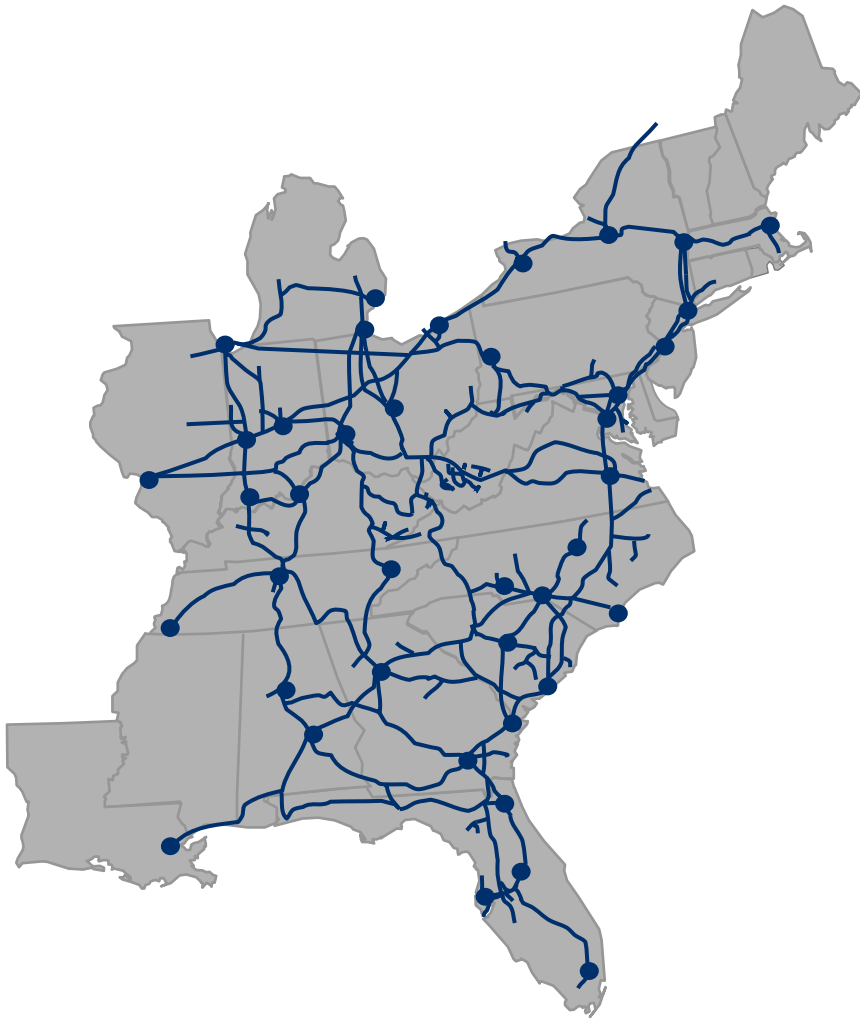


CSX Comments to Senate Commerce Committee Field Hearing

Fairmont, WV
April 11, 2012



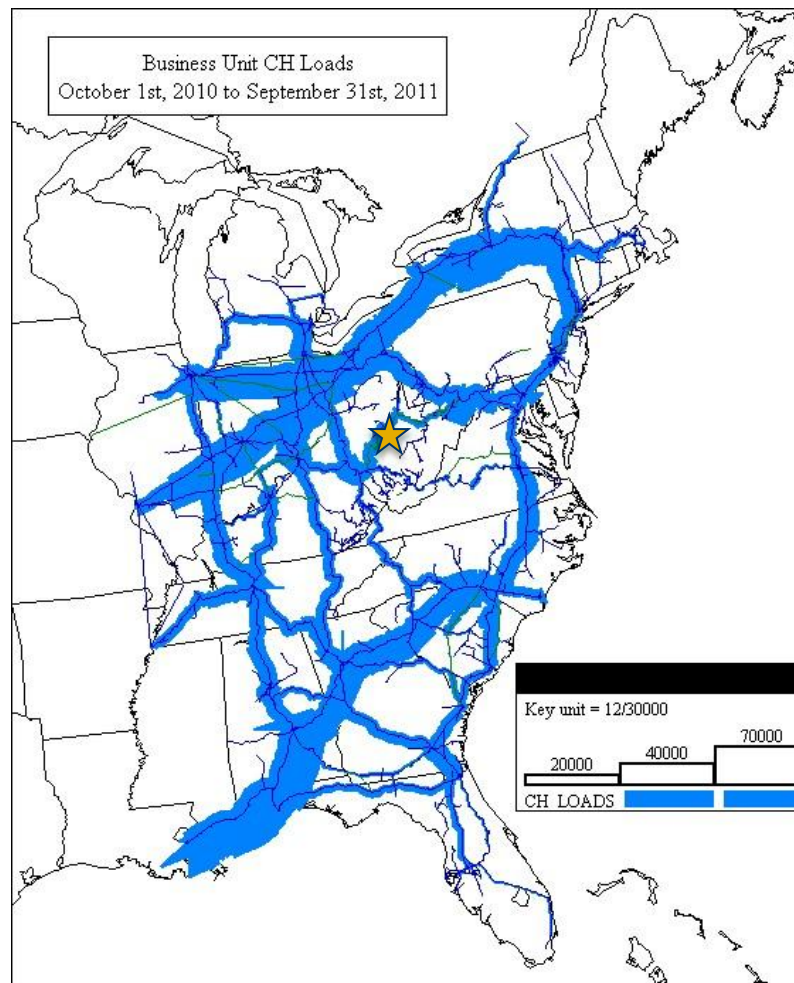
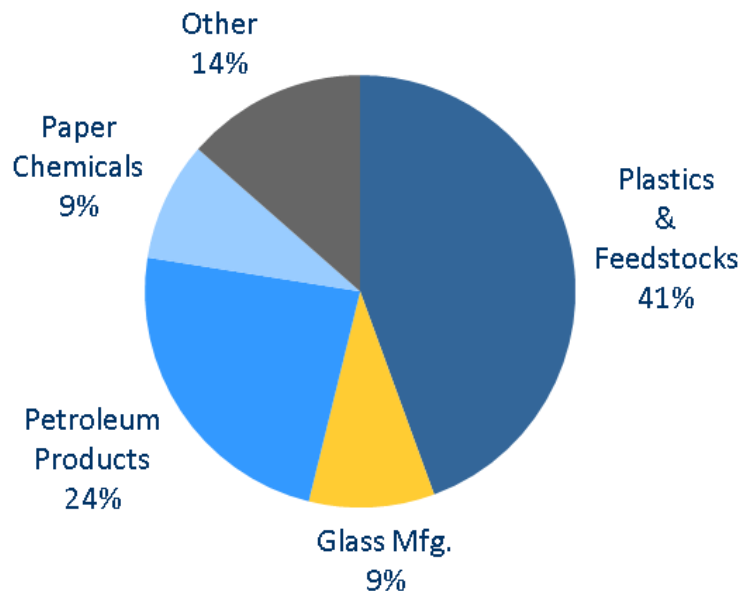
CSXT's Rail Network Spans 21,000 Miles In The Eastern U.S.



- CSXT serves over two thirds of U.S. population
- Connects all major metropolitan areas in the eastern U.S.
- CSXT provides broad access to East Coast and Gulf Coast ports
- Network positioned to compete for new businesses
- Superior market reach into Northeast and Florida

CSX has extensive experience handling chemicals in a safe and efficient manner

- Represents \$1.5B of CSX revenue
- 60% of Eastern rail market share
- Diverse market using all areas of the CSXT network
- WV chemical producers are a major part of CSX's business
- CSX operates over 2,000 miles of track in WV, and employs 1,700 people



The shale gas boom has created a unique opportunity to locate new petrochemical plants in WV

- Close proximity to primary raw material, ethane from Marcellus shale wet gas stream
- Fractionators:
 - Wet gas is piped into fractionator unit, where natural gas liquids (NGL's) are separated from the gas stream
 - NGL's can be shipped out via rail, truck, barge or pipeline
- Ethane Crackers:
 - Ethane, the primary NGL, is piped to a “cracker” plant and converted to ethylene
 - Ethylene is then made into Polyethylene (PE), Ethylene Glycol and other commodities that can move out via rail, truck or barge
- WV is closer to a large segment of chemical demand in eastern US
 - Most PE production today is located in TX, LA and western Canada
- WV is positioned well within the CSX network
 - We can reach all major points within 3 to 4 days
 - Access to every other Class I railroad and 240 short line railroads
 - Direct connection to several major ports for exports

CSX has had recent industrial development success in WV

- Recent new customer site announcements in WV have generated thousands of carloads of new business for CSX and new jobs for the state:
 - Dominion Energy, Natrium, WV: Natural Gas Liquids plant
 - 45 jobs, \$400 million investment
 - Caiman Energy, Moundsville, WV: Natural Gas Liquids plant
 - 25 jobs, \$100 million investment
 - Armstrong Tile, Ravenswood, WV: Ceiling Tile Manufacturing
 - \$40 million investment
 - Fluids Management, Benwood, WV
 - 15 jobs, \$2 million investment
 - TRANSFLO, a unit of CSX, is opening a new rail-to-truck transloading facility to handle frac sand in Fairmont, WV
 - Several major coal facility / new mine development activities in WV, including Arch-Tygart Valley project and United-Roaring Creek project

Steve Davis – CSX Industrial Development Manager:

“In 2011, West Virginia led every other state in investments in rail-served facilities on the entire CSXT system.”
CSXT recently awarded a CSXT Regional Development Partnership Award to the Wheeling Regional Development Partnership for its development efforts in 2011.

CSX is competing vigorously to locate new chemical plants on our network and in West Virginia

- CSX is actively engaged with parties interested in building new chemical plants in the Marcellus and Utica Shale states
- CSX maintains close working relationships with WV economic development officials
- New chemical plants in WV offer attractive long-term benefits for both WV and CSX
 - More jobs
- Somewhat offsets declining domestic coal business
- CSX also participates in movements of pipe for drilling and transmission and raw materials to manufacture pipe



In closing, CSX continues to support and eagerly pursue opportunities in WV:

- CSX is encouraging development with incentives and very competitive commercial packages
- We hope state and federal government incentives will continue to encourage development
- Prompt reviews of permits for appropriate infrastructure will also encourage growth
- This growth will promote industrial job creation

THANK YOU

