



# CSX Testimony STB Hearing

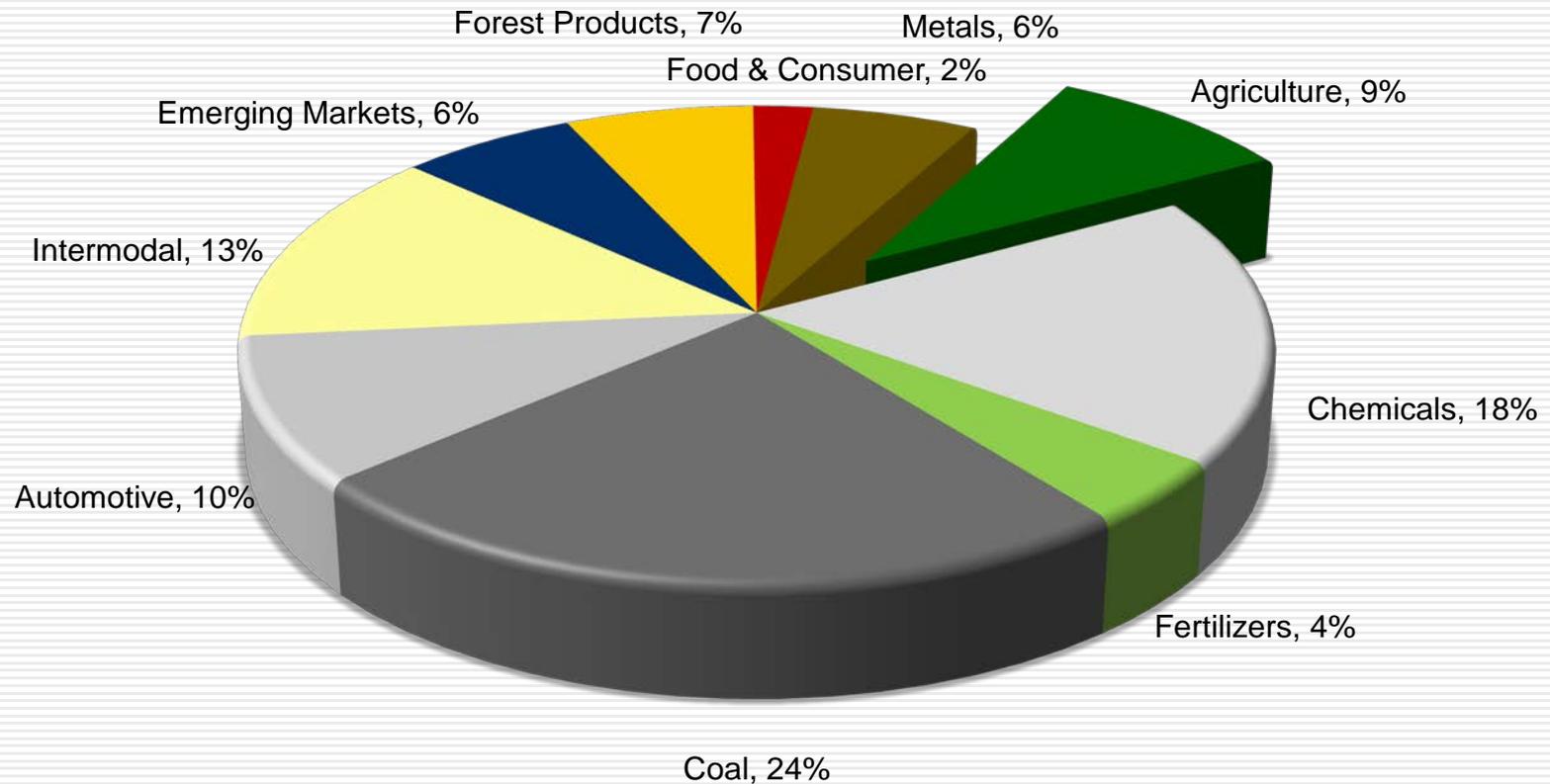
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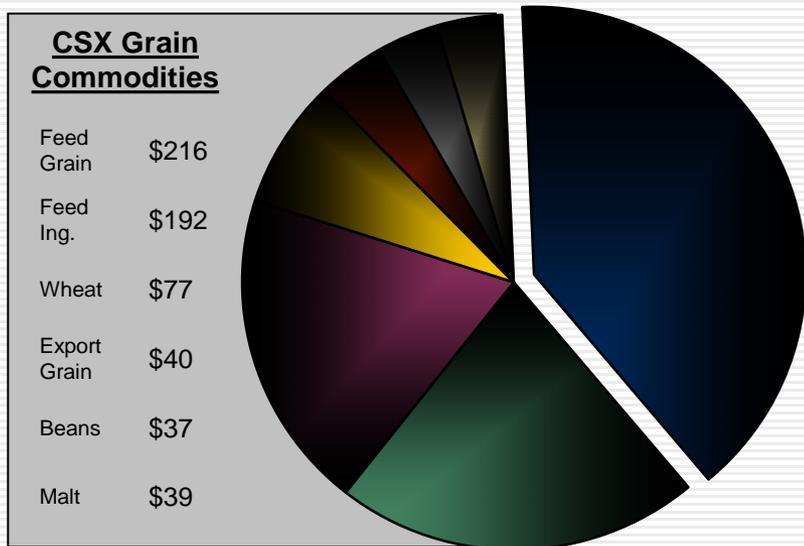


# *CSX is a \$11 billion rail transportation company moving a diverse business portfolio of products*



# Grain comprises 60% of CSX AG line haul revenues

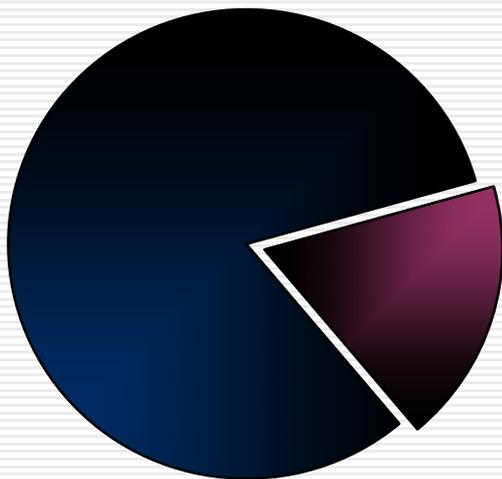
## 2014 Line Haul Revenue Agricultural Products



- Feed mill consumption represents 60% of grain revenues
- Grain for processing represents 25% of grain revenues
- Balance is export grain

# Majority of CSX grain traffic moves under contract

## CSX Grain Carloads



■ Private/Contract

■ Public

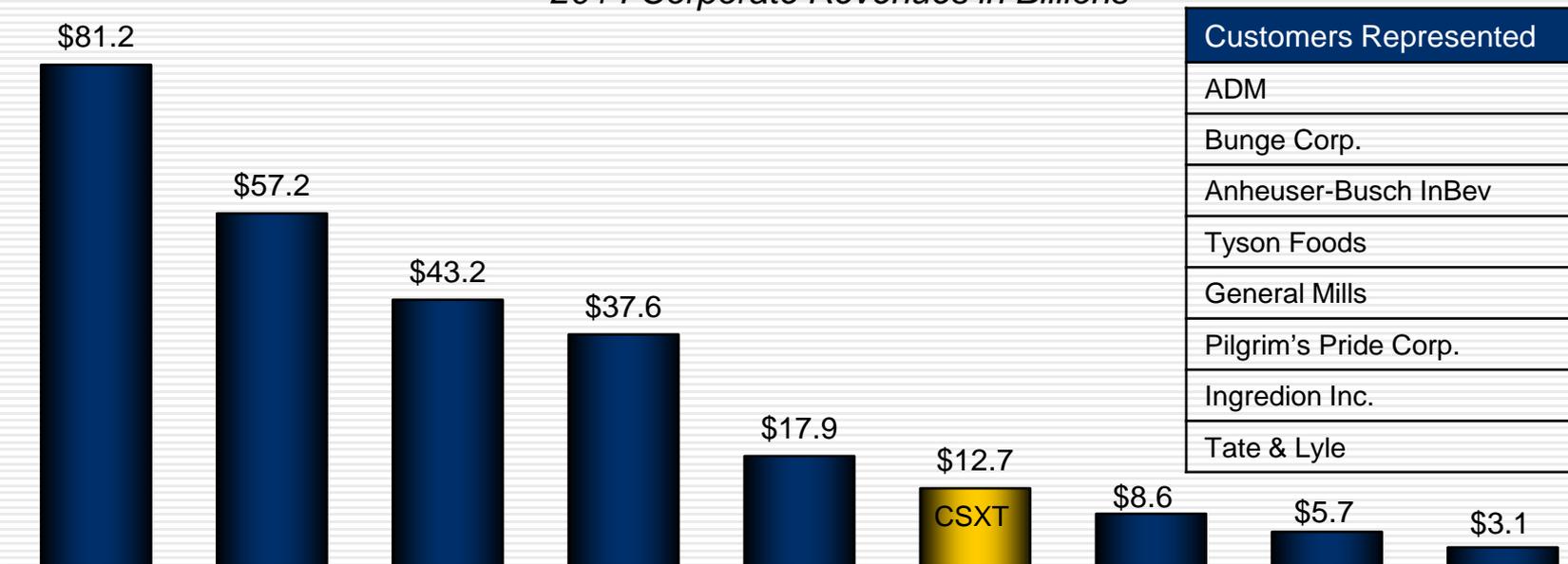
2014 CSX Grain Carloads <i>Carloads in Thousands</i>	
Private/Contract	214
Public Tariff	48
<b>Total</b>	<b>262</b>

Only 18% of CSX Grain carloads move under public tariff

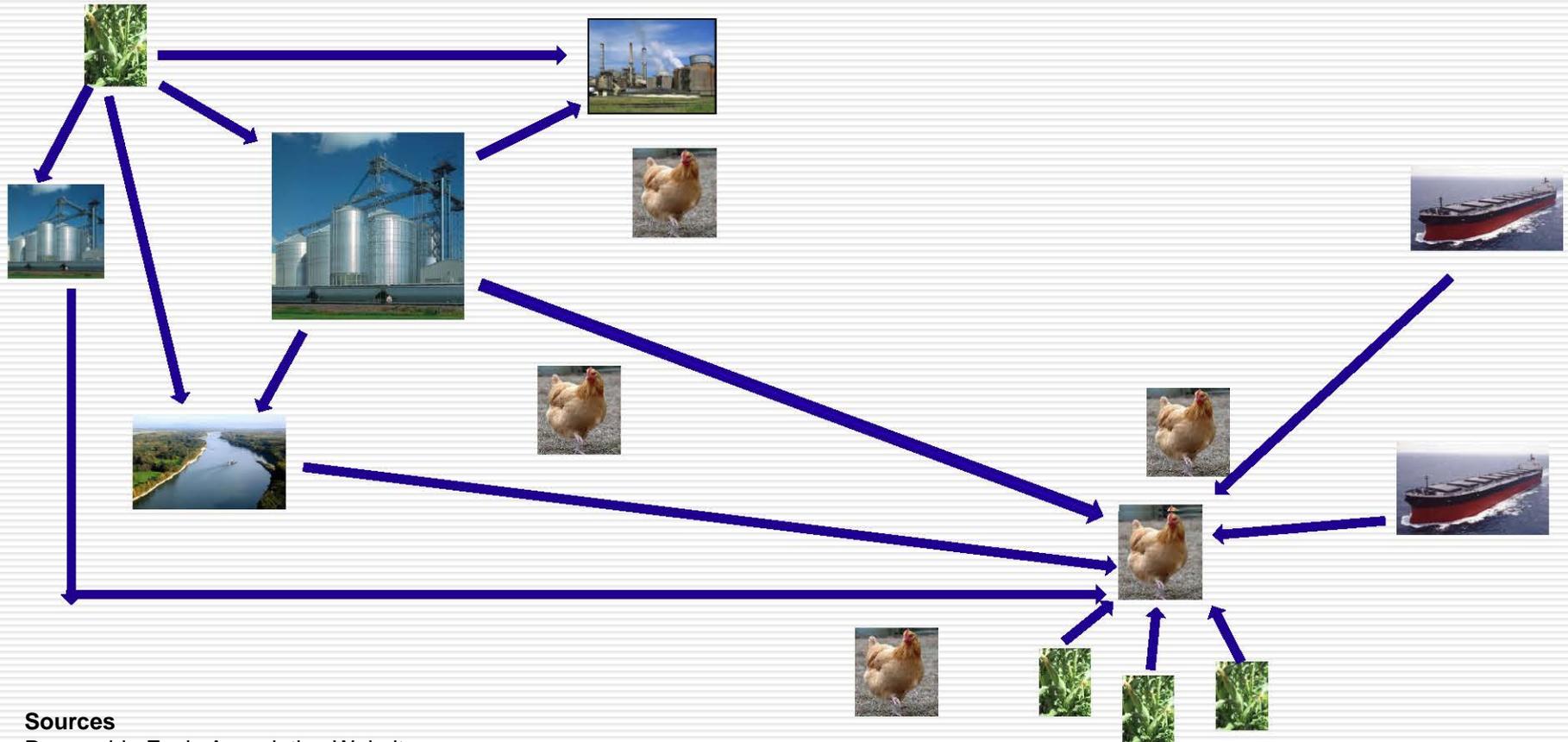
# CSX Agricultural customers are large corporations

## Largest Publicly Traded CSX Grain Customers

2014 Corporate Revenues in Billions



# Eastern Industry has varied options

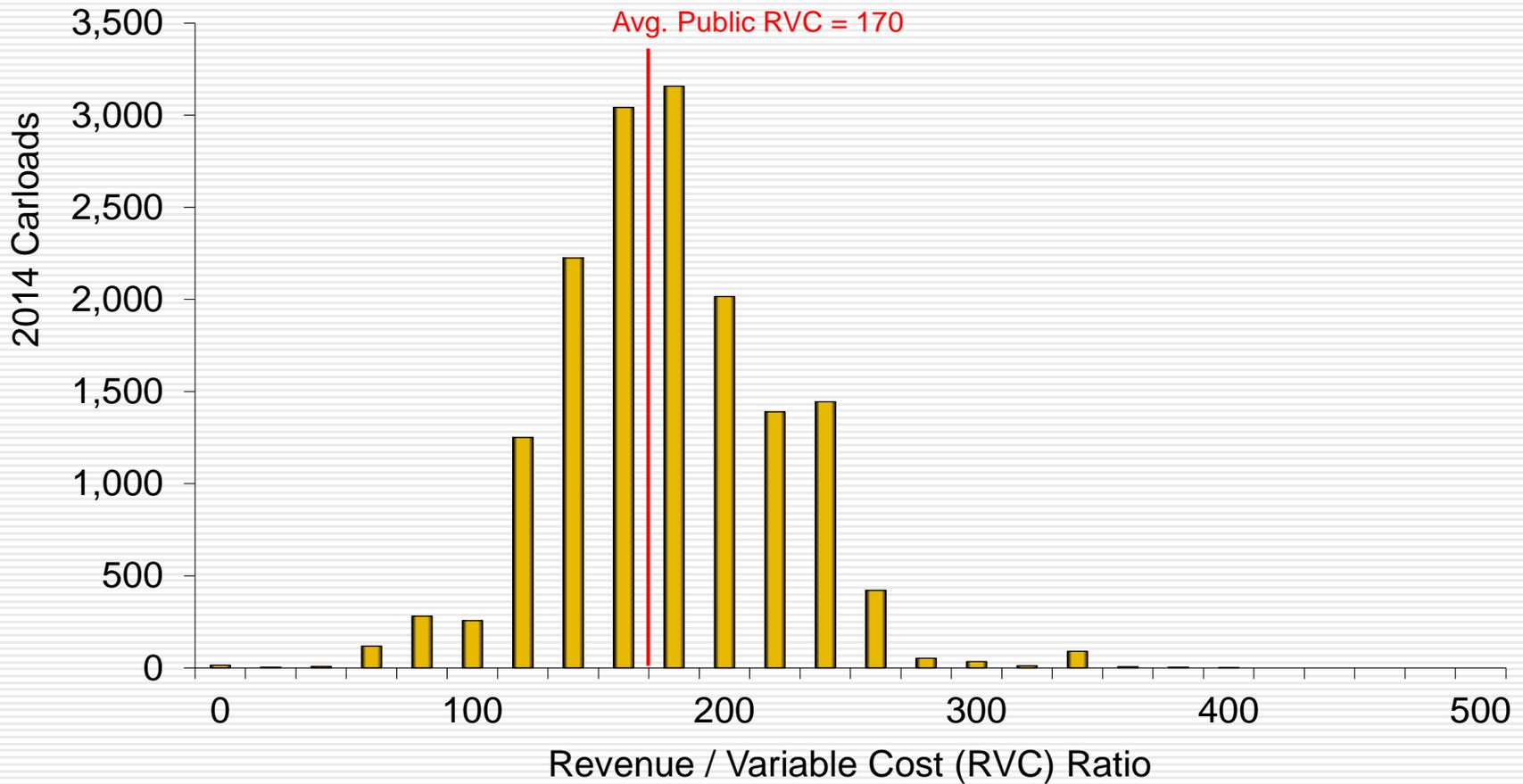


## Sources

Renewable Fuels Association Website  
National Grain and Feed Association  
United States Department of Agriculture  
ProExporter

# Regulatory Profitability Analysis– Grain 2014 URCS Costs

## Public Tariff Traffic



# *CSX has a vast network of Products & Programs to better serve the AG customer*

- **Unit train products**
  - 90 Car Unit Train Product
  - 65 Car Unit Train Product
  - Single Car Product
- **Express Programs**
  - 15 hour Incentive Load/Unload Programs
- **Network Operations => Grain Desk**
  - Direct communication
- **Blend of Railroad and Private Car Incentives**
  - Pre-load inspection
  - BidCSX program



## *In summary...*

- ❑ **Agriculture is an important business to CSX**
  
- ❑ **CSX services align with large Multi-faceted agricultural companies**
  - *Competition on origin and destination grain sourcing is vibrant*
  
- ❑ **CSX is working to improve efficiencies for both CSX and our customers through mutually beneficial programs**
  - *90 Car Product*
  - *Express Programs*
  - *Blend of RR and Private car investment*
  
- ❑ **CSX appreciates the partnerships that we have with our customers**

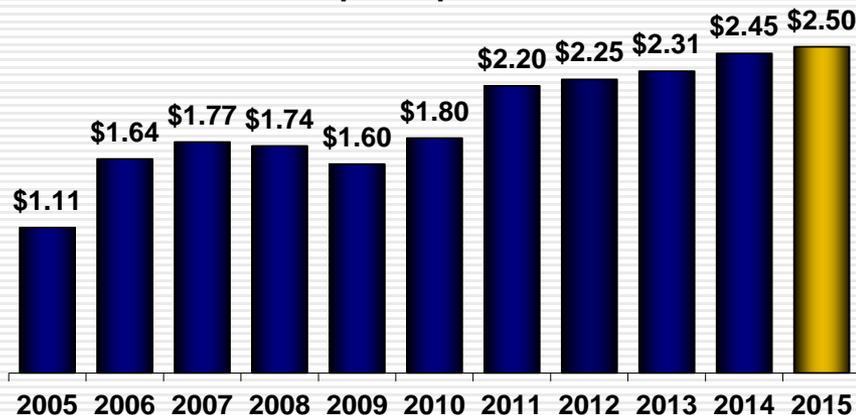
# Appendix

# CSX has invested significant capital over the past ten years inclusive of Agriculture investment

- Core investment remains at 16% – 17% of revenue for 2015
  - Infrastructure spend maintains a safe and reliable network
  - Locomotive, car investment driven by commercial demand
  - Strategic investments support growth and productivity



CSX Capital Spend In Billions



## New Car Purchases

- 2,155 cars since 2008
- ✓ 5201 Cubic Foot
- ✓ 286K GWR

## Fleet Upgrade Program

- New doors, hatch covers and paint
- 200-300 yearly

# *The Agriculture strategic direction over the past 12 years has focused on Simplicity, Size and Speed*

- 1999-00 Simplify CSX pricing structure by forming 80 distinct origin elevator groups.
- 2000-03 Create common origin spread relationships and simplified price documents
- 2003 Development of Ethanol Network
- 2003-04 Elimination of 15 Car Product
- 2004 CSXBid preferred car placement
- 2005 Train Expansions/Refine Express Programs
- 2007-12 TSI: Optimizing the size and speed of our grain network to 90 car trains
- 2012-17 Finish transition to 90's and enhance express programs



# History would indicate that larger units will become the standard

