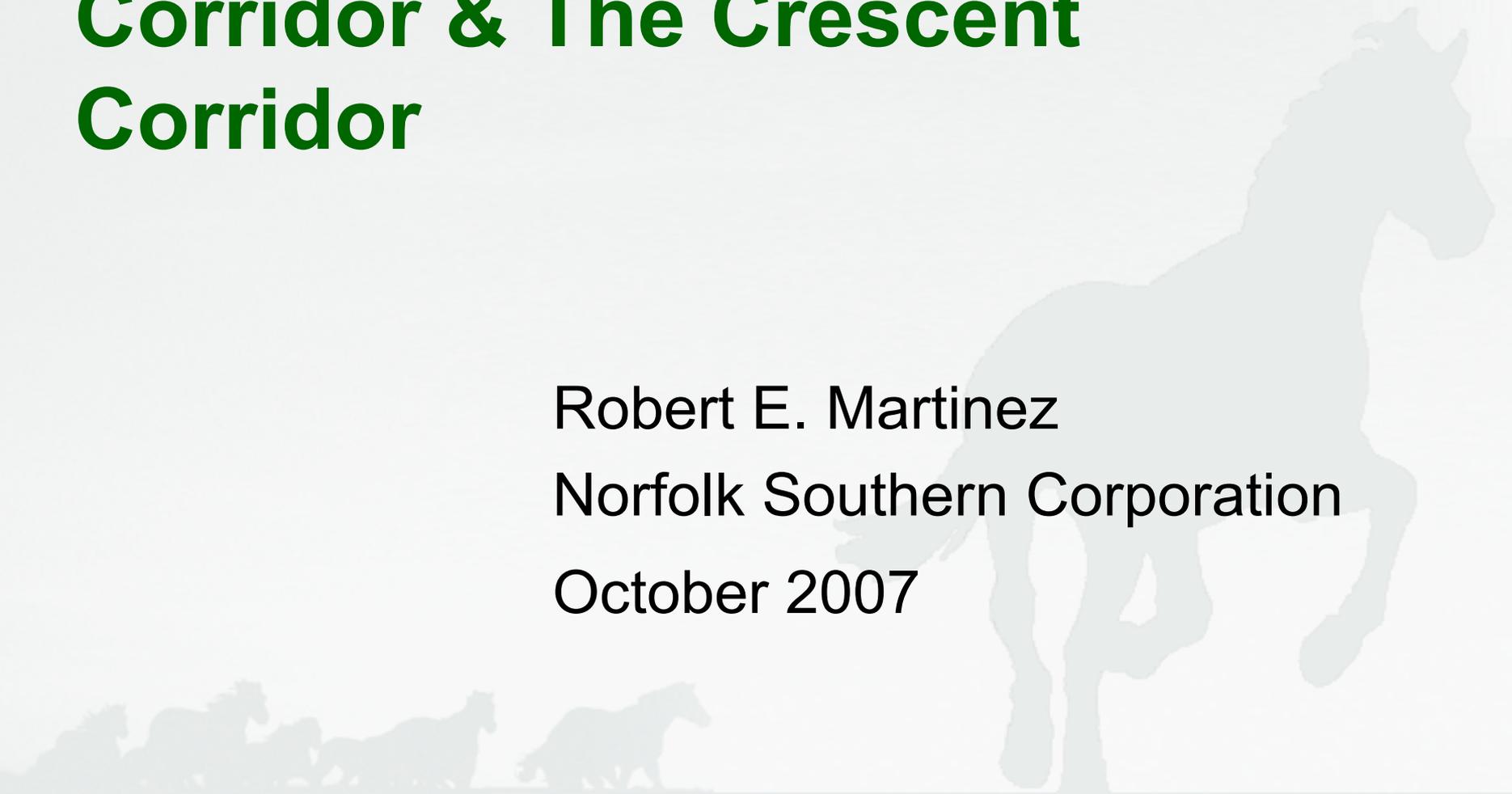


NS and Public Private Partnerships: The Heartland Corridor & The Crescent Corridor

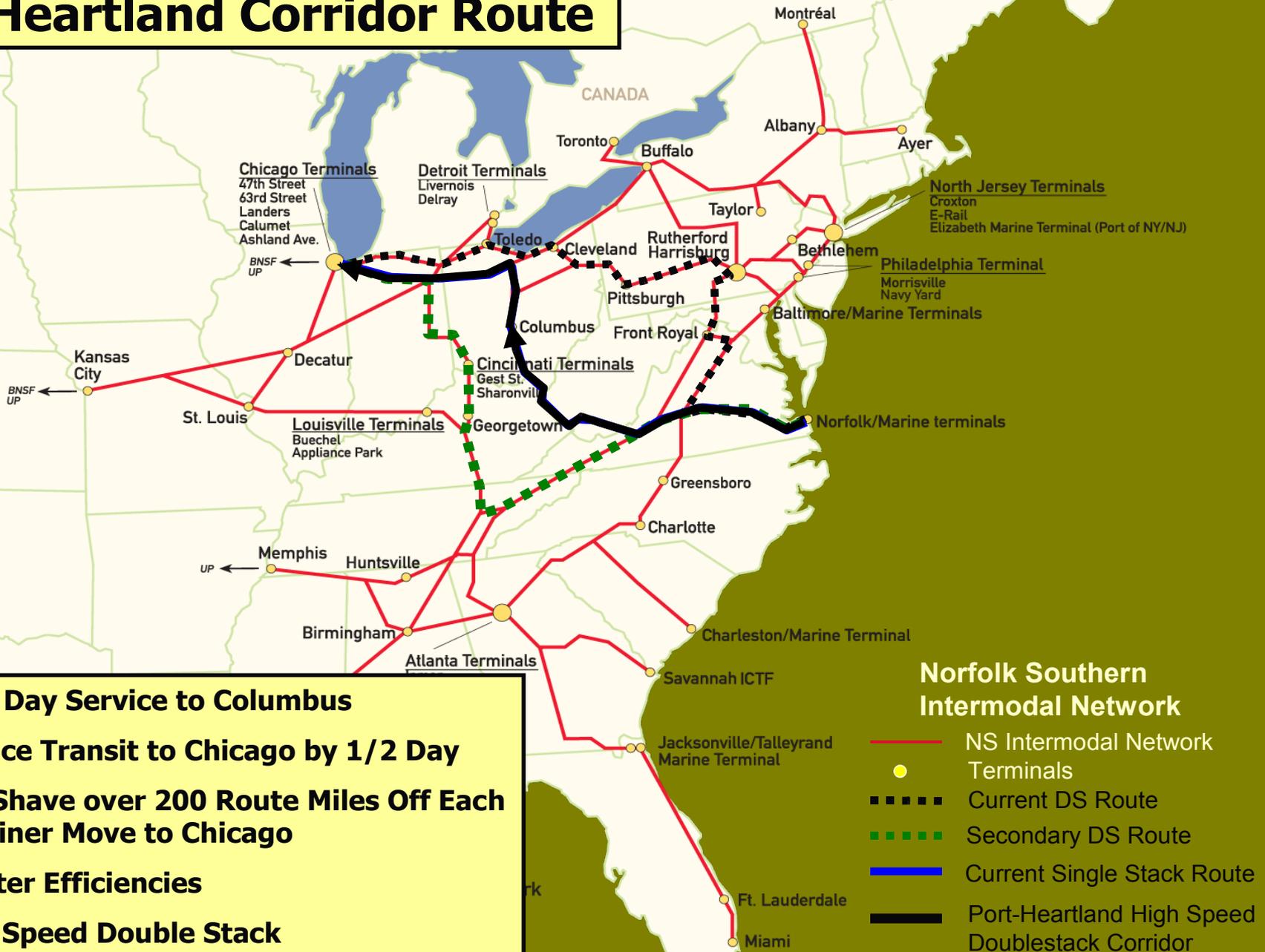
Robert E. Martinez

Norfolk Southern Corporation

October 2007



Heartland Corridor Route



- Next Day Service to Columbus
- Reduce Transit to Chicago by 1/2 Day
- Will Shave over 200 Route Miles Off Each Container Move to Chicago
- Greater Efficiencies
- High Speed Double Stack

Norfolk Southern Intermodal Network

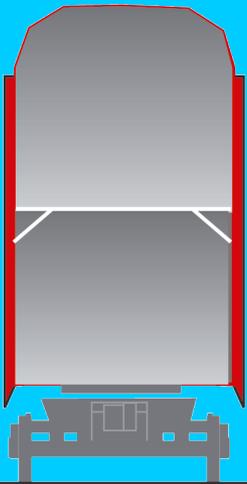
- NS Intermodal Network
- Terminals
- - - Current DS Route
- - - Secondary DS Route
- Current Single Stack Route
- Port-Heartland High Speed Doublestack Corridor

Central Corridor Double-Stack Project

The current clearance envelope through western Virginia and West Virginia only accommodates railcars up to 19'1" multi-levels. No double-stack cars can be accommodated in western Virginia and West Virginia due to the height, as well as the square profile of the conveyance.

Car Height
19'-1"

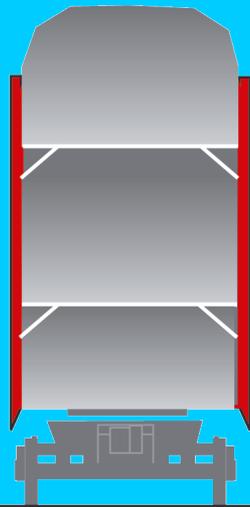
Required Clearance
19'7"



Conventional Multi-level

Car Height
20'2"

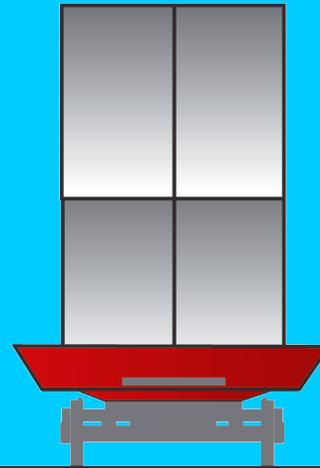
Required Clearance
20'8"



High "Q-Car" Multi-level

Car Height
18'3"

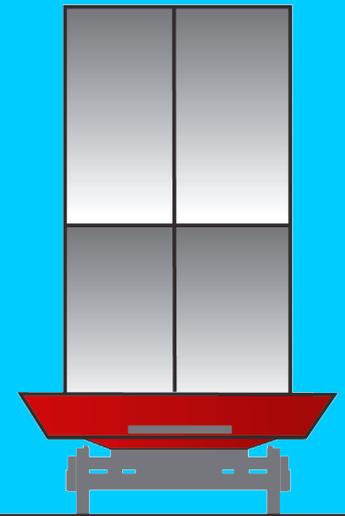
Required Clearance
18'9"



Two 8.5' Doublestacks

Car Height
20'3"

Required Clearance
20'9"



Two 9.5' Doublestacks

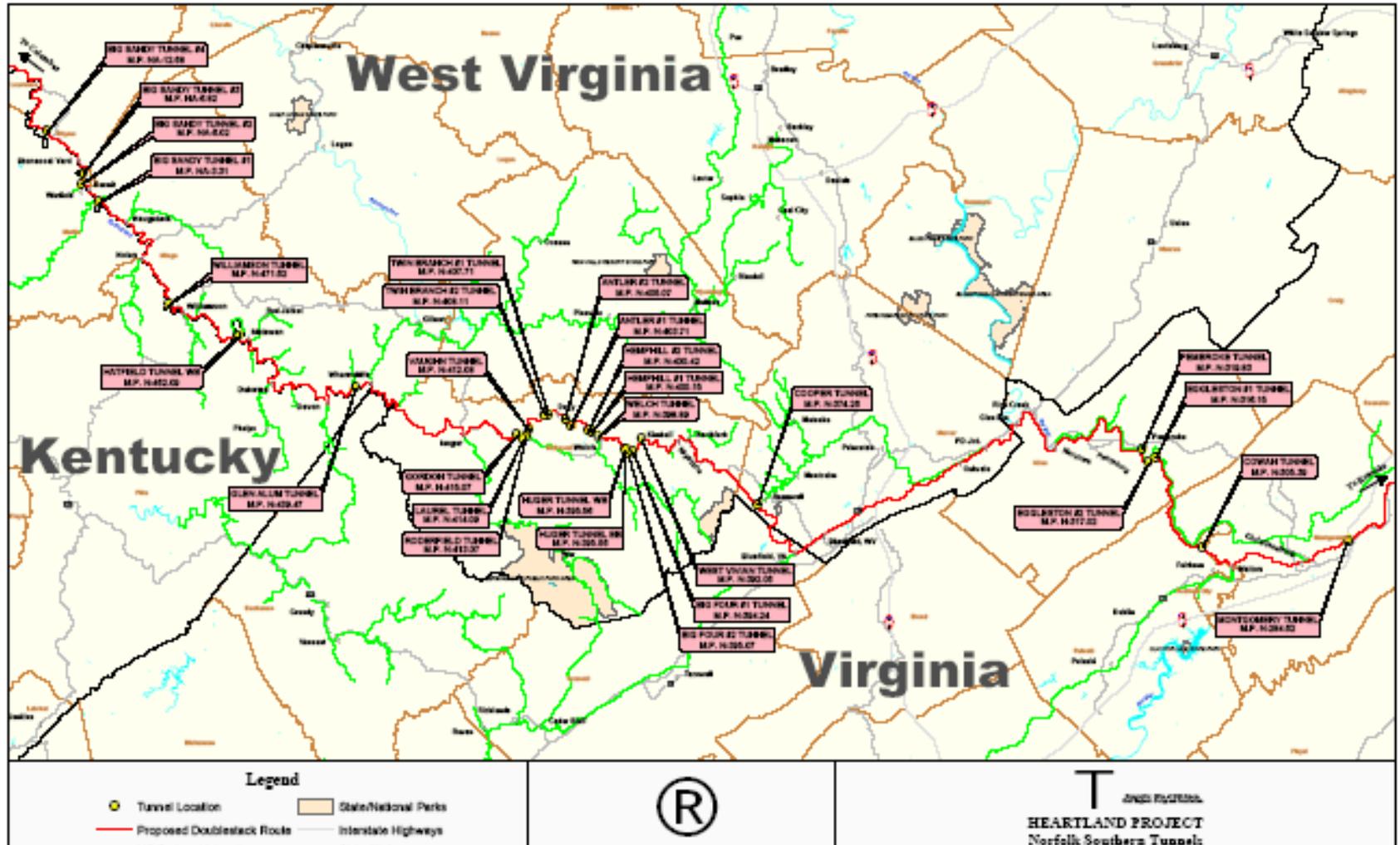
Central Corridor

- Projected cost: \$ 151 million
 - SAFETEA-LU funds
 - \$95 million authorized *
 - * *Subject to Obligation Limitation*
 - Virginia Rail Enhancement Grant
 - \$ 9.75 Million
 - Ohio Rail Development Commission Grant [ORDC]
 - \$ 836,355
 - Norfolk Southern pays the balance

Multi-state/Federal/Public Private Partnership

- Grant Agreement with ORDC May 2006
- Grant Agreement with Virginia signed May 2006
- MOA signed by the three states with Eastern Lands division of Federal Lands at Federal Highway Administration [FHWA], June 2006
 - FHWA has extensive project management experience
- MOA signed by NS with Eastern Lands, FHWA, August 2006

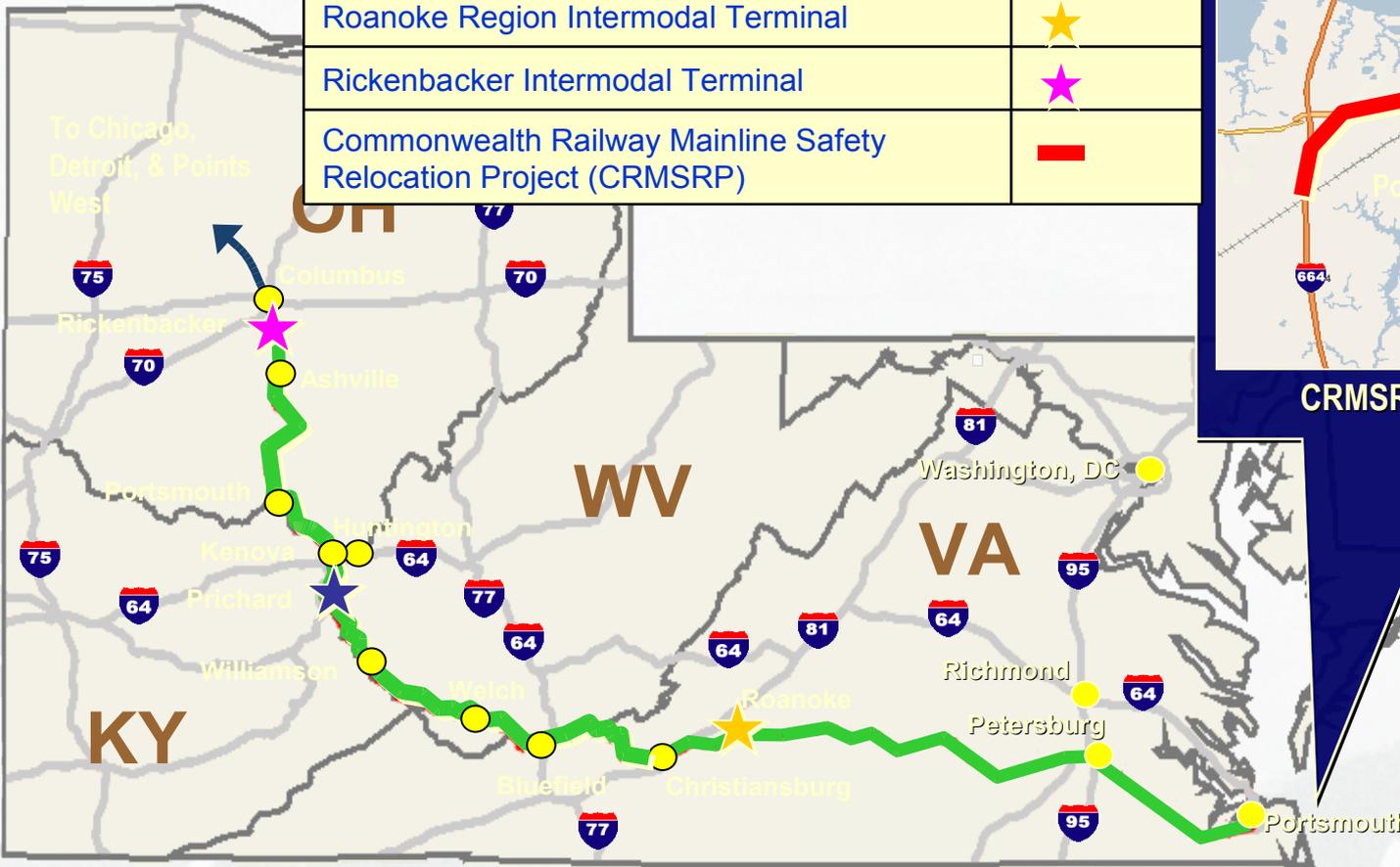
Project Overview



- Initially, we had sought an estimated \$130 million for just the central corridor plus Prichard
- But, we weren't being noticed because we weren't asking for enough!
- Building a winning coalition and recognizing transportation as a corridor business

The Heartland Corridor

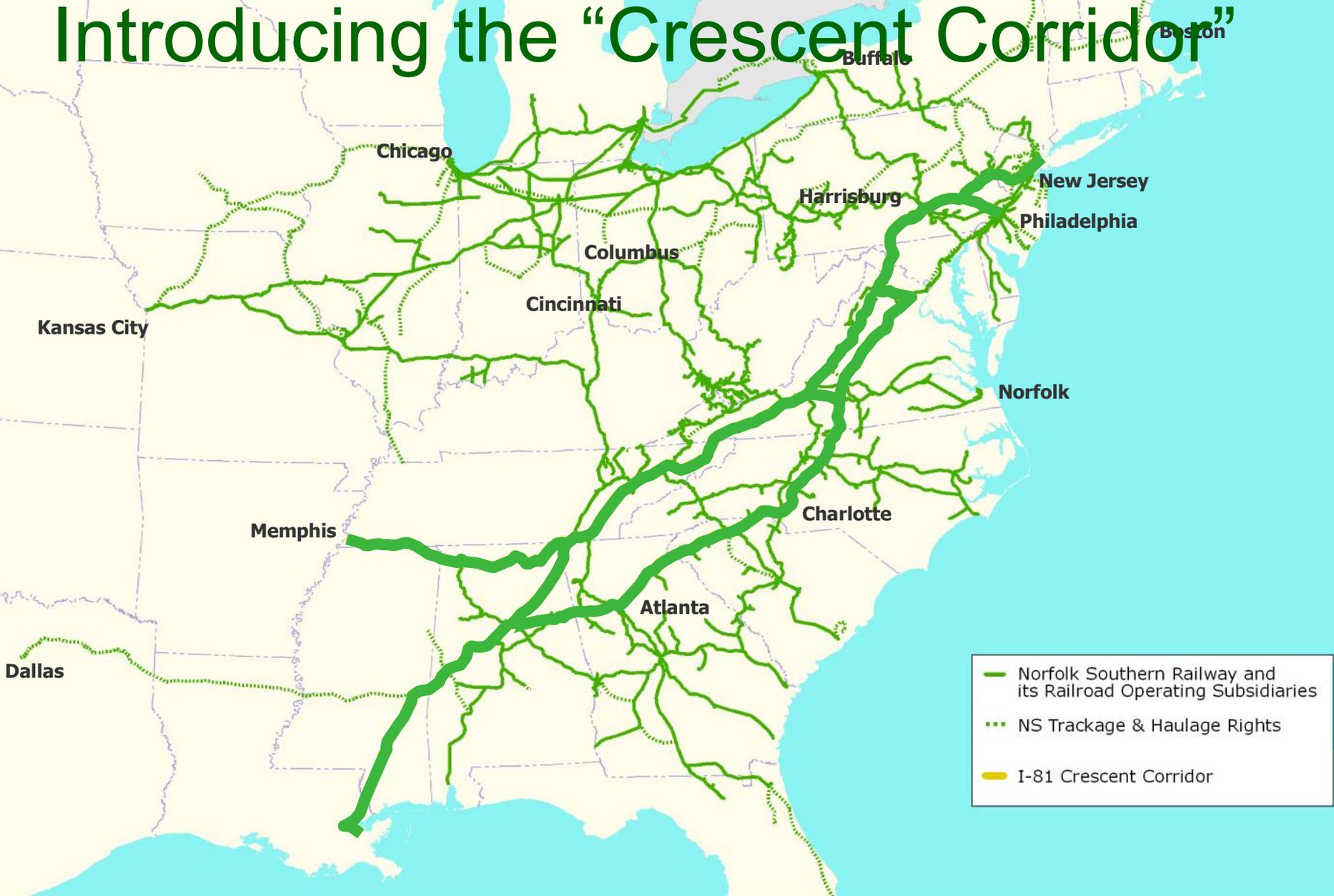
COMPONENT	LEGEND
Central Corridor Double-Stack Initiative	
Prichard Intermodal Terminal	
Roanoke Region Intermodal Terminal	
Rickenbacker Intermodal Terminal	
Commonwealth Railway Mainline Safety Relocation Project (CRMSRP)	



CRMSRP Project (Median Rail)

COMPONENT	ESTIMATED COST (\$)
Central Corridor Double-Stack Initiative	\$ 151 M
Prichard Intermodal Terminal	\$ 18 M
Roanoke Region Intermodal Terminal	\$ 18 M
Rickenbacker Intermodal Terminal	\$ 64 M
Commonwealth Railway Mainline Safety Relocation Project (CRMSRP)	\$ 60 M
TOTAL	\$ 311 M

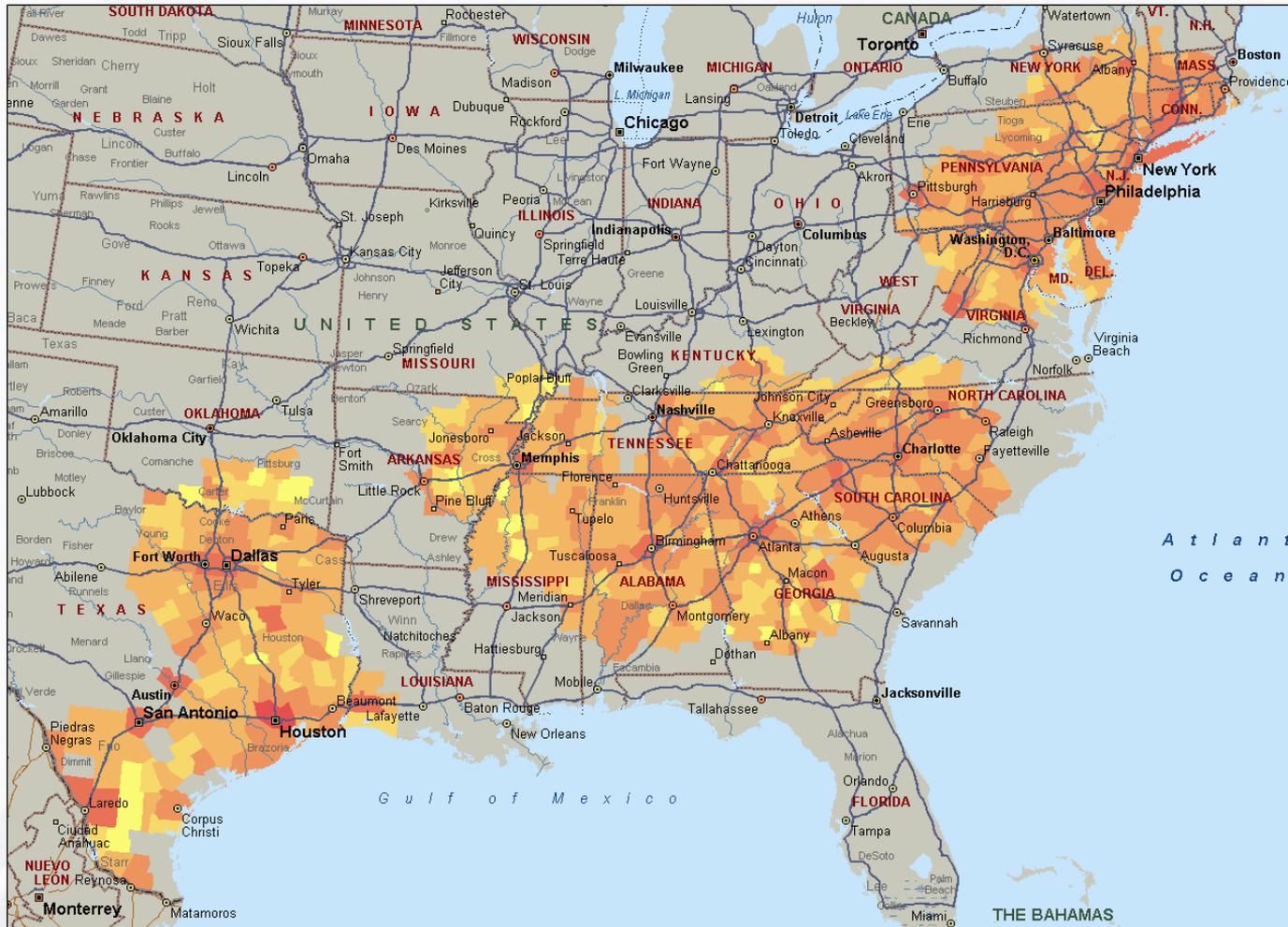
Introducing the “Crescent Corridor”



The Crescent Corridor Represents Significant Potential

- Long haul intermodal services along I-20, I-40, I-75, I-85 and I-81 Corridors are largely undeveloped
- Significant highway congestion along portions of these routes
- NS estimates that there are over one million divertible truckloads in this corridor
- Existing intermodal and motor carrier interest in developing services in this corridor

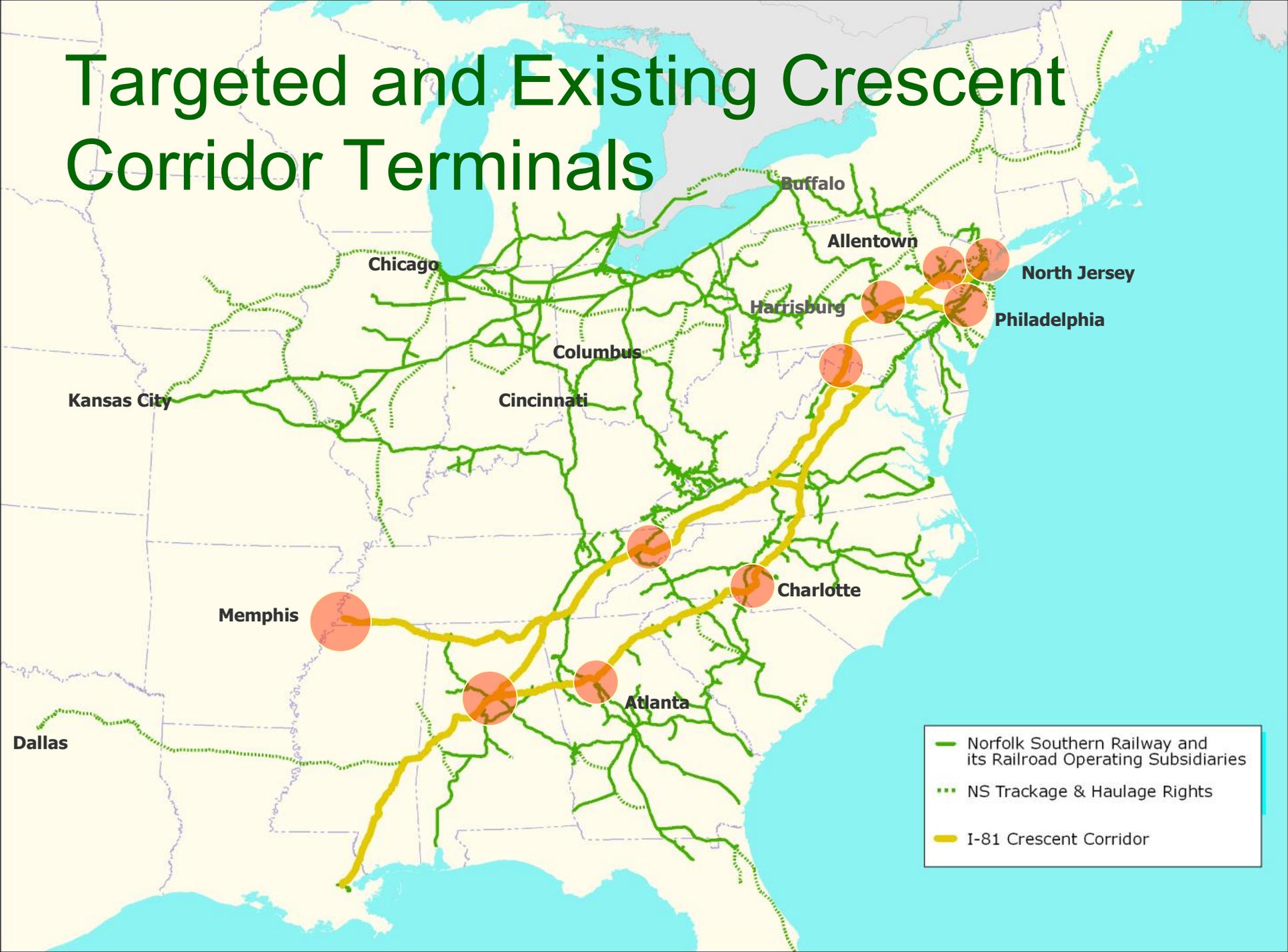
Market Assessment of Freight Volumes



Gaining Highway Freight Will Require a Better Product

- High quality services *competitive with single-driver transit times*
- 28 new trains will be introduced as the network is developed
- Access for all motor carriers, Intermodal Marketing Companies and private fleets with rail trailers and/or containers

Targeted and Existing Crescent Corridor Terminals



The Crescent Corridor

The imperative for public investment

- Safety
- Highway congestion mitigation
- Deferred/reduced highway maintenance expense
- Deferred/reduced highway expansion requirement
- Environmental benefits
 - Emissions
 - Land use
 - Fuel Consumption
- Economic Development

NS Principles on Public/Private

- No safety degradation
- Voluntary on both sides
- Public sector pays for public or societal benefits
- Norfolk Southern pays for railroad benefits
- Benefits, costs and risks are shared proportionately

- NS commits to performance standards in return for public participation
- Planning must be coordinated among all stakeholders to ensure prudent investments
- Planning must be executed in a manner consistent with rail regulatory requirements, ownership rights, and market conditions
- The project must produce a more balanced transportation policy

Thank you

