

SERVICE DATE - JUNE 11, 2002

SURFACE TRANSPORTATION BOARD

STB Finance Docket No. 33388 (Sub-No. 91)

CSX CORPORATION AND CSX TRANSPORTATION, INC.,
NORFOLK SOUTHERN CORPORATION AND
NORFOLK SOUTHERN RAILWAY COMPANY
— CONTROL AND OPERATING LEASES/AGREEMENTS —
CONRAIL INC. AND CONSOLIDATED RAIL CORPORATION

[GENERAL OVERSIGHT]

Decision No. 7

Decided: June 10, 2002

In its decision approving the acquisition of control of Conrail Inc. and Consolidated Rail Corporation (Conrail) by CSX Corporation and CSX Transportation, Inc. (collectively CSX) and Norfolk Southern Corporation and Norfolk Southern Railway Company (collectively NS),¹ the Board imposed a 5-year general oversight condition to assess applicants' progress in implementing the Conrail transaction. The Board also retained jurisdiction to impose additional conditions or take other action as necessary to address harms that otherwise could result from the transaction. In instituting this general oversight proceeding,² the Board required CSX and NS to file annual progress reports and invited interested persons to comment on both the status of the transaction and the effects of the various conditions imposed.

After reviewing the reports and comments filed during the first and second annual oversight rounds, the Board found that CSX and NS had resolved their service problems, that the conditions imposed were working as intended, and that no problems related to increased market power had been demonstrated. See Conrail General Oversight, Decision Nos. 5 and 6 (STB served Feb. 1, 2001, and Dec. 13, 2001, respectively). The Board also found that CSX and NS had made significant progress

¹ CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company — Control and Operating Leases/Agreements — Conrail Inc. and Consolidated Rail Corporation, STB Finance Docket No. 33388, Decision No. 89 (STB served July 23, 1998).

² See CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company — Control and Operating Leases/Agreements — Conrail Inc. and Consolidated Rail Corporation (General Oversight), STB Finance Docket No. 33388 (Sub-No. 91) (Conrail General Oversight), Decision No. 1 (STB served Feb. 9, 2000, and published in the Federal Register on Feb. 14, 2000, at 65 FR 7414).

in implementing various environmental conditions and settlement agreements. This general oversight proceeding was continued, with applicants being required to file their third annual progress reports and interested parties being given the opportunity to file comments.³

Recently, questions have been raised at the Board about whether parties should be invited to comment on the need for continued oversight. This decision is being issued to confirm that, as in the past, in offering comments during this round of oversight, interested parties may address all aspects of applicants' progress in implementing the Conrail transaction, including whether oversight should be continued or discontinued. The Board will fully consider all matters brought to its attention during this round of annual oversight.

This action will not significantly affect either the quality of the human environment or the conservation of energy resources.

It is ordered:

1. Comments of interested parties are due on July 17, 2002.
2. Replies are due on August 7, 2002.
3. This decision is effective on the date of service.

By the Board, Vernon A. Williams, Secretary.

Vernon A. Williams
Secretary

³ Applicants filed their third annual oversight reports on June 3, 2002. Comments by interested parties are due by July 17, 2002.