

The Economic Recovery: The Role of Chemicals

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Cyanide

Propylene

CORROSIVES

SULFURIC ACID

TIH

Poison B



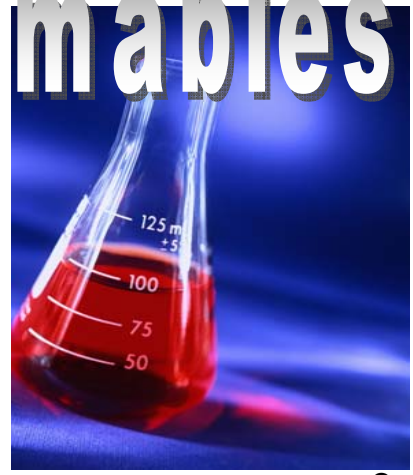
Ammonia

CHLORINE

Flammables



Oxidizers



Benzene

Hydrogen Peroxide

3%



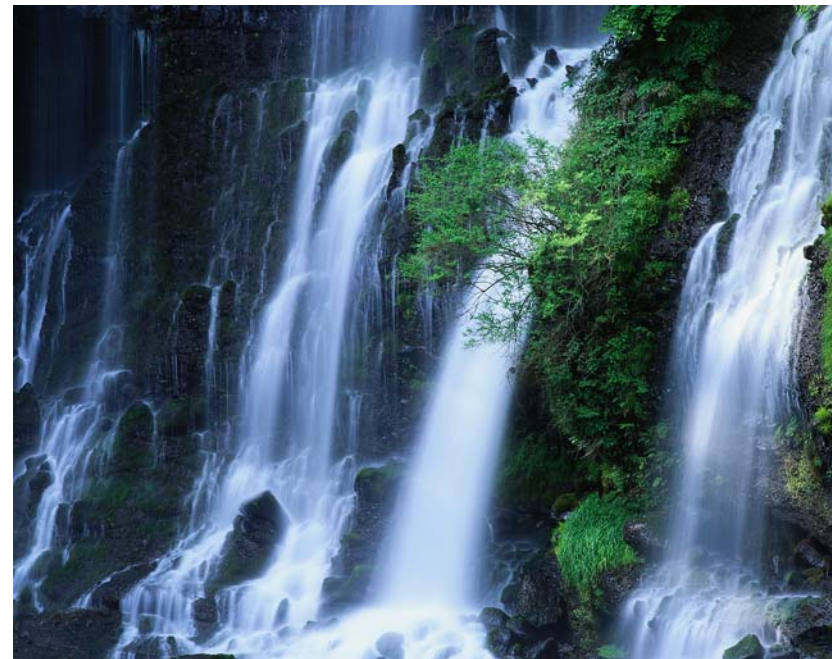
Hydrogen Peroxide

70%



Hydrogen Peroxide

Water Purification



Environmental Cleanup

Hydrogen Peroxide

Fish Hatcheries



Sodium Cyanide

Gold Mining



Peracetic Acid

***Sterilizes
surgical tools***

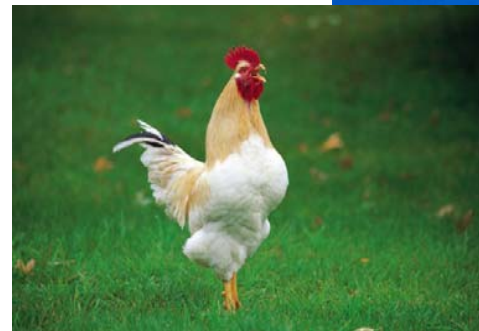


Hydrogen Cyanide

**Acrolein
Methyl Mercaptan
Propylene**



Poultry Feed



Terrorism

In the news:

**The nation's railroads
were named as a target.**

Reroutes

Washington DC

Atlanta?

Chicago?

Dallas?

Liability

Derailments

Accidents

Injury

Property Damage

In the news.....

US RAIL BUSINESS NEWS, MARKETS AND ANALYSIS **Hazardous shipment contracts hard to obtain**

Deadly hazardous material derailments.....this past year as well as the continued heightened awareness level of terrorist threats are driving the trend.

Some railroads refuse to sign contracts with customers for six months or more to ship hazardous chemicals, instead asking them to ship hazmat under tariff rates.

Railroads are becoming more wary of shipping certain hazardous materials because of the heightened concerns over public safety in the wake of several accidents, said shippers and railroad experts, which could prompt further restrictions on that type of traffic.

In the news.....

US RAIL BUSINESS NEWS, MARKETS AND ANALYSIS

Cities across the country, including Washington DC, Baltimore, Chicago, and Boston, are exploring ways to ban certain hazardous materials from being carried by rail through their localities, citing the threat to public safety.

How will this affect the transport of Hazmat?

Longer transit times?

Special Hazmat trains?

What happens to the shippers and receivers in these locales?

The Liability Issue

Actions taken by some railroads:

Constructed TIH tariffs that indemnify and hold them harmless in the event of an accident.

Petitioned to be released from their obligation as a common carrier, thereby allowing them to refuse to haul TIH commodities.

Requested that buyers of TIH commodities buy from the closest source of the product to minimize the length of the haul.

IS THIS FAIR?

IT IS CERTAINLY UNDERSTANDABLE

Higher Rates & HazMat Surcharges

**Base chemicals usually
bring low prices.**

Transit Times



420 Chemical cars

1 day	\$ 102,900
3 days	\$ 308,700
5 days	\$ 514,500

420 cars x 7 trips x \$35/day

Inventory



420 cars, 10% are full, 42 x 200,000 pounds

September 2009

*One additional day transit time
effect for rolling inventory*

8 million pounds
(conservative number)

TRUCKS: The Answer???



Trucks haul on highways and move through urbanized areas

Committed to rail and rail transloads:

- Investment in railcars*
- Investment in storage tanks*
- Plant infrastructure*
- Large terminal network*

Truck driver situation:

- 2007 to mid-2008 was tight*
- Okay since mid-2008*
- Economy, housing down*
- Expected to get tight as economy improves and drivers go back to hauling construction.*
- Aging factor of drivers.*

Intermodal:

- Use same tracks as carload*
- Also uses truck drivers*

TRUCKS: The Answer???



Trucks haul on highways and move through urbanized areas

Rail is the *safest* means of transporting these and other products.

Challenges Surrounding Hazmat Shipments

Skyrocketing rates
Carrier liability limits
Carriers refusing to haul
Drivers and equipment
Customer frustration

What we are doing

FLEXIBILITY IS KEY

Reworking assets

Maximizing our network

Working with our carriers

Creative shipment scheduling

Working with our customers

For thought:

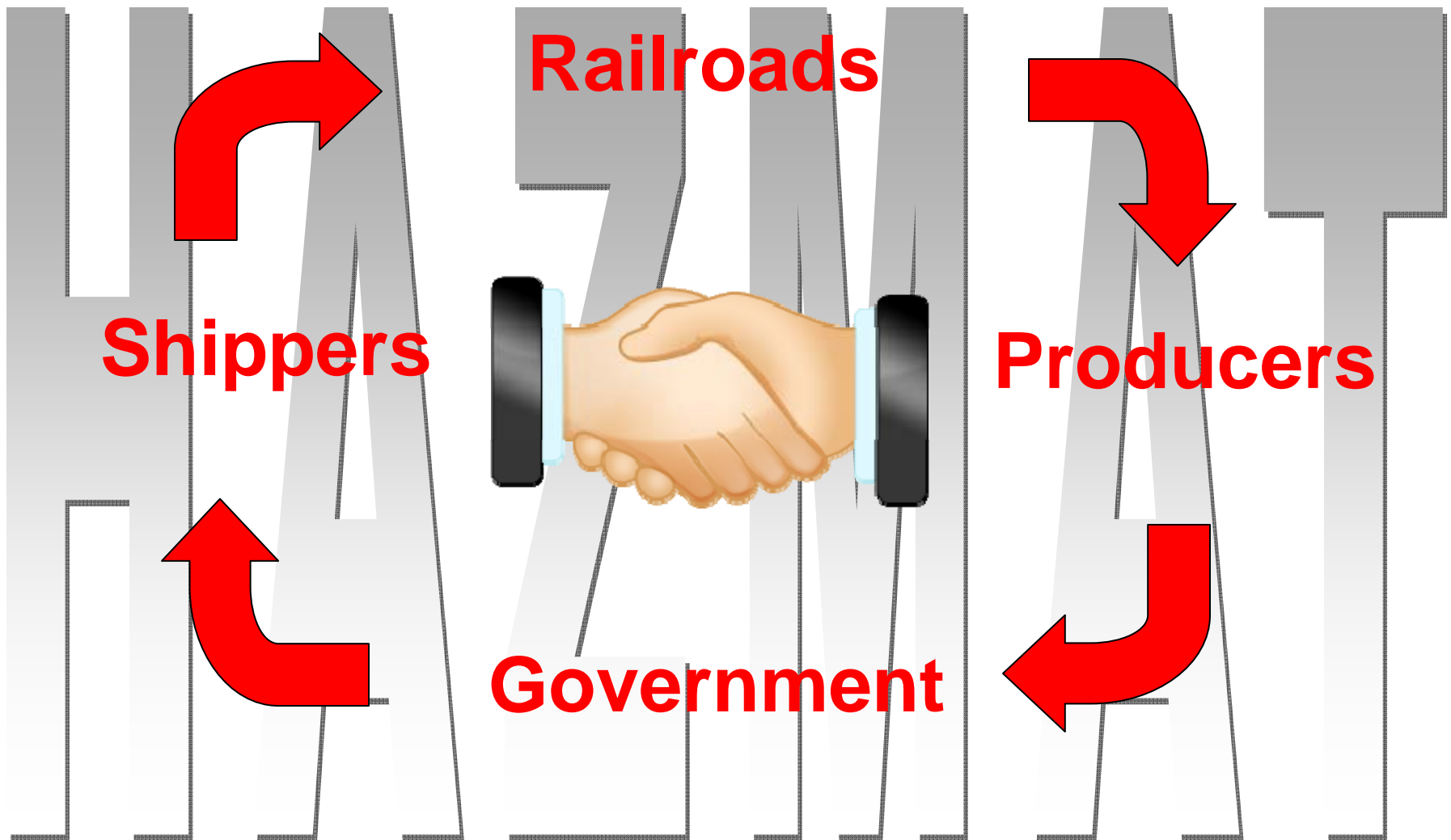
The U.S. economy cannot produce without these products.

We cannot live without these products.

These products are essential to the human environment.

The free flow of these products in our transportation system is essential to the economic recovery.

We need to strive to seek solutions to ensure that these essential products are delivered into the mainstream of our economy safely and continuously to satisfy the needs of our society.





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