

September 19, 2017

Judith S. Kaleta
Designated Agency Ethics Official and
Deputy General Counsel
U.S. Department of Transportation
1200 New Jersey Ave. SE
Washington, DC 20590

Dear Ms. Kaleta:

I am committed to the highest standards of ethical conduct for government officials. The purpose of this letter is to describe the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed for the position of Administrator of the Pipeline and Hazardous Materials Safety Administration.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter in which I know that I have a financial interest directly and predictably affected by the matter, or in which I know that a person whose interests are imputed to me has a financial interest directly and predictably affected by the matter, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or minor child of mine; any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

I retired from CSX Transportation on March 17, 2017. For a period of one year after my retirement from CSX Transportation, I will not participate personally and substantially in any particular matter involving specific parties in which I know CSX Transportation is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

At the time of my retirement, I held CSX Transportation common stock, vested restricted stock, vested and unvested restricted stock units, unvested performance stock units, and unvested stock options. I do not hold unvested restricted stock, or vested stock options. Pursuant to the company's compensation plan, I was able to retain these financial interests when I retired. Prior to assuming the duties of the position of Administrator, CSX Transportation accelerated the vesting of my unvested performance stock units and unvested restricted stock units, and in lieu of issuing me common stock, I received a lump sum cash payment. The amount of this payment is equal to the number of shares of Company stock underlying the unvested performance stock and unvested restricted stock units, multiplied by \$54.03, which was the closing price of the Company stock on June 5, 2017 (the date approved by the Company's Board of Directors). I received this payment from CSX on July 7, 2017.

CSX Transportation also accelerated the vesting of my unvested stock options. I will divest the stock options by exercising them, and I will divest the resulting stock within 90 days of my confirmation. I will also receive CSX restricted stock as part of an executive employment

retention agreement that began on November 15, 2014 and ended on March 17, 2017. These shares (5,786) are governed by IRS Regulation 409A and therefore subject to a six-month delay in distribution. These shares will be distributed on September 17, 2017, and I will divest that stock within 90 days of my confirmation. Furthermore, my vested restricted stock units (1,298 units granted May 6, 2014 and vested May 5, 2017) are also subject to IRS Regulation 409A. These units will become exercisable on September 17, 2017 or upon CSX's notification of confirmation, whichever occurs first, and I will divest that stock within 90 days of my confirmation. Until I have divested my interests in CSX Transportation, I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of CSX Transportation, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

I also have a deferred compensation plan and defined benefit plan with CSX Transportation. Additionally, as a retired executive of the company, I am entitled to receive health coverage for both me and my spouse for the rest of our lives, but I pay the plan premiums, consistent with the company's practice for retired executives. Therefore, I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the ability or willingness of CSX Transportation to provide these contractual benefits, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1).

I resigned from my position with the Indiana Chapter of Delta Upsilon Alumni Association Inc., in October 2016. For a period of one year after my resignation, I will not participate personally and substantially in any particular matter involving specific parties in which I know the Indiana Chapter of Delta Upsilon Alumni Association Inc., is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

I will retain my position as trustee of my revocable living trust. I will not receive any fees for the services that I provide as a trustee during my appointment to the position of Administrator. I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of the trust unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. 208(b)(2).

Within 90 days of confirmation, I will divest my interests in the following entities:

1. CSX
2. Nextera Energy Inc.
3. AdvanSix Inc.
4. Costco Wholesale Corporation
5. Danaher Corporation
6. Devon Energy Corporation
7. Walt Disney Co.
8. Ecolab Inc.
9. Fedex Corporation
10. Home Depot Inc.

11. Medtronic PLC
12. Thermo Fisher Scientific Inc.
13. Total S.A.
14. Apple Inc.
15. First Trust Energy AlphaDEX Fund
16. First Trust Industrials/Producer Durables AlphaDEX Fund
17. First Trust Materials Fund

With regard to each of these entities, I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of the entity until I have divested it, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

I understand that I may be eligible to request a Certificate of Divestiture for qualifying assets and that a Certificate of Divestiture is effective only if obtained prior to divestiture. Regardless of whether I receive a Certificate of Divestiture, I will ensure that all divestitures discussed in this agreement occur within the agreed upon timeframes and that all proceeds are invested in non-conflicting assets.

If I rely on a *de minimis* exemption under 5 C.F.R. § 2640.202 with regard to any of my financial interests in securities, I will monitor the value of those interests. If the aggregate value of interests affected by a particular matter increases and exceeds the *de minimis* threshold, I will not participate personally and substantially in the particular matter that to my knowledge has a direct and predictable effect on the interests, unless I first obtain a written waiver pursuant to 18 U.S.C. § 208(b)(1).

If I rely on a *de minimis* exemption under 5 C.F.R. § 2640.201(b) with regard to any of my financial interests in sector mutual funds, I will monitor the value of those interests. If the aggregate value of my interests in sector mutual funds that concentrate in any one sector exceeds \$50,000, I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of any holdings of the funds that are in the specific sector in which the funds concentrate, unless I first obtain a written waiver pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

If I have a managed account or otherwise use the services of an investment professional during my appointment, I will ensure that the account manager or investment professional obtains my prior approval on a case-by-case basis for the purchase of any assets other than cash, cash equivalents, investment funds that qualify for the exemption at 5 C.F.R. § 2640.201(a), or obligations of the United States.

I understand that as an appointee I will be required to sign the Ethics Pledge (Exec. Order No. 13770) and that I will be bound by the requirements and restrictions therein in addition to the commitments I have made in this ethics agreement.

I will meet in person with you on the first day of my service in the position of Administrator of the Pipeline and Hazardous Materials Safety Administration in order to complete the initial ethics briefing required under 5 C.F.R. § 2638.305. If circumstances do not permit a first-day meeting, I will meet with you during the first week of my service. Within 90 days of my confirmation, I will document my compliance with this ethics agreement by notifying you in writing when I have completed the steps described in this ethics agreement.

I have been advised that this ethics agreement will be posted publicly, consistent with 5 U.S.C. § 552, on the website of the U.S. Office of Government Ethics with ethics agreements of other Presidential nominees who file public financial disclosure reports.

Sincerely,



Howard R. Elliott