

ARKEMA, INC.
OPERATIONS IN THE HOUSTON AREA OF TEXAS

The non-competitive rail situation in the Houston, Texas area makes it more difficult for Arkema Inc., a large chemical manufacturer, to compete with other shippers. Specifically, we built an acrylic monomers manufacturing facility in Bayport in 2002, served by only one railroad. Prior to operating this facility, we were buying the material from a co-producer in Deer Park for resale to our customers. Deer Park is served by two railroads. Our freight rates from Bayport for the same material to the same destinations are 30-40% HIGHER than they were from Deer Park. (Deer Park and Bayport are less than 10 miles apart).

This is one of many examples throughout our company's locations where we see that sites that are served by only one railroad typically pay rail rates 25-40% higher than sites where there is rail competition. These higher costs affect our company's competitiveness in our markets and ultimately the competitiveness of America's manufacturing sector.