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SERVICE DATE - MARCH 9, 1998

DO

FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 33560]

Norfolk Southern Railway Company--Corporate Family Exemption--Lease and Operation of
Mobile and Birmingham Railroad Company

Norfolk Southern Railway Company (NSR), a Class I rail carrier, has filed a notice of exemption to renew its lease and to operate approximately 147 miles of rail line owned by Mobile and Birmingham Railroad Company (M&B), a Class III carrier and a subsidiary of NSR, located in the State of Alabama.

NSR states that the lease was to be extended prior to March 1, 1998. The earliest the transaction could be consummated was February 25, 1998, the effective date of the exemption (7 days after the exemption was filed).

NSR has filed its notice of exemption under 49 CFR 1180.2(d)(3) as the proposed renewal of its lease with M&B is exempt because it is within the NSR corporate family and will not result in adverse changes in service levels, operational changes or a change in the competitive balance with carriers outside the NSR corporate family.

As a condition to this exemption, any employee affected by the transaction will be protected by the conditions imposed in Mendocino Coast Ry., Inc.--Lease and Operate, 354

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I.C.C. 732 (1978), as modified in Mendocino Coast Ry., Inc.--Lease and Operate, 360 I.C.C. 653 (1980), aff'd sub nom. RLEA v. ICC, 675 F.2d 1248 (D.C. Cir. 1982).

If the notice contains false or misleading information, the exemption is void ab initio.

Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 33560, must be filed with the Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001 and served on: James A. Squires, Norfolk Southern Corporation, Three Commercial Place, Norfolk, VA 23510.

Decided: March 2, 1998.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary