

# CSX CoalNews

SEPTEMBER 2011 | VOLUME 1



## Dear Customer,

I am pleased to introduce the inaugural issue of the CSX Coal News. We plan to provide you with periodic updates on the plans, people and resources we are dedicating to our coal business and other developments. We take our partnership with our customers – both shippers and receivers – very seriously at CSX, and we are continuously making investments in our coal business to better serve you.

Over the past few years, those investments have been applied to support both our domestic and export coal business. As you know, export demand for coal is growing rapidly.

Chris Jenkins  
Vice President, Coal  
and Auto Service  
Groups



Five years ago, the tonnage of export coal we moved was in the 12-13 million ton range. This year, we expect to move more than 40 million tons.

We believe long-term demand for coal will remain strong. As that business grows, we have the capability of adjusting capacity accordingly. We are upgrading our coal rail car fleet, improving our reservation and information systems, and building our coal team, all of which puts our money where our commitment is – with you.

As always, we invite your feedback. Please share your thoughts and insights with us. Let us know how we might be able to serve you better. We've included a Coal Department contact sheet for your convenience. While the coal market continues to evolve and change, our commitment to serving your transportation needs has never been stronger.

Kind regards,

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## CSX's Continued Investment in Coal

**We continue to invest in new railcars to support the coal business. We recently took delivery of 3,000 new stainless steel and aluminum 'hybrid' railcars.**

They have been coming online since last year. Further, we plan to take delivery of 4,000 aluminum coal cars over the next 12 to 14 months.

These new hybrid and aluminum railcars provide even greater capacity than our existing hoppers. The hybrid cars can each carry 118 tons of coal, while the aluminum cars will be able to carry 122 tons.

The new cars will initially support the Newport News, Va., traffic where tonnage demand is greatest, allowing our existing fleet to backfill other markets.



## Faces in the News

**We are pleased to welcome Donna Cerwonka to the Coal team as our new Assistant Vice President of Utility South.**

Donna will lead the Utility South team as it continues to support power generation customers in Alabama, Georgia, Florida and the Carolinas. Donna joined CSX in 1994 after serving as a supply corps officer in the U.S. Navy. At CSX, she served in a variety of marketing roles and in our Service Design department. Most recently, Donna served as Assistant Vice President in CSX Intermodal Trucking.

Donna holds a bachelor's degree in economics from Cornell University, an MBA in finance from the University of Florida and a master's degree in intermodal transportation from the University of Denver's Intermodal Transportation Institute. She has also earned certification in transportation and logistics (CTL).

Donna formerly served as the rail industry advisor on the Food Shippers of America Board of Directors and is a Board member of the American Society of Transportation and Logistics. In the community, she serves as a Board Member for the Sulzbacher Center, a provider of comprehensive services for homeless men, women and children in Jacksonville.

Donna is married and has two grown sons, Evan and Colin. Her husband, Brian, is a retired naval officer.

**Donna Cerwonka**  
*Assistant Vice President, Utility South*



**The CSX Coal Development Team in Lexington, Ky., is pleased to recognize the following coal producer development on our network:**

- Viking Prep Plant, LLC, has re-opened the McVicker, Ky., loadout in the Big Sandy.
- Alpha Natural Resources' Lynch3, Ky., loadout began using its new state-of-the-art batch weigh system in March, showing immediate loading efficiency improvements.
- Xinergy's Viall, Ky., loadout has been expanded to handle 110-car trains.
- Alliance Coal's Scotts Branch, Ky., loadout has expanded to accommodate 110-car trains.
- Dorchester Coal has re-opened the Ivel, Ky., loadout in the Big Sandy.
- ICS Energy has re-opened and expanded the old Wilson Creek, Pa., loadout in the Cumberland-Piedmont West Freight Rate District.

Further details regarding these announcements are available at [www.csx.com](http://www.csx.com). We appreciate our customers' continued investment and confidence in the strength of the CSX network.

**"We take great pride in helping producers locate and improve shipping points on CSX,"**  
*said Steve Crum, director-Coal Development.*

**"These investments ensure the vitality of the growing coal market our customers can access when partnering with us."**



# Your CSX Coal Contacts

NAME	E-MAIL	TITLE	RESPONSIBILITY	PHONE	LOCATION
<b>Craig Blinke</b>	Craig_Blinke@csx.com	Superintendent, Coal Piers	CSX coal piers (Baltimore, Toledo, Maysville)	410-355-6302	Baltimore, Md.
<b>Marshall Bowen</b>	Marshall_Bowen@csx.com	Director, Utility North	Electric utility customers in Virginia, Maryland and parts of the Northeast	904-359-3202	Jacksonville, Fla.
<b>Chris Bright</b>	Chris_Bright@csx.com	Assistant Market Manager	Analytic support for the Export market	904-359-7661	Jacksonville, Fla.
<b>Mike Bullock</b>	Mike_Bullock@csx.com	Director, Utility South	Coal moving to utilities in Florida	904-359-3153	Jacksonville, Fla.
<b>Jack Burgess</b>	Jack_Burgess@csx.com	Director, Coal Facilities and Origin Sales	Coal origin sales coordination and secondary contact for coal-pier facilities	904-366-5493	Jacksonville, Fla.
<b>Hudson Buzbee</b>	Hudson_Buzbee@csx.com	E-Business Project Manager	Coal-reservation system questions	904-359-2393	Jacksonville, Fla.
<b>Tom Carollo</b>	Tom_Carollo@csx.com	Director, Utility South	Coal moving to utilities in the Carolinas	904-359-1870	Jacksonville, Fla.
<b>Donna Cerwonka</b>	Donna_Cerwonka@csx.com	AVP, Utility South	Coal moving to utilities in Florida, Georgia, Alabama, Mississippi, North Carolina and South Carolina	904-359-1684	Jacksonville, Fla.
<b>Steve Crum</b>	Steven_Crum@csx.com	Director, Coal Development	New load-outs or mine-track changes, scale projects for coal origins in East Kentucky and Alabama	800-852-4923	Lexington, Ky.
<b>Charlie Davis</b>	Charlie_Davis@csx.com	Director, Coal Reservation System	Coal-reservation system questions	904-381-4186	Jacksonville, Fla.
<b>Glen Davis</b>	Glen_Davis@csx.com	Market Manager, Lake	Coal moving to the Great Lakes	904-359-3324	Jacksonville, Fla.
<b>Russ Epting</b>	Russ_Epting@csx.com	Director, Export Coal	Coal moving to export terminals (not including the Great Lakes)	904-359-2426	Jacksonville, Fla.
<b>Joe Forkum</b>	Joe_Forkum@csx.com	Market Manager, Export	Export coal	904-359-3473	Jacksonville, Fla.
<b>Patti Foy</b>	Patti_Foy@csx.com	Market Manager, Met, Coke & Iron Ore	North American metallurgical coal, met coke and iron ore	904-359-1772	Jacksonville, Fla.
<b>Jeff Heath</b>	Jeff_Heath@csx.com	Regional Director, Coal Development - South	New load-outs or mine-track changes, scale projects for coal origins in Kentucky and Illinois basin	800-852-4923	Lexington, Ky.
<b>Brian Jackson</b>	Brian_Jackson@csx.com	Director, Coal National Accounts	Origin coal sales	904-359-1755	Jacksonville, Fla.
<b>Gina Martin</b>	Gina_Martin@csx.com	Administrative Assistant	Administrative support	904-359-7660	Jacksonville, Fla.
<b>Guy Martin</b>	Guy_Martin@csx.com	Regional Director, Coal Development - North	New load-outs or mine-track changes, scale projects for coal origins in West Virginia and Pennsylvania	800-852-4923	Lexington, Ky.
<b>Louis Muldrow</b>	Louis_Muldrow@csx.com	Director, Lake, Met & Coke	Secondary contact for North American metallurgical coal, iron ore, met coke, industrial, river and lake coal	904-359-1878	Jacksonville, Fla.
<b>Pat Murphy</b>	Pat_Murphy@csx.com	Director, Utility North	Electric utility customers in Tennessee, the Illinois basin and the Northeast	904-359-1895	Jacksonville, Fla.
<b>Clark Nesbitt</b>	Clark_Nesbitt@csx.com	Market Manager, Coal	Internal reporting and analytic support	904-359-3628	Jacksonville, Fla.
<b>Henry Rupert</b>	Henry_Rupert@csx.com	AVP, Utility North & Export	Coal moving to ports for export by vessel or to U.S. domestic utilities receiving coal by seaborne barges. Coal moving to utilities in Virginia, Kentucky, Tennessee, Ohio, Illinois, Michigan, Pennsylvania, New York, New Jersey and New England	904-359-1052	Jacksonville, Fla.
<b>Sara Schryer</b>	Sara_Schryer@csx.com	Market Manager, River	Coal moving to river terminals	904-359-2408	Jacksonville, Fla.
<b>Terrie Sherrod</b>	Terrie_Sherrod@csx.com	Administrative Assistant	Administrative support	904-359-7694	Jacksonville, Fla.
<b>Larry Stark</b>	Larry_Stark@csx.com	Market Manager, Industrial	Coal moving to domestic industrial plants	904-359-1862	Jacksonville, Fla.
<b>Scott Walters</b>	Scott_Walters@csx.com	Director, Utility North	Electric utility customers in Michigan, Ohio, Kentucky and West Virginia	904-359-5357	Jacksonville, Fla.
<b>Bob White</b>	Robert_White@csx.com	Director, Utility South	Coal moving to utilities in Georgia, Alabama and Mississippi	904-359-1827	Jacksonville, Fla.

# Track and Infrastructure Improvements

## On-going maintenance and investment in the track that carries the coal is an important part of what we do.

This year alone, CSX will invest \$765 million in our rail infrastructure, part of our \$2.2 billion capital spending. Of particular importance to the coal business is the just-completed Erwin Gateway Engineering Maintenance Jamboree, our annual maintenance blitz of the mountainous rail line between our East Kentucky coal fields and the southeastern U.S. markets. From Monday, June 27, through Monday, July 5, at a cost of \$24 million, more than 1,100 employees participated in the extensive track, bridge and tunnel work.

“This undertaking requires significant resources in terms of manpower, materials and logistics,” said Kelly Piccirillo, assistant chief engineer-capital projects. “With the cooperation

and dedication of our employees from Transportation, along with Engineering’s system production teams, help from the divisions’ service lane work teams, local bridge teams, and signal support teams, we were able to safely complete all of the work within the allotted time frame. Through their efforts, we can better provide safe and efficient rail service to our customers.”

The Engineering teams installed 254,033 feet of continuous welded rail and 115,607 ties, undercut more than 3,300 feet of track, installed seven culverts, and completed other maintenance work on nine bridges and 10 tunnels. This type of maintenance is performed each year to promote train safety, reliability, and service along these busy lines. We schedule the jamboree each year during the Independence Day holiday when demands on the coal network ease because of miners’ vacations, and when our crews can count on good working weather. If the work were scheduled

during normal curfew conditions, it could take 34 weeks to complete amid significant service disruptions.

We appreciate your patience with this and the many other necessary maintenance projects that support the business.



## Market News

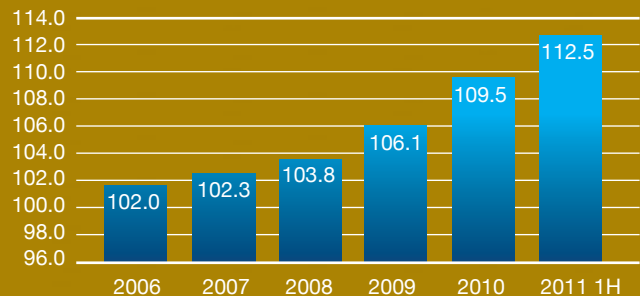
Newport News Business Update

**With each of us (coal producers, terminals and CSX) working to improve business levels through the port terminals at Newport News, together we are achieving great results.**

The tremendous growth in coal volumes handled through the terminals is a testament to our combined efforts. Not only have we been able to set volume records this year, but thanks to your loading practices and our higher capacity equipment, we have been able to do so much more efficiently.

We’re getting about 10 percent more coal in each car than we did as recently as 2007. Additionally, both Newport News terminals, Pier IX and Dominion Terminal Associates (DTA) have replaced their dumper systems in the past 12 months,

### Coal Tons per Car Newport News Terminal



further increasing the reliability and efficiency of their respective operations. The continued investment in this important supply chain is good news for everyone.

## Our History

**It was 130 years ago, on October 16, 1881, that the C&O's new Peninsula Extension was completed from Richmond down the Virginia Peninsula through Williamsburg to reach coal piers located in Newport News.**

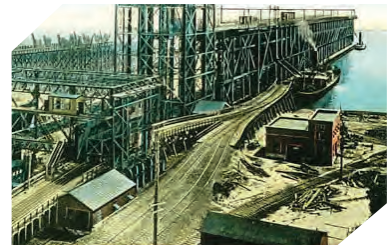
This route provided excellent access to the largest northern ice-free port on the East Coast of the United States. The new double-tracked railroad contributed to the development of the port at Newport News and made the site at the time the world's largest shipyard.



C&O track at Newport News



C&O Coal Piers at Newport News



1917 Coal Pier

New coal pier constructed in 1892. The high level coal pier was designed to overturn the coal cars for maximum performance in unloading cargo. The C&O Railroad linked the coal regions of the Appalachian Range with the Atlantic Seaboard.

### Your Turn We'd Like Your Feedback

We would like to hear from you. Please let us know the issues and areas of interest you would like us to cover in these newsletters.

> Please direct your ideas to [Brian\\_Jackson@csx.com](mailto:Brian_Jackson@csx.com).