

CSX Transportation

Georgia BioEnergy Conference

Ethanol and Grain Logistics

August 3, 2006

CSX

Agenda

- * **CSX Network Poised for Growth**
- * **The Strength of the CSX Corn Market**
- * **The Success of the CSX Ethanol Model**

The CSX logo is displayed in white, bold, sans-serif capital letters. It is positioned in the bottom right corner of the slide, overlaid on a blue-tinted background image of a train. The background image shows a locomotive pulling a train, with the CSX logo visible on the side of the engine.

CSX

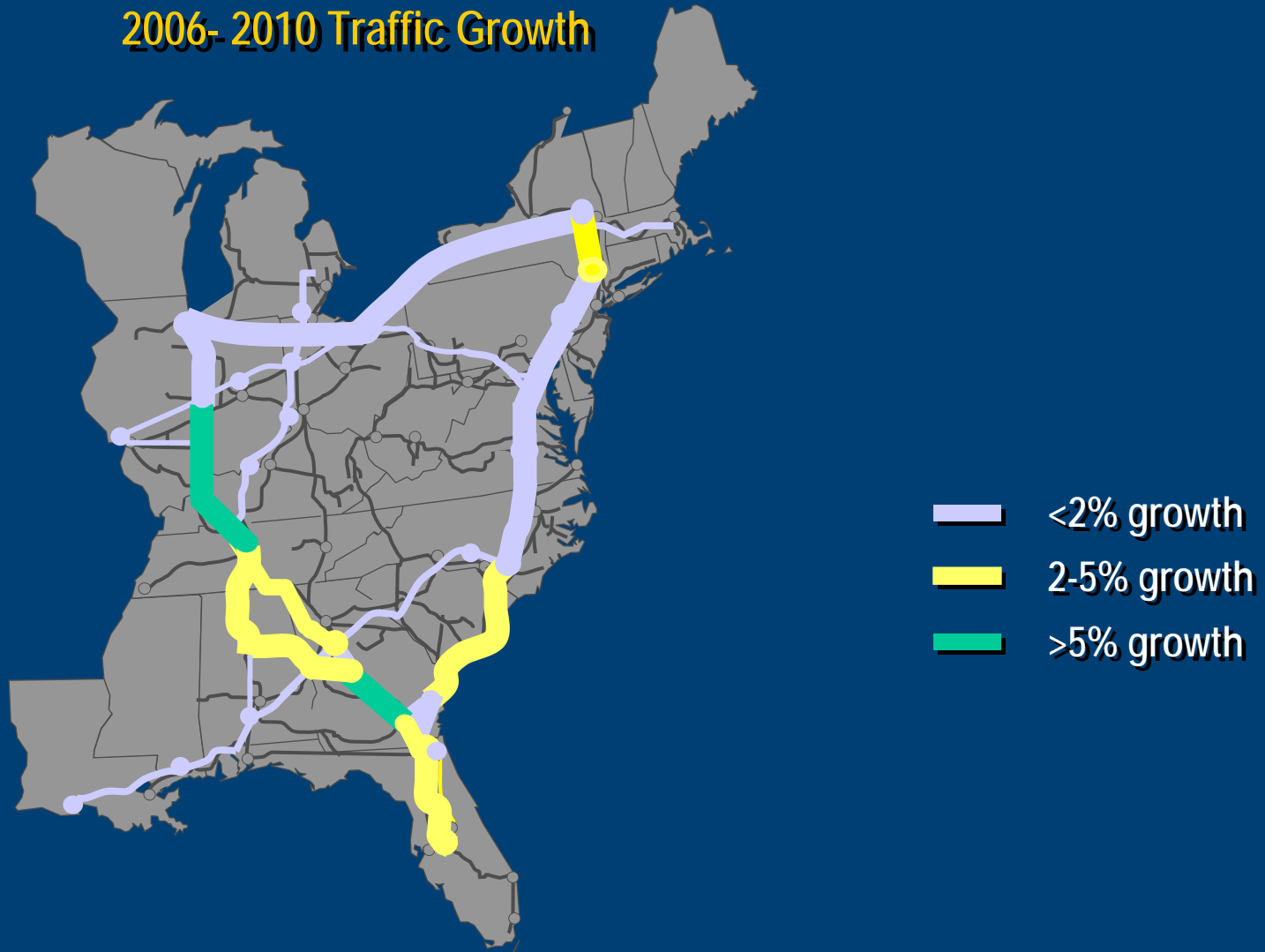
CSX – The largest railroad in the East

- Serves all major markets in the eastern United States
- Covers 23,000 route miles in 23 states, and two Canadian Provinces
- Operates a fleet of over 4,000 locomotives and 100,000 freight cars
- Serves more than 70 ports
- Employees more than 30,000



Traffic growth on the CSX network is expected to accelerate

2006- 2010 Traffic Growth



Key investments will be made to support reliability and growth

- New and enhanced line capacity—sidings and signals
- Expanded facilities and terminals to at high growth locations
- Simulations validate benefits and priorities
- Inspected property with division personnel
- Capital Spending



CSX Grain Origination Market (Corn Market)

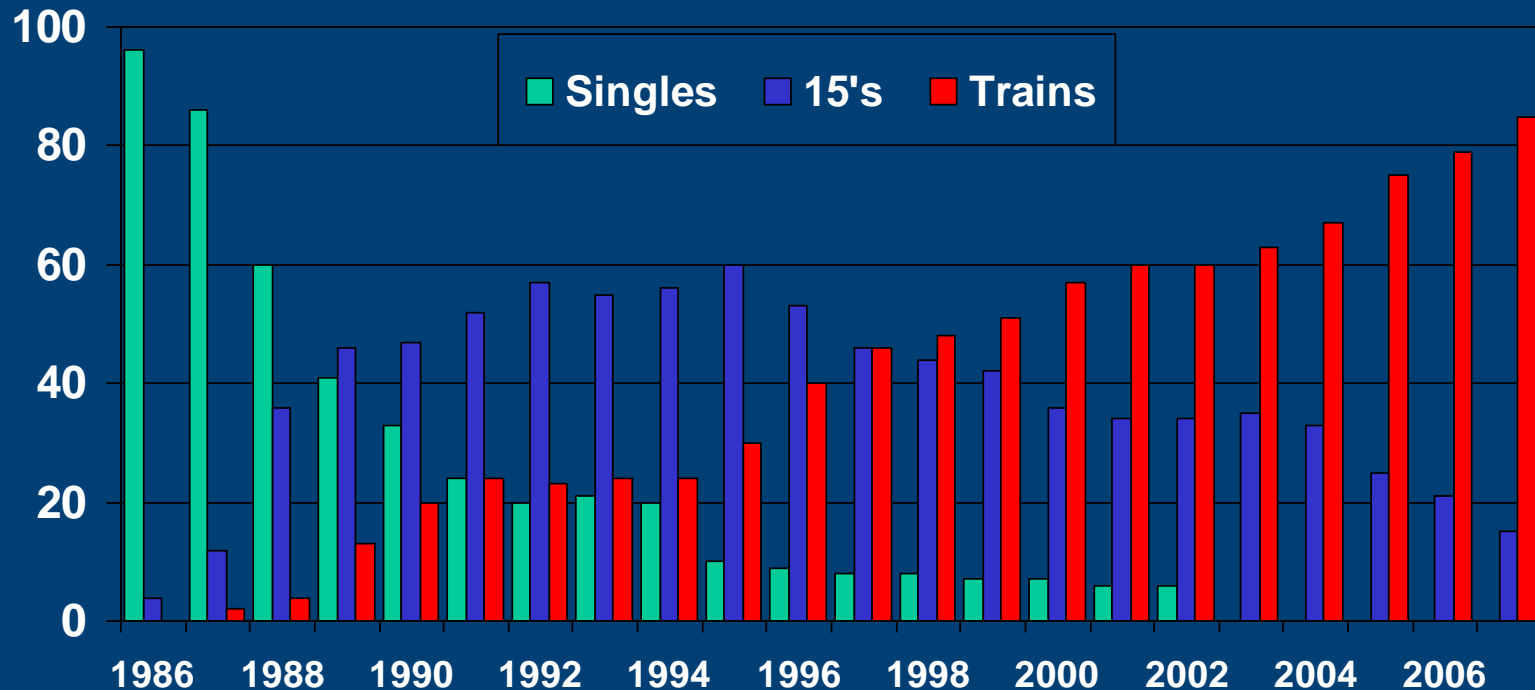
- CSX serves or has access to over 400 Grain Elevators
- 25% of CSX Origin Elevators have the capability to load Unit Trains.
- 30% of Unit Train Elevators load in less than 15 hrs
- 8,000 covered hoppers in grain and fertilizer service
- Locomotives dedicated to run Grain Trains
- More than 80 trains running at all times
- More trains to be added as demand dictates (Ethanol)

Corn Market Efficiency in Operations

- Service Product Options
 - 90 Car Unit Trains
 - 65 Car Unit Trains
 - Less than Trains
- EXPRESS Load/Unload
 - 15 hr
- GRAIN DESK
- ETHANOL DESK

Unit Trains represent almost 80% of CSX Grain volume and facilitate keeping cars on line down

Singles vs. 15's vs. Trains



A snapshot of RR cars on line indicate the impact of ethanol on the overall network is not as dramatic as perceived.

- The average daily car count on 6 major railroads since October 2005 has been 1,088,469.
- When production reaches 7.5 Billion gallons, the daily volume would equate to the following (loaded and empty):
 - 1,370 cars of Ethanol
 - 1,273 cars of DDG
 - 3,669 cars of Corn
- **Less than 1%** of total volume would be ethanol driven in this extreme example.

Several key factors beyond the network will drive ethanol capacity both in the short term and long term.

- Short Term – *Meet the immediate need.*
 - Multi Modal delivery.
 - Limited large distribution centers.

- Long Term – *Growth thru efficiency.*
 - High Speed, Unit Train receivers.
 - Reduction in number of transportation modes.
 - Multiple distribution centers.

Sweep Trains and railroad incentives are all a part of the transition to full Unit Trains.

- Sweep Trains

- Short Term period to group nearby facilities into a single unit to one destination.
- Rate differential to single car shipments is not as wide as full trains.

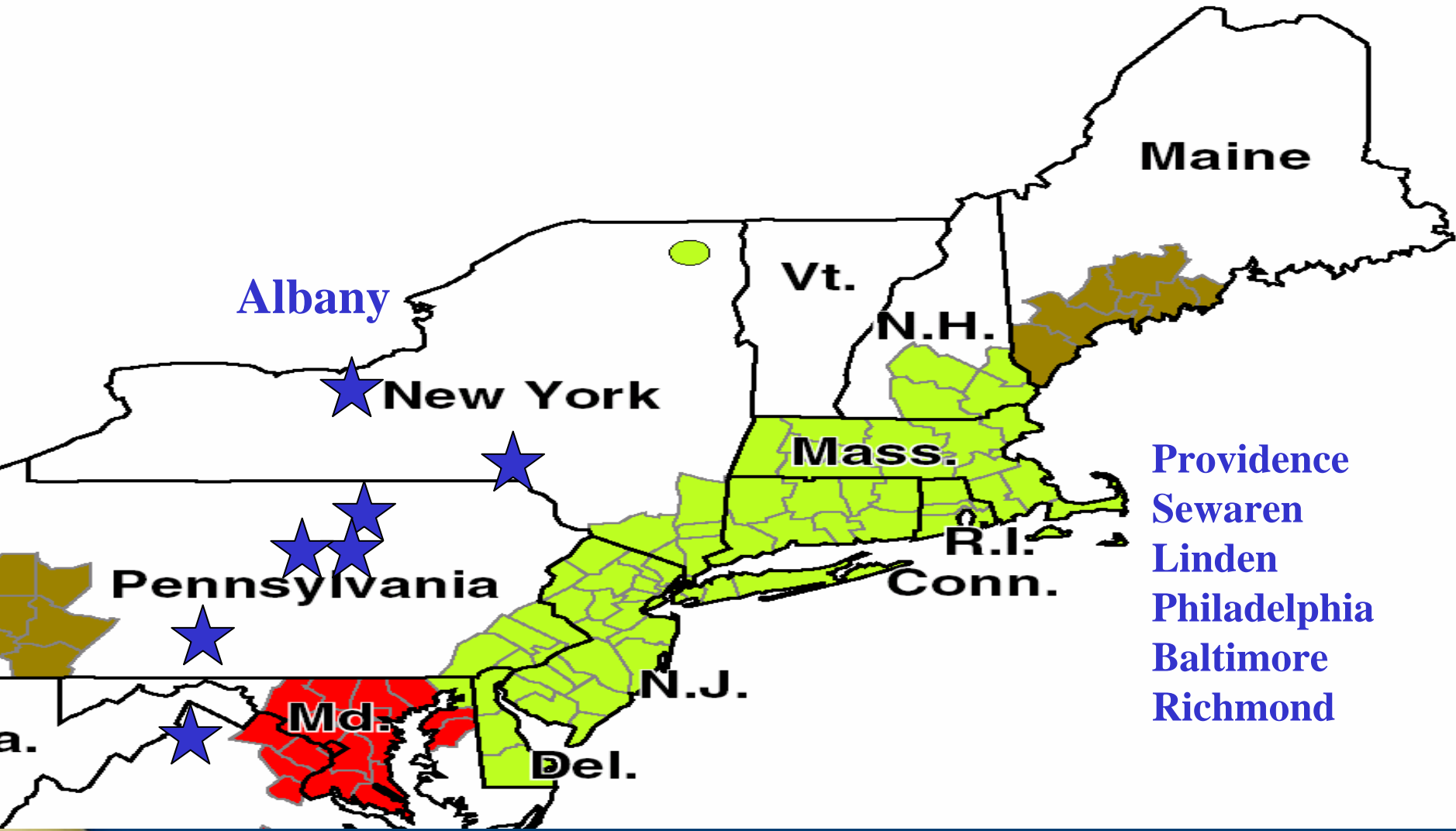
- Full Unit Train Incentives

- CSX: 65-90 cars
- UP: 75 cars
- BNSF: 95 cars
- NS: 75 cars

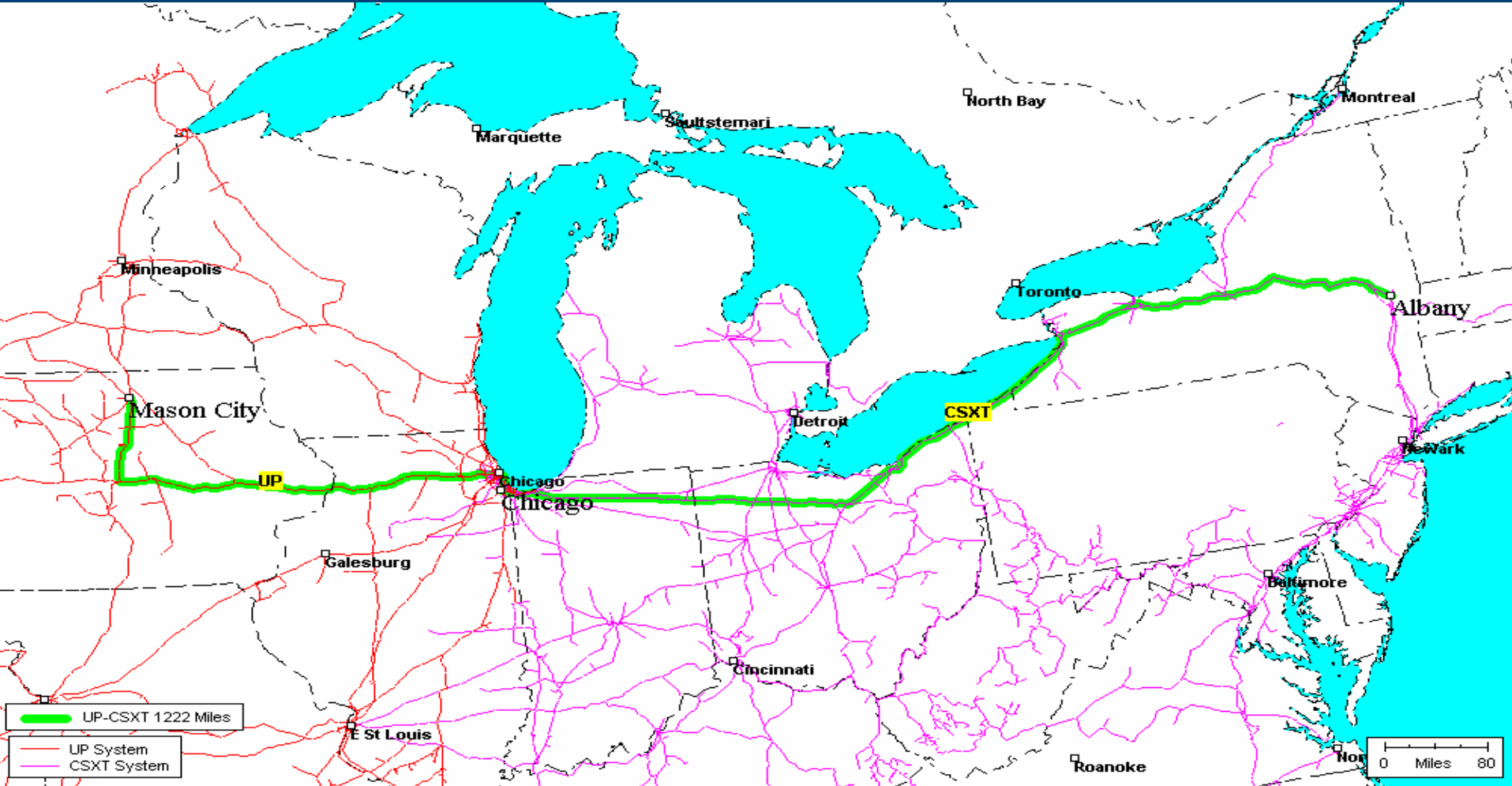
Location and Size are equally important in the development of both ethanol plants and terminals for safe, efficient service.

- As a HazMat material, ethanol plants and terminals are prevented from moving over FRA restricted track.
- Construction in a congested lane may not provide optimal service.
- Acreage and track to chamber a full train off the main line.
- Can the RR get you to where you want to go?

High volume terminals are driving CSX's plans to successfully distribute the volume potential of ethanol.



CSX's rail service from Chicago is under 35 hours to Selkirk /Up-State, NY



Three key factors will contribute to the success of the CSX Ethanol Market

- Infrastructure Expansion, Increased Capacity
 - The overall railroad network is ready to take on the ethanol business
 - Rail infrastructure at the terminal level is important
- Growth thru efficiency
 - Unit Train delivery is the key
- The CSX model
 - Develop High Velocity, Unit Train terminals and plants

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