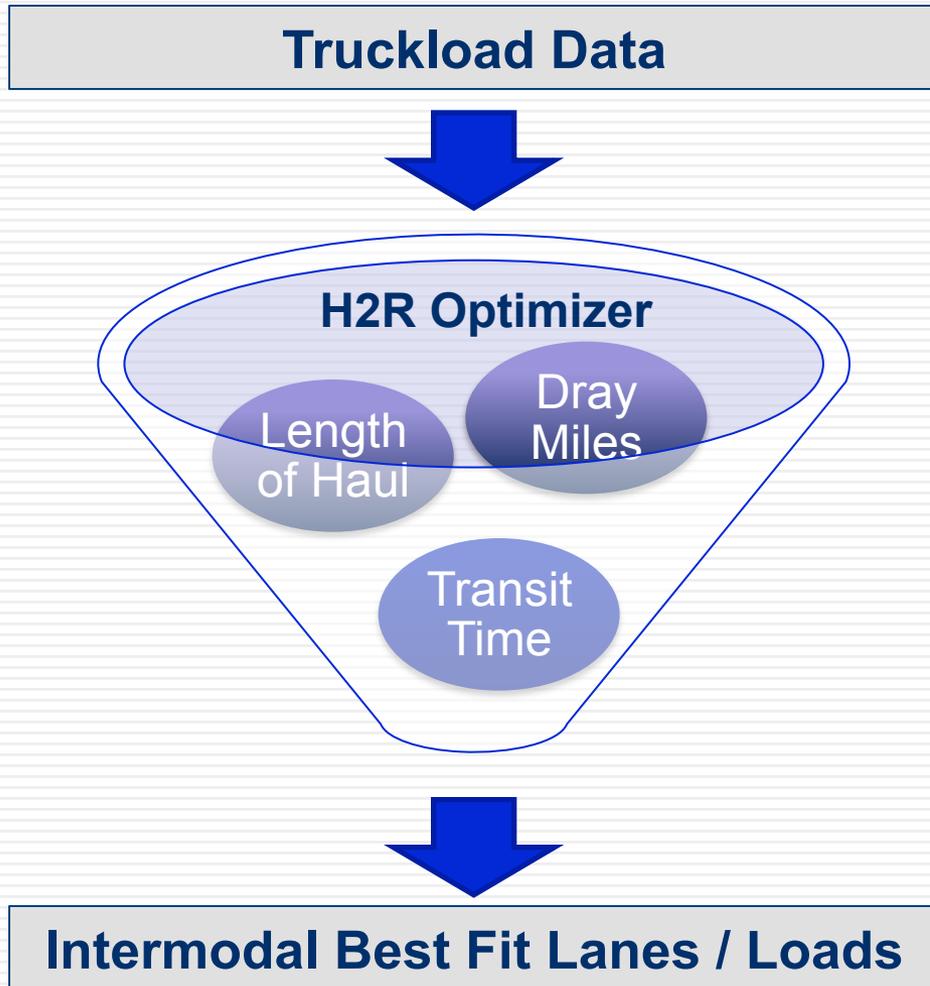
# Modal shift from road to rail



## Drivers include:

- Highway congestion
- Rail investments
- Rising fuel costs
- Regulatory changes
- Rising equipment costs
- Overall slow growth in existing TL fleets
- Sustainability forces

# H2R Optimizer highlights conversion opportunities



- Complimentary analysis identifies H2R potential
  - *Based on dray miles, length of haul, transit time needs*
- Joint review narrows unique supply chain requirements
  - *Collaboration with both shippers and intermediaries*
- Continued enhancement of the model and technology

# Are you minimizing your supply chain exposure?

## Sub-optimized freight can result in:

- Increased transportation costs
- Decreased customer service levels on outbound freight
- Increased inventory costs due to unpredictable supply
- Lost sales opportunities
- Decreased efficiency in resource planning
- Unnecessary amount of carbon emissions

- Sub-optimized freight exposes a supply chain to risks
  - *Can be minimized by using an alternative mode*
- Modal selection is critical to your supply chain's resilience
  - *Customer demand and market conditions are dynamic*
- Advancing your supply chain is a collaborative process
  - *Resulting in both short and long term benefits*

# *CSX adding capacity for growth*





# THE **VALUE** OF INTERMODAL RAIL



SCALABLE  
**CAPACITY**

SUSTAINABLE  
**SAVINGS**