



December 19, 2008

To all our shippers and receivers of highly hazardous commodities:

As you may already be aware, on November 26, 2008, the U.S. Transportation Security Administration ("TSA") published new rules regarding the rail transportation of certain hazardous materials that will be effective on December 26, 2008 (the "New Rules"). The New Rules were published at page 72130 of volume 73 of the Federal Register. The new Rules closely track those that were proposed in December of 2006, but include additional requirements that were not proposed. TSA initially gave railroads and their customers only 30 days to comply.

CSXT and other railroads have met with TSA staff to explain some of the difficulties that railroads and their customers will have in meeting a 30 day compliance deadline for all the new rules. TSA staff was very attentive and receptive to these concerns and TSA has now postponed the effective date of some of the regulations until April 1, 2009. Nonetheless, some of the new regulations will become effective on December 26, and it will require considerable effort by all regulated companies to be in compliance with the remainder by April 1. CSXT is committed to complying with the New Rules and is proceeding to design and implement changes that will bring us into compliance. While TSA's extension makes the technical compliance date April 1, the changes to the handling of these commodities will be very complex and involve many individuals in many companies. Accordingly, CSXT plans to be in a position to implement the new rules by February 15, in order to ensure that the inevitable learning process is completed with all of our partners by April 1. We will need your cooperation to make the changes in your operations that will be necessary to ensure full compliance with the new regulatory framework on April 1.

While there are a number of provisions that may affect you and your operations, there are a few that will require your direct and immediate attention, as they will affect the interconnections between our operations. The materials subject to the New Rules include explosives, toxic by inhalation materials ("TIH"), poisonous by inhalation materials ("PIH"), and bulk amounts of radioactive materials (together, the government calls these "Rail Security-Sensitive Materials").

First, we understand that many customers will be responsible for designating a "Rail Secure Area" at their shipping and/or receiving facilities. By February 15, 2009, CSXT will only be able to accept shipments of Rail Security-Sensitive Materials from Rail Secure Areas. Also effective that date, CSXT will only be able to deliver those materials within a high threat urban area ("HTUA") if the consignee has designated a Rail Secure Area. The list of HTUAs can be viewed at http://www.dhs.gov/xlibrary/assets/FY06_UASI_Eligibility_List.pdf. At a future date, CSXT may need to have written certifications of compliance from each consignor we serve directly and each consignee we serve directly, but in the early stages of implementation, we believe informal oral notifications should be sufficient.

Second, shipments of Rail Security-Sensitive Materials will be subject to TSA chain-of-custody requirements. The chain-of-custody requirements set forth in the New Rules require (a) all consignors and (b) those consignees located in a HTUA to have personnel physically present for "attended" hand-offs of all railcars containing Rail Security-Sensitive Materials. The TSA has indicated that it expects the personnel attending the hand-off of railcars with Rail Security-Sensitive Materials to "document the transfer" by recording: (1) each railcar's initials and number; (2) the individuals attending the transfer; (3) the location of the transfer; and (4) the date and time of the transfer.

CSXT and other railroads have engaged in informal discussions with the TSA to explain the difficulties that railroads and their customers may have with this new requirement, and to more fully understand the TSA's expectations. To ensure compliance with the law, effective February 15, 2009, any location in a HTUA that receives Rail Security-Sensitive Materials by rail from CSXT must be attended 24 hours a day, every day. Also effective February 15, 2009, any location that CSXT directly serves that has notified CSXT that it has railcars containing Rail Security-Sensitive Materials ready for shipment must be attended 24 hours a day, every day from the time CSXT is informed that that railcar is ready for pickup until the pick-up has been appropriately documented by the consignor and CSXT.

Finally, we note that there are a number of other requirements affecting railroads, including a prohibition on interchanging Rail Security-Sensitive Materials at most "unattended" interchanges. This requirement greatly complicates the routing of railcars containing Rail Security-Sensitive Materials. Many cars will have to be rerouted through attended interchanges, and our other operations may be impacted by these changes. It is very possible that the New Rules may result in significant increases in the transit times of some Rail Security-Sensitive Materials. We are still designing the required routing changes, and are not yet in a position to predict the new routes' effects on specific movements. If no attended interchange is available, CSXT may not be able to continue service in that lane, unless the consignor or consignee makes satisfactory contractual arrangements with the carriers to bring the interchange into compliance.

While we value each and every customer, the burdens the New Rules place on our personnel and our operations make it impossible for us to grant special service requests or accommodations for the foreseeable future. As of February 15, 2009, CSXT will require all consignors and consignees shipping Rail Security-Sensitive Materials or receiving them in a HTUA must ensure their shipping and receiving operations are constantly attended to ensure compliance with the attended transfer requirements.

If you are directly served by CSXT, CSXT requests that you please provide the following confirmation, via e-mail to CSXfreightrailsecurity@CSX.com by February 7th:

- 1) Your facility has an appropriately designated Rail Secure Area
- 2) Your facility has prepared appropriate procedures to ensure compliance with the TSA's chain-of-custody requirements effective February 15, 2009
- 3) If you have not established a Rail Secure Area, or put chain-of-custody procedures in place, when you expect to do so, and what interim measures are in place to ensure compliance.

For your convenience, we have attached a simple questionnaire that you fill out and e-mail back to us. We would prefer that you e-mail us at the above address if you have any questions because of the complexity of these issues, but you may always call our customer service operation at 1-877-ShipCSX, enter prompts 5 and 6 and we will record your question and respond as soon as possible.

As we adapt our systems and scheduling to the New Rules' requirements, we will communicate with you about our progress and opportunities for us to refine and improve our services. With your cooperation, we may be able to develop more flexible means of compliance with the New Rules. We ask for your patience and cooperation adapting to these new TSA requirements.

CSX Transportation

Please provide the following information to CSX Transportation via e-mail to CSXfreightrailsecurity@CSX.com by February 7th. We would appreciate your cooperation in providing your responses in the order below (if you have multiple affected facilities, please provide the information below in an Excel spreadsheet):

Company Name:

Facility City, State:

Primary Point of Contact:

Phone Number:

Email Address:

Rail Security Sensitive Materials Shipped or Received:

Has your facility designated a Rail Secure Area? (Yes or No)

Has your facility prepared appropriate procedures to ensure compliance with the TSA's chain-of-custody requirements? (Yes or No)

If either answer is "No", when do you expect to do so, and what interim measures are in place to ensure compliance?

For ease of data collection, please place "CSX Request" in the subject line of your response email.

Also, should you have questions about CSXT's implementation of the New Rules, you may send them to the above email address (please place "Questions" in the subject line of the email) and a CSXT representative will contact you.