



National Gateway &
Montreal Expansion
Eastern Border
Transportation Coalition
September 2013



Trucking challenges encourage modal conversion

Decreasing Driver Supply

- Regulatory restrictions
- Aging driver population
- Quality of life challenges

Increasing Highway Congestion

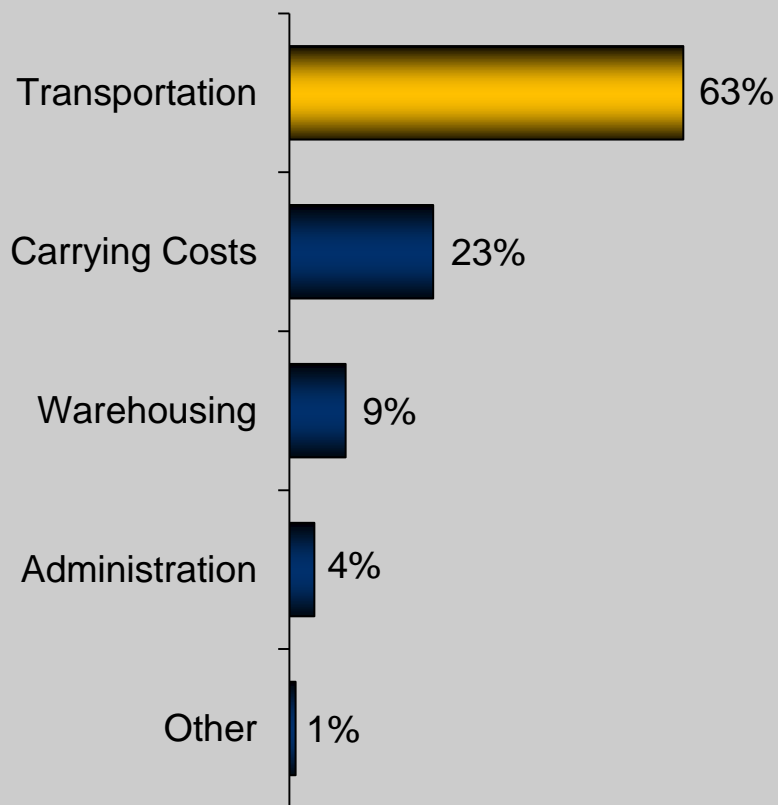
- Projected U.S. freight increases
- Aging highway and bridge infrastructure
- Significant public funding gap

Fuel Cost

- Rising diesel prices
- Alternate fuel sources require major investment

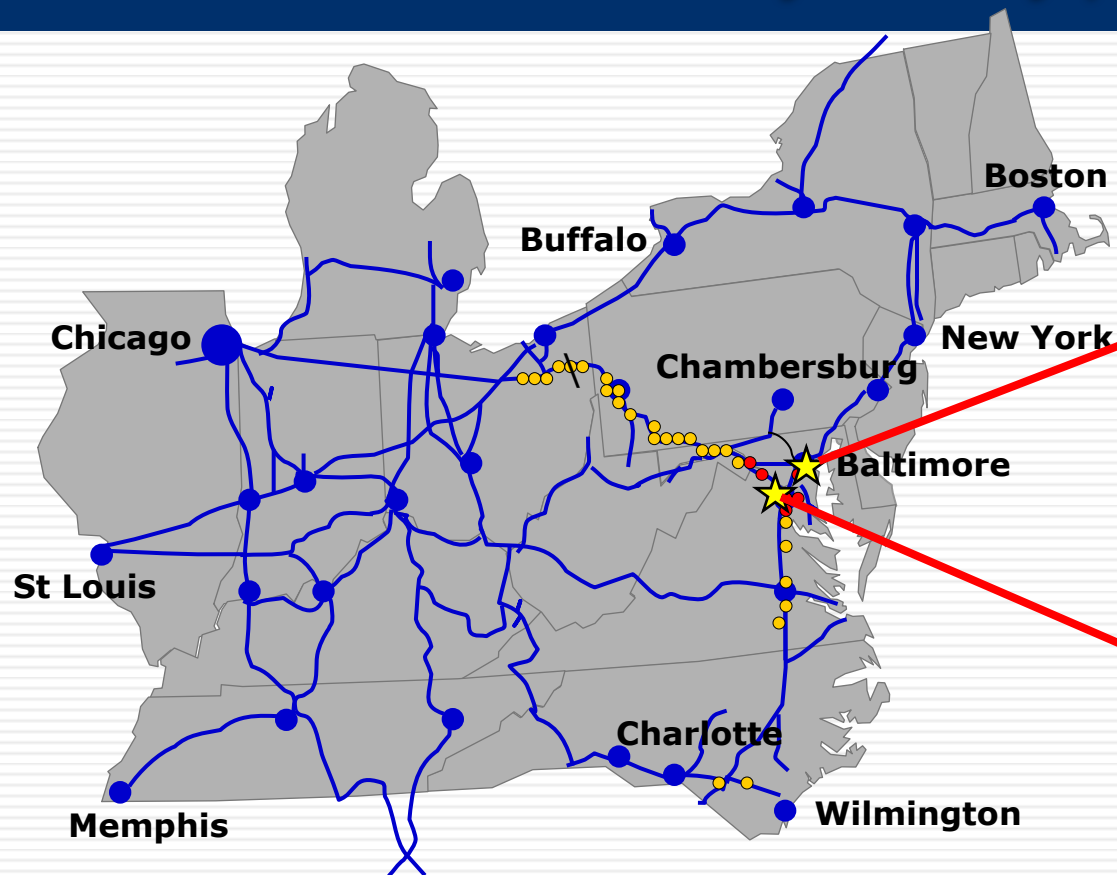
Shippers striving for cost savings and sustainability

2011 Logistics Cost Breakdown



- Companies implementing strategies to achieve savings
 - *Supply chain simplification*
 - *Near-sourcing of manufacturing*
 - *Use of optimization software*
 - *Alternate transportation mode use*
- Corporate sustainability initiatives gaining visibility
 - *Rail is the most fuel efficient form of ground transportation*
- Intermodal well positioned to deliver both

The National Gateway: A key part of the solution



- National Gateway Projects in the DC Metro area
- Other National Gateway Projects
- ★ Virginia Avenue Tunnel and Baltimore-Washington Rail Intermodal Facility

The Northwest Ohio (NWO) Terminal

Foundation of the hub and spoke connectivity advantage

Strategic Importance

- Enhanced connectivity of the network design enables flexibility
- Central element of the National Gateway: superior access from East Coast ports to the Midwest

Network Advantages

- Streamlined coast-to-coast service
- Efficiencies improve service performance

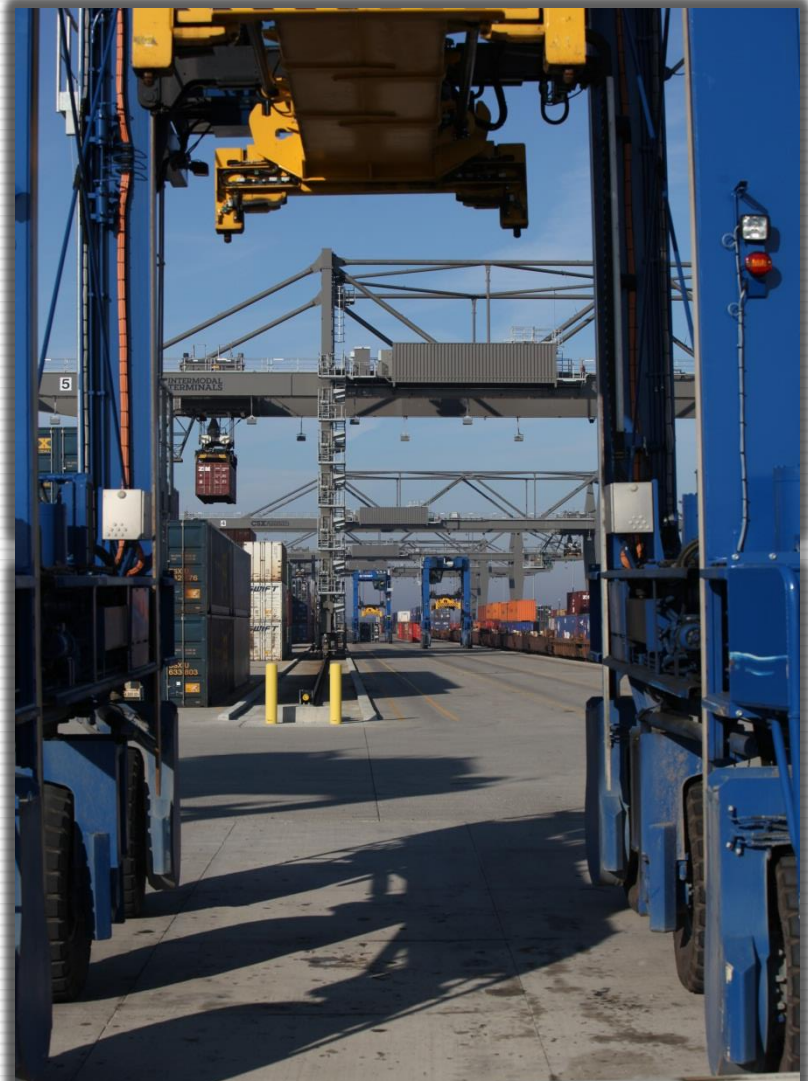
Service Expansion

- Regular new service offerings
- Competitive transit time

Innovative Design

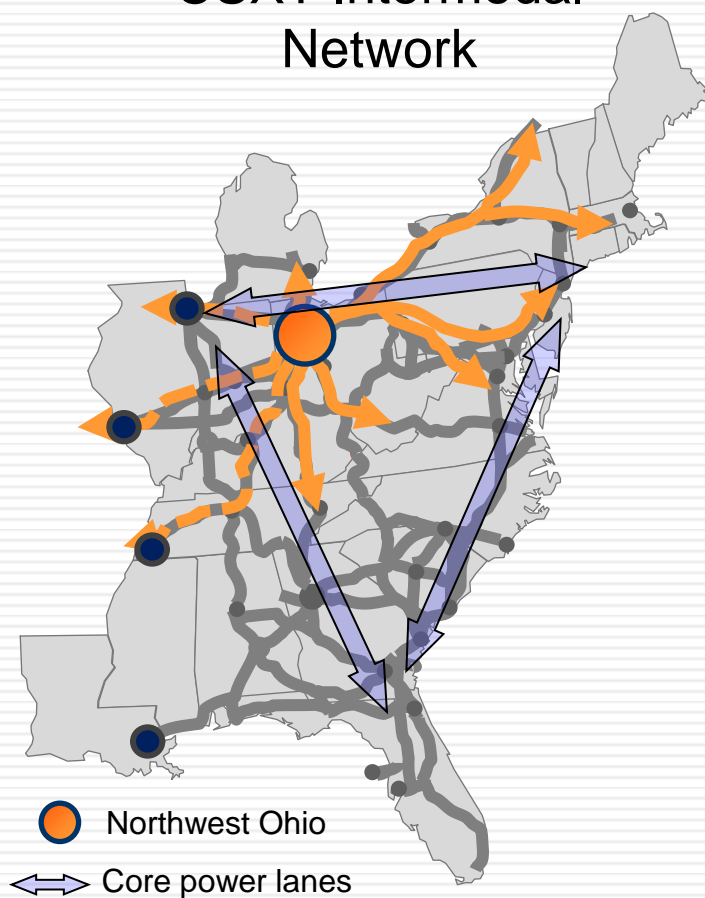
- State-of-the-art terminal technology and equipment
- Environmentally-friendly, contributing to greener supply chains

Northwest Ohio terminal innovation



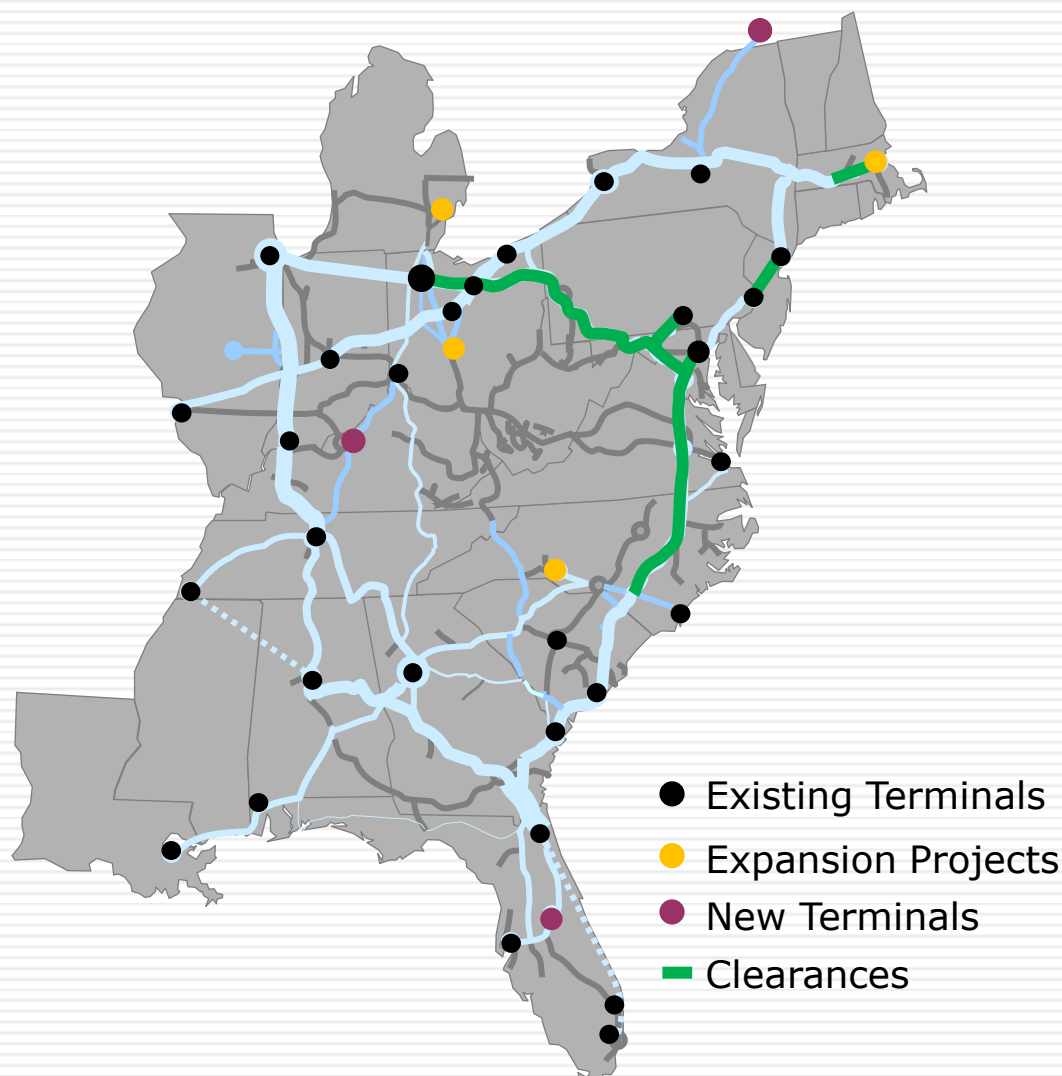
Connecting markets requires “smart” infrastructure

CSXT Intermodal Network



- Corridor approach in dense lanes between major markets
 - *Strong, reliable service product in major markets*
- Hub-and-spoke supplements corridor approach
 - *Increases flexibility and reliability*
 - *Connects mid-tier markets*
 - *Improves capacity at end terminals*
 - *Differentiates network offering*
- The CSXT network provides shippers the ability to reach more markets

CSX investments support intermodal growth



Expansion Projects

- Charlotte
- Columbus
- Detroit
- Worcester

Terminal Development

- Louisville
- Valleyfield
- Winter Haven

Clearance Projects

- New England
- National Gateway
- Trenton Line

CSX has a 125 year history in Québec

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
 - *\$11.8 billion of revenue in 2012*

CSX in Québec

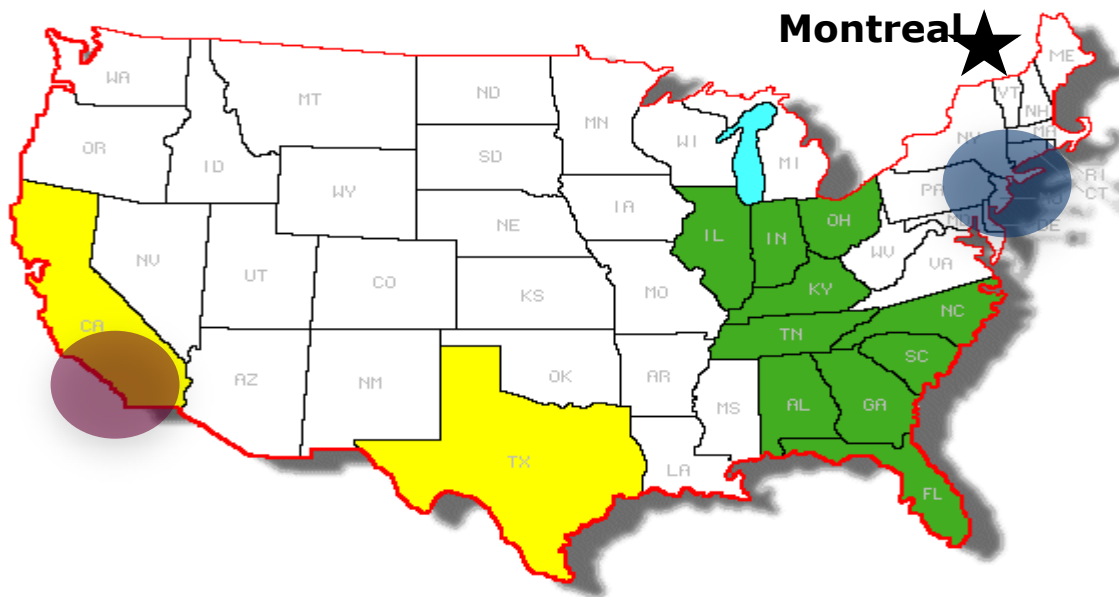
- St. Lawrence and Adirondack Railway Company (1888)
- New York Central and Hudson River Railroad (1898)
- Conrail (1976)
- CSX Transportation (1999), Beauharnois (2011)

Infrastructure, commercial projects support presence



- Regional beltway expansion (Autoroute 30 opened Dec. 2012)
- Industrial park development
- Future integrated logistics centers (Hub 30 & Les Cèdres)
- Port of Montreal future expansion on south shore

Major markets for Montreal intermodal growth



- Shipper access to key Canadian distribution and consumption markets
 - *Connectivity to Ohio Valley and Southeast United States*
- Helps shippers capture NAFTA growth potential
 - *North American Surface Transportation Trade up 7%*
- Strategic connectivity enabled by Northwest Ohio terminal
 - *Accelerating cross-border highway-to-rail (H2R) conversions*

Interline
International

Attract West Coast international
and land bridge traffic.

East Coast International

Divert NY Port truck traffic by providing a truck competitive transit time.

Interline
Domestic

Leverage rail assets to convert truck traffic to western US and Mexico markets.

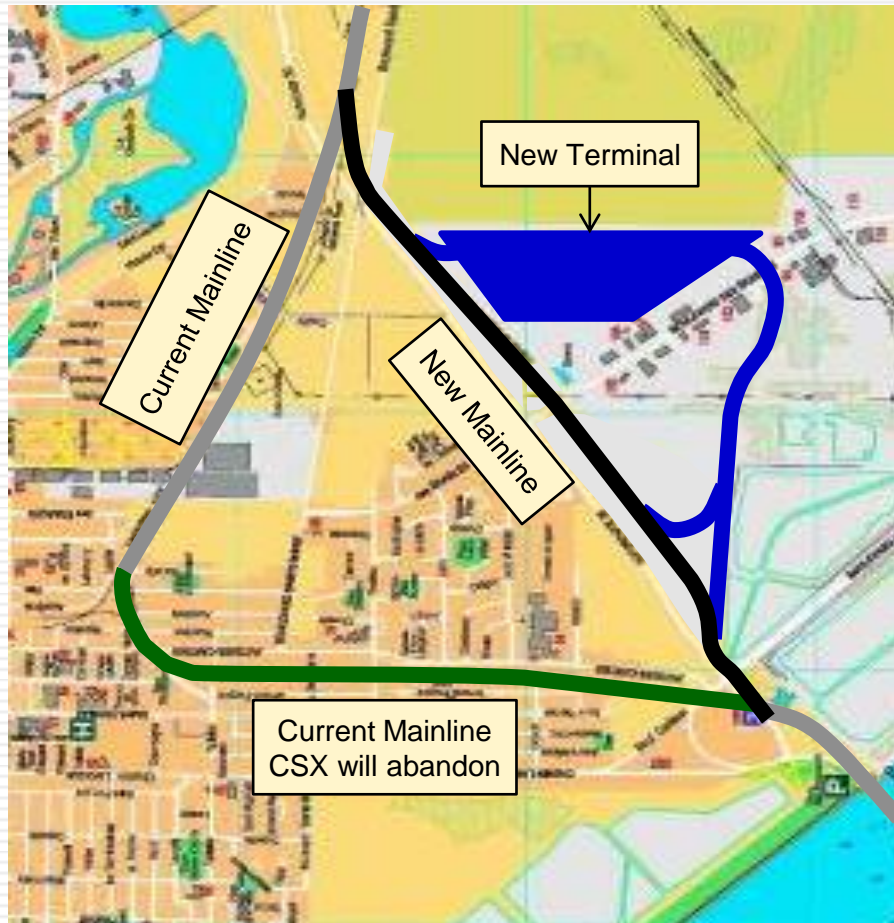
CSX Core Domestic

Connect Québec with Southeast and Midwest to convert truck traffic.

Ohio Valley opportunities

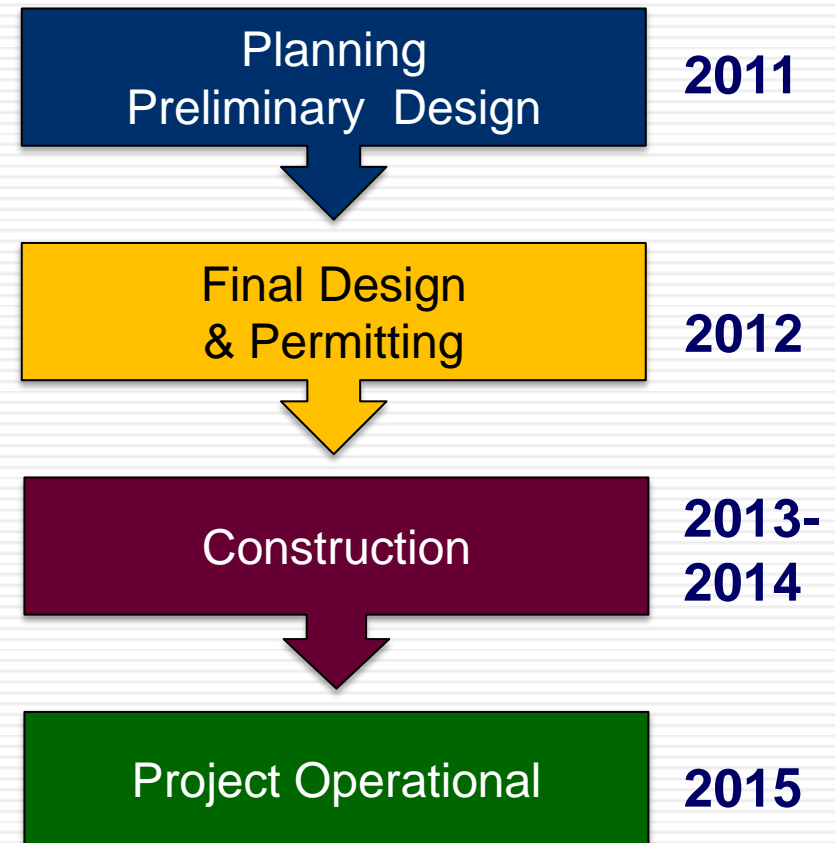
- Serviceable Markets in the Ohio Valley (700-1000 miles)
 - Ohio: Columbus, Cincinnati, Dayton
 - Indiana: Indianapolis, Evansville, Elkhart
 - Kentucky: Louisville, Lexington
 - Other: St. Louis, Nashville
- Two day intermodal transit
- Traffic is 80% southbound

Terminal, local rail, Massena Line investment vital



CSX intermodal expansion in Montréal

Valleyfield Terminal, Québec, Canada



Working to create a seamless border crossing



- Canadian customs clearance in Valleyfield
 - Operation similar to Beauharnois's, but larger



U.S. Customs and
Border Protection



Homeland
Security



- Integrate Valleyfield into the Beyond the Border initiative
 - U.S. – Canada initiative designed to facilitate cross border trade
 - Address US border crossing security & efficiency
 - Coordination between CSX and Shippers, as well as with and between US and Canadian border security agencies
 - Long-term objective is freight pre-clearance in Valleyfield

New alignment outside the City progressing



Intermodal terminal is on schedule

