

STB FD 33388 6-23-97 A 180274V1 6/14



Capital Lease - Equip	First Natl Bank of MD	25 S Charles St Baltimore, MD 21201	Freight Cars	N/A	01/31/98	7.52%	374,319	215,677
Capital Lease - Equip	The CIT Group	1211 Avenue of the Americas New York, NY 10036	Freight Cars	06/01/70	08/01/00	8.75%	291,015	242,331
Capital Lease - Equip	GATX Capital	Four Embarcadero Ctr San Francisco, CA 94111	6 Depressed Ctr Flat Cars	05/25/75	01/11/99	8.75%	29,831	22,803
Capital Lease - Equip	US Rail Services	615 Battery St San Francisco, CA 94119	17 Units Work Equip	07/01/93	06/30/98	6.10%	235,009	145,271
Capital Lease - Equip	AT&T Systems Leasing	3 Neshaminy Interplex Ste 301 Trevose., PA 19047	AT&T 3390 DASD's	Various	3/5/7-1996	6.46%	361,868	0
Capital Lease - Equip	Citizens Leasing Corp	One Citizens Plaza Providence, RI 02903	Terradata Computer System	06/02/92	06/30/96	6.81%	372,792	0
Capital Lease - Equip	Citizens Leasing Corp	One Citizens Plaza Providence, RI 02903	Terradata Computer System	07/23/93	06/30/96	6.91%	74,940	0
Capital Lease - Equip	Core States Bank	PO Box 837 Philadelphia, PA, 19101	2 IBM 3745's	12/09/92	12/31/96	6.38%	188,714	0
Capital Lease - Equip	AT&T Systems Leasing	3 Neshaminy Interplex Ste 301 Trevose., PA 19047	DASD	04/01/93	09/30/96	5.07%	140,167	0
Capital Lease - Equip	Core States Bank	PO Box 8377 Philadelphia, PA, 19101	2 3745'ss Model F10	03/25/93	05/31/96	4.96%	64,741	0
Capital Lease - Equip	El Camino Resources	275 Commerce Drive, St 222 Ft. Washington, PA 19034	Data Switch Directors	05/03/93	10/31/96	5.27%	324,363	0
Capital Lease - Equip	El Camino Resources	275 Commerce Drive, St 222 Ft. Washington, PA 19034	Data Switch Directos	01/20/94	10/31/96	5.27%	4,334	0
Capital Lease - Equip	Xerox Corp	1700 Market St, Ste 2800 Philadelphia, PA 19103	2 9790 MCRD Printers	04/29/93	05/31/97	5.51%	205,121	61,996

Capital Lease - Equip	Xerox Corp	1700 Market St, Ste 2800 Philadelphia, PA 19103	4850 HC55Printer	04/29/93	05/31/98	5.91%	80,105	48,336
Capital Lease - Equip	AT&T Systems Leasing	3 Neshaminy Interplex Ste 301 Trevose, PA 19047	NCR 3600 System	01/13/94	01/31/97	4.80%	753,785	59,382
Capital Lease - Equip	El Camino Resources	275 Commerce Drive, St 222 Ft. Washington, PA 19034	Cabletron LAN	1/20/94	12/31/97	5.22%	225,537	115,692
Capital Lease - Equip	El Camino Resources	275 Commerce Drive, St 222 Ft. Washington, PA 19034	Cabletron LAN (hardware)	01/20/94	12/31/97	5.22%	15,439	7,919
Capital Lease - Equip	El Camino Resources	275 Commerce Drive, St 222 Ft. Washington, PA 19034	NCR UNIX 3555 Computers	02/11/94	01/31/97	5.21%	149,909	11,833
Capital Lease - Equip	El Camino Resources	275 Commerce Drive, St 222 Ft. Washington, PA 19034	Upgrade to F033	02/15/96	01/31/97	5.21%	0	7,840
Capital Lease - Equip	El Camino Resources	275 Commerce Drive, St 222 Ft. Washington, PA 19034	Upgrade to F033	12/01/96	02/01/97	5.21%	30,736	30,736
Capital Lease - Equip	El Camino Resources	275 Commerce Drive, St 222 Ft. Washington, PA 19034	LAN Network	02/17/94	12/31/97	5.54%	281,900	144,844
Capital Lease - Equip	Computer Leasing, Inc.	Three University Plaza Hackensack, NJ 07601	DASD String	03/01/94	02/28/97	6.43%	124,616	18,378
Capital Lease - Equip	El Camino Resources	275 Commerce Drive, St 222 Ft. Washington, PA 19034	LAN Equipment Upgrade	09/01/94	12/31/97	7.03%	65,802	34,053
Capital Lease - Equip	El Camino Resources	275 Commerce Drive, St 222 Ft. Washington, PA 19034	LAN Equipment Upgrade	10/01/94	12/31/97	7.03%	340,305	176,113
Capital Lease - Equip	GE Capital Cmptr Leas	740 Quail Ridge Drive Westmont, IL 60559	Hitachi DASD's	01/01/95	12/31/97	8.10%	425,419	221,291
Capital Lease - Equip	El Camino Resources	275 Commerce Drive, St 222 Ft. Washington, PA 19034	LAN Upgrade	02/06/95	12/31/97	7.03%	180,712	93,521

Capital Lease - Equip	G. E. Capital Cmptr Leas	740 Quail Ridge Drive Westmont, IL 60559	DASD's	06/14/95	06/15/97	7.34%	256,246	78,141
Capital Lease - Equip	G. E. Capital Cmptr Leas	740 Quail Ridge Drive Westmont, IL 60559	IDNX Upgrade	06/29/95	02/28/97	5.82%	9,841	1,447
Capital Lease - Equip	Comdisco, Inc.	301 Riverside Ave Westport CT 06880	VAX Renewal (Old F020 & 21)	09/29/95	09/30/97	6.60%	147,568	65,330
Capital Lease - Equip	Comdisco, Inc.	301 Riverside Ave Westport CT 06880	3 DASD's	11/30/95	10/31/97	6.60%	215,629	92,796
Capital Lease-Equip	Comdisco, Inc.	301 Riverside Ave Westport CT 06880	1 DASD	11/30/95	11/30/97	6.60%	69,278	32,706
Capital Lease- Equip	AT&T Systems Leasing	3 Neshaminy Interplex Ste 301 Trevose, PA 19047	1 DASD	10/23/95	11/30/97	6.60%	66,565	34,189
Capital Lease - Equip	AT&T Systems Leasing	3 Neshaminy Interplex Ste 301 Trevose, PA 19047	2 DASD's	10/31/95	11/30/97	6.60%	133,085	62,829
Capital Lease - Equip	Digital Financial Services	701 East Grade Dr. Ste 300 Mt. Laurel NJ 08054	VAX 6000 Renewal (Old F024)	12/28/95	12/31/97	6.60%	125,459	64,695
Capital Lease - Equip	Hitachi Data Systems	20 Valley Stream Pkwy Malvern, PA 19355	3 7690 Controllers	10/23/95	10/31/97	6.60%	139,827	60,174
Capital Lease - Equip	Hitachi Data Systems	20 Valley Stream Pkwy Malvern, PA 19355	4 7690 Controllers	10/23/95	11/30/97	6.60%	186,256	88,016
Capital Lease - Equip	AT&T Systems Leasing	3 Neshaminy Interplex Ste 301 Trevose, PA 19047	15 DASD's	03/15/96	03/31/98	6.61%	0	172,307
Capital Lease - Equip	AT&T Systems Leasing	3 Neshaminy Interplex Ste 301 Trevose, PA 19047	IBM CPU	06/01/96	5/31/98	6.85%	0	3,279,839
Capital Lease - Equip	Meridian Techn Leasing	200 Salina Meadows Pkwy Syracuse, NY 13212	IBM 3990 & IBM 3390	07/01/96	06/30/98	6.90%	0	110,250



Capital Lease - Equip	AT&T Systems Leasing	3 Neshaminy Interplex Ste 301 Trevose, PA 19047	IBM 3990 & IBM 3390	07/15/96	07/31/98	6.90%	0	87,151
Capital Lease - Equip	GE Capital Cmptr Leas	740 Quail Ridge Drive Westmont, IL 60559	IBM 900 Processor	12/16/96	10/31/97	6.15%	0	456,453
Capital Lease - Equip	Comdisco Inc.	301 Riverside Ave Westport, CT 06880	AT&T PBX Equipment	08/01/91	06/30/96	8.82%	96,850	0
Capital Lease - Equip	Comdisco Inc.	301 Riverside Ave Westport, CT 06880	AT&T PBX Equipment	08/01/91	06/30/96	8.82%	68,937	0
Capital Lease - Equip	Comdisco Inc.	301 Riverside Ave Westport, CT 06880	1 AT&T PBX Version 5	09/01/96	08/31/99	8.82%	0	273,939
Capital Lease - Equip	M&SD Financial Svcs	1200 Wall St West Lyndhurst, NJ 07071	Roim PBX System	07/06/92	10/31/97	6.17%	722,070	338,327
Capital Lease - Equip	AT&T Systems Leasing	3 Neshaminy Interplex Ste 301 Trevose, PA 19047	Microwave CSII	12/07/92	12/31/99	7.15%	386,909	78,888
Capital Lease - Equip	AT&T Systems Leasing	3 Neshaminy Interplex Ste 301 Trevose, PA 19047	Microwave CTC Center	12/07/92	12/31/99	7.15%	0	163,317
Capital Lease - Equip	AT&T Systems Leasing	3 Neshaminy Interplex Ste 301 Trevose, PA 19047	Microwave Camden	12/07/92	12/31/99	7.15%	0	58,061
Capital Lease - Equip	VariLease Corp.	1750 S. Telegraph Rd. Bloomfield Hills, MI 48302	LAN System CSII	12/09/92	12/31/97	6.74%	677,772	350,207
Capital Lease - Equip	M&SD Financial Svcs	1200 Wall St West Lyndhurst, NJ 07071	RoimPBX w/Phone Mail	01/01/93	03/31/98	6.74%	313,909	180,235
Capital Lease - Equip	Comdisco, Inc.	301 Riverside Ave Westport CT 06880	AT&T D-4 Telecomm	06/01/93	05/31/97	5.53%	91,005	27,508
Capital Lease - Equip	VariLease Corp.	1750 S. Telegraph Rd. Bloomfield Hills, MI 48302	Cabletron LAN Equip	03/25/93	12/31/97	6.04%	103,028	53,058

Capital Lease - Equip	VariLease Corp.	1750 S. Telegraph Rd. Bloomfield Hills, MI 48302	LAN Network Units	03/25/93	12/31/97	5.71%	312,385	160,619
Capital Lease - Equip	VariLease Corp.	1750 S. Telegraph Rd. Bloomfield Hills, MI 48302	LAN Network Units	03/25/93	12/31/97	5.71%	102,483	52,694
Capital Lease - Equip	Comdisco, Inc.	301 Riverside Ave Westport CT 06880	RoIm Phone Equipment	10/05/93	11/30/97	5.38%	65,214	32,027
Capital Lease - Equip	GE Capital Cmptr Leas	740 Quail Ridge Drive Westmont, IL 60559	IDNX Equipment	01/01/94	02/28/97	5.82%	520,403	76,518
Capital Lease - Equip	GE Capital Cmptr Leas	740 Quail Ridge Drive Westmont, IL 60559	IDNX Equipment (Upgrade)	03/24/94	02/28/97	5.82%	93,472	13,743
Capital Lease - Equip	GE Capital Cmptr Leas	740 Quail Ridge Drive Westmont, IL 60559	IDNX Equipment (Upgrade)	07/14/94	02/28/97	5.82%	151,905	22,335
Capital Lease - Equip	El Camino Resources	275 Commerce Drive, St 222 Ft. Washington, PA 19034	LAN Equipment Upgrade	09/01/94	12/31/97	7.03%	59,012	30,540
Capital Lease - Equip	Comdisco, Inc.	301 Riverside Ave Westport CT 06880	PBX Upgrades	01/01/95	12/31/98	8.50%	152,087	105,591
Capital Lease - Equip	El Camino Resources	275 Commerce Drive, St 222 Ft. Washington, PA 19034	LAN Upgrades	02/06/95	12/31/97	7.03%	125,475	64,935
Capital Lease - Equip	Comdisco, Inc.	301 Riverside Ave Westport CT 06880	AT&T PBX Audix Equipment	05/16/95	06/30/97	6.70%	8,353	2,877
Capital Lease - Equip	Comdisco, Inc.	301 Riverside Ave Westport CT 06880	AT&T PBX Audix Equipment	05/16/95	06/30/97	6.70%	46,405	15,852
Capital Lease - Equip	GE Capital Cmptr Leas	740 Quail Ridge Drive Westmont, IL 60559	INDX Upgrades	06/29/95	02/28/97	5.82%	1,820	400
Capital Lease - Equip	US Trust Company	515 S. Flower St, Suite 2700 Los Angeles, CA 90071	2 Units M W Equipment	01/30/86	4/30/96	8.32%	18,976	0

Capital Lease - Equip	US Trust Company	515 S. Flower St, Suite 2700 Los Angeles, CA 90011	1 Unit M W Equipment	01/30/86	05/31/96	8.24%	12,318	0
Capital Lease - Equip	US Trust Company	515 S. Flower St, Suite 2700 Los Angeles, CA 90071	1 Straddle Crane	01/30/86	06/30/96	7.91%	81,644	0
Capital Lease - Equip	US Trust Company	515 S. Flower St, Suite 2700 Los Angeles, CA 90071	1 Straddle Crane	01/30/86	11/30/96	7.77%	109,291	0



**APPENDIX L**  
**REPRESENTATIVE LIST OF**  
**CONRAIL'S TRACKAGE RIGHTS AGREEMENTS**

## APPENDIX L

### Selected List of Conrail's Trackage Rights Over Railroads Other than CSXT or NSR<sup>1</sup>

<u>Line Segment</u>	<u>Owner/Grantor</u>
Northeast Corridor	Amtrak
Washington, D.C. - New York (Northeast Corridor)	Amtrak
Philadelphia, PA - Newark/Jersey City, NJ (Northeast Corridor)	Amtrak
Pelham Bay, NY - New Rochelle, NY (Hell Gate Line)	Amtrak
New York City (West 30th St. Line)	Amtrak
CP187, NY - Rennselaer, NY (Post Road Branch)	Amtrak
Schenectady, NY (Chicago Line)	Amtrak
New Haven, CT (Shore Line)	Amtrak
New Haven, CT (Hartford Line)	Amtrak
Roosevelt Road-South Branch Chicago River	Amtrak
New York City - New Rochelle, NY	Amtrak
Manhattan Junction, OH - Alexis, OH	Ann Arbor
Toledo, OH	Ann Arbor
Pioneer St., IN - Julian St., IN	Arrowood Southern Co.

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<sup>1</sup> This list is not intended to be exhaustive. Although some of the Conrail trackage rights listed herein might contain restrictions on their unilateral assignment absent Board authorization of their assignment to CSXT, NYC, NSRC, or PRR, inclusion on this list does not indicate that the particular trackage right listed would be unassignable absent such authorization.



Fort Wayne, IN	Arrowood Southern Co.
Mike Interlocking, IN - Piqua Yd., IN	Arrowood Southern Co.
BNSF Connection, IL - Barr St., IN	Atchison Topeka & Santa Fe
49th St., IL/Ashland Ave - ATSF Main/Corwith Yd, IL	Atchison Topeka & Santa Fe
Canal St., IL - Newberry, IL	Burlington Northern
12th St., IL - 75th St., IL	Baltimore & Ohio Chicago Terminal
Through Amoco Refining (Indianapolis Blvd.), IL	Baltimore & Ohio Chicago Terminal
Conneut, OH	Bessemer & Lake Erie
Barber, MA - Ayer, MA	Boston & Maine
E. Somerville, MA	Boston & Maine
E. Somerville, MA - E. Boston, MA	Boston & Maine
Worcester, MA - Barber, MA	Boston & Maine & Springfield Terminal
Streator, IL	BNSF
West Mosgrove, PA - Cloe, PA	Buffalo & Pittsburgh RR
Carey, OH	Carey Short Line
Marion, IN (Semi-belt)	Central RR Company of Indiana
Marion, IN	Central RR Company of Indiana
Newberry Ave, IL - Western Ave, IL	Chicago & North Western
Ogden Ave, IL - Western Ave, IL	Chicago & North Western
Kensington, IL - Doty Ave, IL	Chicago Southshore & Southbend

Chicago, IL

Mill Connection, OH

Cincinnati Terminal

Madison St., IL - Lake St., IL

Beauharnois, PQ - Valleyfield, PQ

Adirondack Jct, PQ - St. Luc Yd, PQ

Adirondack Jct., PQ-Montreal, PQ

Terre Haute, IN-Bee Hunter, IN

Syracuse/Utica Branch, NY

Taylor, PA - Scranton, PA and  
Binghamton, PA

Erie, PA

Linndale, OH - Clark, OH

East St. Louis, IL

Detroit - Hamtramck

Fort Wayne, IN

Great Lakes Steel, MI - Tecumseh Yd., MI

CP Vinewood, MI - Konant Ave, MI

Jones Chemical, MI

Detroit Edison - Front St., MI

Kellogg Plant, MI

General Foods, MI

Chicago Southshore &  
Southbend

Cincinnati Terminal Railway

Cincinnati Terminal Railway

CMC Real Estate Corp.

CN North America

CP Rail System

CP Rail System

CP/Soo

Delaware & Hudson

Delaware & Hudson

East Erie Commercial

FIR

Gateway Western

Grand Trunk Western

Grand Trunk Western

Grand Trunk Western

Grand Trunk Western

Grand Trunk Western

Grand Trunk Western

Grand Trunk Western

Grand Trunk Western

Oliver Corp/White Motor, MI	Grand Trunk Western
Interchange Track Grand Trunk Western Yd, MI	Grand Trunk Western
Michigan Ave, MI - Washington Ave, MI	Grand Trunk Western
FN Interlocking, MI - Trenton Steel, MI	Grand Trunk Western
Pavilion Jct, MI - Pavilion, MI	Grand Trunk Western
Lima, OH - S. Lima, OH	Grand Trunk Western
Willows Interlocking, IL - Q Tower, IL	Gateway Eastern Railway Co.
E. St. Louis, IL - Sauget, IL	Gateway Western Railway
Hollidaysberg, PA - Rodman, PA	Holidaysburg & Roaring Springs
Hollidaysberg, PA	Holidaysburg & Roaring Springs
Interlake, IL	Illinois Central
Chicago, IL	Illinois Central
Lima, OH - S. Lima, OH	Indiana & Ohio Rwy
IHB Lines, IL and IN	Indiana Harbor Belt RR
New Castle, IN	Indiana Hi-Rail Corp.
Saegers, PA - Linden, PA	Lehigh Valley Railroad
York, PA - W. York, PA	Maryland & Pennsylvania RR
Boston, MA (Grand Junction Running Track)	MBTA/Mass. DOT
Boston, MA - Framingham, MA (Boston Line)	MBTA/Mass. DOT
Braintree, MA - Middleboro, MA (Braintree	MBTA/Mass. DOT



Secondary Track)

Attleboro, MA - Middleboro, MA (Middleboro Secondary Track)	MBTA/Mass. DOT
Braintree, MA - Randolph, MA (Randolph Industrial Track)	MBTA/Mass. DOT
Boston, MA - Readville, MA (Dorchester Branch)	MBTA/Mass. DOT
Readville, MA (Reading Conn. Track)	MBTA/Mass. DOT
Readville, MA (Dedham Industrial Track)	MBTA/Mass. DOT
Readville, MA (Yard & Loop)	MBTA/Mass. DOT
Readville, MA - MA/RI Line (Shore Line)	MBTA/Mass. DOT
Canton, MA/Jct. - W. Stoughton (Stoughton Branch)	MBTA/Mass. DOT
Hebronville, MA (East Jct. Industrial Track)	MBTA/Mass. DOT
Readville, MA - Franklin, MA (Franklin Branch)	MBTA/Mass. DOT
Franklin, MA - Milford (Milford Secondary Track)	MBTA/Mass. DOT
Selkirk/Boston Line, MA-MA Branch Line	MBTA/Mass. DOT
Morgan St., IL - Lake St./3rd Main, IL	Metra
Chicago, IL	Metra
23rd Place (Chicago), IL - 74th St (Chicago), IL	Metra RR
Cockeysville, MD	Metropolitan Transit Authority
White Pigeon, MI	Michigan Southern
E. St. Elmo, IL - St. Elmo, IL	Missouri Pacific RR
NY/Conn. Line - Hartford, CT (New Haven Line)	MNCR/Conn. DOT
Stamford, CT - New Canaan (New Canaan Branch)	MNCR/Conn. DOT

Woodlawn, CT - NY Conn. Line (New Haven Line)	MNCR
Bronx, NY - White Plains, NY (Harlem Line)	MNCR
Bronx, NY - Poughkeepsie, NY (Harlem Line)	MNCR
New Rochelle, NY-CT Branch Lines	MNCR/Conn. DOT
Campbell Hall, NY	New York Susq & Western
New Yard (Cleveland), OH	Newburg & South Shore RR
Hawk, NY - Port of Oswego, NY	Niagra Mohawk Power Co. Lead Track
Tyrone, PA - Lock Haven, PA	Nittany & Bald Eagle RR
Tyrone, PA - Mill Hall, PA	Nittany & Bald Eagle RR
Lock Haven Yd. Track, PA	Nittany & Bald Eagle RR
Aldene, NJ - High Bridge, NJ (Raritan Valley Line)	NJT/NJDOT
East Claremont, NJ - Bayonne, NJ (Bayonne Ind. Track)	NJT/NJDOT
Woodbridge, NJ - Asbury Park, NJ (North Coast Line)	NJT/NJDOT
Red Bank, NJ - Lakehurst, NJ (Southern Secondary Track)	NJT/NJDOT
Farmingdale, NJ - Freehold, NJ (Freehold Secondary Track)	NJT/NJDOT
Frankford Jct. - Pennsauken, NJ (Delair Branch)	NJT/NJDOT
Pennsauken, NJ - Mt. Holly, NJ (Pemberton Industrial Track)	NJT/NJDOT
Camden, NJ - Gloucester, NJ (Camden Running Track)	NJT/NJDOT

Sewell, NJ - Glassboro, NJ (Vineland Secondary Track)	NJT/NJDOT
Winslow Jct.-Palermo, NJ (Beesley Point Secondary Track) Allegheny Ave, PA - Buckius St., PA	NJT/NJDOT Philadelphia Belt Line
Worcester, MA - Barber, MA	Prov. & Worcester
Worcester, MA - Ayer, MA	Providence & Worcester
Freeport, PA - West Mosgrove, PA	Pittsburgh & Shawmut RR
Wayne Jct., PA - Quakertown, PA (Main Line)	SEPTA
Lansdale, PA - Doylestown, PA (Doylestown Branch)	SEPTA
Glenside, PA - Ivyland, PA (Warminster Line)	SEPTA
Jenkintown, PA - Neshaminy Falls, PA (Neshaminy Line)	SEPTA
60th St., PA - 90th St., PA (Chester Sec. Track)	SEPTA
Arsenal, PA - Morton, PA (West Chester Line)	SEPTA
N. Philadelphia, PA - Wayne, PA (Main Line)	SEPTA
N. Philadelphia, PA - Midvale, PA (Chestnut Hill West Line)	SEPTA
Somerset, NY - Lockport, NY	Somerset Railroad
Lockport, NY	Somerset Railway
Lockport, NY - West Somerset, NY	Somerset Railway
Q Tower, IL - Missouri Ave, IL .	Terminal Railroad Assoc of St. Louis
E. St. Louis, IL - St. Louis, MO	Terminal Railroad Assoc of



40th St., IL - Conrail's Wye, IL

CWI, IL - CR & I Branch, IL

St. Elmo, IL-Salem, IL

S. Duquesne, PA - McKeesport, PA

Rich Creek Junction, WV - Peach Orchard Branch, WV

Glen Echo, OH

Martins Ferry, OH - CSXT Connection, OH

Martins Ferry, OH - Conrail Connection, OH

Martins Ferry, WV

Niles Secondary, OH - North Warren, OH

Youngstown, OH

Springfield, OH - Glen Echo, OH

St. Louis

Union Pacific Railroad

Union Pacific Railroad

Union Pacific Railroad

Union Railroad Company

Vaughn Railroad Company

West Central Ohio Port  
Auth

Wheeling & Lake Erie Rwy

Wheeling & Lake Erie Rwy

Wheeling & Lake Erie

Warren & Trumbull

Warren & Trumbull

West Central Ohio Port  
Authority

**EXHIBIT 2 -- LIST OF AGREEMENTS**



SECTION 1180.6(a)(7)(i)

EXHIBIT 2 - AGREEMENTS

Merger Agreement

Agreement and Plan of Merger, dated October 14, 1996, by and among CSX Corporation ("CSXC"), Green Acquisition Corp. ("Tender Sub"), and Conrail Inc. ("CRI")

First Amendment to Agreement and Plan of Merger, dated as of November 5, 1996

Second Amendment to Agreement and Plan of Merger, dated as of December 18, 1996

Third Amendment to Agreement and Plan of Merger, dated as of March 7, 1997

Fourth Amendment to Agreement and Plan of Merger, dated as of April 8, 1997

Voting Trust Agreements

Voting Trust Agreement, dated as of October 15, 1996, by and among CSXC, Tender Sub and Deposit Guaranty National Bank

Voting Trust Agreement, dated as of February 10, 1997, by and among Norfolk Southern Corporation ("NSC"), Atlantic Acquisition Corporation ("AAC") and the First American National Bank

Amended and Restated Voting Trust Agreement, dated as of February 10, 1997, as amended and restated as of February 18, 1997, by and among NSC, AAC and the First American National Bank

Amended and Restated Voting Trust Agreement, dated as of April 8, 1997, by and among CSXC, NSC, CRR Holdings LLC, Tender Sub and Deposit Guaranty National Bank

Miscellaneous Agreement

Articles of Merger Merging Green Merger Corp. With and Into Conrail Inc.

Exhibit A - Agreement and Plan of Merger, by and among Conrail Inc., Green Acquisition Corp. and Green Merger Corp.

Basic Transaction Agreements

Letter Agreement, dated April 8, 1997, between CSXC and NSC

LLC Agreement of CRR Holdings LLC, dated and effective as of May 21, 1997, by and among

CSXC, CSX Rail Holding Corporation, and NSC

Transaction Agreement, dated as of June 12, by and among CSXC, CSX Transportation, Inc. ("CSXT"), NSC, Norfolk Southern Railway Corporation ("NSR"), Conrail Inc. ("CRR"), Consolidated Rail Corporation ("CRC") and CRR Holdings LLC

Schedule 1 - Assets

Schedule 2 - Major Decisions

Schedule 3 - Chicago

Schedule 4 - Trackage Rights, Haulage, Shared Assets  
and Other Operating Agreements

Exhibit A - Form of Operating Agreements

Exhibit A-1 - Form of CSXT Operating Agreement to  
be entered into between CSXT and NYC LLC

Exhibit A-2 - Form of NSRC Operating Agreement to  
be entered into between PRR LLC and NSRC

Exhibit B - Form of LLC Agreements

Exhibit C - Form of Trackage Rights Agreements

Exhibit C-1 - NSR on CSXT

Exhibit C-2 - CSXT on NSR

Exhibit D - Form of CSXT/NSR Haulage Agreements

Exhibit E - Form of Capital Contribution, Assignment  
and Assumption Agreements

Exhibit F - Tax Allocation Agreement

Exhibit G - North Jersey Shared Assets Area Operating Agreement

Exhibit H - South Jersey/Philadelphia Shared Assets Area Operating Agreement

Exhibit I - Detroit Shared Assets Area Operating Agreement

- Exhibit J - Ashtabula Interlocking Agreement
- Exhibit K - CP Mounds Interlocking Agreement
- Exhibit L - Warsaw Interlocking Agreement
- Exhibit M - Crestline Interlocking Agreement
- Exhibit N - Buckeye Interlocking Agreement
- Exhibit O - Mike Interlocking Agreement
- Exhibit P - Bucyrus Interlocking Agreement
- Exhibit Q - CP 138 Interlocking Agreement
- Exhibit R - CP Short Interlocking Agreement
- Exhibit S - Berea Interlocking Agreement
- Exhibit T - Ashtabula Access Agreement
- Exhibit U - Seneca Yard Access Agreement
- Exhibit V - Ford (Rockport) Switching Agreement
- Exhibit W - GM Parma Auto Switching Agreement
- Exhibit X - Indianapolis Switching Agreement
- Exhibit Y - GM Lordstown Switching Agreement
- Exhibit Z - Fairlane Switching Agreement
- Exhibit AA - Lorain Switching Agreement
- Exhibit BB - Crawfordsville Switching Agreement
- Exhibit CC - Sidney Switching Agreement
- Exhibit DD - Sandusky Switching Agreement
- Exhibit EE - Upper Sandusky Switching Agreement



- Exhibit FF - Indiana Harbor Belt Agreement
- Exhibit GG - Monongahela Access and Use Agreement
- Exhibit HH - Park Manor Temporary Lease Agreement
- Exhibit II - NSR and CSXT Construction Rights Agreement
- Exhibit JJ - NSR Buckeye Construction Rights Agreement
- Exhibit KK - NSR Field-Belmont Construction Rights Agreement
- Exhibit LL - Erie Deed of Easement
- Exhibit MM - Fort Wayne-Chicago/Streator Line Exchange Agreement
- Exhibit NN - Piqua Yard Agreement
- Exhibit OO - Elizabethport Yard Access Agreement
- Exhibit PP - Agreement for Assignment of CRC Rights
- Exhibit QQ - CSXT Eastwick Construction Agreement
- Exhibit RR - Agreement for Assignment of CRC Rights (Northeast Corridor)
- Exhibit SS - Agreement for Assignment of Chicago Trackage Rights
- Exhibit TT - Letter Agreement dated June 17, 1997 between CSXC and NSC

EXHIBIT 8 -- LIST OF TOP SIX OFFICERS

EXHIBIT 8

SECTION 1180.6(b)(3)

TOP SIX OFFICERS OF CSXT

<u>Name</u>	<u>Title</u>
J. W. Snow	Chairman of the Board
A. R. Carpenter	President and Chief Executive Officer
J. Q. Anderson	Executive Vice-President - Sales and Marketing
G. L. Nichols	Executive Vice-President and Chief Operating Officer
M. J. Ward	Executive Vice-President - Finance and Chief Financial Officer
C. N. Taylor	Senior Vice-President - Transportation and Mechanical and Chief Transportation Officer

TOP SIX OFFICERS OF CONTROLLED SUBSIDIARIES OF CSXT

Allegheny and Western Railway Company

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
C. N. Taylor	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller



Atlanta, Knoxville & Northern Railway Company

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
C. N. Taylor	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller

The Atlantic Land and Improvement Company

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
C. N. Taylor	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller

The Baltimore and Cumberland Valley Rail Road Extension Company

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President and General Counsel
C. N. Taylor	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller

The Baltimore and Ohio Chicago Terminal Railroad Company

<u>Name</u>	<u>Title</u>
D. K. Reardon	President
P. M. Giftos	Senior Vice-President
C. N. Taylor	Senior Vice-President
M. J. Ward	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller

Boca Bay Properties, Inc.

<u>Name</u>	<u>Title</u>
S. D. Beck	President
P. J. Aftoora	Vice-President and Corporate Secretary
S. A. Crosby	Vice-President
W. S. Johnson	Vice-President
P. B. McKinney	Vice-President
M. E. Page	Treasurer

Buffalo, Rochester and Pittsburgh Railway Company

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
C. N. Taylor	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller



The Carrollton Railroad

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
P. M. Giftos	Senior Vice-President
C. N. Taylor	Senior Vice-President
M. J. Ward	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller

The Cincinnati Inter-Terminal Railroad Company

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
P. M. Giftos	Senior Vice-President
C. N. Taylor	Senior Vice-President
M. J. Ward	Executive Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller

The Cleveland Terminal & Valley Railroad Company

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
C. N. Taylor	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller

CSX Capital Management, Inc.

<u>Name</u>	<u>Title</u>
W. H. Sparrow	Chairman
K. T. Rodda	President
F. C. Atkins, Jr.	Vice-President
D. A. Charnes	Vice-President and Treasurer
A. A. Rudnick	Vice-President and Secretary

CSX Realty Development, LLC

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller
M. Lazenby	Assistant Vice-President and Treasurer

CSX Resources, Inc. - Georgetown

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller
M. Lazenby	Assistant Vice-President and Treasurer

CSX Tower II Properties, Inc.

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller
M. Lazenby	Assistant Vice-President and Treasurer

Cybernetics & Systems, Inc.

<u>Name</u>	<u>Title</u>
J. F. Andrews	President
P. J. Aftoora	Vice-President and Corporate Secretary
A. P. Blumenfeld	Vice-President
M. P. Dykstra	Vice-President
R. D. Larizza	Vice-President
M. E. Page	Treasurer

Dayton and Michigan Railroad Company

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
P. M. Giftos	Senior Vice-President
C. N. Taylor	Senior Vice-President
M. J. Ward	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller



Distribution Services, Inc.

<u>Name</u>	<u>Title</u>
T. G. Hoback	Chairman of the Board, President and Chief Executive Officer
L. E. Moschell	Vice-President, Secretary and Treasurer

Energy Resources and Logistics, Inc.

<u>Name</u>	<u>Title</u>
R. L. Sharp	President
T. R. Howard	Vice-President
M. Lazenby	Assistant Vice-President and Treasurer
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller

ER&L Thames, Inc.

<u>Name</u>	<u>Title</u>
R. L. Sharp	President
T. R. Howard	General Manager
M. Lazenby	Assistant Vice-President and Treasurer
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller

FGMR, Inc.

<u>Name</u>	<u>Title</u>
P. R. Goodwin	Chairman and President
W. M. Hart	Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
A. B. Aftoora	Vice-President
M. Lazenby	Treasurer

Franklin Point, Inc.

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller
M. Lazenby	Assistant Vice-President and Treasurer

Fruit Growers Express Company

<u>Name</u>	<u>Title</u>
P. R. Goodwin	Chairman and President
W. M. Hart	Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
A. B. Aftoora	Vice-President
M. Lazenby	Treasurer

Gainesville Midland Railroad Company

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller
M. Lazenby	Assistant Vice-President and Treasurer

Harborside at Boca Bay Development Corporation

<u>Name</u>	<u>Title</u>
S. D. Beck	President
P. J. Aftoora	Vice-President and Corporate Secretary
S. A. Crosby	Vice-President
R. M. Hood	Vice-President
W. S. Johnson	Vice-President
M. E. Page	Treasurer

Holston Land Company, Incorporated

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
C. N. Taylor	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller



The Home Avenue Railroad Company

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
C. N. Taylor	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller

Hooker Core, LLC

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller
M. Lazenby	Assistant Vice-President and Treasurer

Hooker Homes, LLC

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller
M. Lazenby	Assistant Vice-President and Treasurer

Hooker Silver, LLC

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller
M. Lazenby	Assistant Vice-President and Treasurer

Hooker Ten, LLC

<u>Name</u>	<u>Title</u>
G.L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller
M. Lazenby	Assistant Vice-President and Treasurer

Independent Rail Services, Inc.

<u>Name</u>	<u>Title</u>
T. G. Hoback	Chairman of the Board, President and Chief Executive Officer
L. E. Moschell	Vice-President, Secretary and Treasurer



Indiana Rail Road Company

<u>Name</u>	<u>Title</u>
T. G. Hoback	Chairman of the Board, President and Chief Executive Officer
T. J. Quigley	Executive Vice-President and Chief Operating Officer
L. E. Moschell	Vice-President, Secretary and Treasurer
S. C. Sharer	Vice-President - Human Relations

James Center Development Company

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller
M. Lazenby	Assistant Vice-President and Treasurer

James Center Development Company - Richmond

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller
M. Lazenby	Assistant Vice-President and Treasurer

L&N Development Corporation

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
P. M. Giftos	Senior Vice-President
C. N. Taylor	Senior Vice-President
M. J. Ward	Executive Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller

L&N Investment Corporation

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
C. N. Taylor	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller

The Lake Erie and Detroit River Railway Company

<u>Name</u>	<u>Title</u>
T. J. Swisher	President
G. L. Nichols	Executive Vice-President
P. M. Giftos	Senior Vice-President
C. N. Taylor	Senior Vice-President
M. J. Ward	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary

Lakeland City Center, Inc.

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller
M. Lazenby	Assistant Vice-President and Treasurer

Mahoning State Line Railroad Company

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller
M. Lazenby	Assistant Vice-President and Treasurer

Metals Distribution Services, Inc.

<u>Name</u>	<u>Title</u>
A. B. Aftoora	President
P. J. Aftoora	Vice-President and Corporate Secretary
M. Lazenby	Treasurer



Midland United Corporation

<u>Name</u>	<u>Title</u>
T. G. Hoback	Chairman of the Board, President and Chief Executive Officer
T. J. Quigley	Executive Vice-President and Chief Operating Officer
L. E. Moschell	Vice-President, Secretary and Treasurer
S. C. Sharer	Vice-President - Human Relations

Nona Barnes, LLC

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller
M. Lazenby	Assistant Vice-President and Treasurer

North Bank Development Company

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
C. N. Taylor	Executive Vice-President
P. M. Giftos	Senior Vice-President
M. J. Ward	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller

North Charleston Terminal Company

<u>Name</u>	<u>Title</u>
T. L. Ingram	President
C. W. Gooden	Vice-President
G. L. Nichols	Vice-President
W. J. Romig	Vice-President
S. C. Tobias	Vice-President
C. J. O. Wodehouse	Controller

RDC Projects, LLC

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller
M. Lazenby	Assistant Vice-President and Treasurer

Raceland Car Corporation

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
C. N. Taylor	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller

Rail Wagons, Inc.

<u>Name</u>	<u>Title</u>
P. R. Goodwin	President
A. B. Aftoora	Vice-President and Treasurer
P. J. Aftoora	Vice-President and Corporate Secretary
W. M. Hart	Vice-President

The Real Estate and Improvement Company of Baltimore City

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
C. N. Taylor	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller

Richmond, Fredericksburg and Potomac Railway Company

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
C. N. Taylor	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller



Seaboard Coast Line Railway Supplies, Inc.

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
C. N. Taylor	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller

The Staten Island - Arlington, Inc.

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
C. N. Taylor	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller
M. Lazenby	Assistant Vice-President and Treasurer

The Staten Island Railroad Corporation

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
C. N. Taylor	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller

Terminal Realty Baltimore Co.

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller
M. Lazenby	Assistant Vice-President and Treasurer

Terminal Realty Baltimore Second Co.

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller
M. Lazenby	Assistant Vice-President and Treasurer

The Three Rivers Railway Company

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
C. N. Taylor	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller

The Toledo Ore Railroad Company

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
C. N. Taylor	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller

TransKentucky Transportation Railroad, Inc.

<u>Name</u>	<u>Title</u>
C. R. Clark	President
R. Rogers	Vice-President - Operations
P. J. Aftoora	Vice-President and Corporate Secretary

Transcontinental Terminals, Inc.

<u>Name</u>	<u>Title</u>
M. J. Ward	President
G. L. Nichols	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary

Unified Services, Inc.

<u>Name</u>	<u>Title</u>
T. G. Hoback	Chairman of the Board, President and Chief Executive Officer
L. E. Moschell	Vice-President, Secretary and Treasurer



Westfork Properties, LLC

<u>Name</u>	<u>Title</u>
G. L. Nichols	President
M. J. Ward	Executive Vice-President
P. M. Giftos	Senior Vice-President
P. J. Aftoora	Vice-President and Corporate Secretary
C. J. O. Wodehouse	Vice-President and Controller
M. Lazenby	Assistant Vice-President and Treasurer

TOP SIX OFFICERS OF NSR

<u>Name</u>	<u>Title</u>
David R. Goode	President and Chief Executive Officer
James C. Bishop, Jr.	Vice President, Law
R. Alan Brogan	Vice President, Transportation Logistics
L. I. Prillaman	Vice President and Chief Traffic Officer
Stephen C. Tobias	Vice President, Operations
Henry C. Wolf	Vice President, Finance

TOP SIX OFFICERS OF MAJORITY-OWNED  
SUBSIDIARIES OF NSR

The Alabama Great Southern Railroad Company

<u>Name</u>	<u>Title</u>
Stephen C. Tobias	President
James C. Bishop, Jr.	Vice President
R. Alan Brogan	Vice President
David A. Cox	Vice President
L. I. Prillaman	Vice President
Henry C. Wolf	Vice President

Atlantic and East Carolina Railway Company

<u>Name</u>	<u>Title</u>
Stephen C. Tobias	President
James C. Bishop, Jr.	Vice President
R. Alan Brogan	Vice President
David A. Cox	Vice President
L. I. Prillaman	Vice President
Henry C. Wolf	Vice President

Camp Lejeune Railroad Company

<u>Name</u>	<u>Title</u>
Stephen C. Tobias	President
James C. Bishop, Jr.	Vice President
R. Alan Brogan	Vice President
David A. Cox	Vice President
L. I. Prillaman	Vice President
Henry C. Wolf	Vice President

Central of Georgia Railroad Company

<u>Name</u>	<u>Title</u>
Stephen C. Tobias	President
James C. Bishop, Jr.	Vice President
R. Alan Brogan	Vice President
David A. Cox	Vice President
L. I. Prillaman	Vice President
Henry C. Wolf	Vice President

The Cincinnati, New Orleans and Texas Pacific Railway Company

<u>Name</u>	<u>Title</u>
Stephen C. Tobias	President
James C. Bishop, Jr.	Vice President
R. Alan Brogan	Vice President
David A. Cox	Vice President
L. I. Prillaman	Vice President
Henry C. Wolf	Vice President

Citco Realty Company

<u>Name</u>	<u>Title</u>
Stephen C. Tobias	President
James C. Bishop, Jr.	Vice President
R. Alan Brogan	Vice President
David A. Cox	Vice President
L. I. Prillaman	Vice President
Henry C. Wolf	Vice President

Georgia Southern and Florida Railway Company

<u>Name</u>	<u>Title</u>
Stephen C. Tobias	President
James C. Bishop, Jr.	Vice President
R. Alan Brogan	Vice President
David A. Cox	Vice President
L. I. Prillaman	Vice President
Henry C. Wolf	Vice President



High Point, Randleman, Asheboro and Southern Railroad Company

<u>Name</u>	<u>Title</u>
Stephen C. Tobias	President
James C. Bishop, Jr.	Vice President
R. Alan Brogan	Vice President
David A. Cox	Vice President
L. I. Prillaman	Vice President
Henry C. Wolf	Vice President

Interstate Railroad Company

<u>Name</u>	<u>Title</u>
Stephen C. Tobias	President
James C. Bishop, Jr.	Vice President
R. Alan Brogan	Vice President
David A. Cox	Vice President
L. I. Prillaman	Vice President
Henry C. Wolf	Vice President

Lamberts Point Barge Company, Inc.

<u>Name</u>	<u>Title</u>
H. Robert Jones	President
R. Alan Brogan	Vice President
John W. Fox, Jr.	Vice President
L. I. Prillaman	Vice President
Stephen C. Tobias	Vice President
Henry C. Wolf	Vice President

Memphis and Charleston Railway Company

<u>Name</u>	<u>Title</u>
Stephen C. Tobias	President
James C. Bishop, Jr.	Vice President
R. Alan Brogan	Vice President
David A. Cox	Vice President
L. I. Prillaman	Vice President
Henry C. Wolf	Vice President

Mobile and Birmingham Railroad Company

<u>Name</u>	<u>Title</u>
Stephen C. Tobias	President
James C. Bishop, Jr.	Vice President
R. Alan Brogan	Vice President
David A. Cox	Vice President
L. I. Prillaman	Vice President
Henry C. Wolf	Vice President

Norfolk and Portsmouth Belt Line Railroad Company

<u>Name</u>	<u>Title</u>
Dennis A. Walker	President and General Manager
J. M. Donnelly	Vice President, Secretary and Comptroller
P. D. Sturtevant	Treasurer
T. L. Hobbs	Assistant Secretary

Norfolk and Western Railway Company

<u>Name</u>	<u>Title</u>
David R. Goode	President and Chief Executive Officer
James C. Bishop, Jr.	Vice President, Law
R. Alan Brogan	Vice President, Transportation Logistics
L. I. Prillaman	Vice President and Chief Traffic Officer
Stephen C. Tobias	Vice President, Operations
Henry C. Wolf	Vice President, Finance

The North Carolina Midland Railroad Company

<u>Name</u>	<u>Title</u>
Stephen C. Tobias	President
James C. Bishop, Jr.	Vice President
R. Alan Brogan	Vice President
David A. Cox	Vice President
L. I. Prillaman	Vice President
Henry C. Wolf	Vice President

Rail Investment Company

<u>Name</u>	<u>Title</u>
William J. Romig	President
James A. Hixon	Vice President
John P. Rathbone	Vice President
Ronald E. Sink	Treasurer
Thomas W. Mahoney	Assistant Treasurer
Dezora M. Martin	Corporate Secretary

Southern Rail Terminals, Inc.

<u>Name</u>	<u>Title</u>
Henry C. Wolf	President
R. Alan Brogan	Vice President
L. I. Prillaman	Vice President
Donald W. Seale	Vice President
Stephen C. Tobias	Vice President
Sandra T. Pierce	Corporate Secretary



Southern Rail Terminals of North Carolina, Inc.

<u>Name</u>	<u>Title</u>
Henry C. Wolf	President
James C. Bishop, Jr.	Vice President
R. Alan Brogan	Vice President
David A. Cox	Vice President
L. I. Prillaman	Vice President
Stephen C. Tobias	Vice President

Southern Region Coal Transport, Inc.

<u>Name</u>	<u>Title</u>
Stephen C. Tobias	Chairman of the Board, President and Chief Executive Officer
James C. Bishop, Jr.	Vice President
R. Alan Brogan	Vice President
David A. Cox	Vice President
L. I. Prillaman	Vice President
Henry C. Wolf	Vice President

Southern Region Materials Supply, Inc.

<u>Name</u>	<u>Title</u>
Stephen C. Tobias	President
R. Alan Brogan	Vice President
James A. Hixon	Vice President
Jon L. Manetta	Vice President
L. I. Prillaman	Vice President
Henry C. Wolf	Vice President

Southern Region Motor Transport, Inc.

<u>Name</u>	<u>Title</u>
Stephen C. Tobias	Chairman of the Board, President and Chief Executive Officer
James C. Bishop, Jr.	Vice President
R. Alan Brogan	Vice President
John W. Fox, Jr.	Vice President
L. I. Prillaman	Vice President
Henry C. Wolf	Vice President

State University Railroad Company

<u>Name</u>	<u>Title</u>
Henry C. Wolf	President
Charles W. Moorman	Vice President
Stephen C. Tobias	Vice President
Thomas C. Hostutler	Comptroller
Sandra T. Pierce	Corporate Secretary
Ronald E. Sink	Treasurer

Tennessee, Alabama & Georgia Railway Company

<u>Name</u>	<u>Title</u>
Stephen C. Tobias	President
David A. Cox	Vice President
James C. Bishop, Jr.	Vice President
R. Alan Brogan	Vice President
L. I. Prillaman	Vice President
Henry C. Wolf	Vice President

Tennessee Railway Company

<u>Name</u>	<u>Title</u>
Stephen C. Tobias	President
David A. Cox	Vice President
James C. Bishop, Jr.	Vice President
R. Alan Brogan	Vice President
L. I. Prillaman	Vice President
Henry C. Wolf	Vice President

Virginia and Southwestern Railway Company

<u>Name</u>	<u>Title</u>
Stephen C. Tobias	President
R. Alan Brogan	Vice President
David A. Cox	Vice President
L. I. Prillaman	Vice President
Henry C. Wolf	Vice President
Sandra T. Pierce	Corporate Secretary

Yadkin Railroad Company

<u>Name</u>	<u>Title</u>
Stephen C. Tobias	President
James C. Bishop, Jr.	Vice President
R. Alan Brogan	Vice President
David A. Cox	Vice President
L. I. Prillaman	Vice President
Henry C. Wolf	Vice President



### TOP OFFICERS OF CRC

<u>Name</u>	<u>Title</u>
David M. LeVan	President and Chief Executive Officer
Cynthia A. Archer	Senior Vice President - Intermodal Service Group
Ronald J. Conway	Senior Vice President - Operations
Timothy P. Dwyer	Senior Vice President - Unit Train Service Group
John A. McKelvey	Senior Vice President - Finance
Frank H. Nichols	Senior Vice President - Organizational Performance
Timothy T. O'Toole	Senior Vice President - Law and Government Affairs
Lester M. Passa	Senior Vice President - Automotive Service Group
John P. Sammon	Senior Vice President - CORE Service Group
George P. Turner	Senior Vice President - Merger Consolidation

### TOP OFFICERS OF CONTROLLED SUBSIDIARIES OF CRC

#### CRC Properties, Inc.

<u>Name</u>	<u>Title</u>
Paul R. Audet	President
Paul G. Venezia	Vice President
Wilberta C. Jackson	Secretary
James D. McGeehan	Assistant Secretary
Eric G. Erickson	Treasurer
Joseph S. Kurpis	Comptroller
Samuel J. Bradley	Director-Taxes

CRR Investments, Inc.

<u>Name</u>	<u>Title</u>
Eric G. Erickson	President
Richard G. Kondan	Vice President
Wilberta C. Jackson	Secretary
James D. McGeehan	Assistant Secretary
Thomas J. McFadden	Treasurer

Indiana Harbor Belt Railroad Company

<u>Name</u>	<u>Title</u>
Cary W. Dickieson	President
Wilberta C. Jackson	Secretary
James D. McGeehan	Assistant Secretary
Richard G. Kondan	Treasurer
John E. DeWitt	Comptroller

Merchants Despatch Transportation Corporation

<u>Name</u>	<u>Title</u>
Philip W. Allen	President
George C. Cornick	Treasurer
Wilberta C. Jackson	Secretary
James D. McGeehan	Assistant Secretary

St. Lawrence & Adirondack Railway Company<sup>1</sup>

<u>Name</u>	<u>Title</u>
Thomas J. McFadden	President
Cary W. Dickieson	Vice President
Wilberta C. Jackson	Secretary
James D. McGeehan	Assistant Secretary
Eric G. Erickson	Treasurer

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<sup>1</sup> Foreign.

Pittsburgh, Chartiers & Youghiogheny Railway Company

<u>Name</u>	<u>Title</u>
Richard L. Hoover	President
Richard G. Kondan	Vice President
James D. McGeehan	Secretary
Eric G. Erickson	Treasurer

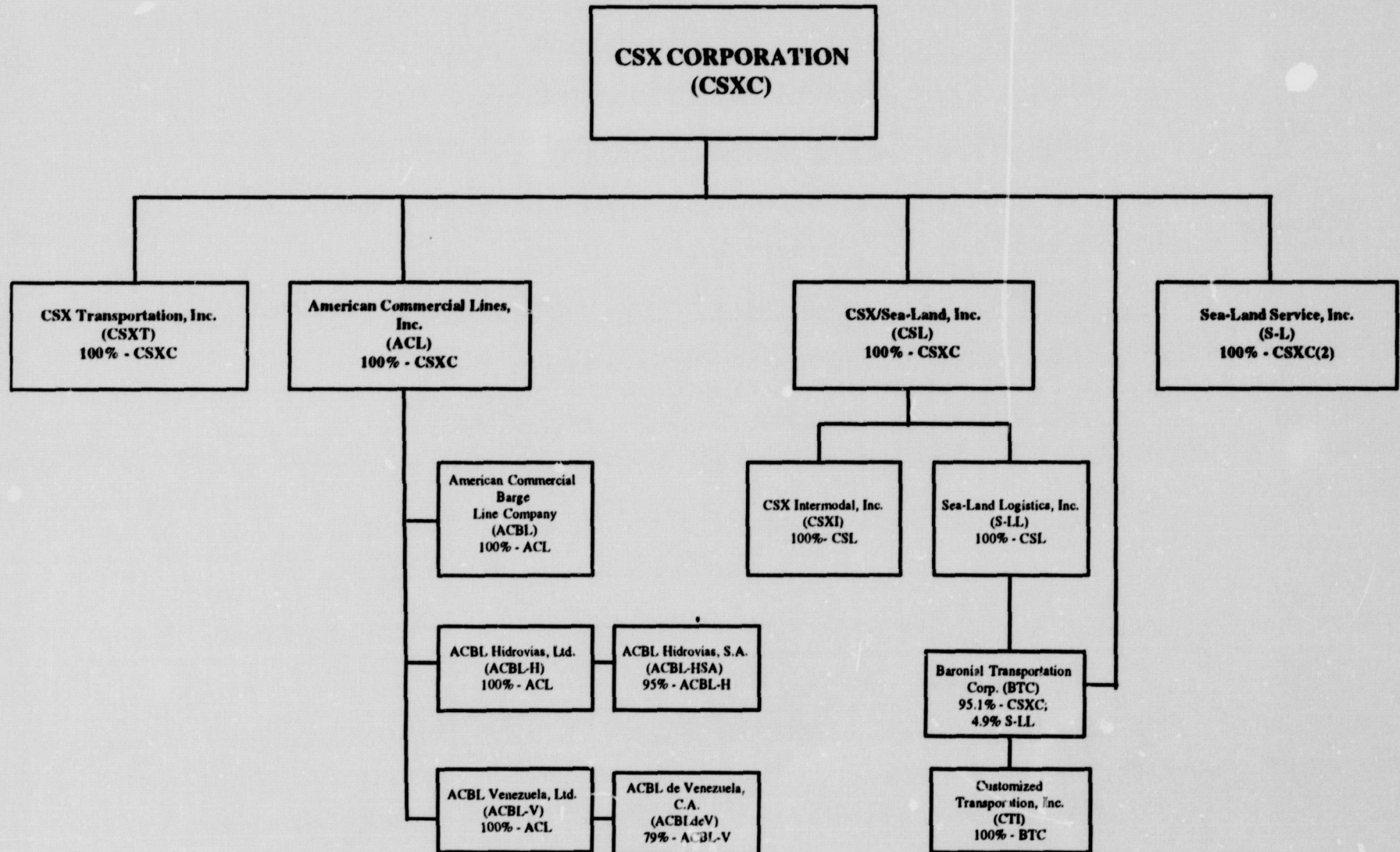
Penn Central Communications Company

<u>Name</u>	<u>Title</u>
John M. Samuels	President
Wilberta C. Jackson	Secretary
James D. McGeehan	Assistant Secretary
Eric G. Erickson	Treasurer



**EXHIBIT 11 -- CORPORATE CHARTS**

**EXHIBIT 11 - CORPORATE CHART - CSX Part A  
CSX CORPORATION(1)**



**EXHIBIT 11 - CORPORATE CHART - CSX PART A2**

**CSX CORPORATION AND CARRIER SUBSIDIARIES**

**NOTES TO PART A**

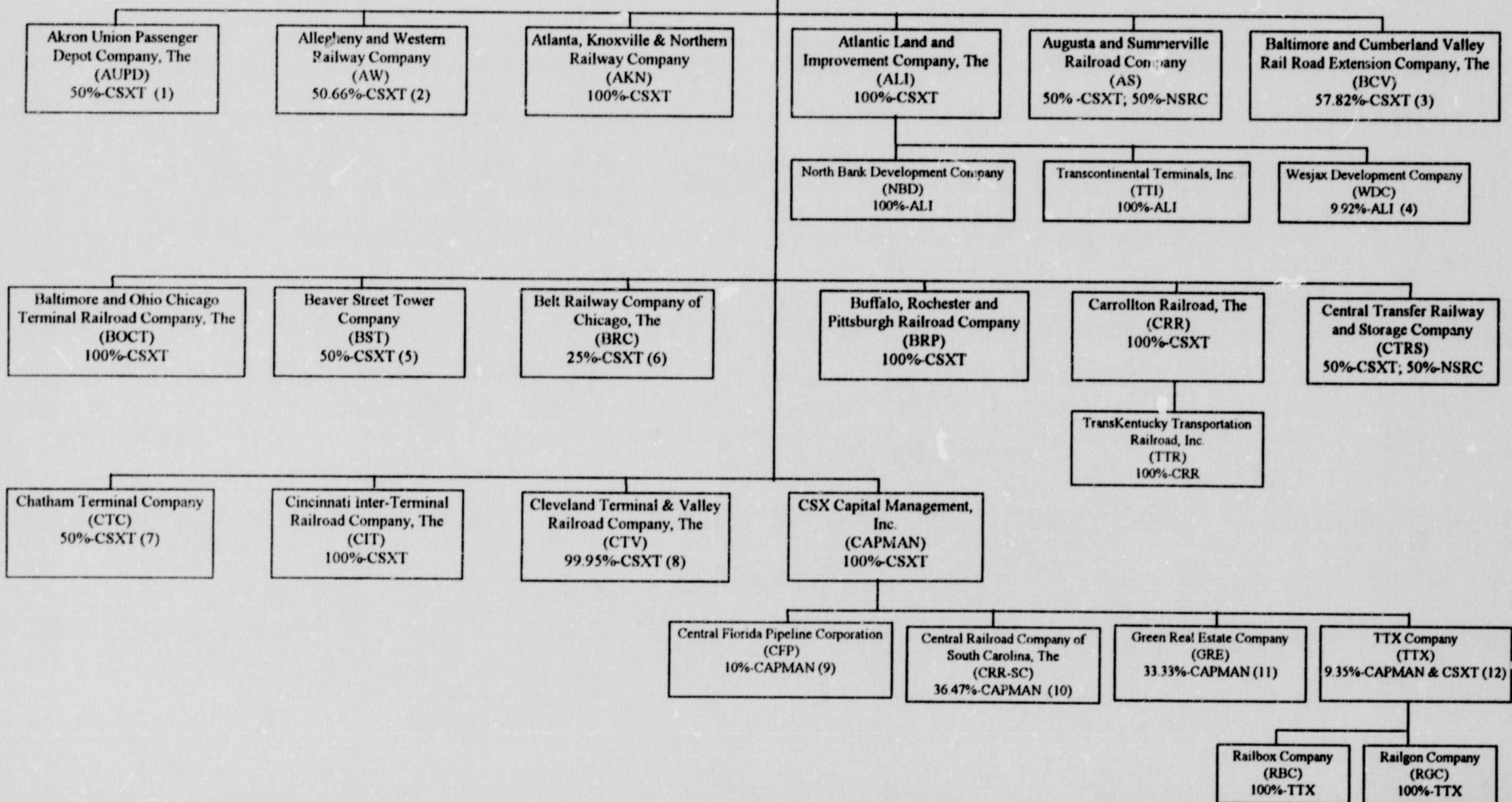
- (1) This chart shows CSXC and its carrier subsidiaries and affiliates.
- (2) S-L has numerous direct and indirect foreign subsidiaries and affiliates which operate as ocean, motor or water carriers. S-L also has indirect domestic subsidiaries with motor carrier authority.



# EXHIBIT 11 - CORPORATE CHART - CSX Part B

## CSX TRANSPORTATION, INC. AND SUBSIDIARIES AND AFFILIATES

**CSX TRANSPORTATION, INC.**  
(CSXT)  
100% CSXC



STB FD ~~2~~ 33388 6-23-97 A 180274V1 7/14

## EXHIBIT 11 - CORPORATE CHART - CSX PART B2

### CSX TRANSPORTATION, INC. AND SUBSIDIARIES AND AFFILIATES

#### NOTES TO PART B

- (1) CSXT owns 500 (50%) of 1,000 AUPD shares issued. The other shareholder is American Premier Underwriters, Inc. (formerly known as Penn Central Corporation).
- (2) CSXT controls A&W through ownership of 16,210 (50.66%) of shares outstanding. Remaining shares are publicly held.
- (3) CSXT controls BCV through ownership of 4,462 shares of 7% Gtd. Stock and 55 shares of 5% Gtd. Stock or a total of 4,517 shares (57.82%) of shares outstanding. Remaining shares are publicly held.
- (4) ALI owns 500 (10.6%) of WDC shares issued and appoints one of the seven directors. Remaining shares are publicly held.
- (5) CSXT owns 200 (50%) of 400 BST shares issued, and appoints four of eight directors. Other shareholders are FEC and Georgia Southern and Florida Railway Company, a wholly-owned subsidiary of NSR.
- (6) CSXT owns 7,800 (25%) of 31,200 BRC shares issued and appoints three of 12 directors. Other shareholders are BNSF, CRC, NWRC, IC, MP, Soo Line Railroad Company and GTW.
- (7) CSXT owns 250 (50%) of 500 CTC shares outstanding and appoints three of six directors. The remaining 50% is owned by Central of Georgia Railroad Company, a wholly-owned subsidiary of NSR.
- (8) CSXT controls CTV through ownership of 20,562½ (99.78%) of preferred stock issued and 92,293 (99.99%) of common stock issued or a total of 99.95% of all shares issued. Remaining shares are publicly held.
- (9) CAPMAN owns 500 (10%) of 5,000 CFP shares issued and appoints one of five directors. The remaining shares are owned by GATX Terminals Company.
- (10) CAPMAN owns 1,240 (36.47%) of 3,400 CRR-SC shares issued and appoints one of eight directors. Remaining shares are publicly held.
- (11) CAPMAN owns 13,356 (33.33%) of 40,068 GRE shares issued and appoints one of three directors. Other stockholders are NSR and American Premier Underwriters, Inc.
- (12) CSXT and CAPMAN collectively own 1,500 (9.35%) of 16,050 TTX shares issued



and appoint one of 13 Directors. The remaining shares (90.65%) are owned by ten railroad affiliated groups, plus Commonwealth Atlantic Properties, Inc.

# EXHIBIT 11 - CORPORATE CHART - CSX Part C

## CSX TRANSPORTATION, INC. AND SUBSIDIARIES AND AFFILIATES

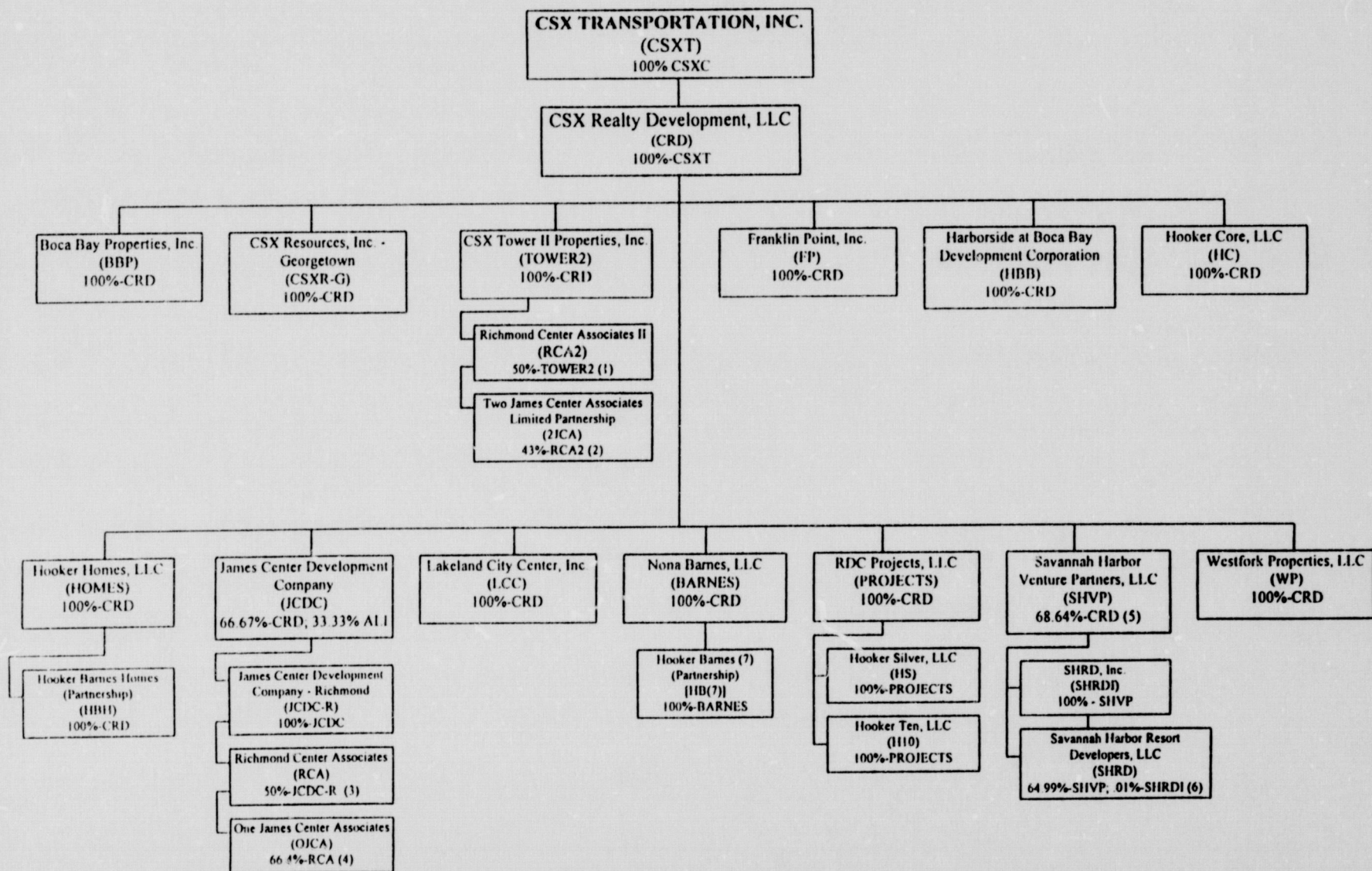


EXHIBIT 11 - CORPORATE CHART - CSX PART C2

CSX TRANSPORTATION, INC.  
AND SUBSIDIARIES AND AFFILIATES

NOTES TO PART C

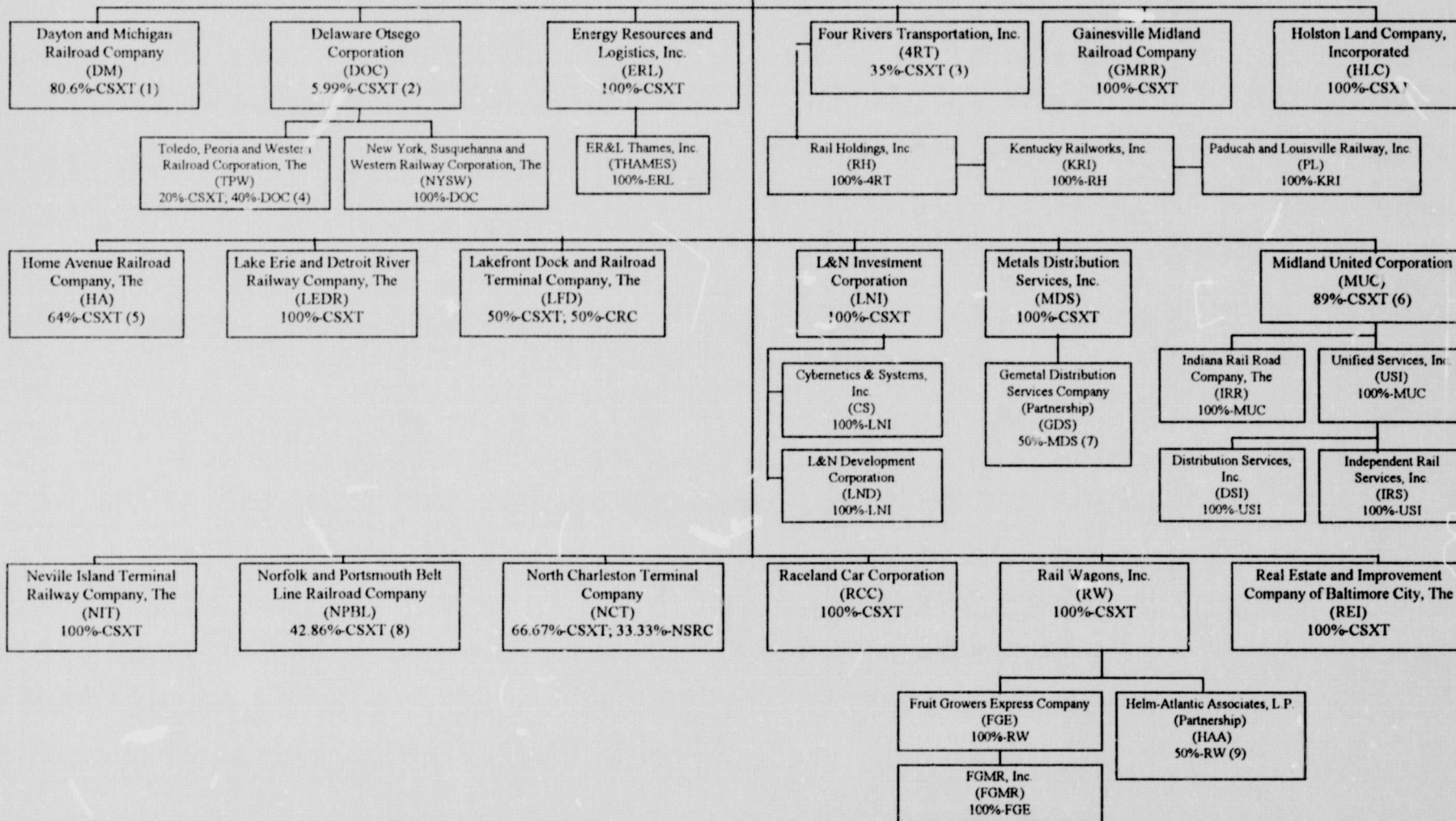
- (1) Tower 2 owns 50% of RCA2, a partnership. The remaining 50% partnership interest is owned by Riverview II Associates.
- (2) RCA2 owns 43% of 2TCA, a limited partnership. The remaining partnership interest is owned by Noro-Cary Canal Associates.
- (3) JCDC-R owns 50% of RCA, a partnership. The remaining partnership interest is owned by Riverview II Associates.
- (4) RCA owns 66.4% of OJCA, a partnership. The remaining partnership interest is owned by Ninth and Cary Associates.
- (5) CRD has a 68.64% interest in SHVP, a limited liability company. The remaining interests are held by Westin Savannah Hotel Company and Savannah Harbor Partners, LLC.
- (6) SHVP has a 64.99% interest in SHRD, a limited liability company. The remaining interests are held by Partnership Acquisition Trust XI and SHRDI.



# EXHIBIT 11 - CORPORATE CHART - CSX Part D

## CSX TRANSPORTATION, INC. AND SUBSIDIARIES AND AFFILIATES

**CSX TRANSPORTATION, INC.**  
(CSXT)  
100%-CSXC



**EXHIBIT 11 - CORPORATE CHART - CSX PART D2**

**CSX TRANSPORTATION, INC.  
AND SUBSIDIARIES AND AFFILIATES**

**NOTES TO PART D**

- (1) CSXT controls D&M through ownership of 38,719 (80.6%) of common voting shares issued and 16,407 (67.7%) of non-voting 8% preferred shares issued. Remaining shares are publicly held.
- (2) CSXT owns 110,250 (5.99%) of 1,839,407 DOC shares issued. Remaining shares are publicly held.
- (3) CSXT owns 674 (35%) of 1,926 4RT common shares issued and 24,074 (100%) of non-voting convertible preferred shares. Remaining common shares are held by management.
- (4) CSXT owns 200 (20%) of 1000 TPW shares issued. DOC owns 40% and the remaining 20% is owned by private investors.
- (5) CSXT controls HA through ownership of 1,280 (64%) of common shares issued. Remaining shares are publicly held.
- (6) CSXT controls MUC through ownership of 2,173 (89%) of shares issued. Remaining shares are held by management.
- (7) MDS is a 50% owner in GDS, a partnership. The remaining partnership interest is owned by Gemetals, Inc.
- (8) CSXT owns 216 (42.86%) of 504 NPBL shares issued and appoints two of six directors. Other shareowners are NWRC and NSR.
- (9) RW owns 50% of HAA, a limited partnership. The remaining partnership interest is owned by Helm Atlantic Corporation.

# EXHIBIT 11 - CORPORATE CHART - CSX Part E

## CSX TRANSPORTATION, INC. AND SUBSIDIARIES AND AFFILIATES

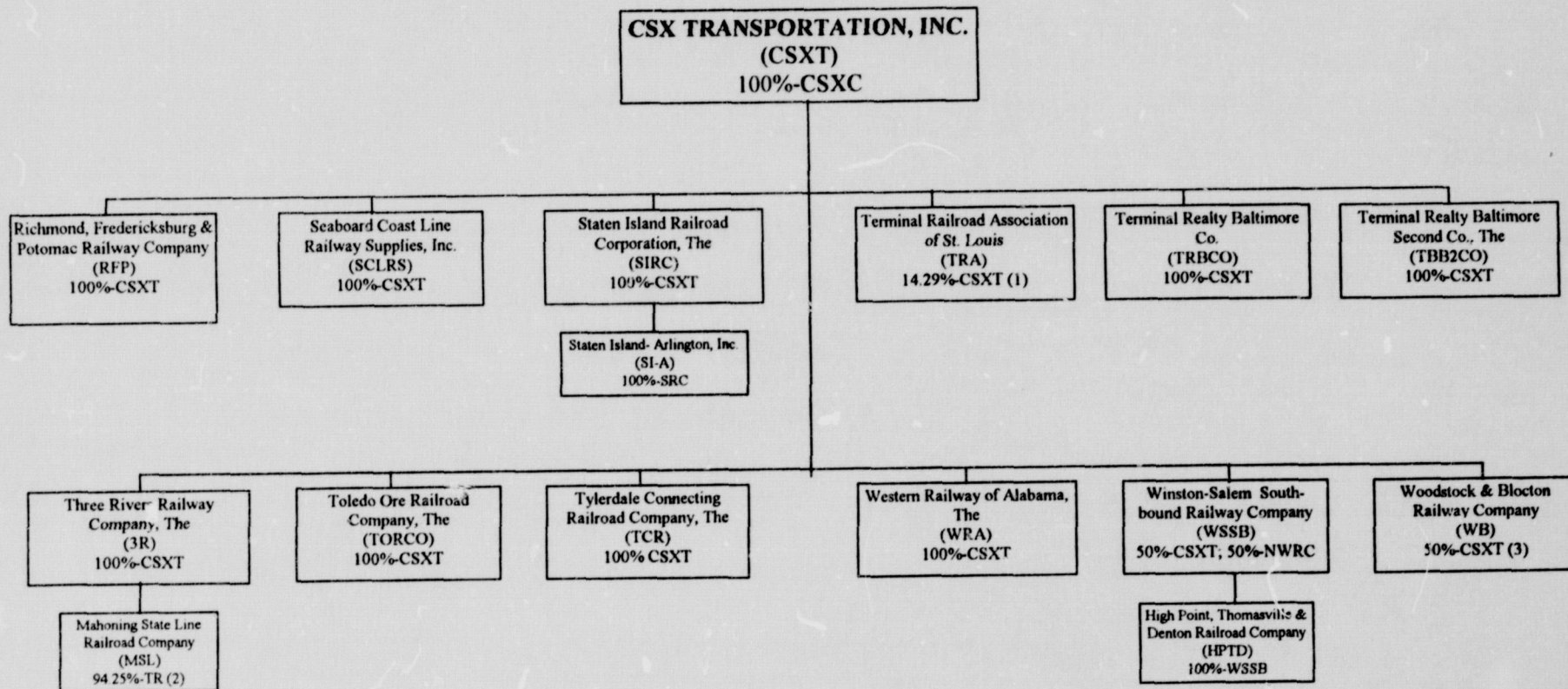




EXHIBIT 11 - CORPORATE CHART - CSX PART E2

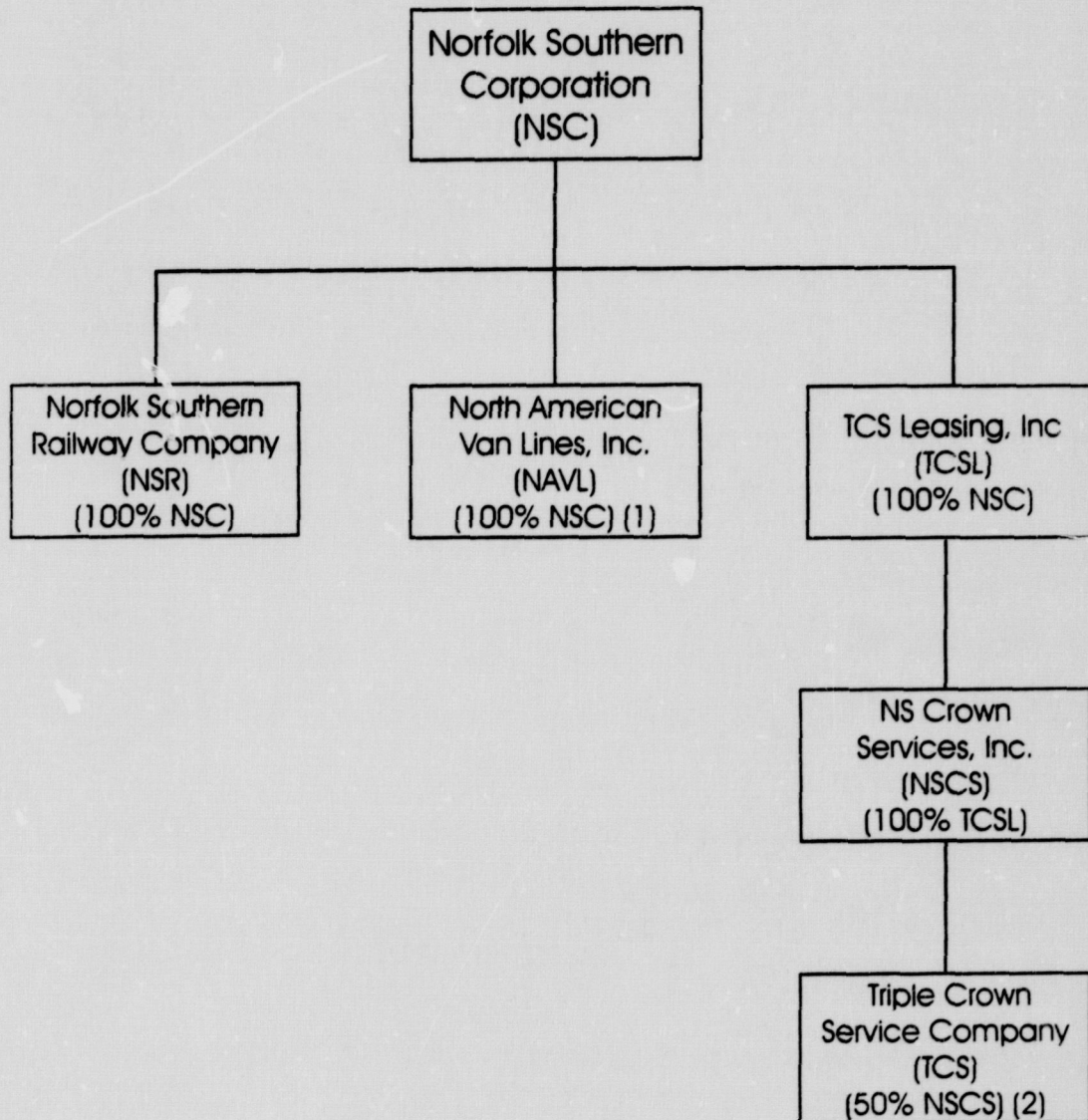
CSX TRANSPORTATION, INC.  
AND SUBSIDIARIES AND AFFILIATES

NOTES TO PART E

- (1) CSXT owns 4,116 (14.29%) of shares issued and appoints two of 15 directors. Other shareholders are NWRC, NSR, IC, MP, St. Louis Southwestern Railway Company, and BN.
- (2) 3R owns 1,914 (94.25%) of 2,000 MSL shares issued. Remaining shares are owned by the Estate of Erie Lackawanna Railroad Company.
- (3) CSXT owns 1,200 (50%) of 2,400 WB shares outstanding and appoints two of five directors. The remaining 50% is owned by Alabama Great Southern Railroad Company, a wholly-owned subsidiary of NSR.

Exhibit 11 - Corporate Chart - NS Part A

## Norfolk Southern Corporation



**EXHIBIT 11 - CORPORATE CHART - NS PART A2**

**NORFOLK SOUTHERN CORPORATION  
AND CARRIER SUBSIDIARIES**

**NOTES TO PART A**

- (1) NAVL has numerous subsidiaries, many of which are also motor carriers.
- (2) NSCS - 50%; TCV Inc. - 50%.



# Norfolk Southern Railway Company and Its Subsidiaries

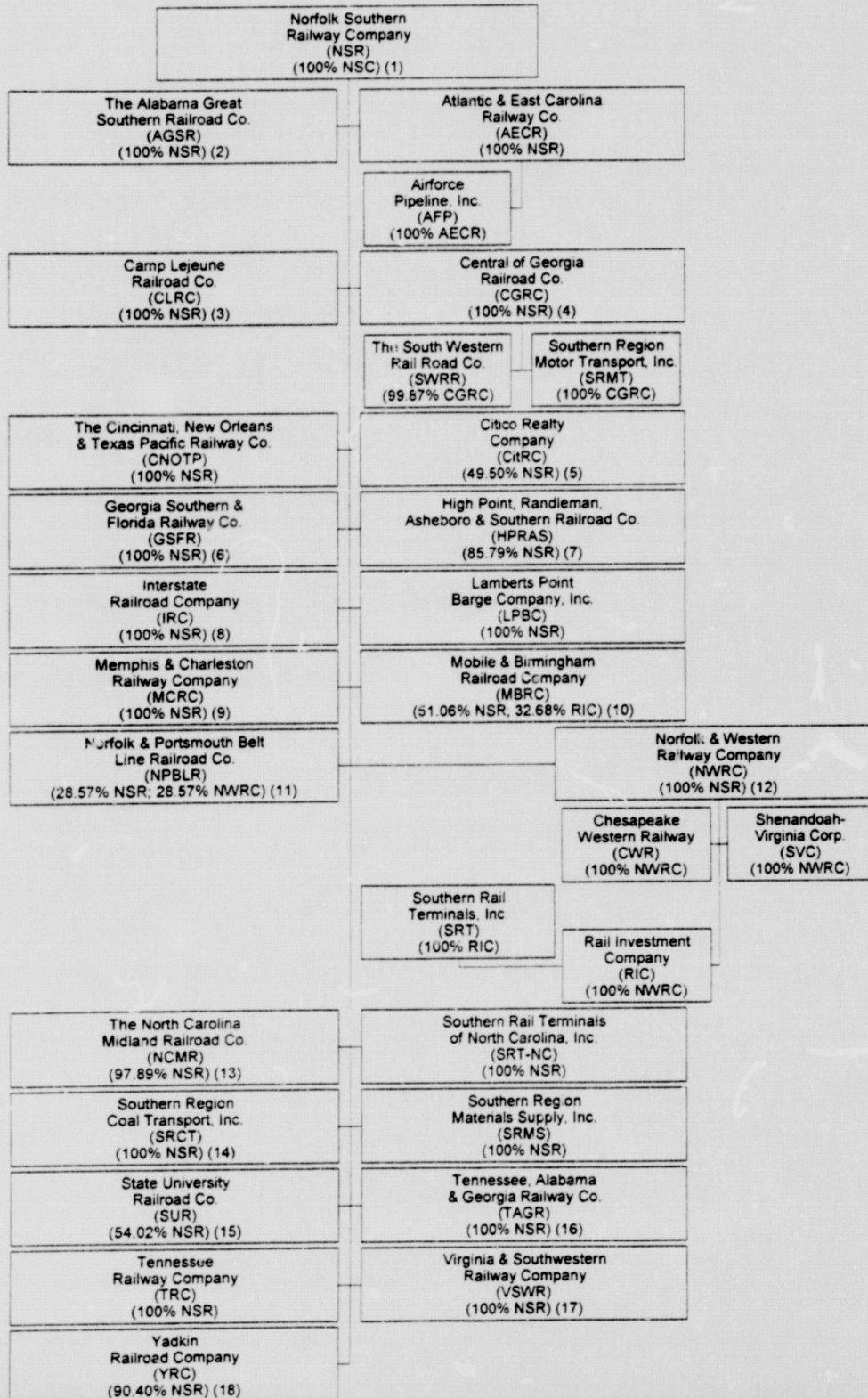


EXHIBIT 11 - CORPORATE CHART - NS PART B2

NORFOLK SOUTHERN RAILWAY COMPANY  
AND SUBSIDIARIES

NOTES TO PART B

- (1) NSC - 100% Common voting, 14.04% Cumulative preferred; NSR subsidiaries - 8.36% Cumulative preferred; Trustees - .01% Cumulative preferred; Public - 77.59% Cumulative preferred.
- (2) NSR - 100% common and preferred.
- (3) N/A
- (4) N/A
- (5) NSR - 49.50%; AGS - 17.50%; CGRC - 14.50%; CNOTP - 11.50%; GSF - 7.00%.
- (6) NSR - 100% Common Voting; NSR - 100% 2nd Preferred Voting. GSFR owns 7% of CitRC.
- (7) NSR - 85.79%; Public - 14.21%.
- (8) N/A
- (9) Operated by NSR under agreement dated March 3, 1898.
- (10) NSR - 99.83% Common voting, 2.28% Preferred voting, 51.06% combined; RIC - 65.35% Preferred, 32.58% combined; Public - .17% Common voting, 32.37% Preferred voting, 16.26% combined.
- (11) NSR - 28.57%; NWRC - 28.57%; CSXT - 42.86%.
- (12) N/A
- (13) Leased to and operated by NSR from January 1, 1915.
- (14) SRCT is inactive.
- (15) NSR - 54.02%; NCRC - 9.65%; Public - 36.33%.
- (16) Common control authorized, ICC F.D. No. 25860.
- (17) Leased to and operated by NSR since July 1, 1916.

(18) NSR - 90.40%; Public - 9.60%.



Exhibit 11 - Corporate Chart - NS Part C

## Norfolk Southern Railway Company and Its Affiliates

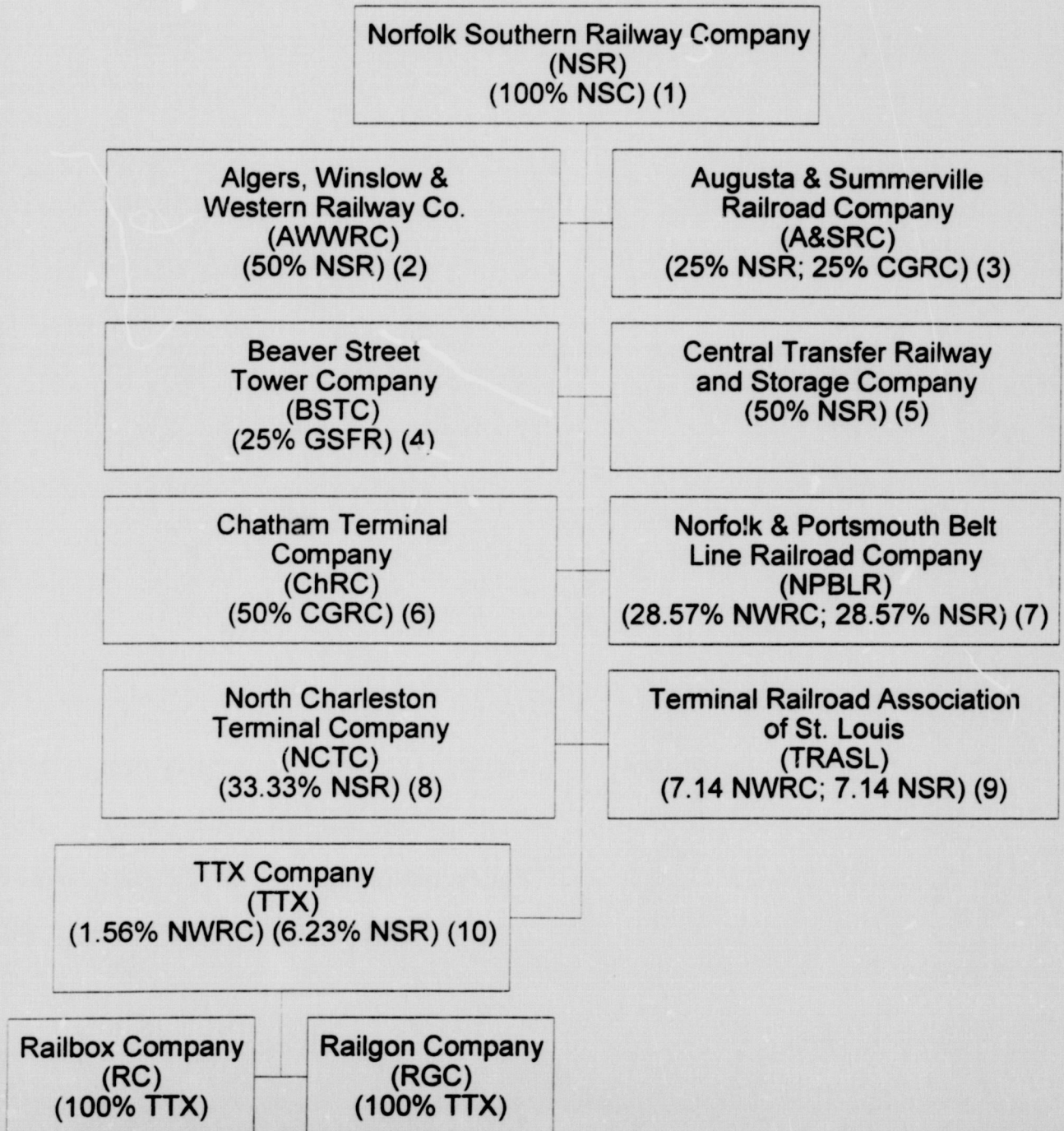


EXHIBIT 11 - CORPORATE CHART - NS PART C2

NORFOLK SOUTHERN RAILWAY COMPANY  
AND AFFILIATES

NOTES TO PART C

- (1) NSC - 100% Common voting, 14.76% Cumulative preferred; NSR subsidiaries - 8.36% Cumulative preferred; Public - 76.88% Cumulative preferred.
- (2) NSR - 50%; Kindill Mining, Inc. - 50%.
- (3) NSR - 25%; CGRC - 25%; CSXT - 50%.
- (4) GSFR - 25%; CSXT - 50%; FEC - 25%.
- (5) NSR - 50%; CSXT - 50%.
- (6) CGRC - 50%; CSXT - 50%.
- (7) NSR - 28.57%; NW - 28.57%; CSXT - 42.86%.
- (8) NSR - 33.33%; CSXT - 66.67%.
- (9) NSR - 7.14%; NW - 7.14%; MP - 28.57%; BNSF - 14.29%; CSXT - 14.29%; IC - 14.29%; SSW - 14.28%.
- (10) NSR - 5.23%; NW - 1.56%; Others - 92.21%.

## Norfolk and Western Railway Company and Its Affiliates

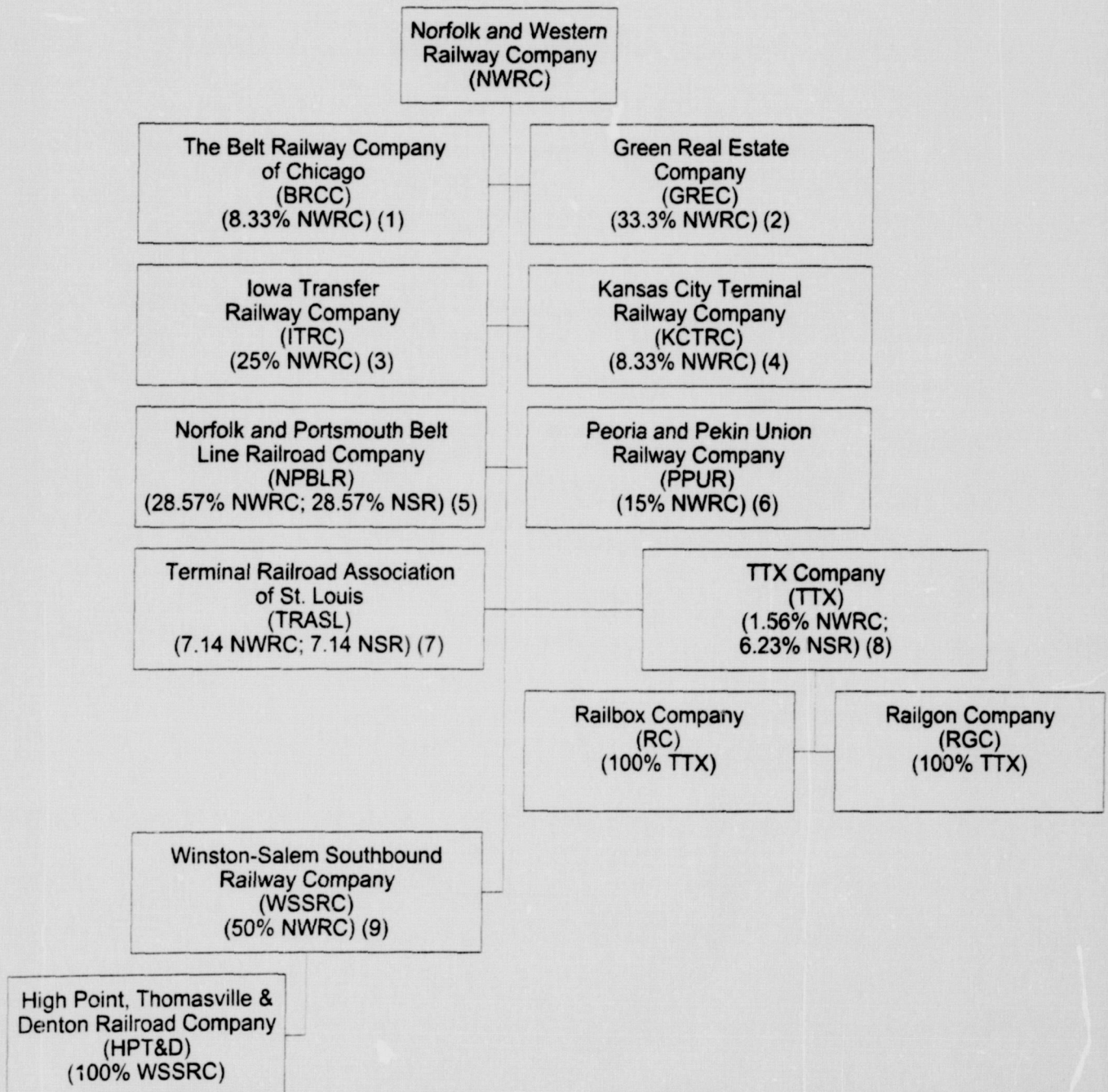




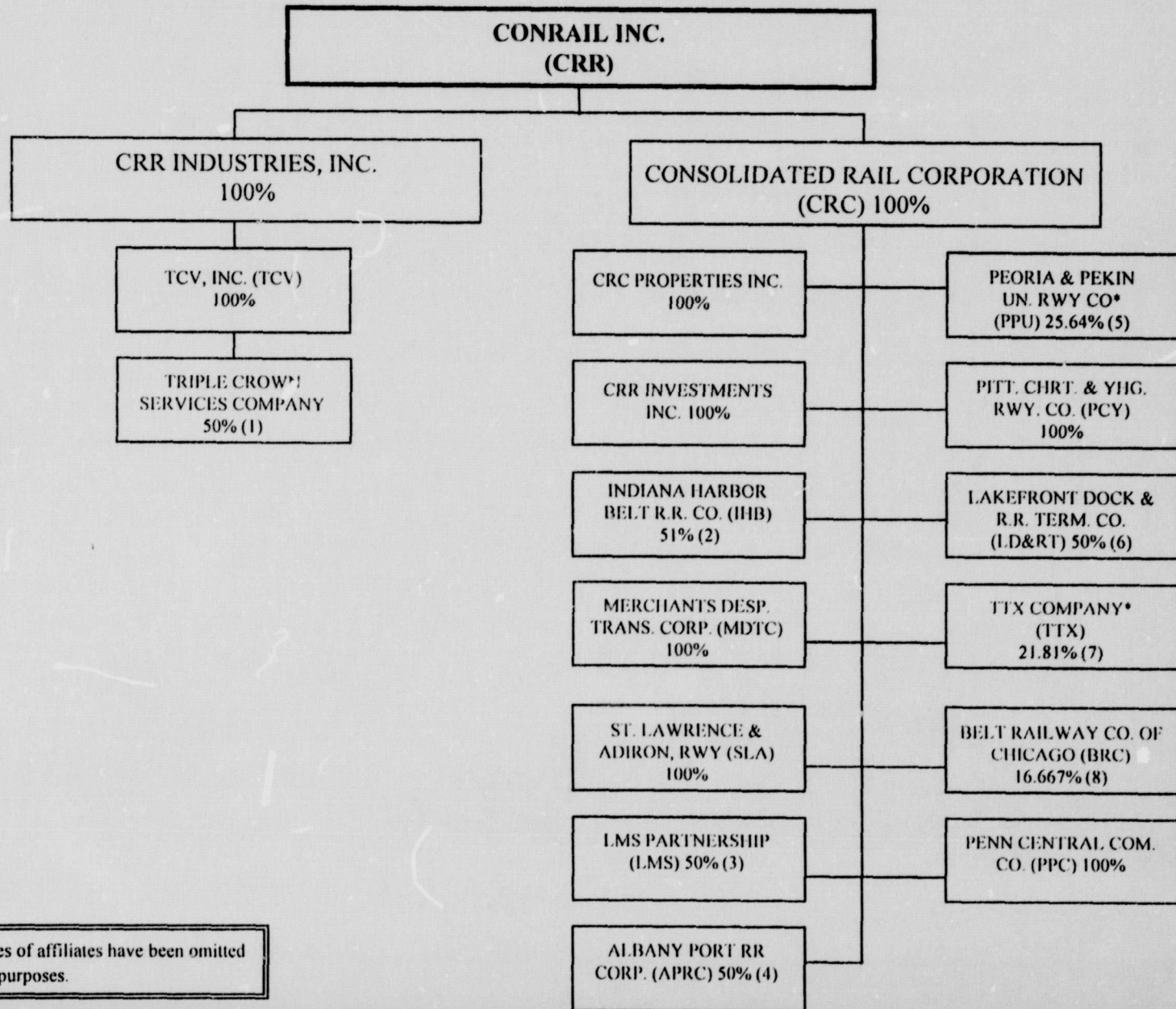
EXHIBIT 11 - CORPORATE CHART - NS PART D2

NORFOLK AND WESTERN RAILWAY COMPANY  
AND AFFILIATES

NOTES TO PART D

- (1) NW - 8.33%; BNSF - 16.68%; GTW - 8.33%; IC - 8.33%; MP - 8.33%; Soo Line Railroad Company - 8.33%; CRC - 16.67%; CSXT - 25%.
- (2) NW - 33.3%; American Pioneer Underwriters, Inc. - 33.3%; CSX Capital Management, Inc. - 33.3%.
- (3) NW - 25%; UP - 25%; BNSF - 25%; Chicago Pacific Corp. - 25% (shares in dispute -- a bankruptcy court transferred CRI&P shares to Iowa Interstate, but Iowa Transfer recognizes CPC as the owner.)
- (4) NW - 8.33%; SSW - 8.33%; UP - 33.33%; KCS - 8.33%; Gateway Western - 8.33%; Sco Line - 8.33%; BN - 25%.
- (5) NW - 28.57%; NSR - 28.57%; CSXT - 42.86%.
- (6) NW - 15%; CNW - 12.50%; IC - 46.86%; Conrail - 25.64%.
- (7) NW - 7.14%; NSR - 7.14%; MKT - 7.14%; SSW - 14.28%; IC - 14.29%; CSXT - 14.29%; BNSF - 14.29%; MP - 21.43%.
- (8) NW - 1.56%; NSR - 6.23%; OTHERS - 92.21%.
- (9) NW - 50%; CSXT - 50%.

## Exhibit 11 - Corporate Chart - Conrail\*



\* Some subsidiaries of affiliates have been omitted for presentation purposes.

## **EXHIBIT 11 - CORPORATE CHART - CONRAIL**

### **CONSOLIDATED RAIL CORPORATION AND SUBSIDIARIES AND AFFILIATES**

#### **NOTES**

- (1) TCV 50%; NS Crown Services, Inc. 50%.
- (2) CRC owns 38,752 (51%) of the 76,000 shares of IHB stock. All other shares are owned by Soo Line Railroad Company. CRC appoints four of the seven members of IHB's board of directors.
- (3) CRC holds a 50% interest in LMS. The remaining 50% interest is held by GE LMS, Inc., a Delaware corporation.
- (4) CRC owns 500 (50%) of 1,000 shares of APRC stock. All other shares are owned by D&H Corporation, an affiliate of CP. CRC appoints two of the four members of APRC's board of directors.
- (5) CRC owns 2,564 (25.64%) of 10,000 shares of PPU stock. The remaining shares are held by IC, NW, and CNW.
- (6) CRC owns 45,250 (50%) of 92,500 shares of LD&RT. All other shares are owned by CSXT. CRC appoints three of the six members of LD&RT's board of directors.
- (7) CRC owns 3,500 (21.81%) of 16,050 shares issued of TTX and appoints one of 13 directors. The remaining shares (78.19%) are owned by ten railroad affiliated groups, plus Commonwealth Atlantic Properties, Inc.
- (8) CRC owns 5,200 (16.67%) of the 31,200 outstanding shares of BRC. The other shareholders are BNSF, CSXT, GTW, IC, NW, Soo Line Railroad Company, and MP. CRC appoints two of the 12 members of the BRC board of directors.



TABLE 1180.6(b)(6)(ii) -- CARRIER STATUS LIST

TABLE 1180.6(b)(6)(ii)

CARRIER STATUS LISTCorporate Chart, CSX Part A

Company	Whether Carrier	Mode	Certificate/Docket Number
CSX Transportation, Inc.	Yes	Rail	Not Applicable
American Commercial Lines, Inc.	No	Not Applicable	Not Applicable
American Commercial Barge Line Company	Yes	Water	Not Applicable
ACBL Hidrovias, Ltd.	No	Not Applicable	Not Applicable
ACBL Hidrovias, S.A.	Yes	Water	Not Applicable
ACBL Venezuela, Ltd.	No	Not Applicable	Not Applicable
ACBL de Venezuela, C.A.	Yes	Water	Not Applicable
CSX Intermodal, Inc. <sup>1</sup>	Yes	Motor	MC 152494
Sea Land Logistics	No	Not Applicable	Not Applicable
Baronial Transportation Corp.	No	Not Applicable	Not Applicable
Customized Transportation, Inc. <sup>2</sup>	Yes	Motor	MC 152620
Sea-Land Service, Inc. <sup>3</sup>	Yes	Ocean	Not Applicable

<sup>1</sup> CSX Intermodal, Inc., is an intermodal carrier with motor carrier authority.

<sup>2</sup> Customized Transportation, Inc., is an intermodal carrier with motor carrier authority.

<sup>3</sup> Sea-Land Service, Inc. is an ocean carrier subject to the authority of the Federal Maritime Commission.

**Corporate Chart, CSX Part B**

Company	Whether a Carrier	Mode	Certificate/Docket Number
CSX Transportation, Inc.	Yes	Rail	Not Applicable
Akron Union Passenger Depot Company	No	Not Applicable	Not Applicable
Allegheny and Western Railway Company	Yes	Rail	Not Applicable
Atlanta, Knoxville & Northern Railway Company	No	Not Applicable	Not Applicable
Atlantic Land and Improvement Company	No	Not Applicable	Not Applicable
Augusta and Summerville Railroad Company	Yes	Rail	Not Applicable
The Baltimore and Cumberland Valley Rail Road Extension Company	Yes	Rail	Not Applicable
North Bank Development Company	No	Not Applicable	Not Applicable
Transcontinental Terminals, Inc.	No	Not Applicable	Not Applicable
Wesjax Development Company	No	Not Applicable	Not Applicable
Baltimore and Ohio Chicago Terminal Rail Road Company	Yes	Rail	Not Applicable
Beaver Street Tower Company	No	Not Applicable	Not Applicable
The Belt Railway Company of Chicago	Yes	Rail	Not Applicable
Buffalo, Rochester and Pittsburgh Railroad Company	Yes	Rail	Not Applicable
The Carrollton Railroad	Yes	Rail	Not Applicable
Central Florida Pipeline Corporation	No	Not Applicable	Not Applicable



Company	Whether a Carrier	Mode	Certificate/Docket Number
TransKentucky Transportation Railroad, Inc.	Yes	Rail	Not Applicable
Central Transfer Railway and Storage Company	No	Not Applicable	Not Applicable
Chatham Terminal Company	Yes	Rail	Not Applicable
The Cincinnati Inter-Terminal Railroad Company	Yes	Rail	Not Applicable
The Cleveland Terminal & Valley Railroad Company	No	Not Applicable	Not Applicable
CSX Capital Management, Inc.	No	Not Applicable	Not Applicable
The Central Railroad Company of South Carolina	Yes	Rail	Not Applicable
Green Real Estate Company	No	Not Applicable	Not Applicable
TTX Company	No	Not Applicable	Pooling Approved in Finance Docket Nos. 27589 and 27590, <u>American Rail Box Car Pooling</u> , 347 ICC 862, 707-08 (1974); and Finance Docket No. 27590 (Sub-No. 2), <u>Application for Approval of the Pooling of Car Service With Respect to Flat Cars</u> , 1994 WL 467250 (ICC)
Railbox Company	No	Not Applicable	Not Applicable
Railgon Company	No	Not Applicable	Not Applicable

Corporate Chart, CSX Part C

Company	Whether a Carrier	Mode	Certificate/Docket Number
CSX Transportation Inc.	Yes	Rail	Not Applicable
CSX Realty Development, LLC	No	Not Applicable	Not Applicable
Boca Bay Properties, Inc.	No	Not Applicable	Not Applicable
CSX Resources, Inc. - Georgetown	No	Not Applicable	Not Applicable
CSX Tower II Properties, Inc.	No	Not Applicable	Not Applicable
Franklin Point Inc.	No	Not Applicable	Not Applicable
Harborside at Boca Bay Development Corporation	No	Not Applicable	Not Applicable
Hooker Core, LLC	No	Not Applicable	Not Applicable
Richmond Center Associates	No	Not Applicable	Not Applicable
Two James Center Associates Limited Partnership	No	Not Applicable	Not Applicable
Hooker Homes, LLC	No	Not Applicable	Not Applicable
James Center Development Company	No	Not Applicable	Not Applicable
Lakeland City Center, Inc.	No	Not Applicable	Not Applicable
Nona Barnes, LLC	No	Not Applicable	Not Applicable
RDC Projects, LLC	No	Not Applicable	Not Applicable
Savannah Harbor Venture Partners, LLC	No	Not Applicable	Not Applicable
Westfork Properties, LLC	No	Not Applicable	Not Applicable
Hooker Barnes Homes (Partnership)	No	Not Applicable	Not Applicable
James Center Development Company - Richmond	No	Not Applicable	Not Applicable

Company	Whether a Carrier	Mode	Certificate/Docket Number
Hooker Barnes (7) (Partnership)	No	Not Applicable	Not Applicable
Hooker Silver, LLC	No	Not Applicable	Not Applicable
SHRD Inc.	No	Not Applicable	Not Applicable
Richmond Center Associates	No	Not Applicable	Not Applicable
Hooker Ten, LLC	No	Not Applicable	Not Applicable
Savannah Harbor Resort Developers, LLC	No	Not Applicable	Not Applicable
One James Center Associates	No	Not Applicable	Not Applicable

**Corporate Chart, CSX Part D**

Company	Whether a Carrier	Mode	Certificate/Docket Number
CSX Transportation, Inc.	Yes	Rail	Not Applicable
Dayton and Michigan Railroad Company	Yes	Rail	Not Applicable
Delaware Otsego Corporation	Yes	Not Applicable	Not Applicable
Energy Resources and Logistics, Inc.	No	Not Applicable	Not Applicable
Four Rivers Transportation, Inc.	No	Not Applicable	Not Applicable
Gainesville Midland Railroad Company	Yes	Rail	Not Applicable
Holston Land Company, Incorporated	No	Not Applicable	Not Applicable
The Toledo, Peoria and Western Railroad Corporation	Yes	Rail	Not Applicable
The New York, Susquehanna and Western Railroad Corporation	Yes	Rail	Not Applicable



Company	Whether a Carrier	Mode	Certificate/Docket Number
ER&L Thames, Inc.	No	Not Applicable	Not Applicable
Rail Holdings, Inc.	No	Not Applicable	Not Applicable
Kentucky Railworks, Inc.	No	Not Applicable	Not Applicable
Paducah and Louisville Railway, Inc.	Yes	Rail	Not Applicable
The Home Avenue Railroad Company	Yes	Rail	Not Applicable
The Lake Erie and Detroit River Railway Company	Yes	Rail	Not Applicable
The Lakefront Dock and Railroad Terminal Company	Yes	Rail	Not Applicable
L&N Investment Corporation	No	Not Applicable	Not Applicable
Metals Distribution Services, Inc.	No	Not Applicable	Not Applicable
Midland United Corporation	No	Not Applicable	Not Applicable
Cybernetics & Systems, Inc.	No	Not Applicable	Not Applicable
Gemetal Distribution Services Company (Partnership)	No	Not Applicable	Not Applicable
The Indiana Rail Road Company	Yes	Rail	Not Applicable
Unified Services, Inc.	No	Not Applicable	Not Applicable
L&N Development Corporation	No	Not Applicable	Not Applicable
Distribution Services, Inc.	No	Not Applicable	Not Applicable
Independent Rail Services, Inc.	No	Not Applicable	Not Applicable
The Neville Island Terminal Railway Company	No	Not Applicable	Not Applicable
Norfolk and Portsmouth Belt Line Railroad Company	Yes	Rail	Not Applicable
North Charleston Terminal Company	Yes	Rail	Not Applicable

Company	Whether a Carrier	Mode	Certificate/Docket Number
Raceland Car Company	No	Not Applicable	Not Applicable
Rail Wagons, Inc.	No	Not Applicable	Not Applicable
The Real Estate and Improvement Company of Baltimore City	No	Not Applicable	Not Applicable
Fruit Growers Express Company	No	Not Applicable	Not Applicable
Helm-Atlantic Associates, L.P.	No	Not Applicable	Not Applicable
FGMR, Inc.	No	Not Applicable	Not Applicable

**Corporate Chart, CSX Part E**

Company	Whether a Carrier	Mode	Certificate/Docket Number
CSX Transportation, Inc.	Yes	Rail	Not Applicable
Richmond, Fredericksburg & Potomac Railway Company	Yes	Rail	Not Applicable
Seaboard Coast Line Railway Supplies, Inc.	No	Not Applicable	Not Applicable
The Staten Island Railroad Corporation	No	Not Applicable	Not Applicable
Terminal Railroad Association of St. Louis	Yes	Rail	Not Applicable
Terminal Realty Baltimore Co.	No	Not Applicable	Not Applicable
The Terminal Realty, Baltimore Second Co.	No	Not Applicable	Not Applicable
Staten Island-Arlington, Inc.	No	Not Applicable	Not Applicable
The Three Rivers Railway Company	Yes	Rail	Not Applicable

Company	Whether a Carrier	Mode	Certificate/Docket Number
The Toledo Ore Railroad Company	Yes	Rail	Not Applicable
The Tylerdale Connecting Railroad Company	Yes	Rail	Not Applicable
The Western Railway of Alabama	Yes	Rail	Not Applicable
Winston-Salem Southbound Railway Company	Yes	Rail	Not Applicable
Woodstock & Blocton Railway Company	Yes	Rail	Not Applicable
Mahoning State Line Railroad Company	Yes	Rail	Not Applicable
High Point, Thomasville & Denton Railroad Company	Yes	Rail	Not Applicable

**Corporate Chart, NS Part A**

Company	Whether a Carrier	Mode	Certificate/Docket Number
Norfolk Southern Railway Company	Yes	Rail	Not Applicable
TCS Leasing, Inc.	No	Not Applicable	Not Applicable
NS Crown Services, Inc.	No	Not Applicable	Not Applicable
Triple Crown Services Company	Yes	Motor	MC 263591 (Sub-No. 2-P) (3/28/94)
North American Van Lines, Inc.	Yes	Motor	MC 107012



**Corporate Chart, NS Part B**

Company	Whether a Carrier	Mode	Certificate/Docket Number
The Alabama Great Southern Railroad Co.	Yes	Rail	Not Applicable
AirForce Pipeline, Inc.	No	Pipeline	Not Applicable
Atlantic & East Carolina Railway Co.	Yes	Rail	Not Applicable
Camp Lejeune Railroad Co.	Yes	Rail	Not Applicable
Central of Georgia Railroad Co.	Yes	Rail	Not Applicable
Chesapeake Western Railway	Yes	Rail	Not Applicable
The Cincinnati, New Orleans & Texas Pacific Railway Co.	Yes	Rail	Not Applicable
Citco Realty Company	No	Not Applicable	Not Applicable
Georgia Southern & Florida Railway Co.	Yes	Rail	Not Applicable
High Point, Randleman, Asheboro & Southern Railroad Co.	Yes	Rail	Not Applicable
Interstate Railroad Company	Yes	Rail	Not Applicable
Lamberts Point Barge Company, Inc.	No	Not Applicable	Not Applicable
Memphis & Charleston Railway Company	Yes	Rail	Not Applicable
Mobile & Birmingham Railroad Company	Yes	Rail	Not Applicable
Norfolk & Portsmouth Belt Line Railroad Co.	Yes	Rail	Not Applicable
Norfolk & Western Railway Company	Yes	Rail	Not Applicable

Company	Whether a Carrier	Mode	Certificate/Docket Number
The North Carolina Midland Railroad Co.	Yes	Rail	Not Applicable
Rail Investment Company	No	Not Applicable	Not Applicable
Shenandoah-Virginia Corp.	No	Not Applicable	Not Applicable
The South Western Rail Road Co.	Yes	Rail	Not Applicable
Southern Rail Terminals, Inc.	No	Not Applicable	Not Applicable
Southern Rail Terminals of North Carolina, Inc.	No	Not Applicable	Not Applicable
Southern Region Coal Transport, Inc.	Yes	Rail	Not Applicable SRCT is inactive.
Southern Region Materials Supply, Inc.	No	Not Applicable	Not Applicable
Southern Region Motor Transport, Inc.	Yes	Motor	Intrastate Authority Only
State University Railroad Co.	Yes	Rail	Not Applicable
Tennessee, Alabama & Georgia Railway Co.	Yes	Rail	Not Applicable
Tennessee Railway Company	Yes	Rail	Not Applicable
Virginia & Southwestern Railway Company	Yes	Rail	Not Applicable
Yadkin Railroad Company	Yes	Rail	Not Applicable

**Corporate Chart, NS Part C**

Company	Whether a Carrier	Mode	Certificate/Docket Number
Norfolk Southern Railway Company	Yes	Rail	Not Applicable
Algers, Winslow & Western Railway Co.	Yes	Rail	Not Applicable

Company	Whether a Carrier	Mode	Certificate/Docket Number
Augusta & Summerville Railroad Company	Yes	Rail	Not Applicable
Beaver Street Tower Company	No	Not Applicable	Not Applicable
Central Transfer Railway and Storage Company	No	Not Applicable	Not Applicable
Chatham Terminal Company	No	Not Applicable	Not Applicable
Norfolk & Portsmouth Belt Line Railroad Company	Yes	Rail	Not Applicable
North Charleston Terminal Company	No	Not Applicable	Not Applicable
Terminal Railroad Association of St. Louis	Yes	Rail	Not Applicable
TTX Company	No	Not Applicable	Pooling Approved in Finance Docket Nos. 27589 and 27590, <u>American Rail Box Car Pooling</u> , 347 ICC 862, 707-08 (1974); and Finance Docket No. 27590 (Sub-No. 2), <u>Application for Approval of the Pooling of Car Service With Respect to Flat Cars</u> , 1994 WL 467250 (ICC)
Railbox Company	No	Not Applicable	Not Applicable
Railgon Company	No	Not Applicable	Not Applicable



Corporate Charts, NS Part D

Company	Whether a Carrier	Mode	Certificate/Docket Number
Norfolk and Western Railway Company	Yes	Rail	Not Applicable
The Belt Railway Company of Chicago	Yes	Rail	Not Applicable
Green Real Estate Company	No	Not Applicable	Not Applicable
High Point, Thomasville & Denton Railroad Company	Yes	Rail	Not Applicable
Iowa Transfer Railway Company	Yes	Rail	Not Applicable
Kansas City Terminal Railway Company	Yes	Rail	Not Applicable
Norfolk and Portsmouth Belt Line Railroad Company	Yes	Rail	Not Applicable
Peoria and Pekin Union Railway Company	Yes	Rail	Not Applicable
Terminal Railroad Association of St. Louis	Yes	Rail	Not Applicable

Company	Whether a Carrier	Mode	Certificate/Docket Number
TTX Company	No	Not Applicable	Pooling Approved in Finance Docket Nos. 27589 and 27590, <u>American Rail Box Car Pooling</u> , 347 ICC 862, 707-08 (1974); and Finance Docket No. 27590 (Sub-No. 2), <u>Application for Approval of the Pooling of Car Service With Respect to Flat Cars</u> , 1994 WL 467250 (ICC)
Railbox Company	No	Not Applicable	Not Applicable
Railgon Company	No	Not Applicable	Not Applicable
Winston-Salem Southbound Railway Company	Yes	Rail	Not Applicable

**Corporate Chart, Conrail**

Company	Whether a Carrier	Mode	Certificate/Docket Number
CRR Industries, Inc.	No	Not Applicable	Not Applicable
TCV, Inc.	No.	Not Applicable	Not Applicable
Triple Crown Services Company	Yes	Motor	MC 263591 (Sub-No. 2-P) (3/28/94)
Consolidated Rail Corporation	Yes	Rail	Not Applicable
CRC Properties, Inc.	No	Not Applicable	Not Applicable
CRR Investments, Inc.	No	Not Applicable	Not Applicable

Company	Whether a Carrier	Mode	Certificate/Docket Number
Indiana Harbor Belt Railroad Company	Yes	Rail	Not Applicable
Merchants Despatch Transportation Company	No	Not Applicable	Not Applicable
St. Lawrence & Adirondack Railway Company <sup>1</sup>	Yes	Rail	Not Applicable
Locomotive Management Services	No	Not Applicable	Not Applicable
Albany Port Railroad Corporation	Yes	Rail	Not Applicable
Peoria & Pekin Union Railway Company	Yes	Rail	Not Applicable
Pittsburgh, Chartiers & Youghiogheny Railway Company	No	Not Applicable	Not Applicable
Lakefront Dock and Railroad Terminal Company	Yes	Rail	Not Applicable

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<sup>1</sup> St. Lawrence Adirondack Railway Co. owns property entirely within Canada. All of its property is leased and it does not operate on its own.



Company	Whether a Carrier	Mode	Certificate/Docket Number
TTX Company	No	Not Applicable	Pooling Approved in Finance Docket Nos. 27589 and 27590, <u>American Rail Box Car Pooling</u> , 347 ICC 862, 707-08 (1974); and Finance Docket No. 27590 (Sub-No. 2), <u>Application for Approval of the Pooling of Car Service With Respect to Flat Cars</u> , 1994 WL 467250 (ICC)
The Belt Railway Company of Chicago	Yes	Rail	Not Applicable
Penn Central Communications Company	No	Not Applicable	Not Applicable

BEFORE THE  
SURFACE TRANSPORTATION BOARD

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FINANCE DOCKET NO. 33388

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

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VERIFIED STATEMENT OF JOHN W. SNOW

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**BEFORE THE  
SURFACE TRANSPORTATION BOARD**

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**FINANCE DOCKET NO. 33388**

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

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**VERIFIED STATEMENT OF  
JOHN W. SNOW**

My name is John W. Snow. I am Chairman, President and Chief Executive Officer of CSX Corporation (CSX). The purpose of my testimony is to express my strong support for the Joint Application for the acquisition of Conrail by CSX and Norfolk Southern (NS).

I have been involved with issues concerning the eastern railroads for over two decades. In the mid - 1970's, before joining CSX, I served in the Ford Administration as Assistant Secretary for Governmental Affairs (1974 - 1975), Deputy Undersecretary of Transportation (1975 - 1976), and Administrator of the National Highway Traffic Safety Administration (1976 - 1977). During my tenure in public service, I was heavily involved in the original efforts to deregulate the railroad industry, which began with the Railroad Revitalization and Regulatory Reform Act of 1976 (the "4-R Act") and culminated with the passage of the Staggers Rail Act of 1980. I was also involved in the formulation of the Department's policies regarding the problems of the northeastern railroads, which led



eventually to the creation of Conrail. Much of my subsequent work experience while with CSX has been directly involved with Conrail and its role in the national rail system.

When I left the Government in 1977, I joined a predecessor company of CSX, Chessie Systems, and led the company's efforts to bring about a less regulated, more competitive environment for the rail industry which culminated in the passage of the historic Staggers Act. With the merger of Chessie and Seaboard in 1980 to form CSX Corporation, I joined the corporate organization in Richmond as Senior Vice President of the new company with responsibility for a number of staff functions, including law, state government relations, federal government affairs, corporate communications and the corporate secretary functions. I became President of the combined Chessie - Seaboard railroad system, CSX Transportation, Inc., in 1987 and became President and Chief Operating Officer of CSX in 1988. In 1989, I was elected President and Chief Executive Officer of CSX, and I took on the additional duties of Chairman of the Board in 1991.

I am quite familiar with combining northern and southern railroads on the East Coast because I was involved both in the merger of Chessie and Seaboard to form CSX, where I testified in support of the merger as the wrap-up witness before the ICC, and in the subsequent implementation of the merger. With my move to Richmond and the corporate offices, I served on the six-member policy board of the company which oversaw the major strategic and financial issues facing the organization.

One of the major issues which the policy board focused upon in those days was the effective implementation of our merger. We spent countless hours reviewing the progress of the implementation plans and nurturing an effective integration process to get the best results

from both sides of the merger. A particular focus of the policy board was to make sure that we approached the merger in a true spirit of partnership, a team spirit, so that we could draw on the best practices of each prior railroad and meld the new system into a harmonious and effective whole. Melding together two separate companies with strong cultures is not an easy task, but I think we brought it off with great skill, and I am confident that experience stands us in good stead as we proceed with the integration of our part of the Conrail system.

Another issue in which I became directly involved in those days was the future of Conrail, which at that time was of course owned by the federal government. The subject of returning Conrail to the private sector in one form or another was much in issue at that time. I consulted on that matter with both DOT Secretary Drew Lewis and later with Elizabeth Dole, his successor, on a number of occasions. I strongly supported the return of Conrail to the private sector and consistently advocated a division of Conrail between NS and CSX. This was the very position that the Department of Transportation had advocated when I served in the Department as the Deputy Undersecretary under Bill Coleman. For a variety of reasons the division of Conrail at that time was not feasible, but it has long been a position that made eminent public policy sense.

Based on my long experience in dealing with issues affecting railroads in the East, I am confident that the division of Conrail will produce major public benefits and I urge the Board to approve it as expeditiously as possible. By dividing Conrail's lines between the two leading eastern railroads, CSX and NS, competition will be enhanced, better service will be provided to shippers, and the eastern railroads will for the first time be in a position to compete effectively with trucks.

I am proud of what CSX has accomplished over the past two decades. The progress we have made in the area of safety has been terrific -- personal injuries and train accidents have declined dramatically over the past decade. CSX has had the lowest rate of train accidents among major freight railroads for six straight years, and safety will continue to be a top priority throughout CSX. Our success in improving the operating efficiency of our rail operations has been equally impressive. Enormous gains have been made in asset utilization, particularly in the locomotive and car fleets, as those assets were turned faster and made more productive. We also have made great strides in eliminating unnecessary costs and improving our operating ratio. CSX remains focused on building upon this record of success through renewed emphasis on service, productivity and safety.

Despite this significant progress, CSX's growth has been limited by our inability to provide shippers with truck-competitive, single-line service to the Northeast. The key factor that has long inhibited the growth of seamless rail transportation in the East is the artificial barrier created by the need to interchange with the Conrail system. The current railroad configuration severs the eastern part of the country, separating the vast populations of the revitalized Northeast from the booming economy of the Southeast. It erects a barrier between the coal fields of West Virginia and the ports of the East Coast; between the forest product producers of Georgia and builders of New Jersey; between Florida orange groves and Boston breakfast tables; and between the thriving factories and farms of the Midwest and eastern consumers.

This transaction dismantles these barriers. By integrating Conrail's networks into those of CSX and NS, simpler, more efficient, single-line service to shippers will be



possible. We will be able to offer industry access to broader markets and greater transportation options.

The ability to offer single-line service will enable the eastern railroads, for the first time in history, to compete effectively with trucks for significant volumes of traffic. This not only benefits railroads and their shareholders, but it also produces major public benefits. A shift of traffic from trucks to trains will mean less highway congestion, thus reducing damage to roadbeds and improving highway safety. Railroads are safer than trucks, and on a per-train-mile basis CSX is the safest railroad in the United States. Trains are also cleaner and more fuel efficient than trucks. This transaction thus holds the promise of improving competition between modes, cutting traffic congestion, enhancing highway safety and reducing pollution. This is also a transaction that should not negatively impact passenger operations. We can accommodate those operations, and we welcome them.

It is with some pride that I note the unprecedented interest of certain trucking groups. They fear competition -- and they will certainly get it. Their concern is dramatic evidence of the competitive benefits of this transaction. There also are many motor carriers who support us, however. I believe that in the long run, the joint acquisition will create new rail-truck partnerships which will better serve our customers.

But this transaction will not only lead to enhanced competition between railroads and trucks. For many shippers, it will also lead to a significant increase in competition between railroads. During my twenty years with CSX, NS has consistently been a strong, vigorous competitor in the regions in which both companies operate. That competition has acted as a constant spur, requiring CSX to strive continuously to improve the quality of the total

transportation package, including both price and service, that it offers to shippers. As a result of this transaction, that robust, head-to-head competition between CSX and NS will be extended to numerous customers now in Conrail's territory. While Conrail has done a superb job of revitalizing rail service in the Northeast, it has not faced this sort of intense competition from a worthy Class I rival in much of its territory, including the important Greater New York/New Jersey Port area. This transaction thus increases the level of competition between railroads, giving many shippers a true choice between two competing Class I railroads, each of which is willing to exert every effort to win business away from its rival.

The transaction also holds the promise for growth, both for the railroads themselves and for our customers. CSX has an excellent track record of industrial development. We want to build on that record. We want to work with customers to create jobs and expand options. We will seek larger markets and improved competition with trucks that will generate the capital to grow. I am not a dismantler. I am a builder.

I also can attest to what this acquisition means in policy terms because I have a long history in public transportation policy, including service in the Transportation Department at the time the northeastern rail issues were under active consideration. In many ways, this proposed division of Conrail is the logical culmination of the reorganization of the northeastern rail system that began in the 1970's. Even then, the preferred option was to split Conrail. Mr. Charles W. Hoppe, a former Vice President of the United States Railway Association (USRA), explains in his testimony that the creation of Conrail as a single entity was a fallback option, necessitated by the inability or unwillingness of the solvent eastern

carriers to participate in reorganization plans that would have created competing Class I carriers throughout the Northeast. It is now possible to achieve this goal, with all of its attendant benefits for shippers, consumers, and the public as a whole. This transaction also promotes the goals of the Staggers Act by replacing regulation with competition.

### **1. The Birth of a New Era in Northeastern Rail**

CSX and NS, two great rail companies, have long been competitors in the Southeast, Mid-South and Midwest. It has been no secret that NS wanted to acquire Conrail since the first discussions about privatizing Conrail began in the mid-1980's. During that time period, as the Department of Transportation was seriously considering the return of Conrail to the private sector, I was hopeful that we would have another opportunity to pursue the division of Conrail as the best long-term resolution for the northeastern railroads. We even had discussions with NS at that time about such an approach, which appeared quite promising, but ultimately NS rejected that approach in favor of its effort to acquire Conrail alone. We opposed that effort, continued to advocate a division, and, when that proved unavailing, we supported the public offering which ultimately made Conrail a publicly owned company.

Subsequently over the years I have had a number of conversations with both Conrail officials and NS officials about the ultimate desirability of a transaction that would lead to a division of Conrail between NS and CSX. In 1994-95 extensive discussions were held between CSX and NS pointing towards such a division, but the discussions never ripened into an agreed course of action. The outcome of those discussions was very discouraging to me and led me to the conclusion that it would be nigh impossible to get NS to the table in a way that would produce an equitable division.



Recognizing that the railroad industry was consolidating and that consolidations offered significant benefits, and recognizing further that the prospects of moving forward with NS were not promising, I undertook discussions with Mr. LeVan which led ultimately to our merger agreement in October, 1996. It was clear to us then that CSX and NS ultimately would have to sit down at the table to reach a common solution. However, we could not achieve a solution initially. In fact, NS launched its own rival tender offer for Conrail, and the result was a bidding contest.

On October 30, 1996, when NS issued an open letter to shippers outlining the principles and benefits of balanced rail competition, we concluded that there was still hope of reaching a solution that made good business sense and offered great public benefits. A number of new circumstances in January, 1997, including calls by thoughtful public officials for the companies to compromise, changed attitudes.

A tripartite meeting was held in Washington, D.C., on January 31, 1997. David Goode expressed NS's belief that any division of Conrail would inevitably split the ownership of the Pennsylvania Railroad route from the Water Level Route because such a split would be essential to ensuring balanced competition in the Northeast and Midwest. On February 24, 1997, Mr. Goode sent a detailed letter to Mr. LeVan and me describing a proposal for implementing his earlier thoughts on the matter. An amendment to CSX's merger agreement with Conrail was executed so that CSX and NS could begin direct negotiations. Our negotiations resulted in a Letter Agreement signed on April 8, 1997, and, ultimately, in this Application. With this transaction, that desirable and long sought outcome -- a division creating balanced competition in the East -- has been achieved.

## **2. The Benefits of the Conrail Division**

The agreement ultimately reached by CSX and NS for the division of Conrail is a true win-win situation produced by the workings of the private marketplace. CSX and NS themselves will, of course, benefit from the increased efficiencies and greater business opportunities made possible by their operation of the Conrail lines. But, more importantly from the perspective of the Board, there will also be enormous benefits to the public. These public benefits can be broadly characterized as the benefits resulting from more efficient single-line rail service, the benefits resulting from increased rail-to-rail competition, and the benefits resulting from the enhanced ability of the eastern railroads to compete with trucks and thereby reduce the burdens on our nation's highways. These benefits are described in detail in the Verified Statements submitted by CSX officials and expert witnesses with special expertise in particular areas. However, I want to highlight for the Board my own perception of the way in which the Conrail division will promote each of these key public benefits.

### **a. More Efficient Single-Line Routings Will Improve Service, Reduce Costs, and Expand Market Reach**

One of the major benefits of this transaction will be the dramatic increase in the single-line routes available to shippers throughout the East. The inherent superiority of single-line service over interline service has long been recognized in the railroad industry. It translates into enhanced operating efficiencies, reduced costs, reduced transit times, and less handling of freight. The integration of existing CSX routes with newly acquired Conrail

routes will produce these efficient new single-line service opportunities for a broader base of customers. The public benefits of this are enormous.

This transaction will create, for the first time, single-line service from Florida to the Northeast. Many of CSX's customers in the Mid-South and Southeast, who currently cannot compete effectively to sell their products to potential buyers in the Northeast, will now become competitive. This means more sales opportunities for sellers and more options for receivers. CSX and NS also will each operate a competitive single-line route between the key markets of the Greater New York area and Chicago, and between the Greater New York area and western gateways.

Home and industrial energy consumers will benefit. The proposed division of Conrail will create new single-line service for coal shipments, benefiting coal producers and consumers throughout the East and Midwest. As Dr. Robert L. Sansom demonstrates in his Verified Statement, the transaction will make new, efficient single-line hauls available to northeastern and mid-Atlantic power plants that currently must use interline movements to obtain from Central Appalachia the low-sulfur coal that they are required to burn. This will increase their sourcing options. The new routings created by the division of Conrail will also give customers more access to a broader range of coals via single-line service. In addition, producers of coal will obtain greater routing options for access to Baltimore piers.

Automotive shippers will benefit from expanded network coverage and new single-line routings. Finished vehicle traffic from assembly plants in Tennessee will, for the first time, move via single-line service to auto distribution centers ("ADCs," also known as auto ramps) in New York, New Jersey and New England. Automotive movements between



the Northeast and Florida similarly will have new single-line service. By clearing Conrail's Virginia Avenue tunnel in Washington, D.C. for multilevel auto racks, CSX will save over 650 miles on finished-vehicle movements between New York and Florida (See Hawk V.S., Vol. 2).

I expect that CSX's general merchandise traffic, which generated 45% of our overall freight revenues in 1995 (see Jenkins V.S., Vol. 2), will also benefit substantially from the proposed transaction. Our general merchandise customers, which include shippers and receivers of chemicals and plastics, forest products, metals, minerals, agricultural products, and food and consumer products, will realize significant service improvements. As Chris Jenkins explains in his Verified Statement, new single-line service created by the transaction will reduce transit time and increase reliability, particularly in terms of on-time delivery, for general merchandise shipments. Transit time and on-time delivery are two of the most important service criteria for general merchandise customers. Improvements in these areas will allow rail to compete more effectively with motor carriers for these shipments. Our expanded network will enable us to create new service routes that divert traffic around congested terminals, improving transit times and increasing service reliability. Country grain elevators served by Conrail will find new sales opportunities in the major feed consuming regions of the Southeast. Other examples of service improvements like this one for our general merchandise customers abound.

Reductions in equipment cycle time and more efficient equipment utilization as a result of new single-line service also will make a tremendous difference for all our customers. Customers who rely on the railroad to supply equipment will enjoy enhanced car

supply. Better utilization of gondola cars will improve car supply for scrap recyclers and steel mills. Those customers who own or lease their own equipment will enjoy the benefits of increased equipment utilization, thus lowering their costs. All customers will benefit from the improved safety and decreased risk of loss and damage to freight associated with single-line, as opposed to interline service. CSX's outstanding safety record -- essential to its ability to compete for chemical traffic -- will be extended to the portions of the Conrail system over which CSX will operate.

In short, efficient, cost-effective single-line service will result in expanded market reach for our customers, as well as new marketing opportunities for the expanded CSX and NS systems. The expanded CSX network will help CSX grow for the future -- and will help our customers grow their businesses, as well.

**b. The Creation of Strong Rail-to-Rail Competition in the Northeast is a Major Public Benefit**

Although Conrail itself has been a tremendous success story and has always faced strong truck competition, the absence of competition from another strong railroad in certain key areas -- particularly the Greater New York/New Jersey Port area -- has deprived the public of the benefits that flow from vigorous rail-to-rail competition. This transaction will give customers who ship to and from the Northeast the benefits of competition between two strong rail systems.

CSX and NS, through various operating agreements, will both have the ability to serve the New York/New Jersey Port areas and various terminal facilities in the region. The dissolution of Conrail's rail monopoly in the New York/New Jersey Port region and the

allocation of Conrail's routes to CSX and NS promotes the public interest, and creates the competition that Congress and the URSA envisioned in the 1970's. (See Hoppe V.S., Vol. 1). The overwhelming public support for the introduction of long-awaited rail competition to that region is evidenced by the some 1,850 letters that shippers, including many from the New York/New Jersey area, have sent in support of the proposed transaction.

When considering the UP/SP merger, the Board commented most favorably on the vigorous competition of CSX and NS throughout large portions of the East. Indeed, the intensity of competition between CSX and NS is well known. We will share certain assets, but we will price and market independently. Although we have cooperated in the filing of this application, no one should doubt the determination of both companies to compete vigorously. This transaction may have resulted in a brief marriage of CSX and NS for the purpose of reaching the agreements and preparing the application; but the honeymoon, if there is to be one, most certainly will be spent in separate rooms. Two prominent transportation economists, Drs. Darius Gaskins and Joseph Kalt, both concur that competition between two strong railroads of comparable size can only provide desirable and effective competition in the Northeast. And, as I explain in more detail below, the competition inherent to such a two-carrier system will be heightened even further by competition from the ubiquitous motor carrier industry.

Moreover, the pro-competitive effects of this transaction will be felt not only in the Northeast. The division of Conrail will introduce multiple rail-carrier options to several regions in which shippers previously have had a choice of only one Class I railroad. Almost two hundred points that are currently served solely by Conrail will gain dual rail



service as a result of the transaction. (See Kalt V.S., Vol. 2). The proposed allocation of Conrail's routes to CSX and NS will also create, for the first time since the 1970's, competition between two Class I railroads capable of providing single-line service between the Port of New York/New Jersey and Chicago.

The proposed transaction has been carefully designed to preserve rail competition throughout Conrail's entire service area and in the United States as a whole. In dividing the Conrail lines, maintaining a choice of carriers for rail shippers who currently enjoy two rail service options has been an important priority.

CSX and NS, historically strong competitors in the Southeast and Midwest, will now become strong competitors in the Northeast. The competition in other regions will become even more intense. I feel confident that this transaction is the beginning of a new era of competitive rail service.

**c. The Creation of Strong Intermodal Competition Will Benefit the Public by Shifting Traffic Off the Highways**

The competitive benefits of the transaction are not limited to an increase in rail-to-rail competition. To the contrary, the transaction will, for the first time, put the railroads in a position to compete effectively with trucks for eastern traffic. This is not only a benefit for CSX, NS and our shareholders. It is also a major public benefit, since every ton of freight captured by the railroads means one less ton on our nation's overburdened highway system.

As Dr. Darius W. Gaskins, Jr. explains, rail has had a difficult time effectively competing with trucks in the East because eastern markets are generally characterized by shorter hauls. In most cases, interline rail service -- often the only type of

rail service available to shippers in that region -- simply cannot compete with trucks. As Dr. Gaskins' Verified Statement indicates, trucks attract a greater market share in the current CSX-Conrail interline traffic lanes than they do either in the rest of the East or in the United States as a whole. As a result, rail transportation has not realized its full potential in the Northeast, and highway congestion continues to plague the region.

Service enhancements, more efficient equipment utilization, and new single-line routings made possible by this transaction will make rail transportation more efficient and cost-effective. This will in turn make rail a more viable option for many eastern shippers who currently use trucks. Hundreds of shippers who will benefit because rail transportation will become more competitive with motor carrier transportation submitted letters in support of the transaction. Indeed, the truck-to-rail diversion study described by Mr. Joseph Bryan anticipates that the transaction will create the opportunity for CSX to divert 321,600 truckloads off the highways within the next three years.

Intermodal service will also expand as a result of the transaction. The new intermodal service options to and from the Port of New York/New Jersey have, for good reason, taken center stage. But also worthy of note is the fact that CSX will add new intermodal service in four new lanes, including new North/South service to and from points such as Detroit, Cleveland, Syracuse and Boston. We expect that these enhancements will enable CSX to achieve significant growth in the level of intermodal traffic over the next several years. Moreover, new single-line routes will lengthen the rail haul component of existing intermodal shipments, reducing drayage. As the Summary of Intermodal Extended Haul Study attached to the Verified Statement of Mr. John Q. Anderson shows, we anticipate

that over 7.3 million highway miles will be saved as a direct result of extended rail hauls for intermodal shipments.

This increase in rail carload and intermodal traffic will have the effect of substantially reducing highway truck miles -- a major public benefit. As a result, this is a transaction that safety experts and environmentalists should strongly support. When I served as Administrator of the National Highway Traffic Safety Administration, I saw, first hand, reason to be concerned about the growing congestion on our Nation's highway system and the public safety implications of increasing truck size and weight in the face of decreasing size of passenger vehicles. The truck-to-rail diversion opportunities created by the transaction, combined with our new, expanded intermodal network, will help alleviate that congestion.

The benefits of diverting hundreds of thousands of truckloads per year off of the highways are tremendous. Fewer trucks on the highway means fuel savings, reductions in highway accidents, reductions in highway damage, and other significant environmental benefits described in the Environmental Report (Vol. 6). These are all major public benefits that cannot be achieved in the absence of this transaction.

#### 4. Conclusion

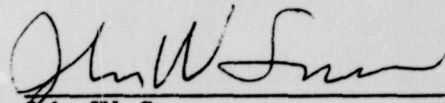
In sum, this is a classic example of a "win-win" transaction. The proposed division of Conrail will create expanded CSX and NS systems that are even stronger and more competitive than today. There will be more competition. There will be better service. There will be opportunities for growth and for more jobs. With better service, we will be



able to attract new plants that will use our tracks. We will be better able to serve our nation's utilities, automotive plants, and farmers. By removing trucks from the highway, we will enhance highway safety and the environment. I urge the Board to give its prompt approval to this Application so that we can move forward with the transaction and the achievement of these major benefits to the public.

**VERIFICATION**

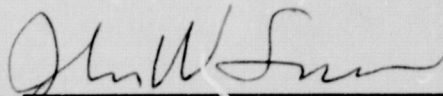
I, John W. Snow, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on the 19 day of June, 1997.

A handwritten signature in dark ink, appearing to read "John W. Snow", written over a horizontal line.

John W. Snow  
Chairman, President, and  
Chief Executive Officer  
CSX Corporation

**VERIFICATION**

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John W. Snow  
Chairman, President, and  
Chief Executive Officer  
CSX Corporation



**BEFORE THE  
SURFACE TRANSPORTATION BOARD**

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**FINANCE DOCKET NO. 33388**

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

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**VERIFIED STATEMENT OF DAVID R. GOODE**

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# **VERIFIED STATEMENT**

**OF**

**DAVID R. GOODE**

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## **VERIFIED STATEMENT**

**OF**

**DAVID R. GOODE**

### **I. QUALIFICATIONS**

My name is David R. Goode. I am Chairman of the Board, President and Chief Executive Officer of Norfolk Southern Corporation and of its subsidiary Norfolk Southern Railway Company (collectively "NS"). I began my railroad career when I joined the Norfolk and Western Railway Company as a tax attorney 1965. After the merger of the Norfolk and Western and the Southern Railway Company in 1982, I became Norfolk Southern Corporation's Assistant Vice President - Taxation. I became Vice President - Taxation in 1985, Executive Vice President - Administration in 1991, President also in 1991 and Chairman and Chief Executive Officer in 1992.

### **II. KEY POINTS**

I am providing this statement to give an overview of the transaction by which NS and CSX Corporation and CSX Transportation Inc. (collectively "CSX") propose to acquire control of Conrail Inc. and Consolidated Rail Corporation (collectively "Conrail") and of the tremendous benefits that we believe it will provide to the public and to the companies involved.

I would like to stress the following key points:

- This transaction is by far the most pro-competitive railroad restructuring in history. It will create two new Northeast/Southeast rail systems that will do their utmost to best each other in the marketplace every day. This will bring about a blossoming of rail competition, the likes of which the Northeast has not experienced in decades.



- The advantages to our customers of the new competitive structure are clear. As network businesses, railroads are most effective when they connect the markets their customers want to reach. This transaction will create two far-flung transportation networks, and each one will serve most major markets in the East.
- The transaction has been carefully structured to keep both networks balanced in order to ensure that both will remain strong and vigorous competitors in all of their major markets.
- The very substantial efficiencies and cost savings that will be possible by the expansion of the NS and CSX networks will help stimulate economic activity in the eastern half of the nation, which will contribute to the increasing competitiveness of many American businesses in global and domestic markets.
- The competitive and efficiency benefits of the transaction will have an extremely positive impact on economic development. NS has had an unmatched record of successful industrial development, helping to bring new business and new employment to the communities we serve. We look forward to replicating in our expanded service area the remarkable successes we have had in our present area.
- This transaction will be good for the environment. We estimate that in NS's expanded service area alone improved rail service will take more than 10 million tons of freight off the nation's highways each year and put it on the rails. In addition to the substantial cost savings that will accrue to shippers, this will result in safer and less congested highways and reduced fuel consumption, air pollution and highway maintenance costs.

Before discussing these and other benefits of the proposed transaction more specifically, it is appropriate for me to say a little about NS, the particular strengths and philosophies that we expect to bring to an expanded NS system and its customers, and the basic reasons that led us to reach what we regard as a truly historic agreement concerning Conrail.

### **III. NORFOLK SOUTHERN: ITS STRENGTHS AND PHILOSOPHY**

NS was created in 1982 through the combination of two highly successful railroads -- the Norfolk and Western Railway and the Southern Railway. Some may be surprised to learn that there are deep bloodlines of the Northeast in NS, since the Pennsylvania Railroad, one of Conrail's predecessors, once controlled the Norfolk and Western.

Today, NS is the fourth largest railroad in the United States. We own and operate 14,300 miles of rail lines throughout the Midwest and Southeast. NS has more than 23,000 rail employees. We haul primarily coal, chemicals, automobiles, auto parts, grain, paper, construction materials, and a great deal of intermodal freight.

NS is widely recognized as one of the most successful and well run transportation companies in the world. As reasons for our success, I would single out NS's commitment to six objectives: to excel in safety, efficiency, economic development, as competitors, as innovators, and to continuously replenish our plant and equipment through investment. The facts show our success at meeting each of those objectives, and I can assure the Surface Transportation Board and our customers that we will maintain our focus and efforts in our expanded service area if this transaction is approved.

First, safety. This is a critically important area in which NS's special commitment has produced exceptional results. NS has won the industry's top safety award -- the Harriman Gold Medal -- for eight years in a row. We are equally proud of the recognition that has come from numerous customers for our safe handling of their freight. Those results translate directly into fewer employee injuries and service disruptions, lower overhead costs, and less damage to freight and to the environment, all of which help us achieve our other objectives.

NS is a competitor. Our marketing philosophy is to compete vigorously for every profitable carload of freight available. We do so by investing in our plant and equipment so that we can provide the service our customers demand at prices that are fair.

To be competitive, NS also has had to be exceptionally innovative in its services. The intermodal market -- the movement of truck trailers and containers by rail -- exemplifies the success of our commitment to innovation. The intermodal market is the fastest growing part of the railroad business, and NS leads the industry in intermodal growth. As a result of our investments in intermodal terminals, equipment and new train services, NS's intermodal business doubled from 650,000 units to more than 1.3 million units between 1988 and 1996. As our Vice President-Intermodal, Tom Finkbiner, explains in his Verified Statement, we expect to increase that business dramatically with the addition of those Conrail lines, assets and markets to be operated by NS.

The same discipline that gives NS the edge in safety also has made us a consistent industry leader in efficiency. In 1995, NS's ratio of operating expenses to revenue of 73.5% was about 13 percentage points below the rail industry average. Efficiency and low costs keep prices down, which helps to keep the regions served by NS competitive in the global market.

NS also has a strong record in fostering the economic development of the communities we serve. As described more fully in the Verified Statement of Dave Cox, the head of our Industrial Development Department, NS has a large staff of civil engineers and other specialized employees responsible for helping new industries locate and expand in our service areas. In 1996 alone, this team helped locate 73 new industries on NS's lines and helped 32 others to expand. Nine of the last 12 automobile assembly plants built in the United States were constructed on the NS system. We are confident that we can bring similar success stories to our expanded Conrail service area.



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The final objective that I single out as a major contributing factor to NS's success is our commitment to capital investment. NS invested more than \$5 billion in the railroad since 1987, including investment in 365 new locomotives in the last three years alone. In his Verified Statement, Hank Wolf, our Executive Vice President - Finance, compares the capital expenditures of NS with all Class I railroads as a group over the period 1986-1995 and shows that NS's expenditures have been substantially higher than the others by almost all yardsticks. In keeping with that philosophy, NS plans to spend over \$470 million over the next few years for net capital improvements on its Conrail and NS lines and facilities above and beyond what Conrail and NS had planned.

We believe that our success at striving for and reaching these objectives create a justifiable pride on the part of our people and are what sets NS apart. I cite them because NS will bring the same focus and drive to its expanded service area and that will help achieve, the anticipated public benefits of this transaction.

#### **IV. THE AGREEMENT, OUR OBJECTIVES AND EVENTS LEADING TO IT**

Railroading is a network business in which carriers are called upon to provide more services over wider areas to customers. Jim McClellan, our Vice President - Strategic Planning details in his Verified Statement how the industry structure has changed over more than 40 years, and how the Northeast became isolated from the rest of the network. NS long has had an interest in some form of combination with Conrail, the sole carrier in much of the Northeast. Because the two systems are basically end-to-end, such a combination presented the prospect of obvious benefits for shippers and the two railroads without posing significant competitive problems. In addition, the strengths of the two railroads complement each other in many ways, and joining them has offered the prospect of significantly greater benefits than the mere sum of the two parts.

The first time NS studied a combination with Conrail in a major way was in the mid-1980's, when the federal government, which then owned Conrail, solicited bids to sell it. NS was one of 15 bidders. After studying the different proposals intensively, the Department of Transportation, with the conditional concurrence of the Department of Justice, recommended legislation to Congress authorizing the sale of Conrail to NS. CSX, however, strongly opposed that sale, as did Conrail. Although legislation authorizing the sale was approved by the Senate, it was blocked in the House; and NS therefore withdrew its bid. In 1986, Congress passed the Conrail Privatization Act, which resulted in a sale of Conrail in 1987 through a public stock offering.

Since then, senior management of NS and Conrail discussed, from time to time, opportunities for business cooperation and the general concept of a business combination. In brief conversations I had on that subject in the past several years with David LeVan, the current chief executive of Conrail, however, Mr. LeVan consistently advised me that Conrail wished to remain an independent railroad.

Following CSX's and Conrail's surprising announcement on October 15, 1996, that they had entered into an agreement to merge their companies, NS responded with a tender offer on October 23, 1996, to purchase all of Conrail's outstanding common shares for \$100 per share in cash. This tender offer initiated a contest between NS and CSX for control of Conrail that lasted until early March 1997.

The contest ended when CSX and Conrail indicated their general agreement to the terms for a CSX-NS acquisition and operational division of Conrail that I had outlined in a letter dated February 24, 1997, to Mr. LeVan and John Snow, CSX's chief executive officer. On March 7, 1997, CSX and Conrail amended their merger agreement to permit CSX to negotiate such a transaction with NS.



The specifics of the structure ultimately agreed upon are detailed elsewhere in the application. As discussed in the statement of Jim McClellan, one of NS's principal negotiators, the negotiations between NS and CSX were long and hard but were guided by a number of general objectives designed to build upon the balanced, two-carrier competitive structure that currently exists in the Southeast. Those objectives were to create a structure that provides both CSX and NS with: comparable market shares; broad geographic coverage; a balanced portfolio of routes with comparable traffic densities; and fair access to important markets and terminals to serve those markets. Another important objective was to minimize service disruptions to customers.

The agreement reached achieves these objectives. In very broad terms, the agreement allocates to NS and CSX each the operation of two "legs" of the Conrail "X" of rail routes. In addition, NS and CSX will both have access to a number of areas. These include Conrail lines and facilities in northern New Jersey, the Philadelphia area, southern New Jersey, the Detroit area, the Indianapolis area, and the Monongahela coal fields. (As a shorthand, I will sometimes use the term Penn Lines to refer to the routes and other Conrail assets to be used and operated by NS and to NS's rights in the shared areas, and the term New York Central Lines to refer to the lines to be operated by CSX and CSX's rights in the shared areas.)

In terms of structure, for various reasons, including tax reasons, the Conrail assets allocated to NS and CSX will not be transferred directly to them but will be transferred to newly created subsidiaries of Consolidated Rail Corporation (CRC), which I will refer to as PRR and NYC. Use of those properties will be provided by PRR and NYC to NS and CSX respectively, which will operate the properties under operating agreements.

While NS and CSX will each serve shippers directly in what we term the Shared Assets Areas -- northern New Jersey, Philadelphia/southern New Jersey, and Detroit -- CRC will provide

certain services exclusively to NS and CSX in the Shared Assets Areas, including switching services as a contractor for NS and CSX. The customers will see only, and deal with, two highly competitive carriers. All rates and charges to shippers and other railroads in the Shared Assets Areas will be established exclusively and separately by NS and CSX, in competition with each other; NS and CSX will serve those shippers and other railroads directly or by using CRC for switching and local service.

This division of Conrail operations will result in two strong and far-reaching rail networks that will be competitively balanced. One of the most important features of that balance concerns the division of east-west routes. As noted earlier, there are four main routes between the Northeast and the Midwest, three of which are now owned by Conrail. These are largely the former New York Central's route from New England, New York and northern New Jersey through Albany, Syracuse, Buffalo and Cleveland to St. Louis; the "Southern Tier" route of the former Erie Lackawanna Railroad from New York through Binghamton, NY, to Erie, PA, connecting with NS in Buffalo, NY; the combination of the former Pennsylvania Railroad route from northern New Jersey and Philadelphia through Pittsburgh to Cleveland and the former New York Central line from Cleveland to Chicago; and CSX's Baltimore and Ohio Railroad route from Philadelphia and Baltimore through Pittsburgh to Chicago. Two of these are high speed, high capacity routes: the New York/New England-St. Louis route via Upstate New York and the Northeast-Chicago route via Pennsylvania. The Conrail transaction results in NS and CSX each operating two of these four routes and one of the two high speed, high capacity routes. Jim McClellan, in his statement, explains the process that led to those allocations.

The Conrail transaction will also give both NS and CSX equal access to extremely important markets and the right to compete with each other for rail traffic in those areas. The shippers in the largest of the Shared Assets Areas -- northern New Jersey -- as well as shippers in



southern New Jersey, parts of Philadelphia and Detroit, will be gaining direct competitive service from two large Class I railroads for the first time in more than two decades. In addition, although NS will be allocated operation of Conrail's Monongahela coal fields properties, CSX will have the right to serve all current and future customers directly.

**V. HOW THE PROPOSED TRANSACTION WILL BENEFIT THE PUBLIC AND THE PARTIES**

Arriving at the agreement just outlined has involved a difficult and sometimes contentious process. If approved by the Board, the results certainly will have been worth the effort. The agreement will result in a rail transaction that is truly unprecedented in the long history of railroad consolidations in terms of its benefits to shippers, the parties and the public. The transaction will greatly extend the reach of two strong rail systems, will ensure that they both remain fully competitive and, at the same time, will open up large and vital areas of the country to rail competition they did not previously have.

The specific benefits of this transaction are described in detail in the operating plans, verified statements and other evidence contained in this application, which I will summarize below. Probably the best evidence of those benefits, however, comes from our customers themselves, more than 1200 of whom have provided supporting statements, and from the hundreds of public officials who also urge speedy approval of the transaction.

They include our largest customers, like Contico International, Inc., a manufacturer headquartered in St. Louis, Missouri, which receives more than 150 million pounds of plastic by rail per year, and which "strongly support[s] the proposed acquisition and subsequent division of Conrail by the CSX and Norfolk Southern." Mr. Lee Gregory of Contico writes:



With competition escalating at an accelerating pace, our success greatly depends on the quality and cost effectiveness of our suppliers. This change will open up a previously closed market to competition and will allow the best overall carrier to prosper.

NS has done an outstanding job of servicing our three largest facilities, located in Metropolitan St. Louis. Because of the numerous facilities that we operate and the varied supplier base from which we receive inbound shipments, we have contact routinely with most of the major railroads operating in the U. S. The best service provider we deal with, without exception, is the Norfolk Southern.

I am confident that they are capable of expanding this level of service to any Conrail lines that they acquire. It would certainly benefit our organization to have expanded competition in one of the busiest traffic corridors in the country. It would be a "bonus" to have that expanded competition introduced by an organization, such as the NS, who would also bring dramatically improved service.

Similar sentiments are repeated throughout the many other support statements filed with this application.

**A. The Competitive Benefits**

What most sets this transaction apart from all previous railroad consolidations is, of course, the extraordinary amount of new railroad competition that it will bring to the areas served by the carriers involved. That added competition is apparent from a cursory examination of the maps, and is described in greater detail in the statements of Jim McClellan and economist Barry Harris. As Jim McClellan explains, the transaction proposed here offers an historic opportunity to accomplish what the Congress, the Department of Transportation, the U. S. Railroad Association and others tried very hard to achieve but could not accomplish in the 1970's after the collapse of the Penn Central and other northeastern railroads: providing rail systems in the Northeast that are both strong and competing. Also, the new competition will be between two railroads each of

which will fully control virtually all of its entire system without extensive reliance on trackage rights to provide two-carrier competition.

The amount of rail traffic that will benefit from the added competition will be enormous. As discussed in Barry Harris' statement, more than \$700 million in freight revenues from movements that are now served solely by Conrail at origin or destination will have two independent and competitive routings after the transaction is implemented. That new competition will certainly benefit shippers in many ways, including the rates they pay. In fact, John Williams of The Woodside Consulting Group estimates in his statement that those competitive pressures will reduce the revenues of the expanded NS operation by approximately \$82 million annually. That is clearly a public benefit of this transaction that has not been seen in prior rail consolidations, and it is reflected in our pro forma financial statements as a reduction in our projected revenues.

The competitive transportation prospects for businesses that ship to or from the Northeast are truly exciting. Senior NS marketing officials, Ike Prillaman, Don Seale, Tom Finkbiner and Bill Fox, also describe in their statements how that new competition will specifically benefit our present and future shippers of chemicals, coal, agricultural products and a host of other commodities. Charles Wilkins, formerly Director of Transportation of Ford Motor Company, explains in his statement how the transaction will greatly expand the competitive options and flexibility of the automobile industry, one of NS's principal customer groups.

An especially important competitive benefit will result from the tremendous increase in intermodal competition that the transaction will bring. As Tom Finkbiner, NS's Vice President - Intermodal, explains, the transaction will make railroads in the East far more competitive with trucks than they have been, mainly as a result of introducing direct single-line intermodal service throughout the expanded NS and CSX systems.



Based on a study by consultant Patrick Krick of the Kirsley Group, we estimate that the consolidated NS/Penn Lines' enhanced intermodal competitiveness will cause NS, within three years, to be handling 10 million tons of freight that moved in 1995 over the highways by truck, without even assuming any growth in the size of the market. That is freight that would be handled by almost 600,000 truck trips each year. We expect to move most of that freight in intermodal trailers and containers (approximately 475,000 units) and the rest as carload traffic. Even for NS, that is a very substantial growth in our intermodal business. In 1995, almost 2 million intermodal units moved over NS and the Conrail routes it will operate. In fact, the anticipated revenues from this additional intermodal traffic is one of the main benefits that we foresee to NS of this transaction.

We see no significant adverse competitive effects. As Barry Harris explains, NS and Conrail are essentially end-to-end systems with little overlap. There are very few instances where current Conrail customers to be served by NS would go from two Class 1 rail carriers to one. Of those that originate or receive more than a minimal amount of traffic, we have agreed to ensure the preservation of access to two-carrier service through trackage rights or otherwise.

Try as we might, we know that we cannot possibly satisfy everyone. Naysayers will object; some may seek to reap advantage from the process that has begun. Some other railroads may be concerned that the increased efficiencies and competitiveness that NS and CSX will gain could adversely affect their traffic shares. Some companies that will not be gaining direct service from an additional railroad may not be happy that some other companies will be. Dividing Conrail operations between NS and CSX to create new competition necessarily also will mean that some previously single-line Conrail movements will become interline movements. It is simply not possible to structure a transaction that would satisfy everyone and still provide the competition,



efficiency and other benefits of this transaction. I think it is clear, however, that the overall benefits to shippers and the general public far outweigh any adverse effects.

**B. Operating Efficiency Gains, Cost Savings and Other Public Benefits**

This transaction will provide single-line service between all locations on NS's 14,300 mile system (including New Orleans, Memphis, Kansas City and Atlanta) and all locations on the 7,180 miles of the Penn Lines, including the major markets of northern New Jersey, Philadelphia, Pittsburgh and the Monongahela coal fields. Most of those point pairs will be gaining single-line service for the first time.

The expansion of NS operations will produce enormous operating efficiency gains, reduced transit times, and cost savings. As explained by Bill Ingram, quantifiable public benefits from operating efficiencies and cost savings to NS will be approximately \$254 million annually. In addition, Professor Thomas Corsi estimates that logistics savings to shippers from the reduced costs associated with the expected shift of traffic from the highways to NS will be another \$92 million. In this regard, it is important to note that many trucking companies are our biggest intermodal customers, and those customers will benefit from the reduced costs as much as other intermodal shippers. For example, the verified statement of J. B. Hunt Transport says:

Opening Conrail markets to service by two rail carriers of comparable size and scope, each with its own tracks and terminals, will offer us the advantages of competitive service and pricing without fragmenting the market and hurting service.

A further benefit of the shift from truck to rail will be a reduction of \$45 million annually in highway maintenance costs. In addition, as noted earlier, we estimate that the new competition created will reduce NS's revenues by \$82 million annually.

The quantifiable public benefits of the NS part of the transaction will thus be at least \$473 million, and these quantifiable benefits do not include the public benefits that will result from the economic development that the new rail competition and the transportation efficiency gains are likely to stimulate.

### **C. Traffic Gains to NS**

In addition to the 1995 base revenues generated by the Penn Lines, NS's rail traffic diversion study, supervised by John H. Williams and described in his statement, projects that the NS/Penn Lines will have a net gain of \$190.6 million in annual revenue in three years from traffic that moved on other railroads in 1995. Also, Messrs Finkbiner and Krick estimate that the additional freight we expect to divert from the highways will generate \$240 million in intermodal revenue and \$28.7 million in carload revenue for NS. Both of these revenue gain estimates are conservative because they have not assumed any growth in traffic since the 1995 base year.

In addition, our Coal Department, under Bill Fox's supervision, performed a special study on the expected impact of the transaction on our coal marketing and revenues. That study concludes that the expanded NS will gain \$101.0 million in new coal, coke and iron ore traffic over and above the revenue gains that Mr. Williams' rail diversion study includes. We are reasonably confident that this new traffic will come to NS from our enhanced market reach and our increased competitive capability.

In sum, we have projected specific revenue gains to the NS/Penn Lines of \$560.3 million. These projections are conservative because they do not include any revenue gains from market growth (except for coal, coke and iron ore) that we fully expect to develop, and increased economic activity that we expect to occur over time but that cannot reliably be quantified at this time. Our willingness to invest \$5.7 billion to control the Penn Lines (not including future

planned capital improvements) is perhaps the best evidence of our confidence in the market opportunities the transaction offers to us.

#### **D. Other Benefits**

The transaction offers other important benefits to the parties and the public as well.

Foremost among these are environmental benefits. As noted, we estimate that NS's portion of the transaction alone will take at least 10 million tons of freight off the highways and put them on the rails. This will result not only in substantial cost savings to the shippers (as Professor Corsi explains) but also in 600,000 fewer truck trips every year, mainly on congested eastern and midwestern highways like Interstates 70, 80, 81, 85 and 95, and associated increases in highway safety. Since trucks consume more than three times as much fuel on average as railroads to move a ton of freight the same distance, the shift of freight from the highways to the rails will also reduce fuel consumption and air pollution.

The environmental benefits will be especially dramatic in some communities. In Erie, Pennsylvania, for example, the transaction will permit the removal of a busy NS line that literally runs down a city street, and which long has been a contentious issue between the community and the railroad. The traffic will be rerouted to a new line to be constructed on the existing Conrail right-of-way, which passes through the city largely grade separated. Many other communities will experience similar benefits, which are described in detail in the Environmental Report filed with our application.

At the same time, the Conrail transaction will cause an insignificant loss of direct rail service. Because the NS and Conrail systems have very little overlap, we anticipate minimal abandonments -- approximately 50 miles -- and those will be of lines having little or no local traffic and where the overhead traffic can be routed more efficiently over other lines.



This transaction also will permit NS to look carefully at its existing shops and other facilities as well as those on the Conrail properties NS will operate and to use each facility for the maximum efficiency and advantage to the combined operation. For example, Conrail has excellent locomotive and car repair facilities at Altoona/Hollidaysburg, Pennsylvania, while NS's comparable facilities are in Roanoke, Virginia. As explained in the Operating Plan and the Verified Statement of D. Michael Mohan, important efficiencies can be gained by concentrating different types of mechanical work at each location. To facilitate this effort, the truck and wheel work now performed by NS at Pegram Shop in Atlanta and by Conrail at Altoona will be centralized at Altoona, with the transition to be completed by the end of Year 1 after the Closing Date.

So-called "insourcing" provides another opportunity to maximize utilization of the system shops at Altoona/Hollidaysburg and Roanoke. Fortunately for our insourcing plans, CSX plans to use NS's services at Altoona/Hollidaysburg for at least a portion of its Conrail car and locomotive fleets.

## **VI. CONCLUSION**

We firmly believe that the very significant efficiency gains that this transaction will bring to both the expanded NS and CSX operations and the new competition it will introduce will help a wide spectrum of American industries to be more competitive in their global markets and will greatly promote economic growth throughout the eastern United States.

The efficiency gains will directly benefit rail freight customers, and will enable the applicants to provide much-improved rail service to customers throughout the United States.

The competition that will be continued in the Southeast and Midwest and which will be

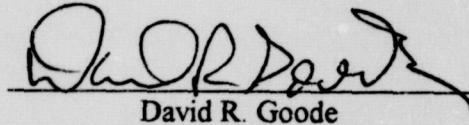
restored in the Northeast will result in improved rail transportation service at reasonable prices.

The route to this proceeding has been long and arduous. This transaction, however, gives the Surface Transportation Board the opportunity to succeed where others have failed: to consider and approve the restoration of rail competition in the Northeast.

VERIFICATION

I, David R. Goode, verify under penalty of perjury that I am Chairman of the Board, President and Chief Executive Officer of Norfolk Southern, that I have read the foregoing document and know its contents, and that the same is true and correct to the best of my knowledge and belief.

Executed on June 11, 1997.



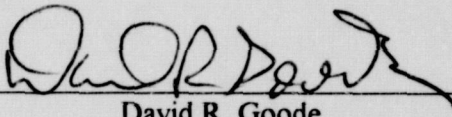
David R. Goode



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David R. Goode

BEFORE THE  
SURFACE TRANSPORTATION BOARD

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FINANCE DOCKET NO. 33388

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

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VERIFIED STATEMENT OF CHARLES W. HOPPE

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VERIFIED STATEMENT  
OF  
CHARLES W. HOPPE

My name is Charles W. Hoppe. I am a transportation consultant who has been involved in the reorganization of railroads in the Northeast for over thirty years. I received a Bachelor of Science degree in Civil Engineering from Purdue University in 1957 and a Master's in Business Administration from Harvard University in 1961. My railroad career started as a clerk at the Cleveland Union Terminal immediately after high school in 1953, continuing on a part-time basis during college. Following graduation from Purdue, I joined the Baltimore & Ohio Railroad (now part of CSX) as a management trainee. After graduation from Harvard Business School, I joined the then Norfolk Southern Railway (now part of the much larger Norfolk Southern system) as Special Assistant to the Vice President - Operations, and



subsequently became Assistant Freight Traffic Manager - Sales. In late 1962, I joined Peat, Marwick Mitchell & Co. (PMM & Co.) as a Management Consultant. Through a series of promotions, I became the Principal in Charge of that firm's worldwide railroad consulting practice in 1970.

In the 1960's I directed several cost reduction/service improvement studies for railroads in the Northeast, including the New York Central, the Norfolk & Western, the Erie-Lackawanna, the Delaware and Hudson and the Boston & Maine. During the late 1960's, I directed a consulting team that focused on attempting to head off the bankruptcy of the Penn Central. These studies provided me with a clear and realistic understanding of the management culture, physical and operating problems, and opportunities facing East Coast railroads in the late 1960's and early 1970's.

In 1974 I joined the United States Railway Association (USRA), which had recently been formed by Congress to study and plan the reorganization of the seven major bankrupt northeastern railroads. I held the position of Assistant Vice President for Operations Planning. In this position, I was responsible for developing the operating plans for the various options analyzed in the USRA's Preliminary System Plan ("PSP") for rail reorganization. I also participated in the multitude of management discussions regarding the overall planning process and the options to be considered.

After the USRA published its PSP, I took on an expanded role at the USRA. I was appointed to the position of Acting Vice President for

Operations and Facilities, and then became Vice President for Operations and Facilities Planning. My additional responsibilities included facilities and operations planning for the USRA's Final System Plan ("FSP"). In particular, I was responsible for determining the specific routes and facilities required for the various configurations being considered for Conrail's operations, and for designating those properties to be assigned to Conrail, Amtrak, other railroads, and the bankrupt estates.

During the time I was Vice President of Operations and Facilities Planning at the USRA, I also became Director of the Section 215 Program. The Section 215 Program, which was established under the 3R Act, was created to fund the maintenance and rehabilitation of equipment and facilities likely to be required under the FSP. Following the conveyance of the properties of the bankrupt railroads to Conrail, I was responsible for developing the operations and performance reporting requirements for Conrail to USRA.

In 1976, I left the USRA and returned to the private consulting business as a Vice President, and later a Senior Vice President, at Booz, Allen & Hamilton, Inc. In my position, I was responsible the firm's worldwide railroad consulting practice. I directed a number of consulting projects for Conrail that achieved many of the cost reductions and service improvements anticipated in the FSP. In 1980-1981 I also directed Booz Allen's team supporting Conrail's analysis of its options, as required by the Staggers Act of

1980. That effort resulting in the "Options for Conrail" report that Conrail published on April 1, 1981.

From 1976 to 1990, I also directed studies involving major railway restructuring for the Trustee of the Milwaukee Railroad, for the Southern Pacific, Canadian National, for railroads in New Zealand and Australia, and for others. In April of 1990, I joined the Long Island Rail Road (LIRR) as President. The LIRR is the largest commuter railroad in North America. While President of the LIRR, passenger service was improved to record-setting levels, and at the same time costs were reduced by over \$200 million.

In September of 1994, I joined Mercer Management Consulting as a Vice President. In that capacity, I advised railway and government clients in the U.S., Canada, Indonesia, Australia, New Zealand and Hong Kong. In August of 1996, I started my own firm, Charles W. Hoppe, Inc. Since that time I have been involved in railway restructuring and merger related studies in the United States, Australia (New South Wales, Victoria, Queensland), New Zealand, Saudi Arabia and Hong Kong.

This verified statement is submitted in support of CSX's and Norfolk Southern's joint Application for the acquisition of Conrail as described in the Operating Plan (see CSX Operating Plan, Vol. III). The purpose of my verified statement is to explain why this transaction is not only consistent with the present public interest, but accomplishes a goal that the USRA was unable to accomplish during the 1970's -- balanced rail competition in the regions of



the East currently served by the Conrail monopoly.

My extensive experience with rail reorganization and planning and my work at the USRA in particular gives me a unique historical perspective regarding the most beneficial course for the future of the eastern rail transportation system. I believe that the proposed transaction is the best option for creating strong, balanced rail competition in the eastern half of the United States. The proposed transaction is very similar to the proposals that the USRA favored in the 1970's, and is also consistent with the competitive goals advocated during the debates over privatizing Conrail in the 1980's. I therefore urge the Surface Transportation Board to approve the Application expeditiously.

**A. The Rail Crisis in the 1960's and 1970's**

In the late 1960's, I directed a consulting team that was involved in the attempt to head off bankruptcy for the Penn Central. Despite these efforts, the Penn Central could not be saved; it was plagued by management conflicts, operating difficulties, deteriorating borrowing power, and continuing economic stagnation in its region. In June 1970, the Penn Central was unable to pay its debts as they matured and was forced to seek protection under the railroad reorganization provisions of the Bankruptcy Act.

The Penn Central was not alone during this time period. Around the same time, several other Eastern railroads entered bankruptcy reorganization proceedings: the Ann Arbor, the Boston & Maine, the Central of New Jersey;

the Lehigh Valley; the Reading; the Lehigh & Hudson River Railway; and the Erie Lackawanna, among others (see PSP Vol. I, Foreword). Thus, by the mid-1970's the eastern rail system was in a crisis, and rail service in the region was on the verge of complete disintegration.

At the time, most of us in the field viewed the disastrous state of affairs as arising from a series of complicated, interrelated factors that were unique to rail transportation in the northeastern part of the United States. Some of these factors were: (1) regulation of freight rates and services by the I.C.C., which in turn contributed to a highly duplicative and redundant system of rail lines in the Northeast; (2) facilities that were obsolete and in disrepair; (3) the migration of industries out of the Northeast and/or industrial growth slower than the national average; (4) government subsidization of other modes of transportation (the interstate highway system and the St. Lawrence Seaway, for example); and (5) unique features of the Northeast, such as shorter hauls, which made trucking a much stronger and more viable competitor to rail than elsewhere in the nation. It was clear that a solution would not be easy to reach, and that any solution would involve significant trade-offs to ensure a future for rail service in the East.

**B. The USRA's Preliminary System Plan Envisioned Balanced Rail Competition**

In 1973 Congress stepped in with legislation aimed at averting the crisis. The Rail Reorganization Act of 1973 ("3R Act"), which was enacted in 1974, established the USRA as an independent agency and charged it with

reorganizing the seven major bankrupt railroads into a viable northeastern rail system. The USRA was first to devise a "Preliminary System Plan," and then a "Final System Plan," for a viable new system created from the estates of the bankrupt carriers. The 3R Act also created the Consolidated Rail Corporation, or "Conrail", as a corporate entity into which the viable and essential rail facilities of the bankrupt railroads could eventually be placed.

I joined the USRA as Assistant Vice President for Operations Planning shortly after it was established. My first tasks included developing operating plans for the various options in the PSP. This involved countless days and hours of planning meetings and discussions among top-level USRA management.

The task of creating a viable reorganization plan for the northeastern railroads presented immense, and sometimes insurmountable, challenges for the USRA. Maintaining and promoting rail competition in the East was a goal of the 3R Act; creating balanced competition therefore was an important objective of the USRA's PSP (and, later, the FSP). This important goal, however, was often in tension with other goals of the 3R Act, particularly the goal of financial viability (see PSP, Vol. I at 18.)

After more than nine months of intense study, USRA produced its PSP on February 26, 1975. The PSP initially recommended a three-carrier system in the Northeast (including Conrail, the Chessie System, and the Norfolk & Western), with two-carrier competition to all major eastern areas. This



recommendation was arrived at after months of thorough consideration and analysis.

The PSP considered four different structural alternatives for the reorganization of northeastern rail, as well as the possibility that there would be no Conrail (the "Controlled Liquidation" option) (see PSP Vol I at 18-50). The PSP first considered creating a single or unified Conrail ("Big Conrail") that would take over operations of all main lines of the bankrupt carriers. Although the USRA had determined that this was the best option for a financially self-sustaining Conrail, staff members viewed Big Conrail as the worst choice for meeting the goal of balanced competition and believed that the resulting monopoly would be an unacceptable trade-off.

The PSP also considered a Conrail East/Conrail West structure and a Conrail North/Conrail South structure, both of which would have involved splitting up the Penn Central. The USRA rejected both, however, on various profitability and competitive grounds (see PSP Vol. I at 18-19, 39-40). The fourth option that PSP considered involved consolidating the bankrupt carriers into a single system and creating jointly-owned terminal companies as subsidiaries of the line haul carriers. This was also rejected for various reasons, including the fact that it would require the creation of three or more new organizations and would present artificial operating barriers (see PSP Vol I at 19).

The tradeoff between competition and financial viability was actively

debated by the USRA staff throughout the planning process. Competition was recognized by all to be a goal of Congress, not only because it was politically desirable, but also because competition was essential to innovative and efficient transportation in the region. Effective and balanced competition among peers was also recognized as a critical inducement for improved management performance. It was felt that unbalanced, token competition by a weak rail system would not induce improved management performance or innovation and could lead to government funding of all players. Thus, the USRA staff recognized that for competition to be effective (from an economic and performance perspective) it would have to be relatively balanced, with the larger solvent carriers extending their reach into the east to provide competition to Conrail.

The PSP ultimately proposed a solution that combined elements of several alternatives that were considered. The USRA recommended the creation of a single Conrail to take over most operations of the bankrupt carriers, and the transfer of some of the lines of the bankrupts to solvent carriers so that the solvent carriers would have access to certain key regions. The USRA further determined that this solution should be implemented through creation of a three-carrier system including Conrail, the Norfolk & Western, and the Chessie System.

The proposed three-carrier system anticipated a division of the bankrupt carriers' lines among Conrail, the Chessie system, and the Norfolk &

Western. Under the PSP proposal, the Norfolk & Western would operate its then-present system, as well as the Erie Lackawanna lines from Buffalo through Binghamton, NY, to Newark, NJ (the Southern Tier). The Chessie system would have its then current system plus the Reading Railroad's Philadelphia and Allentown segments (see PSP Vol I at 39-40).

While this "Three Systems East" alternative would not have totally balanced competition with Conrail, the USRA felt that the improved financial condition of the solvent carriers (even after absorbing the transferred lines) would equalize any scale advantage of Conrail, would result in effective competition with Conrail, and would create desirable peer performance incentives for Conrail's management. If only one solvent carrier was willing to participate, the USRA's preferred alternative was to develop a "Two Systems East" option involving the expansion of the system of the participating solvent carrier.

In the event that both the Chessie and the Norfolk & Western declined the USRA's invitation to participate, the USRA alternatively considered creating two east-west carriers -- the Penn Central and Ann Arbor competing with the Erie-Lackawanna, the Central of New Jersey, the Lehigh Valley, and the Reading (the "MARC-EL" proposal) (see PSP Vol. I at 41). Although the MARC-EL concept moved into third place in the PSP (behind the first choice "Three Systems East" and second choice "Two Systems East" alternative) when the Erie Lackawanna came within the USRA's scope just a few weeks



before the PSP was to be published, the USRA frankly acknowledged that the proposal had deficiencies and that it had not had adequate time to study it because of the Erie Lackawanna's late entrance into the process. Many on the USRA staff saw MARC-EL as a potentially sickly competitor which would require continuing infusions of government funds and so weaken Conrail that the "competition" provided would result in de facto nationalization of both railroads (see also PSP Vol. I at 19). While the Penn Central required massive rehabilitation, the other bankrupts were nearly basket cases as well. Putting the smaller bankrupts together was seen by many on the staff as a wasteful map-drawing exercise with no realistic change of long-term viability -- and it would have dragged Conrail down with it.

While consideration was given to breaking Conrail into its pre-Penn Central components (Conrail North and Conrail South), the USRA staff thought this was impractical because of the poor condition of the Penn Central lines and rolling stock and the massive rehabilitation costs that would be required to unscramble the Penn Central (see PSP Vol. I at 39). In merging the New York Central and the Pennsylvania (and New Haven), many redundant yards and routes had been virtually abandoned in place. For example, in Indianapolis, activity at the old Pennsylvania's yard was greatly reduced in favor of the more modern Avon Yard of the New York Central. As slow orders grew on one main line, traffic would be rerouted over an alternative route in better (but generally not very good) condition.

Standing alone, the New York Central and the Pennsylvania could not succeed before their merger; by 1973, five years after the merger, their condition was even weaker. The USRA staff did not see combining the New York Central with some of the other bankrupts and the Pennsylvania with the others as improving this situation for the same reasons that many of the staff thought the MARC-EL proposal was a bad choice.

The USRA staff saw breaking up the Penn Central as impractical unless the Chessie, the N&W or other major solvent rail carriers were willing to participate by acquiring substantially all of the pre-Penn Central merger pieces and merging them with their own operations. The rehabilitation costs, labor protection, and potential valuation claims chilled any solvent carrier interest in acquiring all or major parts of Penn Central. Although solvent carriers expressed some interest in acquiring the western lines of the bankrupts, that would have made it virtually impossible to reorganize the eastern lines, since they would have been left with a far larger share of the costs and far smaller share of the revenues (essentially taking the line haul revenues away and leaving the higher switching activity costs behind).

Thus, the USRA's presentation of the "Three Systems East" proposal as its first choice in the PSP represented an attempt to reconcile many competing interests while maintaining rail competition as an important goal.

**C. The Final System Plan Also Envisioned Balanced Competition**

After the publication of the PSP, I was appointed to the position of Acting Vice President for Operations and Facilities of the USRA, and then became the Vice President for Operations and Facilities Planning. In this expanded role I was responsible for facilities and operations planning for the Final System Plan ("FSP"), the next task that was before the USRA.

At the time the PSP was published, only the Chessie was interested in the USRA's offer to purchase lines into the New York/New Jersey Port area. The Norfolk & Western had made its unreceptiveness to the USRA's offer for it to purchase lines known in various public fora. Thus, the FSP that the USRA submitted in July 1975 recommended that the Chessie be offered several lines into New York in order to create two-carrier competition in the New York/New Jersey Port area (see FSP Vol. I at 4-5). Because of a combination of the USRA's unwillingness to give up the best lines of the prospective Conrail and the lack of interest of the solvent carriers to take them, the lines offered to the Chessie did not include the current crown jewels of the Conrail system -- the Pennsylvania Railroad line and the New York Central's Water Level route.

Like the PSP, the FSP recommended a three-carrier Northeast rail system comprising Conrail, the Chessie, and the Norfolk & Western. Under the FSP, the Chessie was to acquire most of the Reading Railroad services, including service to Scranton, Easton, Allentown, Reading, Harrisburg and a



connection to its system, most Erie Lackawanna services east of Sterling, Ohio, trackage rights from Philadelphia to the Greater Newark, N.J. area, and the Penn Central markets in the Charleston, West Virginia area (see FSP Vol. I at 14). Although the Norfolk & Western was treated as an integral part of the three-carrier system, the FSP proposed only that it acquire two connecting routes -- one internal to its system and one permitting through routing to the Delaware & Hudson (see FSP Vol. I at 19). The USRA again rejected Big Conrail as any first choice (see FSP Vol. I at 4).

The preferred solution, then, was not a Conrail of the shape and size as we know it today or a rail monopoly in all of New York State except the area immediately around Buffalo, but a system under which there would be competitive access to the New York City area both from the north and west, via Cleveland and Buffalo (and from Syracuse and Utica) and from the south, via Philadelphia, Reading, Harrisburg, and points west and south.

Although the USRA staff generally favored maintaining effective competition in the Northeast (as was manifested in its preferred options in both the PSP and FSP), it was also recognized that Conrail needed all the help it could get in becoming self-sustaining. The bankrupts were losing a million dollars a day while USRA prepared the PSP and FSP (that fact alone, no doubt, decreased the enthusiasm of any potential solvent buyers). Turning Conrail around was going to be difficult enough, without the further loss of revenues or introducing inefficiencies due to duplication.

Competition was recognized as providing an incentive for greater innovation and improved management performance. However, many of the USRA staff members saw spreading the revenue over more railroads, combined with the massive rehabilitation requirements, as diminishing the probability of Conrail's becoming self-sustaining.

Although these issues were actively debated, the USRA staff developed a consensus that unless the Three Systems East concept (preferred in both the PSP and FSP) or the Two Systems East variant (preferred in the FSP in light of N&W's decision not to participate), succeeded, "Big Conrail" (also known as "Unified Conrail") had to be the fall-back option. In effect token competition or the unrealistic (at that time) option of breaking up Penn Central were seen as not worth the risks of failure. While Big Conrail was seen as having the best financial statements, Three (or Two) Systems East was seen as providing the best long-term solution.

The FSP accordingly recommended Big Conrail option as its second-choice reorganization plan, to be implemented only if the Chessie ultimately refused to acquire the lines offered to it under the FSP (see FSP Vol. I at 4). A proposal for the complete partition of the lines of the bankrupt railroads was studied and rejected as unfeasible at the time. Many on the USRA staff expected that Big Conrail would be at best an interim solution, and that after it was turned around the need for competition might require future changes in the structure; the possibility of future restructuring was

accordingly provided for in the FSP.

The Chessie System ultimately was unable to participate in the creation of Conrail. The reason was the failure to reach economically viable labor arrangements with the pertinent railway labor unions regarding the Chessie's operations over the Southern Tier line and the other properties offered to it under the FSP. The result was the creation of the "Unified" or "Big" Conrail, an almost complete Conrail monopoly on rail freight service northeast of a diagonal line drawn between Buffalo and Philadelphia. Thus, the absence of competition was not preferred; it was the second-best solution.

#### **D. "Options for Conrail" in the 1980's**

Congress enacted the Staggers Act in 1980. The Staggers Act modernized the Interstate Commerce Act, freed the railroads from maximum rate regulation in most cases, and permitted differential pricing. The Staggers Act also required Conrail to develop plans and recommendations for three different sets of circumstances set forth in the Act. The three scenarios assumed various alternatives as to the existence and amount of federal funding for Conrail.

From 1980 to 1991, I directed a consulting team that assisted Conrail in analyzing its options, as mandated by the Staggers Act. This team analyzed the operating cost effects using state-of-the-art simulation models for each of the options studied. I also served as an advisor to the entire project



team. The result was Conrail's report, issued on April 1, 1981, entitled *"Options for Conrail -- Conrail's Response to Section 703(c) of the Staggers Rail Act of 1980"* ("Options").

The "Options" report discussed the alternative of selling Conrail after splitting it up into two "packages." Although it was recognized that the physical condition of Conrail's plant and equipment had been sufficiently upgraded to be attractive to other railroads, it was also thought that Conrail's traffic volume was not expected to grow significantly in the then foreseeable future, and that proper capital and maintenance budgets might not be able to be achieved (see "Options" at 11-2). The "Options" report identified CSX, Norfolk Southern and the Union Pacific system as potential purchasers. However, as Norfolk Southern and the Union Pacific still were involved in their own mergers at that time, it was recognized that they might not be in the market for a major acquisition.

The two "packages" discussed in "Options" were called "Conrail North" and "Conrail South." The "packages" were designed to ensure rail competition in important regions and to minimize the fragmentation of traffic flows and the number of shippers and communities left without service (see "Options" at 11-3). Maps submitted as part of the report envisioned "Conrail North" in combination with the CSX System. "Conrail North" included the Water Level route from New York and Boston through Buffalo to Cleveland, with a line from Cleveland to St. Louis; lines from Cleveland to Chicago and

from Detroit to Columbus; and lines through New Jersey to a connection with CSX at Philadelphia, among others. "Conrail South" was shown in conjunction with the NS system and, among other lines, featured connections to that system from New York to Potomac Yard and to Hagerstown; the Pennsylvania Railroad line from Philadelphia to Chicago; and the Southern Tier line from New York to Buffalo with a connection to NS's Nickel Plate line at Buffalo (see "Options" at 11-5, 11-6).

The two "packages" proposed in "Options" thus had a considerable resemblance to the division of Conrail now proposed in the Application. Conrail viewed a split in a fashion quite similar to that now being proposed as one which would maintain or enhance competition, minimize traffic flow fragmentation, and provide operating efficiencies.

#### **E. Conclusion**

The somewhat guarded picture of Conrail's survival expressed in "Options" in early 1981 changed into a picture of greater optimism as the 1980s progressed. Under the new deregulated regime, the railroad industry generally showed signs of economic renaissance, and Conrail thrived.

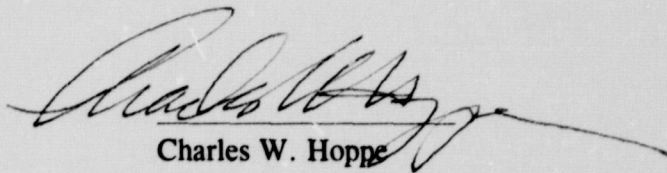
Now, with Conrail streamlined, efficient, and in excellent condition, the transaction proposed by NS and CSX provides even more balanced competition than any of the options considered by USRA's staff in the 1970's. With the implementation of the division of Conrail proposed in the present Application, the goals of Congress and the Administration in 1973 would

finally be realized in full. I therefore urge the Surface Transportation Board to approve the Application as one which also will provide the type of balanced rail competition historically intended for the Northeast, and which will enhance existing rail competition throughout the Eastern half of the United States.



## VERIFICATION

I, Charles W. Hoppe, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement. Executed this 19<sup>th</sup> day of June, 1997.

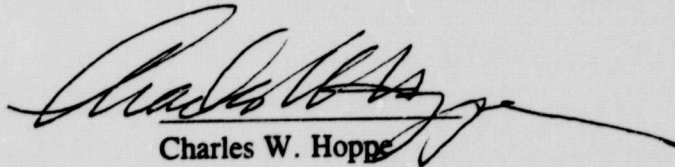


Charles W. Hoppe

**VERIFICATION**

I, Charles W. Hoppe, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement. Executed this 19<sup>th</sup> day of

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Charles W. Hoppe

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**VERIFIED STATEMENT OF PAUL R. GOODWIN**

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**I. Introduction**

My name is Paul R. Goodwin. I am Executive Vice President, Finance and Chief Financial Officer of CSX Corporation. My qualifications and experience are described in an appendix to this statement.

CSX Corporation is a Fortune 500 transportation company providing rail, intermodal, ocean container-shipping, barging, trucking and contract logistics services worldwide. Holdings include: CSX Transportation Inc., Sea-Land Service Inc., CSX Intermodal Inc., American Commercial Lines Inc. and Customized Transportation Inc. The company's non-transportation interests include: The Greenbrier, the Grand Teton Lodge Company, and CSX Real Property Inc. With nearly \$14 billion in assets and more than \$10 billion in annual revenues, CSX is a strong, dynamic company, creating superior value for its customers and shareholders.

## **II. CSX Transportation Financial Highlights 1991 - 1995**

Presented below are some of the financial and operational highlights of CSX Transportation's (CSXT's) performance between 1991-1995. During this period, CSXT achieved remarkable improvements in a wide range of areas, including asset utilization, operating ratio, and shareholder returns:

- \* CSXT's operating income increased by 72.4% over this time period: from \$617 million in 1991 to \$1.064 billion in 1995, a compound annual growth rate of 14.6%.
- \* CSXT's improvements in service and asset utilization have enabled it to create additional capacity without significantly increasing capital investment. As an example of this increased efficiency, between 1990 and 1995, CSXT's volumes increased 7% in terms of both carloads and gross ton miles, yet CSXT reduced its ownership of rail cars by 20% and locomotives by 14%.
- \* CSXT's operating ratio improved from 85.9% in 1991 to 77.9% in 1995.
- \* Shareholders in CSX Corporation and CSX Transportation have realized a remarkable return on their investment during this time period. An investment of \$100 in CSX stock at year end 1990, with dividends reinvested would have grown to \$325 by year-end 1995, far exceeding the total return of both the Dow Jones Transportation Average and the S&P 500 Stock index.

Although not reflected in the pro forma financial statements in this application, 1996 was a continuation of the improvements of the previous five years. Operating income was up by 6% compared to 1995 as a result of ongoing cost-control efforts and increased operating revenue; the operating ratio further improved to 77.0%.

## **III. Financial Arrangements for the Conrail Transaction**

To provide financing for its planned acquisition of Conrail, CSX entered into a five-year \$4.8 billion bank credit agreement in November, 1996. At that time, approximately \$2 billion in commercial paper supported by the credit agreement was issued to provide for the



purchase of about 20% of Conrail's then outstanding shares. In May 1997, CSX issued \$2.5 billion of debentures with maturity dates in various tranches running from the year 2002 through the year 2032. CSX spent approximately \$2.2 billion to purchase its additional interest in Conrail pursuant to the joint tender offer with NS and the subsequent merger of Conrail into a subsidiary of the joint acquisition entity. Concurrent with the issuance of the debentures, the lenders' commitments under the \$4.8 billion bank credit agreement were reduced to \$2.5 billion. Subsequent to the joint tender offer and merger, CSX's interest in Conrail is financed by a combination of the debentures and commercial paper.

#### **IV. Financial Benefits from the Conrail Transaction**

The purpose of this portion of the verified statement is to describe the overall financial benefits that CSX will realize from the proposed transaction.

The proposed transaction will provide exciting opportunities for CSX's customers, shareholders, employees and the communities which CSX serves. The Conrail routes allocated to CSX will complement CSX's present system and enable the company to provide superior service to its customers – faster, more reliable service to more markets. The expanded CSX system will be capable of providing single-line service to virtually every major market in the eastern United States. We expect CSX's improved north-south service in particular to provide greater competition to the trucks that currently dominate the transportation market in the Northeast. These enhancements to CSX's system will result in substantial financial benefits that will strengthen CSX's financial and competitive position.

As a result of the proposed transaction, CSX's pro forma financial statements included in the Application reflect an increase in its annual operating income of \$644 million by the end of third year following the Control Date, excluding one-time transition costs. This \$644 million in increased operating income is comprised of \$336 million, representing CSX's 42% share of Conrail's 1995 base year operating income, and \$409 million, representing increased income as a result of synergies arising from the transaction, less \$101 million in additional depreciation and amortization resulting from the allocation of the purchase price over CSX's portion of Conrail's net book value.



The \$409 million in operating income benefits CSX expects to realize due to synergies is comprised of \$146 million in net revenue benefits and \$263 million in cost savings. CSX will gain substantial traffic benefits as a result of its expanded market reach, greater ability to provide single-line service to customers, the creation of efficient north-south CSX routes, and through reduced transit times and greater reliability. The testimony of CSX marketing personnel in this Application will delineate the traffic groups in which CSX anticipates realizing its new traffic opportunities.

On the spending side, CSX's 42% share of Conrail's operating expense totals approximately \$1.2 billion. CSX will reduce the operating expenses on its expanded system by \$263 million annually as a result of synergies by the third year following the Control Date. These expense savings are expected to be comprised of the following: (1) \$74 million in general and administrative expenses; (2) \$76 million in improved equipment velocity and car mile savings; (3) \$47 million in transportation operating expense, as a result of more efficient routes, fewer car handlings and less congestion; (4) \$25 million in purchasing savings; (5) \$18 million in mechanical expenses, which reflects greater efficiencies in locomotive and freight car maintenance and operation, (6) \$16 million in engineering savings, reflecting greater utilization of gangs and roadway equipment; and (7) \$13 million in intermodal savings primarily due to reduced drayage costs; less (8) \$6 million in additional costs associated with facility lease obligations.

In addition to operating income and expense benefits, CSX expects that synergies resulting from the proposed transaction will reduce its average annual capital requirements by \$26 million. These savings will occur primarily as a result of CSX's greater productivity in the area of scheduled programmed track maintenance-of-way.

CSX will have significant, but manageable, requirements for transition capital to fund improvements needed to combine its system with the Conrail assets allocable to CSX. CSX estimates that its total requirement for transition capital improvements will be approximately \$488 million. For movements between Chicago and Cleveland, CSX intends to use the main line of the former B&O west of Greenwich, Ohio, more than doubling the number of trains that will be moving over that line. To accommodate the increased traffic, CSX will invest

\$234 million (exclusive of new or upgraded connections) in upgrading service routes. CSX will spend \$77 million on improvements to accommodate merchandise traffic at its yards and terminals and \$76 million for improvements to its intermodal and auto facilities. New or upgraded connections are expected to result in a one-time expenditure of \$40 million. Capital expenditures of \$21 million will be made to improve locomotive and mechanical facilities and \$32 million will be spent on technology as a result of the consolidation of Conrail's technology operations in Jacksonville. Lastly, \$8 million in contingency funding has been provided for in the Application.

CSX expects to realize the benefits of the transaction very quickly. Traffic benefits and operating synergies, exclusive of one-time transition expense, will deliver \$197 million of additional operating income during the first year after the Control Date, increasing to \$322 million in the second year, and \$415 million in the third year. Depreciation and amortization resulting from the allocation of the purchase price over Conrail's net book value will add \$101 million to (non-cash) annual operating expense. Interest expense on the acquisition debt (adjusted to reflect repayment from operating cash flow net of one-time transition capital spending) is expected to total \$290 million in the first year, \$281 million in the second year, and \$258 million in the third year. By the third year following Control Date, the transaction is expected to result in an increase in net earnings of \$10 million and an increase in net cash flow from operations of \$110 million.

By the third year following approval, CSX's credit profile will be stronger than it was prior to the proposed transaction. By that year, CSX's "all in" debt to total capital ratio (which includes long term leases and other "off-balance sheet" financing) will be down to the same 50% level that CSX achieved before it made its first investment in Conrail by purchasing approximately 19.9 percent of Conrail common stock in November 1996. The EBITDA coverage ratio will rise to 4.7 in that third year, a figure well above the ratio of 4.0 which CSX had achieved in 1996. (EBITDA represents Earnings Before Interest, Taxes and Depreciation and Amortization. EBITDA coverage is a measure commonly used in the financial markets to evaluate the credit-worthiness of a company.) Finally, CSX's cash flow available for debt reduction will grow very substantially from its 1996 level of \$293 million,

to about \$500 million in the third year.

These financial measures clearly demonstrate that the proposed transaction will allow CSX to continue strengthening its financial and competitive position. The post-Acquisition CSX will be even larger and more robust as a result of the integration of the Conrail system, with continuing ample access to the capital required to provide substantial public benefits in the form of higher quality rail service.



VERIFICATION

I, Paul R. Goodwin, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on the 12<sup>th</sup> day of June, 1997.

  
Paul R. Goodwin

## **APPENDIX A**

### **QUALIFICATIONS OF PAUL R. GOODWIN**

I am Executive Vice President-Finance and Chief Financial Officer of CSX Corporation, 901 East Cary Street, Richmond, VA 23219.

I was educated at Cornell University, where I received a Bachelor in Civil Engineering degree in 1965. I received an M.B.A. from George Washington University in 1970.

My career at the Chessie System began as a management trainee in 1965. From 1966 to 1975, I held various positions in financial planning, accounting, M.I.S. and economic analysis. I became Assistant Comptroller in 1975, Assistant Vice President-Finance in 1977 and Assistant Vice President-Executive Department in 1980. In 1981, I was promoted to Vice President-Finance and in 1985 to Senior Vice President-Finance & Planning.


From 1987 to 1995, I was responsible for the finance and planning functions at CSX Transportation as Senior Vice President, Executive Vice President and Executive Vice President-Finance & Administration.

In 1995, I was promoted to Executive Vice President-Finance and Chief Financial Officer of CSX Corporation. In that capacity, I am responsible for all aspects of our Finance Department, including Corporate Accounting, Tax, Corporate Treasury, Finance and Investor Relations.

I am a Director of the Science Museum of Virginia and the University of Virginia Engineering Foundation.

**VERIFICATION**

I, Paul R. Goodwin, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on the 12<sup>th</sup> day of June, 1997.

  
Paul R. Goodwin



BEFORE THE  
SURFACE TRANSPORTATION BOARD

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FINANCE DOCKET NO. 33388

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

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VERIFIED STATEMENT OF CHARLES J. WODEHOUSE

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VERIFIED STATEMENT  
OF  
CHARLES J. WODEHOUSE

My name is Charles J. Wodehouse. I am Vice President and Controller of CSX Transportation, Inc. I have held this position since 1995. I am a certified public accountant and have held various CSX positions with accounting responsibilities since 1986, including Vice President-Audit and Advisory Services at CSX Corporation. Between 1979 and 1986, I held various positions with accounting responsibilities at Seaboard Coast Line Railroad, including Assistant Vice President and Controller, Assistant Vice President-Corporate Accounting, and Assistant Vice President-Expenditures. Between 1972 and 1979, I was employed by the accounting firm of Deloitte Haskins & Sells. I have a master's degree in business administration from Rutgers University and a bachelor's degree in psychology from the University of Virginia.

The purpose of this statement is to describe the process CSX undertook to identify cost savings that it will realize in connection with general and administrative ("G&A") functions as a result of the proposed transaction.

CSX will achieve significant G&A savings as a result of the proposed transaction, stemming principally from the combination of the management and administrative functions of CSX with the portion of Conrail's operations allocated to CSX. In analyzing its G&A savings, CSX's guiding principle was to maintain CSX's commitment to provide superior transportation service to its customers.

CSX estimates that it will realize approximately \$74.3 million in annual G&A savings as a result of the proposed transaction. The G&A savings that CSX expects to realize from the proposed transaction are comprised of:

(1) savings of \$44.2 million by year three related to reductions in non-agreement employees (in Conrail's headquarters location as well as in field locations); (2) savings of \$14.6 million annually by year three related to reductions in clerical agreement employees; and (3) savings related to reductions in technology expenses occurring primarily as a result of the consolidation in Jacksonville of Conrail's data center, as well as other general and administrative costs in connection with outside legal fees, consultants and other fees and services of \$15.5 million annually by year two.

#### Agreement and Non-Agreement Employees

CSX's determination of its needs with respect to agreement clerical and non-agreement personnel performing general and administrative functions reflects the input and consideration of a broad spectrum of CSX managers. CSX began its analysis with a careful review of the basic organizational structure of Conrail, comparing it to the CSX organization. This comparison was necessary to determine where various activities were performed and to identify functions that were common to Conrail and CSX. The comparison included identification of similar departments and positions and the geographic location of the Conrail employees performing general and administrative functions.

Following this initial step, each CSX department reviewed a list of the Conrail positions and functions relevant to that department. They subsequently provided an estimate of how many of the Conrail agreement clerical and non-agreement employees they would require to operate the expanded CSX system. The analyses of the individual departments were reviewed and adjusted by both mid-level and senior management. The resulting employment levels conform with CSX's overall corporate strategy of maintaining high quality



customer service in all facets of its expanded network, while preserving its commitment to cost containment.

With respect to both agreement clerical and non-agreement employees, CSX undertook its needs assessment using Conrail's average 1996 employment levels. An appropriate adjustment was made to the 1996 employment levels for non-agreement employees to reflect approximately 842 Conrail employees who left Conrail under a voluntary retirement and separation program instituted by Conrail unrelated to the proposed transaction. This adjustment was made in order to avoid treating the cost savings resulting from those programs as transaction benefits.

In arriving at the estimates of savings related to agreement clerical and non-agreement employees that perform general and administrative functions, CSX used an average "all-in" salary for Conrail employees. The "all-in" salary was based on 1995 salary, bonus (for non-agreement employees), payroll tax, health and welfare, and certain incidental costs for non-agreement employees (travel, dues, meals, office supplies, etc.).

In order to avoid overstating potential G&A savings, CSX and NS agreed to use the following methodology to determine their respective savings:

Allocated Assets: CSX and NS were each credited with 100% of the respective potential G&A savings flowing from agreement clerical and non-agreement employees employed in connection with Conrail assets specifically allocated to each of them. CSX performed the needs analysis described above and determined the number of the employees it would retain in this category. The general and administrative cost savings were

determined by taking the original number of allocated employees and subtracting the subsequent need and multiplying the result by the appropriate "all-in salary."

Shared Assets Areas: With respect to agreement clerical and non-agreement employees in the Shared Assets Areas described in the CSX Operating Plan, CSX and NS calculated the aggregate potential G&A savings from Conrail employees in those Shared Assets Areas. CSX and NS performed a needs analysis to determine how many Conrail employees they would retain in the Shared Assets Areas. This number was multiplied by the appropriate "all-in salary," and that result was then subtracted from the total aggregate potential G&A savings. That resulting total net savings was then split, with some exceptions, 42% for CSX and 58% for NS.

Philadelphia Headquarters and National Customer Service Center: With respect to agreement clerical and non-agreement employees in Conrail's Philadelphia headquarters location and National Customer Service Center, CSX and NS determined the total aggregate potential G&A savings and then split that total 42% for CSX and 58% for NS. CSX and NS then performed their individual needs analyses and subtracted the costs of the employees they plan to retain in this category (the number of employees to be retained multiplied by the "all-in salary") from their separate share of the total potential savings to arrive at their respective G&A savings in this category.

The preponderance of the additional personnel required by CSX to operate its expanded network are in those departments that are particularly sensitive to increases in the company's customer base and traffic volume. As a result of the analysis described in this verified statement, CSX expects that it will offer employment to approximately 500

non-agreement Conrail employees on the expanded CSX system following the transaction. In addition, CSX expects to offer employment to approximately 700 clerical agreement employees performing general and administrative services. These anticipated employment levels result in G&A savings to CSX of \$44.2 million with respect to non-agreement employees and \$14.6 million with respect to agreement employees by year three.<sup>1</sup>

#### Other Corporate Overhead Expenditures

The expenses in this category include corporate overhead expenditures other than G&A salaries and benefits. CSX has identified \$10 million in annual overhead savings resulting from the planned consolidation in Jacksonville of Conrail's data center. The remaining \$5.5 million of general and administrative costs savings are predominantly in the areas of outside counsel, consultants and fees and services.

CSX and NS split the total aggregate potential savings in this category of non-employment expense 42% to CSX and 58% to NS. The difference between CSX's 42% share of Conrail's expenses and the additional anticipated expenditures represents CSX's G&A savings in this category.

CSX estimates it will realize savings in this category of \$15.5 million within two years. CSX believes that the cost savings in this area will permit the efficient management of the post-transaction CSX expanded network, and maximize CSX's ability to provide quality rail service to its customers.

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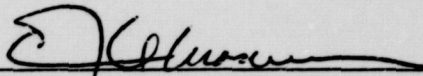
<sup>1</sup> If the adjustment described above relating to Conrail's voluntary separation program were not made, CSX's G&A savings would be \$56.1 million with respect to non-agreement employees.



VERIFICATION

I, Charles J. O. Wodehouse, Jr., declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.

Executed on June 19, 1997.

  
Charles J. O. Wodehouse, Jr.

BEFORE THE  
SURFACE TRANSPORTATION BOARD

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FINANCE DOCKET NO. 33388

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

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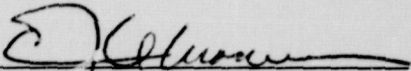
VERIFIED STATEMENT OF WILLIAM W. WHITEHURST, JR.

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VERIFICATION

I, Charles J. O. Wodehouse, Jr., declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.

Executed on June 19, 1997.

  
Charles J. O. Wodehouse, Jr.



## VERIFIED STATEMENT OF WILLIAM W. WHITEHURST, JR.

My name is William W. Whitehurst, Jr. I am President of W. W. Whitehurst & Associates, Inc., an economic consulting firm specializing in cost accounting, financial analyses, and other economic regulatory issues involving the railroad industry. My offices are located at 12421 Happy Hollow Road, Cockeysville, Maryland 21030.

For more than 30 years, I have provided economic consulting services to a variety of freight-hauling railroads, inter-city and commuter train services, shippers, and public bodies on railroad operating, cost, finance, and valuation matters. In the course of my consulting assignments, I have submitted expert testimony numerous times before the Interstate Commerce Commission ("ICC"), including its successor the Surface Transportation Board ("STB"), federal and state courts, other administrative agencies, and arbitration panels. On various occasions, I have participated in negotiations and/or litigation related to the bases for, components of, and amount of compensation to be paid by one railroad for another railroad's lines. A statement of my professional qualifications is set forth in Appendix A to this verified statement.

The purpose of this verified statement is to present pro forma financial statements for CSX on a consolidated basis following the acquisition of control of Conrail by CSX and NS, and the allocation to CSX of certain assets of Conrail (the "Division"). In conjunction with this financial presentation, I also: (a) address the nature and amount of new securities and other financial arrangements made by CSX to finance its commitments in connection with the joint acquisition of Conrail; and (b) compute the financial ratios which the STB (and before it the ICC) typically examines in assessing the financial soundness of the entity which results from a railroad control or merger proceeding.

## OVERVIEW OF PRO FORMA PRESENTATION

The financial statements addressed here and provided in this application include:

- A pro forma balance sheet for the base year, each of the three years following consummation of the transaction, and for the normal post-transaction year. These balance sheets, identified as Appendix C, constitute the CSX/Conrail portion of Exhibit 16 of the Application.
- A pro forma income statement for the base year, each of the three years following consummation of the transaction, and for the normal post-transaction year. These income statements, identified as Appendix D, constitute the CSX/Conrail portion of Exhibit 17 of the Application.
- A pro forma sources and applications of funds (statement of cash flows) for the base year, each of the three years following consummation of the transaction, and for the normal post-transaction year. These statements of cash flows, identified as Appendix E, constitute the CSX/Conrail portion of Exhibit 18 of the Application.

### Base Year Pro Forms

Calendar year 1995 activities and financial results are used as the starting point for the projections presented in this Application. In order to create a pro forma base year, several adjustments have been made to the historical CSX and Conrail 1995 data. These adjustments eliminate the effect of special charges and other significant non-recurring items. Specifics of the adjustments are described in the footnotes to the exhibits.



CSX historical 1995 data as reported and adjustments to construct a pro forma base year for CSX are presented in Exhibit WWW-1 (Balance Sheet), Exhibit WWW-2 (Income Statement), and Exhibit WWW-3 (Statement of Cash Flows).

Conrail historical 1995 data as reported and adjustments to construct a pro forma base year for Conrail are presented in Exhibit WWW-4 (Balance Sheet), Exhibit WWW-5 (Income Statement), and Exhibit WWW-6 (Statement of Cash Flows). To reflect the assignment of all economic benefits and liabilities arising as a result of the "Division", the Conrail base year financial data on these exhibits are then allocated between CSX and NS. The basis for the allocation is 42% to CSX and 58% to NS (the "Percentage").

Combination of the base year CSX and the portion of base year Conrail economically attributable to CSX is presented in Exhibit WWW-7 (Balance Sheet), Exhibit WWW-8 (Income Statement), and Exhibit WWW-9 (Statement of Cash Flows). Purchase accounting adjustments are applied in these exhibits to construct a pro forma base year for the post-transaction CSX.

#### Projection Years Pro Formas

Quantitative benefits arising from the integration of CSX and Conrail operations are presented on the Summary of Benefits exhibit, which appears as Appendix A to this Application. The projection horizon is three years. Benefits are anticipated to be achieved (and one time costs incurred) on a phased basis over this time period, and fully accomplished by the end of the third year. Consequently, both the Summary of Benefits exhibit and the financial pro formas show a normal (fully phased in) year as well as year three of the projection.

Using information provided in the Summary of Benefits exhibit, together with servicing requirements for debt incurred by CSX to finance the transaction, the base year pro formas have been adjusted to derive pro forma financial statements for each of



the three years in the forecast period and for the normal post-transaction year. These are presented in Exhibit WWW-10 (Balance Sheet), Exhibit WWW-11 (Income Statement), and Exhibit WWW-12 (Statement of Cash Flows). Specifics of the adjustments for each year are described in the footnotes to these exhibits.

#### NEW SECURITIES AND OTHER FINANCIAL ARRANGEMENTS.

As stated in the Verified Statement of Mr. Paul R. Goodwin, Executive Vice President, Finance and Chief Financial Officer of CSX Corporation, to provide financing for its planned acquisition of Conrail and to accommodate general working capital needs, CSX entered into a five-year \$4.8 billion bank credit agreement in November 1996. At that time, approximately \$2 billion in commercial paper supported by the credit agreement was issued to provide for the purchase of nearly 20% of Conrail's then outstanding shares. In May 1997, CSX issued \$2.5 billion of debentures with maturity dates in various tranches running from the year 2002 through the year 2032. CSX spent approximately \$2.2 billion to purchase its additional interest in Conrail pursuant to the joint tender offer with NS and the subsequent merger of Conrail into a subsidiary of the joint acquisition entity. Concurrent with the issuance of the debentures, the lenders' commitments under the \$4.8 billion bank credit agreement were reduced to \$2.5 billion. Subsequent to the joint tender offer and merger, CSX's interest in Conrail is financed by a combination of the debentures and commercial paper.

Obligations on Conrail's outstanding debt instruments will be serviced in accordance with their terms through payments by CSX and NS to Conrail and its subsidiaries under operating or similar arrangements and through capital contributions to the acquisition entity, or such obligations will be refinanced as appropriate. CSX and NS have agreed that if for any reason these sources are not sufficient to provide for the payment of Conrail's obligations, they shall provide such funds as are necessary to permit Conrail to pay its obligations, such payments to be made by NS and by CSX in

the proportion 58 and 42 percent, respectively. A listing of Conrail property encumbrances is provided as Exhibit 19 of the Application.

The projection years' pro formas for the post-transaction CSX take into account and include interest payments and principal repayments on the CSX acquisition debt and the CSX portion of Conrail historical long-term debt.

### FINANCIAL RATIOS

In assessing the financial soundness of the entity which results from a railroad control or merger proceeding, the STB reviews various financial ratios and measures. The financial tests it typically applies are:

- I. Fixed Charge Coverage Ratio
- II. Cash Throw-Off-To-Debt Ratio
- III. Operating Ratio
- IV. Return on Equity
- V. Debt to Debt Plus Equity Ratio

To assist the STB in its analyses, these measures are computed for the base year and each of the projection years for the post-transaction CSX in Exhibit WWW-13 (Various Pro Forma Financial Ratios).

The data presented and the ratios computed in Exhibit WWW-13 (Various Pro Forma Financial Ratios) reflect CSX on a consolidated basis and hence may not be directly comparable in all respects to ratios which would result from computations based on solely railroad activities. Since, however, the STB focuses largely on the year-to-year trend in the ratios, and the coverages shown here are adequate and become better over the projection period, the significance of this distinction is minimal for purposes of assessing financial soundness.

# VERIFICATION

I, William W. Whitehurst, Jr., declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

William W. Whitehurst Jr.  
William W. Whitehurst, Jr.

Executed on: June 19, 1997



# VERIFICATION

I, William W. Whitehurst, Jr., declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

William W. Whitehurst Jr.  
William W. Whitehurst, Jr.

Executed on: June 19, 1997

**WILLIAM W. WHITEHURST, JR.  
STATEMENT OF QUALIFICATIONS**

My name is William W. Whitehurst, Jr. I am President of the firm of W.W. Whitehurst & Associates, Inc., economic consultants. The firm's offices are located at 12421 Happy Hollow Road, Cockeysville, Maryland 21030.

I am a graduate of Princeton University with a B.A. degree in mathematics. I hold an M.S. degree in economics (with distinction) from Carnegie Institute of Technology (now Carnegie-Mellon University). While at Carnegie, in addition to fulfilling the requirements for a masters degree in economics, my studies included courses in industrial administration, operations research, statistics, and the cost principles of business enterprises. I have also had five years experience in applied computer research at the National Security Agency.

Since 1963 I have been continuously engaged in business as an economic and transportation consultant. For over three years I was associated with McKinsey & Company, Inc., an international management consulting firm engaged in advising business enterprises and public agencies in resolving problems involving economic policies, marketing, finance, and organizational structure. For twenty years I was associated with L.E. Peabody & Associates, Inc., an economic consulting firm specializing in transportation problems. Prior to its incorporation, I was a partner in the Peabody firm. Following incorporation, I held the office of Executive Vice-President and then the offices of President and Chairman of the Board. Since mid-1986 I have been President of W.W. Whitehurst & Associates, Inc.

While at McKinsey & Company, Inc., I specialized in transportation problems, serving public agencies, railroads, and rail equipment manufacturers. Studies I conducted included, for example: analyses of railroad mergers; analyses of avoidable costs of rail service operations; determination of gains and losses in commuter traffic and revenues from experimental service; development of analytical tools and methods to predict and measure costs of train operations; assistance in the design of rail demonstration grants and in contract negotiations; and assessment of the economic feasibility and potential market for experimental rail equipment. My work at McKinsey also encompassed computer systems, economic and financial analysis, management information systems, and operations research.

Since mid-1966, I have conducted studies, prepared reports, and testified for state governments and other public bodies, individual railroads, railroad associations, individual shippers, and shipper associations. I have analyzed rail operations and changes in railroad costs with changes in service. I have organized and directed detailed traffic analyses and traffic diversion studies involving the flow of all products carried by railroads through various sections of the United States. I have designed, conducted, and analyzed switching and detention studies to assess special handling characteristics of particular commodities. I have participated in negotiations and in litigation before various federal and state courts and regulatory bodies on matters related to the bases for, components of, and amount of trackage rights compensation applicable to various rail services and tenant-landlord relationships. I have also analyzed operations and costs related to rail activities in terminal areas.

While engaged in economic and transportation studies, I have spent considerable time in the operating and accounting departments of various railroads and have become familiar with operating and accounting methods and procedures used by



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railroads in the normal course of business. In the course of my work I have also carried out studies involving the restructuring of rail operations and accounting practices. Consequently, I have had to develop sufficient understanding of these functions to assess the feasibility of recommended changes. My work has also included analyses of the economic feasibility of mergers and acquisitions and providing assistance in negotiating and financing such transactions.

The strategic planning, economic viability, and valuation studies I have conducted for various clients have evaluated going concern value, net liquidation value, and purchase transactions involving companies, segments of companies, and lines of business. In conjunction with some of these studies I have developed and presented expert economic testimony before the Interstate Commerce Commission ("ICC"), the Surface Transportation Board ("STB"), and other regulatory and judicial bodies on valuation, avoidable losses from freight service operations, and measures for determining maximum reasonable rates for freight traffic.

I am a member of the Institute of Management Sciences, the Operations Research Society of America, the Association for Investment Management and Research, the American Railway Engineering Association, and the Transportation Research Forum.

Focusing specifically on the subject matter of this verified statement, I have analyzed investments in railroad facilities and the costs of maintaining and operating those facilities in various relevant contexts, including: railroad mergers and acquisitions; legal proceedings related to the Regional Rail Reorganization Act of 1973 ("3-R Act") and the Railroad Revitalization and Regulatory Reform Act of 1976 ("4-R Act"); trackage rights compensation negotiations and litigation; railroad capital

expenditure programs, and railroad line abandonments.

I have participated in most of the major railroad merger proceedings before the ICC which have occurred in the United States since the early 1980s including: ICC F.D. 30000 (the Union Pacific Railroad - Missouri Pacific Railroad - Western Pacific Railroad control proceeding); ICC F.D. 30400 (the Atchison, Topeka, and Santa Fe Railway - Southern Pacific Transportation Company merger proceeding); ICC F.D. 30800 (the Union Pacific Railroad and Missouri Pacific Railroad - Missouri-Kansas-Texas Railroad control proceeding); ICC F.D. 32000 (the Denver and Rio Grande Western Railroad - Southern Pacific Transportation Company control proceeding); ICC F.D. 31505 (Rio Grande Industries Acquisition of the Kansas City-Chicago line of Soo Line Railroad); ICC F.D. 31522 (Rio Grande Industries Acquisition of the St. Louis-Chicago line of the Chicago Missouri & Western Railway); ICC F.D. 32133 (the Union Pacific Railroad and Missouri Pacific Railroad - Chicago and North Western Railway control proceeding); ICC F.D. 32549 (the Burlington Northern Railroad - Atchison, Topeka and Santa Fe Railway merger proceeding); and STB F.D. 32760 (the Union Pacific - Southern Pacific control and merger proceeding). The primary subjects of my testimony in these proceedings have been valuation of rail lines, pro forma projections of the financial impacts of mergers and acquisitions, economic concepts applicable to determination of trackage rights compensation, and the financial impacts of applying these concepts.

Starting in January 1974 with the enactment of the 3-R Act and continuing into the early 1980s, I participated actively on behalf of various clients in the processes mandated by the 3-R Act, the 4-R Act, the Staggers Rail Act of 1980 ("Staggers Act"), and the Northeast Rail Service Act of 1981 ("NERSA"). The 3-R Act and the 4-R Act led to the creation of Consolidated Rail Corporation ("Conrail"), while the Staggers Act



and NERSA significantly affected its evolution and mission. My participation included: submission of expert testimony in valuation matters before the Special Court created by the 3-R Act; review, analyses and commentary on the Preliminary System Plan ("PSP") and the Final System Plan ("FSP") developed by the United States Railway Association ("USRA") in accordance with the 3-R Act; submission of testimony to and participation in the deliberations of the Rail Services Planning Office ("RSPO") of the ICC in its development of abandonment and subsidy standards applicable to freight service and to commuter rail service (codified at 49 CFR 1152, 1154, 1155, and 1157); negotiations with Conrail concerning subsidy payments for operation of commuter rail service, compensation for operations of freight service over passenger lines, and compensation for operations of passenger service over freight lines; submission of testimony related to maximum reasonable rates; and the determination of compensation principles applicable to freight and passenger operations on the Northeast Corridor.

SECTION 1180.9 (a)  
PRO FORMA BALANCE SHEET  
CSX  
(In Millions)

EXHIBIT WWW-1  
Page 1 of 2

	CSX HISTORICAL 1995 AS REPORTED (1)	ADJUSTMENTS (2)	CSX BASE YEAR (3)
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
CASH, CASH EQUIVALENTS, & SHORT-TERM INVESTMENTS	\$660	(\$80)	\$580
ACCOUNTS RECEIVABLE	832		832
OTHER CURRENT ASSETS	443		443
TOTAL CURRENT ASSETS	<u>1,935</u>	<u>(80)</u>	<u>1,855</u>
<b>PROPERTIES-NET</b>	11,297	173	11,470
<b>OTHER LONG-TERM ASSETS</b>	<u>1,050</u>	<u>6</u>	<u>1,056</u>
TOTAL ASSETS	<u><u>\$14,282</u></u>	<u><u>\$99</u></u>	<u><u>\$14,381</u></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
SHORT-TERM DEBT	\$148		\$148
CURRENT MATURITIES OF LONG-TERM DEBT	486		486
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	2,357	(\$42)	2,315
TOTAL CURRENT LIABILITIES	<u>2,991</u>	<u>(42)</u>	<u>2,949</u>
<b>LONG-TERM DEBT</b>	2,222		2,222
<b>DEFERRED INCOME TAXES</b>	2,560	71	2,631
<b>OTHER LONG-TERM LIABILITIES</b>	<u>2,267</u>	<u>(39)</u>	<u>2,228</u>
TOTAL LIABILITIES	<u>10,040</u>	<u>(10)</u>	<u>10,030</u>
<b>SHAREHOLDERS' EQUITY</b>			
COMMON STOCK, \$1 PAR VALUE	210		210
OTHER CAPITAL	1,210		1,210
RETAINED EARNINGS	2,822	109	2,931
TOTAL SHAREHOLDERS' EQUITY	<u>4,242</u>	<u>109</u>	<u>4,351</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>\$14,282</u></u>	<u><u>\$99</u></u>	<u><u>\$14,381</u></u>

**NOTES TO PRO FORMA BALANCE SHEET**

**CSX**

**BASE YEAR**

**EXHIBIT WWW-1**

**Page 2 of 2**

1. **CSX HISTORICAL 1995 AS REPORTED:** Represents CSX's 1995 balance sheet as reported in the 1995 Form 10-K.
2. **ADJUSTMENTS:** Represents adjustments made to eliminate the effects on CSX's balance sheet of the following non-recurring transactions reported in 1995: (1) a restructuring charge and (2) a net gain on the issuance of an equity interest in the operations of a subsidiary and the writedown of various investments.
3. **CSX BASE YEAR:** Represents CSX's 1995 balance sheet as reported in the 1995 Form 10-K, revised to include the adjustments indicated in 2. above.
4. **OTHER:** CSX acquired a majority interest in and obtained STB authority to control The Indiana Rail Road Company (INRD) in 1996. Prior to the date of control (including base year 1995 used for this Application), the financial statements of INRD were not reported as part of the consolidated financial statements of CSX. INRD had revenues of approximately \$13 million and net income of approximately \$3 million for 1995.



SECTION 1180.9 (b)  
PRO FORMA INCOME STATEMENT  
CSX  
(In Millions)

EXHIBIT WWW-2  
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	CSX HISTORICAL 1995 AS REPORTED (1)	ADJUSTMENTS (2)	CSX BASE YEAR (3)
OPERATING REVENUE	\$10,504	(\$200)	\$10,304
OPERATING EXPENSE	<u>9,332</u>	<u>(411)</u>	<u>8,921</u>
OPERATING INCOME	1,172	211	1,383
OTHER INCOME	72	(31)	41
INTEREST EXPENSE	<u>270</u>	<u></u>	<u>270</u>
EARNINGS BEFORE INCOME TAXES	974	180	1,154
INCOME TAXES	<u>356</u>	<u>71</u>	<u>427</u>
NET EARNINGS	<u><u>\$618</u></u>	<u><u>\$109</u></u>	<u><u>\$727</u></u>

**NOTES TO PRO FORMA INCOME STATEMENT**

**CSX**

**BASE YEAR**

**EXHIBIT WWW-2**

**Page 2 of 2**

1. **CSX HISTORICAL 1995 AS REPORTED:** Represents CSX's 1995 income statement as reported in the 1995 Form 10-K.
2. **ADJUSTMENTS:** Represents adjustments made to eliminate the effects of the following non-recurring transactions reported in 1995: (1) a restructuring charge and (2) a net gain on the issuance of an equity interest in the operations of a subsidiary and the writedown of various investments. Line item reclassifications were also made to conform the income statement with presentation changes made in the 1996 Form 10-K and applied to 1995 in that report.
3. **CSX BASE YEAR:** Represents CSX's 1995 income statement as reported in the 1995 Form 10-K, revised to include the adjustments indicated in 2. above.

SECTION 1180.9 (c)  
PRO FORMA SOURCES AND APPLICATION OF FUNDS (STATEMENT OF CASH FLOWS)  
CSX  
(In Millions)

EXHIBIT WWW-3  
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	CSX HISTORICAL 1995 AS REPORTED (1)	ADJUSTMENTS (2)	CSX BASE YEAR (3)
OPERATING ACTIVITIES			
NET EARNINGS	\$618	\$109	\$727
ADJUSTMENTS TO RECONCILE NET EARNINGS TO NET CASH PROVIDED:			
DEPRECIATION AND AMORTIZATION	600		600
DEFERRED INCOME TAXES	(26)	71	45
OTHER OPERATING ACTIVITIES	375	(155)	220
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,567</u>	<u>25</u>	<u>1,592</u>
INVESTING ACTIVITIES			
PROPERTY ADDITIONS	(1,156)		(1,156)
OTHER INVESTING ACTIVITIES	102	(105)	(3)
NET CASH USED BY INVESTING ACTIVITIES	<u>(1,054)</u>	<u>(105)</u>	<u>(1,159)</u>
FINANCING ACTIVITIES			
SHORT-TERM DEBT-NET	(53)		(53)
LONG-TERM DEBT ISSUED	121		121
LONG-TERM DEBT REPAYD	(343)		(343)
CASH DIVIDENDS PAID	(194)		(194)
OTHER FINANCING ACTIVITIES	11		11
NET CASH USED BY FINANCING ACTIVITIES	<u>(458)</u>	<u>0</u>	<u>(458)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>\$55</u>	<u>(\$80)</u>	<u>(\$25)</u>



CSX  
BASE YEAR

1. CSX HISTORICAL 1995 AS REPORTED: Represents CSX's 1995 sources and application of funds as reported in the 1995 Form 10-K.
2. ADJUSTMENTS: Represents adjustments made to eliminate the effects of the following non-recurring transactions reported in 1995: (1) a restructuring charge and (2) a net gain on the issuance of an equity interest in the operations of a subsidiary and the writedown of various investments.
3. CSX BASE YEAR: Represents CSX's 1995 sources and application of funds as reported in the 1995 Form 10-K, revised to include the adjustments indicated in 2. above.

SECTION 1180.9 (a)  
PRO FORMA BALANCE SHEET  
CONRAIL  
(In Millions)

EXHIBIT WWW-4  
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	CONRAIL HISTORICAL 1995 AS REPORTED			ALLOCATION OF CONRAIL BASE YEAR	
	(1)	ADJUSTMENTS (2)	CONRAIL BASE YEAR (3)	CSX (4a)	NS (4b)
ASSETS					
CURRENT ASSETS					
CASH, CASH EQUIVALENTS, & SHORT-TERM INVESTMENTS	\$73	\$37	\$110	\$46	\$64
ACCOUNTS RECEIVABLE	614		614	258	356
OTHER CURRENT ASSETS	519		519	218	301
TOTAL CURRENT ASSETS	1,206	37	1,243	522	721
PROPERTIES-NET	6,408	285	6,693	2,811	3,882
OTHER LONG-TERM ASSETS	810		810	340	470
TOTAL ASSETS	\$8,424	\$322	\$8,746	\$3,673	\$5,073
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
SHORT-TERM DEBT	\$89		\$89	\$37	\$52
CURRENT MATURITIES OF LONG-TERM DEBT	181		181	76	105
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	900		900	378	522
TOTAL CURRENT LIABILITIES	1,170	0	1,170	491	679
LONG-TERM DEBT	1,911		1,911	803	1,108
DEFERRED INCOME TAXES	1,393	130	1,523	640	883
OTHER LONG-TERM LIABILITIES	973		973	408	565
TOTAL LIABILITIES	5,447	130	5,577	2,342	3,235
SHAREHOLDERS' EQUITY					
COMMON STOCK, \$1 PAR VALUE	85		85	36	49
ESOP PREFERRED STOCK	282		282	118	164
OTHER CAPITAL	1,434		1,434	602	832
RETAINED EARNINGS	1,176	192	1,368	575	793
TOTAL SHAREHOLDERS' EQUITY	2,977	192	3,169	1,331	1,838
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$8,424	\$322	\$8,746	\$3,673	\$5,073

NOTES TO PRO FORMA BALANCE SHEET  
CONRAIL  
BASE YEAR

EXHIBIT WWW-4  
Page 2 of 2

1. **CONRAIL HISTORICAL 1995 AS REPORTED:** Represents Conrail's 1995 balance sheet as reported in the 1995 Form 10-K.
2. **ADJUSTMENTS:** Represents adjustments made to eliminate the effects on Conrail's balance sheet of the following non-recurring transactions reported in 1995: (1) asset disposition charge and (2) decrease in state income tax rate. An adjustment was also made to eliminate from the base year the balance sheet effects of permanent annual cost savings resulting from a 1996 voluntary separation program.
3. **CONRAIL BASE YEAR:** Represents Conrail's 1995 balance sheet as reported, revised to include the adjustments indicated in 2. above.
4. **ALLOCATION OF CONRAIL BASE YEAR:** For purposes of this STB pro forma presentation, the financial statements for Conrail were divided based on the Percentage, which reflects the economics of the transaction. No separate estimation was made for that portion of Conrail which will be shared. It is expected that the assets and operations which will be jointly controlled will be accounted for under the equity method of accounting by both CSX and NS after the Control Date.
  - a. **CSX:** Represents 42% of Conrail's assets, liabilities, and shareholders' equity.
  - b. **NS:** Represents 58% of Conrail's assets, liabilities, and shareholders' equity.



SECTION 1180.9 (b)  
PRO FORMA INCOME STATEMENT  
CONRAIL  
(In Millions)

EXHIBIT WWW-5  
Page 1 of 2

	CONRAIL HISTORICAL 1995 AS REPORTED			ALLOCATION OF CONRAIL BASE YEAR	
	(1)	ADJUSTMENTS (2)	CONRAIL BASE YEAR (3)	CSX (4a)	NS (4b)
OPERATING REVENUE	\$3,686		\$3,686	\$1,548	\$2,138
OPERATING EXPENSE	3,230	(\$344)	2,886	1,212	1,674
OPERATING INCOME	456	344	800	336	464
OTHER INCOME	130		130	55	75
INTEREST EXPENSE	194		194	81	113
EARNINGS BEFORE INCOME TAXES	392	344	736	310	426
INCOME TAXES	128	152	280	118	162
NET EARNINGS	\$264	\$192	\$456	\$192	\$264

NOTES TO PRO FORMA INCOME STATEMENT

CONRAIL  
BASE YEAR

EXHIBIT WWW-5  
Page 2 of 2

1. **CONRAIL HISTORICAL 1995 AS REPORTED:** Represents Conrail's 1995 income statement as reported in the 1995 Form 10-K.
2. **ADJUSTMENTS:** Represents adjustments made to eliminate the effects of the following non-recurring transactions reported in 1995: (1) asset disposition charge and (2) decrease in state income tax rate. An adjustment was also made to eliminate from the base year the effects of permanent annual cost savings resulting from a 1996 voluntary separation program.
3. **CONRAIL BASE YEAR:** Represents Conrail's 1995 income statement as reported, revised to include the adjustments indicated in 2. above.
4. **ALLOCATION OF CONRAIL BASE YEAR:** For purposes of this STB pro forma presentation, the financial statements for Conrail were divided based on the Percentage, which reflects the economics of the transaction. No separate estimation was made for that portion of Conrail which will be shared. It is expected that the assets and operations which will be jointly controlled will be accounted for under the equity method of accounting by both CSX and NS after the Control Date.
  - a. **CSX:** Represents 42% of Conrail's revenues and expenses.
  - b. **NS:** Represents 58% of Conrail's revenues and expenses.

SECTION 1180.9 (c)  
PRO FORMA SOURCES AND APPLICATION OF FUNDS (STATEMENT OF CASH FLOWS)  
CONRAIL  
(In Millions)

EXHIBIT WWW-6  
Page 1 of 2

	CONRAIL HISTORICAL 1995 AS REPORTED			ALLOCATION OF CONRAIL BASE YEAR	
	(1)	ADJUSTMENTS (2)	CONRAIL BASE YEAR (3)	CSX (4a)	NS (4b)
OPERATING ACTIVITIES					
NET EARNINGS	\$264	\$192	\$456	\$192	\$264
ADJUSTMENTS TO RECONCILE NET EARNINGS TO NET CASH PROVIDED:					
DEPRECIATION AND AMORTIZATION	293		293	123	170
DEFERRED INCOME TAXES	108	130	238	100	138
OTHER OPERATING ACTIVITIES	108	(285)	(177)	(74)	(103)
NET CASH PROVIDED BY OPERATING ACTIVITIES	773	37	810	341	469
INVESTING ACTIVITIES					
PROPERTY ADDITIONS	(415)		(415)	(174)	(241)
OTHER INVESTING ACTIVITIES	(21)		(21)	(9)	(12)
NET CASH USED BY INVESTING ACTIVITIES	(436)	0	(436)	(183)	(253)
FINANCING ACTIVITIES					
SHORT-TERM DEBT-NET	(23)		(23)	(10)	(13)
LONG-TERM DEBT ISSUED	85		85	36	49
LONG-TERM DEBT REPAYED	(134)		(134)	(56)	(78)
PURCHASE AND RETIREMENT OF COMMON STOCK	(92)		(92)	(39)	(53)
CASH DIVIDENDS PAID	(150)		(150)	(63)	(87)
OTHER FINANCING ACTIVITIES	7		7	3	4
NET CASH USED BY FINANCING ACTIVITIES	(307)	0	(307)	(129)	(178)
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$30	\$37	\$67	\$29	\$38



CONRAIL  
BASE YEAR

1. **CONRAIL HISTORICAL 1995 AS REPORTED:** Represents Conrail's 1995 sources and application of funds as reported in the 1995 Form 10-K.
2. **ADJUSTMENTS:** Represents adjustments made to eliminate the effects of the following non-recurring transactions reported in 1995: (1) asset disposition charge and (2) decrease in state income tax rate. An adjustment was also made to eliminate from the base year the effects of permanent annual cost savings resulting from a 1996 voluntary separation program.
3. **CONRAIL BASE YEAR:** Represents Conrail's 1995 sources and application of funds as reported, revised to include the adjustments indicated in 2. above.
4. **ALLOCATION OF CONRAIL BASE YEAR:** For purposes of this STB pro forma presentation, the financial statements for Conrail were divided based on the Percentage, which reflects the economics of the transaction. No separate estimation was made for that portion of Conrail which will be shared. It is expected that the assets and operations which will be jointly controlled will be accounted for under the equity method of accounting by both CSX and NS after the Control Date.
  - a. CSX: Represents 42% of Conrail's sources and application of funds.
  - b. NS: Represents 58% of Conrail's sources and application of funds.

SECTION 1180.9 (a)  
PRO FORMA BALANCE SHEET  
CSX / CONRAIL  
(In Millions)

EXHIBIT WWW-7  
Page 1 of 2

	CONRAIL OPERATIONS ACQUIRED				CSX / CONRAIL BASE YEAR (3)
	CSX BASE YEAR (1)	CSX PORTION OF CONRAIL BASE YEAR (2a)	PURCHASE ACCOUNTING ADJUSTMENTS (2b)	TOTAL (2c)	
ASSETS					
CURRENT ASSETS					
CASH, CASH EQUIVALENTS, & SHORT-TERM INVESTMENTS	\$580	\$46		\$46	\$626
ACCOUNTS RECEIVABLE	832	258		258	1,090
OTHER CURRENT ASSETS	443	218		218	661
TOTAL CURRENT ASSETS	<u>1,855</u>	<u>522</u>	<u>0</u>	<u>522</u>	<u>2,377</u>
PROPERTIES-NET	11,470	2,811	4,011	6,822	18,292
OTHER LONG-TERM ASSETS	1,056	340	764	1,104	2,160
TOTAL ASSETS	<u>\$14,381</u>	<u>\$3,673</u>	<u>\$4,775</u>	<u>\$8,448</u>	<u>\$22,829</u>
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
SHORT-TERM DEBT	\$148	\$37		\$37	\$185
CURRENT MATURITIES OF LONG-TERM DEBT	486	76		76	562
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	2,315	378	170	548	2,863
TOTAL CURRENT LIABILITIES	<u>2,949</u>	<u>491</u>	<u>170</u>	<u>661</u>	<u>3,610</u>
LONG-TERM DEBT	2,222	803	4,277	5,080	7,302
DEFERRED INCOME TAXES	2,631	640	1,466	2,106	4,737
OTHER LONG-TERM LIABILITIES	2,228	408	193	601	2,829
TOTAL LIABILITIES	<u>10,030</u>	<u>2,342</u>	<u>6,106</u>	<u>8,448</u>	<u>18,478</u>
SHAREHOLDERS' EQUITY					
COMMON STOCK, \$1 PAR VALUE	210	36	(36)	0	210
ESOP PREFERRED STOCK		118	(118)	0	0
OTHER CAPITAL	1,210	602	(602)	0	1,210
RETAINED EARNINGS	2,931	575	(575)	0	2,931
TOTAL SHAREHOLDERS' EQUITY	<u>4,351</u>	<u>1,331</u>	<u>(1,331)</u>	<u>0</u>	<u>4,351</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$14,381</u>	<u>\$3,673</u>	<u>\$4,775</u>	<u>\$8,448</u>	<u>\$22,829</u>

**NOTES TO PRO FORMA BALANCE SHEET**

**CSX / CONRAIL**

**BASE YEAR**

**EXHIBIT WWW-7**

**Page 2 of 2**

1. **CSX BASE YEAR:** Represents CSX's 1995 balance sheet as reported in the 1995 Form 10-K, adjusted to eliminate the balance sheet effects of non-recurring transactions. See separate CSX base year pro forma balance sheet included in this section of the Application.
2. **CONRAIL OPERATIONS ACQUIRED:**
  - a. **CSX PORTION OF CONRAIL BASE YEAR:** Represents CSX's proportionate share of Conrail's 1995 assets liabilities, and shareholders' equity under the Division, excluding the effects of non-recurring transactions. See separate Conrail pro forma balance sheet included in this section of the Application.
  - b. **PURCHASE ACCOUNTING ADJUSTMENTS:** Represents the acquisition by CSX of its proportionate share of Conrail's net assets and the related purchase accounting adjustments for this transaction.



SECTION 1180.9 (b)  
PRO FORMA INCOME STATEMENT  
CSX / CONRAIL  
(In Millions)

EXHIBIT WWW-8  
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	CSX BASE YEAR (1)	CONRAIL OPERATIONS ACQUIRED CSX PORTION OF CONRAIL BASE YEAR (2)	CSX / CONRAIL BASE YEAR (3)
OPERATING REVENUE	\$10,304	\$1,548	\$11,852
OPERATING EXPENSE	<u>8,921</u>	<u>1,212</u>	<u>10,133</u>
OPERATING INCOME	1,383	336	1,719
OTHER INCOME	41	55	96
INTEREST EXPENSE	<u>270</u>	<u>81</u>	<u>351</u>
EARNINGS BEFORE INCOME TAXES	1,154	310	1,464
INCOME TAXES	<u>427</u>	<u>118</u>	<u>545</u>
NET EARNINGS	<u><u>\$727</u></u>	<u><u>\$192</u></u>	<u><u>\$919</u></u>

NOTES TO PRO FORMA INCOME STATEMENT

CSX / CONRAIL

BASE YEAR

EXHIBIT WWW-8

Page 2 of 2

1. **CSX BASE YEAR:** Represents CSX's 1995 income statement as reported in the 1995 Form 10-K, adjusted to eliminate the effects of non-recurring transactions and to reflect certain reclassifications. See separate CSX base year pro forma income statement included in this section of the Application.
2. **CONRAIL OPERATIONS ACQUIRED - CSX PORTION OF CONRAIL BASE YEAR:** Represents CSX's proportionate share of Conrail's revenues and expenses under the Division, excluding the effects of non-recurring transactions. See separate Conrail base year pro forma income statement included in this section of the Application.

SECTION 1180.9 (c)  
PRO FORMA SOURCES AND APPLICATION OF FUNDS (STATEMENT OF CASH FLOWS)  
CSX / CONRAIL  
(In Millions)

EXHIBIT WWW-9  
Page 1 of 2

	CSX BASE YEAR (1)	CONRAIL OPERATIONS ACQUIRED CSX PORTION OF CONRAIL BASE YEAR (2)	CSX / CONRAIL BASE YEAR (3)
OPERATING ACTIVITIES			
NET EARNINGS	\$727	\$192	\$919
ADJUSTMENTS TO RECONCILE NET EARNINGS TO NET CASH PROVIDED:			
DEPRECIATION AND AMORTIZATION	600	123	723
DEFERRED INCOME TAXES	45	100	145
OTHER OPERATING ACTIVITIES	220	(74)	146
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,592</u>	<u>341</u>	<u>1,933</u>
INVESTING ACTIVITIES			
PROPERTY ADDITIONS	(1,156)	(174)	(1,330)
OTHER INVESTING ACTIVITIES	(3)	(9)	(12)
NET CASH USED BY INVESTING ACTIVITIES	<u>(1,159)</u>	<u>(183)</u>	<u>(1,342)</u>
FINANCING ACTIVITIES			
SHORT-TERM DEBT-NET	(53)	(10)	(63)
LONG-TERM DEBT ISSUED	121	36	157
LONG-TERM DEBT REPAYED	(343)	(56)	(399)
PURCHASE AND RETIREMENT OF COMMON STOCK	--	(39)	(39)
CASH DIVIDENDS PAID	(194)	(63)	(257)
OTHER FINANCING ACTIVITIES	11	3	14
NET CASH USED BY FINANCING ACTIVITIES	<u>(458)</u>	<u>(129)</u>	<u>(587)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(\$25)</u>	<u>\$29</u>	<u>\$4</u>



NOTES TO PRO FORMA SOURCES AND APPLICATION OF FUNDS (STATEMENT OF CASH FLOWS)

CSX / CONRAIL

BASE YEAR

EXHIBIT WWW-9

Page 2 of 2

1. **CSX BASE YEAR:** Represents CSX's 1995 sources and application of funds as reported in the 1995 Form 10-K, adjusted to eliminate the effects of non-recurring transactions. See separate CSX base year pro sources and application of funds included in this section of the Application.
2. **CONRAIL OPERATIONS ACQUIRED -- CSX PORTION OF CONRAIL BASE YEAR:** Represents CSX's proportionate share of Conrail's sources and application of funds under the Division, excluding the effects of non-recurring transactions. See separate Conrail base year pro forma statement of sources and application of funds included in this section of the Application.

SECTION 1180.9 (a)  
PRO FORMA BALANCE SHEET  
CSX / CONRAIL  
(In Millions)

EXHIBIT WWW-10  
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	CSX / CONRAIL BASE YEAR (1)	YEAR 1 ACTIVITY (2)	CSX / CONRAIL PRO FORMA YEAR 1 (3)
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
CASH, CASH EQUIVALENTS, & SHORT-TERM INVESTMENTS	\$626	\$4	\$630
ACCOUNTS RECEIVABLE	1,090		1,090
OTHER CURRENT ASSETS	661		661
TOTAL CURRENT ASSETS	<u>2,377</u>	<u>4</u>	<u>2,381</u>
<b>PROPERTIES-NET</b>	18,292	835	19,127
<b>OTHER LONG-TERM ASSETS</b>	<u>2,160</u>	<u>(154)</u>	<u>2,006</u>
TOTAL ASSETS	<u><u>\$22,829</u></u>	<u><u>\$685</u></u>	<u><u>\$23,514</u></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
SHORT-TERM DEBT	\$185		\$185
CURRENT MATURITIES OF LONG-TERM DEBT	562		562
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	2,863	(\$21)	2,842
TOTAL CURRENT LIABILITIES	<u>3,610</u>	<u>(21)</u>	<u>3,589</u>
<b>LONG-TERM DEBT</b>	7,302	(1)	7,301
<b>DEFERRED INCOME TAXES</b>	4,737	156	4,893
<b>OTHER LONG-TERM LIABILITIES</b>	<u>2,829</u>	<u>14</u>	<u>2,843</u>
TOTAL LIABILITIES	<u>18,478</u>	<u>148</u>	<u>18,626</u>
<b>SHAREHOLDERS' EQUITY</b>			
COMMON STOCK, \$1 PAR VALUE	210		210
OTHER CAPITAL	1,210		1,210
RETAINED EARNINGS	2,931	537	3,468
TOTAL SHAREHOLDERS' EQUITY	<u>4,351</u>	<u>537</u>	<u>4,888</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>\$22,829</u></u>	<u><u>\$685</u></u>	<u><u>\$23,514</u></u>

SECTION 1180.9 (a)  
PRO FORMA BALANCE SHEET  
CSX / CONRAIL  
(In Millions)

EXHIBIT WWW-10  
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	CSX / CONRAIL PRO FORMA YEAR 1 <u>(1)</u>	YEAR 2 ACTIVITY <u>(2)</u>	CSX / CONRAIL PRO FORMA YEAR 2 <u>(3)</u>
ASSETS			
CURRENT ASSETS			
CASH, CASH EQUIVALENTS, & SHORT-TERM INVESTMENTS	\$630	\$4	\$634
ACCOUNTS RECEIVABLE	1,090		1,090
OTHER CURRENT ASSETS	661		661
TOTAL CURRENT ASSETS	<u>2,381</u>	<u>4</u>	<u>2,385</u>
PROPERTIES-NET	19,127	598	19,725
OTHER LONG-TERM ASSETS	2,006	(2)	2,004
TOTAL ASSETS	<u>\$23,514</u>	<u>\$600</u>	<u>\$24,114</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
SHORT-TERM DEBT	\$185		\$185
CURRENT MATURITIES OF LONG-TERM DEBT	562		562
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	2,842	\$112	2,954
TOTAL CURRENT LIABILITIES	<u>3,589</u>	<u>112</u>	<u>3,701</u>
LONG-TERM DEBT	7,301	(319)	6,982
DEFERRED INCOME TAXES	4,893	154	5,047
OTHER LONG-TERM LIABILITIES	2,843	14	2,857
TOTAL LIABILITIES	<u>18,626</u>	<u>(39)</u>	<u>18,587</u>
SHAREHOLDERS' EQUITY			
COMMON STOCK, \$1 PAR VALUE	210		210
OTHER CAPITAL	1,210		1,210
RETAINED EARNINGS	3,468	639	4,107
TOTAL SHAREHOLDERS' EQUITY	<u>4,888</u>	<u>639</u>	<u>5,527</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$23,514</u>	<u>\$600</u>	<u>\$24,114</u>



SECTION 1180.9 (a)  
PRO FORMA BALANCE SHEET  
CSX / CONRAIL  
(In Millions)

EXHIBIT WWW-10  
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	CSX / CONRAIL PRO FORMA YEAR 2 (1)	YEAR 3 ACTIVITY (2)	CSX / CONRAIL PRO FORMA YEAR 3 (3)
ASSETS			
CURRENT ASSETS			
CASH, CASH EQUIVALENTS, & SHORT-TERM INVESTMENTS	\$634	\$4	\$638
ACCOUNTS RECEIVABLE	1,090		1,090
OTHER CURRENT ASSETS	661		661
TOTAL CURRENT ASSETS	<u>2,385</u>	<u>4</u>	<u>2,389</u>
PROPERTIES-NET	19,725	530	20,255
OTHER LONG-TERM ASSETS	<u>2,004</u>	<u>(1)</u>	<u>2,003</u>
TOTAL ASSETS	<u>\$24,114</u>	<u>\$533</u>	<u>\$24,647</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
SHORT-TERM DEBT	\$185		\$185
CURRENT MATURITIES OF LONG-TERM DEBT	562		562
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	<u>2,954</u>	<u>\$129</u>	<u>3,083</u>
TOTAL CURRENT LIABILITIES	<u>3,701</u>	<u>129</u>	<u>3,830</u>
LONG-TERM DEBT	6,982	(492)	6,490
DEFERRED INCOME TAXES	5,047	147	5,194
OTHER LONG-TERM LIABILITIES	<u>2,857</u>	<u>14</u>	<u>2,871</u>
TOTAL LIABILITIES	<u>18,587</u>	<u>(202)</u>	<u>18,385</u>
SHAREHOLDERS' EQUITY			
COMMON STOCK, \$1 PAR VALUE	210		210
OTHER CAPITAL	1,210		1,210
RETAINED EARNINGS	<u>4,107</u>	<u>735</u>	<u>4,842</u>
TOTAL SHAREHOLDERS' EQUITY	<u>5,527</u>	<u>735</u>	<u>6,262</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$24,114</u>	<u>\$533</u>	<u>\$24,647</u>

SECTION 1180.9 (a)  
PRO FORMA BALANCE SHEET  
CSX / CONRAIL  
(In Millions)

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	CSX / CONRAIL PRO FORMA YEAR 3 <u>(1)</u>	NORMAL YEAR ACTIVITY <u>(2)</u>	CSX / CONRAIL PRO FORMA NORMAL YEAR <u>(3)</u>
ASSETS			
CURRENT ASSETS			
CASH, CASH EQUIVALENTS, & SHORT-TERM INVESTMENTS	\$638	\$4	\$642
ACCOUNTS RECEIVABLE	1,090		1,090
OTHER CURRENT ASSETS	661		661
TOTAL CURRENT ASSETS	<u>2,389</u>	<u>4</u>	<u>2,393</u>
PROPERTIES-NET	20,255	481	20,736
OTHER LONG-TERM ASSETS	2,003	0	2,003
TOTAL ASSETS	<u>\$24,647</u>	<u>\$485</u>	<u>\$25,132</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
SHORT-TERM DEBT	\$185		\$185
CURRENT MATURITIES OF LONG-TERM DEBT	562		562
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	3,083	\$140	3,223
TOTAL CURRENT LIABILITIES	<u>3,830</u>	<u>140</u>	<u>3,970</u>
LONG-TERM DEBT	6,490	(575)	5,915
DEFERRED INCOME TAXES	5,194	139	5,333
OTHER LONG-TERM LIABILITIES	2,871	14	2,885
TOTAL LIABILITIES	<u>18,385</u>	<u>(282)</u>	<u>18,103</u>
SHAREHOLDERS' EQUITY			
COMMON STOCK, \$1 PAR VALUE	210		210
OTHER CAPITAL	1,210		1,210
RETAINED EARNINGS	4,842	767	5,609
TOTAL SHAREHOLDERS' EQUITY	<u>6,262</u>	<u>767</u>	<u>7,029</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$24,647</u>	<u>\$485</u>	<u>\$25,132</u>

NOTES TO PRO FORMA BALANCE SHEET  
CSX / CONRAIL  
YEAR 1 THROUGH NORMAL YEAR

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1. CSX / CONRAIL BASE YEAR (1995) OR PRO FORMA FOR PRECEDING YEAR: For Year 1, represents the pro forma combined CSX / Conrail base year balance sheet. For Year 2 through Normal Year, represents the pro forma combined CSX / Conrail balance sheet for the preceding year. See separate combined CSX / Conrail base year, Year 1, Year 2, or Year 3 pro forma balance sheets included in this section of the Application.
2. YEAR 1 THROUGH NORMAL YEAR ACTIVITY: Represents the effects on the combined CSX / Conrail pro forma balance sheets of the operating results (earnings and cash flows) for the respective years, inclusive of adjustments to reflect implementation of the operating plan:

CASH, CASH EQUIVALENTS & SHORT-TERM INVESTMENTS - Represents the normal change in cash (resulting from the base year) as derived from the statement of sources and application of funds (statement of cash flows).

PROPERTIES - NET - Represents capital expenditures for each of the respective years, including capital expenditures necessary to combine operations of CSX and Conrail, less an allowance for depreciation for each year. All years reflect an increase in the normal allowance for depreciation resulting from the capital expenditures necessary to combine operations and the purchase accounting adjustment to revalue property and equipment.

OTHER LONG-TERM ASSETS - Represents normal expenditures for other investing activities (resulting from the base year), less amortization of goodwill arising from the purchase accounting adjustments.

ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES - Represents net cash flows from other operating activities, principally net changes in the balance of accounts payable and other current liabilities.

LONG-TERM DEBT - Represents the net issuance or repayment of long-term debt for the respective years. In any year where there is a net use of cash arising from the combination of CSX and Conrail and the implementation of the operating plan, long-term debt is assumed to be issued. In any year where there is a net source of cash arising from the combination and the operating plan, long-term debt is assumed to be repaid.

DEFERRED INCOME TAXES - Represents the net change in the deferred income tax liability resulting principally from different book and tax treatment for depreciation expense and for the depreciation or amortization of components of the excess purchase price resulting from the transaction.

OTHER LONG-TERM LIABILITIES - Represents normal proceeds from other financing activities (resulting from the base year) as derived from the statement of sources and application of funds (statement of cash flows).

RETAINED EARNINGS - Represents net earnings for the respective years, less dividends declared and paid to shareholders.



SECTION 1180.9 (b)  
PRO FORMA INCOME STATEMENT  
CSX / CONRAIL  
(In Millions)

EXHIBIT WWW-11  
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	CSX / CONRAIL BASE YEAR (1)	YEAR 1 ADJUSTMENTS (2)	CSX / CONRAIL PRO FORMA YEAR 1 (3)
OPERATING REVENUE	\$11,852	\$170	\$12,022
OPERATING EXPENSE	<u>10,133</u>	<u>140</u>	<u>10,273</u>
OPERATING INCOME	1,719	30	1,749
OTHER INCOME	96		96
INTEREST EXPENSE	<u>351</u>	<u>290</u>	<u>641</u>
EARNINGS BEFORE INCOME TAXES	1,464	(260)	1,204
INCOME TAXES	<u>545</u>	<u>(94)</u>	<u>451</u>
NET EARNINGS	<u><u>\$919</u></u>	<u><u>(\$166)</u></u>	<u><u>\$753</u></u>

SECTION 1180.9 (b)  
PRO FORMA INCOME STATEMENT  
CSX / CONRAIL

EXHIBIT WWW-11  
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	CSX / CONRAIL BASE YEAR (1)	YEAR 2 ADJUSTMENTS (2)	CSX / CONRAIL PRO FORMA YEAR 2 (3)
OPERATING REVENUE	\$11,852	\$310	\$12,162
OPERATING EXPENSE	<u>10,133</u>	<u>160</u>	<u>10,293</u>
OPERATING INCOME	1,719	150	1,869
OTHER INCOME	96		96
INTEREST EXPENSE	<u>351</u>	<u>281</u>	<u>632</u>
EARNINGS BEFORE INCOME TAXES	1,464	(131)	1,333
INCOME TAXES	<u>545</u>	<u>(45)</u>	<u>500</u>
NET EARNINGS	<u>\$919</u>	<u>(\$86)</u>	<u>\$833</u>

SECTION 1180.9 (b)  
PRO FORMA INCOME STATEMENT  
CSX / CONRAIL  
(In Millions)

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	CSX / CONRAIL BASE YEAR (1)	YEAR 3 ADJUSTMENTS (2)	CSX / CONRAIL PRO FORMA YEAR 3 (3)
OPERATING REVENUE	\$11,852	\$414	\$12,266
OPERATING EXPENSE	<u>10,133</u>	<u>133</u>	<u>10,266</u>
OPERATING INCOME	1,719	281	2,000
OTHER INCOME	96		96
INTEREST EXPENSE	<u>351</u>	<u>258</u>	<u>609</u>
EARNINGS BEFORE INCOME TAXES	1,464	23	1,487
INCOME TAXES	<u>545</u>	<u>13</u>	<u>558</u>
NET EARNINGS	<u><u>\$919</u></u>	<u><u>\$10</u></u>	<u><u>\$929</u></u>



SECTION 1180.9 (b)  
PRO FORMA INCOME STATEMENT  
CSX / CONRAIL  
(In Millions)

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	<u>CSX / CONRAIL BASE YEAR</u> (1)	<u>NORMAL YEAR ADJUSTMENTS</u> (2)	<u>CSX / CONRAIL PRO FORMA NORMAL YEAR</u> (3)
OPERATING REVENUE	\$11,852	\$414	\$12,266
OPERATING EXPENSE	<u>10,133</u>	<u>111</u>	<u>10,244</u>
OPERATING INCOME	1,719	303	2,022
OTHER INCOME	96		96
INTEREST EXPENSE	<u>351</u>	<u>228</u>	<u>579</u>
EARNINGS BEFORE INCOME TAXES	1,464	75	1,539
INCOME TAXES	<u>545</u>	<u>33</u>	<u>578</u>
NET EARNINGS	<u><u>\$919</u></u>	<u><u>\$42</u></u>	<u><u>\$961</u></u>

NOTES TO PRO FORMA INCOME STATEMENT

CSX / CONRAIL

YEAR 1 THROUGH NORMAL YEAR

EXHIBIT WWW-11

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1. CSX / CONRAIL BASE YEAR (1995): Represents pro forma combined CSX / Conrail base year income statement, included separately in this section of the Application.
2. YEAR 1 THROUGH NORMAL YEAR ADJUSTMENTS: Represents the effects on the combined CSX / Conrail pro forma base year income statement of cumulative net benefits arising from implementation of the operating plan, inclusive of one-time expenses related to combining operations, as well as depreciation and amortization arising from purchase accounting adjustments and interest expense on acquisition debt:

OPERATING REVENUE - Represents gross revenue gains from additional traffic, as well as an amount to adjust the division of the Conrail base year from an allocation based on the Percentage, which reflects the economics of the transaction, to an allocation based on the study period, which reflects traffic modeling based on 1995 historical data.

OPERATING EXPENSE - Represents net benefits from operating and facility efficiencies, reduced by (1) additional expenses incurred to handle increased traffic, (2) increased depreciation expense arising from one-time capital expenditures to combine operations and from the purchase accounting adjustment to revalue property and equipment, and (3) amortization of goodwill arising from the purchase accounting adjustments.

INTEREST EXPENSE - Represents the net increase in interest expense arising from debt incurred to finance the acquisition, net of interest expense reductions arising from debt repayments.

INCOME TAXES - Represents the change in current and deferred income taxes resulting from the net adjustments to pretax earnings as outlined above.

SECTION 1180.9 (c)  
PRO FORMA SOURCES AND APPLICATION OF FUNDS (STATEMENT OF CASH FLOWS)  
CSX / CONRAIL  
(In Millions)

EXHIBIT WWW-12  
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	CSX / CONRAIL BASE YEAR (1)	YEAR 1 ADJUSTMENTS (2)	CSX / CONRAIL PRO FORMA YEAR 1 (3)
OPERATING ACTIVITIES			
NET EARNINGS	\$919	(\$166)	\$753
ADJUSTMENTS TO RECONCILE NET EARNINGS TO NET CASH PROVIDED:			
DEPRECIATION AND AMORTIZATION	723	105	828
DEFERRED INCOME TAXES	145	11	156
OTHER OPERATING ACTIVITIES	146	(35)	111
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,933</u>	<u>(85)</u>	<u>1,848</u>
INVESTING ACTIVITIES			
PROPERTY ADDITIONS	(1,330)	(321)	(1,651)
OTHER INVESTING ACTIVITIES	(12)		(12)
NET CASH USED BY INVESTING ACTIVITIES	<u>(1,342)</u>	<u>(321)</u>	<u>(1,663)</u>
FINANCING ACTIVITIES			
SHORT-TERM DEBT-NET	(63)	63	0
LONG-TERM DEBT ISSUED	157	241	398
LONG-TERM DEBT REPAYED	(399)		(399)
PURCHASE AND RETIREMENT OF COMMON STOCK	(39)	39	0
CASH DIVIDENDS PAID	(257)	63	(194)
OTHER FINANCING ACTIVITIES	14		14
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(587)</u>	<u>406</u>	<u>(181)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>\$4</u>	<u>\$0</u>	<u>\$4</u>