

How tomorrow moves



NCTA Fall L&P Meeting
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Charleston WV

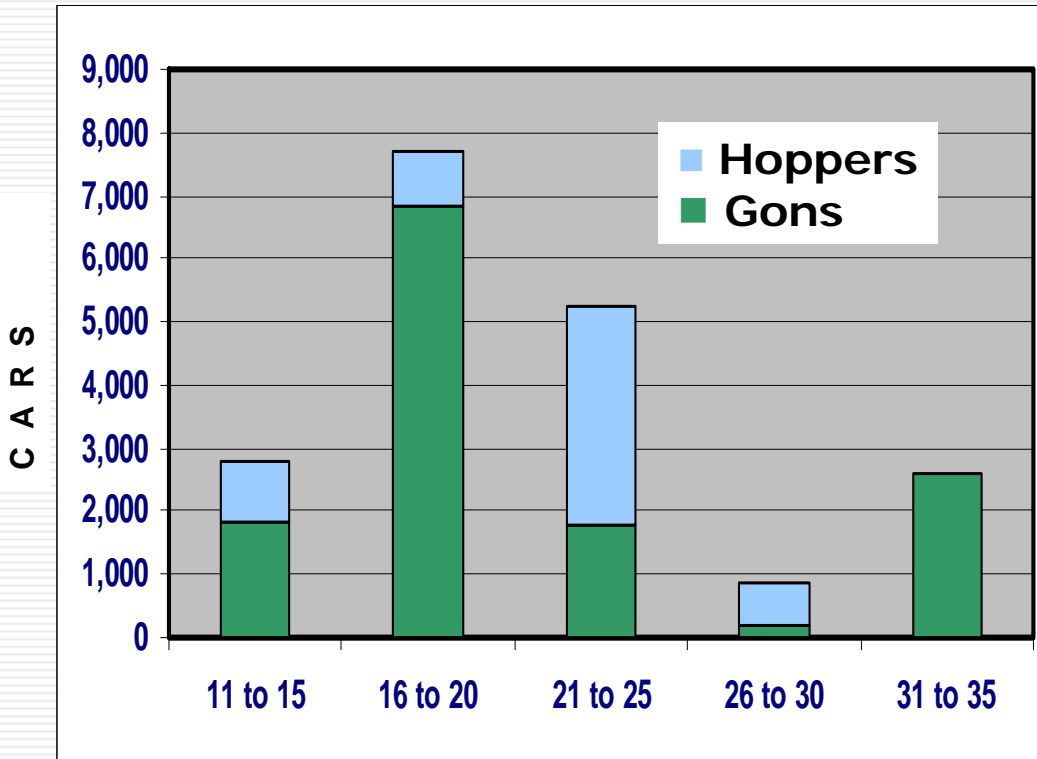
Today's discussion

- **CSX Coal Car Fleet**
- **Car Fleet Privatization**
- **Market Outlook : Remainder of 2007 & Preliminary 2008**
- **Productivity Focus : Minimize when a train is stopped**



Managing CSX coal car supply has challenges

CSXT COAL CAR FLEET



**REMAINING LIFE
(IN YEARS)**

- Useful life of a coal car is 40-50 years of age
- CSX will lose 55% of the coal car fleet in 20 years
- Investment has been cyclical - “level” investing needed
- Capital spending for 2008 will increase 50% above the last 3 year average

Private coal cars operating on CSX have increased by 21%

- 2004 Private Fleet : 19,456 cars *
- 2005 Private Fleet : 20,891
- 2006 Private Fleet : 22,016
- 2007 Private Fleet : 23,446

•*daily average cars on line*

Q3 2007 : 36% (18M tons) coal moved in CSX cars



Guidelines for new private cars also target maximum fleet productivity

- 286,000 lbs. gross weight capacity only
- Aluminum construction
- High cube/high capacity design, capable of carrying 116-122 tons of coal
 - No more than 50,000 lb tare weight
 - At least 4,000 cubic ft capacity
- Rotary dump gondola cars preferred for new customers
 - Gondolas hold more coal



CSX will continue to endorse coal fleet privatization

At high volume destinations (+2M tons annually), additional fleet efficiencies can be achieved

- Self-unload and switching
- Release empty trains sized and ready for the next origin loading
- Destination performs brake test & mechanical inspection
[FRA qualification needed]
- Store and manage spare cars at destination
- Use on-site repair shop to fix minor problems

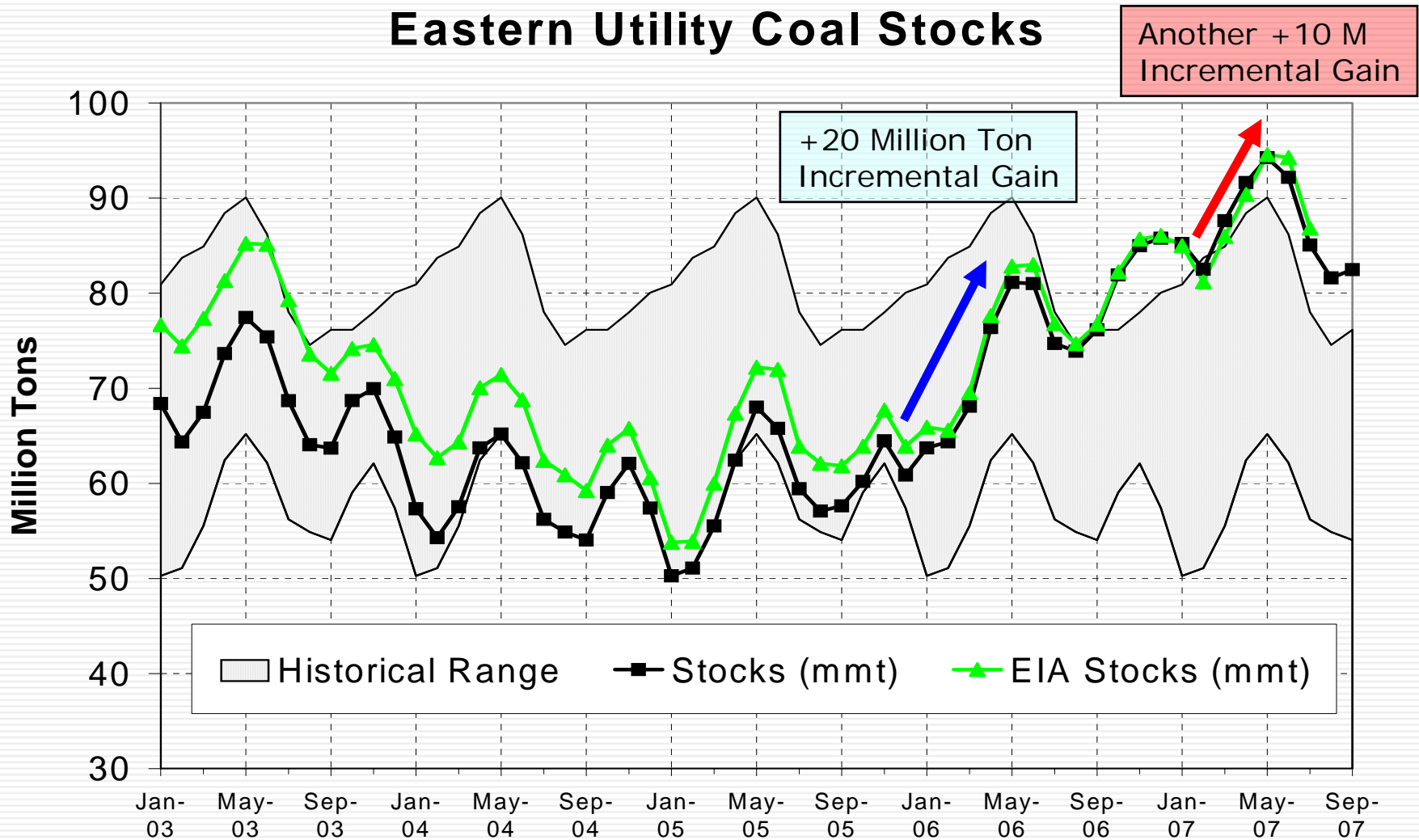


To support the best practice guidelines, CSXT will publish Private Car Circular 8082

- CSXT Circular 8082 will standardize private car rules
 - Effective January 1, 2008
 - Circular will be incorporated into **new** contracts
 - Rail transportation contracts will continue to include:
 - Private car rates/discounts
 - Private car fleet and trainset requirements
 - Customer specific cycle time commitments
 - Circular clauses will be applied as appropriate

My May '07 assessment was off; Stockpiles still grew

Eastern Utility Coal Stocks



Q4 Outlook to finish 2007

- Down in volume 1-3% in all markets except Export
- Northern utility customers report inventories closer to historic while Southern utilities are well above
- Integrated steel down slightly
- CSX system car fleet stressed by Export demand
- Some private car sets are currently sitting

2008 Preliminary Outlook

- Export remains favorable for both met and steam quality coals
- Utilities down 5-6% in total volume
- Integrated Steel flat
- No significant sourcing shifts have been communicated
- 180-185 million tons of coal expected for resource planning
- Nothing new communicated relative to import, IL basin, PRB or CO coals heading to new destinations or in significantly different volumes

Dwell time focus : Minimize when train is sitting

- Total System Integration (TSI) has four aspects relative to coal (and 2006 baseline measurements)
 - Ideal train size; 83%
 - 286K equipment; 51%
 - Destination dwell; 48.1 hours
 - Origin dwell; 16.3 hours
- Working to reduce noise in the data sources and measurements
 - Incremental AEI readers
 - Automated placement
 - ShipCSX automated release
 - Historic release
- Destination dwell provides the greatest opportunity for improvement
- Teams out “walking the tracks” right now
- Origin baseline favorable
 - Fast loaders (92%), 24hr loadouts (7%), single car (1%)
 - Fast loaders : Batch (66%) non-batch (34%)

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

