



CONTAINERS AND BEYOND

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AAPA Spring Conference - March 18, 2013



What are some of the major trends that are occurring?













TROUBLING



ENCOURAGING

- Increased cargo
- Significant investments
- Greater rail usage

Many economic indicators showing some improvement

Key Economic Indicators	2012	2013	Revised
Real GDP (annualized % change)	2.2%	1.8%	
Industrial Production Index (% change YOY)	3.8%	2.8%	
Unemployment Rate (% labor force)	8.1%	7.8%	
North American Light Vehicle Production (millions)	15.4	15.9	
Housing Starts (millions annualized)	0.78	0.96	
Iron & Steel Production (% change YOY)	3.6%	1.1%	
Pulp & Paper Production (% change YOY)	-2.7%	-0.2%	
Food Production Index (% change YOY)	2.4%	0.5%	
Chemicals Production Index (% change YOY)	0.4%	2.3%	
Natural Gas Price at Henry Hub (MMBtu)	\$2.84	\$3.64	

International trade growing despite a modest economy



Imports = +1.5%

Exports = +2.4%

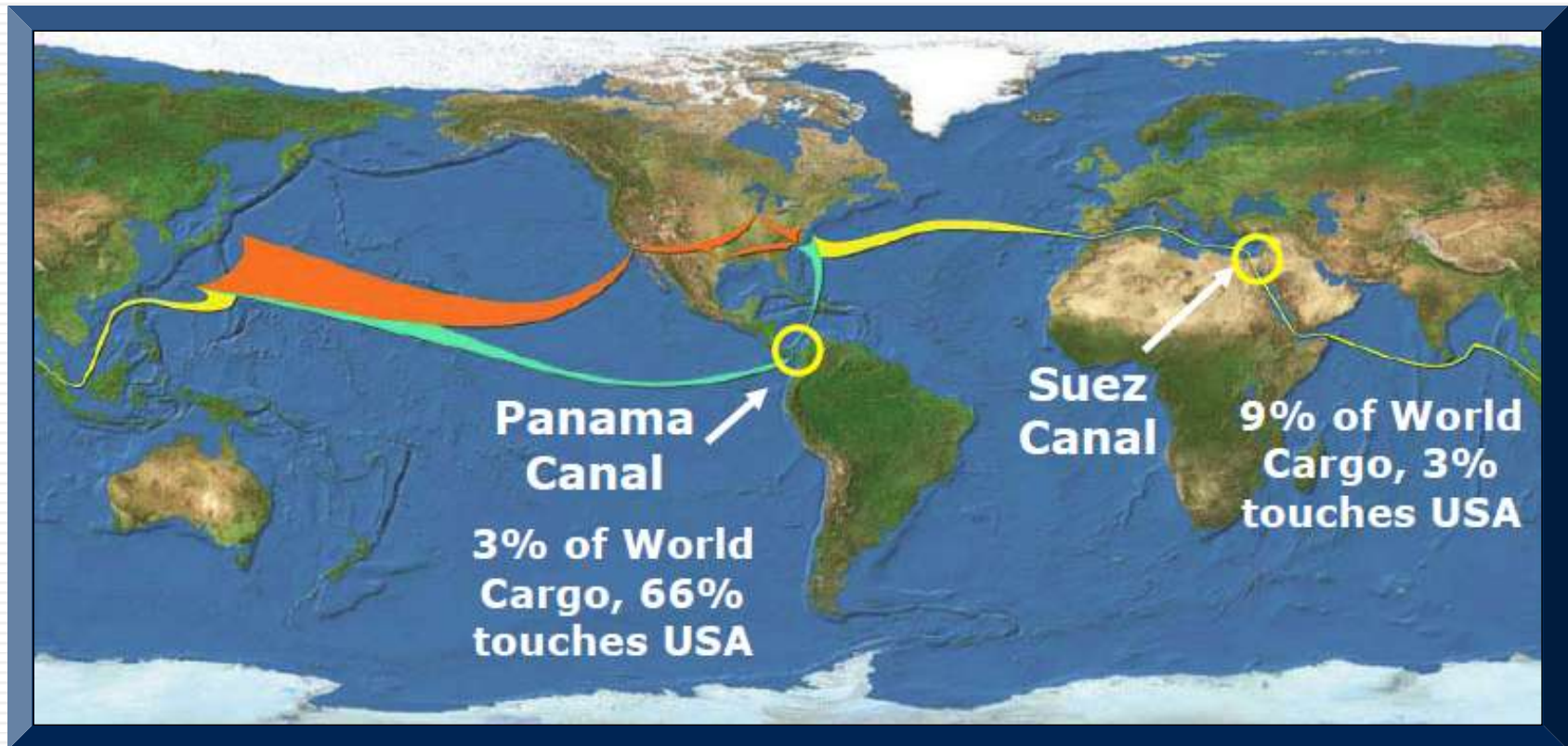
2013 GDP = +1.8%



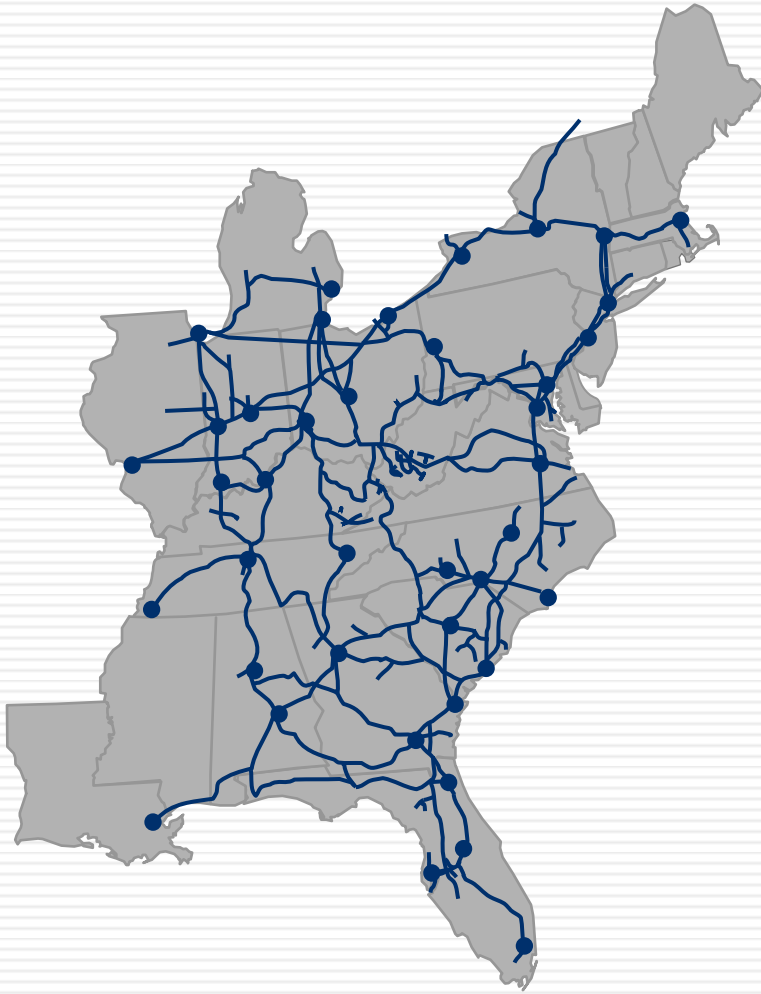
TYPES OF CARGO

- Automobiles
- Bulk
 - Coal
 - Grain
 - Aggregates
 - Phosphates
 - Chemicals
- Break-bulk
 - Paper and forest products
 - Steel
- Roll-on, Roll-off
 - Agricultural machinery
 - Construction equipment
- Containerized
 - Intermodal

Shifts in global trade driving intermodal growth



CSX provides the efficiency of rail transportation



21,000K miles of infrastructure
31,000K employees
\$11.8B in revenue

- Based in Jacksonville, FL
- Originates on average 1,200 trains per day
- Serves more than 70 ocean, lake, and river ports

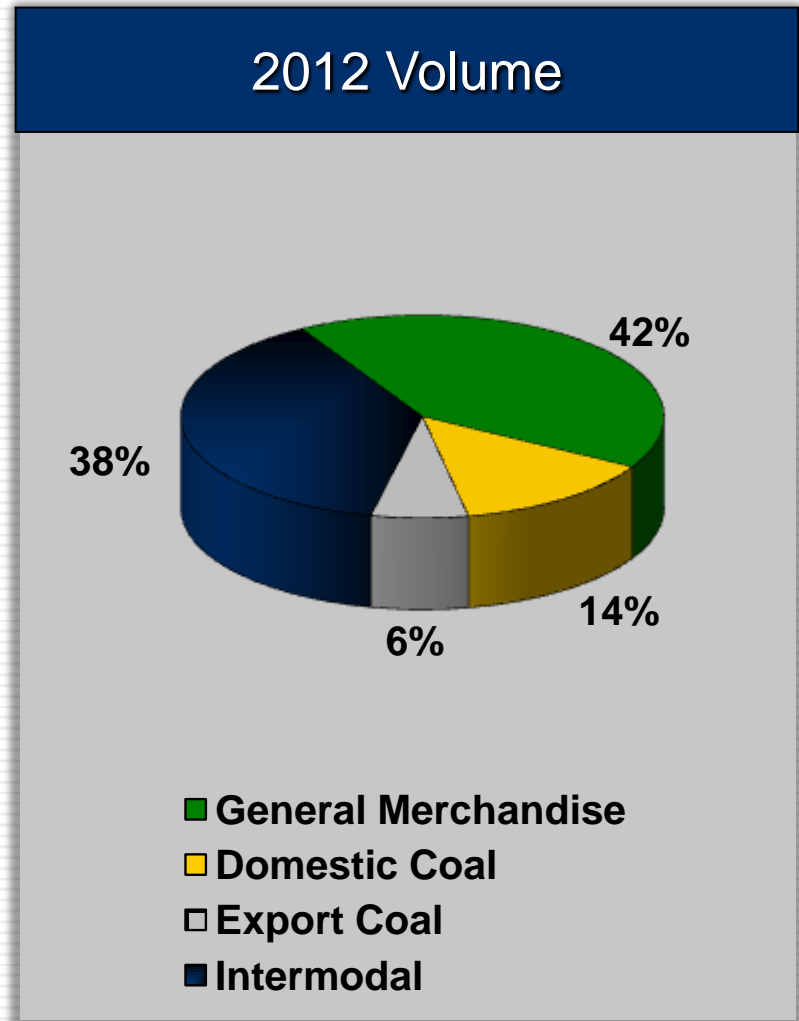
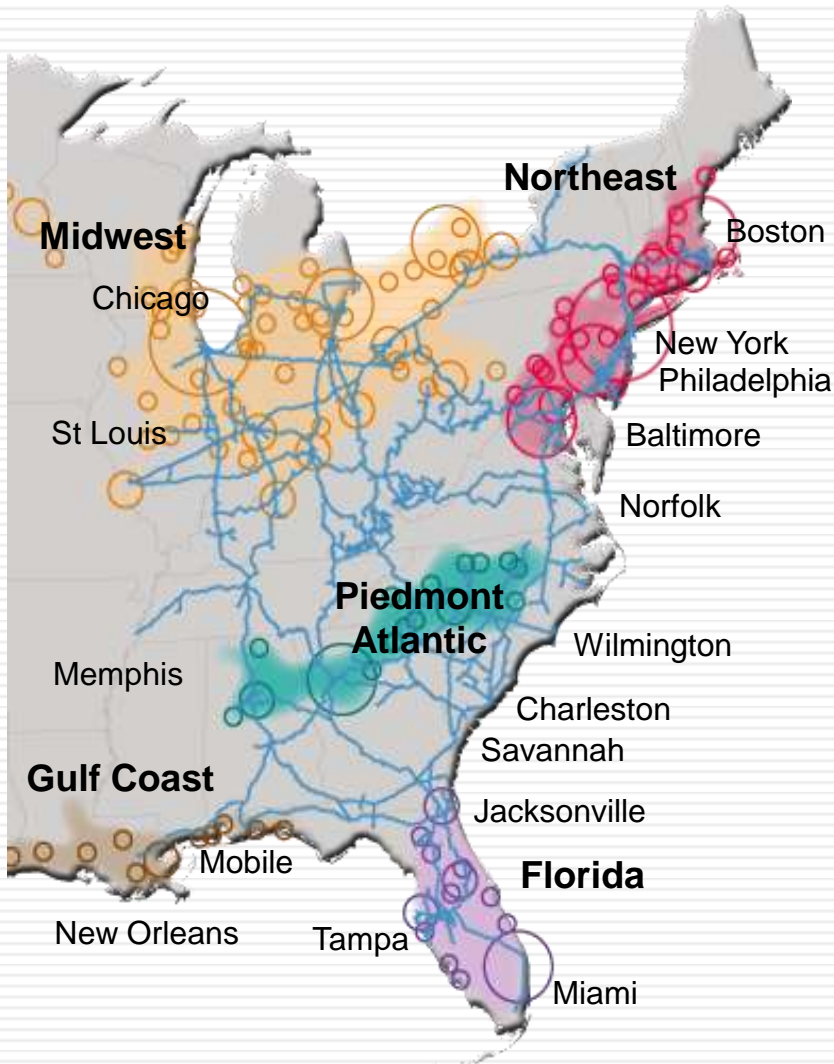


We access multiple ports throughout the Eastern U.S.



- Cargo potential defined by vessel calls, trade routes & frequency
- Relationships with port officials, operators & stevedores
- Rail access to specific terminals
- Increased competition amongst ports for discretionary cargo

From these ports, CSX serves 2/3 of U.S. population



American consumption drives freight movement



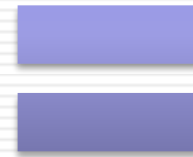
More freight challenges as population increases

2020

+30 million
more
people



1.2B more
tons of
freight



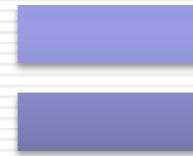
Train that
wraps
around the
earth 7X

2040

+76 million
more
people

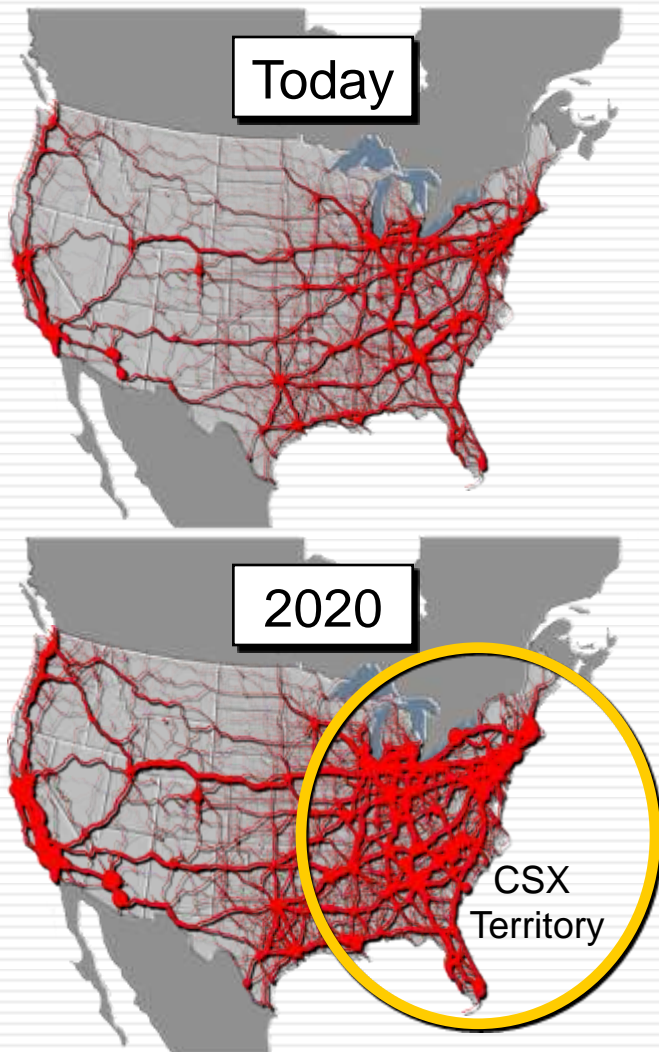


3.0B more
tons of
freight



Train that
wraps
around the
earth 17X

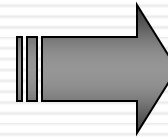
Longer-term competitive environment will favor rail



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

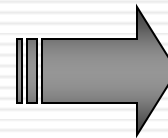
Rail provides sustainable transportation solutions

- Safest and most secure mode of surface transportation



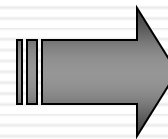
Reliable

- One train can carry the load of 280 trucks



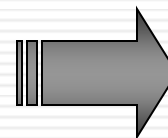
Efficient

- A ton of freight 469 miles on one gallon of gas



Green

- Capital investment relies principally on private funds



Sustainable

Major railroads invest heavily in capital projects

PORT RELATED INVESTMENTS



\$2.3 B

- National Gateway connecting East Coast ports to Midwest



\$2.0 B

- Heartland Corridor connecting Hampton Roads to Midwest



\$4.1 B

- Inland intermodal facility at Kansas City to support West Coast imports & exports



\$3.6 B

- Over \$1.2 Billion invested in intermodal terminals since 2000

Total Capital Investment for Major Railroads in 2013: Over \$15 Billion

There are several factors driving freight shifts

Energy supply & demand
Manufacturing reshoring
Grain trade

Global production shifts
Suez & Panama Canal route
More productive vessels

Increased N.A. production
Stable workforce
Emerging market demand

Bulk

Break-bulk

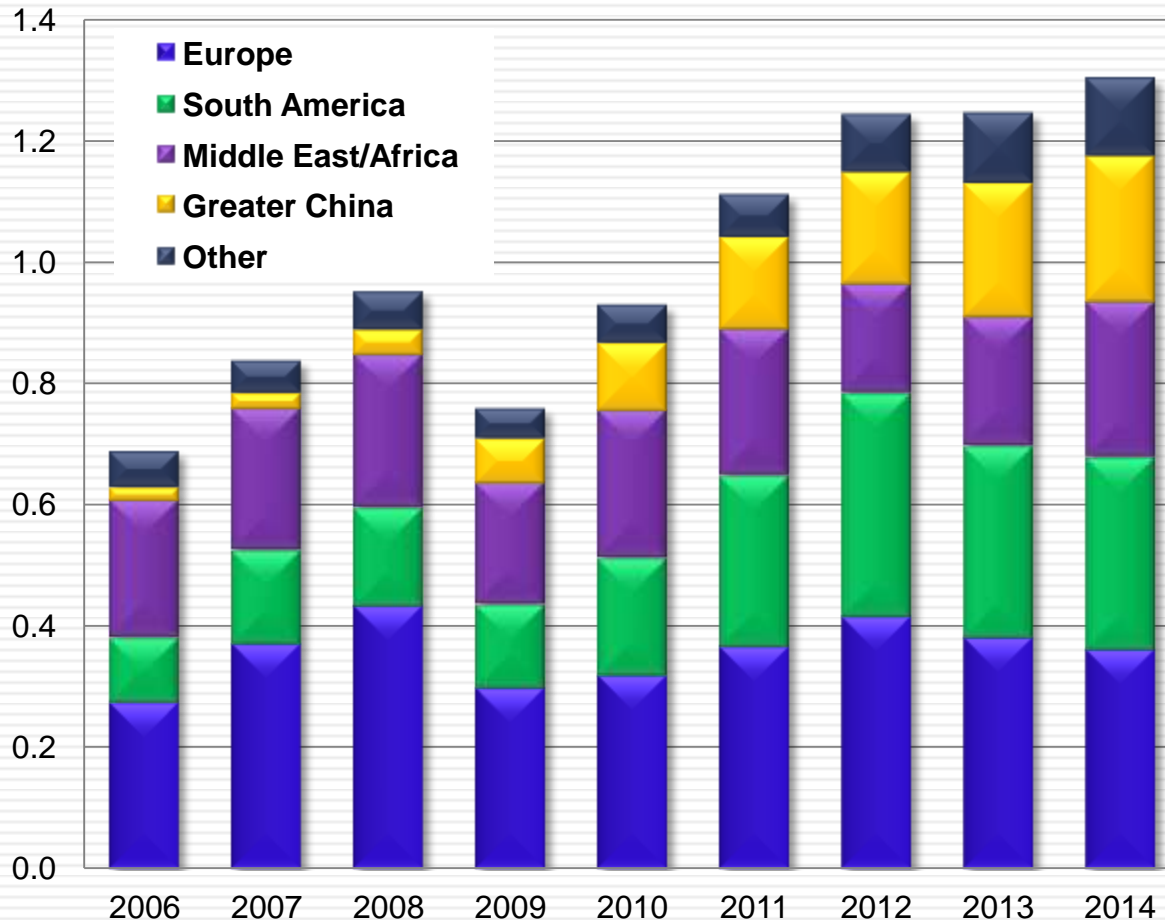
Containers

Auto

Roll-on, Roll-off

Automobile exports forecast to remain strong

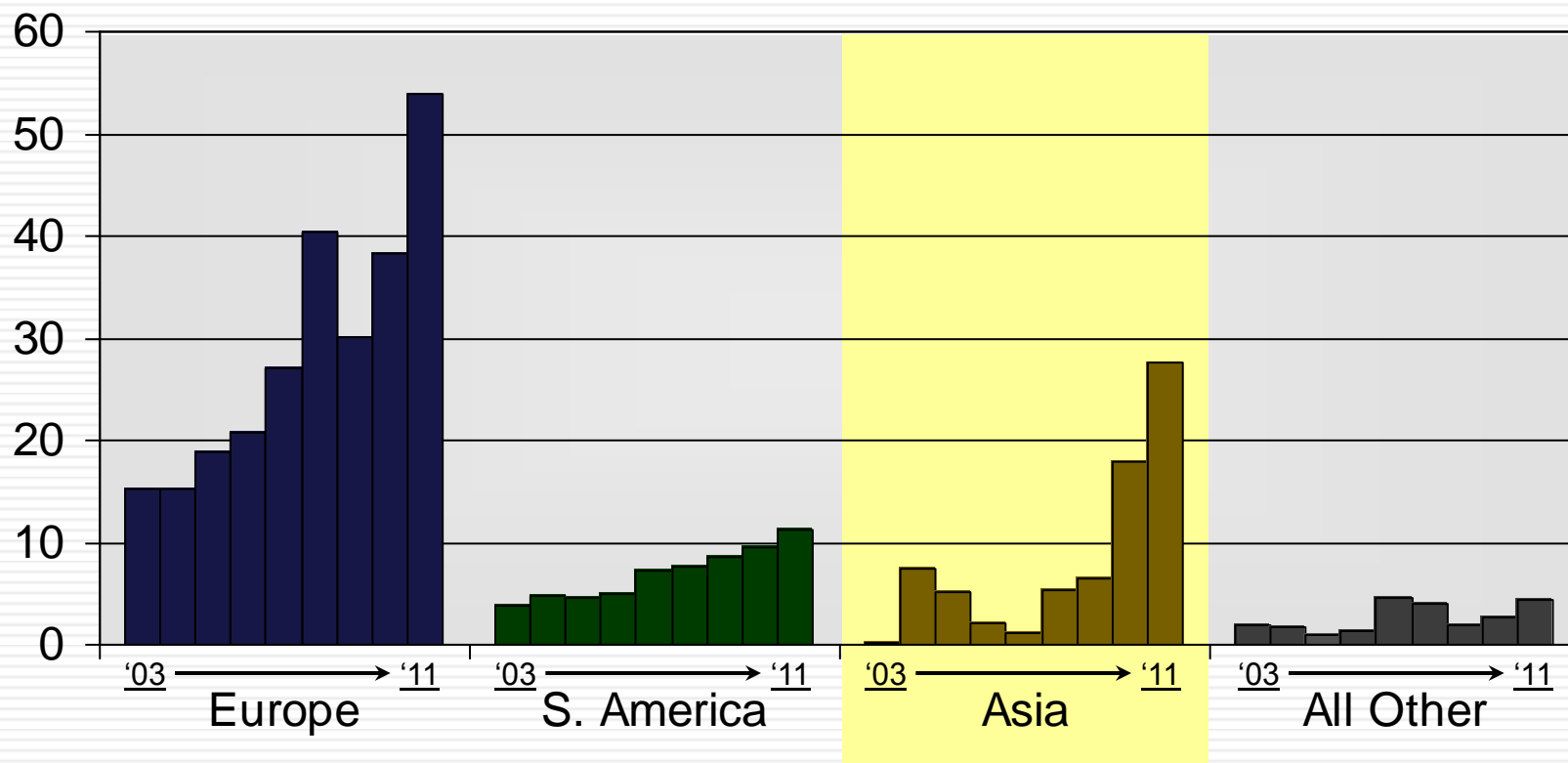
North American Light Vehicle Exports



- Global platforms allows for “export ready” product
- Increased Mexico production
- Expanded luxury segment capability
- EU sovereign debt crisis tempers EU exports
- BRIC demand grows

Seaborne demand for U.S. coal is increasing

Total U.S. Seaborne Coal Exports
(net million short tons)



Break-bulk supply and demand is evolving



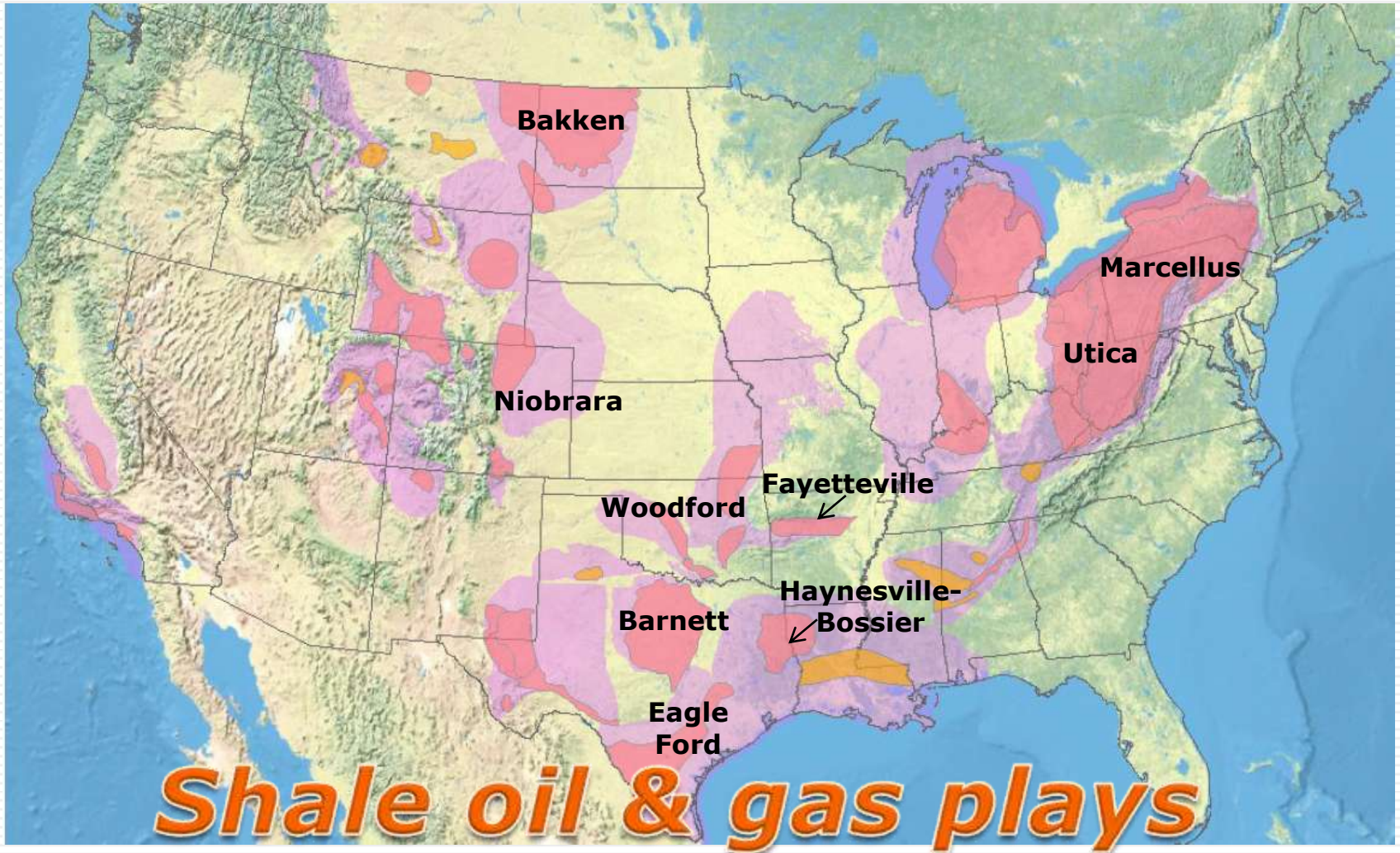
- Expansion of low cost Brazilian eucalyptus pulp production
- North American shift from net importer to net exporter of paper products



- Ongoing consolidation and production shifts in steel industry
- Pipe demands from U.S. shale gas and oil increases

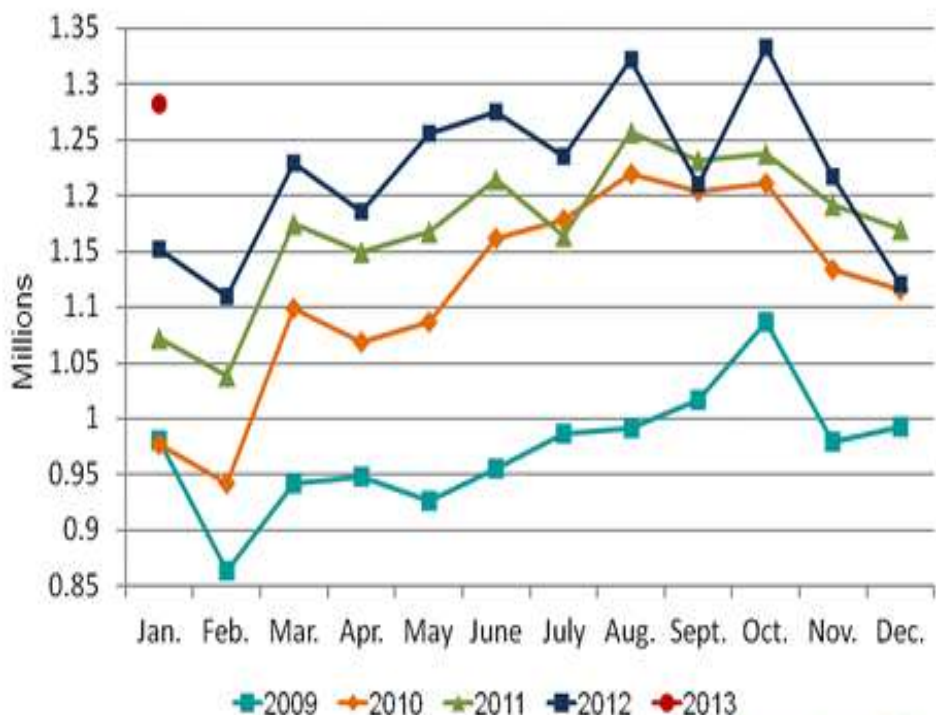


Lower energy costs helping manufacturing and exports



Intermodal traffic has been consistently growing

2009-2013 North America
Yearly Traffic Totals by Month



Source: IANA Intermodal Market Trends and Statistics



■ Domestic

- Double-digit growth
- Aggressive reinvestment
- Trucking industry headwinds

■ International

- Difficult 4th Qtr. '12
- Hurricane Sandy
- Labor strike threats
- Year-over-year growth expected

Competitive ports have excellent rail connectivity

Bulk

- Silos & storage terminals

Break-bulk

- Distribution center & warehouses

Roll-on, roll-off

- Parking & storage pads

Containerized

- On-dock transfer facility

- Efficient rail access, loading & unloading capability
 - *Minimizes dwell time*
 - *Enables safe product handling*
 - *Ensures competitive logistics cost*

Major developments at key East and West Coast ports

**THE PORT AUTHORITY
OF NEW YORK & NEW JERSEY**

- Bayonne Bridge Navigational Clearance Program

PORTCHARLESTON

- Recent agreement on ICTF location

JAXPORT
JACKSONVILLE PORT AUTHORITY 

- Securing authorized funding to fix immediate and longer-term channel depth issues

LA  **THE PORT
OF LOS ANGELES**

- \$138 million on-dock rail yard connection to the Alameda Corridor

 **PRINCE RUPERT
PORT AUTHORITY**

- \$88 million road, rail and utility corridor

Shaping public perceptions is essential to gain funding

DRIVERS

- *Import/Export demand*
- *Panama Canal expansion*
- *Discretionary cargo*
- *Economic development*

ACTIONS

- *Draft deepening*
- *Attracting industry*
- *Road/rail improvements*
- *Securing funding*

RESULT

- *Ensuring rail access*
- *Infrastructure funding*
- *Managing perception*
- *Gaining broad support*

Global trade being stimulated by several factors

**Greater
supply chain
focus**

**Changing
energy
sources**



**Improved
railroad
connectivity**

**Increased
funding
requirements**



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