

# CSXT Network Strategy

Florida Transportation Commission

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# CSXT's Strategic Direction

Short Term

Long Term



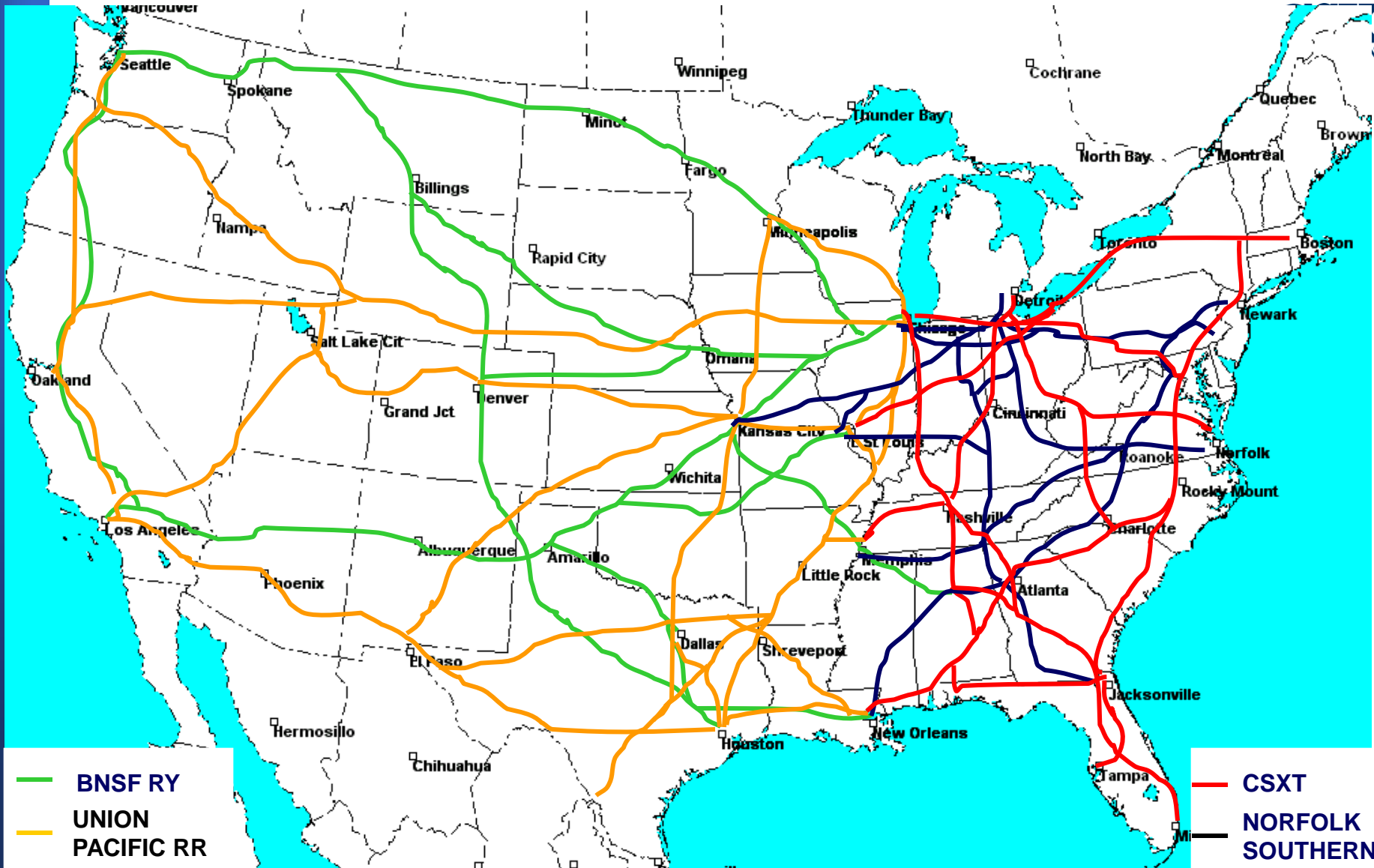
**Competitive  
Advantages**

**Physical Network**

**+**

**Reliable Service**

# CSXT's Network Relative to National Network



# Our Network Strategy is to Restructure CSXT's Network to Support Value Creation at CSX



## Process:

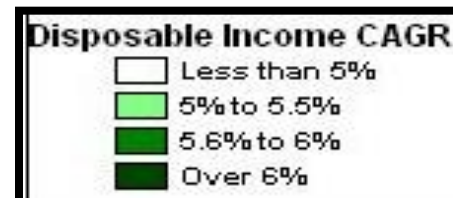
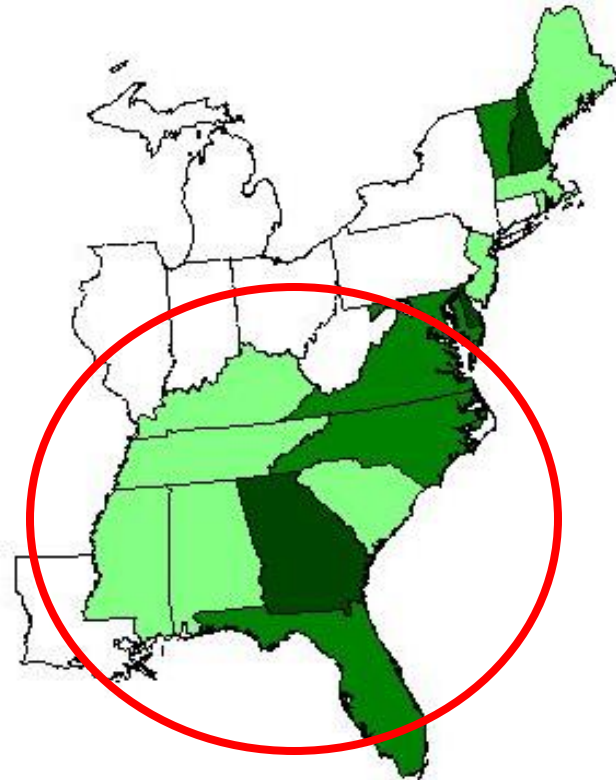
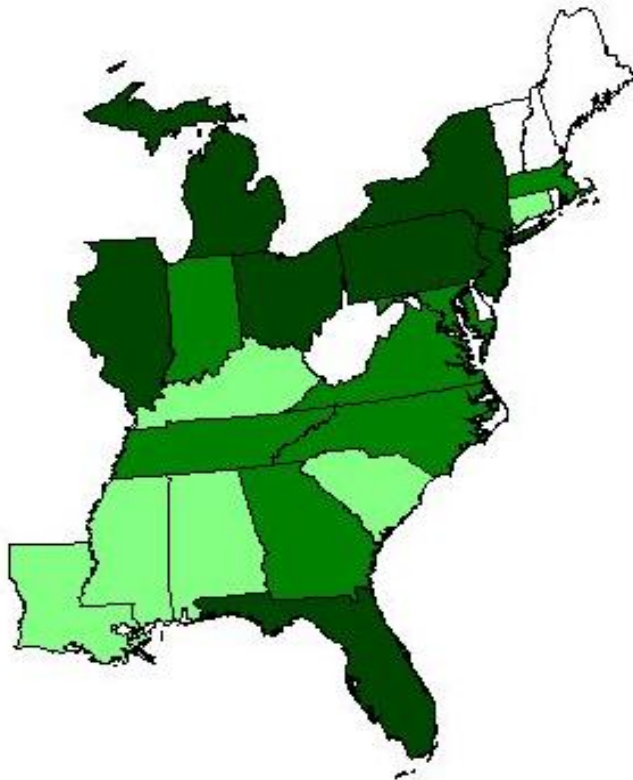
## Value Creation:

1. Identify macroeconomic changes and long term network implications ➤ Supports growth
2. Identify the long term Strategic Network ➤ Supports service reliability and safety
3. Drive appropriate alignment of resources on the network ➤ Facilitates productivity improvement and expense reduction
4. Transform the non-strategic network ➤ Supports capital management

# Macroeconomic Impacts

- *Globalization* – The shifting focus of the U.S. economy from manufacturing to consumption
- *Increased concentration* – Fewer and larger customers locating near areas of high consumption
- *Shifting coal sourcing* – The increasing shift to PRB and potentially Illinois Basin coal

# While the northern tier of the CSX network is large and rich, the growth is in the South...



# Key Macro Trend implications

- Long distance supply chains growing
- Increasing consumption in major markets
- Highest growth trends are in the South
- Favorable intermodal environment
- Public policy starting to acknowledge rail benefits
- Rail is in a strengthening competitive position

# Our Network Strategy is to Restructure CSXT's Network to Support Value Creation at CSX



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**STRATEGIC  
NETWORK  
MAP**  
*(2-Color Map)*

**CSXT Strategic Routes  
2004**

# Our Network Strategy is to Restructure CSXT's Network to Support Value Creation at CSX



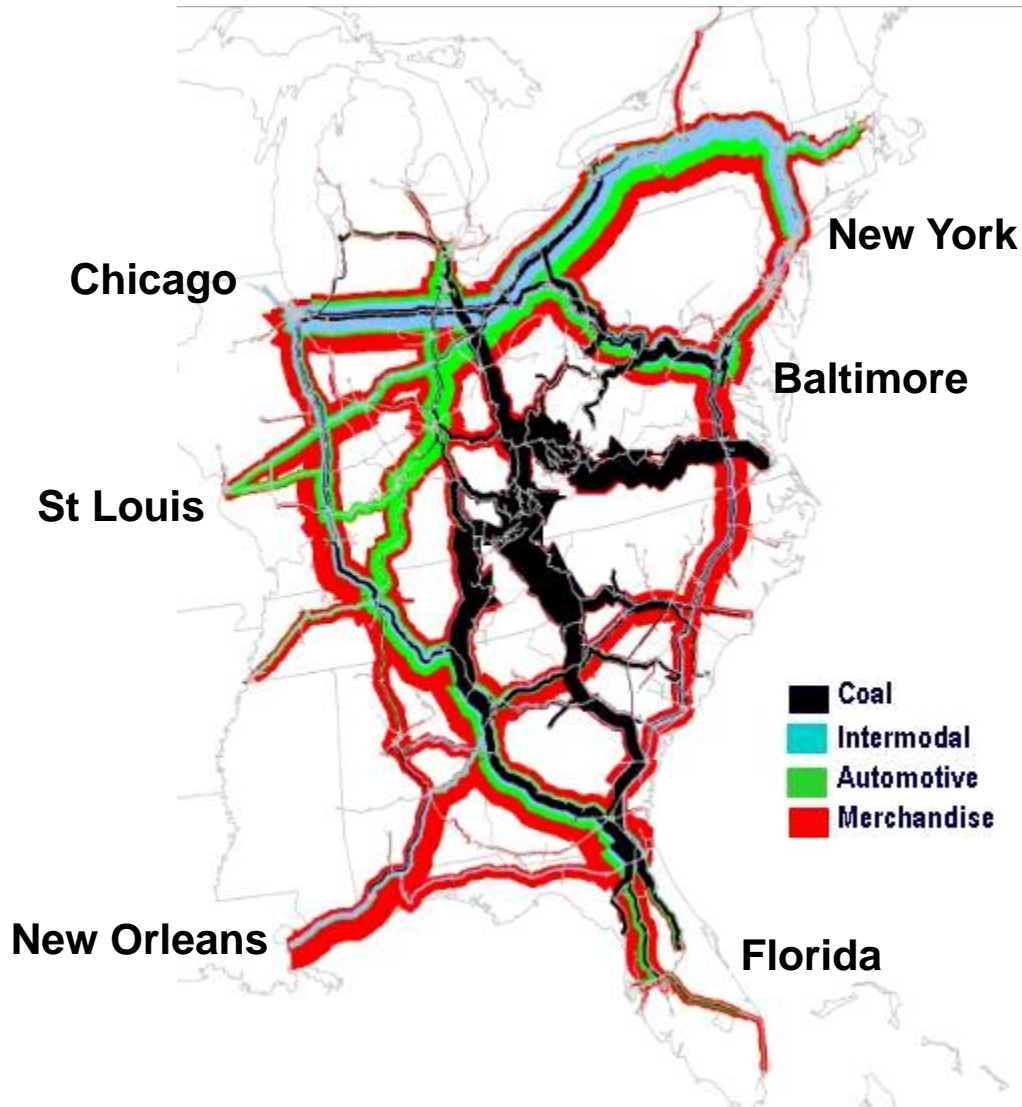
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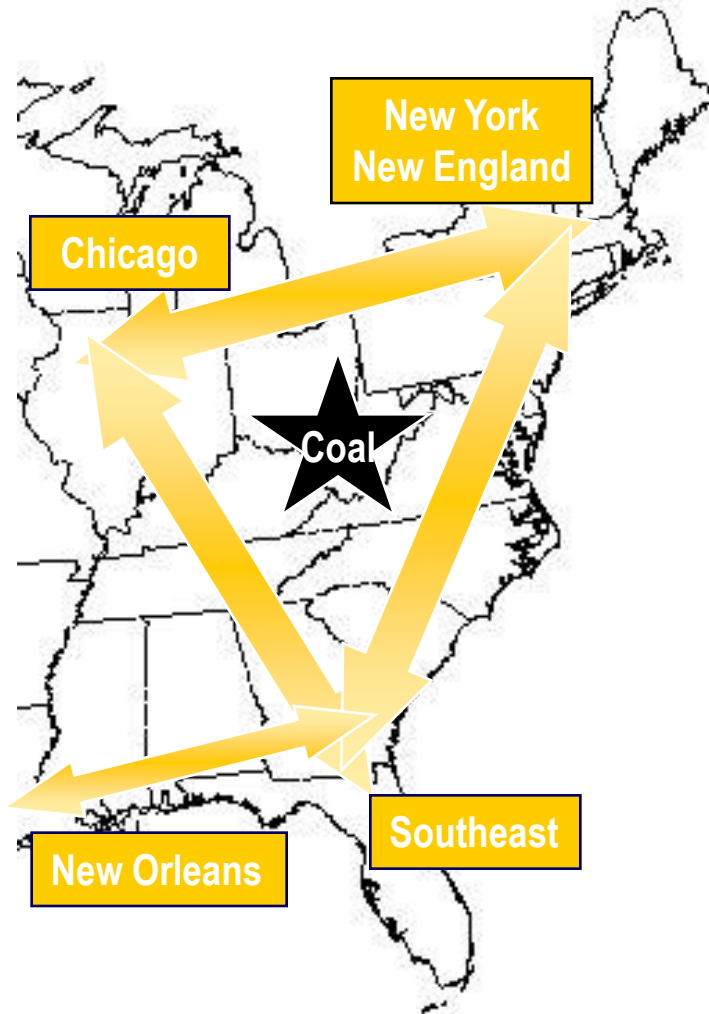
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# CSX's physical network is its key competitive advantage

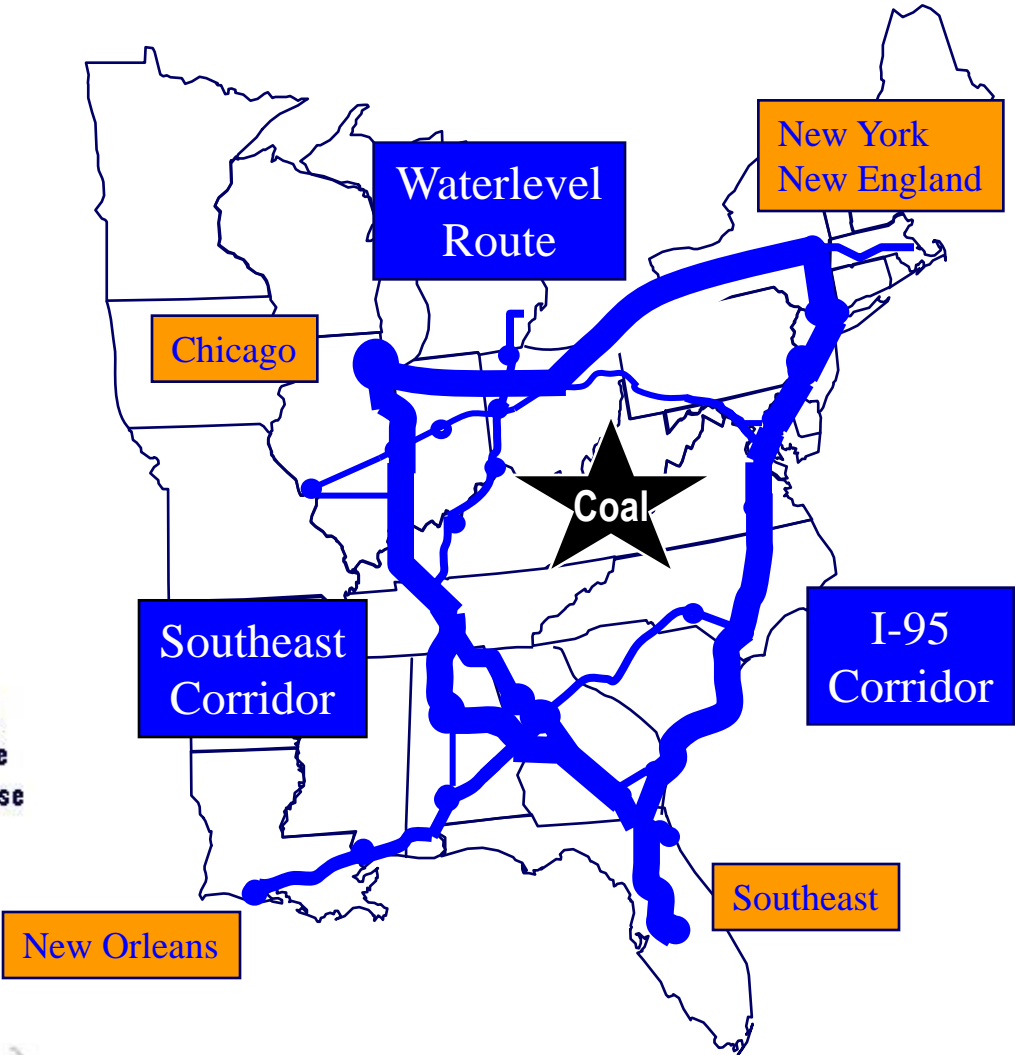
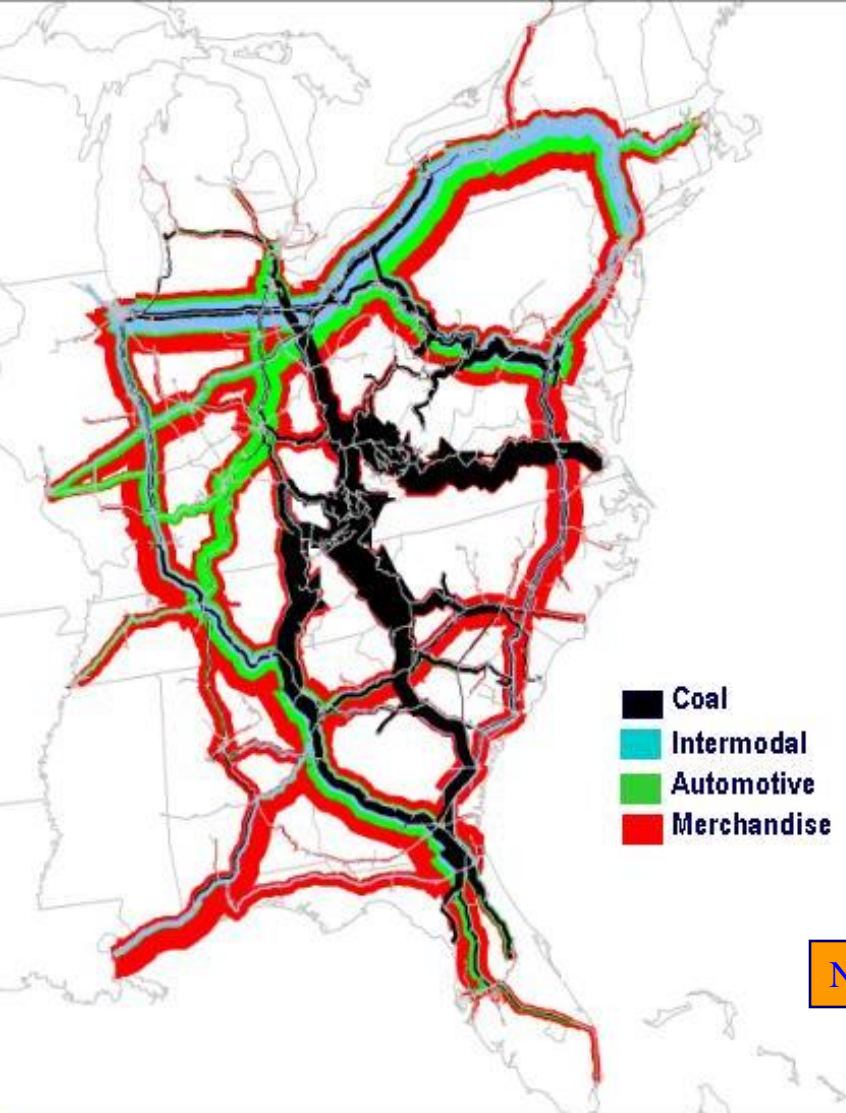


# Consensus on this strategy allows us to align, focus and prioritize



- Provides the opportunity for robust and more focused:
  - Industrial development
  - Product development
  - Capacity expansion
  - Infrastructure investment
  - Public / Private funding

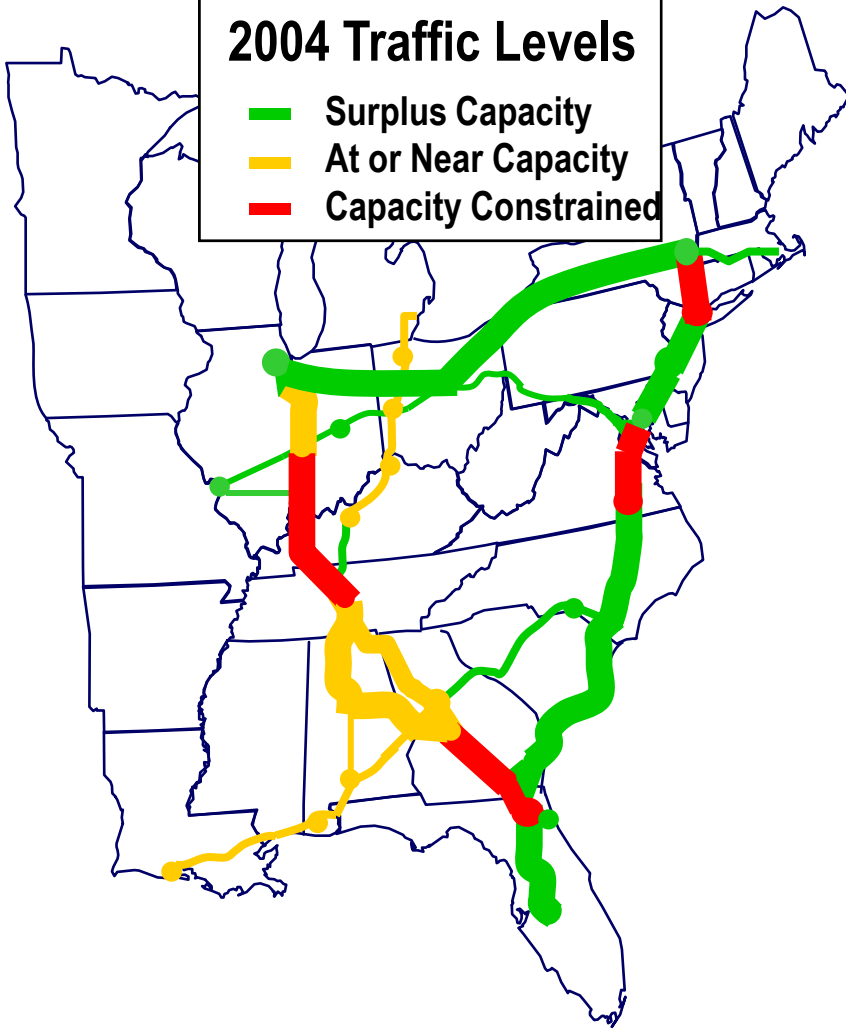
# CSX's physical network is its key competitive advantage



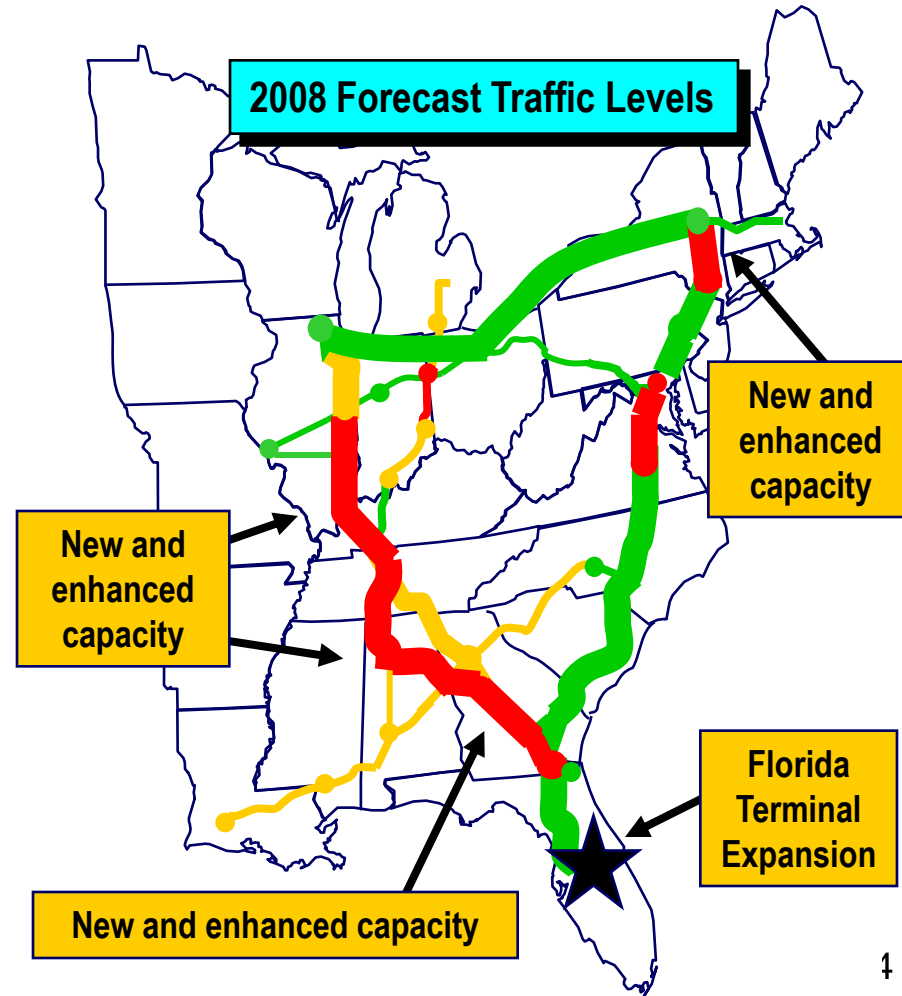
# Capacity improvements are being progressed to handle current and projected traffic volumes

## 2004 Traffic Levels

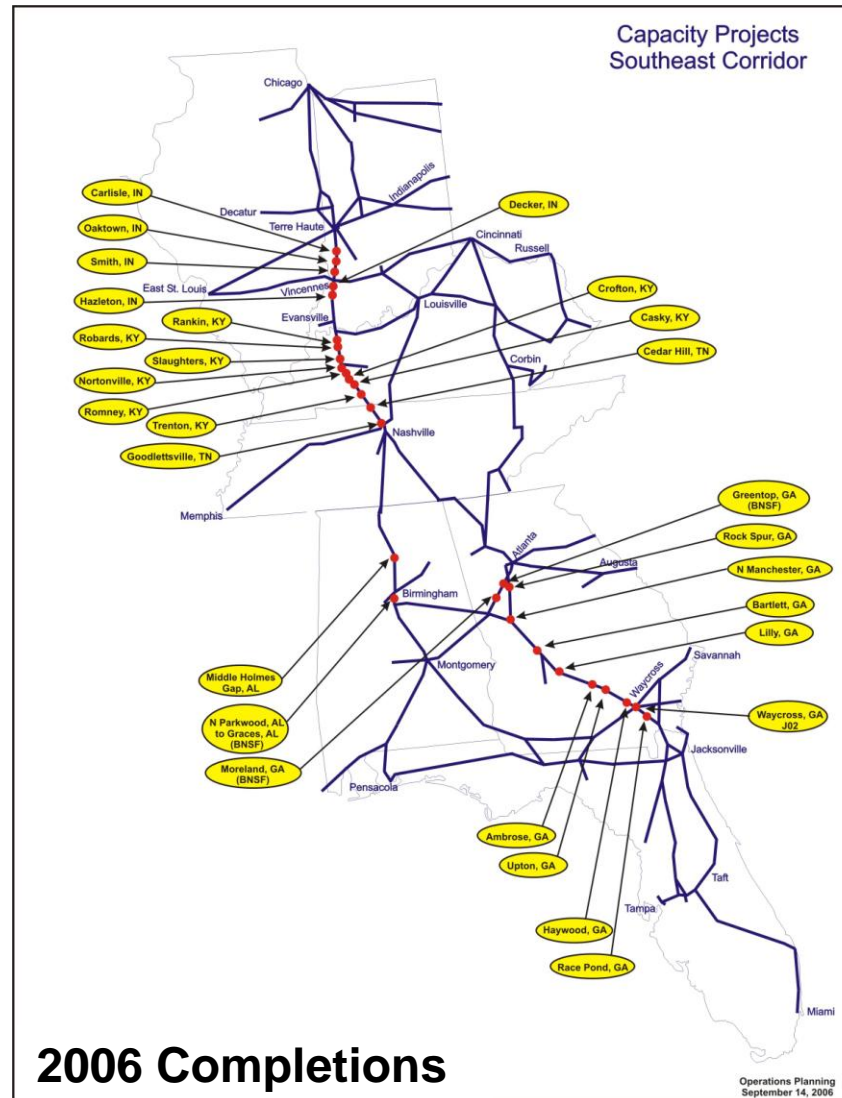
- Surplus Capacity
- At or Near Capacity
- Capacity Constrained



## 2008 Forecast Traffic Levels



# Where are we with this work?



# Our Network Strategy is to Restructure CSXT's Network to Support Value Creation at CSX



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# Transform the Non-Strategic Network

- **Completed 3-year Network Rationalization plan of approximately 2,500 miles**
- **Continue to perform detailed cost and economic analysis on Non-Strategic Lines**
- **Make decisions whether to actively market a line**

# Summary

- **The Network is CSXT's key strategic advantage**
- **Florida is a key part of CSXT's network**
- **Network decisions and investments are long term decisions**
- **Network strategy drives capital planning**