

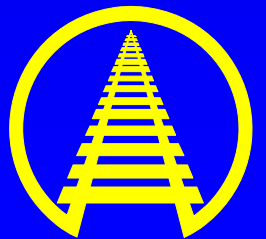
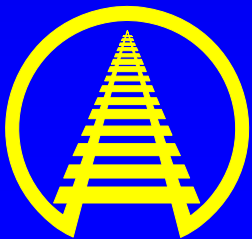
Rail's Role in Alternative Fuels and the Capacity Outlook

Daniel Keen

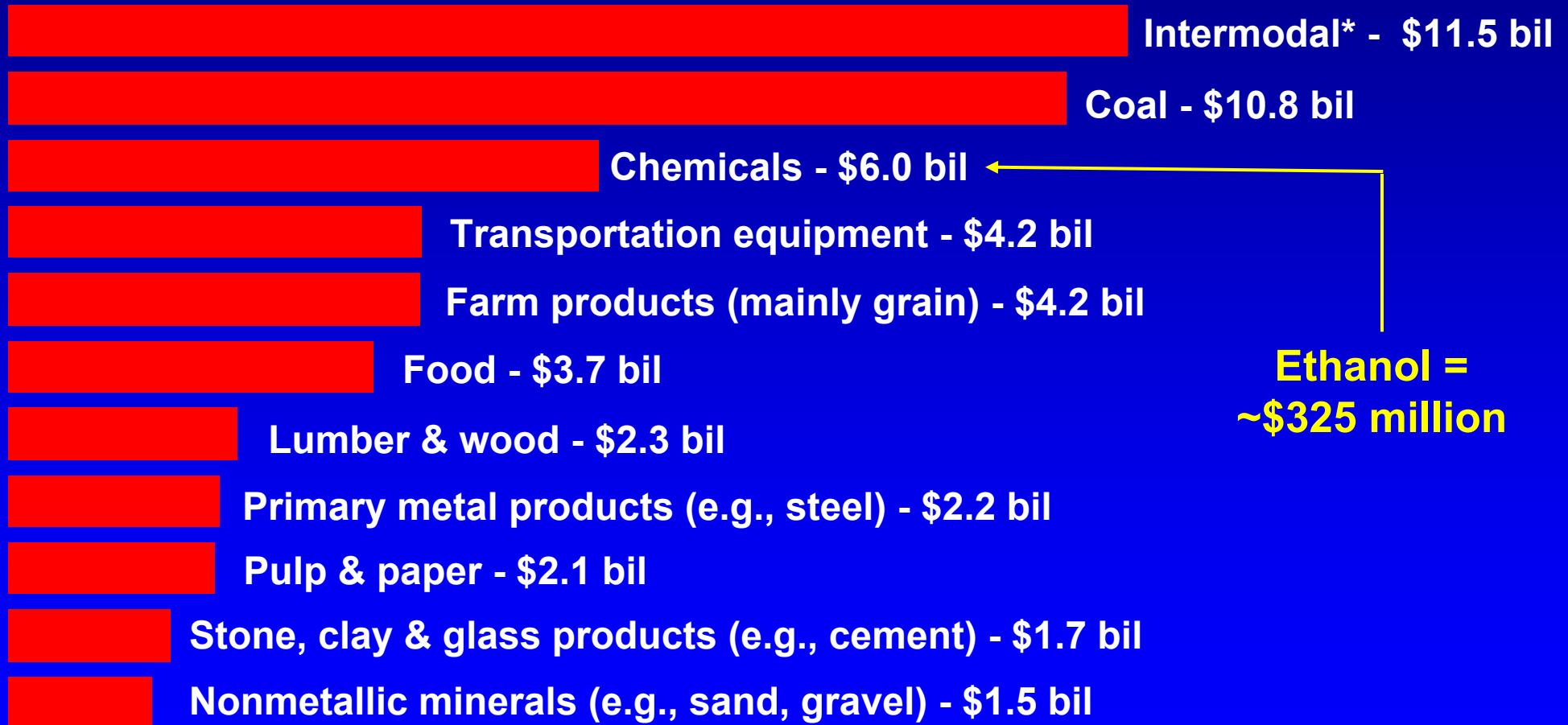
**Assistant Vice President - Policy & Economics
Association of American Railroads**

Washington, DC

April 15, 2008



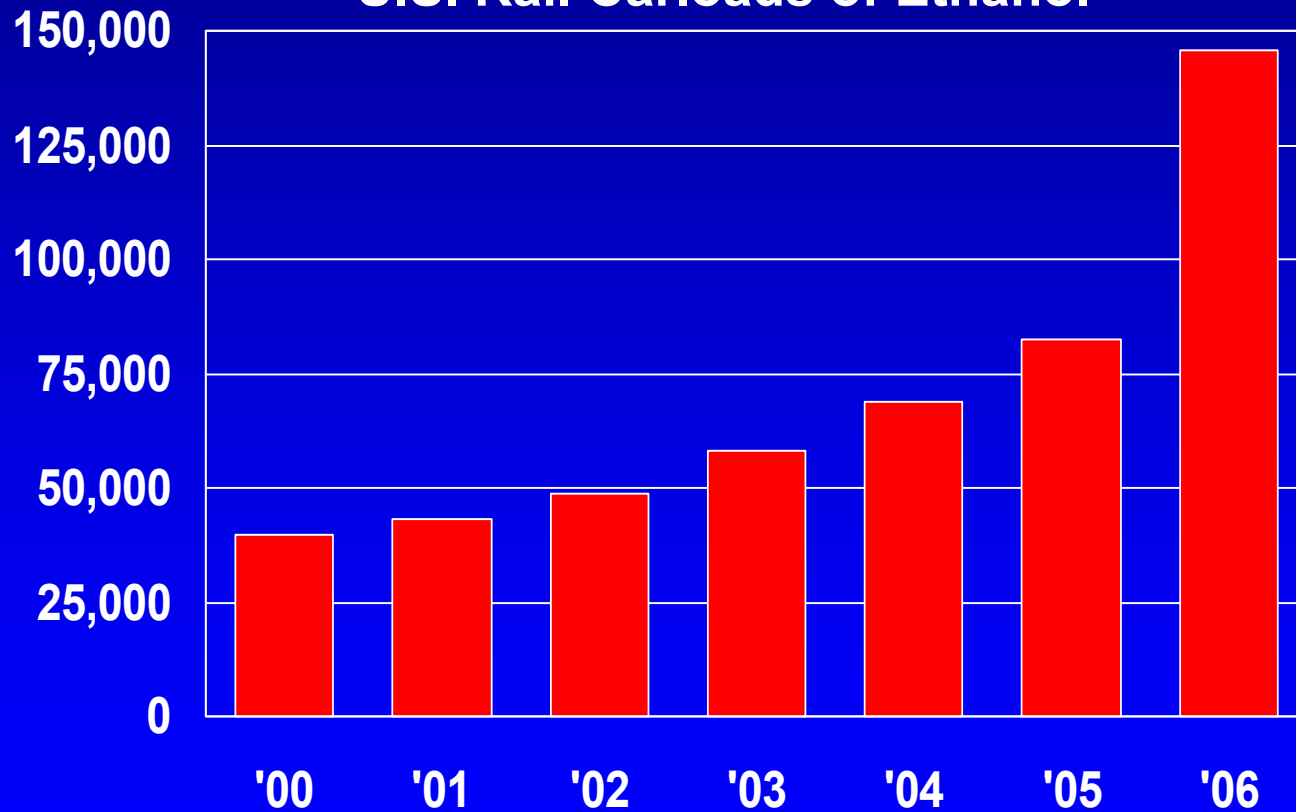
Class I Railroad Traffic in 2006 (Gross Freight Revenue)



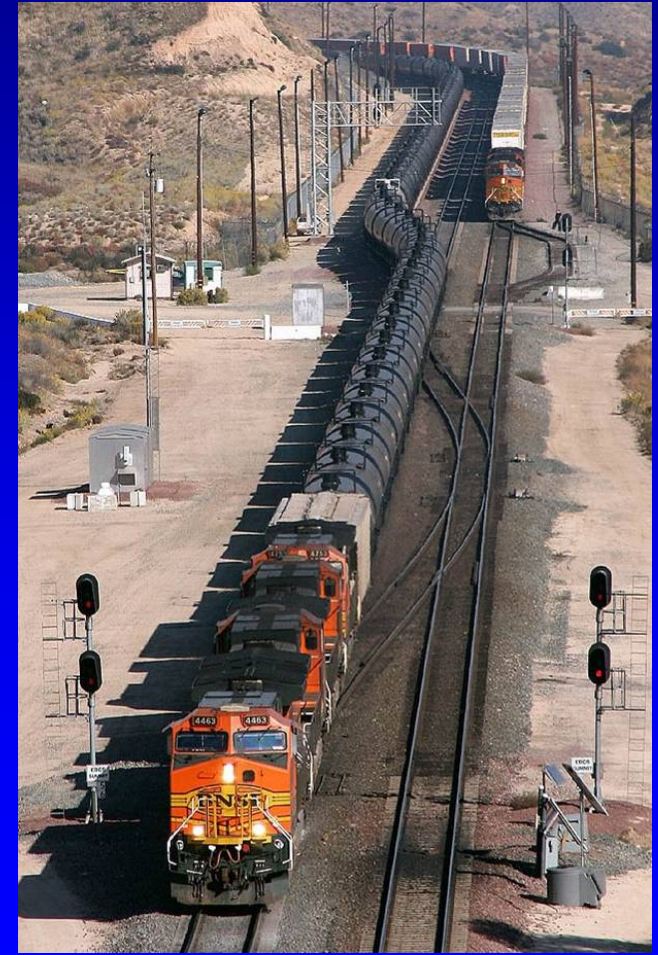
Source: AAR *Estimated. Some intermodal revenue is also included in individual commodities.

Ethanol is a Rapidly Growing Commodity for Railroads

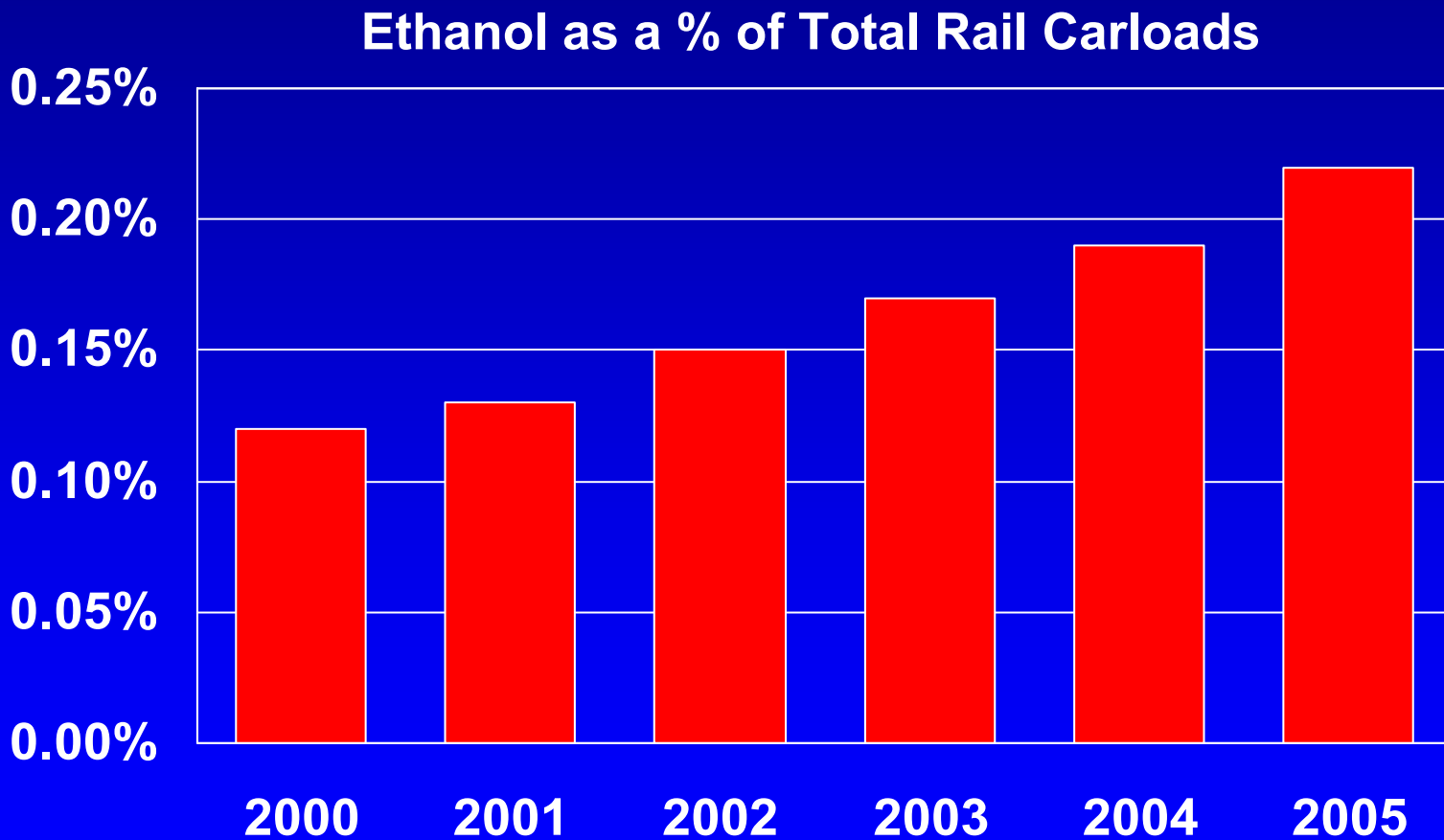
U.S. Rail Carloads of Ethanol



Source: STB Waybill Sample and AAR estimates

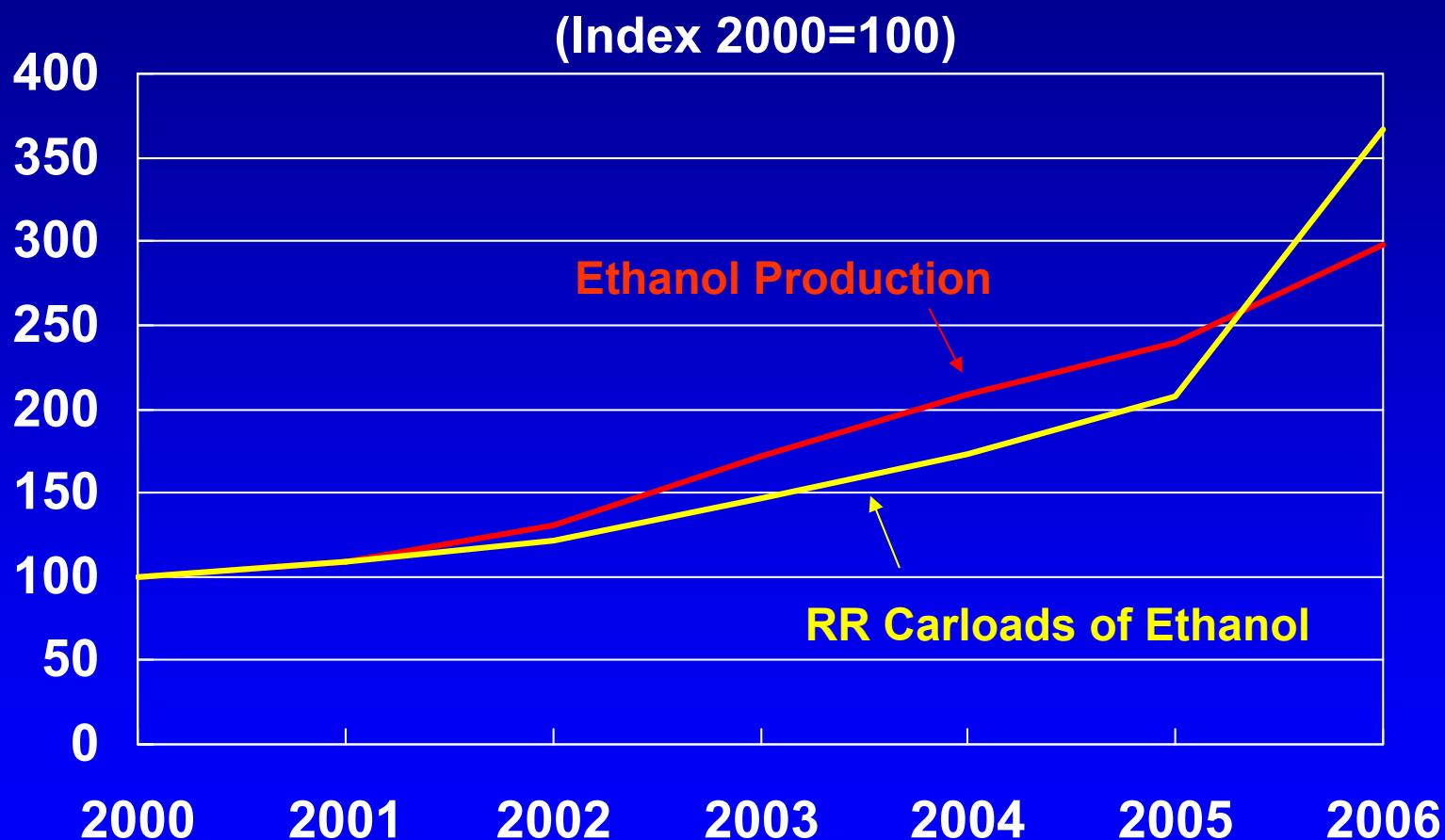


Ethanol Will Remain a Small Portion of Total Rail Traffic



Source: STB Waybill Sample

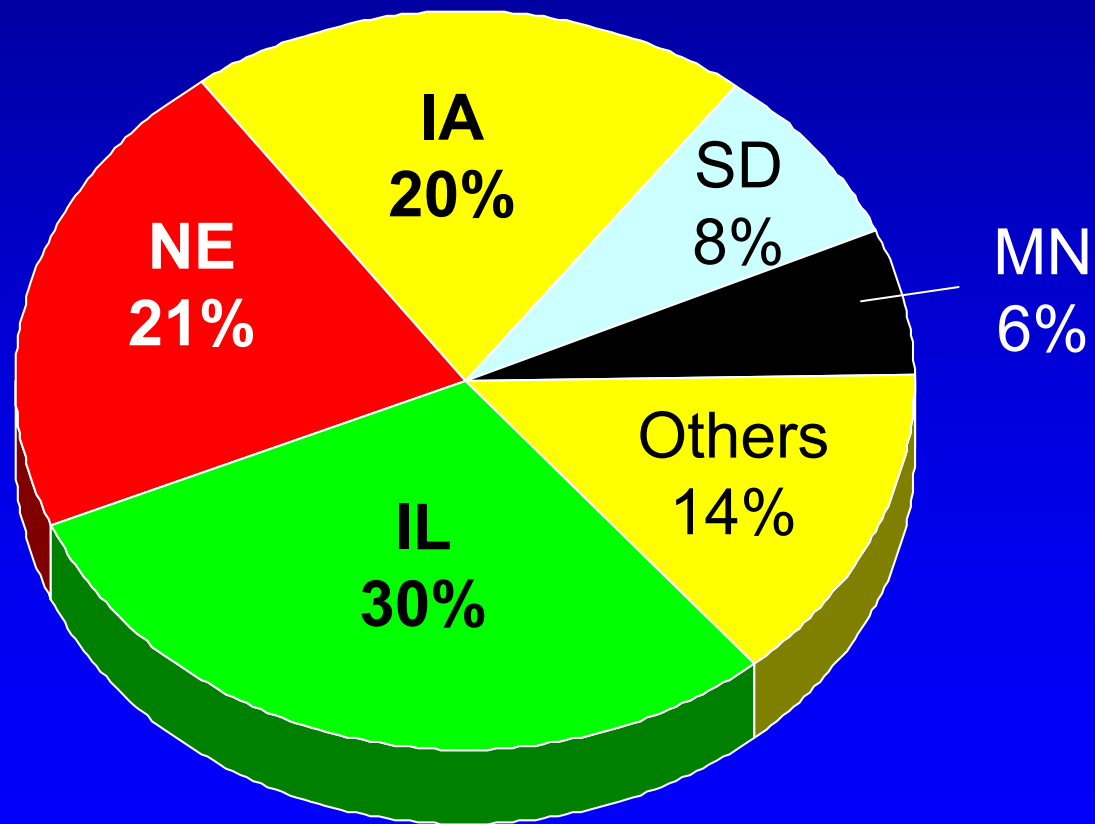
Close Correlation Between Ethanol Production and RR Carloads of Ethanol



e – estimate Source: Association of American Railroads, Renewable Fuels Association

The Midwest Dominates Rail Ethanol Originations

Origin States of Rail Shipments of Ethanol



Data are for 2005. Source: STB

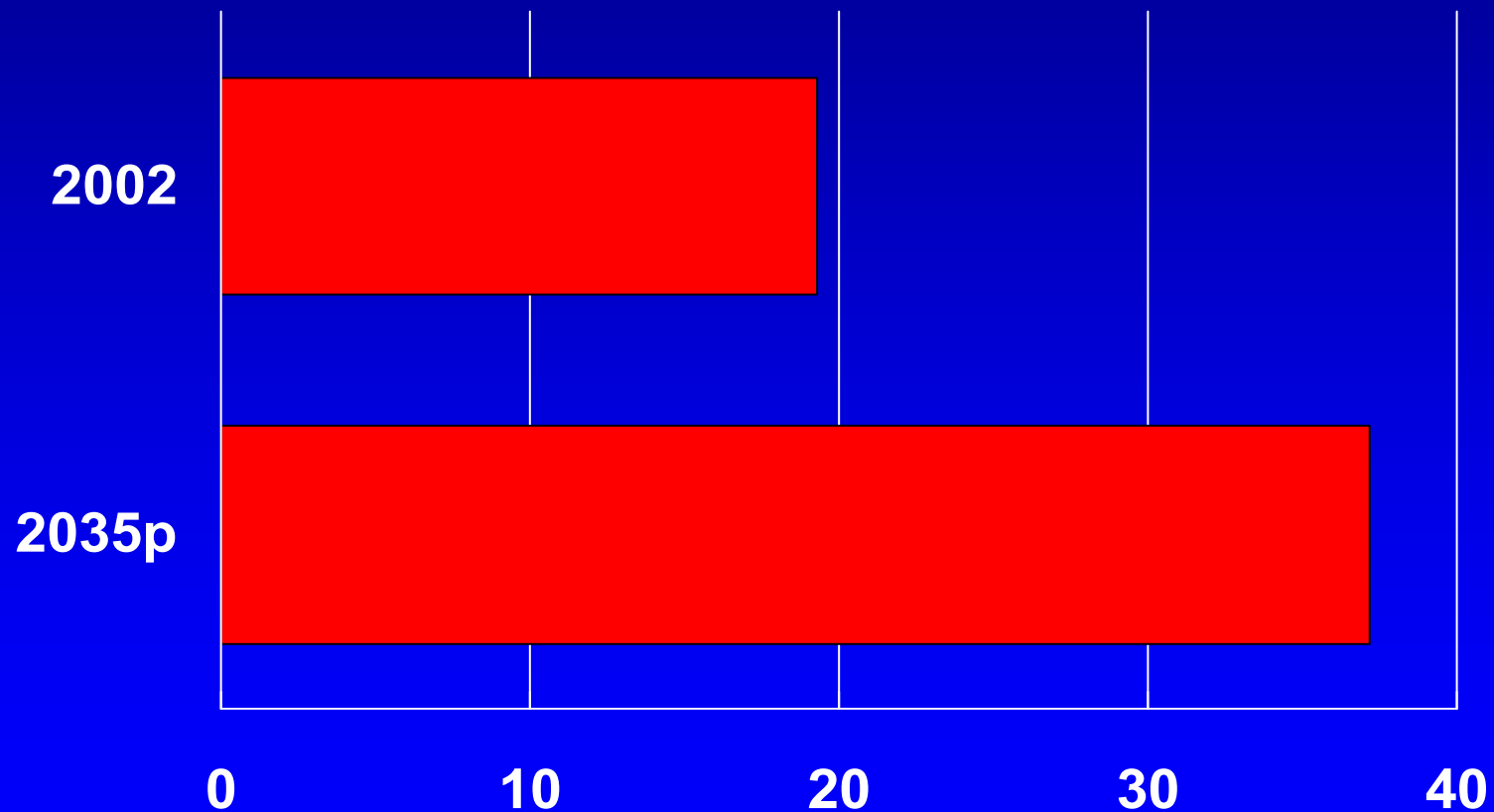
Railroads Can Handle Rising Ethanol Shipments

- RRs must be involved from beginning of planning
- Unit trains are far more efficient
- Ethanol competes with other traffic for slots
- RRs must be adequately compensated
- Terminal infrastructure



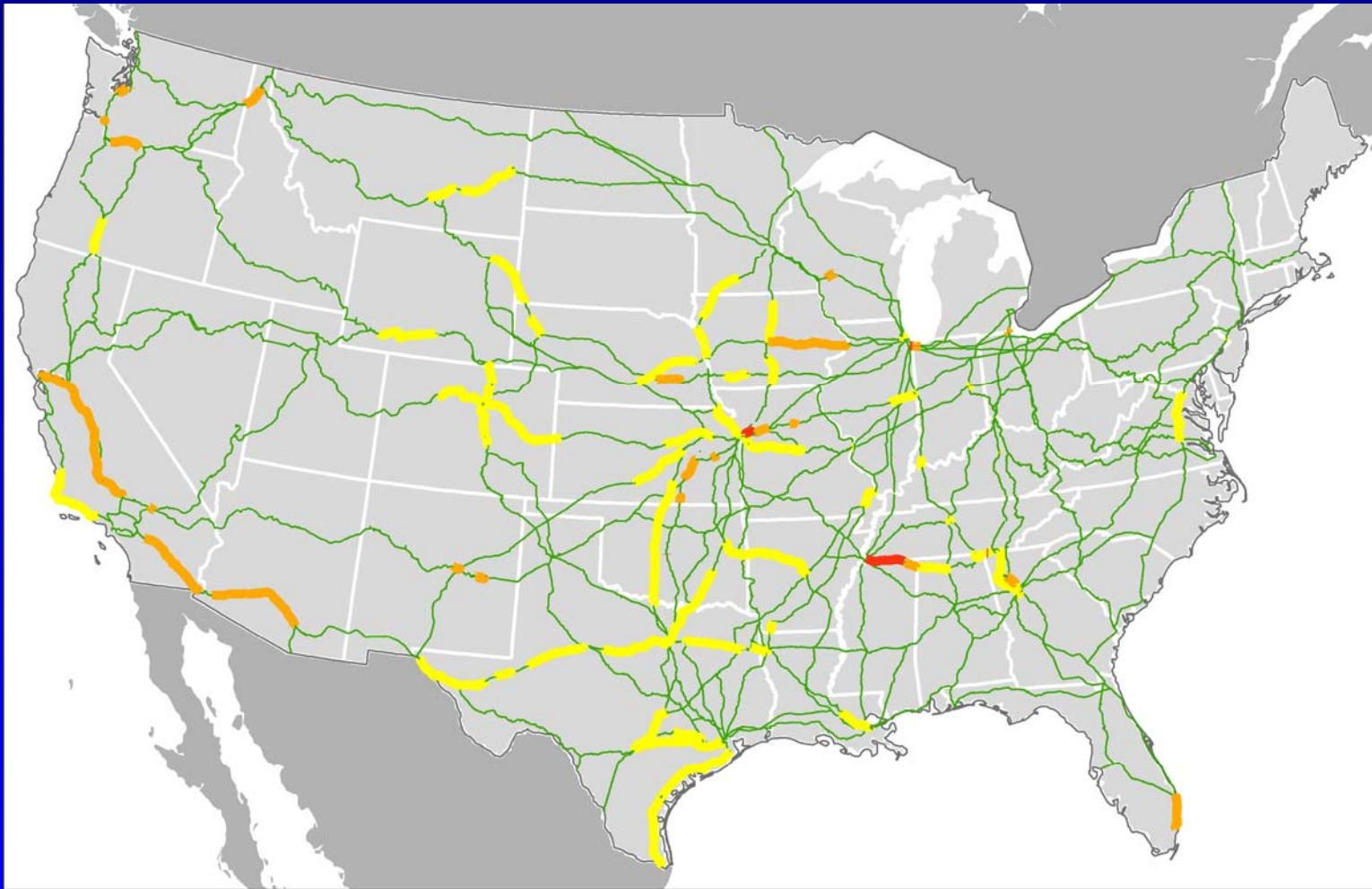
Future Demand for Freight Transportation Will Continue to Grow





Billions of Tons of Freight Transported in the U.S.



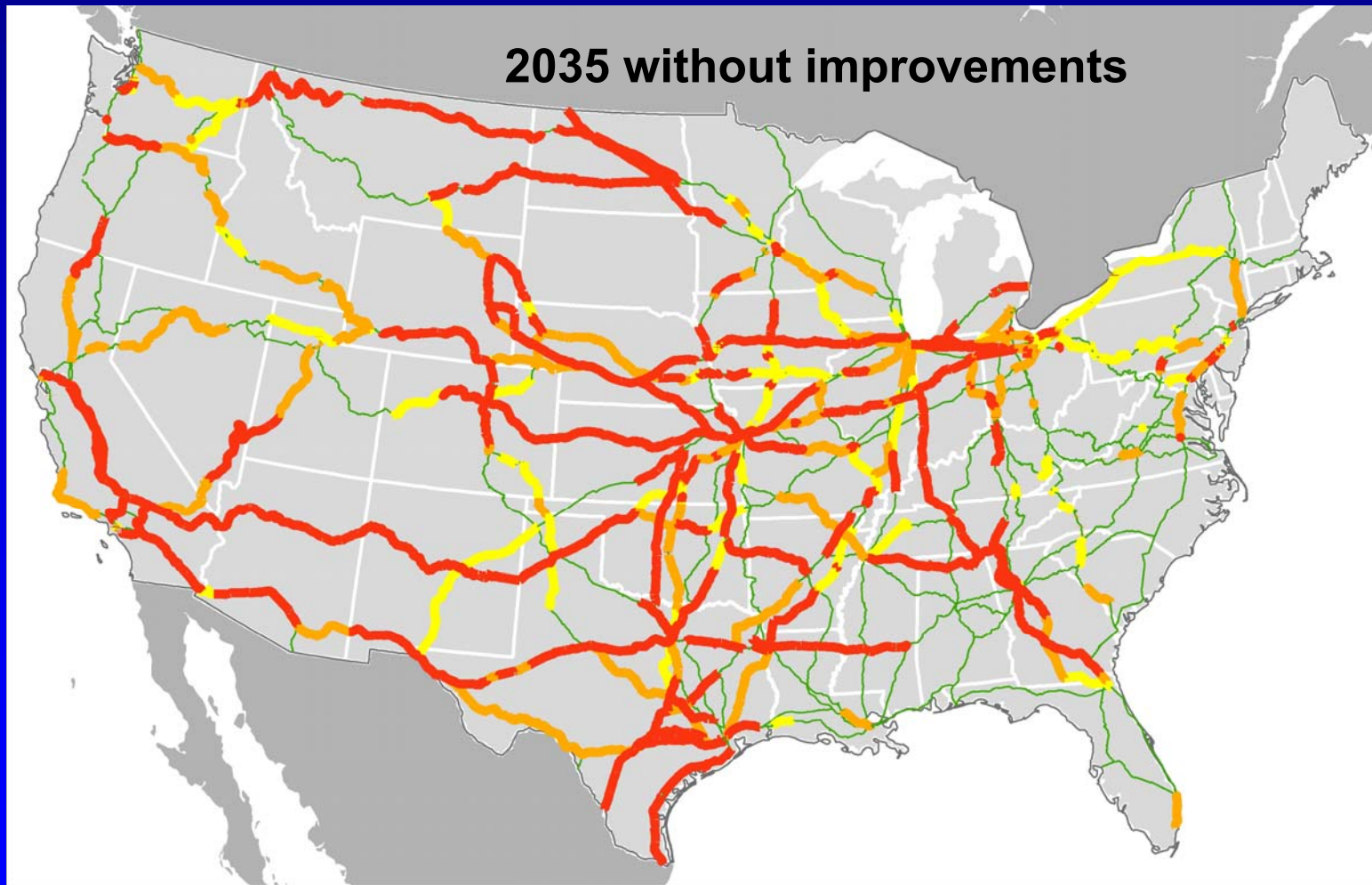
p – U.S. DOT projection

Current Train Volumes Compared to Current Train Capacity



-  Below capacity
-  Near capacity
-  At capacity
-  Above capacity

Future Corridor Volumes Compared to Current Corridor Capacity



- Below capacity
- Near capacity
- At capacity
- Above capacity