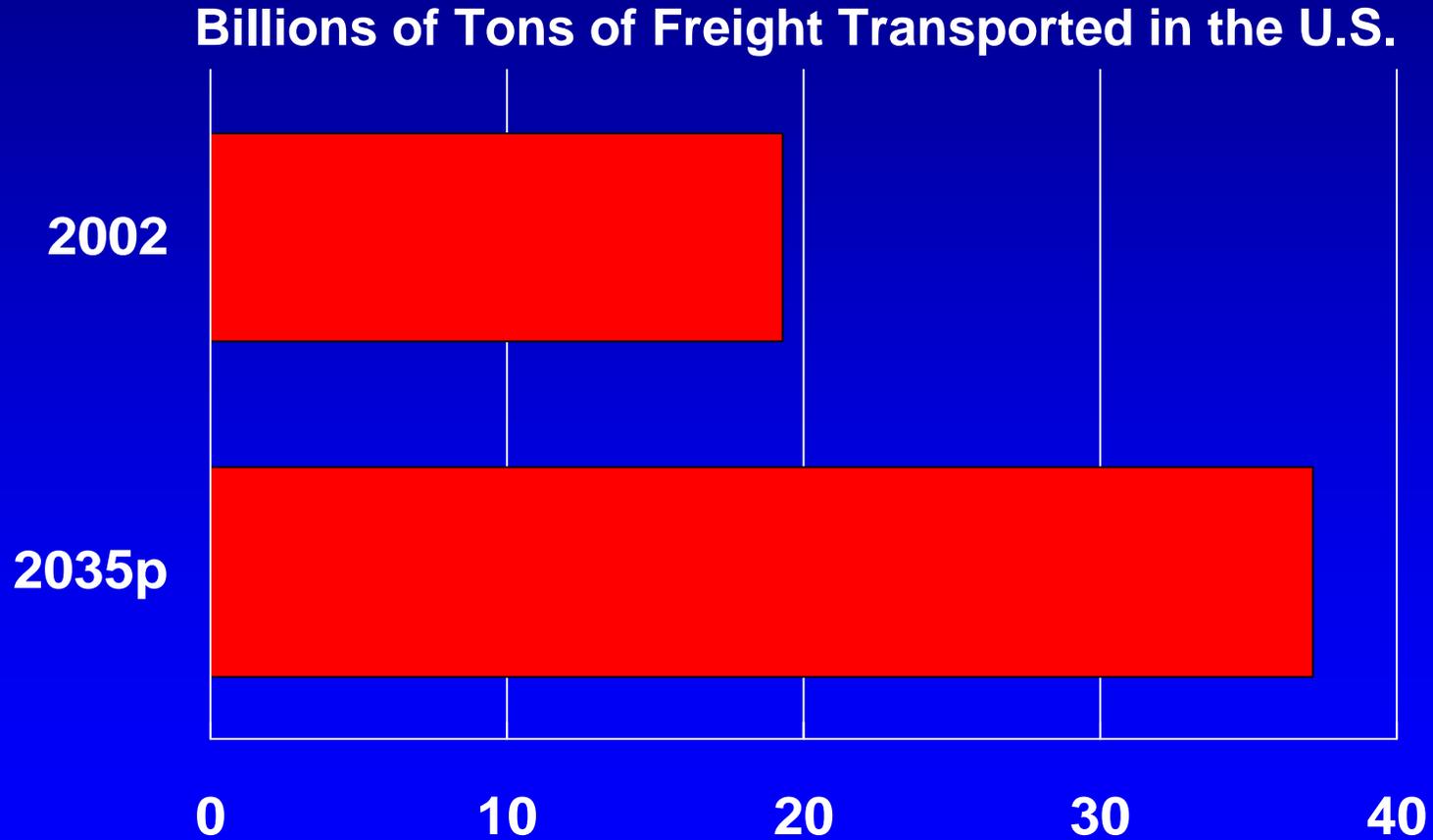


Future Demand for Freight Transportation Will Continue to Grow



p – U.S. DOT projection



National Rail Freight Infrastructure Capacity and Investment Study

prepared for
Association of American Railroads
by
Cambridge Systematics, Inc.

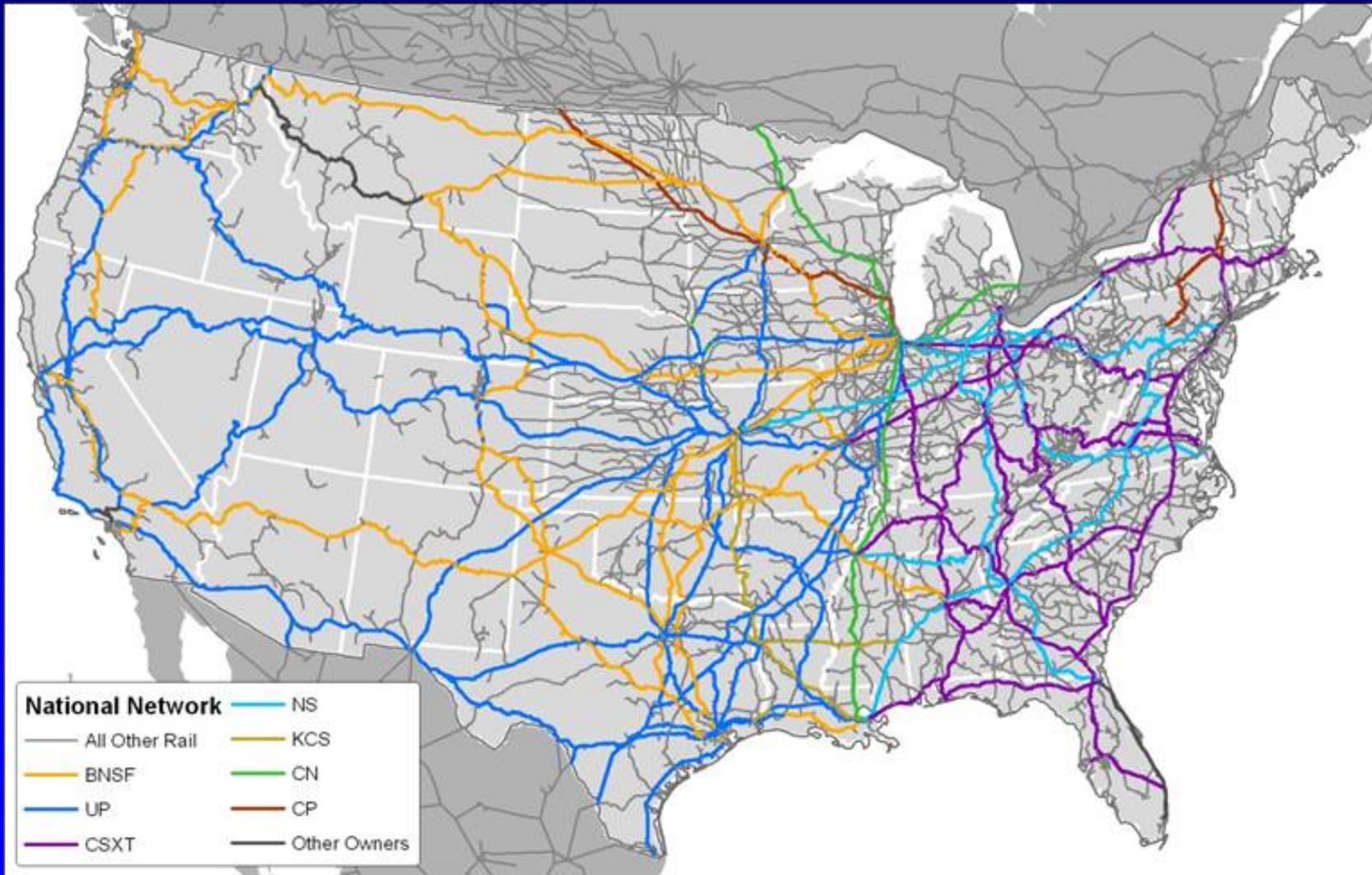
September 2007

www.camsys.com

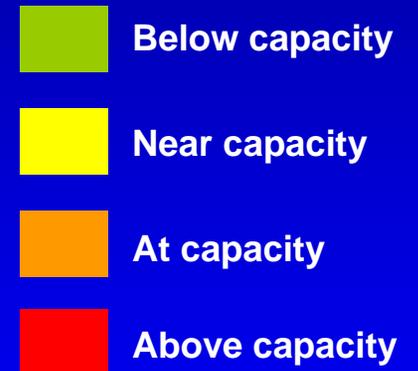
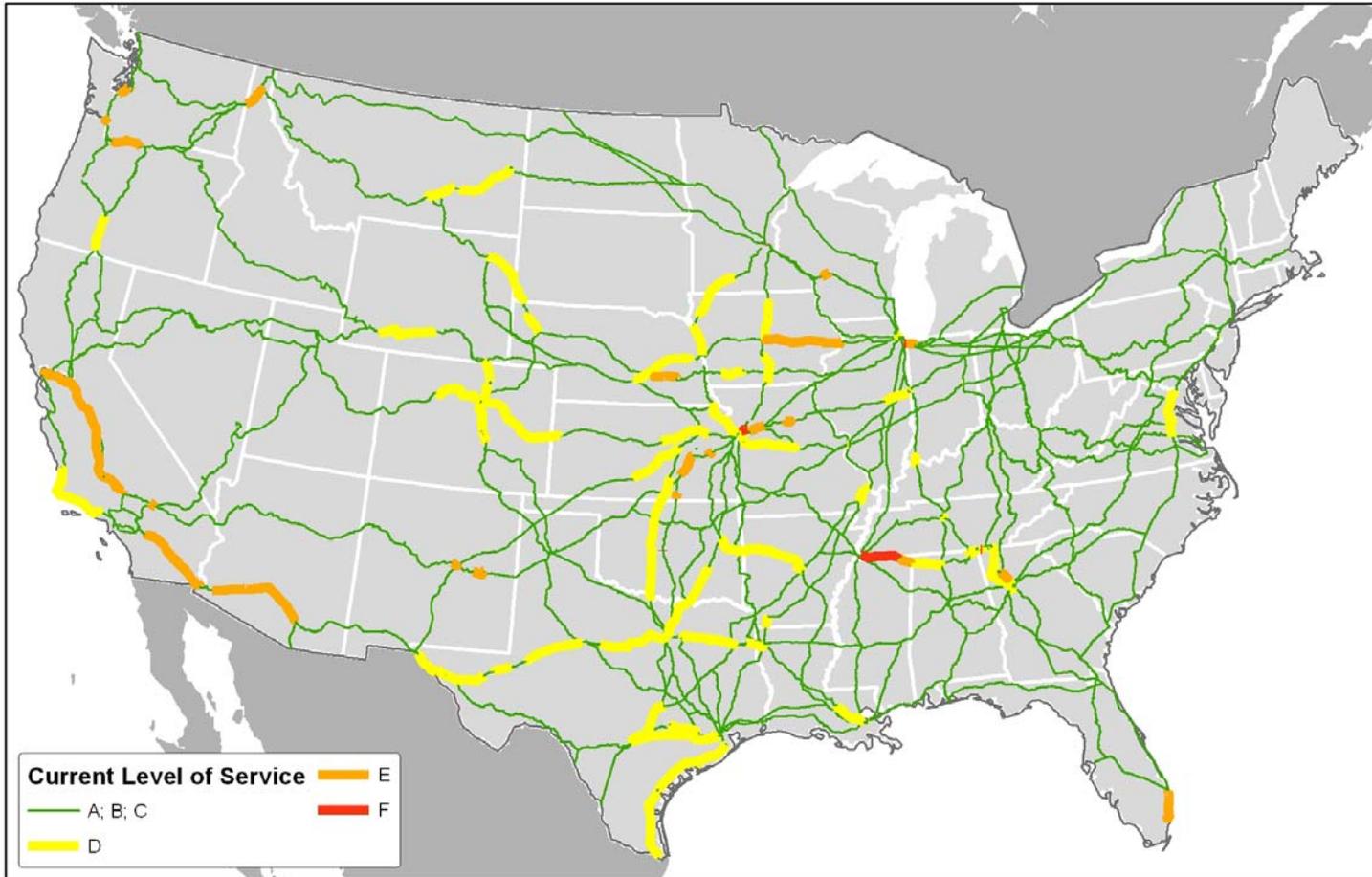


- Prepared for the National Surface Transportation Policy and Revenue Study Commission.
- First effort of its kind involving the freight railroads; separate group looking at passenger.
- Objective: estimate cost to expand rail infrastructure to handle traffic forecast by DOT for 2035

Focus on Primary Rail Corridors

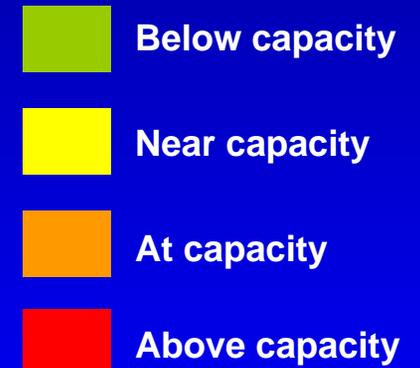
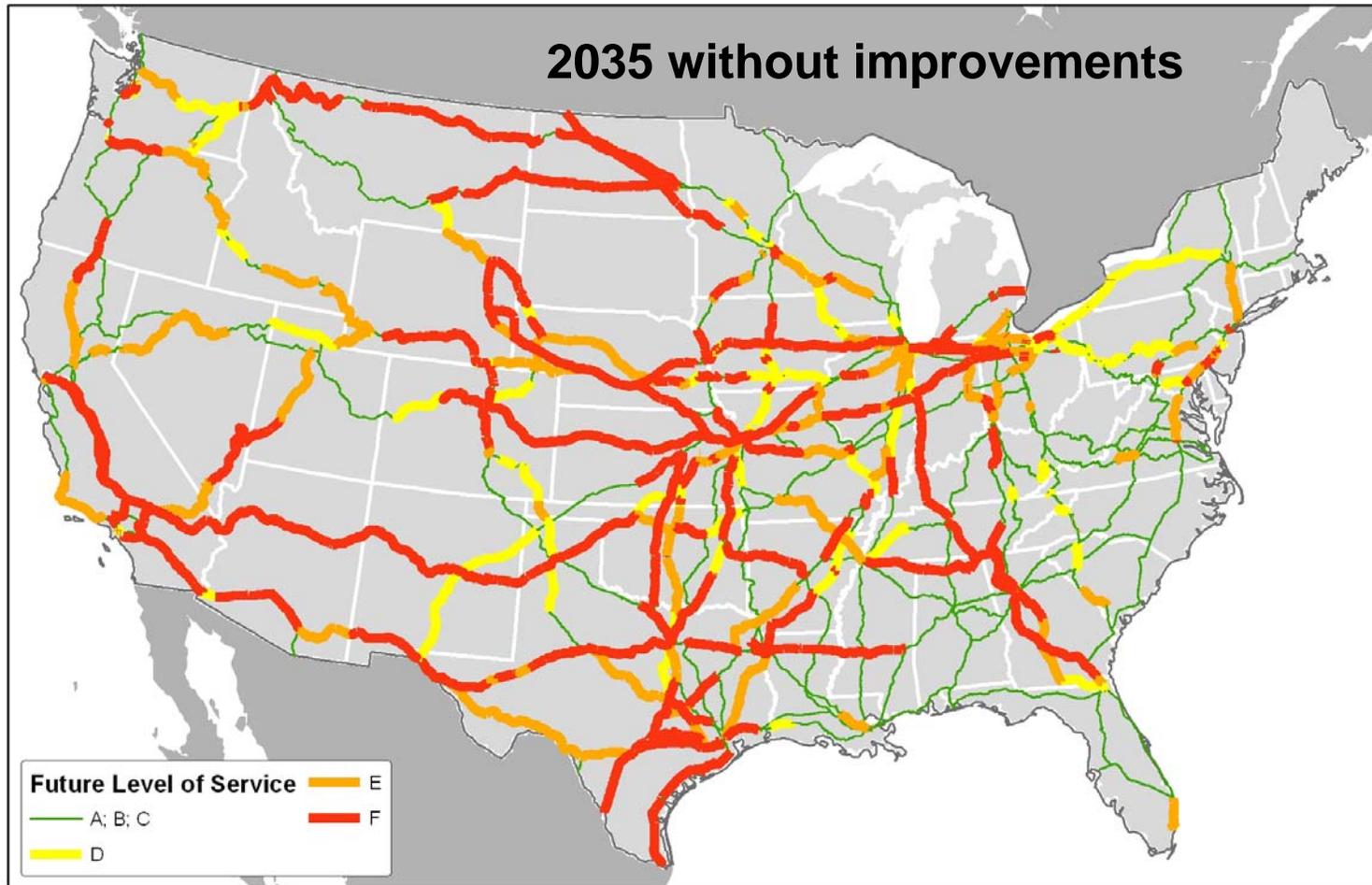


Current Train Volumes Compared to Current Train Capacity

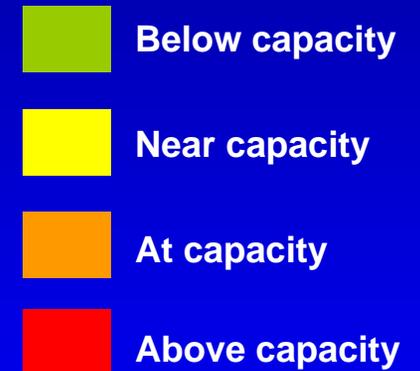
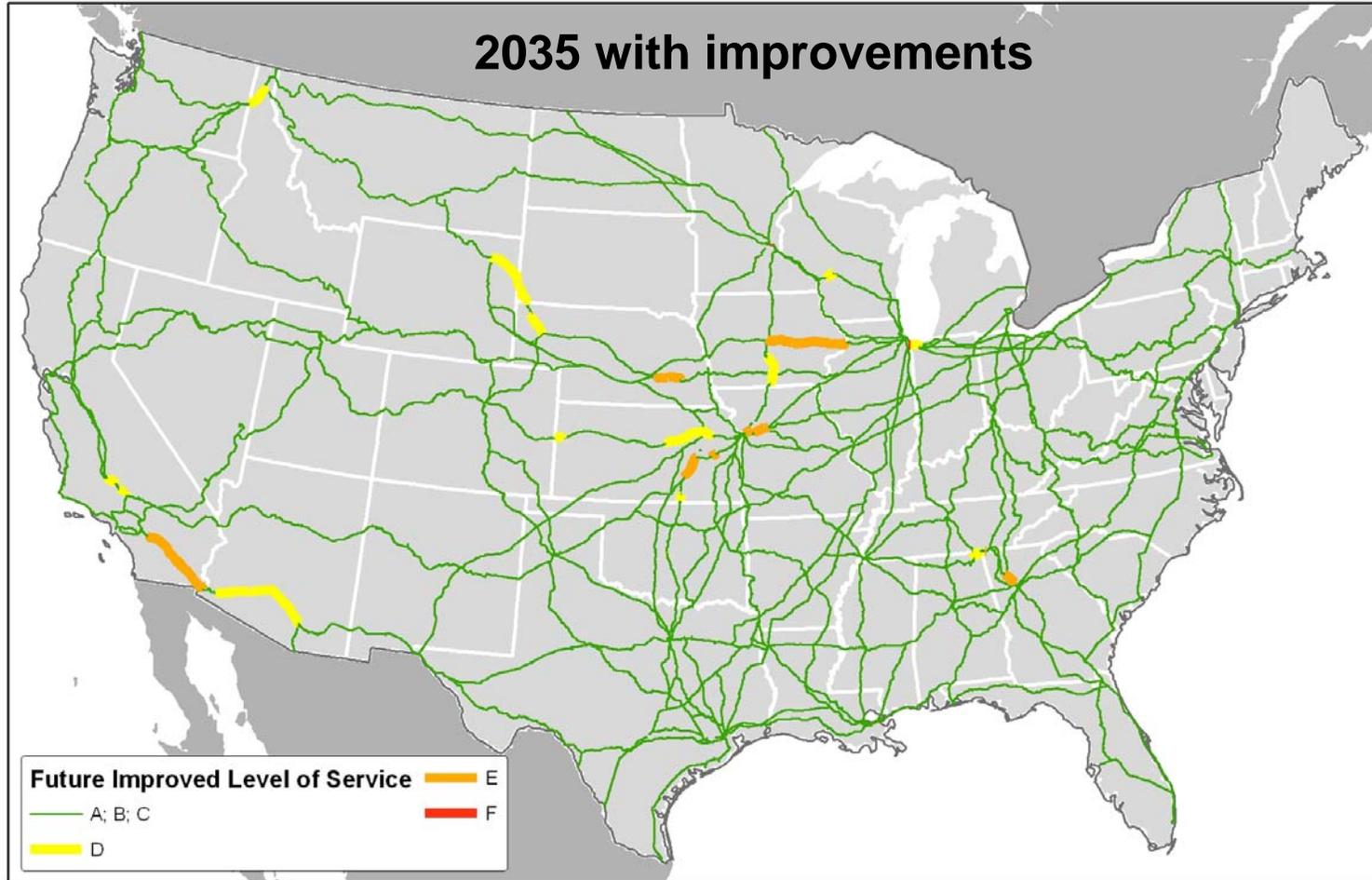


Future Corridor Volumes Compared to Current Corridor Capacity

2035 without improvements



Future Train Volumes Compared to Future Train Capacity



Adequate Profits to Pay for Needed Investment are Essential

“As demand increases, the railroads’ ability to generate profits from which to finance new investments will be critical. Profits are key to increasing capacity because they provide both the incentives and the means to make new investments.”

– *Congressional Budget Office (Jan. 2006)*

Do No Harm.

Tax Incentives to Leverage Capacity Expansion



- 25% tax credit for projects that expand rail capacity.
- Expense other infrastructure capital expenditures.
- Leverage private investment.
- Short line investment credit renewal.

Public-Private Partnerships Can Also Help

- Best used for projects whose main purpose is to meet public needs.
- RRs pay for their benefits and public pays for public benefits.

“Relatively small public investments in the nation’s freight railroads can be leveraged into relatively large benefits for the nation’s highway infrastructure, highway users, and freight shippers.” – AASHTO