

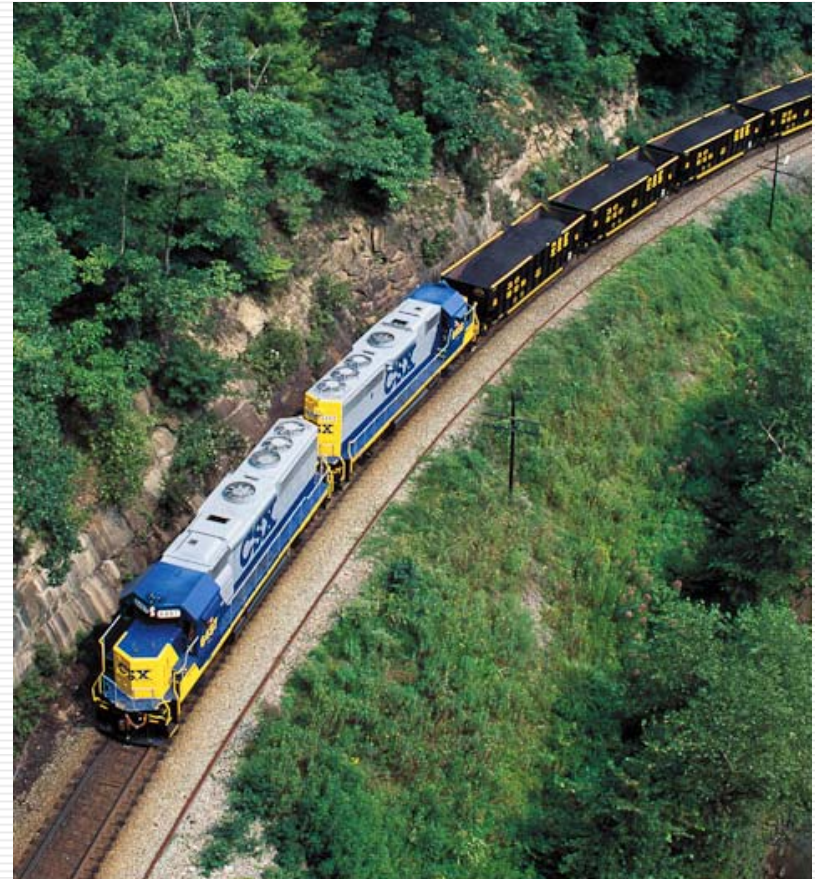
*How tomorrow moves*



**NCTA Fall L&P Meeting  
October 22, 2009  
Ponte Vedra, FL**

# Today's discussion

- Market outlook :
  - Continuation from last meeting (12 Mar 09)
  - 2009 year to date actual and outlook
  - 2010 Preliminary Indications
- Shared Productivity Initiative
  - More tons per car



# Revisiting the 2009 Outlook now as of Oct 2009

- Overall coal volume expected to be unfavorable 5-6% compared to 2008, but now at 13%
  - Majority in Export and Integrated Domestic Steel
    - Export Met remains a mystery pending April settlements, mystery is over and some met life noted
  - 2<sup>nd</sup> Half 2009 Domestic Utility Market not yet clear, but now it is and it is very unfavorable
- Not clear that many if any open market transactions / physical deliveries are occurring to support price discovery and that really hasn't changed
- Production sources demonstrating discipline and cost control focus so nobody is producing weekends or on over time
- Conflicting flows have almost totally disappeared for 2009 and have remained "gone"
- Sourcing shifts away from CAPP still not evident and no change has been noted

# 2009 Year to Date Key Points

## ■ YTD Summary

- Domestic utility unfavorable 9% with the greatest variance in Q3
- Export unfavorable, but right on projected outlook
- Integrated steel also unfavorable but also on outlook

Q3	<u>2008</u>	<u>2009</u>	<u>Variance</u>	<u>% Change</u>
UTILITY	37.20	31.36	-5.8	-16%
OTHER	4.36	3.92	-0.4	-10%
EXPORT	6.92	5.53	-1.4	-20%
TOTAL COAL	48.48	40.82	-7.7	-16%

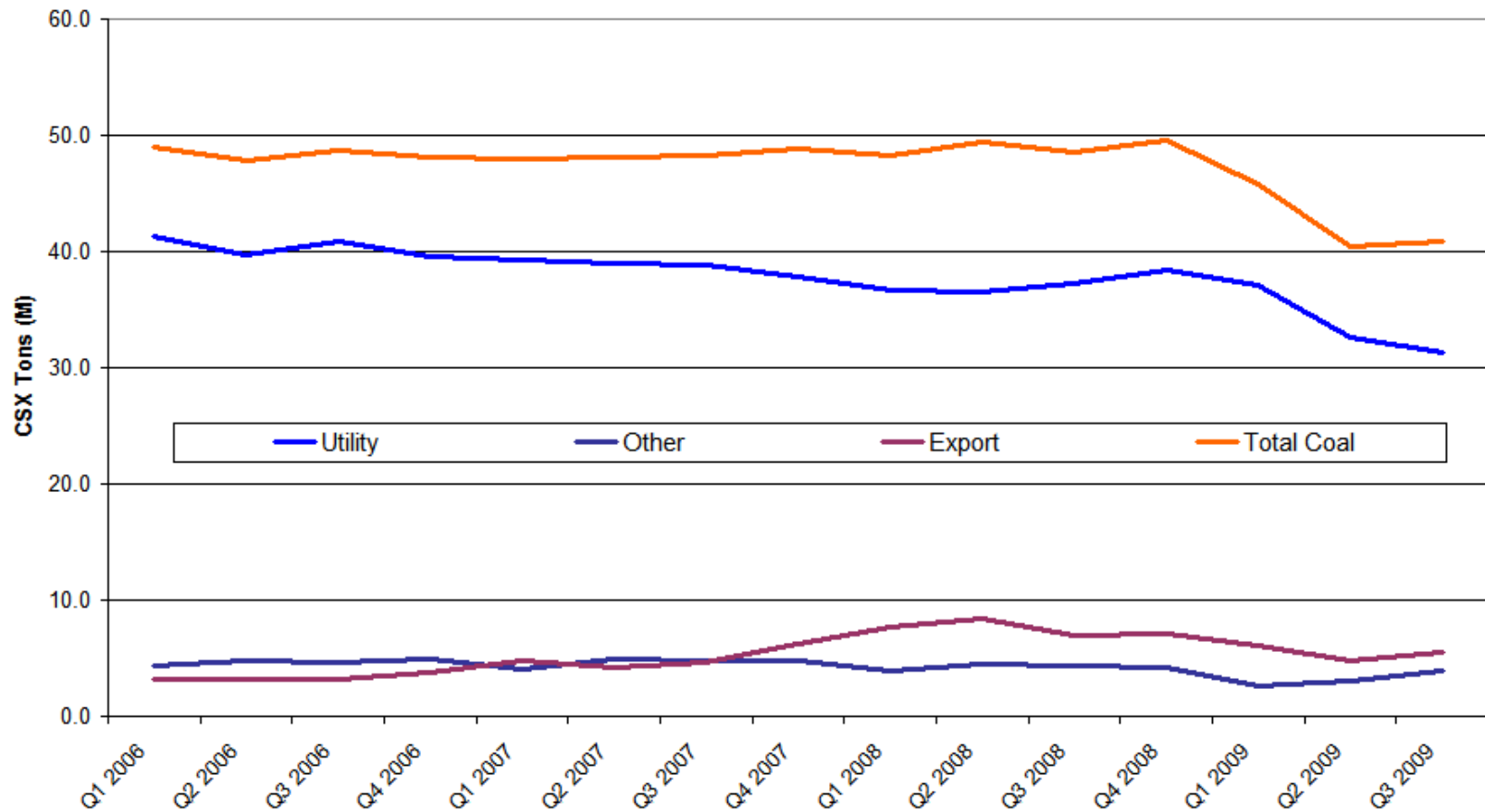
## ■ Coal Sourcing YTD

- CAPP & NAPP down 11.3M tons
- PRB down 3.6M tons
- IL Basin down less than a half a million tons

YTD	<u>2008</u>	<u>2009</u>	<u>Variance</u>	<u>% Change</u>
UTILITY	110.36	100.97	-9.4	-9%
OTHER	12.85	9.65	-3.2	-25%
EXPORT	22.97	16.43	-6.5	-28%
TOTAL COAL	146.18	127.04	-19.1	-13%

# CSX Coal volume has a distinct change noted after Q4 2008

CSX Externally Reported Quarterly Coal Tons Jan 06 - Sept 09



# And the CSX change is not unlike the US Eastern Power Sector change



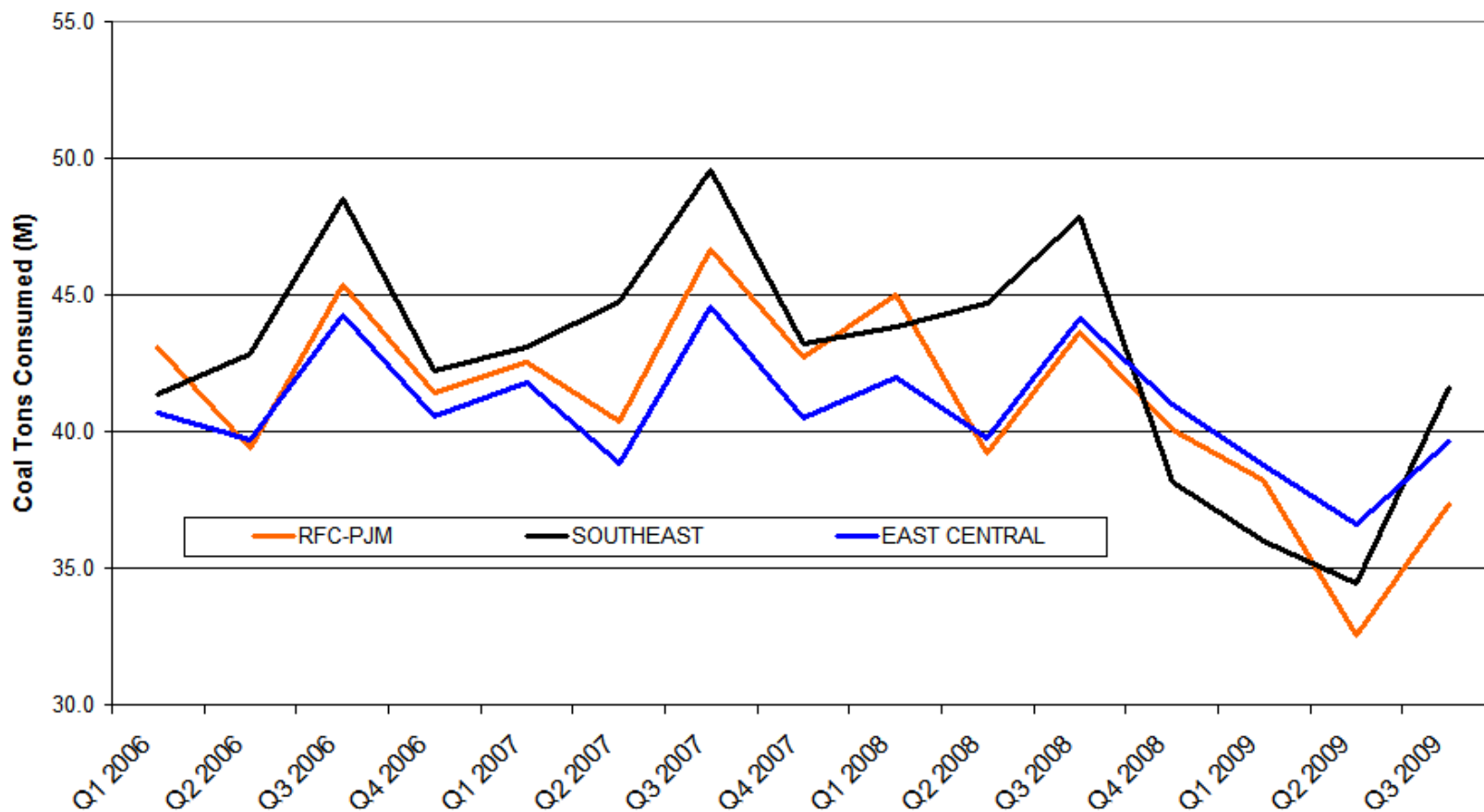
## Eastern Power Sector Coal Tons Consumed

	RFC-PJM	SOUTH EAST	EAST CENTRAL	Eastern Consumption
CY06	169,254	174,973	165,181	509,408
CY07	172,237	180,606	165,742	518,585
CY08	167,915	174,491	166,852	509,258
CY09 9-3	146,774	148,901	154,750	450,425

Source: PIRA

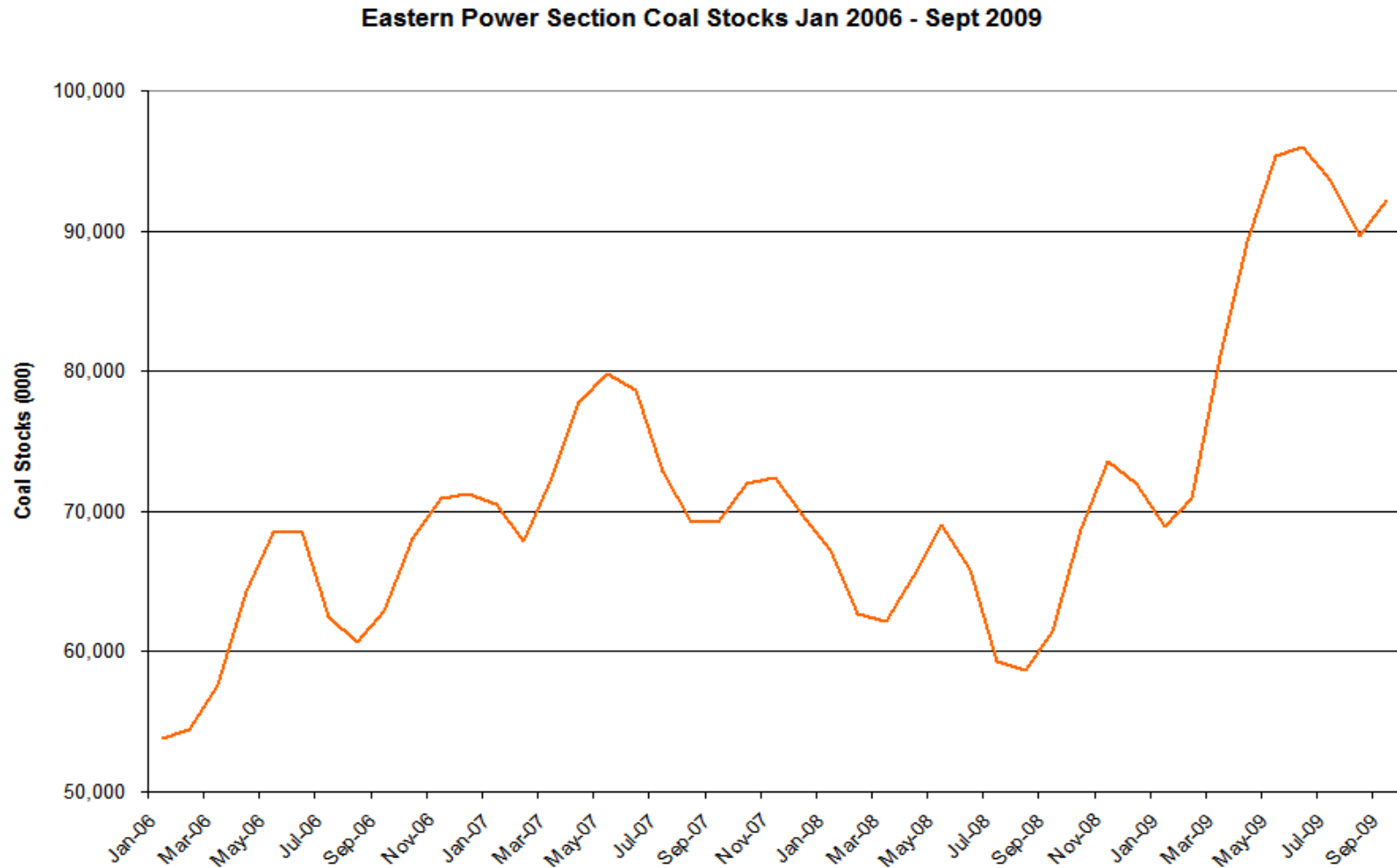
# Coal consumption has a distinct change starting in Q4 2008

PIRA: US Electric Power Sector Regional Coal Consumption Jan 06 - Sept 09



Source: PIRA

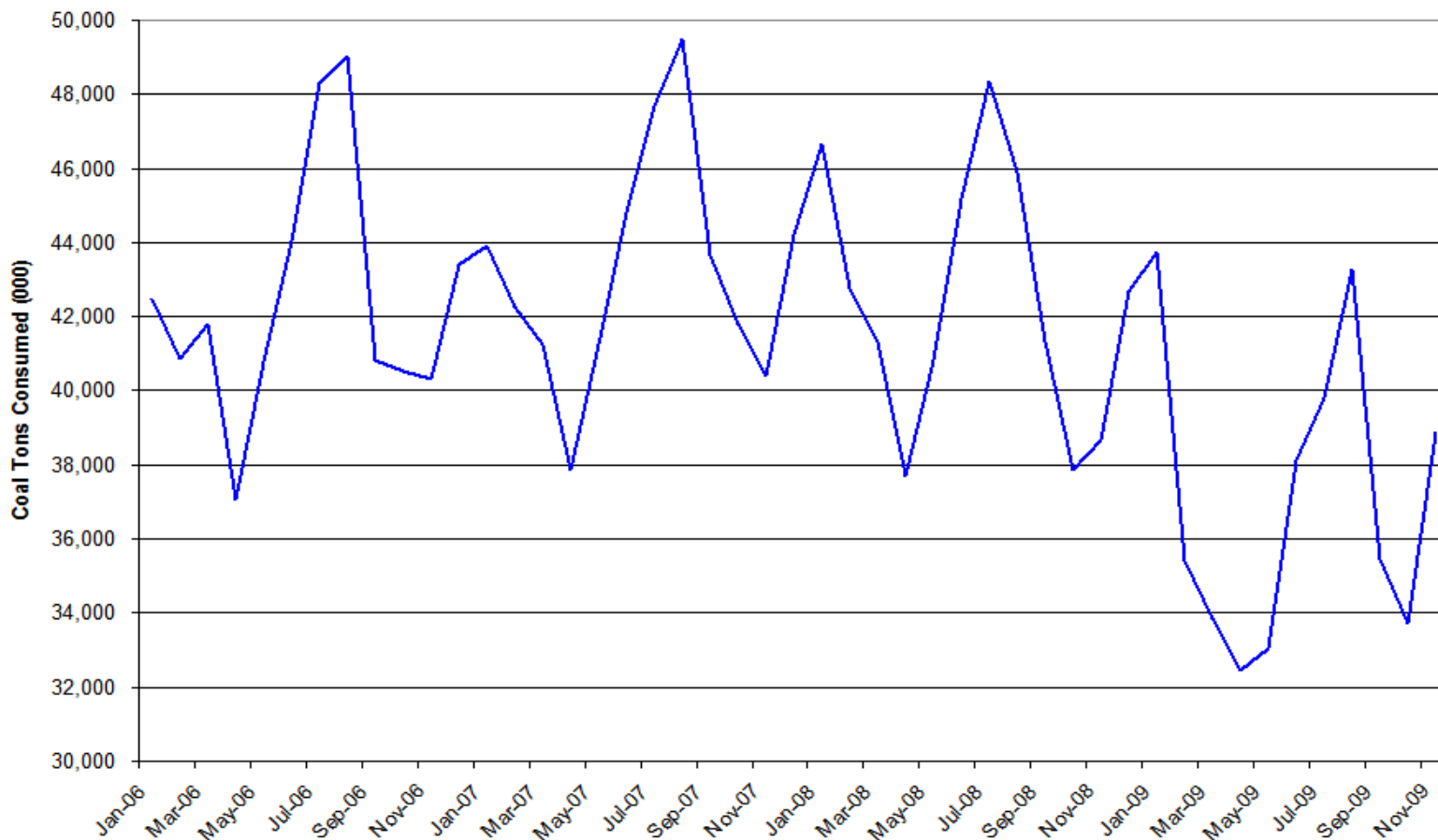
# Eastern Power Sector coal stocks have grown at sharp rates and levels throughout 2009



Source: PIRA

# Eastern Power Sector coal consumption reflects recent diminished levels and sharp decreases in 2009

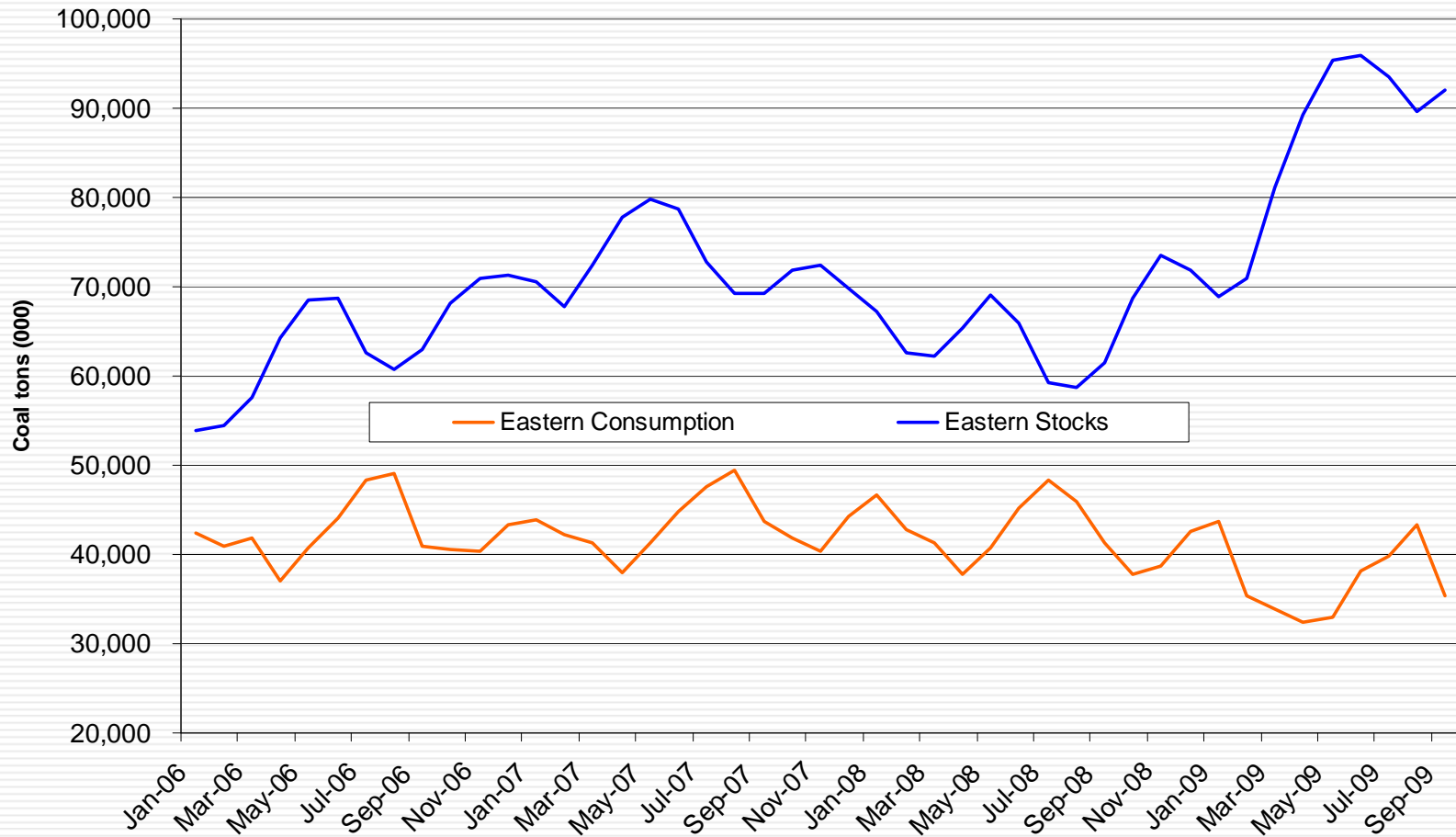
Coal Consumption in Eastern Generating Regions Jan 2006 - Sept 2009



Source: PIRA

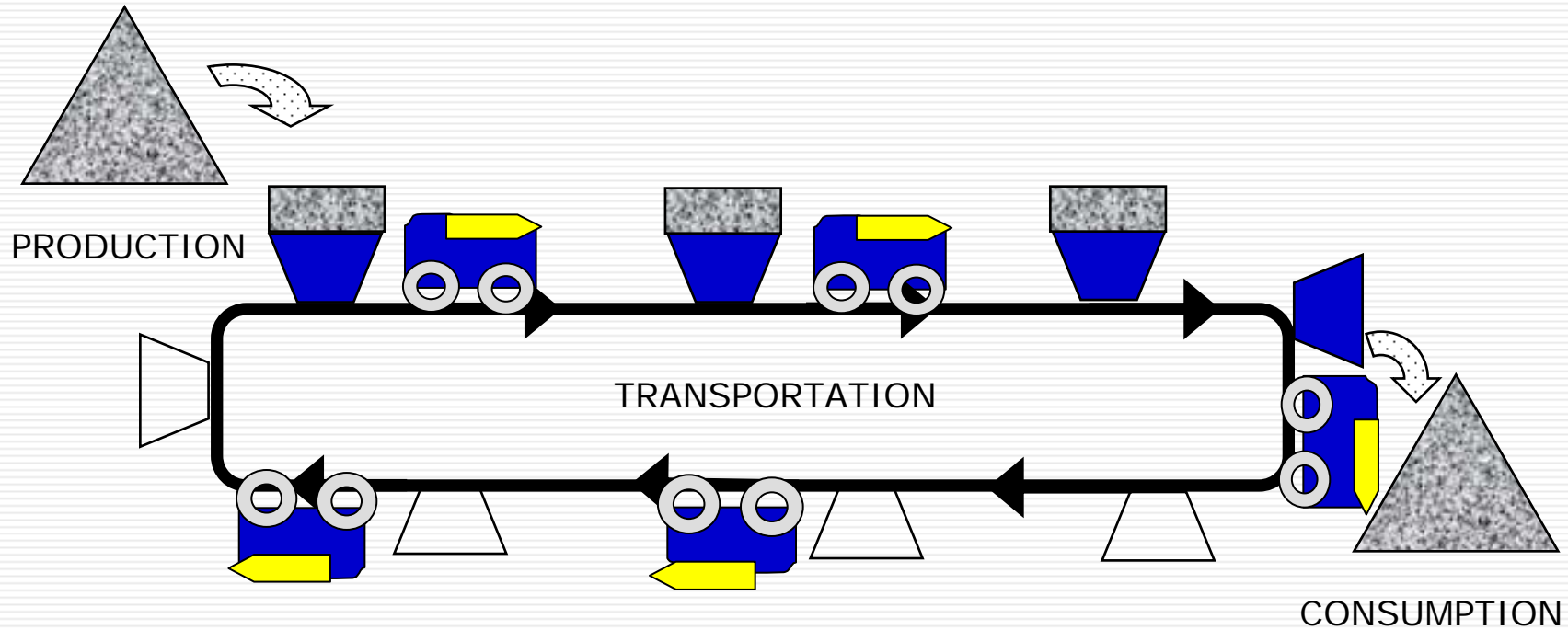
# Combining consumption and stock piles reflects current demand conditions as of Q4 2009

Eastern Power Sector Coal Consumption and Stockpiles Jan 2006 - Sept 2009



Source: PIRA

# How can we all become smarter on “the system”?



# CSX Productivity Fundamentals

- Fundamentals
  - More tons per car
  - More cars per train
  - Minimize when the train is stopped

# CSX Productivity Fundamentals and Initiatives

## ■ Fundamentals

— More tons per car

- Percent of 286 equipment used

- *Producer lading*

— More cars per train

- Ideal train size – challenge current constraints

— Minimize when the train is stopped

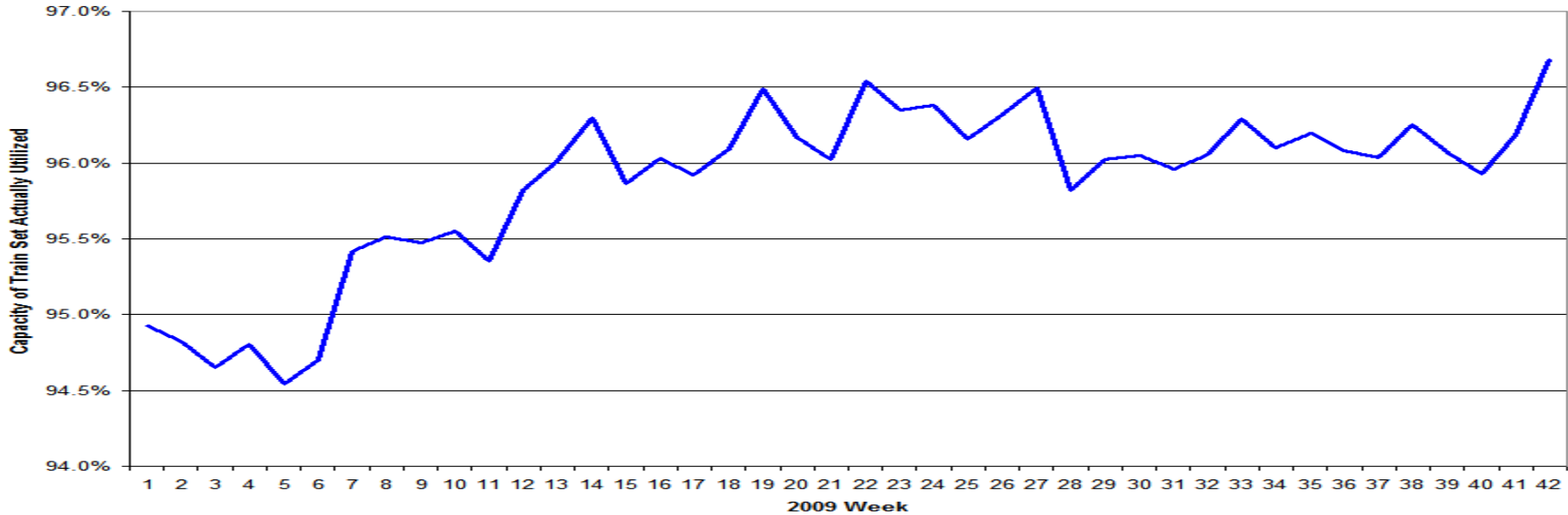
- Destination dwell

- Origin dwell

- Transit time

# A favorable shared productivity gain has been noted, but loading by skilled eye is still well behind certified scales

**Sum of Sum of Capacity Utilization**



Scale Type	Sum of Total Tons Requested	Sum of Train Max Capacity Tons	Sum of Updated Train Loaded Weight Tons	Sum of Mine loading to Requested Tons	Sum of Total Cars Requested	Sum of Total Cars Waybilled	Sum of Updated Tons per Cars Waybilled	Sum of Sum of Capacity Utilization	Sum of Requested TPC	Sum of Actual TPC	Sum of Max TPC
Batch	72,794,082	77,711,802	75,467,027	104%	686,056	678,790	111.2	97.1%	106.1	111.2	114.5
Belt	16,531,850	17,639,832	17,012,141	103%	152,375	151,409	112.4	96.4%	108.5	112.4	116.5
None	20,017,503	21,864,974	19,910,642	99%	192,859	191,420	104.0	91.1%	103.8	104.0	114.2
Trk/Belt	3,289,600	3,873,165	3,686,740	112%	32,242	31,879	115.6	95.2%	102.0	115.6	121.5
<b>Grand Total</b>	<b>112,633,035</b>	<b>121,089,772</b>	<b>116,076,549</b>	<b>103%</b>	<b>1,063,532</b>	<b>1,053,498</b>	<b>110.2</b>	<b>95.9%</b>	<b>105.9</b>	<b>110.2</b>	<b>114.9</b>

# Summary

- Fall Meeting should be interesting
- Uncertain market conditions, signals and trends begs for regular communications
- These are not necessarily the brightest days for coal heading into 2010

