



# NS' Strategic Corridor Initiatives

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# Norfolk Southern Intermodal System



# Current Environment

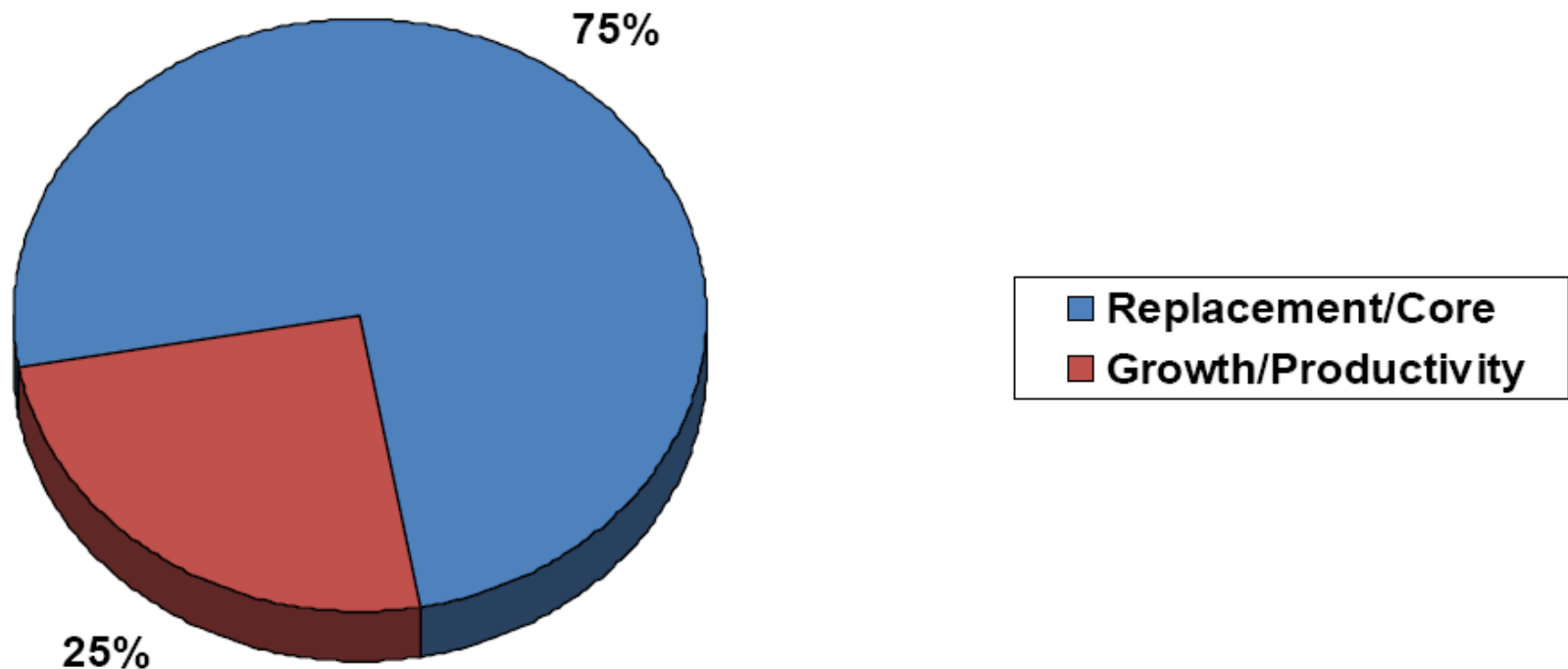
- Demand for all rail capacity continues to grow (2009 aside)
  - Intermodal
  - Coal and Industrial Products
  - Passenger
- Intermodal Traffic patterns are shifting
  - “All Water” container vessels
  - Domestic vs. International
  - Export growth
  - Empty Repositioning
- Railroads need to continue to invest in infrastructure to keep up, but the investment needs to pay its way

# Norfolk Southern Capital Investments (millions)



# Norfolk Southern Capital Investments (cont.)

*Total Spending = \$1.442 billion*



# The Need Is Real

*The U.S. Department of Transportation projects that demand for cost-effective and environmentally-friendly freight rail transportation will grow 88 percent by 2035.*

*The National Rail Freight Infrastructure Capacity and Investment Study found that railroads need to invest \$148 billion in the freight rail network by 2035 to meet this demand.*

*The study concluded that U.S. freight railroads will only be able to generate only around \$96 billion of the \$148 billion investment that is required. This leaves a funding gap of around \$51 billion.*

# Public-Private Partnerships

- Historically, railroads have been the primary, and usually the only, financiers of the construction and maintenance of their infrastructure, locomotives, technology and much of their rolling stock – roughly \$440 billion between 1980 and 2007
- However, the cost of some projects cannot be justified solely on railroads profits, and as such, major beneficial projects go undeveloped
- Public-Private Partnerships provide an avenue for railroads and government to work together to develop projects that benefit both the railroad and the public at large – each contributing for the benefits they receive

# NS Is Currently Engaged in Over \$1.3 billion in Network Investments Targeting Intermodal

- Meridian Speedway: \$300mm
  - Complete 2010
- Heartland Corridor: \$290mm
  - Complete 2010
- Pan Am Southern: \$140mm
  - Complete 2011
- Ph I Crescent Corridor: \$600mm
  - Launched 2008







Pan Am  
Southern

CREATE

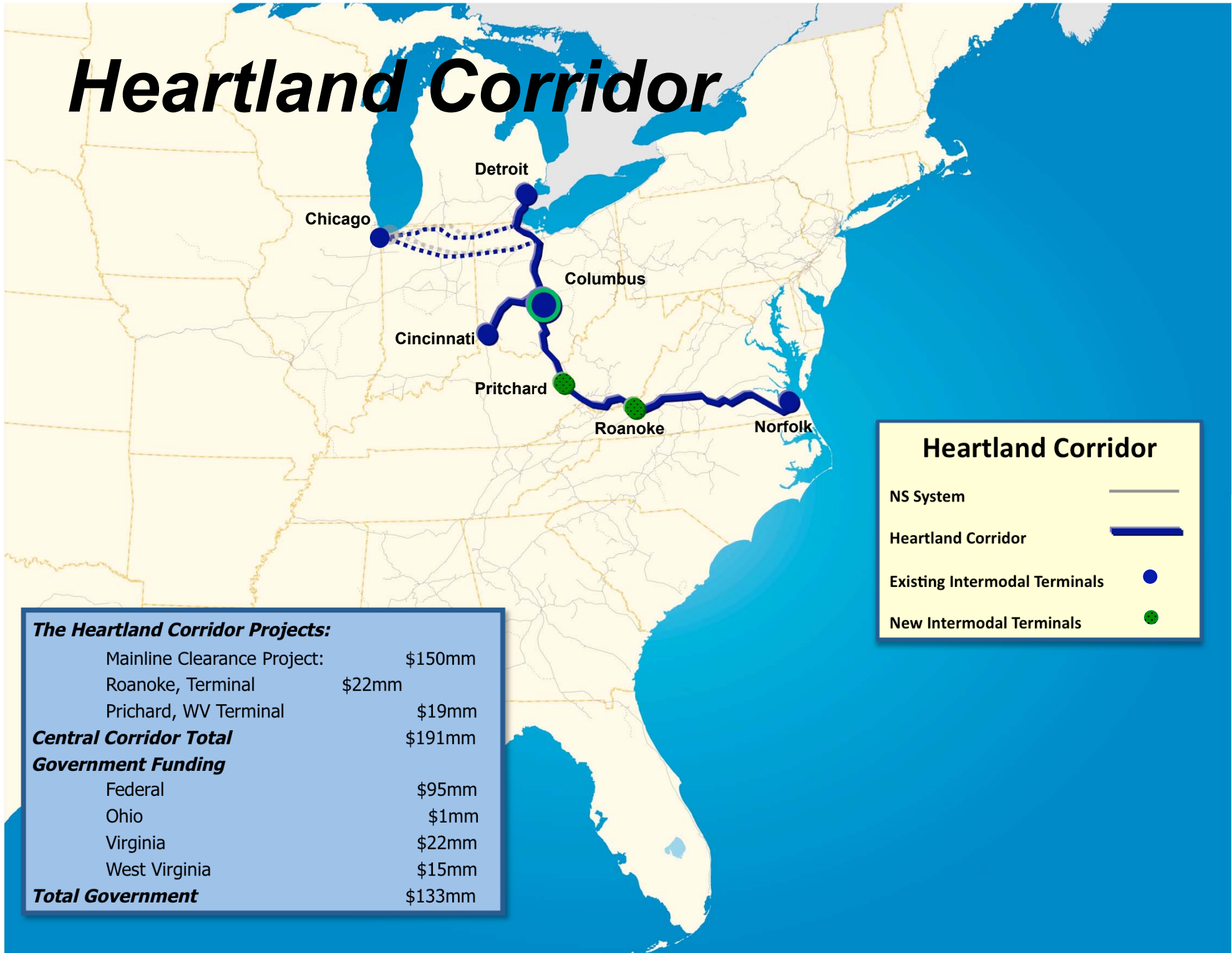
Heartland  
Corridor

Crescent  
Corridor

Meridian  
Speedway

**NS' Corridor Strategy**  
Includes joint ventures with other carriers

# Heartland Corridor



**Heartland Corridor**

- NS System
- Heartland Corridor
- Existing Intermodal Terminals
- New Intermodal Terminals

<b>The Heartland Corridor Projects:</b>	
Mainline Clearance Project:	\$150mm
Roanoke, Terminal	\$22mm
Pritchard, WV Terminal	\$19mm
<b>Central Corridor Total</b>	<b>\$191mm</b>
<b>Government Funding</b>	
Federal	\$95mm
Ohio	\$1mm
Virginia	\$22mm
West Virginia	\$15mm
<b>Total Government</b>	<b>\$133mm</b>

# Heartland Corridor Status

	Total	Complete as of 4/15/10	% Complete
Tunnel Length (Linear feet)	28,843	21,602	75%
Number of Tunnels	28	24	86%
Number of other obstructions	25	24	96%



Cowan Tunnel - Before



N  
306

Cowan Tunnel - After

# Heartland Corridor: Work in Progress



# Columbus Rickenbacker

4 Support Tracks (14,000')

3 Pad Tracks (9,300')

Expanded Leads to/from Mainline

4 Overhead Cranes / 1 Sideloader

Equipment Maintenance Building

Annual Lift Capacity 250,000

Neighboring Lots are owned by CRAA and may be developed for CY facilities, etc.

High Speed Automated Gate System

125 Acres – Expandable up to 300 acres

1,888 Wheeled Parking Spots

408 Stacked Spaces (2 high)



# CREATE

- **Purpose:** Industry public-private partnership to improve fluidity of Chicago's rail network
- **Scope:** \$3.1 billion in rail and highway projects
- **Status:** \$141 million in projects completed
- **HSR:** \$133 million awarded as part of the high speed rail initiative
- **TIGER:** \$100 million awarded (2<sup>nd</sup> largest grant)







# Hurdles

- Insufficient, irregular and delayed of funding for PPPs
- Extended planning horizons to accommodate public needs
  - Property Acquisition
  - Environmental permitting
  - Local community outreach / education
  - Funding application, approval and implementation process
  - Major projects can take 10+ years to plan, fund and construct
- Washington DC and Re-regulation

# Summary

- While railroads have historically paid their own way for the development of infrastructure, the scope of some projects prevent rail carriers from making the investment on their own
- Rail projects such as CREATE, and the Heartland and Crescent Corridors need to include public input and funding at all levels in order to allow them to reach their full potential
- NS continues to work with all partners to continually expand infrastructure and services to fully maximize the benefits rail can offer to NS, the shipping community and the public at large

THE CRESCENT  
CORRIDOR

LESS HIGHWAY  
CONGESTION

CLEANER AIR

FUEL SAVINGS

A STRONG  
ECONOMY

VISIONARY  
PARTNERS



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1,900,000

*fewer tons of greenhouse gas emissions released annually into  
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