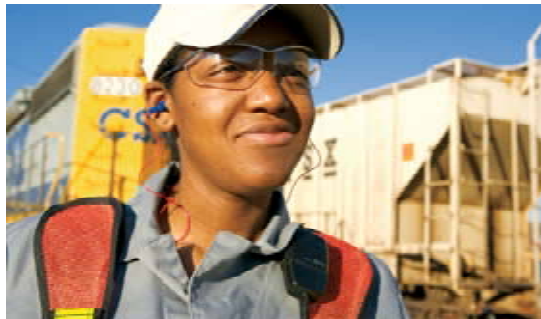


*How tomorrow moves*



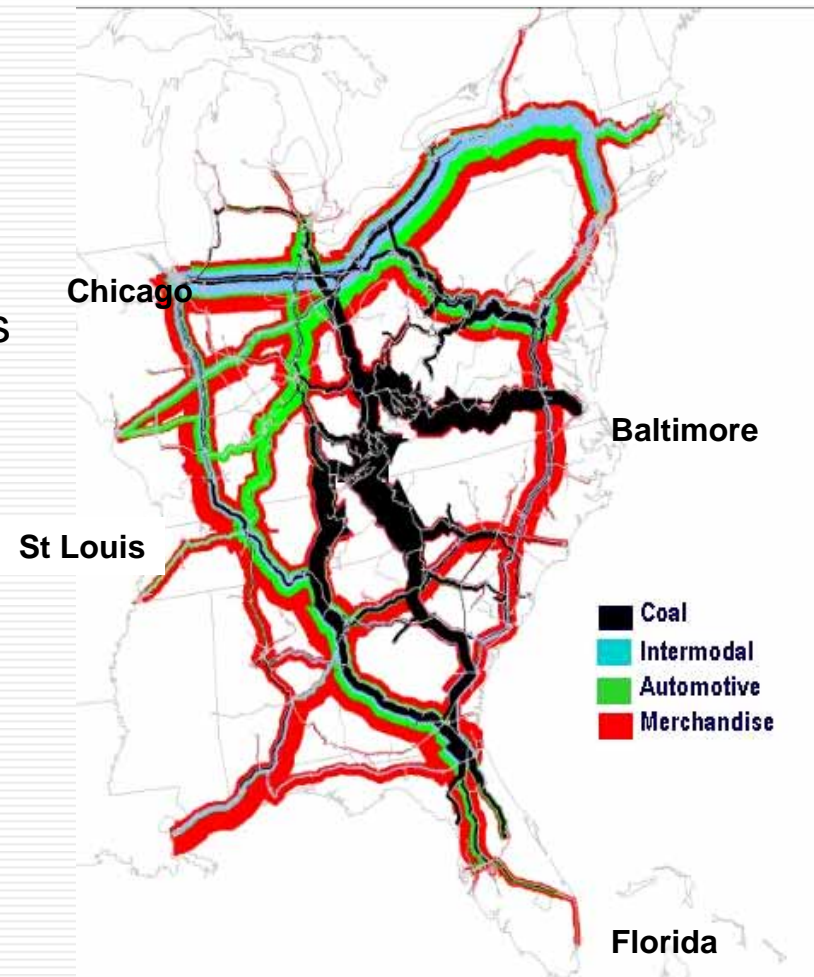
CSXT Presentation to CTA Membership  
December 3, 2007

# General Coal Statistics - Profile

- Many O-D Pairs
  - Over 125 Active Loading Facilities
  - 22 Rate Districts
  - Over 110 Receiving Facilities
  
- Three Major Producing Regions (2006)
  - Central Appalachian (66% ~ 1.1 million carloads)
  - Northern Appalachian (19% ~ 300,000 carloads)
  - Illinois Basin (6% ~ 100,000 carloads)
  
- Equipment Profile (2007 average daily count)
  - ~ 24,000 private railcars
  - ~ 20,000 CSX-owned railcars
  - ~ 575 locomotives

# Coal is the Heart of the CSX System

- Source shifts require significant lead time for infrastructure development
  - Coal production
  - Scrubbers / Technological hurdles
  - BTUs
- Rail is a fixed network
  - Highly capital intensive
  - Rigid
  - Limited flex capacity



# Managing Volume & Variability

Planning assumes level traffic flows

— + 1 million tons = + 100 trains

+ 4 locomotives \$8 million

+ 200 railcars \$12 million

\$20 million

Managing volume growth

— Corridor capacity (# of Slots)

— Equipment

— Crew base

Managing volume spikes

Scheduling

# OTC Contract Size vs Optimal Train Size

- CSXT has stated goals for increased train size
  - 130 cars per train (North)
  - 110 cars per train (South)
- Slot capacity utilization is critical in peak periods
- 10,000-ton trains sub-optimize the available capacity
- OTC customers push for contract terms to match contract volume
- Loading dates are not guaranteed --- shifts may impact month of delivery especially at peak loading

# Efforts to Increase OTC Train Size

- CSXT will increase its efforts to make large trains economically attractive
- Contract negotiations
  - Financial incentives in new contracts / renewals
    - Rate Discounts for trains > 10,000 tons
    - Rate Premiums for trains < 10,000 tons
- Tactical decisions
  - Combine three orders into two shipments
  - Buyer purchases fillout coal

# How can CSXT and CTA work together to synchronize optimal train size with OTC contracts?

- Contract flexibility / tonnage range?
- Excess-ton allowance?
- 15,000 tons contract?
- Combinable Mini's (5,000-ton) contracts?
- Other ideas?