(67) Corsi, Thomas M. and Roberts, Merrill J. "Rail/Truck Market Share Dynamics, 1963-1972," Transportation Research Forum Proceedings, Vol. XVIII, No. 1, 1977, pp. 532-544.

(68) McGinnis, Michael A. and Corsi, Thomas M. "Effects of Product Characteristics and Individual Shipper Attitudes on the Use of Alternative Transportation Modes," Transportation Research Forum Proceedings, Vol. XIX, No. 1, 1978, pp. 314-322.

(69) Heilmann, Ronald L. and Corsi, Thomas M. "Modeling the Shipper's Route Choice for the Movement of Goods: An Application to General Cargo Exports," Transportation Research Forum Proceedings, Vol. XIX, No. 1, 1978, pp. 450-455.

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(76) Corsi, Thomas M.; Grimm, Curtis M.; and Smith, Raymond D. "Motor Carrier Strategies in a Changing Environment: An Empirical Analysis," Transportation Research Forum Proceedings, Vol. XXVII, No. 1, 1986, pp. 177-180.

(77) Corsi, Thomas M.; Boyson, Sandor; Dresner, Martin; et. al. "Logistics Challenges and Opportunities in the 1990s: A National Survey of Corporate Logistics Best Practices," Council of Logistics Management, Annual Conference Proceedings, October 1995, pp. 61-80.

Professional Publications

(78) Corsi, Thomas M. "A Look Ahead at U.S. Trucking," Journal of Commerce, January 24, 1995, p. 10A.

(79) Corsi, Thomas M. "Third Party Logistics Providers: A Viable Option for Trucking Firms," Western Highway Institute News, January/February 1995, p. 3-4.

Other Publications and Reports

The Great Lakes Transportation System, 1976, Madison, Wisconsin: Sea Grant Program (with Harold M. Mayer, Eric Schenker, et. al.)

Household Response to Motor Fuel Shortages and Higher Prices in Southeastern Wisconsin, Technical Report No. 15, 1976, Southeastern Wisconsin Regional Planning Commission, Waukesha, Wisconsin.

The Potential Fuel Efficiency Consequences of Motor Carrier Deregulation, one report in a series entitled Regulatory Reform of the General Commodity Segment of the Motor Carrier Industry, Office of Policy and Analysis, Interstate Commerce Commission, 1980 (with Merrill J. Roberts).

Regular Common Carriers and Their Competitors, one report in a series entitled Regulatory Reform of the General Commodity Segment of the Motor Carrier Industry, Office of Policy and Analysis, Interstate Commerce Commission, 1980 (with Merrill J. Roberts).

Regulatory Change: Experimentation in Motor Carrier Entry Control, National Transportation Policy Study Commission, Working Paper No. 11, National Technical Information Service, Springfield, Virginia, May 1979, 138 pages (with Merrill J. Roberts).

Patterns of Discrimination Under Collective Motor Carrier Ratemaking, Office of Regulatory Policy, Office of the Secretary, U.S. Department of Transportation, National Technical Information Service, Springfield, Virginia, October 1981, 99 pages (with Merrill J. Roberts).

Data Collection for Evaluation of Bureau of Motor Carrier Safety Regulations, Bureau of Motor Carrier Safety, Federal Highway Administration, U.S. Department of Transportation, National Technical Information Service, Springfield, Virginia, June 1983, 72 pages (with Merrill J. Roberts).

Self-Move vs. Moving Companies: A Comparative Evaluation, American Movers Conference, Arlington, Virginia, September 1983 (with Milton E. Harvey).

Benefit-Cost Analysis of Weight Limit Exemption for Vehicles Carrying International Freight in the Route 50 Corridor," State Highway Administration, State of Maryland, Baltimore, Maryland, February 1988 (with Curtis M. Grimm and Merrill J. Roberts).

AWARDS AND CONTRACTS:

International Cargo Potential at BWI Airport, Office of Transportation Planning, Maryland State Department of Transportation, Co-Principal Investigator, June 1980 - July 1981, $30,000 (Paul M. Schonfeld, Co-Principal Investigator).

Follow-Up Investigation of Specific International Air Cargo Markets at BWI, Office of Transportation Planning, Maryland State Department of Transportation, Principal Investigator, August 1981 -June 1982, $10,000.

Rail Exemption Program, Office of Policy and Analysis, Interstate Commerce Commission, Co-Principal Investigator, July 1981 - June 1983, $110,000 (Merrill J. Roberts, Co-Principal Investigator).

Review of Shipper/Carrier Comments to Proposed Railroad Exemptions, Office of Transportation Analysis, Interstate Commerce Commission, Co-Principal Investigator, July 1983 - July 1984, $25,000 (Merrill J. Roberts, Co-Principal Investigator).

Evaluation of Insurance Programs of Small Urban and Rural Transit Systems, Mass Transit Administration, Maryland Department of Transportation, Co-Principal Investigator, July 1983 - March 1984, $33,000 (Philip Fanara, Jr. and Merrill J. Roberts, Co-Principal Investigators).

Design of a Systematic Data Collection Program for Air Cargo at BWI Airport, Office of Transportation Planning, Maryland Department of Transportation, Principal Investigator, May 1984 - January 1985, $18,000.

Small Business and Regulatory Change: The Case of Independent Truckers, National Science Foundation, Co-Principal Investigator, July 1984 - December 1985, $25,000 (Michael H. Agar, Co-Principal Investigator).

Benefit-Cost Analysis of Exempting Overweight Containers on State Route 50, State Highway Administration, State of Maryland, Co-Principal Investigator, October 1987 - December 1987, $32,000 (Curtis M. Grimm and Merrill J. Roberts, Co-Principal Investigators).

International Management, Marketing, and Transportation: A Program for Curriculum and Program Development, Research and Professional Outreach, U.S. Department of Education, Business and International Education Program, Co-Principal Investigator, September 1988 - August 1990, $132,000 (Lee Preston, Co-Principal Investigator).

Analysis of BWI Passenger Data, Maryland State Aviation Administration, Co-Principal Investigator, April 1992-July 1992, $15,000 (Martin Dresner and Robert Windle).

Economic Analysis of Dump Service Permit System in the State of Maryland, Prepared for the State Highway Administration, Principal Investigator, September 1992-April 1993, $20,000.

Transportation Best Practices Study, Office of Transportation, Emergency Management, and Analytical Services, U.S. Department of Energy, Investigator on this project with Graduate School of Management and Technology, University of Maryland-University College, January-November 1994.

Passenger Forecast for BWI, Maryland State Aviation Administration, Co-Principal Investigator, May 1995-April 1996, $60,000 (Martin Dresner and Robert Windle).

CONSULTING PROJECTS:

Interstate Commerce Commission. Directed survey of owner-operator truck drivers that resulted in a report entitled: The Independent Trucker: Nationwide Survey of Owner-Operators, Bureau of Economics, Interstate Commerce Commission, May 1978.

Interstate Commerce Commission. Directed survey of government traffic that resulted in a report entitled: Economic Impact of New Motor Carrier Entry for the Transportation of Government Traffic, Office of Policy and Analysis, Interstate Commerce Commission, March 1979.

National Transportation Policy Study Commission. Worked with Merrill J. Roberts on a project concerning agricultural transportation that resulted in a report entitled: Regulatory Change: Experimentation in Motor Carrier Entry Control, National Transportation Policy Study Commission, May 1979.

Interstate Commerce Commission. Directed follow-up survey of owner-operator truck drivers that resulted in a report entitled: The Independent Trucker: Follow-Up Survey of Owner-Operators, Office of Policy and Analysis, Interstate Commerce Commission, November 1979.

Interstate Commerce Commission. Worked with Merrill J. Roberts on a project assessing the fuel efficiency consequences of motor carrier deregulation that resulted in a report entitled: The Potential Fuel Efficiency Consequences of Motor Carrier Deregulation, Office of Policy and Analysis, Interstate Commerce Commission, 1980.

Interstate Commerce Commission. Worked with Merrill J. Roberts on a project assessing the competition faced by the regular route common carrier segment of the motor carrier industry that resulted in a reported entitled: Regular Common Carriers and Their Competitors, Office of Policy and Analysis, Interstate Commerce Commission, 1980.

New York State Department of Transportation. Worked as part of a research team headed by Sydec, Inc. on a project proposing energy contingency planning alternatives for the State of New York, February-October 1980.

Office of Regulatory Policy, Office of Secretary, U.S. Department of Transportation. Worked as part of a research team put together by Trans-World Marketing Associates, Inc. on a project to identify the patterns of discrimination in motor carrier rates, March-October 1981.
Interstate Commerce Commission. Directed a survey of minority carriers that resulted in a report entitled Minority Motor Carriers: Status and Prospects, Office of Transportation Analysis, Interstate Commerce Commission, October 1981.

Interstate Commerce Commission. Directed a second follow-up survey of owner-operators, Office of Transportation Analysis, Interstate Commerce Commission, November 1981.

Bureau of Motor Carrier Safety, Federal Highway Administration, U.S. Department of Transportation. Worked as part of a research team put together by Trans-World Marketing Associates, Inc. to determine the impact of safety regulations on motor carrier safety performance, 1982.

Office of Policy, Urban Mass Transportation Administration. Worked as part of a research team put together by Trans-World Marketing Associates, Inc. to assess the impact of a proposed set of new policies, 1982.

American Movers Conference. Conducted (with Milton E. Harvey) a national survey of households to compare the use of a moving company with a self-move. Resulted in a report entitled Self -Move vs. Moving Companies: A Comparative Evaluation, 1983.

Bureau of Motor Carrier Safety, Federal Highway Administration, U.S. Department of Transportation. Worked as part of a research team put together by Trans-World Marketing Associates, Inc. to develop methodologies to evaluate safety regulations, 1983.

American Movers Conference. Prepared (with Philip Fanara, Jr.) a statistical handbook of the moving industry, 1985, 1986, and 1987.

U.S. Department of Transportation, Federal Highway Administration and Arizona Department of Transportation, Heavy Vehicle Electronic License Plate (HELP) Program, Systems Design Study, 1986. Worked as part of a research team headed by Sydec, Inc. on a project evaluating the potential needs and uses by the motor carrier industry of a heavy vehicle monitoring system.

American Movers Conference. Prepared with Philip Fanara, Jr. a forecasting model in a LOTUS-123 framework for the moving industry, 1987.

National Cooperative Highway Research Program, Transportation Research Board, National Research Council, Feasibility of a National Heavy Vehicle Monitoring System, 1986-1987. Worked as part of a research team headed by Sydec, Inc. on a project estimating the costs and benefits of employing a monitoring system to control overweight truck operators.

U.S. Department of Transportation, Federal Highway Administration Truck Size and Weight and User Fee Policy Analysis, 1988-1990. Worked as part of a research team headed by Sydec, Inc. on a project evaluating the productivity impacts of changes in federal truck size and weight limits.

Trucking Research Institute, The ATA Foundation, Productivity and Consumer Benefits of Longer Combination Units, 1989-1990. Worked as part of a research team headed by Sydec, Inc. on a project estimating the productivity impacts of changes in truck size and weight limits.

Vermont Legislative Council, Highway Cost Allocation Study, 1989-1990. Worked as part of a research team headed by Sydec, Inc. on a highway cost allocation study for Vermont.

U.S. Department of Transportation, Federal Highway Administration, Office of Motor Carriers, Vehicle Out-of-Service Study, 1990-1991. Worked as part of a research team headed by Jack

Faucett Associates on a project to determine the adequacy of vehicle out-of-service criteria as well as the relationship between vehicle out-of-service performance and accident performance.

U.S. Department of Transportation, Federal Highway Administration, Office of Motor Carriers, Roadside Inspection, 1990-1994. Worked as part of a research team headed by Jack Faucett Associates on a project to assess the efficacy of the current roadside inspection activities of the Office of Motor Carriers.

U.S. Department of Transportation, Federal Highway Administration, Office of Motor Carriers, Automated Carrier Compliance Monitoring Study, 1991-1994. Worked as part of a research team headed by Jack Faucett Associates to develop and document the factors which influence the safe operation of commercial motor carriers and incorporate these factors into an automated system that uses available data to prioritize motor carriers for on-site reviews.

National Cooperative Highway Research Program, Transportation Research Board, National Research Council, Characteristics and Changes in Freight Demand, 1993-1995. Worked as part of a research team headed by Cambridge Systematics.

U.S. Department of Transportation, Volpe Transportation Center, Commercial Vehicle Information System. Served as a consultant on a pilot project to establish a motor carrier management information system to designate carriers with safety problems and monitor them until performance improves, 1994-1997.

U.S. Department of Transportation, Federal Highway Administration. Worked on Truck Size and Weight Policy Analysis. Wrote papers assessing the reaction of the motor carrier industry (less-than-truckload and truckload segments) to a series of policy changes with respect to truck size and weight legislation, 1995-1997.

National Association of Truck Stop Operators. Worked on project to estimate the economic impact of highway service establishments at interchange locations along the Interstate Highway System, 1996-1997.

PROFESSIONAL CONFERENCES:

1. "Voter Response to Highway and Transit Referenda: A case study in Milwaukee County, 1974." Paper presented at the Transportation Research Forum meetings in Toronto, Canada, November 1974 (with Robert P. Schmitt and Edward A. Beimborn).

2. "The Effect of Motor Fuel Shortages and Higher Prices Upon the Transportation Planning Process." Paper presented at the meetings of the Regional Science Association in Toronto, Canada, November 1976.

3. "Impact of the Energy Crisis on Travel Behavior: Some Implications for the Transportation Planning Process." Paper presented at the meetings of the Transportation Research Board in Washington, D.C., January 1977 (with Milton E. Harvey).

4. "Rail/Truck Market Share Dynamics, 1963-1972." Paper presented at the Transportation Research Forum meetings in Atlanta, Georgia, October 1977 (with Merrill J. Roberts).

5. "Use of Travel Survey Data to Design a Commuter Ridesharing Program." Paper presented at the Applied Geography Conference in Binghamton, New York, September 1978.

6. "Effects of Product Characteristics and Individual Shipper Attitudes on the Use of Alternative Transportation Modes." Paper presented at the Transportation Research Forum meetings in New York, New York, October 1978 (with Michael A. McGinnis).

7. "Modeling the Shipper's Route Choice for the Movement of Goods: An Application to General Cargo Exports." Paper presented at the Transportation Research Forum meetings in New York New York, October 1978 (with Ronald L. Heilmann).

8. "Determination of Characteristics Associated with Market Dominance-Guidelines for Changes in Regulatory Policy." Paper presented at the Applied Geography Conference in Binghamton, New York, September 1979.

9. "The Effects of Mergers on Motor Carrier Performance." Paper presented at the Institute for Decision Sciences meetings in New Orleans, Louisiana, November 1978 (with Russell P. Boisjoly).

10. "Consequences of Regulatory Reform on the Owner-Operator Segment." Paper presented at the Transportation Research Board meetings in Washington, D.C., January 1980.

11. "An Identification of the Distinguishing Characteristics of Acquired Trucking Firms." Paper presented at the Western Finance Association meetings in San Diego, California, June 1980 (with Russell P. Boisjoly).

12. "Planning for Changing Urban Travel Patterns in Response to Continuing Fuel Price Increases." Paper presented at Applied Geography Conference in Kent, Ohio, September 1980.

13. "The Long-Run Effects of Merger and the Implication of Deregulation on the Motor Carrier Industry." Paper presented at the Financial Management Association meetings in New Orleans, Louisiana, October 1980.

14. "Energy in the 1980s--Implications and Coping Strategies for Recreation and Tourism--Implications for Private Suppliers." Paper presented at the National Recreation and Parks Association Congress for Recreation and Parks
in Phoenix, Arizona, October 1980.

15. "Framework for Analyzing the Summer 1979 Fuel Crisis--The New York State Experience." Paper presented at the Transportation Research Board meetings in Washington, D.C., January 1981 (with Ron Bixby).

16. "The State Role in Energy Contingency Planning: An Evaluation of Alternative Measures." Paper presented at the Applied Geography Conference in Phoenix, Arizona, October 1981.

17. "Patterns of Discrimination in the Collective Ratemaking System." Paper presented at the Transportation Research Forum meetings in New Orleans, Louisiana, October 1982 (with Merrill J. Roberts).

18. "The Aftermath of the Motor Carrier Act of 1980: Entry, Exit, and Merger." Paper presented at the Transportation Research Forum meetings in New Orleans, Louisiana, October 1982 (with Russell P. Boisjoly).

19. "Shifts in Indicators of Motor Carrier Bankruptcies: Before and After the Motor Carrier Act." Paper presented at the Transportation Research Forum meetings in Boston, Massachusetts, October 1984 (with Russell P. Boisjoly).

20. "ICC Exemptions of Rail Services: Summary and Evaluation." Paper presented at the Transportation Research Board meetings in Washington, D.C., January 1985.

21. "Small Transit Insurance Programs: Current Status and the Group Purchase Alternative." Paper presented at the Transportation Research Board meetings in Washington, D.C., January 1985 (with Philip Fanara, Jr. and Merrill J.
Roberts).

22. "Dynamics of Owner-Operator Behavior and Profitability: 1978 Versus 1984." Paper presented at the Transportation Research Forum meetings in Amelia Island, Florida, November 1985 (with Michael H. Agar).

23. "I.C.C. Exemptions of Rail Services: Summary and Evaluation." Paper presented at the Transportation Research Forum meetings in Amelia Island, Florida, November 1985 (with Curtis M. Grimm and Robert Lundy).

24. "Motor Carrier Strategies in a Changing Environment: An Empirical Analysis." Paper presented at the Transportation Research Forum meeting in Seattle, Washington, October 1986 (with Curtis M. Grimm).

25. "Mobility Barriers in the Motor Carrier Industry." Paper presented at the Transportation Research Forum meeting in San Antonio, Texas, November 1987 (with Curtis M. Grimm).

26. "Sales Force Management in a Deregulated Environment: General Freight Carriers." Paper presented at the Transportation Research Forum meeting in San Antonio, Texas, November 1987 (with Paul R. Murphy, Jr.).

27. "Deregulation, New Entrants, and the Safety Learning Curve." Paper presented at the Transportation Research Forum meeting in Toronto, Canada, November 1988 (with Philip Fanara, Jr.).

28. "ATLFs: Driving Owner-Operators into the Sunset." Paper presented at the Transportation Research Forum meeting in Toronto, Canada, November 1988 (with Curtis M. Grimm).

29. "Performance Implications of the Sales Force Strategies of LTL General Freight Carriers." Paper presented at the Transportation Research Forum meeting in Williamsburg, Virginia, November 1989 (with Paul Murphy, Jr.).

30. "Strategies and Performance in the Truckload General Freight Segment Before and After Deregulation." Paper presented at the Transportation Research Forum meeting in Williamsburg, Virginia, November 1989 (with Curtis M. Grimm).

31. "Strategies of Challenging Airlines at Hub-Dominated Airports." Paper presented at the Transportation Research Forum meeting in Long Beach, California, October 1990 (with James A. Kling and Curtis M. Grimm).

32. "Size, Strategy, and Performance: LTL Motor Carriers." Paper presented at the Transportation Research Board meeting in Washington, D.C., January 1991 (with Raymond D. Smith and Curtis M. Grimm).

33. "The Advantage of Size in the U.S. Trucking Industry: An Application of the Survivor Technique." Paper presented at the Transportation Research Forum meeting in New Orleans, Louisiana, November 1991 (with Carol J. Emerson and Curtis M. Grimm).

34. "Motor Carrier Performance Measures." Paper presented at the Highway-Related Transportation Industry Productivity Measures Symposium in Arlington, Virginia, November 1992.

35. "Perspectives on Key Freight Issues and Developments: The University Perspective." Paper presented at the Transportation Research Board meeting in Washington, D.C., January 1993.

36. "Motor Carrier Industry Dynamics: Assessing Future Regulatory Policy," Paper presented at the Conference of the Transportation Industry of the Future, Conference Sponsored by the Office of the Secretary, U.S. Department of Transportation, January 9, 1995.

37. "Logistics Challenges and Opportunities in the 1990s," Paper presented at the ATA Logistics Council, Atlanta, Georgia, March 6, 1995.

38. "Insider's Look at the Trucking Industry's Future," Paper presented at Annual Spring Meeting of the ATA Foundation, Tarpon Springs, Florida, April 27, 1995.

39. "Transportation Best Practices Evaluation," Paper presented at Annual Meeting of the Council of Logistics Management, October 1995, San Diego, California (with Martin Dresner).

RESEARCH AWARDS:

Pyke Johnson Award for the best paper in the area of planning and administration of transportation facilities, Transportation Research Board, 1985.

Regular Common Carrier Conference Award for the best research paper of relevance to motor carriers, Transportation Research Forum Annual Meeting, September 1986.

Best Airline Paper and Best Overall paper, Transportation Research Forum Annual Meeting, October 1990.

EDITORIAL AND REVIEWING ACTIVITIES:

Associate Editor, The Logistics and Transportation Review
Editorial Review Board, Transportation Journal

Frequent Reviewer of papers Transportation Research Record, Transportation Research, and Journal of the Transportation Research Forum.

PROFESSIONAL AFFILIATIONS:

Transportation Research Board.
- Chairperson, Freight Regulation Committee (1988-1994)
- Member, Transportation and Economic Development Committee

Member of the Following Organizations.
- Transportation Research Forum
- American Society of Transportation and Logistics
- Delta Nu Alpha/Propeller Club
- AEA Transportation and Public Utilities Group (Secretary)

TEACHING AND ADVISING:

Courses Taught

BMGT 370 Introduction to Transportation
BMGT 471 Air and Water Transportation
BMGT 473 Transportation Problems
BMGT 474 Urban Transportation
BMGT 476 International Transportation and Logistics
BMGT 770 Transportation Theory and Analysis
BMGT 771 Transportation Policies
BMGT 773 Transportation Strategies

Ph.D. Dissertation Committees

Michael A. McGinnis, committee member.
Edward Morash, committee member.
Paul R. Murphy, Jr., committee member.
Jack Scarborough, committee member.
Raymond D. Smith (major advisor and chairperson), 1988.
James A. Kling (major advisor and chairperson), 1989.
Robert Trempe (major advisor and chairperson), 1991.
Judith L. Jarrell (major advisor and chairperson), 1992.
Carol Emerson, committee member, 1995.
Jane Feitler (major advisor and chairperson),1995.
Michael Mejza (major advisor and chairperson), graduation expected 1996.

Teaching Awards

Selected during several semesters as one of the top 15 percent
of the teachers in the College of Business and Management.

Curriculum Development

Chairperson of the Undergraduate Oversight Committee, responsible for major overhaul of the undergraduate business program.

COLLEGE AND UNIVERSITY SERVICE:

Group Chairperson, Transportation, Business and Public Policy,
August 1986 to 1994.

Undergraduate Committee, College of Business and Management,
1977-1986 (Chairperson, 1984-1986).

Faculty Advisor, Transportation Club, College of Business and Management, 1979 to 1992.

Faculty Advisor, Society for Advancement of Management, College of Business and Management, 1979-1981.

Member, Provost Promotion and Tenure Committee, 1994.

Chairperson, Undergraduate Oversight Committee, 1995-.

VERIFIED STATEMENT

OF

L.I. (IKE) PRILLAMAN

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VERIFIED STATEMENT

OF

L. I. (IKE) PRILLAMAN

I. QUALIFICATIONS

My name is L. I. (Ike) Prillaman, and I am Executive Vice President-Marketing of Norfolk Southern Corporation. I am the chief commercial officer responsible for all intermodal, coal and general merchandise marketing. I am also responsible for system-wide industrial and economic development and for NS properties including coal, timber and natural gas resources on some 900,000 acres in six states, a breakbulk cargo facility at Norfolk, Virginia, and a coal loading facility at Sandusky, Ohio. During my 27-year tenure with Norfolk Southern, I have held various positions including responsibility for the internal audit function, and have formerly served as the Vice President and Controller and the Vice President-Properties.

I received a Bachelors degree in Business and Economics from Emory and Henry College in Virginia, and a Masters degree in Accounting from the University of Wyoming. In addition, I am a certified public accountant in the states of Virginia and North Carolina. I am a member of various professional, trade and educational associations including the Virginia and North Carolina Associations of Certified Public Accountants; Executive Advisory Council of the National Industrial Transportation League; National Freight Transportation Association; International Development Research Council; Transportation and Economic Development Committees of the Virginia Chamber of Commerce; Board of Trustees, Emory and Henry College; and a board member of Future of Hampton Roads.

II. INTRODUCTION

I believe the division and operation of Conrail by Norfolk Southern and CSX is good for shippers, good for competition and good for railroads. It expands the market reach of customers located on Norfolk Southern and the portions of Conrail we will serve. It creates rail-to-rail competition where it has not occurred for decades. It enhances competition throughout the East by creating two competitively balanced rail systems. And because it is an end-to-end consolidation, it does all of this without creating new competitive problems.

Our long-term strategy at NS is to focus on the revenue growth of the markets we serve while reducing our railroad operating costs. Our strategy is largely successful, I believe, because we are customer-focused and offer the safest, most reliable transportation service.

For a number of years now, NS has had the lowest ratio of operating expenses to revenue of any major railroad in the United States, and NS revenues increased in each of the last four years and 12 of the last 13 quarters. We won the industry's most coveted safety award eight years in a row, and *Distribution* magazine's "Quest for Quality" survey ranked NS number one for six consecutive years (1991-1996) in terms of on-time delivery, customer service, equipment and operations, and administration.

It is our corporate objective to apply this same marketing and service approach to the Conrail markets. The main benefits that I will discuss in this testimony include increased competition, improved service and increased efficiencies from more single line service, and economic development. Examples of how we will compete more effectively and the benefits of such competition to our customers can be found in the verified statements of the following NS Marketing Vice Presidents: Thomas L. Finkbiner (intermodal), John William Fox (coal), Donald W. Seale (merchandise) and David A. Cox (industrial development).

III. THE TRANSACTION CREATES SINGLE SYSTEM SERVICE

As demonstrated by the map in Attachment LIP-1, the portion of the Conrail system we are operating greatly complements the current Norfolk Southern system and creates new single line service opportunities in new commercial corridors for our customers.

In fact, the transaction will create a rail infrastructure that better meets the ever-expanding needs of the customers we serve and increases the number of shippers that will have rail service as a viable transportation alternative. This is accomplished by increasing the number of origins and destinations that will have single line service, and by forming two large, competitively balanced rail networks east of the Mississippi River. In prior rail mergers, the Surface Transportation Board and its predecessor, the Interstate Commerce Commission, recognized that single line service produces lower costs and better service.

As described in the Verified Statement of James W. McClellan, the new NS/Conrail system will create a series of integrated, major corridors linking the Northeast and the Southeast, and the Northeast with Kansas City, all of which will provide the inherent advantages of single line service to many of our customers. The public will benefit from this improved rail network.

IV. THE TRANSACTION ENHANCES COMPETITION

The transportation marketplace has become very complex: the mix of modes, commodities and shippers is anything but static. We have several instances where the same company is our supplier, our competitor and our customer. Fifty years ago, there was no interstate highway system and motor carriers played a much smaller role than they play today. Twenty-five years ago, intermodal technology had emerged but was at best an unwanted step child. Fifteen years ago, steamship lines and motor carriers were not major rail customers. My crystal ball is not nearly clear enough to predict the changes that will occur during the next

decade, much less during the next century. But I can and do predict that the Conrail transaction will improve the competitive structure of eastern railroading, the ports and multimodal transportation in the East, all of which will allow us to compete more effectively for whatever future transportation solutions our customers may require.

One of the trends we have seen developing is for shippers that ship to and from multiple locations to reduce their transportation costs by combining large segments of traffic from various sites and putting the combination out for competitive bid as a package. The Conrail transaction creates two railroad systems that can bid more effectively for such packages because of their increased market coverage and increased traffic density opportunities. The fact that two such railroad systems will be created ensures that customers receive much of the benefit of lower costs produced through single system service.

I believe joint Conrail transaction by Norfolk Southern and CSX offers enormous opportunities and benefits for both NS and the customers it now serves and those it anticipates serving following completion of this proceeding. This transaction presents a unique opportunity to restore rail competition for the first time in more than 20 years to the important Northeast region of the United States. Shippers in this region will enjoy what rail customers in the Southeast and other areas of the nation have long enjoyed -- the benefits of rail competition between NS and CSX. Shippers will receive benefits from effective competition between two financially strong, comparably sized railroads that have a history of vigorous competition. In the areas where NS and CSX now compete, we have witnessed benefits for existing customers and the communities in which those customers are located. We know from NS's experience with growth in the Southeast that one of the variables driving the selection of sites for new industries, such as auto assembly plants and steel mini-mills, is the existence of access to at least two financially strong railroads in the region. The proposed integration of Conrail with the NS and

CSX systems will extend that pattern throughout the Northeast.

Another benefit will be significant inroads in the long neglected north-south traffic lanes where trucks are now the dominant mode of transportation. This transaction will eliminate the serious barriers -- watershed pricing, closed gateways, interchange and classification problems -- that have prevented the railroads from gaining any significant market presence in the north-south lanes in the East.

A. Rail vs. Rail Competition - Single Line Service Networks

Railroads are at their best when it comes to single line moves that provide greater efficiency and improved service. In that regard, this transaction will benefit rail customers in two ways. **First**, it creates two competitively balanced networks that will serve most markets east of the Mississippi River, thus expanding the availability of single line rail service. **Second**, it increases the size of both the NS and CSX rail networks, and customers will be able to reach more markets than ever before using a single rail carrier that will offer improved service and equipment utilization.

I believe increasing the size of our rail network is crucial to our ability to meet the future needs of customers who are traditional rail users. We recognize that these customers face increasing pressure from both their domestic and international competitors, and that we must provide better transportation services if our customers are to prosper.

B. Rail vs. Motor Carrier Competition

The Conrail transaction creates rail systems directly linking the Northeast with the Southeast and with the Kansas City Gateway, that will allow us to attract many customers that do not currently ship by rail. NS and CR have found it extremely difficult to work together to

provide an intermodal or boxcar alternative that shippers using trucks today would find attractive. As more fully explained in the Verified Statement of Thomas L. Finkbiner, there are structural barriers to providing such service on an interline basis. As long as one carrier receives a relatively small amount of the revenue because it has a short haul, there is no way such a carrier can devote the time and resources to provide the fast and reliable transit times demanded by intermodal shippers. Those structural barriers will be torn down, and we are enthusiastic about the prospect of then being able to offer single line service between the Southeast and the Northeast.

There is also substantial traffic moving by motor carrier today within the Conrail territory that we believe eventually will move instead by rail. By blending Norfolk Southern's experience with a hub-and-spoke intermodal network with Conrail's focus on east-west traffic, highway traffic for which rail service is not now an option will be attracted to the New NS. Efficiencies created by the transaction also will attract highway traffic to increase traffic density through the addition of north-south traffic. We are confident that traffic currently moving in Conrail territory by motor carrier will be converted to rail movements.

C. Rail-Truck v. Motor Carrier

Multimodal service, a combination of rail and truck, differs from intermodal service in that the goods move in railcars rather than containers or trailers on flatcars on the rail portion of the move. The larger network and increased ability to offer single line service created by this transaction means that we will have more opportunities to compete by combining our rail service with truck service at one or both ends. While automotive traffic is currently the biggest beneficiary of railroad competition through multimodal service, other commodities will see increased competition. Food, paper and lumber distribution centers and bulk chemical transfer facilities are examples.

D. Rail vs. Rail – Shared Assets Areas

The reality of our industry is that many customer facilities are served by only one railroad. This transaction creates direct rail-to-rail competition in several key high volume markets previously served solely by Conrail. The "Chemical Coast" in Northern New Jersey, the Port of New York and New Jersey, and significant facilities in Detroit and Philadelphia now are served only by Conrail but will be served by both NS and CSX.

E. Rail vs. Rail – Build-ins and Build-outs

Some shippers can get two-railroad service by building out to another railroad or having the other railroad build in to the shipper. Shippers can sometimes negotiate better rates and service terms merely by threatening build-ins or build-outs. However, a second carrier capable of meeting a shipper's needs must be nearby for a customer to have a credible build-in/build-out option. Because both NS and CSX will enter areas served only by Conrail, rail-to-rail competition using the build-in/build-out option increases.

F. Competition in the Coal Market

The "standard" merger benefit for coal -- more single line service -- will certainly occur from this transaction. For example, cheaper, hotter Conrail-served coals will, for the first time, have single line service to the utilities of the South. Also, compliance coals from central Appalachia will have single line service to the Northeast. There will be increased rail-to-rail competition in the Monongahela coal district, which will be served by both NS and CSX.

Moreover, there are several competitive factors that are most pertinent to coal and which are affected in a positive manner by the proposed transaction. A utility can often secure better terms at a solely served generating plant by threatening to alter its "dispatch priorities." The

utility tells the railroad that, without a favorable deal for the plant in question, the utility will produce less power at that plant and shift generation to one or more of its other plants. A utility can also "wheel" power; i.e., it can buy power from another utility instead of generating electricity at one of its own plants. Whatever competitive factors are considered -- the number of coal producers that can supply coal to a utility via single line moves, rail competition at the mine, dispatch priorities or wheeling -- this transaction enhances competition.

G. Initial Site Selection

Shippers can and often do get transportation benefits as part of their initial site selection. NS has an outstanding Industrial Development Department that will compete with CSX (and others) to locate new business on our new lines. Increasingly, we find that customers want two railroads in any region before they consider locating there. By creating two competitively balanced rail systems east of the Mississippi River, the transaction brings to the Northeast something that has been missing since the creation of Conrail. Thus, the transaction will make the Northeast a more attractive candidate for industrial development activities.

V. NORFOLK SOUTHERN MARKETING PHILOSOPHY

Since deregulation, we know we must be market driven and customer focused. Our marketing approach is clear in outline and proven in practice. Starting with the development of strategies, followed by commercial actions to implement those strategies, we are project and results driven, as our track record demonstrates.

Our focus on growth, in addition to cost savings, requires innovation and customer-directed strategies and projects, all of which are executed daily in the performance of our Intermodal, Coal, Properties, and Merchandise Marketing Departments. Since its inception in

1982, from consolidation of the Southern Railway and the Norfolk and Western Railway, NS has sought successfully to increase and retain existing rail business. NS has an enviable track record when it comes to satisfying the distinct needs of its customers.

As the many statements of support for this Application illustrate, NS's strategy is to work closely with its customers to develop solutions that address specific transportation needs. These solutions range from operating changes, engineering services and capital investment to contributions for infrastructure improvements. Our strategy includes helping our customers find markets for their products.

A partnership that is customer focused and customer driven also is the cornerstone of our strategy and relationship with short line and regional connections. We want our short line connections to be profitable, and the statements of support by many of those short lines demonstrate the validity of our position. We are looking forward to establishing lasting relationships with each short line that connects with Conrail lines that NS will operate. Norfolk Southern takes great pride in its short line relations, and we have established good long-term relationships.

NS's Industrial Development and Marketing Departments work closely to attract new business and to expand the business of existing on-line shippers. Our efforts have resulted in an increase of more than $400 million in NS revenue during the last four years. Localities have benefited in terms of economic growth and job creation from these joint efforts of NS and the states and communities to attract new business.

NS's record of performance illustrates its commitment to competition and its commitment to provide the safest and most reliable transportation service. Our long-term marketing strategy is one of customer focus and satisfaction. We intend to apply this successful strategy aggressively to Conrail territories.

VI. THE TRANSACTION WILL CONTINUE FAVORABLE POST-STAGGERS ACT TRENDS

Deregulation has led to a rail renaissance. Mergers have played an important role, as consolidations have allowed railroads to reduce their costs and provide better service.

Service, of course, is not the only requirement of our shippers. We also must provide our transportation services at a competitive price. Today's global marketplace requires competitive prices, and the numerous transportation alternatives ensure that we offer such prices. In doing so, we also take into account our customers' requirements for retention or growth of their businesses in their markets.

The facts amply demonstrate NS's commitment to competing aggressively for our customers through our prices as well as our services. Over the same period in which we made enormous investments that resulted in improved customer service, the rates paid by our customers also steadily declined. As shown in Attachments LIP-2 through LIP-9, between 1982, when NS was formed, and 1995, our revenue per ton mile declined in constant, inflation-adjusted dollars in every one of our seven commodity groups. As shown in Attachment LIP-10, the overall decline in constant dollars over that period was 38.9 percent. Even in current, i.e., unadjusted for inflation, dollars, there was an overall decline of 6.3 percent. Without the combination of Norfolk and Western and Southern Railway in 1982, we could not have achieved these results for our shippers.

This transaction will produce more of the same benefits because it creates a rail structure that allows us to serve our customers more efficiently and to compete more effectively. The Conrail transaction will result in two comparably sized and financially strong railroads serving most major markets in the eastern half of the United States. Competition affects rail rates, and

rail rate compression is to be expected from the increased competition resulting from the Conrail transaction, an estimate (by John H. Williams) of which is included in our pro forma financial statements.

The Conrail transaction will improve service to rail customers by providing new and faster single-line service to more shippers and by extending the reach of two aggressively competing rail networks, the new NS/Conrail and the new CSXT/Conrail systems. All shippers located on both new systems' lines will realize enhanced opportunities to compete more effectively in their expanded markets, as a result of this transaction. It is my belief that these benefits from increased rail competition apply to all of the new Norfolk Southern systems' customers, whether or not they will be directly served by both the new NS/Conrail and the new CSXT/Conrail systems. For all of these reasons, I believe that NS and CSX offer the most competitive and pro-rail customer railroad consolidation proposal in history.

VERIFICATION

I, L. I. Prillaman, verify under penalty of perjury that I am Executive Vice President-Marketing of Norfolk Southern Corporation, 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.

L. I. Prillaman

VERIFICATION

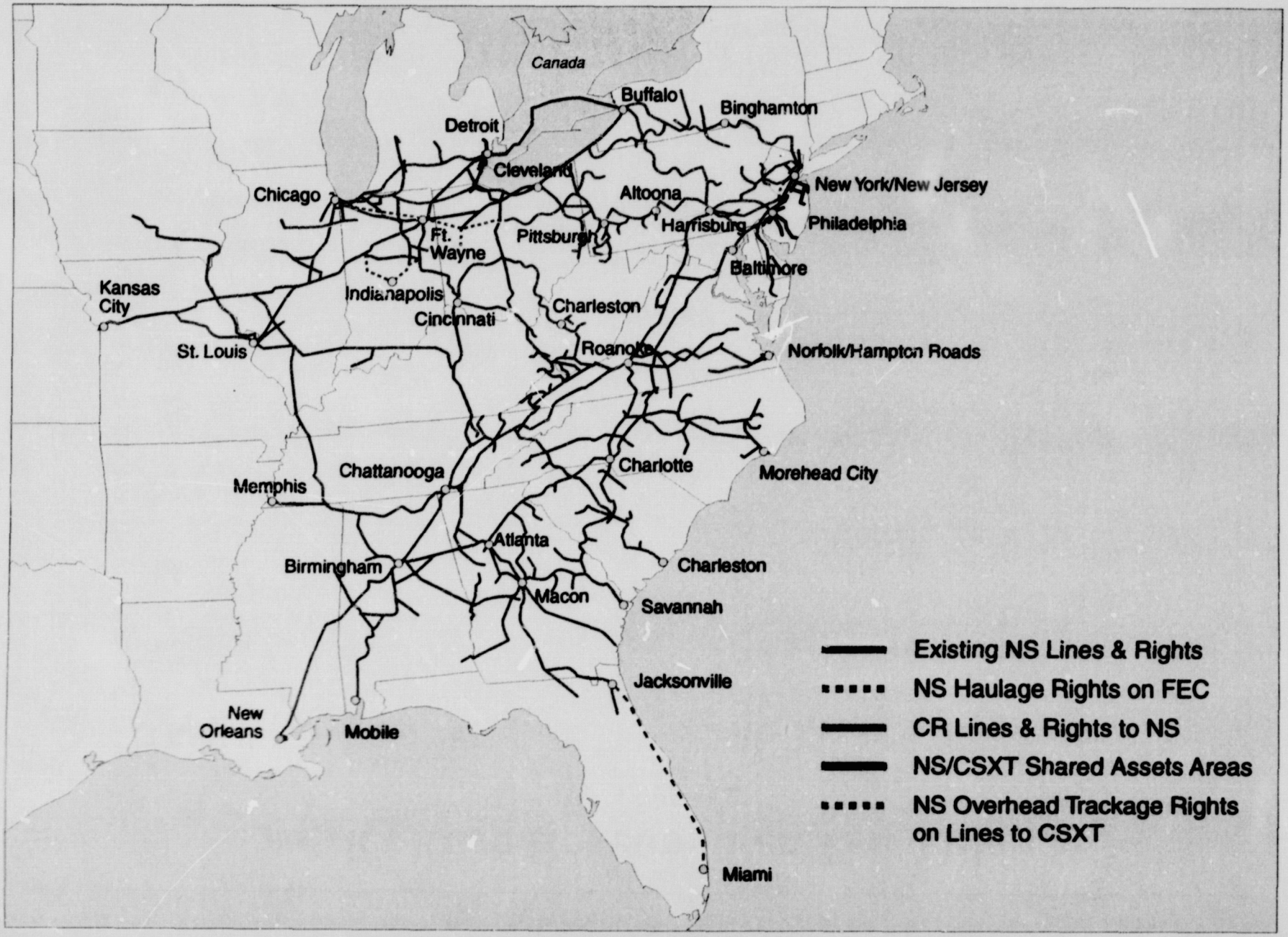
I, L. I. Prillaman, verify under penalty of perjury that I am Executive Vice President-Marketing of Norfolk Southern Corporation, that I have read the foregoing document and know its contents, and that the same is true and correct to the best of my knowledge and belief.

Executed on June 11, 1997.

L. I. Prillaman

The New Norfolk Southern

Attachment LIP-1



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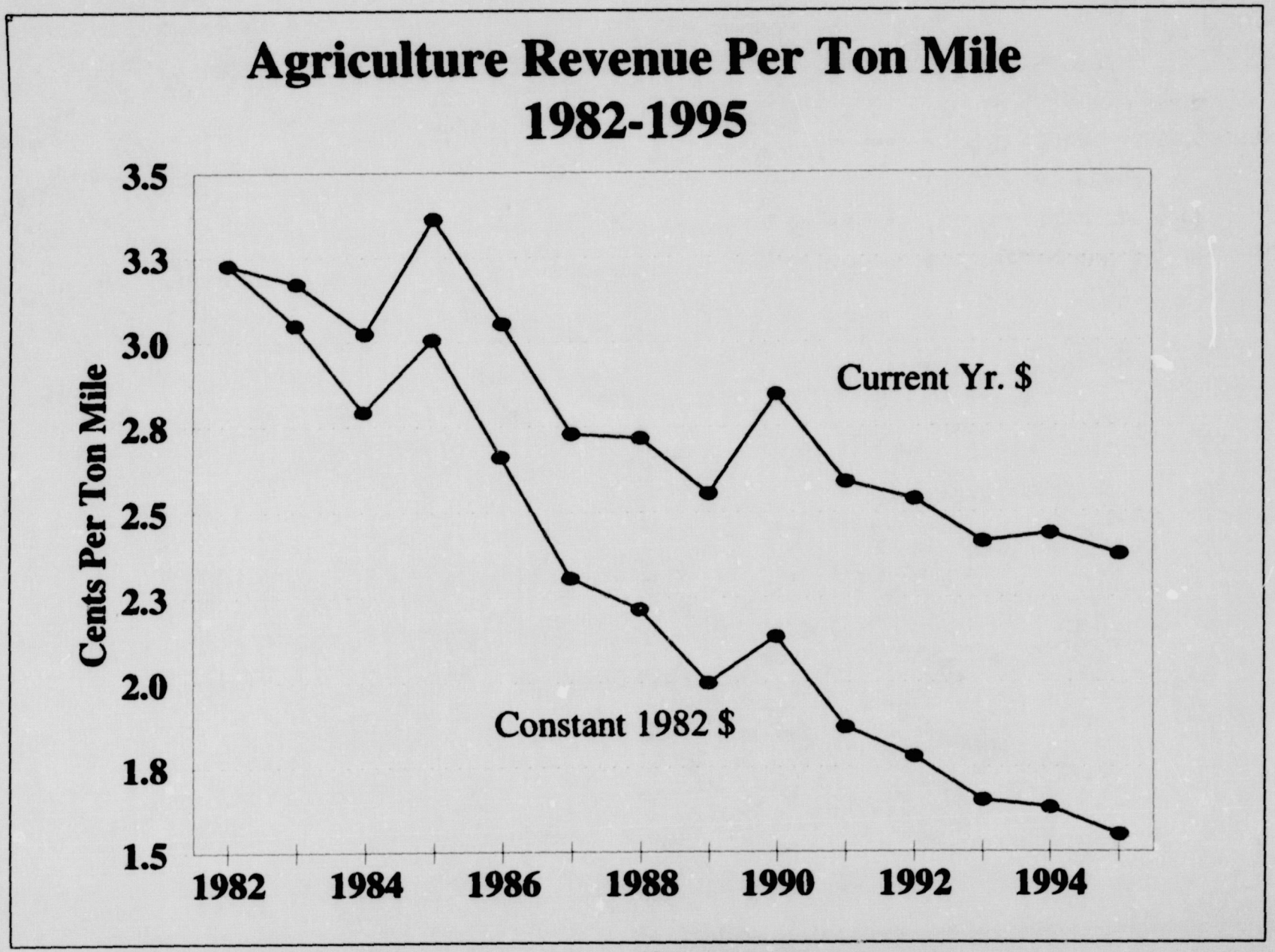
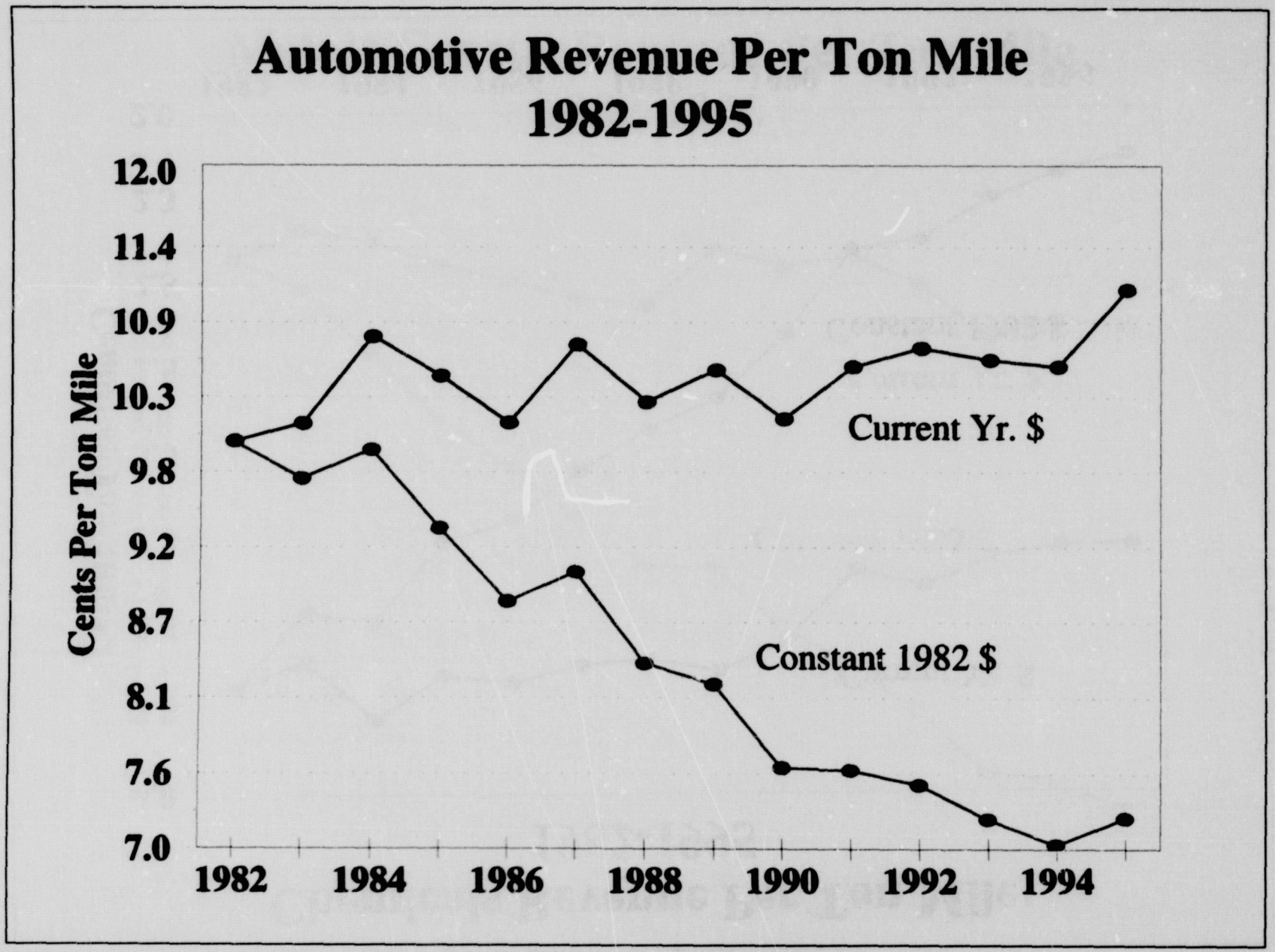
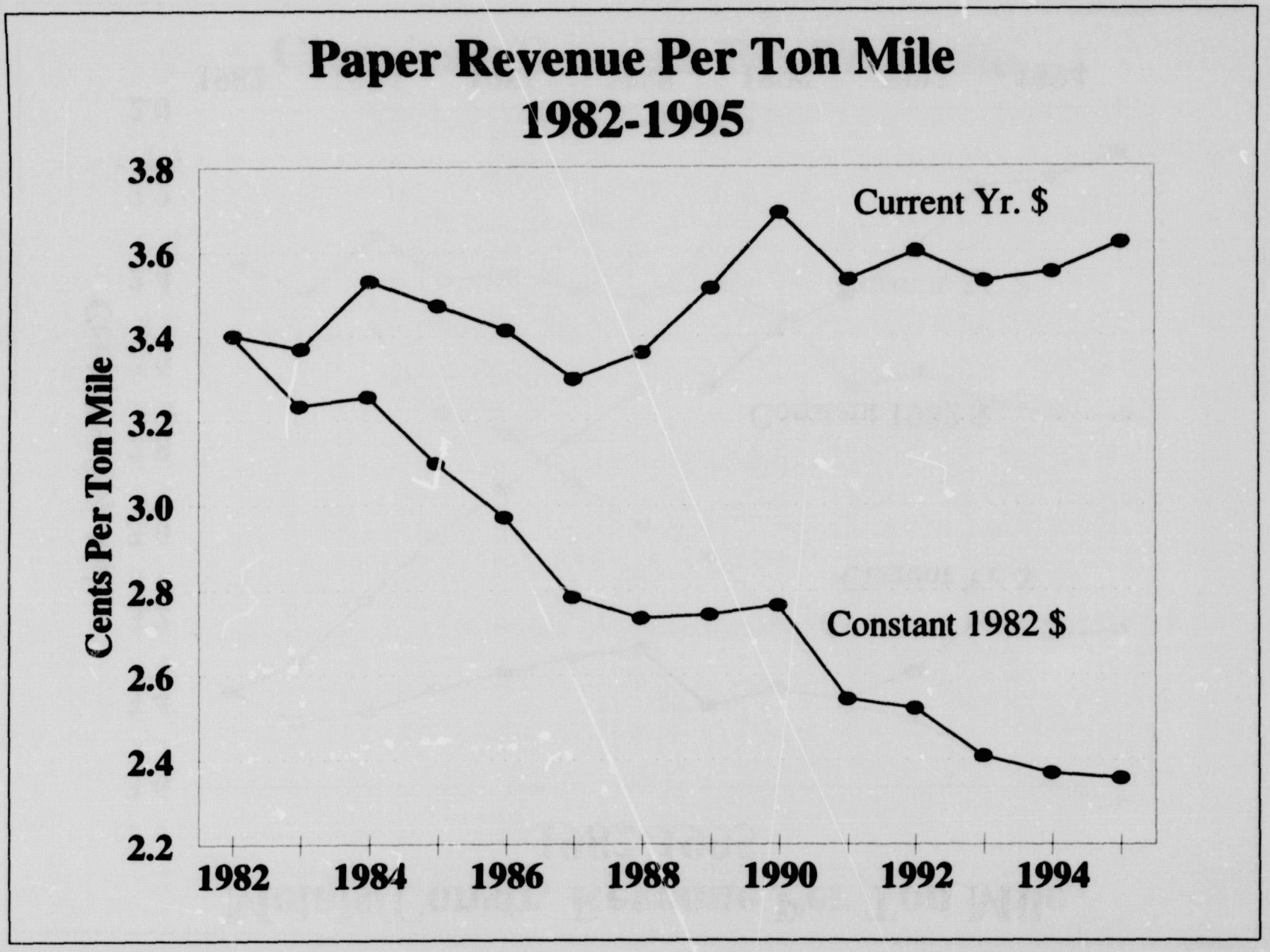
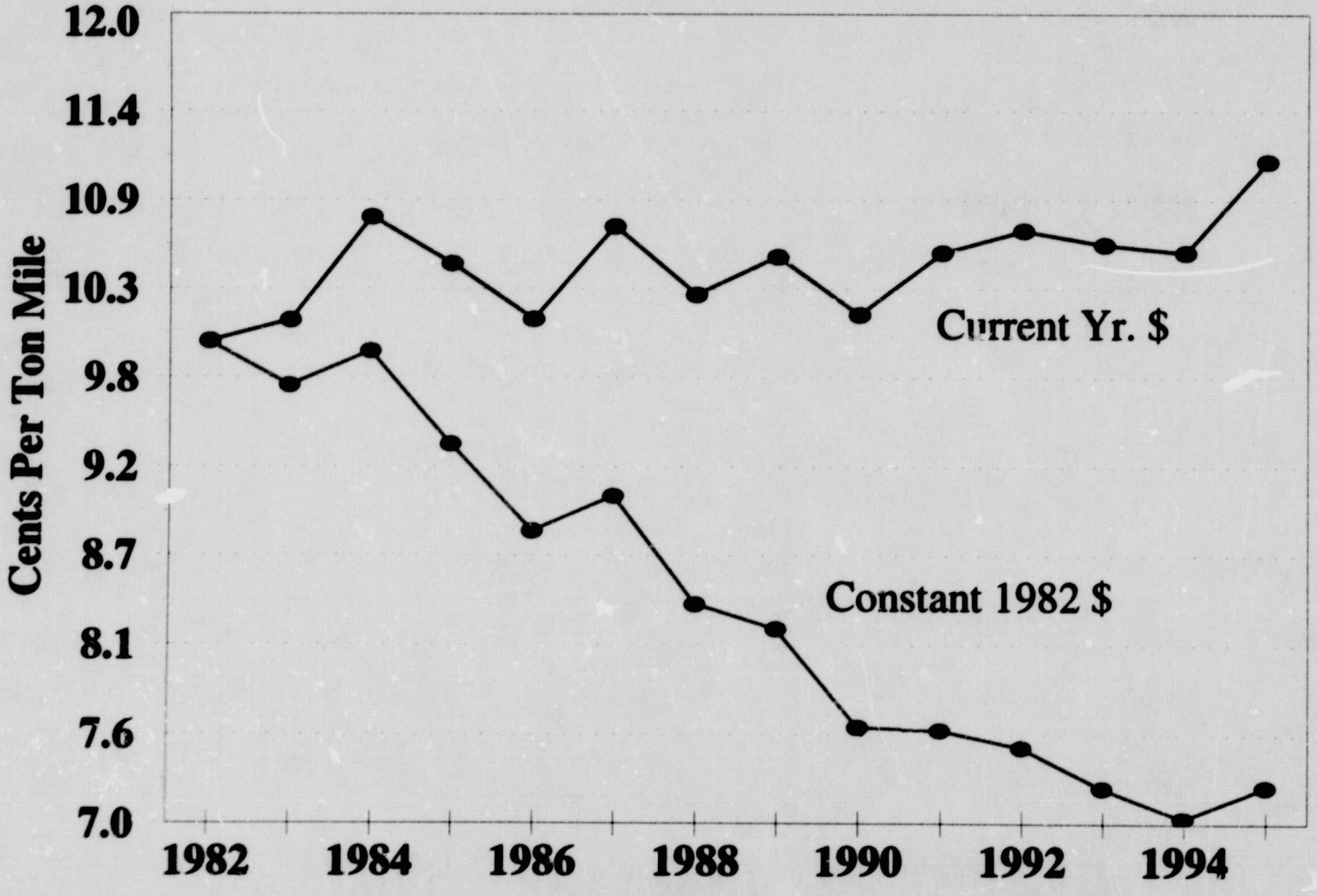
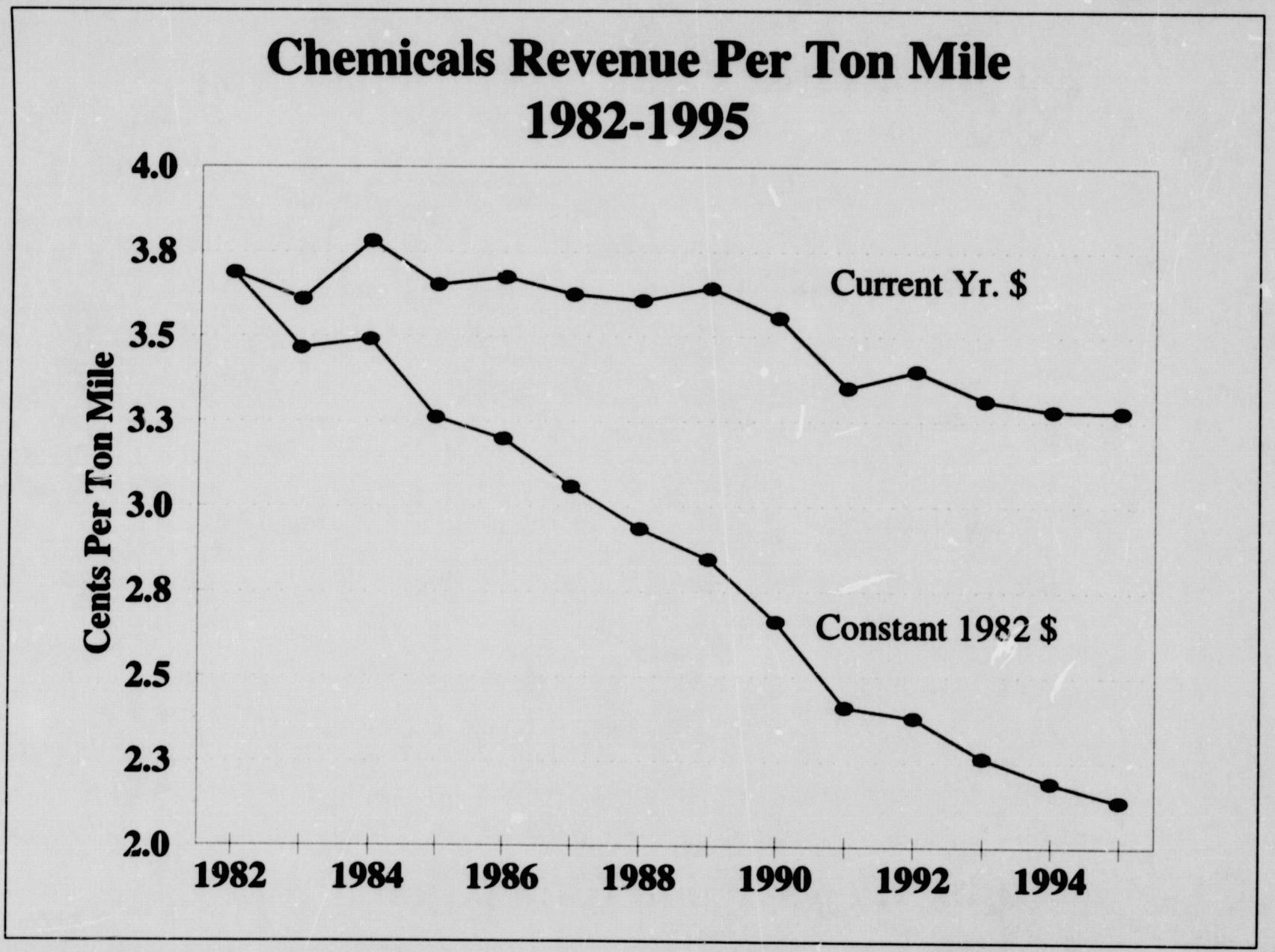

Agriculture Revenue Per Ton Mile
1982-1995
Cents Per Ton Mile
3.5
3.3
3.0
2.8
2.5
2.3
2.0
1.8
1.5
1982
1984
1986
1988
1990
1992
1994
Current Yr. $
Constant 1982 $


Automotive Revenue Per Ton Mile
1982-1995
Cents Per Ton Mile
12.0
11.4
10.9
10.3
9.8
9.2
8.7
8.1
7.6
7.0
1982
1984
1986
1988
1990
1992
1994
Current Yr. $
Constant 1982 $


Paper Revenue Per Ton Mile
1982-1995
Cents Per Ton Mile
3.8
3.6
3.4
3.2
3.0
2.8
2.6
2.4
2.2
1982
1984
1986
1988
1990
1992
1994
Current Yr. $
Constant 1982 $

Automotive Revenue Per Ton Mile
1982-1995




Chemicals Revenue Per Ton Mile
1982-1995
Cents Per Ton Mile
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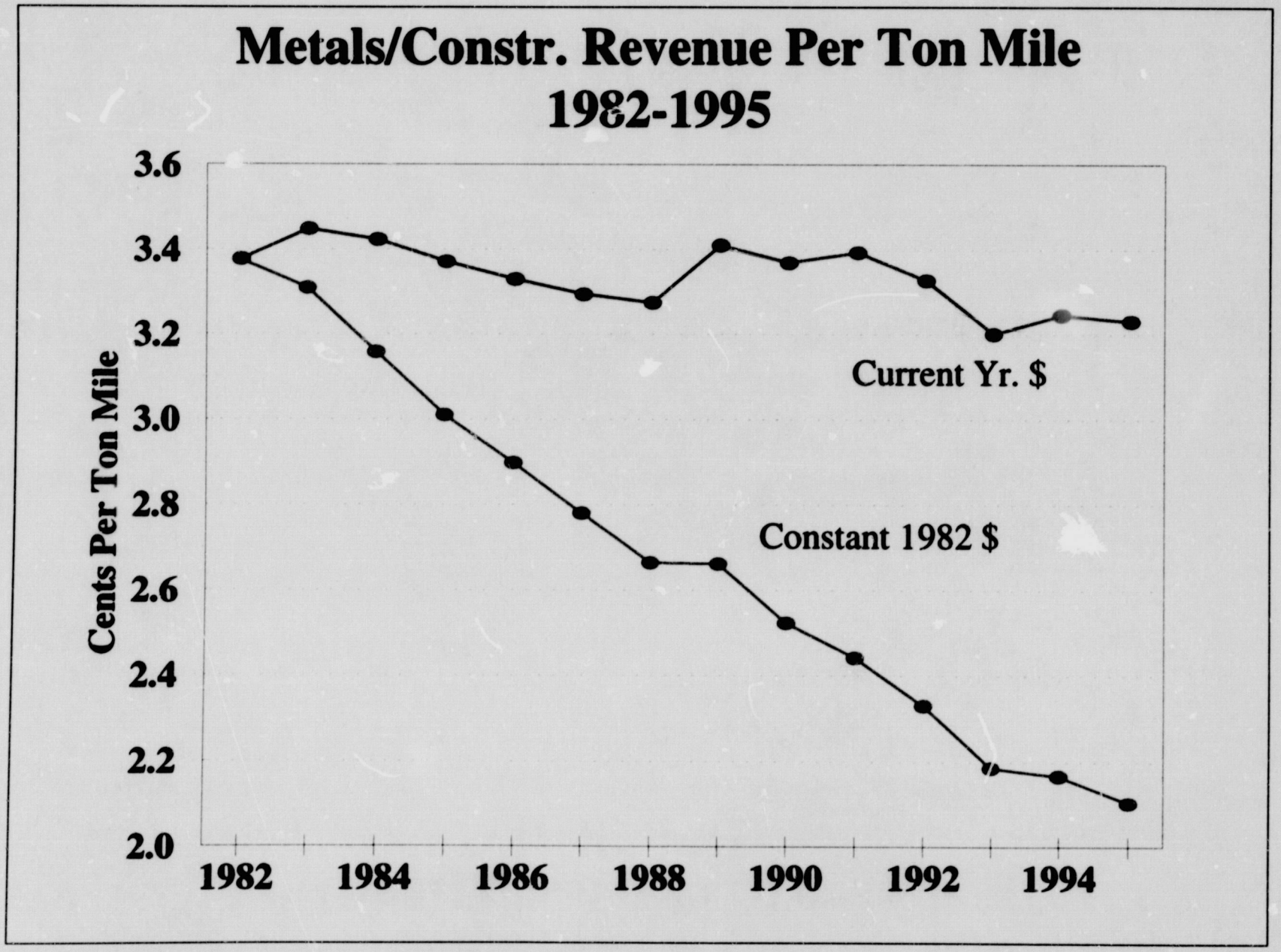
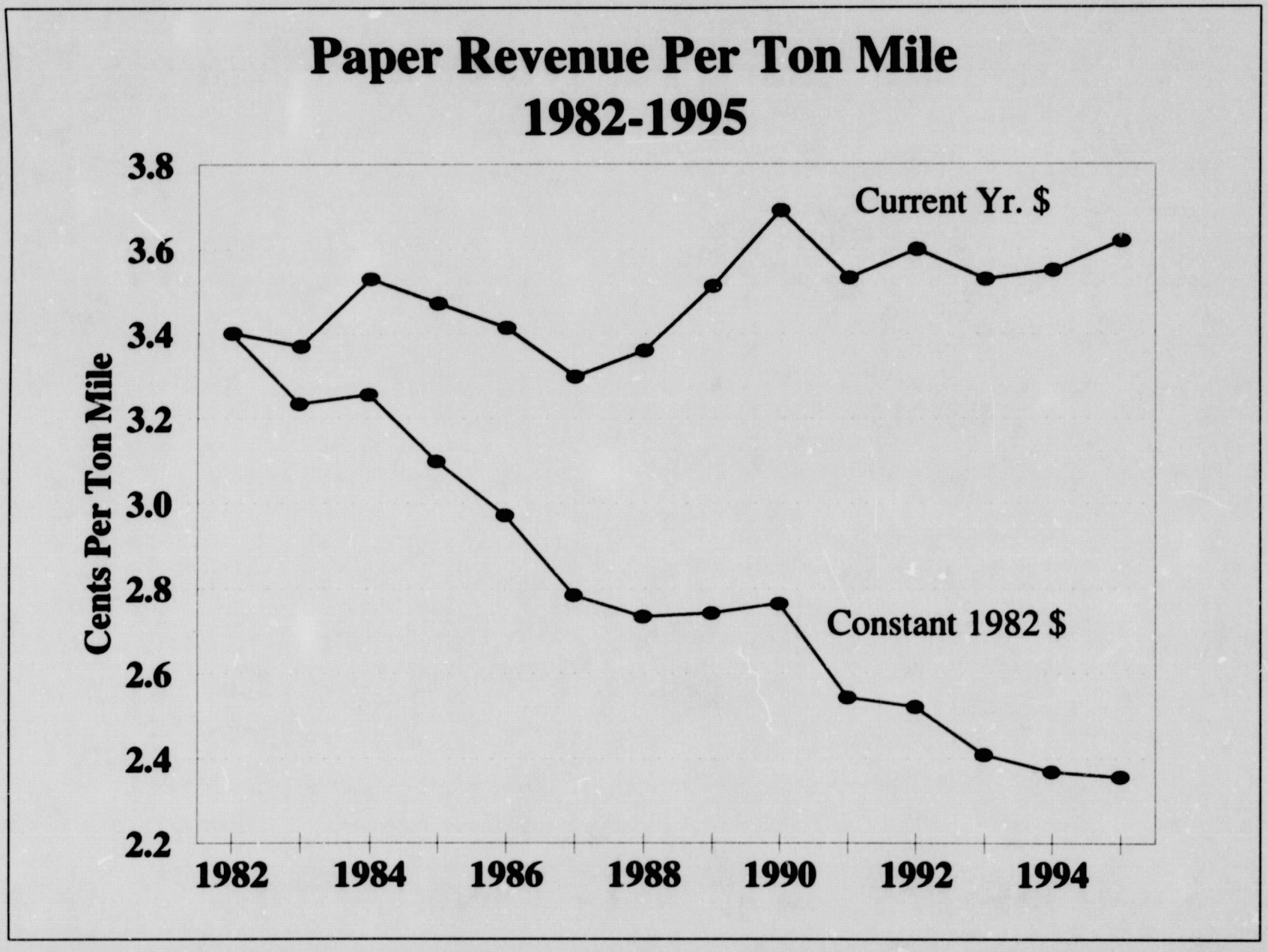
3.8
3.5
3.3
3.0
2.8
2.5
2.3
2.0
1982
1984
1986
1988
1990
1992
1994
Current Yr. $
Constant 1982 $


Metals/Constr. Revenue Per Ton Mile
1982-1995
Cents Per Ton Mile
3.6
3.4
3.2
3.0
2.8
2.6
2.4
2.2
2.0
1982
1984
1986
1988
1990
1992
1994
Current Yr. $
Constant 1982 $


Paper Revenue Per Ton Mile
1982-1995
Cents Per Ton Mile
3.8
3.6
3.4
3.2
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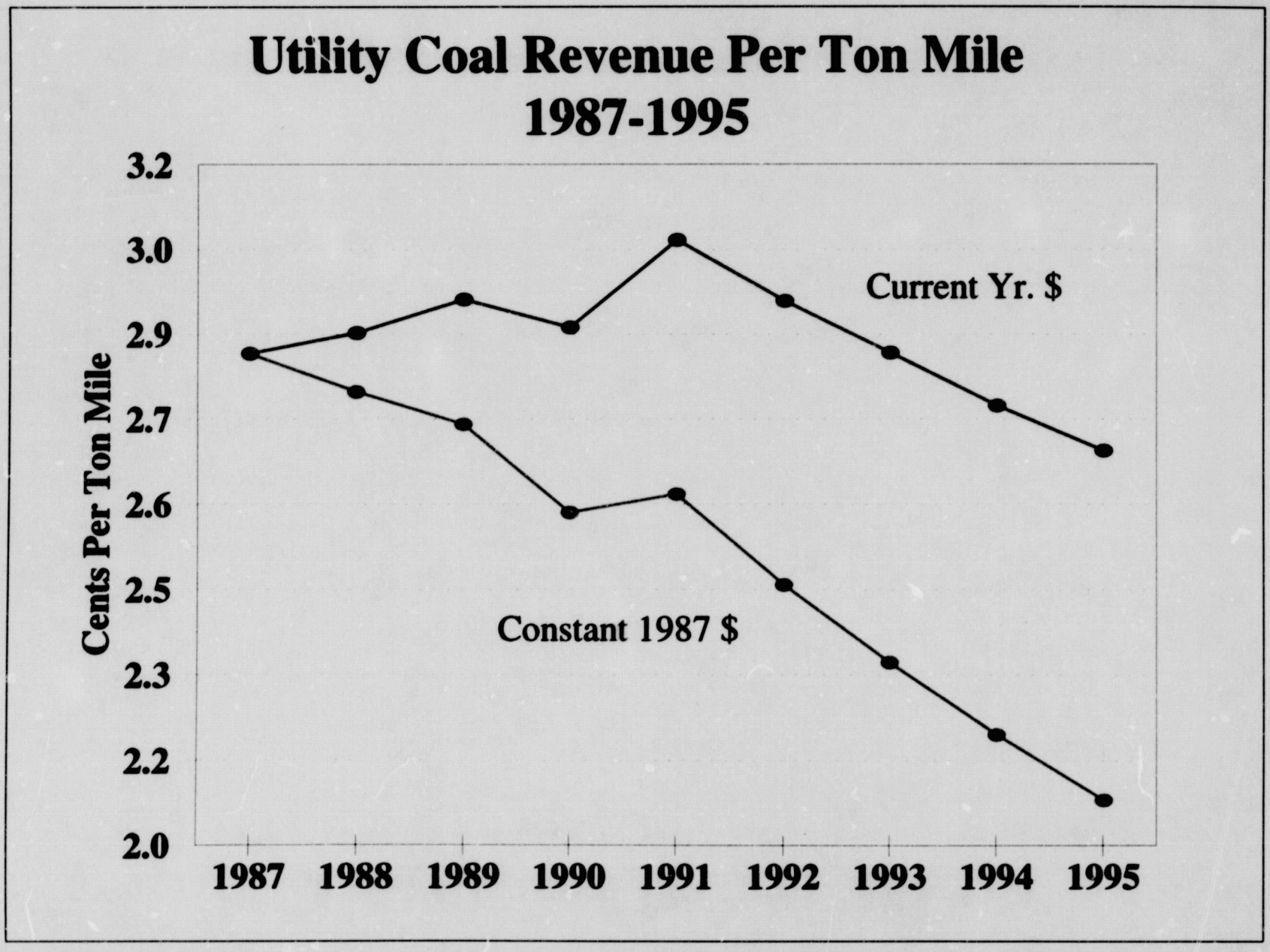
2.6
2.4
2.2
1982
1984
1986
1988
1990
1992
1994
Current Yr. $
Constant 1982 $


Utility Coal Revenue Per Ton Mile
1987-1995
Cents Per Ton Mile
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3.0
2.9
2.7
2.6
2.5
2.3
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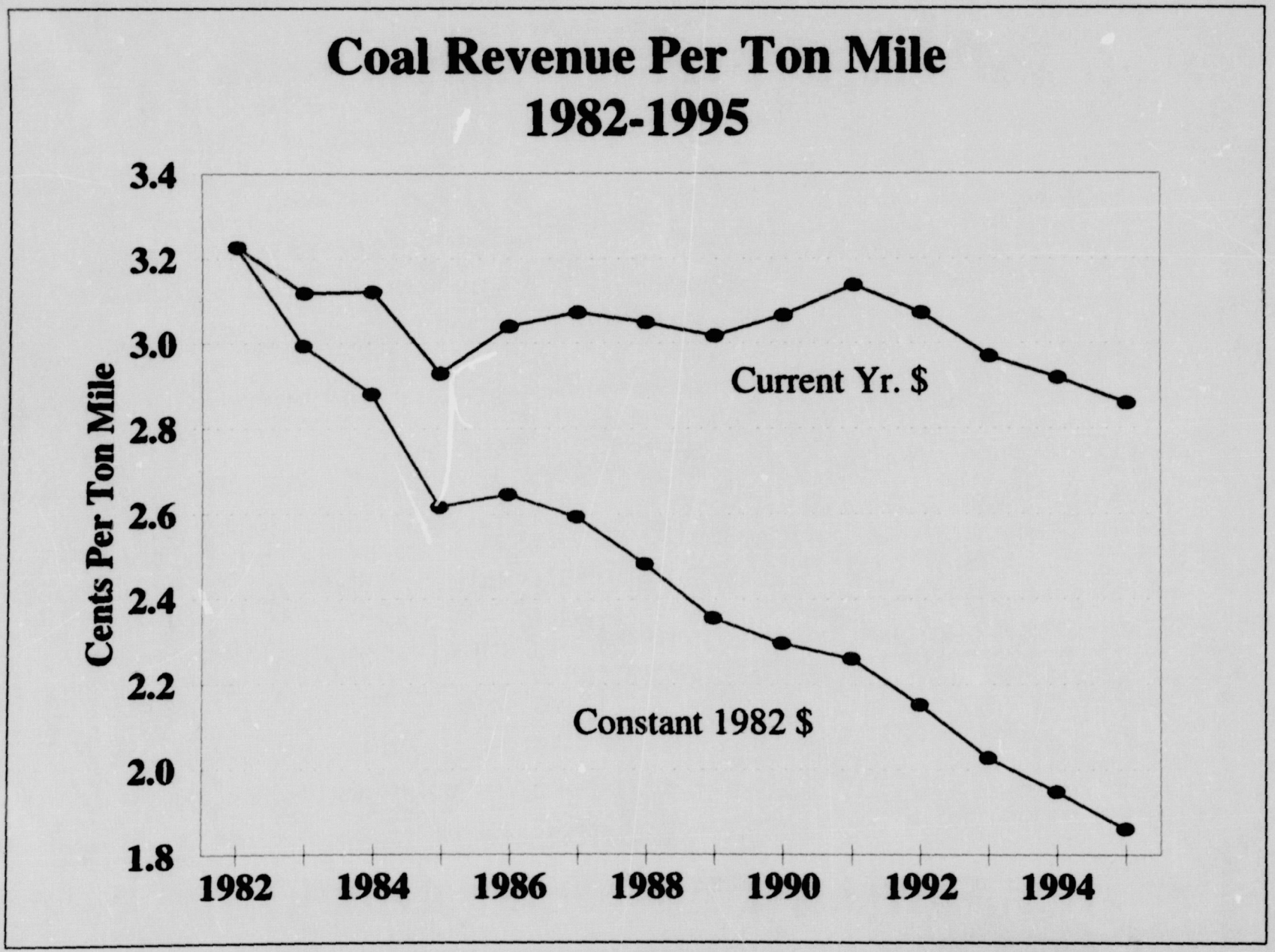
1987
1988
1989
1990
1991
1992
1993
1994
1995


Coal Revenue Per Ton Mile
1982-1995
Cents Per Ton Mile
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3.2
3.0
2.8
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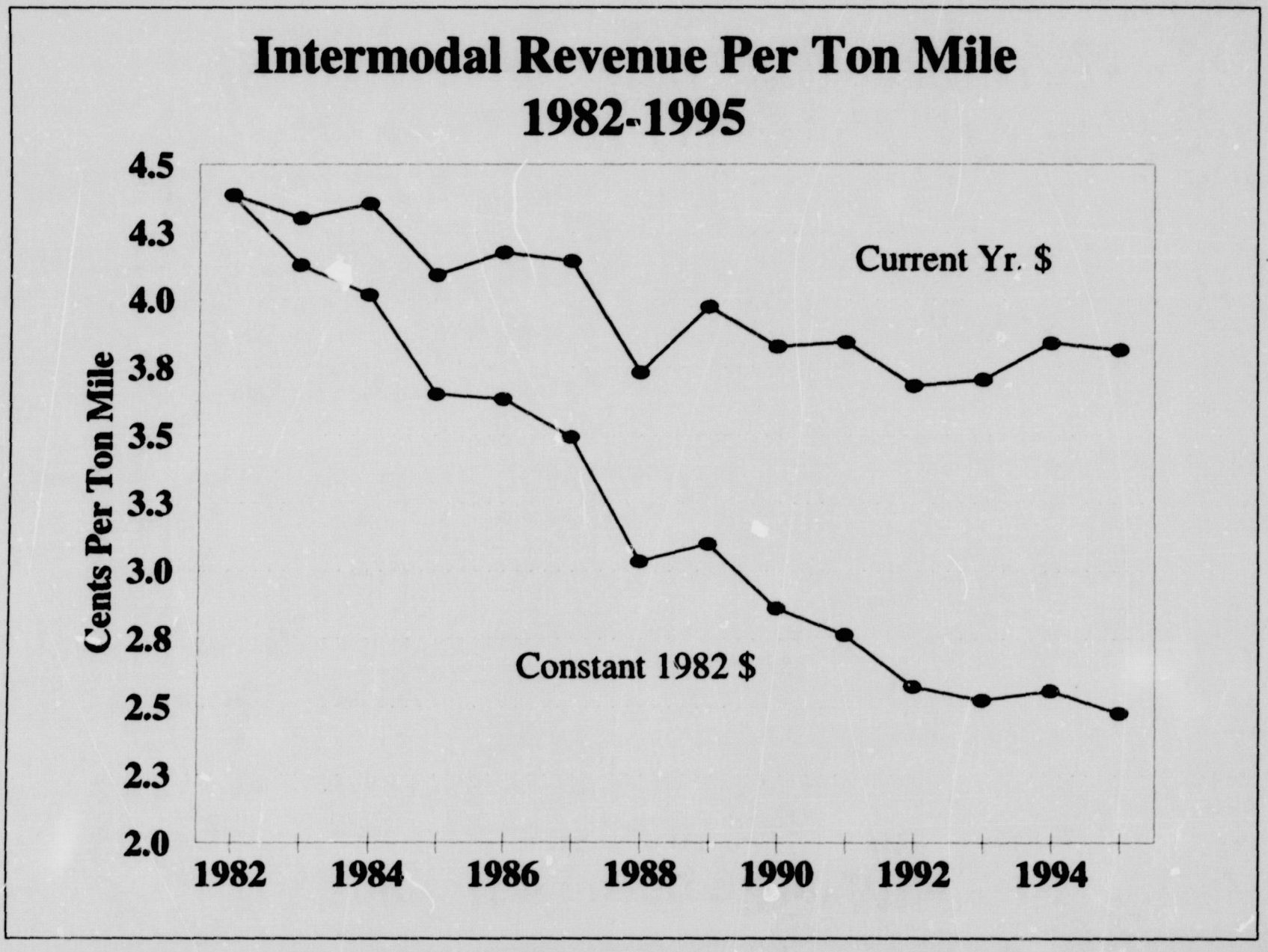
2.2
2.0
1.8
1982
1984
1986
1988
1990
1992
1994
Current Yr. $
Constant 1982 $


Intermodal Revenue Per Ton Mile
1982-1995
Cents Per Ton Mile
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4.3
4.0
3.8
3.5
3.3
3.0
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2.5
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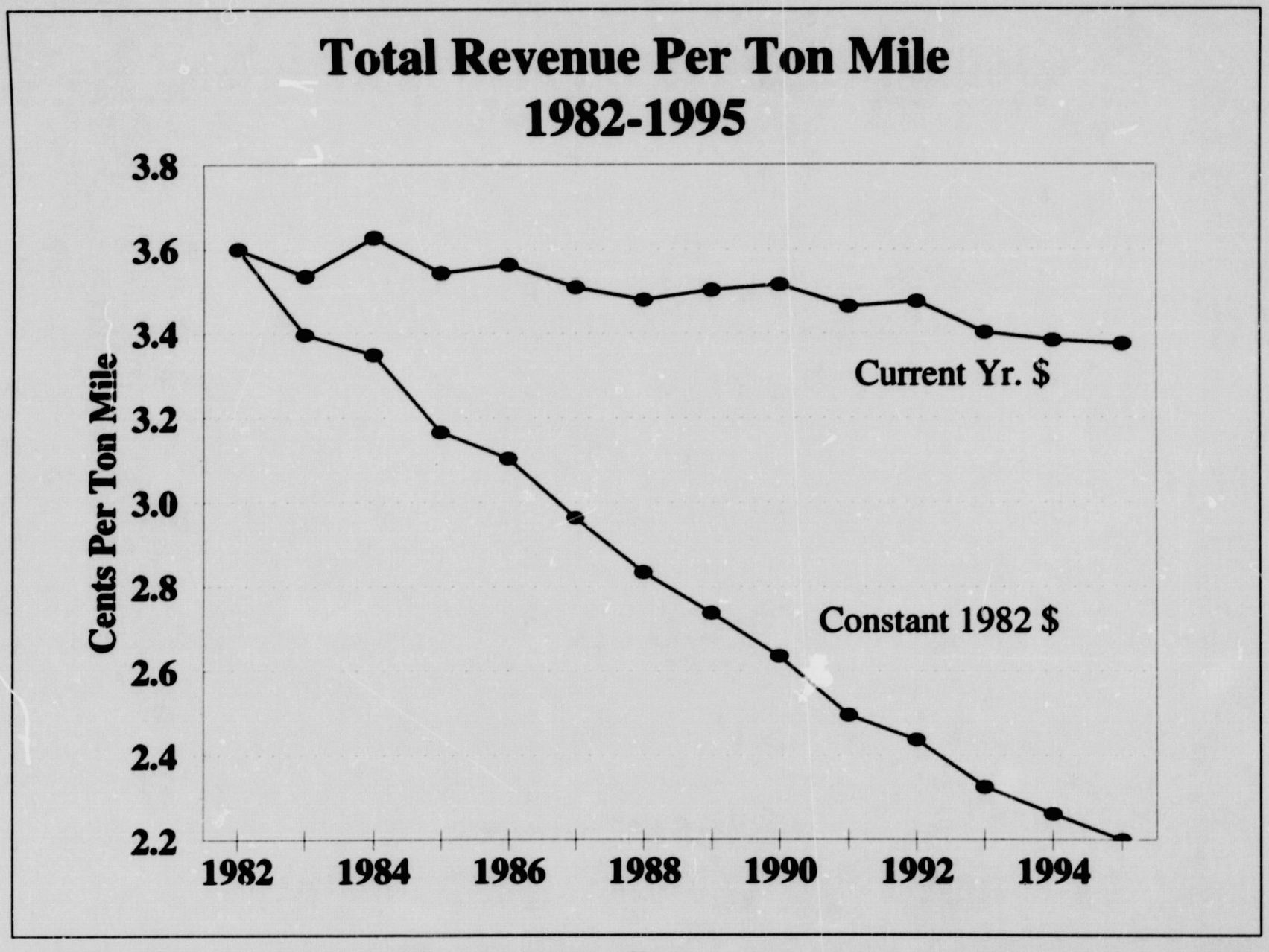
2.0
1982
1984
1986
1988
1990
1992
1994
Current Yr. $
Constant 1982 $


Total Revenue Per Ton Mile
1982-1995
Cents Per Ton Mile
3.8
3.6
3.4
3.2
3.0
2.8
2.6
2.4
2.2
1982
1984
1986
1988
1990
1992
1994
Current Yr. $
Constant 1982 $

VERIFIED STATEMENT

OF

THOMAS L. FINKBINER

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VERIFIED STATEMENT

OF

THOMAS L. FINKBINER

I. QUALIFICATIONS

My name is Thomas L. Finkbiner. I am Vice President-Intermodal for Norfolk Southern Corporation and Norfolk Southern Railway Company (collectively "Norfolk Southern" or "NS"). I have been Norfolk Southern's chief intermodal officer since 1987. In that year, I joined NS as Assistant Vice President - International and Intermodal Marketing from North American Van Lines (NAVL), NS subsidiary. At NAVL, I was Vice President-Marketing and Chief Commercial Officer for its Commercial Transport division, which was NAVL's over-the-road trucking operation, then one of the largest truckload carriers in the country. Prior to joining NAVL in 1981, I worked for Roadway Express and Airborne Freight Corporation. I became Norfolk Southern's Senior Assistant Vice President -International and Intermodal in April 1993, assuming responsibility for Norfolk Southern's intermodal operations in addition to marketing. I was promoted to my present position in August of that same year.

I graduated from Rutgers University with honors in 1974 with a Bachelor's degree in Economics. I am a member of the Board and Immediate Past President of the Intermodal Association of North America (IANA), which is the principal association of the intermodal industry, bringing together shippers, railroads, steamship lines, trucking companies, equipment manufacturers and lessors, and suppliers. My other industry affiliations include the National Freight Transportation Association, the National Industrial Transportation League, and the Council of Logistics Management. In 1997, I became a member of the Federal Highway

Administration's National Motor Carrier Advisory Committee and a Director of the University of Denver's Intermodal Transportation Institute.

I previously have given testimony on intermodal transportation issues before Presidential Emergency Boards 227 and 228.

I am providing this statement to describe the effects of the restructuring of Conrail's routes and facilities and their operation by Norfolk Southern and CSX on the transportation and marketing of intermodal traffic - shipments that move on the railroads in trailers or containers. Generally, this is traffic that can be transported from origin to destination by motor carriers or by rail carriers (with the aid of local drayage transportation at origin and destination). This statement is based on my knowledge of intermodal transportation in the United States in general and of the markets served by NS and Conrail in particular, discussions with our shippers and with port authorities and other interested parties regarding their views of this transaction, and on the traffic studies performed under the supervision of John H. Williams of The Woodside Consulting Group and Patrick J. Krick of The Kingsley Group, described in greater detail in their respective verified statements.

II. INTRODUCTION AND SUMMARY

For the first time since Conrail was formed in 1976, rail competition will be introduced by this transaction into major markets now served only by Conrail, including the New York metropolitan area. This transaction creates a window of opportunity to correct this serious anti-competitive deficiency, which has existed in the Northeast for two decades. In addition, competition will be greatly enhanced for traffic moving in east-west lanes as well as north-south lanes to or from Conrail points. Introduction of single line rail intermodal service between points in the Southeast and points on Conrail will create transportation options that never before existed

for customers. These changes will create benefits for shippers in the form of lower distribution costs, and for the public through reduced truck traffic and less congestion on the highways, because of greater use of the more environmentally friendly, rail intermodal transportation.

Intermodal shippers are supportive of the introduction of expanded rail competition into the Northeast, as demonstrated by the following excerpts from customer statements filed in support of this application (see Volume 4 for these and other customer support verified statements):

> For too long, customers which ship or receive product into and out of the Northeast have had the service of only one carrier. And as is the case when only one company is able to operate in a particular market, service suffers and the price is non-competitive.
>
> J. B. Hunt Transport, Inc.
> Lowell, Arkansas

> Providing rail competition in the Northeast, particularly from two competitors that have strong rail systems in the Southeast, should promote the growth of intermodal traffic, which, in turn will enhance my business as a supplier to the intermodal industry.
>
> NYK Line (North America) Inc.
> Secaucus, New Jersey

A. Operating and Marketing Philosophy

Both Norfolk Southern and Conrail have gained significant experience in developing their respective intermodal networks, and each can take pride in its accomplishments. Our goal following implementation of the transaction will be to combine the strengths and expertise of each carrier and apply the best practices on the combined system. Conrail excels at development and execution of premium services using point-to-point trains, while Norfolk Southern has the ability to operate a short haul, low density intermodal network on a "hub and spoke" model. By combining the talents and best practices of both intermodal organizations, we can expand the range and quality of intermodal services provided to customers across the expanded system.

B. The New Norfolk Southern Intermodal Network

The New Norfolk Southern (meaning NS's current rail lines, facilities and operations plus the Conrail lines and other assets that NS will operate) intermodal network created by this transaction is shown in Figure TLF-1. Thirteen terminals in former Conrail territory will be added to the thirty-two NS now operates or serves, extending our intermodal reach to New York City and Northern New Jersey, Baltimore, Philadelphia, Allentown, Harrisburg, Pittsburgh, and Toledo.

The expansion of the NS network is viewed by shippers as providing benefits to them, as reflected in the following:

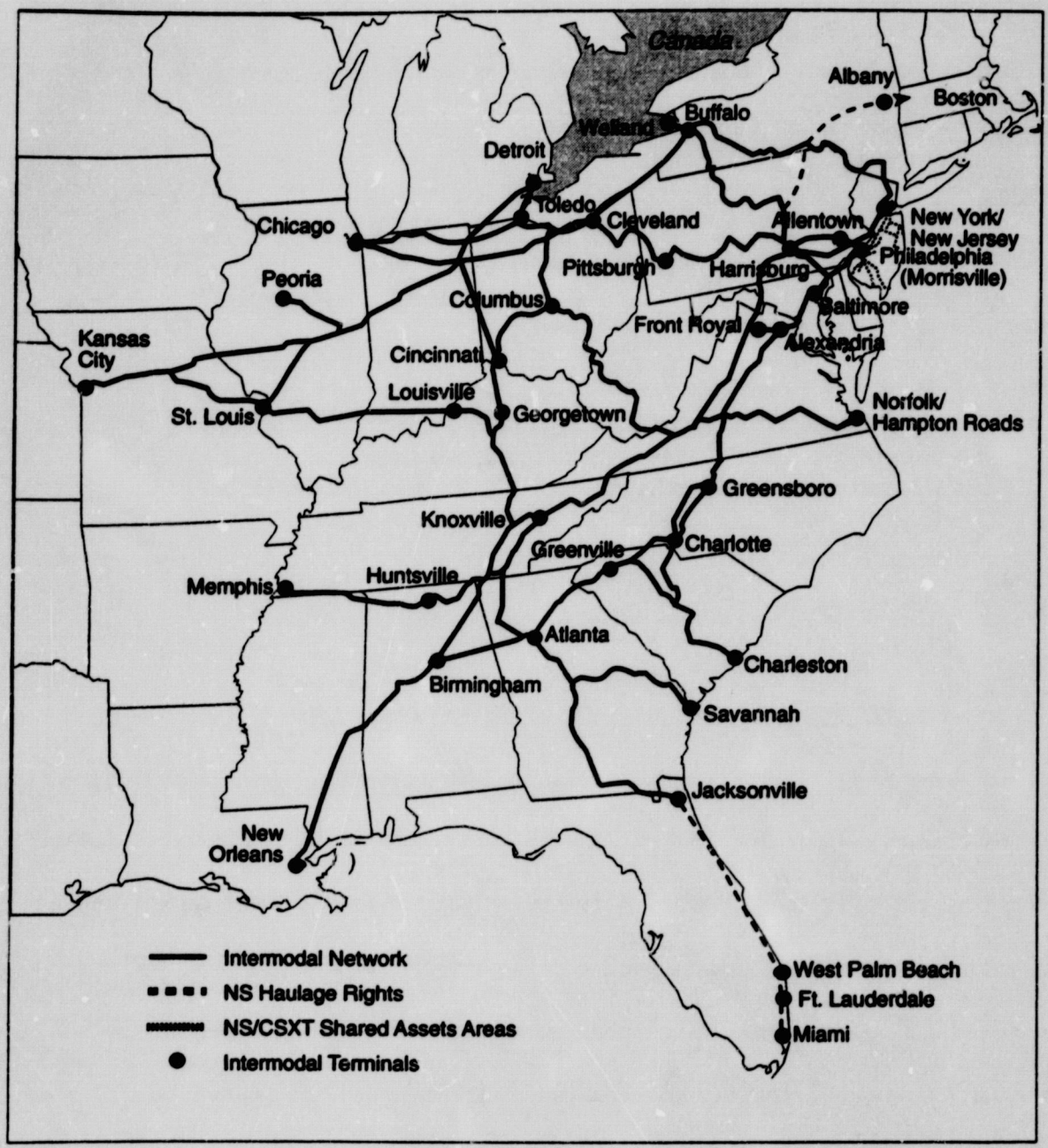
> Extended NS intermodal service will help meet our transportation needs throughout the territory now served by Conrail. Opening Conrail markets to service by two rail carriers of comparable size and scope, each with its own tracks and terminals, will offer us the advantages of competitive service and pricing without fragmenting the market and hurting service.
>
> J. B. Hunt Transport, Inc.
> Lowell, Arkansas

C. Problems of Joint Line North-South Service

Norfolk Southern has been working with Conrail for years in an effort to develop more north-south intermodal traffic. That experience makes us acutely aware of why this service will never achieve its full potential when conducted by two separate carriers, particularly when the interest in building this market is unequal and the two carriers' corporate strategies and priorities are divergent. Development of an intermodal market in a particular corridor requires the railroad(s) to provide consistent and reliable service in order to deliver a quality product that will build customer acceptance and foster growth. Conrail's focus on north-south intermodal traffic has proved to be too inconsistent to permit the north-south market to develop. Conrail's true allegiance is to east-west transcontinental movements; its interest in north-south opportunities has

Figure TLF - 1

The New Norfolk Southern Intermodal Network



tended to rise when its regular business is depressed and wane when regular traffic returns. Commercially acceptable north-south service can never grow to fruition unless conducted with a consistent vision. To be sure, Conrail's traditional preference for east-west intermodal traffic is not unreasonable given its geography; however, the uncertainty created in the minds of the customers by Conrail's shifting intermodal priorities has made it harder for the north-south market to reach its full potential.

Development of intermodal markets requires sufficient terminal and line haul resources to handle the traffic and operate according to schedule. Here again, differing strategies in terminal facility investments and the assignment of resources--such as terminal and track capacity and power--have frustrated Norfolk Southern's ability to develop effective north-south intermodal service jointly with Conrail. Inconsistent operating policies also have been an impediment to efficient joint operations. For example, Conrail's operating procedures governing the operation of intermodal trains containing a mixture of conventional and doublestack cars are more restrictive than those procedures in effect on Norfolk Southern. Because of its relatively low lane density in many corridors, NS has learned how to handle a multiplicity of intermodal equipment formats in the same train consist, safely and efficiently, and intends to extend this capability to the Conrail territory.

Often there is a lack of mutual interest between railroads when movements are a short haul for one railroad in the route because of the proximity of the origin or destination to the connecting gateway. This "gateway/watershed" problem presents itself in many of the north-south lanes between Norfolk Southern and Conrail. Clear examples of the gateway/watershed phenomenon are presented by the lanes between Harrisburg, Pennsylvania, and points in the Southeast. Harrisburg is only about 75 miles from Hagerstown, Maryland, Conrail's principal connection with Norfolk Southern. It is not hard to understand why Conrail would find north-south

intermodal traffic that terminates or originates at Harrisburg unprofitable or uninteresting, particularly as compared with the east-west opportunities at Harrisburg. This impediment will disappear completely after this transaction is implemented, not only for the Harrisburg lanes, but for other, similarly situated lanes.

D. The Transaction Will Create Single Line Intermodal Service

As a result of this transaction, single line intermodal service linking Norfolk Southern's network with Conrail's markets will overcome the impediments associated with existing NS-Conrail joint line routes described above. Norfolk Southern will pursue an intermodal commercial strategy that is consistent over the long term. It also will provide sufficient line and terminal capacity to accept growth in these new single line markets while continuing to meet customers' service expectations on existing business. Most of the principal markets in the Northeast and Southeast regions will be linked by the New Norfolk Southern's single line intermodal service.

As a general rule, interline rail service is fraught with opportunities for service failure because of differing priorities between carriers and the lack of a single sponsor overseeing the movement from start to finish. Intermodal is extremely sensitive to chronic interline service disabilities because its principal modal alternative -- the truckload carrier -- already provides an inherently seamless dock-to-dock product. Thus, single carrier service is a powerful ingredient of strong and effective rail intermodal competition.

The practical advantages of operating single line service instead of operating joint line service are manifold. Delays at interchange points are eliminated as freight moves from origin to destination under a single service plan and under the control of one transportation management system. One set of operating procedures applies to the entire trip. Equipment and motive power are supplied by one carrier, avoiding conflicts in priorities common to interline service. Once

gateways are eliminated, the service is no longer in danger of being held hostage to the competing revenue requirements of two carriers. The absence of conflicting revenue requirements cannot be overstated as an advantage of single line intermodal service.

E. Changed Strategy

The transaction also will permit NS application of a new strategy that places greater emphasis on shorter haul, east-west intermodal markets in Conrail local territory. This opportunity results from a circumstance unique to Conrail's existing situation, where for twenty years it has sat astride an intermodal franchise in which it was the sole rail carrier in most markets. Conrail's posture has facilitated its ability to favor transcontinental and premium services and to eschew shorter, lower-density local lanes. Indeed, approximately thirty percent of its intermodal business is derived from a single lane: New York - Chicago. A significant proportion of this Chicago traffic is transcontinental freight, rather than local New York - Chicago traffic. One can readily understand why and how Conrail reached the decision it did to focus on long-haul premium traffic in dense intermodal lanes. Unfortunately, this strategy leaves thousands of potentially divertible truckloads on the highway.

Norfolk Southern will: (1) apply to the Conrail interior markets concepts and experience it has developed to serve similar short and medium haul markets in the Southeast and Midwest; and (2) expand the range of intermodal services competitively offered beyond Conrail's traditional focus. A shipper view of the Chicago-New York intermodal market opportunities is expressed below:

> Hub Group expects that traffic moving between Chicago [and] New York, one of the most heavily congested truck routes today, will provide significant opportunities for new intermodal business.
>
> The Hub Group, Inc.
> Lombard, Illinois

F. Diversion of Truck Traffic

The combination of Norfolk Southern and its portions of Conrail creates significant opportunities to divert truck traffic from the highways to rail intermodal service. These diversions derive broadly from two causes: First, as I have discussed, the transaction will bring competitive single line intermodal service to numerous lanes connecting the Northeast and Southeast where single line service has never before existed. Second, introduction of true head-to-head rail competition accompanied by a change in commercial strategy will result in a broadening of intermodal services to underserved local markets because Conrail's traditional focus has been on transcontinental lanes and premium customers.

A study has been performed to estimate the diversions of truck traffic from the highways that would be expected to result from the operational integration of portions of Conrail into the Norfolk Southern rail network. The testimony of Patrick J. Krick presents in detail the analytical process he employed to derive the estimates of truck diversions. The additional revenues and intermodal traffic (trailers, containers and bimodal RoadRailer® units) that would accrue to the expanded Norfolk Southern System as a result of the transaction are summarized below:

Figure TLF-2

Summary of Truck Diversions to NS Rail Intermodal Service

	Revenue ($ million)	Units
Single Line Service	$133.7	255,200
Changed Strategy	106.7	220,500
Total	$240.4	475,700

In my estimation, the increased traffic volumes reflected in the Truck Diversion Study can be realized within three years. The incremental truck diversion units represent only 24% of the 1995 intermodal base volume, which consists of NS traffic plus the NS share of Conrail traffic.

NS expects to handle much of this incremental traffic in doublestacked domestic containers. As discussed below, such doublestacked containers are potent truck-competitive vehicles because of their linehaul operating efficiency. Most of the principal NS-Conrail intermodal routes in the combined network are already cleared to handle domestic doublestack containers, and the Operating Plan calls for clearance of the few remaining segments.

Principal Conrail markets that will receive additional, more competitive service as a result of projected truck to rail diversions include: New York City and Northern New Jersey; Baltimore; Philadelphia; Harrisburg; Pittsburgh; and Chicago.

Mr. Krick used Reebie Associates' 1995 TRANSEARCH® database for his Truck Diversion Study. TRANSEARCH is the only available comprehensive data source on domestic truck movements, and is therefore the best source of data for the technical study. Trucking activity in the U. S. is very diverse, with tens of thousands of operators offering services for hire, in addition to the haulage performed by private carriers. Thus, no database could be expected to model truck traffic with the same level of accuracy as, for instance, the Carload Waybill Sample models rail traffic. TRANSEARCH data on truck movements represents traffic flows related to industrial production very well, but undercounts freight from distribution centers that is readily convertible to intermodal. For these reasons, and based on my extensive personal experience in the trucking industry, I believe that the TRANSEARCH data significantly understates the truckload market. In my judgment, the Truck Diversion Study results and the associated public benefits are, therefore, **very conservative** and the potential volumes of truck traffic that can, over time, be diverted to this expanded, New Norfolk Southern intermodal network are actually much greater.

The Truck Diversion Study results are, nonetheless, useful for assessing the aggregate intermodal traffic increases that would occur in the East as a result of the transaction. The intermodal business is very dynamic and traffic flows change frequently. Thus, the actual traffic

patterns that will exist in 1998 when consummation of the transaction is expected to begin will be different from what the 1995 TRANSEARCH data suggest. What is important is the scope and order of magnitude of the public benefits flowing from diversion of truck traffic to rail in this region and the marketing plan that is being developed to secure that traffic.

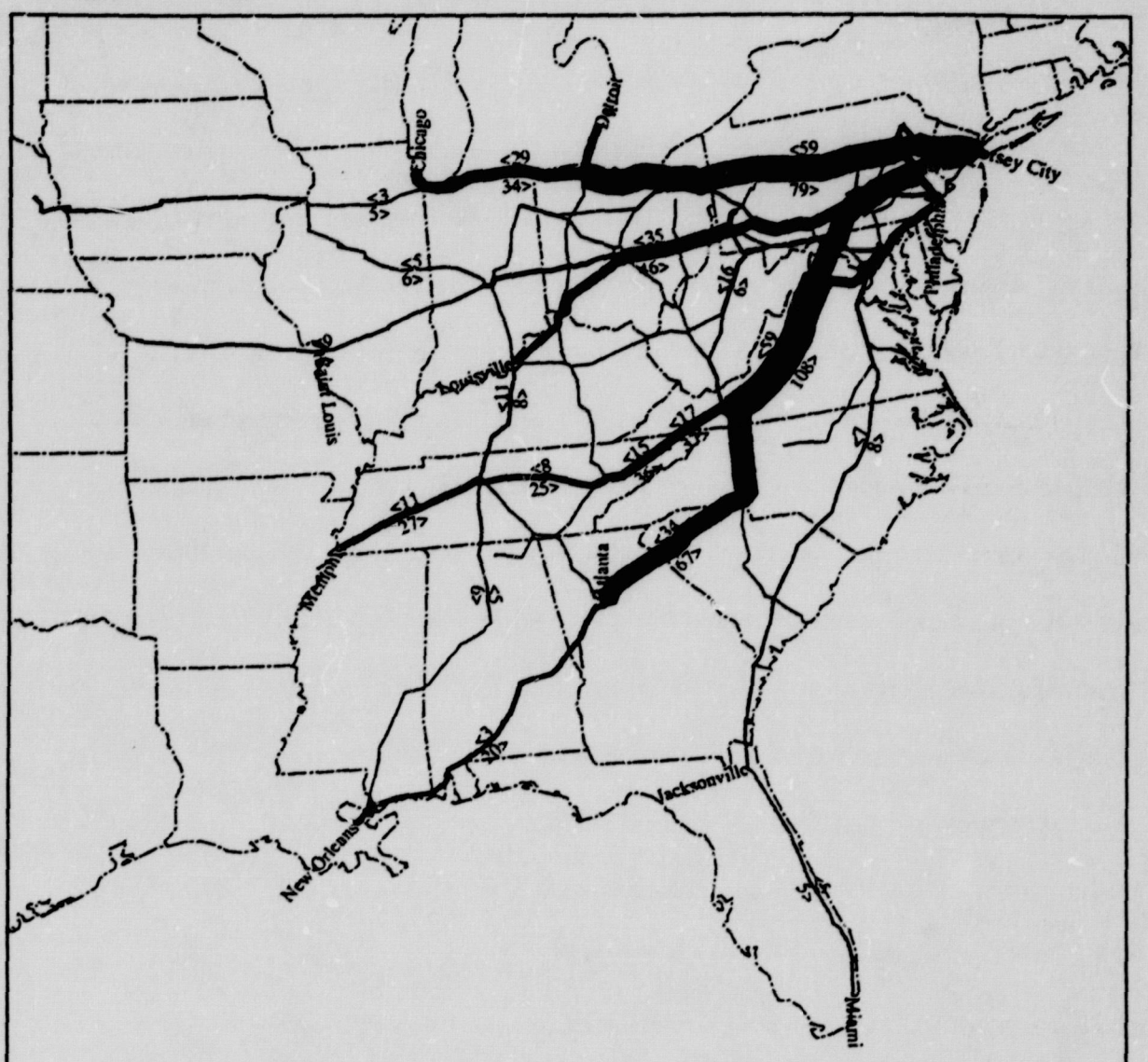
The benefits to the public from these diversions of truck traffic to rail are substantial and varied. Major arteries in the Northeast, Midwest and Southeast have heavy car and truck traffic, creating significant public costs through congestion, safety hazards, diminished air quality, and highway damage. Diversion of truck traffic to rail intermodal will help to reverse this trend. Figure TLF-3 depicts the relative density by route of truck traffic that we predict NS will be able to divert from the highway system as a result of this transaction. This diagram was produced by ALK Associates using the output of Mr. Krick's study. As can readily be seen, significant reductions of truck traffic will occur on the Interstate 81 corridor through Virginia, Interstates 78 and 80 through Pennsylvania, Interstates 77 and 85 in the Carolinas, and the Ohio and Pennsylvania Turnpikes.

Diversion of truck traffic to rail intermodal will also result in reduced fuel consumption, owing to the greater fuel efficiency of rail transportation, and reduced logistics costs to shippers, by virtue of the presence of competitive intermodal rates. Finally, the operation by Norfolk Southern of Conrail will enhance safety, as the public will benefit from safer highways with fewer long-distance trucks. These public benefits are endorsed by shippers:

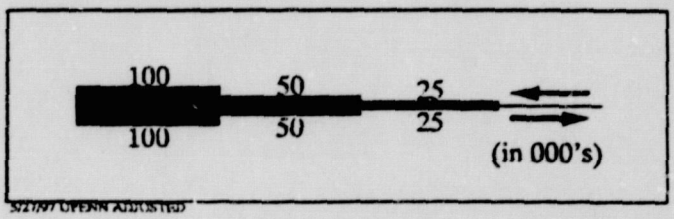
> Viable competition in the Northeast would push the competing railroads to improve service and rates. This should attract additional intermodal business, improve the general competitiveness of the economy, and promote public safety by reducing the volume of truck traffic.
>
> "K" Line America, Inc.
> Murray Hill, New Jersey

Figure TLF - 3

Route Density of Projected Highway-to-Rail Diversions



Annual Truckloads Diverted



5/21/97 UPENN ADJUSTED

G. Diversion of Traffic From Other Railroads

The results of the Rail Traffic Diversion Study and a discussion of the diversion logic employed are presented in the Verified Statement of Mr. John H. Williams. In general, the model logic is responsive to the competitive advantages of alternative carrier routes between points and, in particular, single system service opportunities. The combination of Norfolk Southern with portions of the Conrail network creates an alternative to Conrail's traditional Chicago Gateway for transcontinental traffic. The diversion logic employed here reflects the fact that, over time, portions of existing Chicago intermodal interchange will migrate to Kansas City, because some customers would be expected to see a tangible service benefit from the route change.

As is more fully described in Mr. Williams' Testimony, Norfolk Southern and CSX jointly engaged ALK Associates to split Conrail's traffic volumes associated with the routes each will acquire for use in this Surface Transportation Board proceeding. After having accepted the results of the ALK split of Conrail's intermodal traffic, Mr. Williams applied his diversion logic to all potentially divertible traffic in his Rail Traffic Diversion Study. His preliminary results and the diversion logic employed were reviewed within Norfolk Southern's Intermodal Department.

As shown by Mr. Williams' Testimony, Norfolk Southern is expected to gain $310.7 million of existing intermodal revenue from operation of its portion of Conrail. Further, according to Mr. Williams' Study, our New Norfolk Southern operations will divert $33.9 million of additional intermodal traffic revenue from all other carriers, including CSXT. In total, the Rail Traffic Diversion Study concluded that NS intermodal revenues would be increased by $344.6 million as a result of the Conrail transaction.

H. Intermodal Revenue Summary

The New Norfolk Southern's intermodal revenues, following the operational division of Conrail and incorporating the truck traffic diverted from the highway, are summarized below in Figure TLF-4. After Year Three, additional truck diversion traffic will represent 23% of the total of $1,059.3 million.

Figure TLF-4

Norfolk Southern Intermodal Revenues, After Year Three
(Based on 1995 Dollars)

Source	Revenue ($Millions)
NS existing traffic	$474.3
CR traffic to NS	310.7
Total base traffic	784.0
Rail diversions to NS	33.9
Truck diversion traffic	240.4
Total Traffic	$1,059.3

III. OVERVIEW OF INTERMODAL INDUSTRY

Intermodal transportation, the movement of trailers and containers on rail cars, is the fastest growing segment of the railroad industry today, and has also grown to become the second largest rail commodity, in terms of units--exceeded only by coal. Intermodal is also the rail service that is most directly competitive with motor carriers for many commodities and markets. Thus, both rail intermodal rates and service requirements are directly responsive to truck competition, and both of these components of the intermodal package change frequently to respond to shippers' changing requirements and the competitive offerings of motor carriers. The trucking industry is noted for rapid changes in capacity and pricing, and rail intermodal service must remain equally flexible and adaptable. The railroads must also remain continuously competitive in order to retain traffic handled in intermodal transportation. The movement of

trailers and containers from one point to another is relatively undifferentiated. Thus, whenever rail intermodal offerings to the marketplace are not competitive in either service or price, the marketplace exerts its discipline very quickly.

A. Customers

Because the customer base in the rail intermodal industry is diverse, having the capability to address the needs of the widest possible group of customers enhances the chances of a successful operation. *Conventional* intermodal business refers to the type of technology used--the placement of trailers or containers on rail flatcars that are coupled together and moved in trains in the traditional manner. In addition to conventional intermodal, NS and Conrail are joint owners of Triple Crown Services Company (Triple Crown), which provides intermodal service using bimodal RoadRailer® equipment that can operate on both the rails and on the highway. I discuss Triple Crown later in this statement.

The following are the principal segments of the conventional intermodal business:

Stacktrain operators, such as American President Lines, K-Line, Hanjin, and NYK/Centex generally tender shipments in trainload quantities. Aggregation of traffic into stacktrains is the most efficient way to ship intermodal freight. These customers tend to provide their own equipment and to have as their base of business international containers coming on or off steamships at major ports.

International customers include steamship lines that send freight to and from ports in individual shipments rather than in trainloads. They also tend to provide their own containers.

Truckload (TL) carriers use rail intermodal service to substitute for linehaul movement between terminals for which they would otherwise use their own tractors and drivers. J. B. Hunt and Schneider National are two examples of truckload intermodal customers. This sector of the

business tends to have very precise service requirements, both in terms of transit time and the times of day freight is tendered. These customers generally provide their own containers or trailers.

Less than Truckload (LTL) carriers also use intermodal for linehaul substitution and in most cases bring their own containers or trailers. They aggregate smaller shipments into truckloads and tend to have very specific service requirements. United Parcel Service is the largest customer in this category.

The U. S. Postal Service uses intermodal extensively to transport mail and packages and is a very important Conrail premium service customer.

Intermodal Marketing Companies (IMC's) are shippers' agents who solicit loads from domestic customers and purchase wholesale transportation services from the railroads. IMC's, also often known as *third parties*, use equipment provided by the railroad and tend to seek out traffic that is less service sensitive but cannot withstand higher truckload rates. Several hundred IMC's are in business today; the largest is The Hub Group, Inc.

B. Operations

Four essential operational elements are required to provide intermodal service acceptable in the marketplace: trains, terminals, equipment, and systems. First, a network of trains must be established to connect service points with transit times **and** with departure and arrival windows that are commercially acceptable. Second, investment and reinvestment in a network of terminals is required to handle the customers' freight efficiently at origin and destination. Third, equipment, including both flatcars and, for customers who do not supply their own, trailers and containers, must be available in the proper sizes and quantities to meet customers' needs. Fourth, systems

must be in place for operational control and management of the information flow among the parties involved in intermodal transactions.

C. Doublestack Economics

Conventional intermodal encompasses several equipment configurations: highway trailers on flatcars (TOFC), popularly known as "piggyback", single containers on flatcars (COFC), and doublestacking of containers on single flat cars or multiple platform cars (cars with two or more wells capable of handling doublestacked containers). Both international containers tendered by steamship lines and domestic containers can be moved in doublestack service.

Doublestack movements are increasing rapidly in the industry, as domestic containers supplant trailers as the domestic intermodal vehicle of choice. Compared with the traditional trailer, domestic doublestacked containers reduce the tare weight of intermodal shipments, producing lower line haul costs and fuel consumption, while permitting more shipments to move per train slot. Chassis must, of course, be provided at origin and destination to enable highway movement between the intermodal terminal and the customer's dock. The net result of use of doublestacked containers is lower overall transportation costs, which makes the domestic container a potent truck-competitive vehicle.

In 1994, Norfolk Southern, Conrail and Union Pacific Railroad jointly established a container pool program, called *EMP*, in order to facilitate and expedite the transition from trailers to containers on these three carriers, as well as to improve equipment utilization and raise the level of equipment quality and supply. EMP has achieved wide customer acceptance, as reflected by its growth to over 180,000 shipments in 1996.

The New Norfolk Southern intermodal network will have high capacity, doublestack-cleared routes between almost every important market in the eastern United States. Not

surprisingly, a substantial proportion of the incremental intermodal traffic in this plan is expected to be handled in domestic containers. Most of the principal NS-Conrail intermodal routes in the combined network are already cleared to handle domestic doublestack containers, and the Operating Plan calls for clearance of the few remaining gaps in the system: between Harrisburg, PA, and Baltimore, MD, between Riverton Jct. and Roanoke, VA, and between Columbus and Cincinnati, OH.

D. Intermodal Performance

Norfolk Southern's intermodal traffic volume grew 94% between 1988 and 1995--the fastest growth level in the industry and **twice the industry average growth during that period**. Conrail's intermodal volume growth over this period was 43%, as depicted in Figure TLF-5.

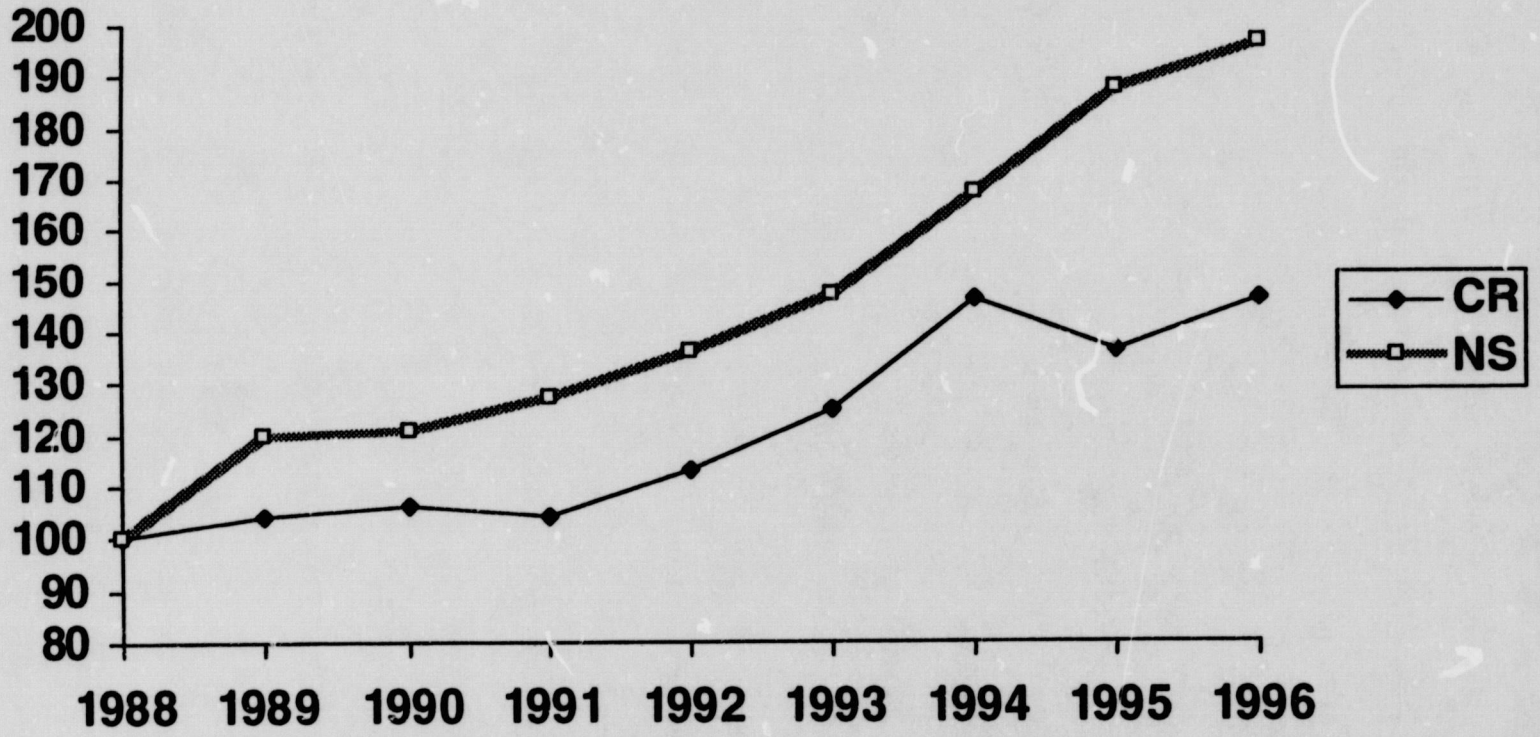
What is it about Norfolk Southern's intermodal program that led to this level of performance? The reasons are both quantitative and qualitative. The first factor differentiating Norfolk Southern's intermodal service is its record of intermodal investments--in terminal facilities, equipment and systems. Our experience is that commitment of capital is an essential ingredient required to stimulate growth in intermodal traffic. NS has consistently invested in intermodal facilities and has found that growth soars after facilities are expanded. As I discuss later in this statement, Norfolk Southern anticipates capital investment in intermodal facilities of over $200 million in order to provide the capacity necessary to handle the traffic increases that are part of this plan.

Our recent experience at Atlanta, Buffalo, Columbus, and Kansas City illustrates the impact of investment on traffic growth. In 1993, NS began a $10.5 million expansion of its Inman intermodal facility in Atlanta. Intermodal volume there increased 57% from 1993 to 1996. NS opened a new intermodal terminal at Buffalo at the end of 1992, at a cost of $8.3 million. In

Figure TLF - 5

Relative Intermodal Growth

1988 Base Year



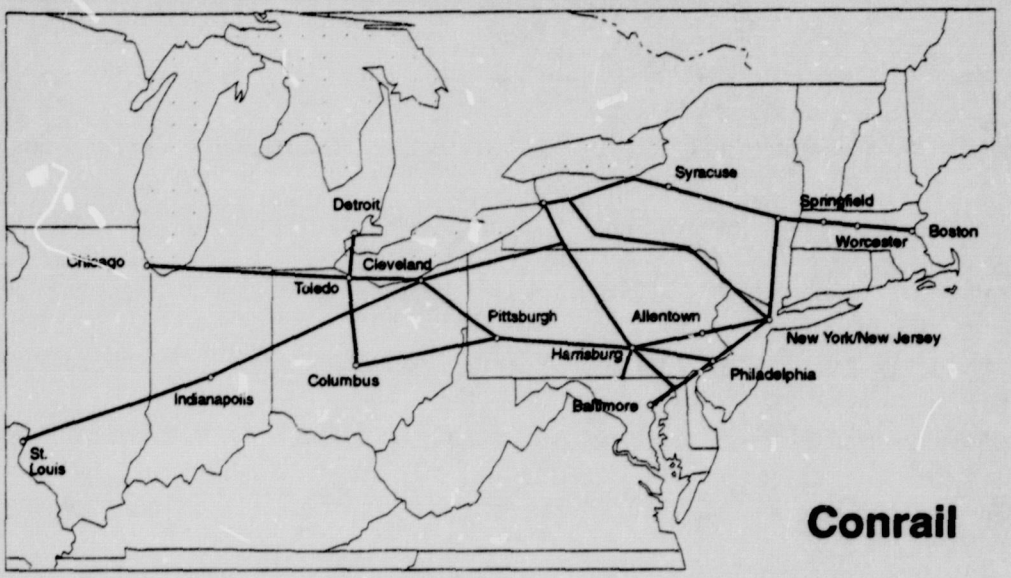
Source: CS54/AAR Data Originated and Received

1996, we handled 78% more units there than in 1992. At Columbus, Ohio, 1996 volume was up 59% from 1993, when NS invested $7.9 million in terminal expansion. Finally, NS opened a new, $15.5 million intermodal terminal at Kansas City in 1994. Unit volume there doubled by 1996.

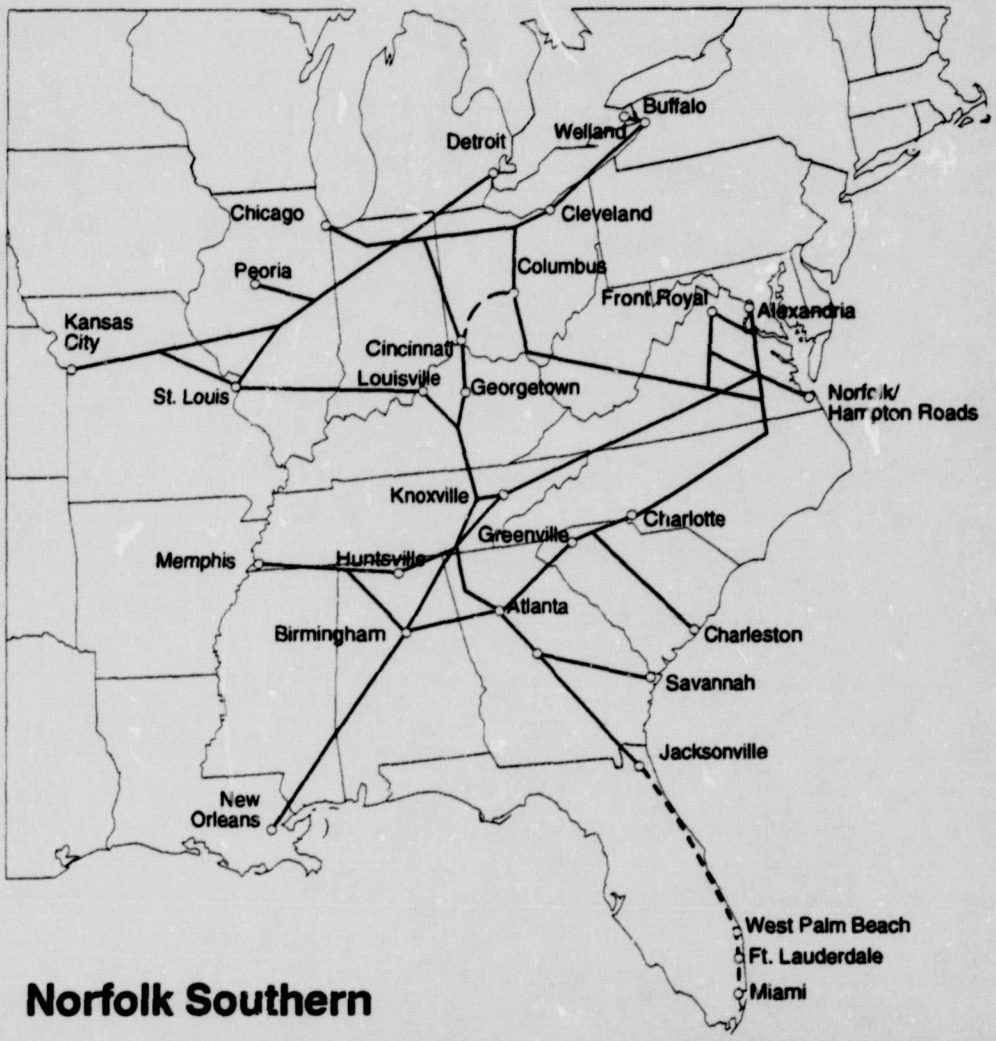
Norfolk Southern operates the most complex intermodal network in the industry. The diagram in Figure TLF-6 compares the NS and Conrail intermodal networks. With few exceptions, the point pairs in Norfolk Southern's territory do not support daily trainload intermodal volumes. Conrail's intermodal routes are much denser than Norfolk Southern's. This disparity is illustrated by the fact that a mere eight intermodal lanes comprise sixty percent of Conrail's intermodal volume, while it takes thirty-two Norfolk Southern intermodal lanes to reach that percentage of our business. Thus, of necessity, NS employs an extremely complex "hub and spoke" intermodal configuration centered in Atlanta. This configuration offers shippers the widest possible combination of geographic origins and destinations, while allowing concentration of traffic on core trains to gain linehaul economies. Much like airline passengers changing flights at a hub airport, trailers and containers often must be switched between intermodal trains at Atlanta in order to complete their journey. This configuration requires very precise operation of both the terminal and of inbound and outbound trains, which currently number 31 per day. Atlanta is itself the largest single southeastern source of traffic and, consequently, many intermodal loads originate and terminate there. Unfortunately, because Atlanta is near the center of our network, rather than being at one end, Norfolk Southern enjoys only a short or medium length intermodal haul between Atlanta and many markets.

Norfolk Southern faces rail and truck competition in every intermodal market it serves. It does not serve any region of the country where it is the sole major rail carrier. Instead, Norfolk Southern is completely reliant upon providing consistent and reliable service and offering competitive pricing as the tools used to retain and expand its intermodal business.

Figure TLF - 6
1995 Intermodal Networks



Conrail



Norfolk Southern

Norfolk Southern has penetrated the truck market more deeply in its territory than has Conrail in its territory. In his verified statement, Mr. Krick summarizes the results of an analysis of Conrail's and Norfolk Southern's intermodal market performance in 1995 as compared with trucks for lanes in the interior of their respective railroad systems. The study was confined to interior lanes so as to avoid counting "rebill" rail traffic to a western gateway, which is recorded as a local movement but is actually part of a transcontinental movement, a common occurrence, particularly on Conrail. As Mr. Krick states in this study, although Conrail averaged a 14 percent market share in these lanes, Norfolk Southern averaged a 27 percent market share--a differential of 13% in truck market penetration.

The absence of effective rail competition in much of its territory has permitted Conrail to be selective in defining the relevant markets in which it competes. Conrail has chosen to focus on certain high-volume, long haul business segments, leaving other potential intermodal rail freight to trucks. The result is that Conrail concentrates on east-west, transcontinental traffic, relegating to secondary status both shorter-haul traffic between local points on its system and north-south intermodal traffic to northeastern points. Based on our experience, Conrail gives east-west traffic priority over north-south trains in dispatching and terminal functions. Although it enjoys exclusive intermodal access to major population centers on the Eastern Seaboard, Conrail has chosen to limit the intermodal services it provides in its territory. By combining Norfolk Southern's hub-and-spoke proficiency with Conrail's focus on east-west traffic, the New Norfolk Southern will provide vigorous competition for motor carriers on **both** east-west and north-south lanes.

Conrail has concentrated its investments and resources on its key, heavy volume routes, to the exclusion of lower density lanes and less lucrative markets. Conrail's strategy, in turn, has permitted it to specialize in certain types of premium intermodal traffic, including customers such

as United Parcel Service and the U.S. Postal Service. While this type of premium traffic is Conrail's strength, Conrail has placed less emphasis on soliciting truckload freight from intermodal marketing companies and truckload freight in secondary markets. I believe that these types of traffic provide the greatest opportunities (on the margin) to divert traffic from trucks and off the highway.

IV. BENEFITS OF THE TRANSACTION

Norfolk Southern operation of major portions of Conrail provides the opportunity to increase intermodal competition within Conrail's service territory for the long term. The intermodal business is very sensitive to cost and service levels. In turn, these two factors are highly sensitive to traffic density and resulting economies of scale. Creating initial balance among participating intermodal carriers provides the opportunity for viable, cost-effective competition over time and the potential to provide service that is commercially acceptable in the marketplace.

TLF-7 shows the respective 1988 and 1995 intermodal market shares of the three primary eastern railroads: Norfolk Southern, Conrail and CSX:

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Figure TLF-7

Intermodal Market Shares, 1988 and 1995[1]

Carrier	1988 Revenue (millions)	1988 Share	1995 Revenue (millions)	1995 Share	Revenue Increase/ (Decrease)
Norfolk Southern	$197.2	22.6%	$372.3	30.2%	88.3%
Conrail	380.6	43.4%	577.3	46.8%	51.7%
CSX	298.2	34.0%	283.6	23.0%	(4.9)%
Eastern Totals	$876.6	100%	$1,233.2	100%	40.7%

The term "share" as used in Figure TLF-7 must be understood in context when speaking of rail intermodal traffic. "Share" as used here refers to a carrier's proportion of a universe composed of the sum of the traffic handled by it and other intermodal railroads. It is **not** a carrier's share of the total truckload plus intermodal market, which is a vastly larger universe. Nor does an increase in a railroad's share necessarily mean that it has diverted traffic from another railroad. Instead, increases in intermodal traffic often reflect diversions of truck traffic, which increases the size of the intermodal universe.

The history of each carrier's change in intermodal revenue between 1988 and 1995 is a reflection of the execution of those railroads' respective intermodal commercial plans. Both Norfolk Southern and Conrail expanded their intermodal business significantly during that period. Conrail's business increased 52%, while Norfolk Southern's increased 88%.

The combination of existing Norfolk Southern intermodal traffic with NS's allocated share of existing intermodal traffic handled by Conrail would produce an eastern intermodal market share of 55.1%, while the combination of CSXT intermodal traffic with the remainder of Conrail's

[1] Interstate Commerce Commission, *Quarterly Reports of Freight Commodity Statistics*, 1988 and 1995.

intermodal business produces a share of 44.9%. Thus, the Conrail transaction does not create an imbalance in intermodal market share. Rather, it leaves NS and CSXT comparably matched, which augurs well for strong intermodal competition in the East.

Endorsement by shippers of competitive balance is seen in the statements below:

> . . . [T]he expanded route structure offered by CSX and Norfolk Southern systems will allow intermodal service to be competitive with over-the-road trucking in several important routes where intermodal is not competitive today.
>
> The Hub Group, Inc.
> Lombard, Illinois

> The joint acquisition of Conrail will be in NOL's best interest since the enhanced CSX and NS systems would be capable of providing a complete competitive intermodal product with associated efficiencies.
>
> NOL (USA) Inc.
> Oakland, California

A. Service Improvements

The New Norfolk Southern System will feature a series of key, new single line conventional intermodal routes linking existing markets in the Southeast and Midwest with markets in the Conrail territories. While many of these same physical routes now exist as joint line routes with Conrail, creation of single line service in these lanes will result in a very significant improvement in service consistency and reliability as well as in competitive presence.

These are the four principal New Norfolk Southern single line routes created by this transaction:

The Piedmont Route (Figure TLF-8)
New York/Northern New Jersey/Philadelphia/Baltimore/Buffalo/Welland/Albany/Pittsburgh/ Harrisburg to Charlotte, Atlanta, Birmingham, New Orleans and South Florida via Hagerstown.

The Shenandoah Route (Figure TLF-9)
New York/Northern New Jersey/ Philadelphia/Baltimore/Albany/Harrisburg to Memphis, Knoxville, Huntsville, Birmingham, and New Orleans via Hagerstown.

Figure TLF - 8 **New Single Line Service Routes**

The Piedmont Route

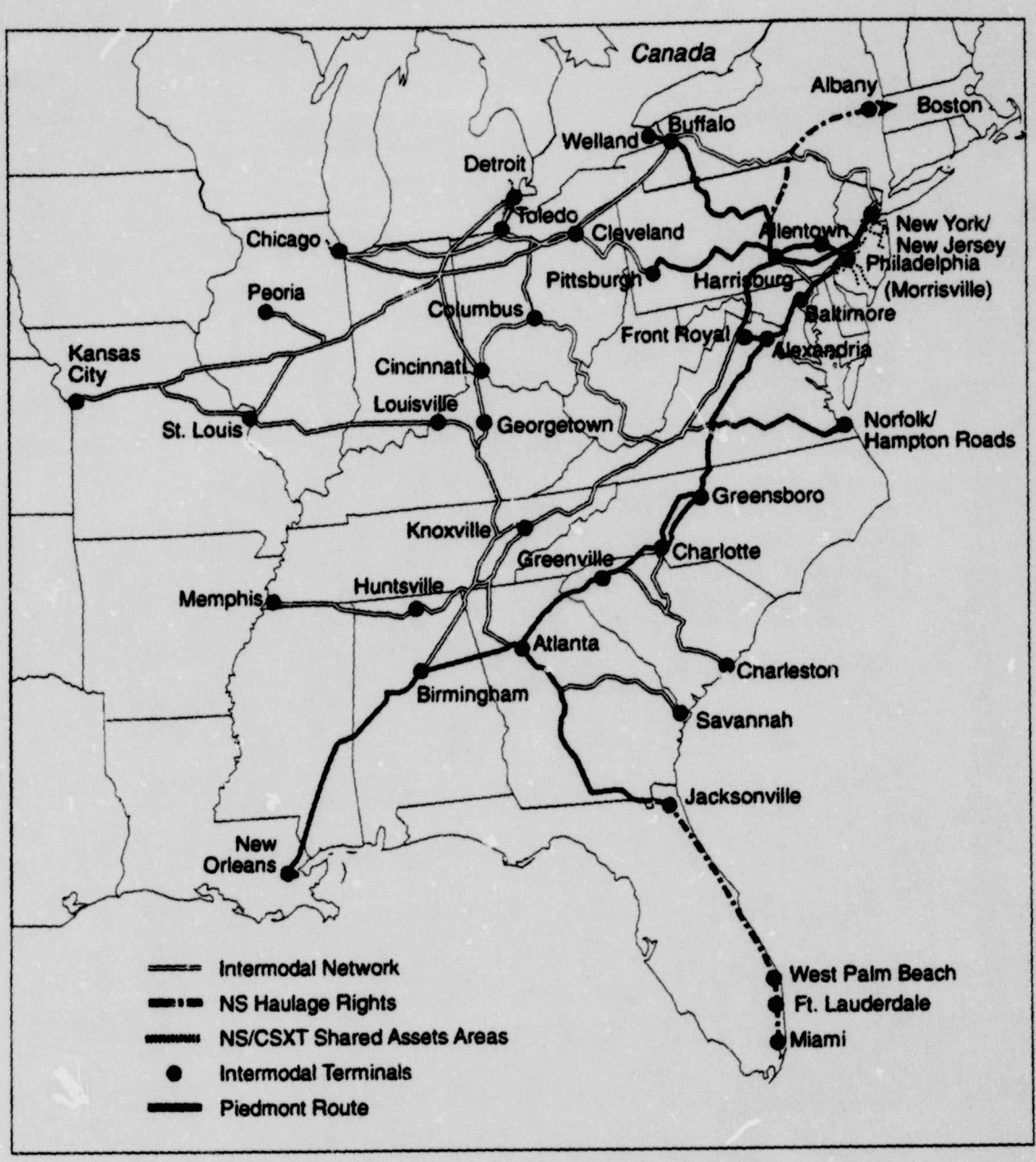
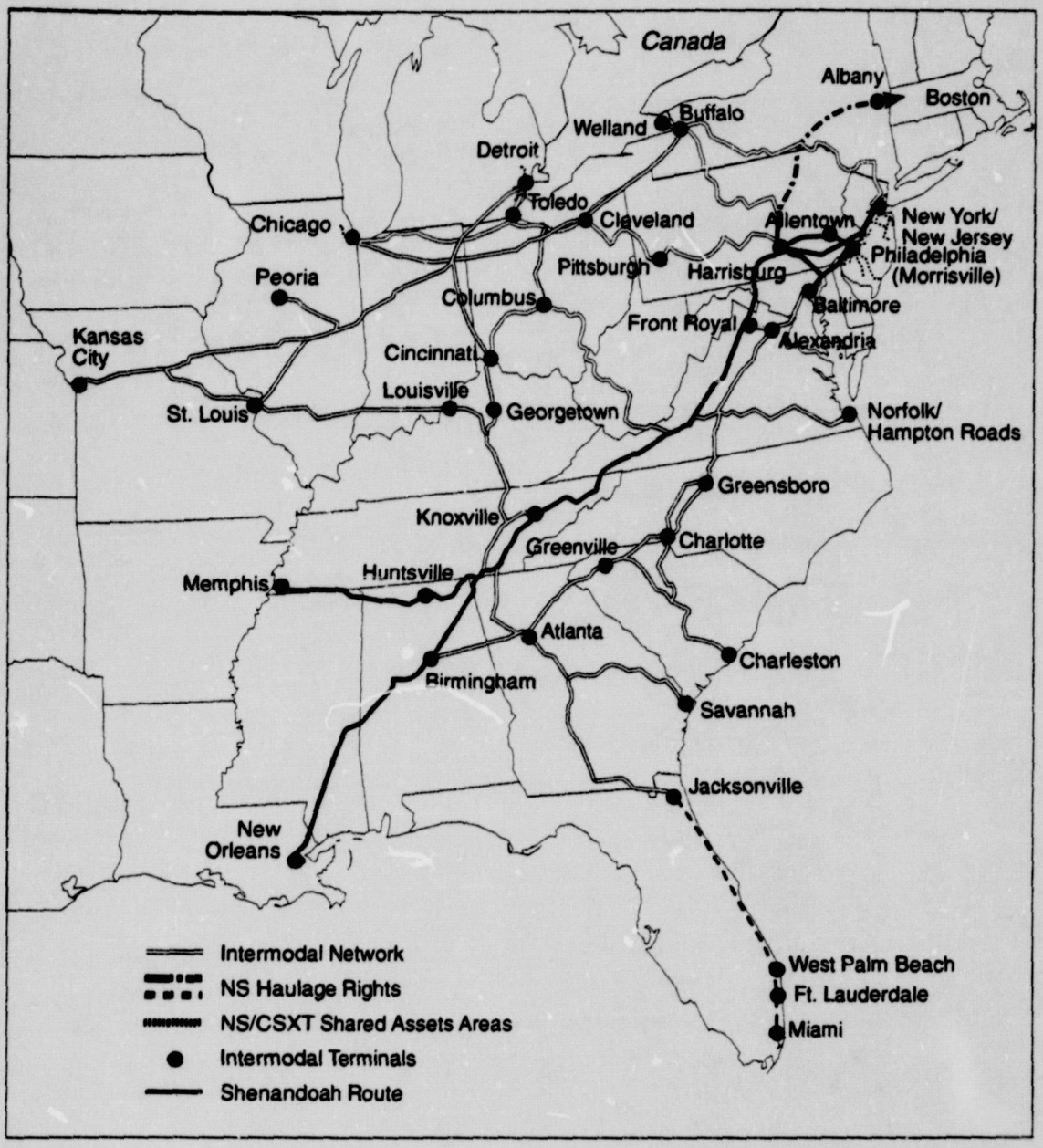


Figure TLF - 9 **New Single Line Service Routes**

The Shenandoah Route



The Mid-South Route (Figure TLF-10)
Buffalo, Pittsburgh, Toledo, and Detroit to Atlanta, Memphis, Huntsville, Birmingham and New Orleans via Columbus, OH and Cincinnati.

The Southwest Gateways and Louisville Routes (Figure TLF-11)
New York/Northern New Jersey/Philadelphia/Baltimore and Albany/Buffalo/Cleveland to Kansas City/St. Louis/Peoria and Cincinnati/Georgetown/Louisville via Harrisburg, Pittsburgh and Cleveland. The UP connection at Sidney, Illinois, is denoted by an arrow on the diagram.

The transaction will also enable Norfolk Southern to improve its existing service between Norfolk/Hampton Roads and Detroit. Trains now navigating a more circuitous route via Knoxville will be shifted to the high-speed route via Harrisburg, Pittsburgh, Cleveland and Toledo, as depicted in Figure TLF-12. This route will save two hundred miles and fourteen hours, compared with the current route via Knoxville.

As discussed above, Norfolk Southern intends to place greater emphases on shorter-haul, east-west intermodal markets, drawing a significant amount of truck traffic from the highways. This new traffic will flow over portions of the Penn and Southern Tier Routes, as shown in Figure TLF-13.

Although the New Norfolk Southern will not operate any of the Conrail lines serving Boston and New England, it will establish an intermodal presence in those markets. Under an agreement reached with Canadian Pacific Railway Company (CP), Norfolk Southern will obtain haulage rights over CP/St. Lawrence & Hudson between Harrisburg and Binghamton to Albany, New York, where a direct connection exists to Guilford Transportation Industries. NS began offering intermodal service at Albany in 1996 through use of CP's terminal there.

Figure TLF - 10 **New Single Line Service Routes**

The Mid-South Route

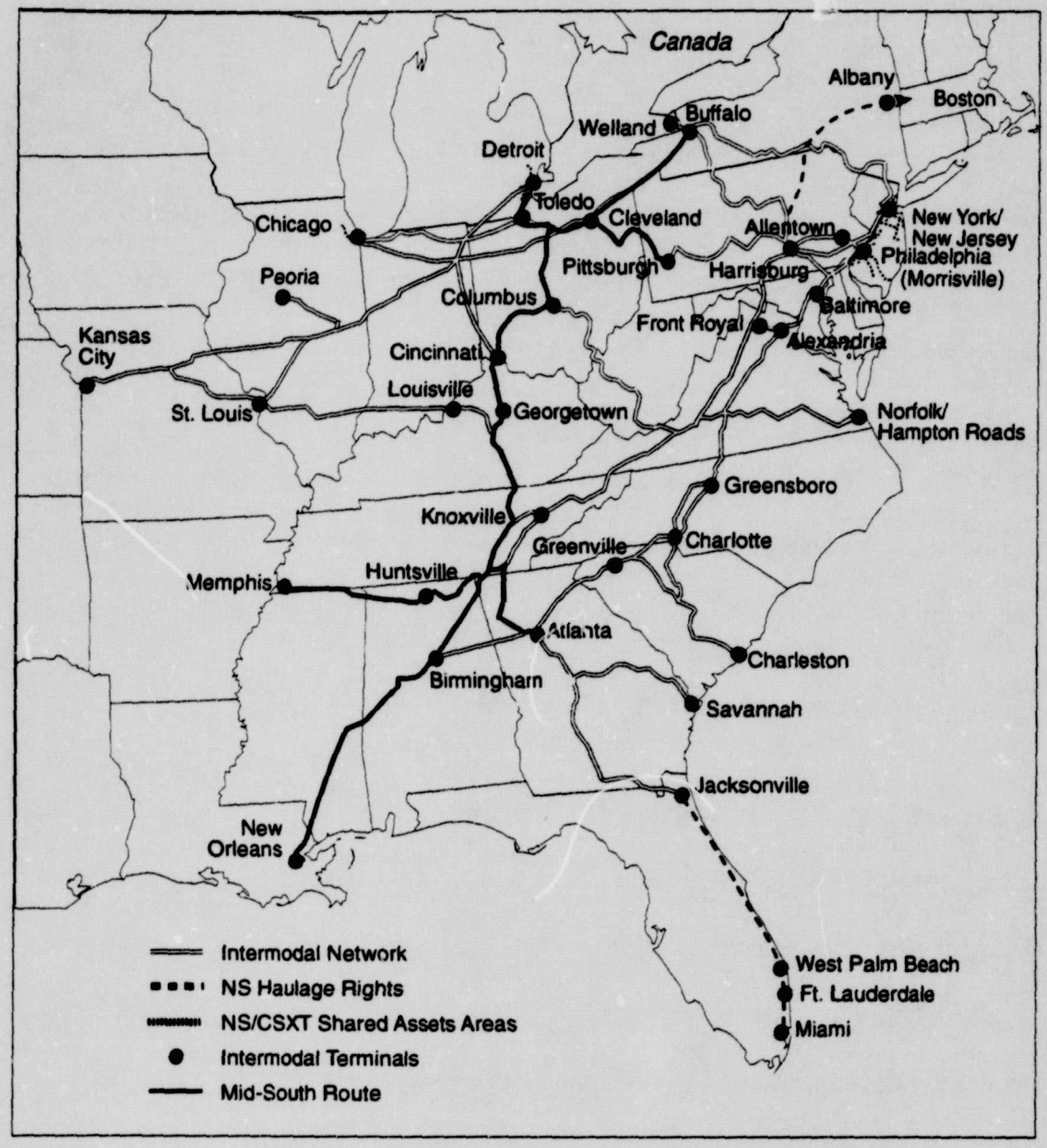


Figure TLF - 11 **New Single Line Service Routes**

Southwest Gateways and Louisville Routes

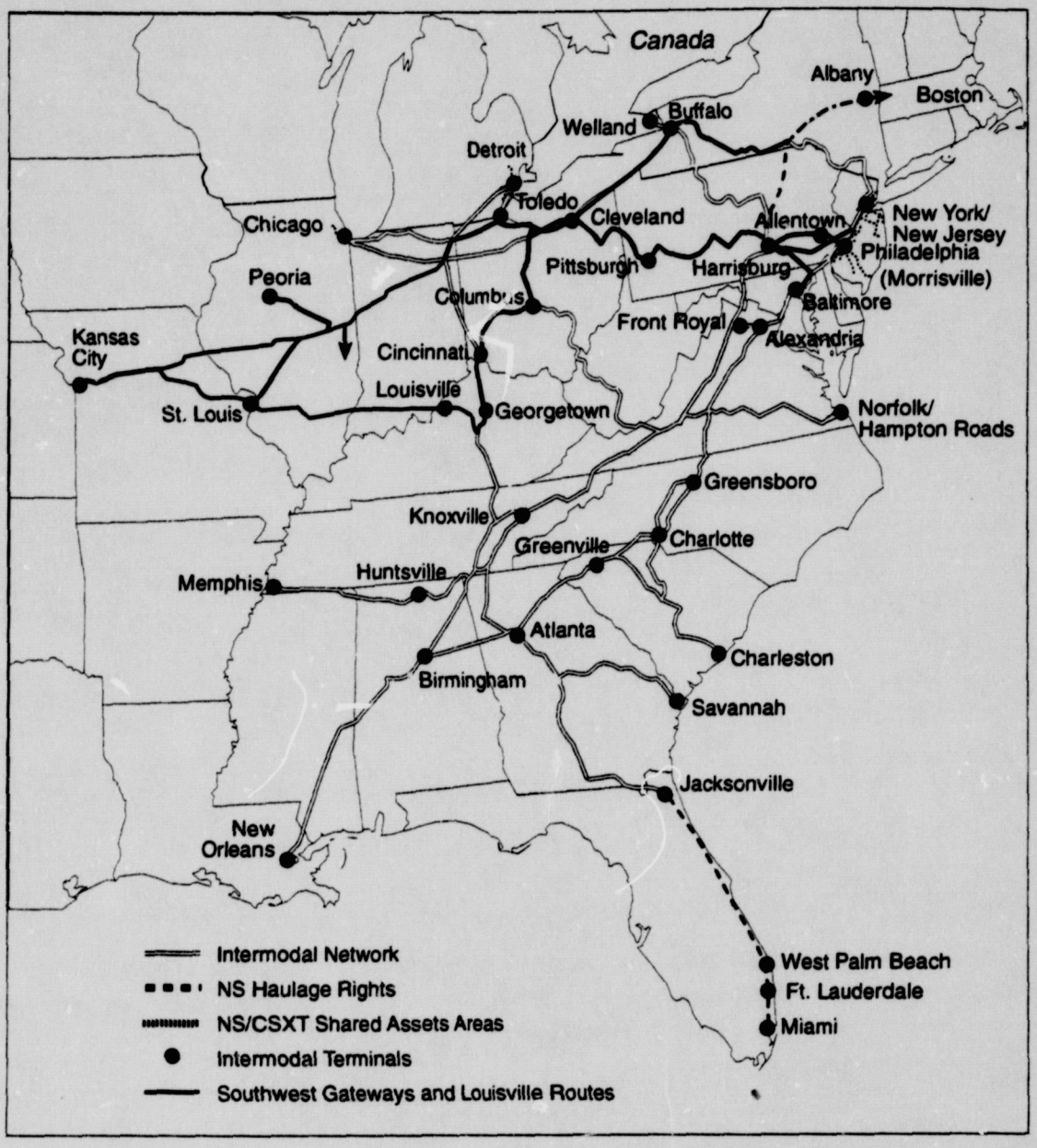


Figure TLF - 12
Improved Norfolk/Hampton Roads — Detroit Route

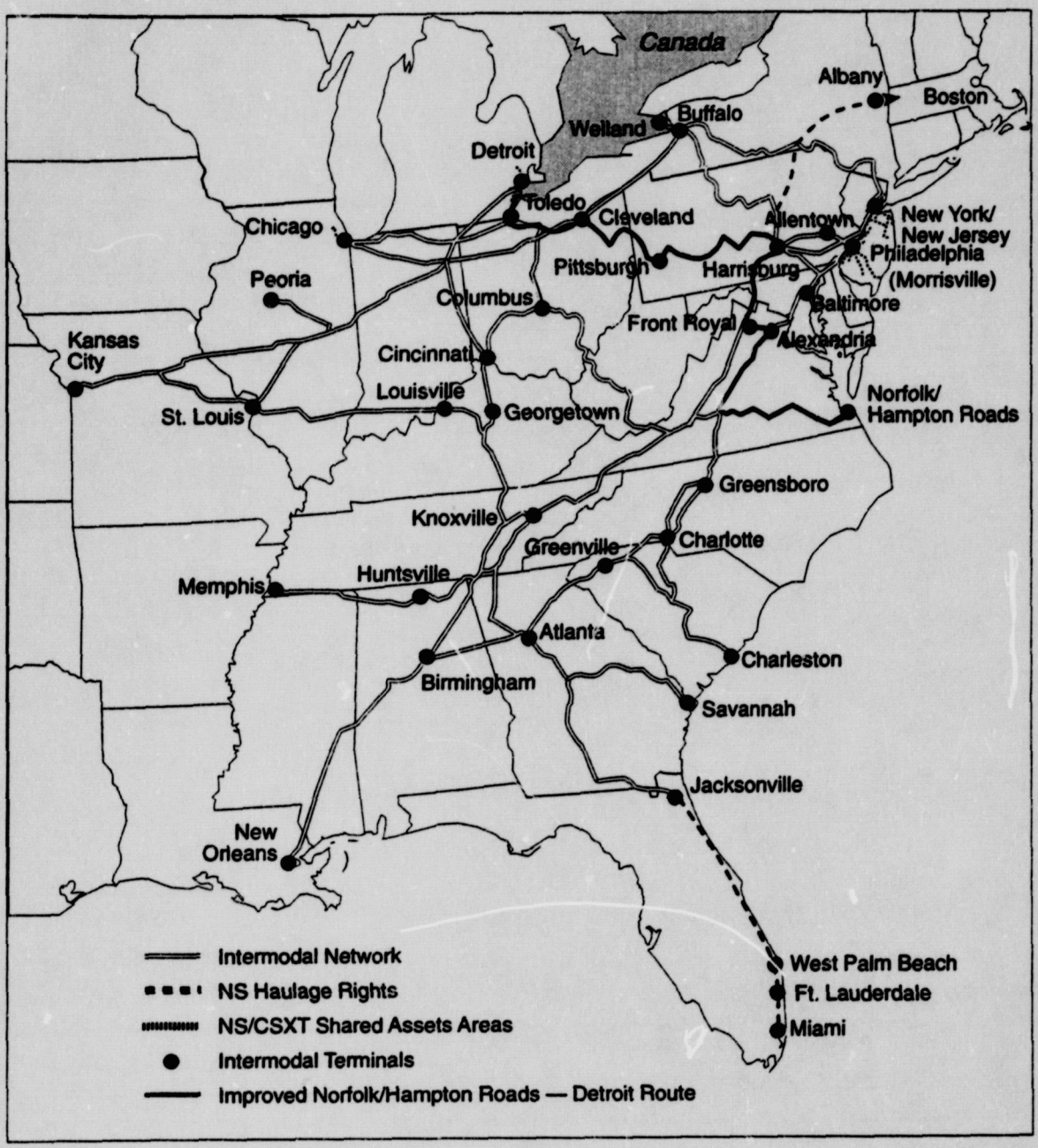
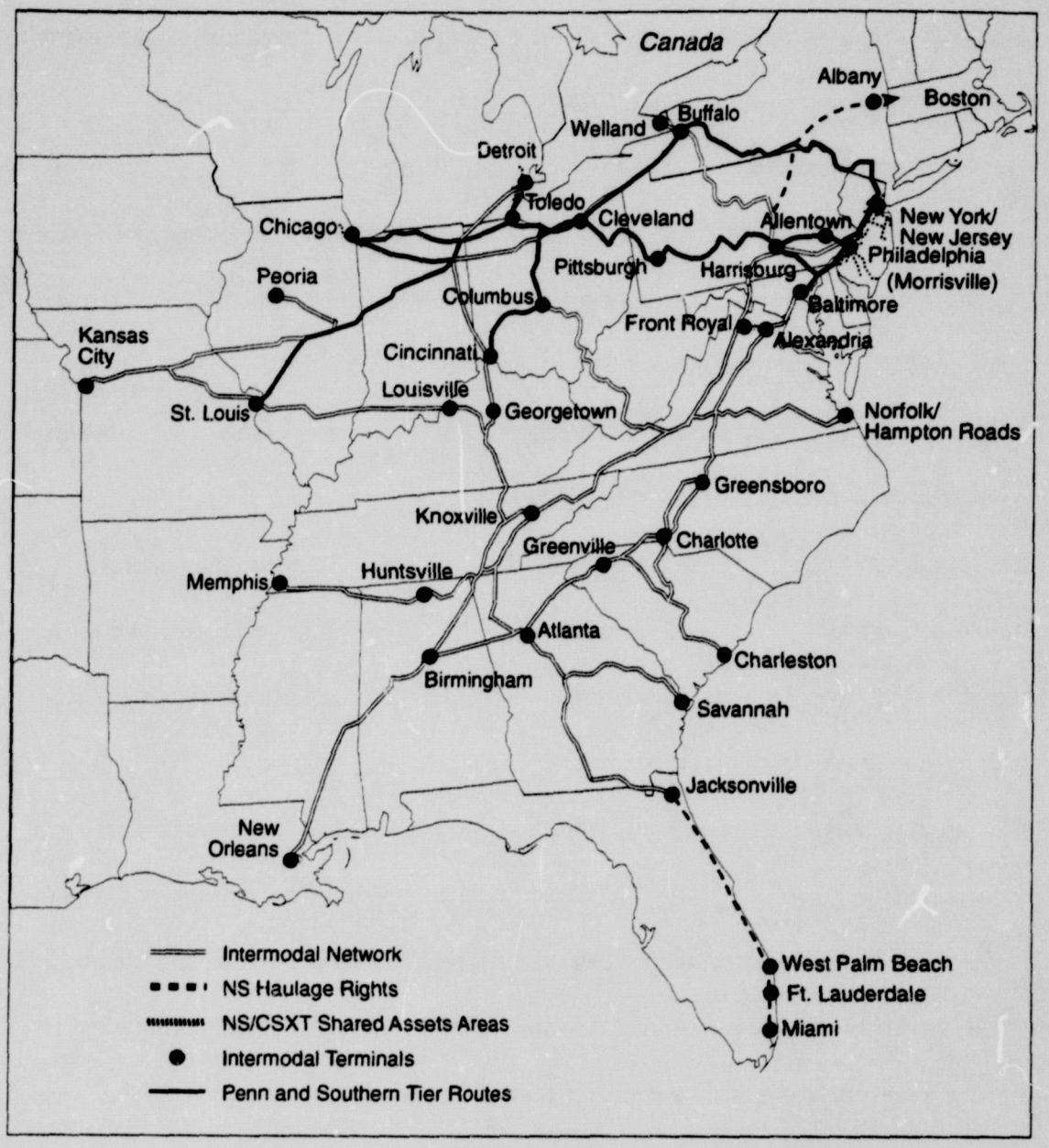


Figure TLF - 13
Penn and Southern Tier Routes



B. Triple Crown Services

Triple Crown is the bimodal RoadRailer® operation Norfolk Southern started in 1986 to compete in the high service level truckload market. Triple Crown provides transportation services to customers on a retail basis and tenders trainload quantities of RoadRailer® units to the rail carriers. The RoadRailer® unit combines the functionality of a conventional highway trailer with the capability of riding directly on the rails.

Triple Crown grew to become the twenty-second largest U.S. truckload carrier in just ten years. In 1993, NS and Conrail created a 50/50 partnership to assume Triple Crown's operation to be operated in their joint interests. Under the agreement for the division of Conrail assets, management of Conrail's interest in Triple Crown will return to Norfolk Southern.

Triple Crown's service successfully competes with over-the-road trucks for consumer goods and industrial material for "just in time" manufacturing; it enjoys a strong following in the automotive industry. The combined bimodal network of Norfolk Southern with its portions of Conrail will provide longer hauls and serve more points, making it more equal with the scope of competing truck services. Approximately fifteen percent of the loads generated in Mr. Krick's Truck Diversion Study are estimated to divert to Triple Crown.

The operating characteristics of RoadRailer® units are similar to those of passenger trains and, in fact, Amtrak is currently using RoadRailers® to carry mail behind existing passenger trains. Subject to approval by Amtrak, direct, new north-south service will be provided by Triple Crown on the Northeast Corridor (NEC) between New Jersey/Philadelphia/Baltimore and the Southeast, a major truck corridor. Expansion of the Triple Crown network on the NEC will take even more truck traffic off Interstate 95 between Washington and New York, and save customers six hours in transit time on north-south traffic as compared with Triple Crown's present routing via Manassas, Hagerstown, and Harrisburg.

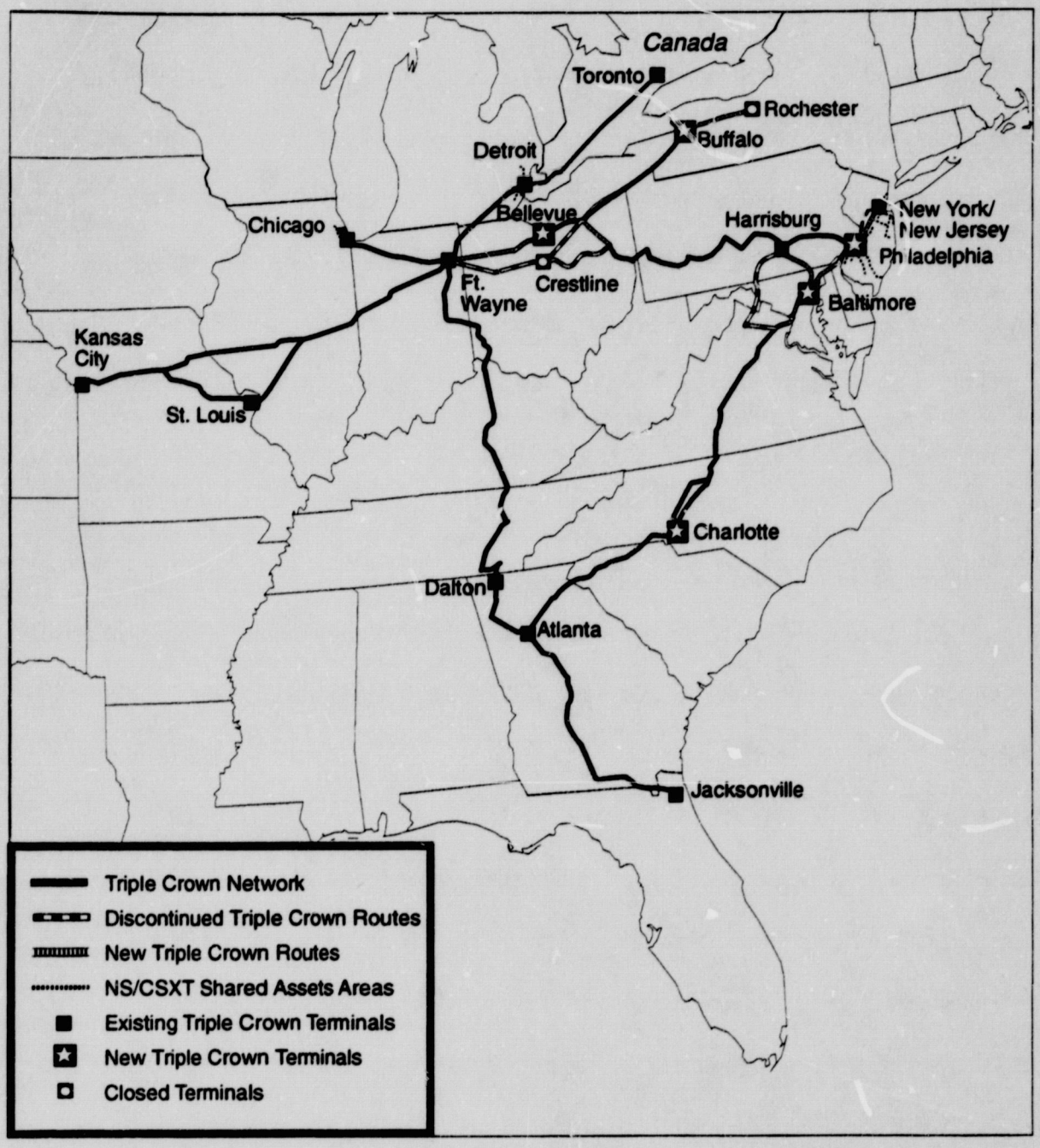
New Triple Crown terminals will be located in Philadelphia, Baltimore and Charlotte. The diagram in Figure TLF-14 shows the extensions and other modifications to the Triple Crown network that are expected to occur.

Norfolk Southern will expand both Triple Crown and conventional intermodal services in existing Conrail territory, and extend service to the smaller, lower-density lanes Conrail has traditionally eschewed. NS will apply those concepts and experience it has developed to serve similar markets in the Southeast and Midwest, such as Detroit to the Mid-Atlantic region. The public will benefit by gaining the ability to select lower-cost intermodal service in lanes where previously there was no alternative to truck because Conrail chose not to offer service. Where Conrail is the sole rail carrier, a common situation in many lanes, Conrail's decision not to offer intermodal service meant there was **no** intermodal service.

C. Benefits to Ports

This transaction will prove to be extremely beneficial to ports on the Eastern Seaboard. Norfolk Southern will begin serving the ports of Philadelphia, Baltimore, and New York/New Jersey. The level and quality of rail service to the Port of New York and New Jersey will increase with the presence of competitive rail service. Norfolk Southern has a long-standing track record of not favoring one port over another and will take an evenhanded approach to providing rail service at all of the eastern ports that we will reach. Norfolk Southern does not intend to establish service or rates that would artificially divert freight among ports. To be sure, each port has its own inherent strengths and weaknesses. NS plans to work in partnership with each port it serves to provide the service that will permit each port to maximize its potential. There are tremendous growth opportunities available to each of the U. S. ports on the Eastern Seaboard, resulting from growth in the consumer market for imported goods and the ability to compete

Figure TLF - 14
The New Triple Crown Network



effectively to divert freight currently handled at other ports of entry, such as the Canadian and West Coast ports.

Norfolk Southern strongly believes in competition in major markets and that this transaction will return rail competition to the Port of New York and New Jersey, thus implementing the competitive vision intended by Congress and U.S. Railway Association planners in the 1970's. The division of Conrail's operations will open the Northern New Jersey/New York metropolitan market to two competing Class I railroads. This will result, in turn, in the introduction of rail competition based on price, service and safety, and it will provide competitive single line routes into the Port of New York and New Jersey, both from the south and from the west. Head-to-head rail competition, between carriers of similar size and scope, can reduce market prices and generate new business.

The ports of Philadelphia, Baltimore and Hampton Roads each will continue to have service from at least two Class I railroads, which will benefit shippers, consumers and the ports. Norfolk Southern's record of service in cooperation with the Port of Hampton Roads is excellent, and the statistics speak for themselves. The Port of Hampton Roads, located outside of any major population center and served by two railroads, Norfolk Southern and CSXT, has taken market share away from Conrail-served ports. Norfolk Southern intends to replicate its close cooperation with the Virginia Port Authority at each of the eastern ports it will newly serve.

Norfolk Southern will establish an intermodal presence in New England through the haulage agreement with CP/St.L&H discussed above, which will provide NS a direct connection to Guilford Transportation.

V. INTERMODAL FACILITY PLANS

Norfolk Southern will make substantial improvements in conventional intermodal and Triple Crown facilities on the combined network in order to provide the capacity to handle, efficiently and safely, the increased intermodal traffic that this transaction will bring. The required capital investment is estimated at $200 million, pending completion of detailed engineering studies. Locations slated to receive facility investments are shown on the map in Figure TLF-15. Shippers view Norfolk Southern's intermodal capital investment favorably:

> . . . [M]y company would welcome the extension of Norfolk Southern service into the Northeast. Norfolk Southern's capital investment in its intermodal facilities and service are well known in the industry, as are its strong commitments to growth and service. Further, we have been impressed with Norfolk Southern's commitment to safety, as evidenced by its evidence of continued success in winning the Harriman Award.
>
> J. B. Hunt Transport, Inc.
> Lowell, Arkansas

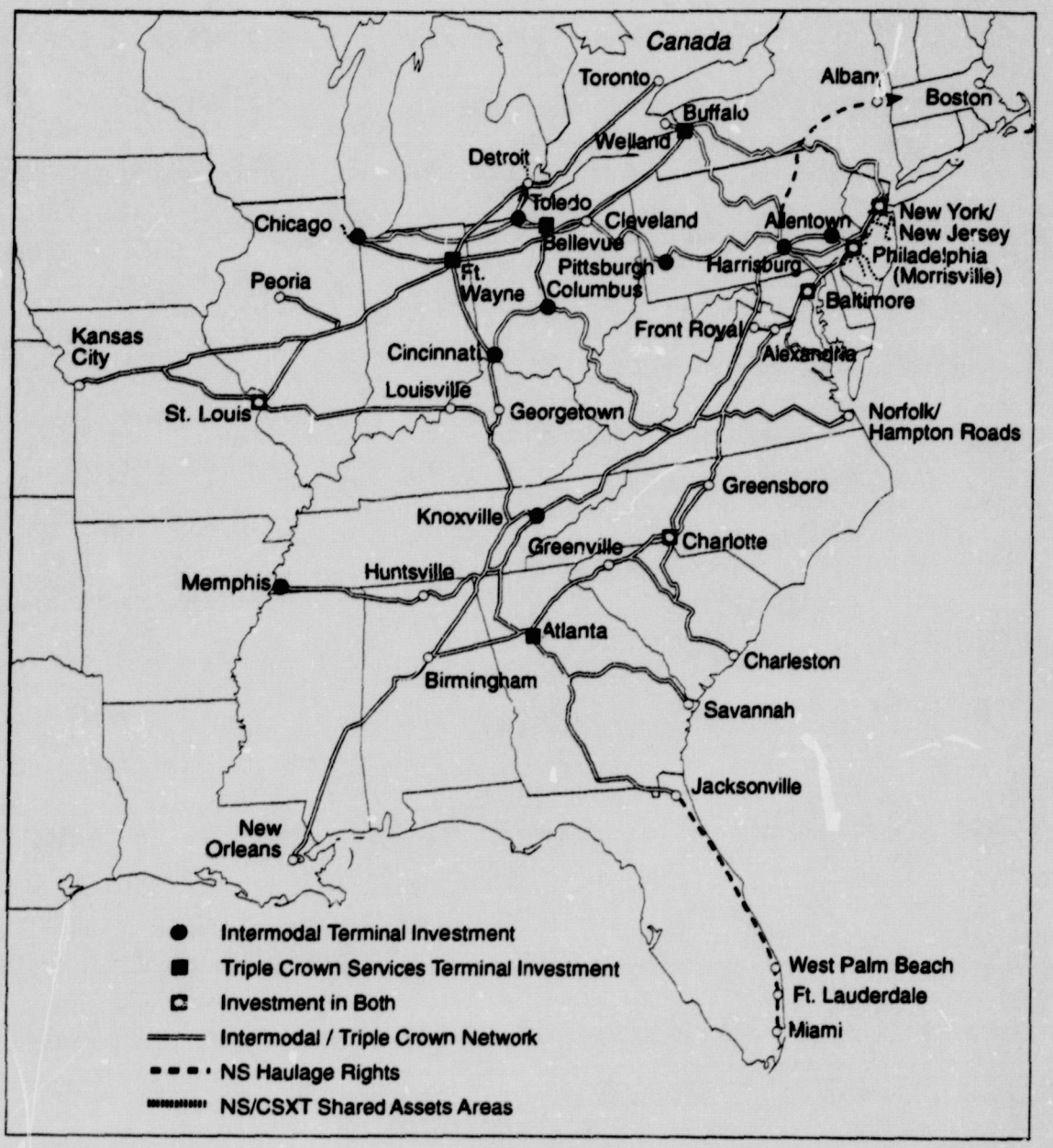
A. Conventional Intermodal

At Chicago, the existing Conrail 63rd Street (Park Manor) and 47th Street and NS Landers terminals will be retained. CSX will have interim use of the 63rd Street facility. Norfolk Southern will complete improvements already underway at Conrail's 47th Street terminal, which includes relocation of a commuter rail line. The combination of these Chicago terminals will provide sufficient lift capacity to implement the Operating Plan. The NS facility at Calumet is already being developed as an additional intermodal terminal outside the Operating Plan.

In the St. Louis area, the Norfolk Southern terminal at Luther will be expanded to accommodate additional traffic from Conrail routes.

At Detroit, Norfolk Southern will use its existing Delray and Oakwood intermodal terminals and will share use of Conrail's Livernois facility with CSX.

Figure TLF - 15
Intermodal Facility Investment



Operations at Columbus, Ohio, will be consolidated at the NS Discovery Park (Watkins) intermodal terminal, which will be expanded. Conrail's Buckeye intermodal terminal will be assigned to CSX, thus maintaining intermodal competition at this important distribution center.

Conrail recently resumed intermodal service at Buffalo, New York, near the end of 1996, after a four-year hiatus. Conrail's facility there will be operated by CSX. Norfolk Southern's new Buffalo intermodal terminal at Bison yard will very capably serve that market.

Norfolk Southern's new Voltz terminal at Kansas City will be able to handle the additional traffic projected for that location.

At Toledo, Ohio, a switching facility will be established at the Airline Junction Yard to switch blocks among east-west intermodal trains. A switching facility also will be constructed at the former Rutherford Yard at Harrisburg, Pennsylvania, to switch blocks among intermodal trains there.

Although CSX will operate Conrail's lines at Albany, New York, Norfolk Southern will continue to provide intermodal service through use of the CP/St.L&H facility there via a haulage agreement between Harrisburg, Binghamton and Albany.

In the Philadelphia area, NS will expand Conrail's existing Morrisville, Pennsylvania, intermodal terminal, which is near Trenton, New Jersey.

We will provide additional capacity at Baltimore, and also improve access by clearing the line between Perryville, Maryland, and Baltimore to handle high-cube domestic doublestacks.

Conrail currently operates four discrete intermodal facilities in the Northern New Jersey area to serve the New York metropolitan area, and also provides service to the Port of New York and New Jersey at Expressrail (Dockside). Under the Operating Plan, Norfolk Southern will operate the Croxton facility (North Jersey Intermodal Terminal) and the E-Rail facility at Elizabeth, and CSX will operate the South Kearny and North Bergen intermodal terminals. NS

and CSX will both have access to the APL terminal at South Kearny and to the Port. NS will upgrade and expand Croxton and E-Rail in order to add capacity.

Existing NS intermodal facilities will be expanded or replacement facilities will be built in order to add capacity to respond to increased traffic opportunities at: Charlotte, North Carolina; Allentown, Harrisburg, and Pittsburgh, Pennsylvania; Cincinnati, Ohio; and Knoxville and Memphis, Tennessee.

B. Triple Crown Services

As discussed above, the Triple Crown network will be expanded to include coverage of additional key markets on Conrail. Subject to Amtrak approval, Triple Crown will inaugurate new RoadRailer® train service via the Northeast Corridor between Northern New Jersey, Philadelphia, Baltimore and the Southeast. New Triple Crown terminals will be established at Baltimore, Maryland; Philadelphia, Pennsylvania; and Charlotte, North Carolina. The east-west lanes in the Triple Crown network will be strengthened by additional traffic between New York/Northern New Jersey, Baltimore and Philadelphia and Chicago, St. Louis and Kansas City.

Because the line at Rochester, New York, will not be part of the Norfolk Southern network, the Triple Crown terminal on Conrail at Rochester will be relocated to Buffalo. The Crestline, Ohio, Triple Crown terminal will be relocated for operating reasons to the Bellevue, Ohio, area, and the St. Louis, Missouri, Triple Crown terminal will be relocated from its current site to another location in St. Louis to permit expansion of the conventional intermodal terminal there.

Over the past decade, Norfolk Southern has invested steadily to improve its intermodal facilities, and today we enjoy the newest and best infrastructure in the East. We intend to

continue this trend and to make substantial investments in the Conrail facilities we will acquire, in order to improve their operating efficiency and capacity.

C. Intermodal Systems Support

Norfolk Southern has developed a new, state-of-the-art intermodal management system, called *SIMS*, which currently is being phased in and installed at Norfolk Southern's 32 intermodal terminals. SIMS, which stands for Strategic Intermodal Management System, produces benefits both in operating efficiency and in simplifying commercial transactions for our customers. Customers benefit from fewer billing errors, from reduced waiting time for draymen at gates, and from greater ease of transacting business with Norfolk Southern. SIMS provides improvements in operating efficiency and terminal throughput, and its load planning module optimizes placement of trailers and containers on flatcars in the terminals.

While developing SIMS, Norfolk Southern representatives reviewed all major intermodal management systems then in use within the industry, including visiting several Conrail intermodal terminals to observe the operation of their existing intermodal systems. I am very confident that introduction of SIMS to Conrail locations will improve operating efficiency, thus reducing costs. Based on prior internal estimates of SIMS benefits, we predict that SIMS could save $14 per shipment on Norfolk Southern's portion of Conrail's existing intermodal business, or about $11.5 million per year. Installation of SIMS on Conrail will require a one-time capital investment of $2.4 million.

VI. SUMMARY

The Conrail transaction will strengthen intermodal competition in the East and greatly enhance the service offerings available to the public. Major consumer markets and population

centers in the Northeast, such as New York and Northern New Jersey, will no longer be limited to service by a single major U.S. rail carrier. Norfolk Southern will establish new single line service linking North and South in key lanes where such service never existed, thus providing a strong competitive alternative that will permit the diversion of significant volumes of truck traffic from the highways. At the same time, intermodal service offerings in the former Conrail interior lanes will be expanded, so that intermodal transportation can flourish in those east-west lanes and achieve its full potential. Finally, significant investment of capital in terminals, clearances, line capacity and equipment will be made in order to provide the capability to transport this traffic efficiently and safely, while meeting our customers' service expectations.

VERIFICATION

I, Thomas L. Finkbiner, verify under penalty of perjury that I am Vice President Intermodal, 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 9, 1997.

Thomas L. Finkbiner

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Executed on June 9, 1997.

Thomas L. Finkbiner

VERIFIED STATEMENT

OF

JOHN WILLIAM FOX

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VERIFIED STATEMENT

OF

JOHN WILLIAM FOX

I. QUALIFICATIONS

My name is John William Fox. I am Vice President Coal Marketing of Norfolk Southern Corporation. I have been with Norfolk Southern (NS) or its predecessor, Norfolk and Western Railway Company, since 1965, when I worked during the summer as a yard clerk and relief agent. I then worked in engineering and line maintenance until graduation from college in 1969, whereupon I was hired by Norfolk and Western as a Junior Engineer in the Transportation Department. I spent much of my training in the Pocahontas (West Virginia) coal fields and was later promoted to various transportation line officer positions in Kansas City, St. Louis and Moberly, Missouri; Roanoke, Virginia; Bluefield, West Virginia; and Atlanta, Georgia; before coming to Coal Marketing as Assistant Vice President in 1993. I was promoted to my current position in October 1995.

I hold a Bachelor Degree in Business Administration from Virginia Tech and have attended various continuing education programs over the years at Washington and Lee University, the University of Virginia, Duke University, and Virginia Tech. I am a member of the Virginia Coal Council, the National Industrial Transportation League, the West Virginia Coal Mining Institute, the Advisory Board of the Virginia Center for Coal and Energy Research, the North Carolina Coal Institute, and the Advisory Council of The New Century Council. As a part of my responsibilities, I have made presentations at many coal trade functions.

Much of my operating/transportation background has been coal related. As a line officer

in Bluefield and Roanoke, I supervised origin, line haul and end user service operations. While serving as Superintendent of the Pocahontas Division (Norfolk Southern's primary coal origin region), I became knowledgeable of NS coal producer operations and was responsible for service to well over 100 coal mining facilities producing about 100 million tons annually. This experience broadened when I served as General Manager of the Northern Region, and later of the Eastern Region, where I had operating responsibility for NS's important ocean, river and Great Lakes coal transloading facilities as well as the entire transportation supply chain for most of NS's coal production and end user customers.

As NS's Vice President-Coal Marketing, I direct a 50-person department in developing business plans to sustain and grow NS's 130-million ton annual coal transportation business. We coordinate coal supply strategies with our Pocahontas Land subsidiary and coal producers with facilities tributary to NS lines--either directly, through railroad connections, or through connections with other modes.

II. INTRODUCTION AND CONCLUSIONS

The purpose of this statement is to describe the public benefits of the acquisition of control of Conrail by NS (NSCR) and CSXT (CSXCR) and subsequent operations by NSCR, as they relate to coal. The Surface Transportation Board and its predecessor agency, the Interstate Commerce Commission, define public benefits of such transactions as including service improvements, increased competitive alternatives to shippers, and efficiency gains resulting in cost savings. My statement will describe the benefits of this transaction in the same terms.

To summarize my principal conclusions, the operation of Conrail by NS and CSXT will bring very substantial benefits to eastern coal producers and users. Benefits fall into two major categories: **first,** significant service improvements and efficiencies, resulting mainly from

expanded single line service; and **second**, increased options available to eastern coal customers, both in terms of competitive rail service and sources of supply. These benefits will be particularly important to the coal customers of both NSCR and CSXCR faced with electric utility deregulation and more stringent environmental requirements.

The balance of this statement is organized in seven parts: Part III generally describes NS's current coal business; Part IV describes the benefits to eastern coal customers of expanded single line service; Part V describes in qualitative terms the substantial competitive benefits that eastern coal customers will obtain from the transaction; Part VI describes the effect of the transaction on electric utilities, specifically in light of the challenges they will be facing from deregulation of the electric utility industry and from new Clean Air Act requirements; Part VII discusses the effect of the transaction on export coal; and Part VIII discusses other benefits we expect the transaction to bring to coal customers. Finally, Part IX describes in quantitative terms the increases in NS's coal traffic and coal traffic revenues that we project the transaction will produce.

III. NORFOLK SOUTHERN'S COAL BUSINESS

NS's Coal Marketing Department deals with the transportation of coal, coke and iron ore. These commodities, which we refer to collectively as coal because of our marketing responsibilities, comprise a vital segment of NS's rail business. In 1995, NS handled 125 million tons of coal for $1.27 billion in revenue. Norfolk Southern ships more coal than any other commodity, which produces over 30% of total rail operating revenues.

NS divides its coal business into four distinct market segments: domestic utility coal, domestic metallurgical coal, domestic industrial coal, and export coal. A dedicated marketing team with sales, customer support and pricing authority is assigned to each of these market areas. In addition, a coal resources and marketing services group supports the customer-based

marketing teams. This group provides customer support and long range coal supply planning and helps customers find the coal they need.

Coal is found in a variety of distinct geological regions in the United States. Of significance to this Application is the Appalachian Region. The qualities of coal found in this region and the markets in which it competes are the keys to assessing the transportation market impacts of the Conrail restructuring.

Broadly speaking, coal is principally consumed as a boiler fuel producing steam for the generation of electricity or for industrial processes or as a feedstock for the production of coke, which is utilized in the production of steel. NS's coal marketing group is organized in recognition of these two primary end uses.

Although coal markets fall into these basic categories, the coals employed in those markets are very different. Steam coal's most important attributes are heat content (Btu) and sulfur content. Utilities are buying coal with heat content within Clean Air Act emission standard (primarily sulfur) limitations. The tradeoffs between these attributes are important, both to achieving maximum boiler efficiencies and to the competitiveness of utility coal users.

The metallurgical coal market demands a much wider variety of qualities. Coke producers are interested in a host of coal properties blended in very precise and highly specialized recipes to create a coke that works best in individual blast furnaces.

Understanding how coal markets operate requires more than an understanding of the two basic uses for the material. It is important also to appreciate that not all coal qualities are found in all coal producing regions. In general terms, coal reserves in northern Appalachia, the location of the majority of Conrail's coal sources, are mostly steam coals with a sulfur content of more than one percent. CSXT also has a significant presence in the northern Appalachia region. Central Appalachia reserves are both steam coals of less than one percent sulfur content and high quality

metallurgical coals. NS and CSXT both have access to reserves in this region. Within those divisions are further refinements. For instance, NS accesses more low volatile metallurgical coals than CSXT, and CSXT has access to more high volatile metallurgical coals than does NS. Both qualities are vital in coke making. Conrail, in contrast, serves huge mid-sulfur steam coal reserves, but a very limited quantity of low sulfur steam coals and even less metallurgical coal. The complexities surrounding how coals of a variety of qualities competitively reach their destination markets define the coal market impacts resulting from the Conrail transaction.

The delivered price of coal is critical to utilities, steel producers and industrial users. The price of coal and the cost of its transportation to steam power plants are major components of the cost of electricity. While recent technological advances have reduced the amount of coke needed to produce a given amount of steel, coal of certain qualities still remains critical to the coke-making process. The delivered price of coal is a key component in the cost of steel production and is critical as to whether steel producers remain competitive in the international marketplace. Industrial plants burn coal to generate steam as a source of power for use in their manufacturing processes. Some of these industrial users also capture the steam power in order to generate electricity for use at their plants and for sale to nearby consumers. The delivered price of export coal to ports is an important factor in determining the competitiveness of U.S. coal in global markets. In short, the price of coal and its cost of transportation are inextricably linked.

For reasons relating to transportation efficiencies and the nature of coal transportation marketing, of the 125 million tons of coal handled by NS in 1995, only 5 million tons were interchanged with Conrail. In 1996, the amount interchanged decreased to less than 4 million tons. Almost all of the interchanged coal originated on NS. As discussed later in this statement, with the approval of the NS operation of portions of Conrail, I expect the amount of coal moving between NS's current lines and those Conrail lines that NS will operate will increase to around 12

million tons per year within the next several years, and to even greater amounts in later years.

A. Domestic Utility Coal

In 1995, NS handled 70.3 million tons of coal for the domestic utility market. Sixty million tons originated on NS lines and 10.3 million tons were received from other originating railroads. The vast majority of NS utility coal originates at mines served by NS in the central Appalachian mining regions of southern West Virginia, eastern Kentucky, southwestern Virginia, and Tennessee. NS also provides transportation from origins for southern Appalachian coal from Alabama and for Illinois Basin coal. Most of NS's received coal is low sulfur western coal for the utility market.

Much of the steam coal indigenous to NS is of low sulfur content. NS serves smaller reserves of medium and high sulfur coal, and these are mainly located in Alabama, Indiana, and Illinois. Many of our utility customers would like to be able to blend lower priced but higher sulfur (and often higher Btu) coals with lower sulfur coals from NS origins. The coal fields served by Conrail have the East's largest concentration of medium sulfur, steam quality coal. Because NS lacks direct access to significant quantities of Conrail's types of coal, the transaction will provide Conrail area producers significant new market access for their product and, for the midwestern and southeastern utilities served by NS, significant new coal sources.

Some of Conrail's northeastern utility customers have shown great interest in increasing their use of low sulfur steam coal. Because NS has access to approximately half of central Appalachia's low sulfur steam coal reserves, gaining more efficient and economical access to this coal, either as a blend component or as a complete coal supply switch will be very important to northeastern utilities when the more stringent Phase II of the Clean Air Act Amendments becomes effective in the year 2000. In its statement urging approval of this transaction, for example,

Pennsylvania Power & Light Company wrote:

> PP&L needs access to Central Appalachia mines for a substantial portion of our coal supply in order to comply with the Clean Air Act and thereby lower sulfur dioxide emissions. The joint proposal would provide single-line service from a large part of Central Appalachia served today by NS where there is now only joint-line service. That will benefit our customers as well as the environment.
>
> Pennsylvania Power & Light Company
> Allentown, Pennsylvania

B. Industrial Coal

NS handled 6.9 million tons of industrial market coal in 1995, virtually all of which originated on NS. This market grew 14% during 1996, with 7.9 million tons handled. NS has increased its activities in this market in order to promote coal as a fuel source for industrial burners and to keep this coal moving via rail.

Industrial customers are often inconvenienced by service problems connected with the delivery and handling of coal. However, our industrial marketing team, working with NS transportation personnel and coal producers, has made significant strides in streamlining industrial coal logistics. The recently developed round-the-clock, industrial coal monitoring team ensures the highest possible degree of service reliability for our industrial coal customers. In addition, NS plans to use rail to truck bulk transfer in order to continue growth of its share of this market. Multi-modal transportation allows NS to extend its market reach while also meeting the needs of customers who prefer truck delivery.

Given the large number of industrial users in the Conrail-served territory, NS sees opportunities to develop this market further. Also, as I discuss in Part V, with the presence of CSXT in every major metropolitan market in the Northeast, those industrial users of coal will have vastly expanded competitive options.

C. Domestic Metallurgical Coal

The U.S. market for metallurgical coal is characterized by specialization. Coal of specific qualities moves to coking facilities, where it is blended to precise recipes, placed in a coke oven, and then reduced (i.e., "baked") in an oxygen-free environment until it reaches its purest carbon form. Most U.S.-produced coke is used in the steel industry's blast furnaces, where it functions as a fuel, a chemical reductant, and the physical support for iron ore in the production of raw steel. However, a portion of the coal used in blast furnaces is injected directly into pulverized coal injection-equipped furnaces, bypassing the coking process.

Most metallurgical coal originates in certain parts of West Virginia and Virginia. U.S. coking operations also consume lesser quantities of metallurgical coal from eastern Kentucky, Alabama, Pennsylvania and western Canada. Just 18 U.S. and Canadian companies make furnace coke at 27 locations, with over 57% of production capacity residing at six producing points. Seven companies comprise the foundry coke industry in as many locations. While there is extensive foundry coke production in Alabama, along with lesser amounts of furnace coke there and in Utah, the bulk of coke is produced in a band of states from Pennsylvania to Illinois. In addition to these states, coke is also produced in New York, Virginia, West Virginia, Ohio, Kentucky, and Indiana, as well as in the Canadian province of Ontario.

NS handled 22.1 million tons of coal for the domestic metallurgical coal market in 1995, much of which was forwarded to connecting railroads for delivery to coke producers. A significant portion was also delivered to NS's Sandusky Dock on Lake Erie for vessel delivery to Canadian coke plants. Almost all of the metallurgical coal handled by NS originated on-line in West Virginia and southwest Virginia.

The Conrail transaction will provide receivers of metallurgical coal with greatly expanded competitive options from two strong and balanced competitors. CSXT originates a significant

amount of metallurgical coal and is able, through the advantage of single line service, to win contracts when competing with joint NS/Conrail movements. This transaction will create balance, with the elimination of costly and inefficient interchanges and the introduction of access to two competing single line rail systems. For example, both CSXT and Conrail now serve, either directly or through a local switching carrier, WCI Steel, Inc., U.S. Steel's Edgar Thompson works, U.S. Steel's Clairton works, Rouge Steel, Citizens Gas & Coke, AK Steel's Middletown works, and Bethlehem Steel's Sparrows Point works. After the Conrail transaction, NS will gain direct access to each of these facilities so that NS origin metallurgical coals will be on an equal competitive footing with CSXT.

D. Export Coal

NS has demonstrated its commitment to improving the export opportunities for its coal producing customers. NS handled 25.8 million tons of coal for the export market in 1995. The operation by NS of portions of Conrail will help both NS-served and Conrail-served coal suppliers compete in the global marketplace. We see several opportunities for future growth, the largest resulting from the elimination of government subsidies to indigenous producers of both steam and metallurgical coal in Germany. We also expect the overall export market for steam coal to grow dramatically.

NS's present export coal operations are located at Lamberts Point in Norfolk. The Lamberts Point coal pier includes a transloading facility for coastwise barges and transoceanic vessels, with a capacity for handling up to 50 million tons per year. Because international steel companies produce coke in ovens that require high quality, precision blends, Lamberts Point has a precision blending facility that blends specialty coals predominantly for their use. The coals originate at different mines, and are then blended on a car-by-car basis as they are loaded into

vessels. Thus, NS's Lamberts Point operation facilitates the export of these products in an efficient and cost-effective manner with the end results of increased U.S. exports and more U.S jobs.

IV. THE BENEFITS OF SINGLE LINE SERVICE

The Conrail transaction will provide coal shippers with expanded single line service. It will give coal-burning generating stations in Conrail's territory the opportunity to obtain coal from a greater number of suppliers in a larger geographic area. Similarly, coal producers will have the opportunity to ship to a greater number of customers. The transaction will result in more balanced competition between two financially stable, comparably sized rail systems able to offer to coal shippers cost-efficient, single line routing alternatives to major eastern utility markets. As Ashland Coal, Inc. states in its support of the transaction:

> We believe that the acquisition of Conrail by CSX and NS will allow us to expand and extend our market reach in the Eastern United States. In particular, the acquisition will bring us more competitive access to new rail customers in the northeast.
>
> Ashland Coal, Inc.
> Huntington, West Virginia

Following the transaction, Conrail-served utilities will no longer be disadvantaged by limited access to low sulfur coal.

Likewise, for shippers of metallurgical coal and coke, this transaction will eliminate time-consuming and costly interchanges between NS and Conrail, provide competitive single-line transportation to many metallurgical coal markets, increase efficiency of transportation of metallurgical coal, reduce transportation costs, and create competitive rail choices for shippers. Steel manufacturers need access to high quality coal with a specific blend for making coke. Although many of these manufacturers are served jointly by both Conrail and CSXT, Conrail is

unable to provide effective competition to CSXT because it does not have access to the type of coal required. Therefore, there is no effective rail competition to CSXT at present. In contrast to Conrail, NS has high quality metallurgical coal on its lines. After the transaction is approved, these facilities will be served by two railroads with access to high quality coal. Shippers will benefit from the presence of balanced competition by two financially stable, comparably sized rail systems able to offer cost-efficient, single line service to these shippers. Moreover, these same shippers will have greater leverage than they do now to spur the railroads to compete for their business.

V. THE TRANSACTION WILL RESULT IN EASTERN COAL SHIPPERS GAINING SUBSTANTIAL BENEFITS FROM NEW AND STRONGER RAIL COMPETITION

Today, there is vigorous competition between CSXT and NS for the transportation of coal. Many of the electric utility companies in our service territory have generating plants on both NS and CSXT served lines. If a utility is not satisfied with the price or service provided by NS to a particular plant, it has the option of turning to one of its other plants served by CSXT as a source for power.

Utilities have access to transmission networks that facilitate the movement of electricity through wholesale markets via physical transmission grids. Transmission capabilities can give utilities substantial leverage in negotiating coal transportation contracts. For example, Virginia Power has the ability to use this leverage in negotiations with NS by threatening to buy power from other sources that may not be served by NS.

Plant dispatch competition is often also available to a utility. This occurs when a utility has plants served by several different railroads or transportation modes, as is the case with all the utilities served by NS. The utility plays one transportation provider against the other. Because of

economic dispatch protocols, the level of burn at any one plant is determined by its rank among all the other plants operated by that utility. The plants are ranked primarily by marginal delivered fuel prices. Because electricity demand varies considerably hour-to-hour, month-to-month and season-to-season, utilities must shut down generation or start it up in accordance with demand. Plants low in the rankings run infrequently, except during very hot or very cold weather. Changes in the rankings can have a significant effect on the total hours a particular plant runs and thus on the total coal consumed and transported. Transportation rates are a part of the delivered fuel price. Thus, the net effect of the dispatch protocol is to significantly reduce coal demand at plants that have high rail rates. This potent competitive situation is available to most utilities.

Georgia Power, for example, uses rail competition between its joint CSXT/NS-served power plants, single line served CSXT plants, and single line served NS plants in its system, on an hour-to-hour basis, in order to obtain the most cost efficient generation from its available coal burn scenarios. Alabama Power follows the same practice, but adds barge-served and BNSF-served plants to its competitive mix. Pushing their competitive leverage a step further, the most favorable power generating economics for these two giants are achieved through the use of physical intertransmission grid flexibility under the corporate umbrella of Southern Company Services.

Moreover, many utilities whose plants are served only by CSXT or NS have effective competitive access to the other carrier through actual or potential build-outs or rail-truck distribution points. This is possible because of the close proximity of NS and CSXT in most of the major southeastern markets. Following are several examples:

1. Alabama Power constructed a build-out to CSXT from its Gaston, AL generating station. NS serves that facility, but the utility wanted access to CSXT. The line was completed in 1991.

2. Savannah Electric at McIntosh, GA, is served directly by CSXT. The utility is currently constructing a two and one-half mile build-out to NS.

3. South Carolina Electric and Gas near Augusta, GA, is served by CSXT directly. It constructed a transload facility where it receives NS coal by truck.

These examples demonstrate that NS and CSXT are engaged in a constant competitive battle to capture each other's traffic and retain their own customers.

In the Conrail service region, post-transaction, NS will serve 21 Conrail plants, CSXT will serve 11, and six will be jointly served by both carriers. As power pool, consolidation, power marketing, and transmission grid connections develop further, similar competitive opportunities will also develop for these electric utility companies.

In much of its service territory, Conrail has been insulated from the effective head-to-head rail competition practiced by NS and CSXT. Under the plan, new competitive options will be available that were not previously available. **First**, plants now in the Shared Assets Areas will receive joint service. **Second**, the transaction will also provide competitive benefits to other plants that will be directly served by NS or CSXT by giving them better opportunities for rail-truck transloads and build-out access. **Third**, and perhaps most importantly, the transaction will result in considerably broader single line service market reach for former Conrail as well as NS and CSXT coal producers. As one customer states:

> Our companies have heretofore shipped coal originating from both the CSX and NS railroads and have experienced frustration with regard to shipments to customers served by Conrail. Thus, the aforementioned division should serve to eliminate these types of problems. In addition, we are looking forward to experiencing not only the change from being served by one rail carrier increasing to two, but also the greatly expanded market reach which single line service by NS and CSX will offer. An extensive addition of single line rail service will allow us to provide increase market penetration to areas in which we have been unable to compete adequately.
>
> Big Creek Mining, Inc.
> Salyersville, Kentucky

Conrail coal producers who will be served by NS will have single line access to utilities, industrial accounts, domestic metallurgical coal users, and lake, river, and export facilities that they cannot access today. Likewise, NS origin coal producers will find their single line market opportunities increased to include those New Norfolk Southern/Conrail System-served customers that previously had been served only by Conrail. We estimate potential coal end use market access will increase almost 200% for Conrail coal producers, and an instant 30% incremental opportunity for NS origin coal producers will be created. Overall, market dynamics will begin a life cycle transformation as this new competition begins to reshape coal value chains, both domestically and worldwide.

We believe that comparable access and logistical opportunities will be established with new CSXT producer/consumer combinations that will further enhance the competitive arena This geometric improvement in origin/end use possibilities, coupled with an extension of the historic head-to-head competition between CSXT and NS for this business will, indeed, produce a revitalized and robustly competitive marketplace.

VI. ELECTRIC UTILITY DEREGULATION AND THE IMPACT OF BALANCED RAIL COMPETITION FOR NORTHEAST ELECTRIC UTILITIES

As the electric utility industry faces changes on the dual fronts of deregulation and Clean Air Act compliance, the introduction of competitive fuel sourcing will improve the ability of the utilities to compete in their changed environment. With Phase I of the Clean Air Act Amendments drawing to a close, utilities in the Northeast must meet the more stringent sulfur dioxide emission requirements of Phase II.

The transaction will also create single line access to the Northeast for the low sulfur coal of the central Appalachian region. The current structure of the eastern rail system makes the

delivery of central Appalachia's compliance coals to the Northeast via joint line service a more costly alternative for these utilities. Competitive rail service from the higher sulfur coal reserves of western Pennsylvania and northern West Virginia, combined with single line access from the low sulfur coal reserves of eastern Kentucky, Virginia, and southern West Virginia, will provide cost-effective compliance alternatives for the northeastern utility industry.

While Conrail does have access to low sulfur coal in its West Virginia Secondary mining area, its route from there to the Northeast markets is circuitous, as it runs northwest to Columbus, Ohio before turning east. As a result of the NS operation of portions of Conrail, including the West Virginia Secondary, both shippers and receivers will benefit from a more direct, single line route for West Virginia Secondary coal, using NS's Deepwater, WV, line and Roanoke-Hagerstown corridor.

NS has demonstrated many times a willingness and ability to work with utilities to find needed sources of coal, even if the sources were not located on NS. For example, NS delivers Powder River Basin (PRB) coal to a Georgia power plant each year. NS also recently delivered the first shipment of PRB coal to a North Carolina power plant. In all cases, the western coal is used to help utilities compete effectively and implement their individual Clean Air Act compliance strategies. The expanded NS/Conrail will be able to move PRB coal east efficiently. Coal can be interchanged with western carriers at the Kansas City, Chicago, Streator, St. Louis and Memphis gateways.

The expanded NS/Conrail will work with its utility customers to provide the type of coal that meets those utilities' specific needs. As an illustration, NS recently reached an understanding with one of Conrail's largest utility customers that, if our proposed transaction is approved, will result in a great deal of flexibility in that customer's sourcing strategy for years to come.

The changes already underway in the electric utility industry make increased rail

competition in the Northeast and Midwest more important today than it has ever been. The introduction of rail competition and competitive fuel sourcing alternatives will enhance and expedite the benefits of utility deregulation for the consuming public. Providing efficient and competitive means of complying with the requirements of the Clean Air Act, as this transaction will do, will further reduce the economic impact of compliance, to the benefit of the ultimate consumer, the public.

VII. EXPORT COAL MARKETS AND ECONOMIC DEVELOPMENT

Conrail and NS coal export markets and facilities are complementary to each other. NS handles predominantly metallurgical coal in carload lots at Lamberts Point, which has no ground storage facility. In contrast, Conrail focuses on the steam coal market, using a ground storage facility in Baltimore. The availability of low sulfur coals from NS mines and higher sulfur coals from Conrail mines moving in single line service will open up new market opportunities to both ports. The transaction will enable the New Norfolk Southern/Conrail System to coordinate facilities and customers' needs in a way that will enhance the ability of U.S. producers to reach more export markets.

Both NS- and Conrail-served producers will have access to an expanded menu of coals for blending at the Conrail-served Baltimore pier and at Lamberts Point. Single line efficiencies from Conrail's northern Appalachian region and NS's central Appalachian region will enable even small amounts of coal from either region to move to either pier to meet specific market demands. NS served producers of high-grade metallurgical coal have not been able to capitalize on past opportunities to combine their product with coal of lesser qualities at lower market prices because they have been unable to access directly the inexpensive blend candidates from Conrail-served mines. CSXT, however, already has access to a great deal of this mid-sulfur coal. The already

vigorous competition between NS and CSXT at Hampton Roads will be extended to Baltimore as a result of the Conrail transaction. Thus, export coal shippers will be the beneficiaries of having two aggressive rail competitors serving both the Baltimore and Hampton Roads ports.

VIII. OTHER BENEFITS

The Conrail transaction will benefit New Norfolk Southern/Conrail System coal customers by the broader application of other proven NS practices. The expanded NS/Conrail's reliable transportation schedules will be made available to the movement of coal throughout its extended service territory. NS has the East's largest fleet of coal cars and has always encouraged customers to rely on NS-owned equipment for general service coal moves, a philosophy that other railroads are increasingly adopting. The extensive NS general service car fleet and NS experience in fleet management will allow the expanded NS/Conrail to take advantage of backhaul and triangulation opportunities that will lower costs for shippers and more effectively utilize car capacity. For example, cars made empty in the Northeast can be reloaded with coke for movement to the midwestern steel producers and then repositioned in central Appalachian coal fields, substantially reducing costly empty return miles. Further, a number of Conrail-served coal receiving customers have also expressed an interest in reloading coal cars with coal combustion byproducts for backhaul to coal producing areas, where the byproducts can be used beneficially in the mine reclamation process.

NS has earned its reputation for being innovative in coal transportation. For example, NS's much publicized NS COLTainer® Service, initiated in 1995, efficiently delivers a substantial amount of coal each year to an Alabama truck-served plant. COLTainer® is the first use of intermodal equipment for coal delivery in the United States. This project demonstrates NS's willingness to experiment and work with individual customers to meet their specific needs. We

expect more opportunities for use of this technology, as well as expanded rail truck deliveries in the future.

NS has also been instrumental in improving efficiencies at a number of on-line coal loadouts. For example, we participate in projects that require expenditures for improved loading systems and track upgrades.

Norfolk Southern's Pocahontas Land Corporation ("PLC") subsidiary, headquartered in Bluefield, West Virginia, is unique among railroads, and it provides a number of valuable services to NS coal producing customers. PLC can partner with coal producers on an individual project basis by providing much needed up-front capital for purchases of coal reserves so that mining companies can focus their capital resources on mine development and operations. PLC also serves as NS's coal specialists for many industrial development activities. Reporting to the same vice president as NS's Industrial Development Department, PLC works in concert with that department to provide site location and other business development services. PLC's staff of eight mining engineers and other professionals is also available to assist producers with mining plans.

As a result of the Conrail transaction, the New Norfolk Southern/Conrail System will bring these and similar practices to coal customers in the Northeast.

IX. COAL MARKET IMPACTS OF THE TRANSACTION

One clear market impact of this transaction will be to improve the competitive balance in market shares between Norfolk Southern and CSXT throughout the East. Although NS's 1995 coal, coke, and iron ore revenues were $1.3 billion, CSXT's were a larger $1.7 billion. Coal, coke, and iron ore revenue market shares for these two carriers alone were about 44% for NS and 56% for CSXT in 1995, without considering the Conrail transaction.

NS has projected the effects on eastern coal, coke, and iron ore market shares resulting

from NS's operation of portions of Conrail's lines and CSXT's operation of other portions. The estimates underlying that projection were drawn from NS's Rail Traffic Diversion Study (see Verified Statement of John H. Williams) and from a Coal Market Impact Study prepared by my staff. As Mr. Williams explains in his statement, NS's operation of portions of Conrail in conjunction with traffic diversions from all other railroads will increase NS's coal, coke and iron ore revenues by $469.6 million annually. At the same time, Mr. Williams estimates that CSXT's coal, coke and iron ore revenues will increase by $222.2 million annually as a result of CSXT's operation of its portions of Conrail.

A Study prepared by my staff identifies the key results of the coal marketing strategy developed by NS. That **Coal Market Impact Study** projects total incremental NS revenue gains of **$101.0 million,** none of which were included in the Rail Traffic Diversion Study. The Study's revenue gains by category of traffic are metallurgical coal, coke, and iron ore ($48.3 million), utility coal ($47.9 million), and export coal ($4.8 million).

Our Study shows that, once the NS/Conrail transaction is consummated, NS will be in a better position to compete aggressively with CSXT in the **metallurgical coal, coke, and iron ore** markets, where Conrail has not always been an effective competitor to CSXT. We believe that the expanded NS/Conrail's ability to offer competitive price/service packages in each of these markets will result in annual revenue gains of about **$48.3 million**, $43.3 million of which will be won from CSXT.

For **utility coal**, our Coal Market Impact Study projects incremental revenues of an additional **$47.9 million** as a result of NS's ability to access the Conrail-served Monongahela and West Virginia Secondary coal fields. I emphasize that these are "new" revenues resulting from greater use of expanded NS/Conrail System-served coal, largely because NS's access to these Conrail-served coal fields will provide more direct routings to critical new markets.

Further, our Coal Market Impact Study projects that about **$4.8 million of export coal** revenue will be realized because of blending opportunities created by such new single line access.

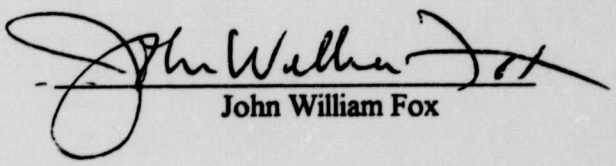
In total, the effect of the NS/Conrail transaction will be to increase the New Norfolk Southern/Conrail System's annual coal, coke, and iron ore revenues from the 1995 level of $1.3 billion to $1.9 billion by year 3 after the transaction. Although we project that the New Norfolk Southern/Conrail System's level of such revenues would approximately equal those of the post-transaction CSXT/Conrail System, we will do our best to beat that projection, using the extended geographic reach and shorter, more efficient, single line routes provided by the expanded NS/Conrail System.

I want to emphasize that the Conrail transaction will bring very significant service improvements and efficiencies, resulting mainly from expanded single line service. The transaction will also result in balanced and vigorous competition for the transportation of coal between two comparably sized and financially strong railroads. Such competition exists now in the Southeast where NS and CSXT are engaged in head-to-head competition, and it will be extended by the Conrail transaction, after which both NS and CSXT will have a presence in almost every major urban market in the eastern half of the United States. In the aggregate, then, the Conrail transaction will produce expanded market opportunities for both suppliers and users of coal, and it will help those rail customers remain competitive in the global marketplace.

VERIFICATION

I, John William Fox , verify under penalty of perjury that I am Vice President-Coal Marketing of Norfolk Southern Corporation, 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 10, 1997.



John William Fox

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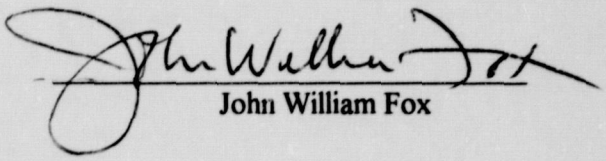

John William Fox

VERIFIED STATEMENT

OF

DONALD W. SEALE

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VERIFIED STATEMENT

OF

DONALD W. SEALE

I. INTRODUCTION AND QUALIFICATIONS

My name is Donald W. Seale, and I am Vice President-Merchandise Marketing for Norfolk Southern Corporation and Norfolk Southern Railway Company (collectively Norfolk Southern or NS). In this position I am responsible for pricing, marketing, sales and customer relationships in our merchandise commodity markets. I assumed my current position as Norfolk Southern's Vice President for Merchandise Marketing in 1993. My tenure at Norfolk Southern began in 1976 when I entered Norfolk & Western's Management Training Program. Since that time, I have held positions at Norfolk & Western and Norfolk Southern as District Sales Manager, Marketing Manager in several commodity groups, Director Market Development, and Assistant Vice President-Coal Marketing.

I graduated with Distinction from the University of Virginia with a Bachelors degree in Government and attended the University of Alabama-Birmingham Graduate School of Business. I am an active member of several transportation-related associations. My positions include Regional Vice President and member of the Board of Directors of the National Freight Transportation Association and member of Triple Crown Services Company's partnership Management Committee. Additionally, I am an Associate Member, American Society of Transportation and Logistics (AST&L); Associate Member, American Iron and Steel Institute; Member, Safety and Operations Committee, Association of American Railroads; and past Chairman of the Automotive Quality Improvement Executive Committee, Association of American Railroads.

I am providing this statement to describe the effects of the use and operation of Conrail's assets by and for Norfolk Southern and CSX Transportation on the transportation, pricing, marketing and sales of the major commodity groups that are under my direction. (For ease of reference, New NS means NS plus the portions of CR to be operated solely by NS or jointly by NS and CSX, and CSXCR has a similar meaning for CSX.) The groups that I direct are: Automotive; Chemicals; Metals and Construction; Paper, Clay and Forest Products; and Agriculture, Government and Consumer Products. These combined markets generated $2.27 billion in 1995, or 56.6 percent of Norfolk Southern's total rail revenues.

This statement is based on my knowledge of freight transportation in the United States in general, and of the markets served by NS and Conrail in particular, discussions with our shippers and other interested parties regarding their views of this proposal, and the traffic studies performed under the supervision of John H. Williams of The Woodside Consulting Group and Patrick J. Krick of the Kingsley Group, described in greater detail in their respective Verified Statements.

II. SUMMARY

This Conrail transaction will provide increased rail competition to shippers in the East and, indeed, throughout North America. There will be two strong, balanced rail competitors of comparable size and market coverage east of the Mississippi, both of which will serve most of the major markets in the entire region, as shown graphically in Attachment DWS-1. Enhanced rail competition will result in numerous customer benefits. While I will deal with benefits to shippers on the New NS, I know from experience that shippers served by CSXCR will experience many of the same benefits.

This transaction will allow shippers to receive the benefits of single-line service over an expanded rail network, to gain broad access to more markets, to experience faster transit times and greater service consistency, and to benefit from lower costs resulting from improved equipment utilization, more efficient routing and elimination of inefficient interchanges associated with joint-line routing. In Part II of my testimony, I will discuss these benefits with respect to each of the five major commodity groups for which I am responsible.

A. Diversion of Traffic

The results of the Rail Traffic Diversion Study and a discussion of the diversion logic employed are presented in the Verified Statement of Mr. John H. Williams. Mr. Williams worked closely with NS marketing personnel, and his preliminary results and the diversion logic employed were reviewed within Norfolk Southern's Marketing Department. I believe the results of his study are valid. The Study reflects the current high level of intramodal competition between NS and CSX as well as its likely intensification as the components of the competitive networks develop, particularly terminals for automotive and intermodal traffic. The conclusions of the Rail Traffic Diversion Study, as it applies to the merchandise commodities, is summarized in Attachment DWS-2.

Further, in connection with this application, and in consultation with NS marketing personnel, Mr. Patrick J. Krick, director of economic analysis for The Kingsley Group performed a study of diversion to rail from motor carriers. Although most of this truck traffic would be diverted to intermodal, Mr. Krick also estimates significant diversion to rail carload movements, as shown in Attachment DWS-2.

B. **Single Line Service, Network Coverage and Market Synergy**

Conrail and Norfolk Southern traditionally have had different marketing philosophies based on differences in geography, demographics and history. Each serves segments of the transportation market that the other either does not serve or serves to a lesser degree, which accents the complementary nature of the New NS combination. CR, for example, serves more paper receivers, steel scrap producers and vehicle parts suppliers. NS, on the other hand, serves more paper mills, steel mini-mills and automotive assembly plants. Each brings its respective capabilities and advantages to this transaction.

Merchandise shippers need and demand greater consistency and velocity from rail service. According to data from Reebie & Associates, some 86 percent of total transportation revenues in the East are handled by motor carriers due, in large part, to customer requirements for consistent and faster delivery times. Motor carriers provide this level of service by managing shipments door-to-door with single source accountability for the entire process. On the other hand, approximately 63 percent of Norfolk Southern's 1996 merchandise revenues required interline handling with two or more rail carriers involved.

Single-line service generally is more efficient than joint carrier service. It eliminates wasted costs of interchange, which in turn provides faster and more reliable transit times; reduces service variability; and improves utilization of both cars and locomotives. Single-line rail service means there is one railroad responsible for pricing, car supply, freight damage and on-time performance. In sum, a single-line carrier is fully accountable for its service. The restructuring of Conrail addresses this challenge well and will enable both New NS and CSXCR to improve consistency and velocity dramatically.

Customers will benefit from the sharp expansion in single-line service that will result from this transaction. There are potential rail movements that will never be made as long as two carriers are required. While part of the problem lies in meeting the revenue needs of two carriers instead of one, more often the problem lies in a difference in marketing and operating priorities between the two carriers. For example, the north-south market traditionally has been secondary for Conrail, because its primary and understandable focus was the handling of east-west flows over its longer haul routes. In his Verified Statement, Mr. James W. McClellan, NS Vice President-Strategic Planning, discusses NS efforts, mostly unsuccessful, to overcome Conrail's disinterest in north-south traffic. With the transaction, both north-south and east-west markets will receive increased emphasis and new train services and schedules. Furthermore, customers will receive a significant increase in routing choices as all gateways and routings existing today will be maintained as long as they are economically viable.

Shippers will have access to two much larger single-line rail networks to source raw materials and to deliver finished products. As large, multi-plant shippers seek improvements throughout the chain of distribution, larger rail networks offer more possibilities for logistics savings across the entire supply chain, as reflected in the Verified Statement of Thomas M. Corsi. Today, customers increasingly package large segments of business for competitive bidding. This transaction offers added competitive options, efficiencies and expanded market access to meet current and future transportation demands.

These competing rail networks will result from: (1) joint access to traffic in the Shared Assets Areas and other areas served by both carriers; (2) competing automotive ramps; (3) competing bulk distribution/transfer facilities; (4) build-out or build-in options, and (5) more ability to offer larger packaged proposals to handle a greater share of a customer's total traffic.

Based on the history of NS-CSXT head-to-head competition in the Southeast, rail-to-rail competition will be strong between the new networks. Attachment DWS-3 demonstrates that both systems will have a strong base of traffic in each major market from which to lever network density and train service to benefit shippers and carriers alike.

C. **Traffic Growth**

In addition to the traffic gains quantified elsewhere in the Application, Norfolk Southern's history of steady traffic growth and the practices that drive that growth will apply on the New NS as well. Growth is achieved by working aggressively with customers on four levels:

1) We strive for excellence in serving the needs of local, on-line customers -- the core of our business. We seek to make our local on-line customers successful in their markets by customizing transportation to make their products more competitive.

2) Based on mutual growth through increased share, we obtain additional revenue as our customers expand their on-line plants to increase production.

3) The opportunity for growth in the construction of "green field" plants, which customers develop as demand for their products exceeds production capacity at existing facilities.

4) Truck-to-rail distribution centers provide a growth opportunity with customers that are not directly rail served.

To drive success in all four sectors of growth, service packages that address truck, barge, geographic and product competition are developed with the customer.

As discussed in David A. Cox's Verified Statement, the combined efforts of our Marketing and Industrial Development departments resulted in the location of new plants on Norfolk Southern in 1996 that generate more than $100 million annually in new revenues. I feel

certain that this integrated and customer-driven focus will lead to added rail traffic on the New NS system, and significant benefits for customers throughout the new system.

III. COMMODITY GROUPS AND BENEFITS

I now will address the shipper benefits of the New NS in each of the major commodity groups for which I am responsible.

A. Automotive

The automotive industry is crucial to the U.S. economy, accounting for 795,000 jobs and generating $312 billion annually. This industry also is important to NS. In 1995, Norfolk Southern had automotive revenues of $449 million, which increased to $489 million in 1996.

Automotive manufacturers have four fundamental goals for their transportation providers: consistent on-time delivery of both vehicles and vehicle parts; reduced transit time; total cost reduction through elimination of waste in processes, and improved quality through elimination of in-transit damage. The New NS will help achieve these goals.

In general the New NS will provide the automotive industry the following benefits:

1) expanded single-line automotive service network for finished vehicles and parts;

2) greatly reduced interline and short haul pricing problems;

3) dramatically increased equipment utilization, and in turn, fleet capacity; and

4) perhaps most importantly, expanded service and direct competition for market share by two balanced rail systems.

From a transportation perspective, there are two basic segments of automotive traffic that require service: movement of vehicle parts to plants that assemble the vehicles and movement of finished vehicles from the assembly plants to regional markets served by distribution facilities from

which the vehicles are delivered by motor carrier to local dealers. A large majority of the assembly plants and the component plants that furnish parts to the assembly plants are concentrated in the East.

1. Finished Automobiles

Approximately 70% of all vehicles produced in North America move by rail from assembly plants to destination markets, which generated some $3.1 billion in rail industry revenue in 1996. Haulaway motor carriers account for the remaining 30%. Motor carriers primarily deliver vehicles from the destination rail ramps to dealers. Multi-level railcars (three-deck railcars called tri-levels primarily for passenger cars, and two-deck railcars called bi-levels primarily used for light trucks, vans, and sport utility vehicles) utilizing a drive-on and -off loading method are the most frequently used rail equipment.

Because of the cost advantages of rail for long-haul moves, most rail lanes exceed 300 miles in length of haul. Motor carriers handle most of the traffic with hauls of less than 300 miles, and also many longer lanes. For example, NS and CSXT have been unable to develop a coordinated, economically attractive service package to win the business of moving Toyota automobiles from the Toyota assembly plant at Georgetown, KY, to Baltimore, a distance of 813 miles. With single-line service in this corridor, the New NS will compete economically with motor carriers. Similarly, BMW ships automobiles from the Greer, SC, assembly plant some 812 miles to Port Jersey, NJ, by motor carrier. Here, too, we believe that with single-line service in the corridor we can compete economically.

2. Parts

Automobile parts vary extensively in size and weight. Large, bulky parts such as stampings and bumpers lend themselves to rail movement, as do very heavy parts such as engines

and transmissions. Typically, these component parts are loaded into a steel shipping container or rack, which creates the need for round-trip service to return the container or rack to the parts manufacturer. Rail market share of parts is estimated to be less than 23% of total shipments, based on 1994 Reebie & Associates surface transportation traffic data.

Automobile companies are striving for parts order quantities that meet daily parts use quantities. Numerous component parts are shipped in quantities too small for complete rail carloads. Many parts plants are located relatively near assembly plants, and because auto manufacturers demand that their inventories be kept low through just-in-time deliveries of parts, railroads are not competitive in these markets except through unique truck-to-rail coordinated shipping methods such as Norfolk Southern's Just-In-Time (JIT) Rail Centers. Combining NS and CR operations will significantly increase our ability to provide services to automotive customers that are more consistent, faster and with less damage.

NS is a leader in establishing these facilities to respond to the just-in-time needs of auto parts transportation. JIT Rail Centers support auto manufacturers' lean inventory policies by supplying "every part, every day." Currently, NS has three centers in Detroit, Buffalo and Hagerstown, MD. NS has been awarded the contract to build a fourth center in the Dayton, OH, area that will be built after the New NS is created. It is imperative that parts transportation be reliable; an assembly plant shutdown can cost an auto manufacturer in excess of $30,000 an hour in lost productivity.

With current joint-line operations, NS bears the cost of dispatching parts by motor carrier or even using air freight to keep a customer in operation when inbound connections have been late arriving at gateways. In single-line service, we expect to reduce that cost and increase service reliability. With the consolidation of NS and the portions of Conrail operated by NS, current joint-line movements to General Motors plants at Baltimore, Wilmington, DE, and Linden, NJ,

can be expedited in single-line service. The New NS will have greater opportunity to market JIT Rail Centers to all other manufacturers, especially Ford and Chrysler, thereby creating greater single-line train density, efficiencies and competitiveness.

3. Specific Automotive Industry Benefits

a) Single-Line Service

The New NS operating plan offers improved service over existing NS/CR joint-line routes. More than 100 lanes, or 19,152 finished vehicle carload movements involving current NS/CR joint-line service will be converted to single line routing based on 1996 data. Some 225 lanes and 21,701 carloads of parts would convert to single lane routing, also based on 1996 data. New NS single line service will increase velocity, thereby decreasing transit times. See Attachment DWS-4 for examples of the dramatic reductions in transit times for the New NS.

Three assembly plants solely served by Conrail now (Ford Edison, NJ; General Motors Linden, NJ, and Chrysler Sterling Heights, MI) will gain two-carrier service. Four other assembly plants now served by reciprocal switch (Chrysler Warren and Jefferson Avenue, MI, and Ford Lorain and Avon Lake, OH) will be opened to two carriers as a result of being within the Detroit Shared Assets Area or by trackage or haulage rights. As Mazda Motor of America, Inc., said in its statement of support for this transaction:

> It has been our experience that single-line service is faster, more reliable and allows for better shipment tracking than joint carrier moves.
>
> Mazda Motor of America, Inc.
> Irvine, California

Another benefit of reduced transit to the automotive manufacturers is the reduced need for shipping containers and racks. The automotive industry's investment in shipping containers and

racks is estimated to be in excess of $100 million. Reduced transit time also reduces the automotive manufacturers' inventory carrying costs. Typical inventory carrying cost of a finished vehicle, based on an average value of $20,000, is approximately $5 per day per vehicle. Overall, single-line service will result in more efficient and reliable rail service for automotive manufacturers; see Attachment DWS-5.

b) <u>The Value of A Network</u>

Increasingly, automotive manufacturers consolidate large segments of their business and then ask carriers to compete by offering a package of rates and services for the traffic they can handle. In general, automotive companies are seeking greater network solutions that aid them in reducing costs and improving efficiencies across the entire supply chain. Carriers that can directly access a greater number of assembly plants, parts vendors, and destination rail ramps can respond to this challenge more effectively.

Automotive manufacturers are particularly interested in reducing the interval between the time a new car is ordered and the time it is delivered to the dealer. The more assembly plants and vehicle distribution facilities that a single carrier serves with attendant volumes for network handling, the more opportunities there are for reducing the order-to-delivery cycle. Additionally, increased ability to handle parts directly to more on-line assembly plants will enhance the ability of rail to compete with trucks.

Finished vehicles tend to move by a combination of truck and rail. Most vehicles are loaded at origin rail ramps adjacent to the assembly plant, so direct access to an assembly plant is generally beneficial to the serving rail carrier. However, vehicles do move by motor carrier from assembly plant to origin railroad loading ramp for shipment by rail to a destination vehicle distribution facility. While a railroad prefers to have an assembly plant on its line, what is crucial

is that a rail carrier's lines are near the assembly plant and the destination. With the right combination of price, equipment and coordinated multi-modal service, a rail carrier can compete effectively, even without direct access to an assembly plant.

> Because the East will be served by two strong railroads of equal size and scope, they will be able to achieve greater efficiency, will return more freight traffic to the rails promoting more long term capital investment and will ensure that rail service grows in the future.
>
> Chrysler Corporation
> Auburn Hill, Michigan

The New NS will be better equipped to offer both direct and multi-modal service. The combined system will build facilities to compete for automotive traffic in all major eastern markets where a suitable facility does not now exist.

As it has developed automotive marketing initiatives, Norfolk Southern has added unsurpassed value for its customers, and the New NS will continue to do so. An example of NS innovation is the "mixing center" concept (see Attachment DWS-6 for more detail), a new method of speeding vehicles to market jointly developed with Ford Motor Co. Consolidating NS and the portion of Conrail operated by NS will allow New NS to maximize its mixing center network by attracting other manufacturers and serving the entire eastern United States with single-line service.

c) Equipment Utilization

Equipment cost is a significant component of total rail costs. Equipment requirements to serve the automotive companies will be reduced as single-line service produces reduced transit times. Improved equipment efficiency is one of the cost savings produced by the consolidation that will allow New NS to continue to provide customers competitive freight rates and better

service. Additionally, reduced cycle times for auto parts shipments will result in savings to the auto manufacturers that supply shipping racks for carload parts shipments.

B. Chemicals

New NS benefits to the chemicals industry can be generalized as follows:

1) extension to CR of NS's total commitment to safety;

2) expanded routing options over two comparable carriers;

3) access via single line service to broader geographic markets and more sources for raw materials;

4) extended rail hauls, thereby enhancing modal competition;

5) expanded bulk distribution network, and

6) improved private equipment productivity with single line service.

Chemicals and plastics are a significant part of the traffic base for each of the Class I rail carriers in the United States. In 1995, chemicals and petroleum products shipments accounted for $536 million in NS revenues, or approximately 13.3% of total rail revenue. NS revenues from chemical shipments grew to $556 million in 1996. Since 1990, Norfolk Southern revenue from chemicals has increased $112 million, or 25 percent. Norfolk Southern's core chemical business grew by over 8,300 carloads since 1994.

Norfolk Southern's principal chemical commodity is plastic resins moving from producing plants to processing injection molding facilities. At the present time, NS is cut off from most of the plastics business moving to the Northeast. In addition to the direct access gained with the addition of Conrail lines operated by NS, the New NS's longer hauls, expanded market reach, and bulk distribution network will allow us to package a broader range of transportation services to

our chemicals customers. These services include more competitive pricing, improved service and equipment utilization, all of which are important to the chemicals industry:

> We have chosen rail as our mode of transportation as it would not be economically viable or physically possible to rely strictly on motor carriers... Epsilon Products Company will award business to these railroads based on their price structure, transit times and overall quality of service provided.
>
> Epsilon Products Company
> Marcus Hook, Pennsylvania

Another key petroleum product for NS is propane. Propane is transported primarily by pipeline, but with competitive pricing and dependable service NS has successfully converted numerous propane shippers to rail. Creation of the New NS will benefit shippers of propane and other petroleum products as the resulting expanded single-line, competitive network will increase the market reach of these shippers. By locating new rail terminals on Norfolk Southern, the propane industry found new customers and was able to address long-standing allocation difficulties from pipeline transportation. The New NS will continue and extend these initiatives and help propane producers and consumers lower their energy costs.

> Many of AmeriGas' shipments are destined for points served by Western carriers or originate from points served by Western and Canadian carriers. Our present shipments are often delayed during handling at congested gateways. If blocking patterns can be structured such that interchange times are reduced, transit times and costs will go down accordingly.
>
> AmeriGas Propane, L.P.
> Houston, Texas

Municipal solid waste transportation will be a significant market for New NS. NS serves approved disposal sites in Virginia and certified landfills elsewhere in the Southeast. New NS will have access to New Jersey and New York (through Cross Harbor RR) municipal waste, much of which moves by truck today. Competition for this traffic between New NS and CSXCR will tend

to reduce disposal costs for customers in this market segment and alleviate congestion on the major highways.

1. Specific Chemical Industry Benefits

a) Opening Chemical Markets

An important benefit of the New NS to the chemicals industry will be expanded routing options from two large, comparably sized railroads competing in the East. For example chemical traffic between the Southwest and West to/from Conrail stations typically moves via connections with western carriers at St. Elmo, IL, or Effingham, IL, because chemical producers prefer to avoid congestion delays at the East St. Louis gateway. As a result of this transaction, NS and CSX each will have comparable service routes that bypass St. Louis.

Figure DWS-1
Additional Routing Options
Between
Origin: Houston, Texas and Destination: Philadelphia, Pennsylvania

Competing Junctions	New NS Mileage	CSXCR Mileage
Sidney, IL	1,856	
St. Elmo, IL		1,886
Tolono, IL	1,831	
Effingham, IL		1,869
Memphis, TN	1,696	1,943
New Orleans, LA	1,690	1,734

Conrail handled approximately 300,000 cars of chemicals and petroleum traffic in 1995 with approximately 40,000 of these shipments originated or terminated in New Jersey. We estimate that 95 percent of this traffic will be competitive between the New NS and CSXCR. An additional approximately 10,000 carloads of chemicals and petroleum traffic will be opened to competitive rail service in Philadelphia/South Jersey and Detroit Shared Assets Areas.

Chemical plants with competitive service will have access to broader geographic markets and a wider area of raw material sourcing via single-line rail service. This will benefit on-line chemical customers across the board.

> Sun sells into an intensely competitive market for our products, with both domestic and imported goods offering regional alternatives to customers. It is absolutely critical that the northeastern refining market be competitive and the proposal by NS and CSX provides for the necessary balanced competition in our petrochemical and oil markets.
>
> Sun Company, Inc.
> Philadelphia, Pennsylvania

b) Truck and Barge Conversion

The New NS also will continue current NS efforts to win traffic currently moving by motor carrier and barges. Today the average Norfolk Southern haul on chemical traffic is 495 miles. With the addition of Conrail lines operated by NS, the length of haul will be extended by as much as 350 miles, further enhancing our ability to increase modal competition, particularly for truck traffic. Increased modal competition will benefit consumers with competitive rates and services.

> Henkel Corporation is well aware that motor carriers haul a large portion of the nation's freight, and that trucks dominate the freight markets, especially in the East. Because the East will be served by two strong railroads of equal size and scope, they will be able to achieve greater efficiency, will return more freight traffic to the rails, promoting more long term capital investment, and will ensure that rail service grows into the future.
>
> Henkel Corporation
> Cincinnati, Ohio

c) Bulk Distribution

Norfolk Southern has made extensive capital investments to provide customers with high quality, state of the art, environmentally compliant bulk distribution facilities. Chemicals comprise

19 percent of Norfolk Southern's current bulk distribution business. Bulk distribution facilities enable NS to handle chemical movements to and from customers not directly rail-served and in cases where the receiver prefers less than carload quantities.

In the bulk distribution market segment, shippers will benefit from two-carrier competition in most major Eastern markets. New NS will serve a total of 17 bulk distribution terminals operated by or for us and numerous private facilities.

> Overall, our business, being farm related, is seasonal and we must depend on consistent and fair-priced rail service to meet our primary supply line requirements... Any marketing expansion into the eastern or northwestern United States will have to be via rail to truck distribution in order to remain competitive... We believe this division of Conrail will provide many improved opportunities for competitive pricing as well as service routes currently unavailable under Conrail.
>
> Zeneca Ag Products
> Wilmington, Delaware

d) Safety

Safety is of critical importance to manufacturers of chemicals and petroleum products. Norfolk Southern safely handled 255,000 hazardous material shipments in 1996. Norfolk Southern is the safest rail carrier in the nation, having been awarded the E. H. Harriman Gold Medal for Safety for eight consecutive years.

NS has been recognized with numerous customer safety awards, including Amoco Chemical's Supplier Excellence Award (three consecutive years); BP Chemical's Supplier of the Year; Occidental Chemical's Carrier of the Year; Eastman Chemical's Supplier Excellence Award and Union Carbide's Polymers Division Carrier of the Year Award. NS was presented with Dow Chemical's Rail Safety Achievement Award 13 times, and we recently were notified that we are the 1996 recipient of the Dow award.

Norfolk Southern is continuously focused on initiatives to promote safety in all facets of our business. The emphasis on safety will intensify under New NS, and our safety achievements from Norfolk Southern's safety process will be duplicated on the Conrail lines operated by and for NS.

e) **Equipment Utilization and Single-line Service**

Most chemicals are shipped in private cars; 83% of Norfolk Southern's chemicals business moves in private equipment. Private car owners seek to maximize the productivity of their car fleets, thereby reducing the amount of capital invested in rail equipment.

> [B]ecause Hoechst Celanese owns its own rail hopper-cars, the efficiencies of single-line service will return cars to the origination point more quickly. This improved equipment utilization will reduce our transportation costs.
>
> Hoechst Celanese
> Fibers and Film Group
> Charlotte, North Carolina

New NS's single line service network will eliminate costly delays caused by interchange, which will improve the supply of equipment and improve the return on customers' assets. In 1996, NS and Conrail jointly handled more than 18,000 carloads of chemicals traffic that will directly benefit from conversion to single line service. A 24-hour service improvement would collectively save our customers an estimated $360,000 in private equipment costs alone. With higher volumes, New NS will increase pre-blocking and run-through train service, which will further enhance our service offering.

C. **Metals and Construction**

Significant potential benefits throughout the metals and construction markets will be created by the New NS:

1) increased flexibility in supply sources and movements between integrated facilities;

2) single line service offerings;

3) improved equipment utilization; and

4) improved, competitive north-south service.

The metals and construction commodity grouping includes ferrous and non-ferrous metals, machinery, scrap metals, cement, aggregates, brick and minerals. In 1995, these commodities accounted for $353.1 million, or approximately 8.7 percent, of Norfolk Southern operating revenues. In 1996, revenue from metals and construction shipments grew to $358 million. Norfolk Southern revenues in these markets have grown steadily from $288.6 million in 1991, a 24 percent increase in the last five years.

1. **Steel**

Steel is the commodity most likely to benefit from the New NS. The steel market experienced significant growth in recent years largely due to the proliferation of mini-mills (electric arc furnace steel production facilities). Integrated steel mills use coal/coke and iron ore to produce raw steel and are primarily located in Illinois, Indiana, Ohio, and Pennsylvania. Mini-mills recycle scrap metal and scrap substitutes using electric arc furnaces to produce steel. The New NS system will enhance competition in the steel industry by expanding the single-line geographic reach of the integrated mills and the minimills.

A significant trend in the steel industry is investment by integrated steel producers in down-stream production processes that do not produce hot metal, such as steel processing centers, rolling mills and galvanizing facilities. This stimulates large movements of semi-finished steel from the production facility to these down-stream facilities.

Norfolk Southern has been successful in locating several of the downstream steel processing facilities on its line, such as Protec Coating at Leipsic, OH; LSII at Columbus, OH; MI-Tech at Decatur, AL, and Worthington Steel at Mallard, AL. AK Steel will begin production at its new steel processing facility located on Norfolk Southern at Rockport, IN, by mid-1998. Increased geographic coverage and the ability to move steel seamlessly and efficiently across Norfolk Southern and Conrail will be key factors in determining the future success of these new processing facilities.

Steel producers also ship semi-finished steel from one integrated mill to another where surplus rolling capacity exists in order to augment production. New NS will make it more efficient and more economical for steel producers to shift product between their various production facilities and take advantage of the increased efficiency in doing so.

2. Heavy Machinery and Other Oversized Loads

The movement of oversized shipments holds tremendous potential for railroads, but requires considerable attention and scheduling to ensure that they are handled safely and expeditiously, without creating delays to other traffic. Because these movements often require adjacent tracks to be cleared of traffic or parked railroad cars, they present unique challenges to the carrier.

Norfolk Southern, recognizing the uniqueness of this traffic segment and the tremendous potential revenues, has invested considerable sums in developing systems that permit our operations team to determine quickly the safest, most expeditious route for movement of dimensional shipments. Present Conrail shippers and receivers will benefit from the expansion of this database to include track clearances on lines operated by NS.

NS's commitment to our machinery industries is demonstrated by our twice weekly dedicated Heavy Hauler machinery trains operating from the Midwest to southeastern ports with guaranteed transit times to meet regular vessel sailings. New NS will expand this network of dedicated machinery trains, offering our customers greater choice in ports of call. Additionally, shipments between NS and Canada and the Northeast via CP at Harrisburg, PA, will benefit customers on both sides of the border. One example is shipments of transformers from ABB at Guelph, Ontario, to NS destinations, which we anticipate will increase on the combined New NS system due to improved service and reduced cost.

3. Specific Metals and Construction Industry Benefits

a) Truck and Barge Competition

Based on the Commodity Flow Survey conducted by the U. S. Census Bureau (in 1993), motor carriers moved 82.8 percent of the total metals products shipments in the United States in 1993. Rail market share is estimated to be 15.9 percent, and barges accounted for 1 percent. The increase in single-line service that will be possible as a result of this transaction creates ample opportunity for New NS to capture a significant portion of metals shipments now moving by motor carrier, beyond that predicted by the truck diversion study sponsored by Mr. Krick. Metals shippers will gain from both intramodal and intermodal competition in the metals market.

Motor carriers are particularly effective competitors for shorter hauls of less than 250 miles. In addition, most mills are located on navigable waterways, which allows barges to play an active role in both inbound and outbound movements, especially in import steel markets. Barges have a significant competitive advantage on shipments of imported slab steel from New Orleans to points on Conrail in the Midwest, and typically control this market. When barges are in short

supply or unavailable, however, rail is the next best alternative in terms of price. The combination of NS and CR operations will provide shippers with a more viable alternative to barge on these shipments from New Orleans to major consuming points in Ohio, Indiana, and Illinois.

b) Equipment Utilization

In the movement of steel, it is generally the origin carrier that supplies the freight car. The ability to furnish the appropriate equipment in a timely fashion is critical if a railroad is to compete effectively with motor carriers and water carriers. Many iron and steel commodities move in gondolas that are sometimes in short supply. The combined fleets of New NS, through improved equipment utilization, will result in increased car supply to metals products shippers.

> Service, equipment utilization and system synergy are the highest when there are two carriers of comparable size and scope.
>
> OmniSource Corporation
> Fort Wayne, Indiana

Norfolk Southern has invested in research and development with its customers in the steel industry to design the state-of-the-art steel coil handling car, which we appropriately call our Protector, Protect II and Protec III series cars. Since 1990, Norfolk Southern purchased 661 of these cars at a cost of approximately $41.6 million for the movement of steel coil in damage-free service. One significant feature of the car is the single insulated hood, which controls temperature and humidity in the car to reduce the problem of white rust caused by condensation and moisture in traditional cars. Conrail has similar cars in use on its system, which it calls the "CoilShield" car. The combination of Norfolk Southern and Conrail's equipment design teams working together with the steel industry will allow the free exchange of information and increased research and development to make more improvements in car design, which will further minimize damage and enhance rail's ability to compete with other modes.

As with other commodities, a major benefit of New NS for steel traffic is increased equipment supply through increased utilization of both the NS and CR steel-handling fleets. Today, more often than not, Conrail equipment moving to Norfolk Southern and Norfolk Southern equipment moving to Conrail is returned empty. New NS will reduce these empty miles and increase utilization by repositioning empty gondolas to the nearest point at which a load is being generated. For example, cars of steel shipped from Bethlehem Steel, Sparrows Point, MD, on Conrail that terminate at Jemison Steel, Bessemer, AL, on NS today are returned empty. On New NS, these cars will be repositioned at either Fairfield, Mallard or Alabama City, AL, on NS, where they will be reloaded, thereby increasing the utilization of assets that are often in short supply.

New NS will route traffic by the most efficient route in terms of speed, convenience and cost. The benefit to customers of this transaction is recognized by Vulcan Materials Company:

> [W]e anticipate the acquisition of Conrail lines by a financially sound carrier will result in improved equipment utilization, lead to better car availability, faster service, and reduced cost.
>
> Vulcan Materials Company
> Birmingham, Alabama

To assist New NS in growing its dimensional loads market, Norfolk Southern currently has the industry's largest rail-owned fleet of heavy duty and depressed center flat cars. New NS will provide increased opportunities to improve utilization of this equipment and improve the supply of such equipment on moves within Conrail territory. Shipper-receiver facilities will be opened to single-line moves using heavy duty equipment with reduced transit times.

There are also significant opportunities to improve utilization of cars assigned to our brick market under the combined New NS system. Increased single line movements should result in lower transportation costs and improved car utilization.

c) **Network Coverage**

New NS will improve rail service and competitiveness of shippers between the Northeast and Southeast. Today, Conrail focuses on east-west traffic to generate maximum revenue from its long haul and is understandably reluctant to devote valuable equipment to movements between the Northeast and the Southeast. This has given a significant market to trucks and offers a conversion opportunity for New NS. For example, Conrail currently has little incentive to supply equipment for AK Steel shipments from Middletown, OH, to Norfolk Southern southeastern points via Cincinnati. The New NS will change this limited geographic coverage and focus.

Industrial sand, for the most part, is short haul traffic destined to local markets. Approximately 34 percent of the industrial sand produced moves by rail, while 65 percent moves by truck. There is a large deposit of industrial sand in the New Jersey area, primarily produced and marketed by Unimin. New NS will allow Unimin to access new markets at greater distances due to the rate and service enhancements that will result from becoming a single-line haul on a larger network.

Another construction materials customer will benefit by eliminating the different marketing strategies of today's NS and Conrail. This customer approached Norfolk Southern with several opportunities to handle cinders from Alabama points to Conrail-served points in New York, Michigan and Pennsylvania. Because it focuses on east-west traffic, Conrail rates have prevented either carrier from participating in these moves. New NS will provide access to northern markets for this Alabama shipper as well as improved transit times as the gateway interchange will be eliminated.

New NS presents opportunities for growth for brick producers. There is a large demand by northeastern brick distributors for brick from southeastern producers. NS and Conrail have a difficult time negotiating competitive rates on brick shipments due to the inherent problems

associated with joint-line movements. Nearly all of this traffic now moves by truck, mostly on the congested Interstate Highways 95 and 81. By eliminating the gateway between NS and CR and ending watershed pricing, we will enable brick producers to seek new, more distant markets and rail will be able to compete with trucks.

Some of our construction markets, such as industrial sand and cement producers with multiple plants, will be able to supplement production from one plant to another with more flexibility. The broader network of New NS will facilitate such moves because single-line service will eliminate short haul and watershed pricing and service practices that discourage such moves in interline service. Customers throughout the metals and construction industry recognize the numerous benefits that network coverage can provide.

> Approval of the proposed application for the acquisition and division of Conrail by CSX and NS should provide improved service, including car supply, scheduled train service, customer service information on car tracking and service reports.
>
> Reynolds Metals Company
> Richmond, Virginia

d) <u>Single Line Benefits</u>

Single-line service is a key driver in the consolidation of the railroad industry. For example, Conrail-served steel producers will be able to reach markets that currently are difficult for them to enter. Specifically, Bethlehem Steel's efforts to increase rail shipments into the Southeast are blocked by joint-line pricing and joint-line service. The establishment of multi-modal distribution centers in the Southeast also has been hampered by the difficulties associated with joint rates and joint service. New NS will improve our ability to establish these types of facilities due to the inherent benefits of single line service.

> [A]lmost every major destination east of the Mississippi River would be single line service which would increase our ability to compete in these markets....The additional single line points created

by this acquisition will allow Laclede to purchase scrap in markets that are not economically feasible at this time.

Laclede Steel Company
St. Louis, Missouri

In the construction market, numerous low volume movements will benefit from single line routing and efficiency. Norfolk Southern currently participates with Conrail in only 230 carloads per year of cement moving from a major Pennsylvania producer to a Tennessee receiver over the Hagerstown, MD, gateway. After the Conrail transaction, this traffic will move single-line resulting in more efficient service and better equipment utilization due to shorter transit time.

e) Distribution Centers

Railroads can compete effectively with motor carriers for steel shipments moving to non-rail or small volume receivers by using multi-modal distribution centers, i.e., Conrail's SteelNet. The SteelNet network consists of 20 separate facilities, and Norfolk Southern currently has direct access to 25 other steel distribution facilities. The combined system presents an opportunity for NS steel producers to reach non-rail-served steel receivers on Conrail by way of SteelNet. Conversely, steel producers on Conrail will have the opportunity to reach non-rail-served receivers on NS by using its existing steel distribution facilities.

The improved economics and transit times of single line service will be a key factor in the ability of New NS to compete with other modes using multi-modal distribution centers. For example, Bethlehem Steel declined our offers to move steel through these facilities because of excess transit time associated with joint line routes. Shipments of steel from Bethlehem's Sparrows Point, MD, facility to Charlotte, NC, and Atlanta currently move by truck in 2 to 3 days, while joint line rail routing takes 7 to 12 days. The New NS system will deliver the two- to three-day service needed by Bethlehem Steel and allow for conversion to rail at a lower delivered cost.

D. Paper, Clay and Forest Products

For paper, clay and forest products producers and receivers, the key benefits of the New NS are:

1) increased single line service opportunities;

2) better equipment utilization; and

3) balanced competition for the many NS and CSX-served lumber and paper mills in the Southeast and for paper receivers and wood treaters in the Northeast.

NS revenues for the paper group in 1995 were $ 537.3 million, or approximately 13.3 percent of all NS rail revenues. The paper group includes lumber, wood fiber and kaolin clay as well as paper, each with its own market characteristics.

1. Paper

The paper industry is highly cyclical and characterized by pronounced swings in demand and product prices. In 1995, the base traffic year in this proceeding, paper producers were beginning to rebound from the downturn in demand that began in 1990 and bottomed in 1994. While paper is produced in many locations, the southeastern United States has a high concentration of mills due primarily to access to wood fiber, water and the availability of labor.

Norfolk Southern serves 50 paper mills that generate significant rail shipments. Of these mills, approximately 30 are jointly served by NS and CSX. The mills produce a variety of types of paper, including pulpboard and medium (used in the manufacture of cardboard boxes), printing and fine papers (such as copy paper and envelopes), newsprint, wrapping papers and wood pulp. Inbound rail traffic to these mills includes wood fiber, scrap paper, coal, clay and chemicals. Annual boxcar shipments to and from these mills range from one or two thousand carloads at a

small mill to over ten thousand carloads at very large facilities. Rail-to-rail competition for this traffic is intense.

In 1995, NS originated or forwarded over 123,000 carloads of paper or scrap paper. NS is primarily an originating carrier for paper shipments (65 percent of its total in 1995); Conrail received over 85 percent of its total paper shipments. Many of the receivers of NS-originated shipments are located on Conrail lines. NS interchanged about 22,000 carloads of paper with Conrail, approaching 20 percent of all forwarded or originated NS paper carload volume in 1995.

Paper shippers will be the beneficiaries of the competitive situation that will exist when New NS is able to compete more effectively with motor carriers in new service lanes. Particularly in printing paper, but also in the newsprint and pulpboard segments of this market, the Conrail transaction creates an opportunity for rail to develop an improved service product to compete with truck.

> Mead's preference is to ship by rail when service allows it. We expect the efficiencies created by the new single-line service offerings will permit Mead to move more of our products to this important market area by rail.
>
> Mead Corporation
> Dayton, Ohio

Service quality is the critical competitive factor in this transportation market. Customer demand has led to increased emphasis on faster and more reliable service. Motor carriers, with premium service, compete heavily for this traffic, especially the higher valued printing papers, fine papers and light loading tissue, but increasingly in linerboard and scrap paper as well. With the ability to offer a single line rate and service, New NS will be in a better position to compete for this business with lower costs and less yard time at interchange points.

> We believe CSX and Norfolk Southern will be much better positioned to compete in the ever expanding truck market both between the Northeast and Southeast and to/from certain Atlantic ports currently served solely by Conrail... I believe CSX and Norfolk Southern will compete more vigorously for traffic in both

corridors. This will reduce highway congestion while providing reduced cost and improved service to the shipping public.

Kimberly-Clark Corporation
Knoxville, Tennessee

The primary service challenge for rail carriers handling paper today is improving service uniformly on hundreds of single-car traffic flows. The widely dispersed nature of paper mills and paper receivers creates an operational challenge, as virtually every route and yard handles paper movements. Elimination of interchanges and the creation of single-line control of shipments will produce service benefits, but a secondary service improvement will result from the generation of additional paper traffic volume. Rail service is very much volume-driven: the greater the volume, the greater the justification for running trains, adding yard switching assignments and adding classifications at hump yards. Additional volumes will create improved service. In a sense, success creates more success, and we believe strengthened flows of paper will result in myriad service improvements throughout the system, raising overall performance.

Some of the key benefits of New NS to the paper industry will be:

a) **Service Improvement**.

NS historically found it difficult to compete for paper traffic from the St. Laurent paper mill at West Point, VA, and the Stone Container mill at Hopewell, VA, destined to the Northeast, a major market for these two mills. NS handles only about 40 percent of the outbound shipments from these mills with the majority moving by highway, and only 20 percent of NS's business from the West Point mill now moves to the Northeast.

Joint-line rail service into and out of the Northeast has tended to limit our ability to move this traffic, and the single-line service which Norfolk Southern and CSX Transportation propose would be of benefit to us.

Bowater Incorporated
Catawba, South Carolina

To illustrate NS's efforts to build volume in this market segment, we have entered into agreements with many of our customers calling for certain levels of service. To meet these service levels for our customers, all rail carriers in the route must commit to meeting them. In certain negotiations, CR has been hesitant about joining NS in this commitment to service. This serious problem will be eliminated with single-line control over the route.

b) Equipment Utilization

Improved service not only will better meet customer demand, it will produce improvement in rail equipment utilization. Not only will loads move more quickly, but empties will as well, driving down rail asset costs. In addition, CR customers will now have access to NS's paper boxcar fleet of approximately 10,000 cars, one of the largest in the industry.

> The paper industry is the largest user of boxcars. Equipment availability has long been a concern to the industry. We anticipate the acquisition will improve equipment utilization, which translates into better car availability, reduced empty mileage and lower costs.
>
> Mead Corporation
> Dayton, Ohio

Equipment reinvestment is a major issue in the paper transportation market. The NS paper boxcar fleet is aging, but given the poor historical utilization of the rail boxcar, with an average of about one trip per month, current economics will not justify replacement of much of our fleet. New NS will provide a larger single line network to leverage utilization efforts and to justify reinvestment economics.

c) Increased Reload Opportunities.

New NS will provide opportunities to reload cars today returning empty to their points of origin. Boxcars moving paper or paper products to the Northeast can be held and

repositioned for the movement of scrap paper to southeastern paper mills. For example, one customer's plant in Alabama, currently obtains some of its scrap paper requirements by rail from CR origins, but also receives scrap by motor carrier. Only about three out of every ten paper boxcars NS sends to CR currently return loaded with scrap paper. While NS and CR sometimes attempt to cooperate on backhaul opportunities today, a loaded backhaul move is not of great interest to CR given the costs of holding and repositioning a car and the relatively short length of haul for CR. Consequently, reload efforts have not been highly successful. Better execution of single-line service will allow New NS control of equipment in the Northeast. This will result in more backhaul opportunities, which will allow New NS to compete more effectively for inbound scrap paper moves to such customers.

d) **Efficient Routing**.

NS and CP Rail have negotiated a haulage agreement that will allow NS to utilize CP (St. Lawrence and Hudson) trackage in Pennsylvania and New York to connect with Guilford Transportation Industries system near Albany, NY. Paper shippers will enjoy additional benefits as a result of this new routing. New England paper shippers will have an efficient, competitive route to reach western connections in the Chicago and St. Louis areas. Canadian newsprint traffic moving through Montreal to Harrisburg, PA, via Albany and Binghamton in part on NS haulage will move 150 miles less than the present CR routing through Syracuse, NY. This new route will provide Canadian newsprint shippers a more efficient means to bring their product to U.S. markets -- both into the Northeast and to points further south.

e) **Market Access.**

A natural fit exists between NS-served paper mills in the Southeast and Conrail-served receivers of paper and paper products in the Northeast, both of which will benefit from the efficiencies of new single-line service. This is especially true for the movement of pulpboard, which is shipped in large volumes by rail from southeastern mills to box plants and converting operations to be served by New NS, and also applies to southeastern linerboard. Customers including Stone Container, Westvaco, and Mead will benefit. The lower costs and reduced yard time at interchanges that result from single-line service will allow New NS to compete with trucks for paper business, on rates and service.

In a more specific example, certain small independent paper receivers in the Northeast long have expressed the need to maintain and increase their options on paper supplier access. They often have been disadvantaged when trying to compete for supply with the larger integrated suppliers. New NS will give them greater single-line access to additional suppliers.

f) **Distribution Facilities.**

NS works closely with over 50 public warehouses and distribution centers to offer a JIT program to receivers of paper and lumber. The added length of haul and the increased service levels of New NS will permit an expanded program in the Northeast. This will further the conversion of truck moves to rail handling.

2. **Lumber**

The lumber and related products market is predominantly focused in three geographic producing areas: Pacific Northwest (Canada and US), eastern Canada and southeastern United States. Each producing area is a competing source market for some end uses. Different product

characteristics prevent total overlap, but price can dictate usage of a lesser grade or different species of wood.

Due to environmental regulations and associated higher production costs, lumber production from western suppliers is expected to decline or remain stagnant for the foreseeable future. Lumber from eastern Canada is being substituted for western Canadian lumber in many markets in the New NS service area. Due to supply constraints in the West, eastern Canadian lumber is NS's fastest growing segment in the lumber group.

Length of haul is a prime determinant in the modal choice for lumber and wood products. From Pacific Northwest U.S. and Canadian origins, rail is very competitive. Eastern Canadian lumber, because of its proximity to the southeastern market, is more truck competitive than product from western origins. To compete with direct truck shipments, NS is using origin reloads in this market where shorthaul trucks gather rail volumes into an NS-served warehouse location for loading into the southern market.

Specific benefits that the New NS offers the lumber industry include:

a) Market Reach and Single Line Service

From origins in the southeastern U.S., truck is dominant in many lanes and has a larger share than rail. Norfolk Southern serves 130 mills in the Southeast that ship to markets in the Southeast and Northeast. We see opportunities to convert truck volumes to rail in the headhaul and the backhaul portion of this market. Similar single-line rail economics will be made available to industries in eastern Pennsylvania, such as Universal Forest Products wood treating mills at Gordon, Stockton and Reading, PA. These mills receive the lion's share of their wood by truck due to the inability of rail to compete on a joint-line basis over Hagerstown. MD.

To further illustrate the difficulty in certain two-line rail hauls, Lowe's Home Centers has a CR-served lumber distribution center in Hagerstown, MD, just outside of the NS/CR joint yard facility. With its operation of Conrail lines, NS can offer single-line service into Lowe's from the Southeast, which will eliminate the switch charge that CR assesses to handle this type of traffic, and will reduce car cycle time by two to four days. For Lowe's this will provide improved rail economics for lumber, plywood and oriented strand board moving by truck today.

The tremendous growth of large lumber distributors has had a significant impact on the forest products industry and lumber transportation. Companies like Lowe's, Home Depot and Builders Square increasingly determine modal and carrier selection for their lumber products. Other major receivers such as Georgia Pacific and Weyerhaeuser maintain wholesale distribution centers in our service area. Larger volumes of traffic are being offered to carriers by single companies, with network implications. Single-line service in a broader market benefits the carrier and the customer in this arena.

These companies, by virtue of their size and purchasing style, require their transportation partners to have extended market reach and the ability to locate and service new and larger distribution centers. The focus for these companies continues to be on bigger, centralized distribution centers. NS's industrial development capabilities will play a larger role with these giant retailers as well. Retailers and consumers will benefit greatly from new single-line service, and its related efficiencies and service quality improvements, into the vast consuming markets of the Northeast. For example, New NS will offer single-line service from Georgia-Pacific plywood, lumber and OSB mills to Georgia-Pacific's new distribution centers at Elkhart, IN; Allentown and Pittsburgh, PA; and Denville, NJ.

b) **Equipment Utilization**.

Some lumber shippers in the Pacific Northwest and the Southeast own their own fleets of specialized equipment. The benefit to these lumber shippers includes a reduction in cycle time for cars routed via New NS. Improved service will allow equipment to be turned quicker, a direct benefit to them. In addition, some of this equipment could be reloaded to intermediate points on a larger system, further enhancing the return to these private car owners.

Lumber and forest products move on flat cars, center beam flat cars and in boxcars depending upon the physical requirements of the product. Railroads tend to require that specialized equipment such as flat cars and centerbeam flatcars be returned as quickly as possible to the owning road. This sometimes prevents the best utilization, as cars move empty that could be reloaded. With New NS having access to both origins in the Southeast and origin reloads as well as better Canadian connections in the North, there will be an opportunity to maximize the use of this specialized equipment and create new efficiencies for expensive rolling stock. We foresee the opportunity to load cars into the South and reload them with Southern Yellow Pine to wood treaters in the Northeast.

3. **Kaolin Clay**

Kaolin clay has many applications, primarily in the paper industry as a filler and opacity agent for better quality papers. The clay is mined and processed by a handful of international mineral concerns. Kaolin can be shipped in bulk lump form; in pulverized bulk or 50-pound bags; or in semi-bulk, polyethylene half-ton and one-ton bags. Clay also can be shipped as a high-solids slurry. Kaolin production in the United States is concentrated in central Georgia, within a 60 mile radius of Sandersville, GA. Off-shore production can be found in Brazil and other locations. Brazilian clay is of fine quality and is a threat to U.S. producers. Rail transportation plays an

important part in the movement of this clay to the end user, and the product moved by rail is primarily destined for paper mills throughout the United States.

In recent years, ocean shipping of international product and barge shipping of domestic product have put pressure on rail to become more efficient. In fact, in recent months NS has been approached by producers of domestic clay requesting assistance in their efforts to remain market competitive with foreign-produced clays. The economies of this transaction will be a key to this effort in the future.

Rail transport for clay is most competitive over longer distances, while trucks have an advantage within the Southeast and also on bagged product. Barge and ocean-going vessel are options for many mills located on or near rivers or ocean ports. A key point of clay usage is in the fine paper industry located in the New England states, rail-served generally by Guilford Transportation Industries.

Specific benefits of the New NS for the kaolin industry include:

a) **Efficient Routing**.

New NS will offer expedited single-line service for clay customers to many destinations. In addition, as noted above in the paper section, New NS, as a result of the recent agreement with CP/St.L&H, will be able to offer much improved service to New England clay receivers served by Guilford, via a direct connection to Guilford at Albany, NY. This improved routing and service will enable U.S. clay producers to withstand competition better from foreign clay producers.

b) **Private Asset Utilization**.

Benefits to kaolin shippers include a reduction in cycle time of 2 to 3 days for cars routed via the new NS-CP/St. L&H haulage service. Better service allows equipment to be turned faster,

and since most clay producers own their own railcars, improved equipment utilization is a direct benefit to them.

E. Agricultural, Government and Consumer Products

In general, customers shipping and receiving agricultural and consumer products, as well as governmental customers will benefit from this transaction as follows:

1) better service;

2) better equipment supply and utilization;

3) better market access; and

4) more modal competition.

This commodity group includes 11 minor groups: Grain and Soybeans, Feed, Flour, Food Oils, Beverages, Canned Goods, Consumer Products, Miscellaneous Foods, Sweeteners, Miscellaneous Transportation & Military. The NS grain market consists of processors, poultry/feed receivers and wheat millers. Grain and Soybeans and Feed together make up approximately 67 percent of the total major group carloads, and 57 percent of group revenue; shipments are primarily in covered hopper cars. Food and consumer commodities account for one-third of the group business, moving in several car types including tankcar, boxcar and covered hopper. Military shipments comprise only 2% of this group's traffic. Total NS revenues from this group in 1995 were $ 393.3 million or approximately 9.6 percent of total rail revenues.

The highly truck competitive market for canned goods, frozen foods and fresh fruits and vegetables features substantial flows from western origins to the East. With its large number of distribution center receivers, CR is able to participate in this business through the Chicago gateway. New NS will provide a second high speed, high capacity, single-line route over Kansas City, as well as such Chicago-alternative gateways as Streator, IL, for interchange with BNSF.

These routings will bypass congestion and winter delays in the Chicago terminal area. The combined New NS system will greatly enhance the rail alternative for food shipments into the Northeast, Midwest and Southeast.

Unlike food and consumer products, Norfolk Southern is a much bigger factor than Conrail in the grain market. Rail customers of grain and consumer products operate in separate competitive worlds. Grain competition is dominated by distance and cost, where direct, single line rail access can determine a customer's ability to buy or sell grain. Longhaul grain moves are most efficient in barge, rail car or trainload volumes while shorter moves are largely by truck. Norfolk Southern successfully competes in both the long and short haul grain markets, using the efficiencies of unit train pricing and customized service. Conrail competes in longer haul east-west movements, but is restricted in its ability to compete in north-south markets by the limited reach of its rail network and the fact that most domestic receivers of grain are located on other rail lines. These limitations plus an aging car fleet and capital concerns forced Conrail to revise its marketing efforts on a substantial portion of its grain market.

NS sees grain as a growth market, and this transaction will present new marketing opportunities for grain customers of NS and Conrail. Customers on Conrail will benefit from direct rail access to Norfolk Southern's 132 Southeast grain receivers, and NS's existing receivers will benefit from access to the 77 million bushels of additional grain elevator capacity on Conrail.

The consumer products group confronts formidable long and shorthaul truck competition. Time and rate sensitive, this market has little tolerance for service delays related to multiple carrier routings. Trucks dominate this door-to-door market, and NS/Conrail attempts to patch together a competitive north-south service have been largely unsuccessful to date. The New NS will eliminate service and interchange delays attributable to multiple carrier handling and will

permit rail to compete head-to-head with truck for these markets for the first time in more than 20 years.

1. Grain

Benefits for grain customers on New NS include better balance of grain supply and demand; more choices for both buyer and seller; faster, more effective service; more overall competition; and more opportunities for back haul shipments.

Conrail alone is not strategically placed to serve effectively grain traffic originating at midwestern elevators on its system. Conrail does not serve a large domestic destination market itself, and the economics of grain make it difficult to have joint-line routings to another carrier's market. Conrail elevators have few options: ship at disadvantaged pricing to the few Conrail destinations, such as the Delmarva Peninsula; attempt to export grain through Baltimore or similar ports; or seek to access other destinations via truck. Norfolk Southern, with its larger regional system, substantial destination markets and large midwestern elevator network, offers Conrail customers options they do not have today. Conrail-served elevators will benefit from new single line access to Norfolk Southern's larger system. Conrail receivers will benefit from Norfolk Southern's greater commitment to grain transportation and to new sources of supply.

> [T]he single line service our Conrail facilities will gain to Southeast grain receivers and fertilizer suppliers will enhance our competitive position in the marketplace.
>
> The Andersons, Inc.
> Maumee, Ohio

Norfolk Southern is an innovator in the grain transportation business, offering incentives to customers for unit train loading and unloading, and a local, shorthaul grain gathering program called "Pegasus" that has enabled us to compete in this shorthaul, truck dominated market. NS works with grain receivers to encourage investment in unloading systems and additional track in

order to accommodate unit trains and shares the economies of moving grain in blocks of 50 cars with grain shippers and receivers. Cars move faster, averaging at least 1 additional trip per month, benefiting NS on its system grain cars as well as customers that choose to own or lease their own fleets and ship grain in private cars.

The Southeast feed market, which includes the Delmarva Peninsula, has experienced unprecedented growth, bolstered by changes in consumer tastes toward a higher domestic consumption of white meat (both poultry and pork), and new chicken products (McNuggets, boneless/skinless products, chicken-based restaurants like Kenny Rogers Roasters, etc.). Export demand has grown as well, driven by improved standards of living in other countries and demand for parts of the chicken that the US market considers waste (like talons and dark meat).

The Southeast feed market is one of NS's core markets, but not enough grain can be grown in the Southeast to satisfy regional demand. As a result, after the truck-delivered local crop is exhausted, receivers depend on long haul rail, primarily from the Midwest. As poultry demand has increased, the Southeast feed market has grown through expansions and new facilities. Norfolk Southern has good sources of grain on-line in the Midwest to supply the Southeast. As the business has grown and continues to grow, however, receivers need greater single line grain access. Continued expansions will directly benefit New NS elevators, particularly those on former Conrail lines, by providing significant new marketing opportunities.

The ability of the New NS to access markets formerly on CR will be a tremendous benefit to former CR-served shippers of grain and to NS local receivers of grain and feed in the Southeast. Having additional elevators from which to buy grain gives receivers choices for accessing supply, about 13 percent additional capacity. Particularly in times of grain shortages, receivers will have access to additional supplies that could help them avoid buying more costly western grain.

Benefits also will accrue to grain customers as a result of the conversion of joint-line routes to single line handling. Costs of interchange and service/utilization have inhibited the flow of grain from CR origins to NS-served destinations. By eliminating the interchange, New NS receivers will have access to what can be cheaper grain and will have access to supplies that may not be available today.

> [E]xpanded single line origination will give us the ability to purchase our raw materials more competitively with increased service.
>
> Ralston Purina Co.
> St. Louis, Missouri

Benefits also result from better car utilization. New NS will continue and expand its unit train program. Unit trains have lower rates and enjoy faster and more efficient cycle times; improved cycle times increase equipment availability and utilization and fleet capacity. .

2. <u>Food and Consumer Products</u>

Benefits to New NS's consumer products customers will be faster, more truck-competitive service; additional competition; and greater market access by a single rail system. Today, without the interchanges and terminal time that burden railroads, trucks are able to offer superior service for food and consumer products that lowers the customers' inventory carrying costs. Faster transit times and greater reliability have resulted in customer insistence upon that level of service and a dependency on it.

> Since Conrail, CSX, and NS each serve our various breweries we would have more efficient, single line service... We are convinced that the Conrail acquisition will increase rail business, and that would be good for all shippers who rely on rail.
>
> The Stroh Brewery Company
> Detroit, Michigan

Customers on both NS and CR do not really have a competitive alternative to truck, although CR has a vast network of distribution facilities for bulk flowables and warehousing

distribution operations strategically located to serve large population centers. By eliminating the interchange, New NS single-line rail service will be more competitive with truck and offers customers a modal choice that they lack today. New NS single line service will meet the JIT needs of customers, provide customer savings in inventory carrying costs and permit customers to reach new markets previously not accessible by rail. Better management of backhauls in the north-south corridors also will allow NS and CR to compete against trucks. A good example of backhaul potential is in the southbound reloading of boxcars moving from southeastern producers to markets in the Northeast; return loads of consumer products and beverages will be targeted in this service. Triangulation of equipment moving from the West to the Southeast then Northeast and return to the West will maximize the utilization of various box car types that otherwise move in a 100% empty return from the East to the West.

> I sincerely believe that the availability of single-line service to a larger network will enable us to grow our business much more effectively than is presently the case.
>
> Nestle USA
> Dekalb, Illinois

IV. CONCLUSIONS

Competition from motor carriers is a fact of life for rail carriers. Because of Conrail's focus on east-west traffic and the relatively short hauls for many of the moves between the Northeast and the Southeast, NS and CR have had limited success in developing regular interline service, much less interline service involving rail-truck transfer facilities. In contrast, New NS will be able to compete, either by direct rail or in conjunction with rail-truck transfer facilities, for significant traffic currently moving by motor carrier between the Northeast and the Southeast.

Shippers are not the only ones that benefit when we win traffic from motor carriers. As more fully explained in the Verified Statement of Thomas L. Finkbiner, when compared to

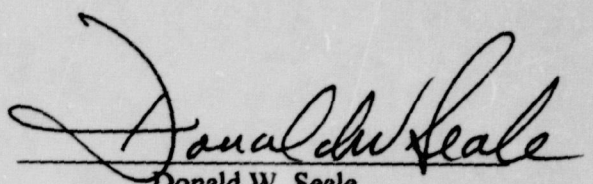
movement by truck, rail and rail-truck operations save fuel, are more environmentally friendly and take traffic off of our crowded interstate highway system.

New NS offers tremendous opportunities to the shipping public. It brings the benefits of increased rail-to-rail competition to large numbers of shippers. It brings the benefits of having two major rail systems to the Northeast -- something that has been lacking for the last 20 years. It creates two competitively balanced rail systems that can and will compete vigorously. It brings to shippers the more traditional benefits of an end-to-end transaction as well: more single-system service; expanded market reach; more efficient routes; increased equipment utilization; and a single marketing focus that will reflect the strengths of each road and eliminate the inconsistencies of separate marketing plans and priorities. And it does all of the above times two, because while I have discussed the benefits for shippers located on New NS, similar benefits will be available to shippers on CSXCR. It is, in short, the most pro-competitive, pro-shipper rail transaction I have seen in my career and perhaps in the annals of United States railroad history.

VERIFICATION

I, Donald W. Seale, verify under penalty of perjury that I am Vice President-Merchandise Marketing, 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 10, 1997.



Donald W. Seale

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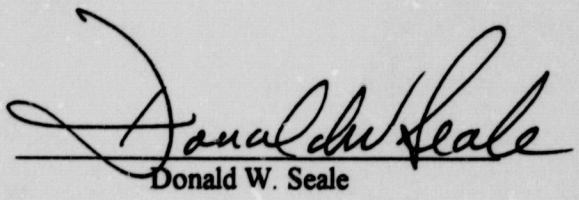


Donald W. Seale

Top Eastern SMSAs

Attachment DWS-1

	CSXT	New NS
New York City	●	●
Chicago	●	●
Philadelphia	●	●
Detroit	●	●
Boston	●	
Washington D.C.	●	●
Miami	●	
Atlanta	●	●
Cleveland	●	●
St. Louis	●	●
Baltimore	●	●
Pittsburgh	●	●
Tampa	●	
Cincinnati	●	●
Kansas City		●

Projected Rail and Truck Traffic Diversions to NS
By NS Commodity Group

Commodity	Penn Lines Base Traffic Cars (000)	Tons (000)	Rev (Millions)	Net Annual Rail Diversions Cars (000)	Tons (000)	Rev (Millions)	Net Annual Truck Diversions Cars (000)	Tons (000)	Rev (Millions)
Agriculture & Consumer	129.0	10,390.6	$ 177.0	- 3.2	- 266.7	$ 7.20			
Construction & Metals	344.2	29,370.0	$ 341.0	3.2	271.3	$ 19.70			
Automotive	232.3	4,821.3	$ 273.8	11.0	192.6	$ 63.10			
Paper, Clay, Forest	151.2	10,529.7	$ 159.3	- 6.9	- 446.1	$ 16.60			
Chemicals	176.6	15,601.8	$ 300.9	- 3.4	- 305.7	$ 20.80			
Coal	593.4	55,691.8	$ 440.4	125.5	12,588.0	$ 130.20			
Total Carload:	1,626.6	126,405.2	$ 1,692.4	126.2	12,033.4	$ 257.60	24.4	1,927.0	$ 28.7
Intermodal	703.9	10,321.4	$ 306.4	2.9	102.2	$ 34.00	475.8	8,088.0	$ 240.4
Total Traffic:	2,330.5	136,726.6	$ 1,998.8	129.1	12,135.6	$ 291.6	500.2	10,015.0	$ 269.1

Source: Base and Rail diversions from J.H. Williams (includes diversions from Coal Impact study)
Truck diversions from P.J. Krick

CSX and NS Revenue Market Shares With CR Division

Including Diversions from Other Rail Carriers and Each Other

(Revenues in millions)

Commodity	Current NS Share	Current CSX Share	Current CR Share	Projected NS Share (end.YR 3)	Projected CSX Share (end.YR 3)
Agriculture & Consumer	31.9%	39.9%	28.2%	46.3%	53.7%
Metals & Construction	24.9%	44.1%	31.0%	47.6%	52.4%
Paper,Clay, Forest	37.9%	39.3%	22.8%	49.5%	50.5%
Chemicals	25.8%	46.0%	28.2%	41.2%	58.8%
Automotive	30.7%	33.5%	35.8%	51.4%	48.6%
Total Mdse Carload	29.9%	40.8%	29.3%	46.9%	53.1%
Intermodal	30.2%	23.0%	46.8%	55.1%	44.9%
Coal, Coke & Iron Ore *	35.9%	46.0%	18.0%	50.3%	49.7%
Total	31.6%	40.6%	27.8%	48.7%	51.3%

Source: QCS 1995 (combined by NS commodity groups) and J.H. Williams rail diversion numbers

* includes effects of coal impact study prepared by Coal Dept

Attachment DWS-4
Improved Velocity
for Auto Traffic

Origin	Destination	Current Transit Time	New NS Transit Time
Philadelphia, PA	Avon Lake, OH	75 hours	48 hours
Bedford, OH	St. Louis, MO	93 hours	56 hours
Utica, MI	St. Louis, MO	116 hours	44 hours
Sterling Hts., Van Dyke, Warren, MI	St. Louis	93 hours	44 hours
Sterling Hts., Van Dyke, Warren, MI	Norfolk, VA	73 hours	56 hours
Bedford, OH	Chicago, IL	81 hours	44 hours
Utica, MI	Chicago, IL	93 hours	42 hours
Bedford, OH	Hapeville, GA	93 hours	70 hours
Bedford, OH	Talbottville, ON	95 hours	44 hours
Detroit, MI	Baltimore, MD	69 hours	42 hours
Hagerstown, MD	Wentzville, MO	100 hours	72 hours
Grand Rapids, MI	Doraville, GA	96 hours	72 hours
Brownstown, MI	McDonough, GA	102 hours	48 hours
Utica, MI	Kansas City, MO	92 hours	40 hours
Philadelphia, PA	Kansas City, MO	95 hours	46 hours

Attachment DWS-5
New Single-Line Automotive Services

- **General Motors** plants accessed by Conrail (Lordstown, Moraine, Linden, Wilmington and Baltimore) will have the ability to ship directly to Southeast destinations via the NS single-line route. Northeast origin traffic will travel via the recently cleared, expedited Hagerstown, MD, route, while Midwest origin traffic would move through Cincinnati without the associated delays of interchange.
- **General Motors**, Wentzville, MO, to Elkhart, IN is a two-line haul (NS/CR) via East St. Louis today. A combined system will allow the business to "run-through" East St. Louis, improving velocity and eliminating interchange costs, delays and inconsistency.
- **Ford**, Kansas City, St. Louis, and Chicago to Northeast (Newark, Baltimore, Philadelphia) traffic is routed via NS-Cleveland-CR today. Conversion of this traffic to New NS single-line service will avoid current interchange and create faster transit times, better handling and less damage to new vehicles and improved cost competitiveness.
- **Ford**, Atlanta to Northeast (Newark, Baltimore, Philadelphia) and Edison, NJ, to Southeast; **Chrysler**, Newark, DE; **General Motors**, Linden, NJ: Today, this business moves via NS-Cincinnati-CR. Both NS and Conrail have recently expanded clearances (height restrictions) via the shorter route through Hagerstown, MD. Single-line service will allow for expedited direct service in both directions via Hagerstown.
- **Ford**, Norfolk, VA, to Northeast (Newark, Baltimore, Philadelphia): Today, this business is routed via haulaway, i.e. by motor carrier. NS and Conrail have been unable to develop a coordinated, economically attractive package to win the traffic. With single-line service in this corridor, the New NS will have an opportunity to compete economically with haulaway.

- **Ford** parts, for example those moving between Brownstown, MI, and McDonough, GA, Utica, MI, and Kansas City, and Philadelphia and Kansas City, are expected to save one to two days transit by the physical consolidation of both systems.
- **Mitsubishi**, Normal, IL, to Northeast (Newark and Baltimore) is all joint-line at present. A consolidated system will allow for direct shipment to each of these markets, increasing velocity and improving the economics.
- **Subaru** and **Isuzu**, Lafayette, IN, to Newark moves NS-switch Conrail today. A consolidated system will eliminate a circuitous and inefficient switching operation that results in a loss of 24 hours at Lafayette.
- **General Motors** (Lordstown, Moraine, Linden, Wilmington, and Baltimore) will receive the benefit of single-line service from NS-served vehicle parts supplier origins, in particular the Detroit, Buffalo, and proposed Dayton area JIT Rail Centers as well as the Delphi components Manufacturing Facility at Adrian, MI.
- Norfolk Southern's three **General Motors** served assembly plants (Wentzville, Doraville, and Fort Wayne) will benefit from single-line service from numerous current Conrail-served component parts plants, including Grand Rapids, MI; Indianapolis, IN; Lansing, MI; Lordstown, OH; Parma, OH; Mansfield, OH, and Warren, MI.

Attachment DWS-6
Mixing Center Vehicle Distribution Network

After NS and Ford Motor Co. jointly developed and tested over several years a new method of speeding vehicles to market, Ford recently committed to a long-term contract under which NS will construct four "mixing centers". These mixing centers, located in Chicago, Kansas City, Shelbyville, KY, and Fostoria, OH, will improve the velocity of movement from assembly plant to dealer of virtually all Ford passenger cars and light trucks.

Mixing centers will eliminate the hours and even days that a vehicle now may remain at an assembly plant waiting for enough finished vehicles going to the same destination to fill as railcar. Under the mixing center concept, railcars are filled immediately with finished vehicles as they leave the assembly plant and are moved directly by rail to one of the mixing centers. At the mixing center, NS fills railcars with finished vehicles bound for the same destination much more quickly because finished vehicles are flowing into the mixing center from all Ford North American assembly plants and out to various dealers and destinations.

In addition to providing rail transportation, NS will operate the mixing centers. NS is developing systems to manage mixing center operations and to provide complete vehicle distribution network management to Ford and other manufacturers.

Consolidating NS and its portion of Conrail will allow NS to maximize its "Mixing Center Network" by attracting other manufacturers and serving the eastern United States with single-line service. NS already received expressions of interest from other vehicle manufacturers, and we are confident that this innovative approach to vehicle distribution can be expanded throughout North America.

VERIFIED STATEMENT

OF

CHARLES WILKINS

I. QUALIFICATIONS

My name is Charles Wilkins. Since January 1995, I have been a self-employed logistics consultant specializing in the automotive logistics market. Prior to January 1995, I was employed by Ford Motor Company for more than 34 years. At the time of my retirement I was Director of Transportation, Procurement and Customs and was responsible for Ford's worldwide transportation and customs activity. I am a graduate of Eastern Michigan University and, during my working career, I have attended numerous seminars on transportation and logistics, including the Advanced Transportation Management Programs at Northwestern University.

During my career at Ford Motor Company, I held a number of prior management positions focusing on transportation. These included, in Europe, Manager of Transportation and Customs for Ford of Europe; and in the United States, Traffic Manager of the Ford Parts & Service Division, Transportation Manager of the Automotive Assembly Division, and Manager of Transportation Analysis for the Purchasing and Supply Staff.

While working at Ford, I was active in several automotive industry and general transportation organizations and served as Chairman of the Traffic Committee of the American Automobile Manufacturers Association and Vice Chairman of the National Industrial Transportation League. I served two terms on the National Motor Carriers Advisory Committee to the Federal Highway Administration and was a member of the Advisory Board at the

Transportation Center at Northwestern University. I was also one of the founders and the first co-chairman of the Automobile Industry Logistics Steering Committee.

I am familiar with the transportation needs of the automotive industry in North America and with the impact of prior rail mergers on the industry. I have testified before Congress on transportation matters on several occasions representing either Ford or the National Industrial Transportation League and have submitted statements to the former Interstate Commerce Commission on many occasions.

I am providing this statement to describe the impact of the operational integration of Norfolk Southern with portions of Conrail on the transportation of auto parts and finished vehicles, including passenger cars, sport utility vehicles and trucks. In addition, I will describe the positive impact on the industry that will result from the operational division of Conrail between Norfolk Southern and CSX. The statement is based on my knowledge of automotive industry transportation needs in North America in general, and in the areas served by Conrail and NS and CSXT in particular.

II. THE TRANSPORTATION NEEDS OF THE AUTO INDUSTRY

The transportation requirements of the auto industry can be divided into two primary segments -- movement of auto parts into assembly plants and movement of finished vehicles from assembly plants or places of importation to dealers.

Automobile manufacturers and importers utilize a variety of strategies in awarding business. They seek the most effective combination of cost and service for delivery of parts from various points to a variety of locations where vehicles are assembled and then, in turn, for the delivery of fully assembled vehicles. One frequently used strategy involves requesting competitive "package bids" on regional packages of business that may include both parts and vehicles or only

one of these commodities. The auto companies typically prefer single-line service due to its shorter and more dependable transit times and minimum number of transportation suppliers. Carriers compete for the business by offering a package of rates and services for the traffic they can handle, and the auto companies encourage vigorous competition between rail and truck and within each mode. This vigorous competition within and between modes is seen as a key to achieving the auto companies' goals of :

- Consistent on-time delivery of both parts and assembled vehicles
- Damage-free delivery
- Minimum transit time
- Lower cost
- Elimination of all non-value-added transactions.

Essentially all automotive rail traffic now moves under three to five-year contracts, although a few contracts involve longer term commitments. One long-term contract was awarded to NS by Ford in 1996 in connection with NS's creation of the Mixing Centers Network, which is described in the testimony of Donald W. Seale, Norfolk Southern's Vice President-Merchandise Marketing. For the duration of that contract, NS will handle all of Ford's traffic inbound to the mixing centers.

A. Finished Vehicles

Finished vehicle distribution from both assembly plants and ports is accomplished by using direct truck shipments for shorter distances (approximately 300 miles) and multimodal rail/truck service for the balance. The railroads' participation in finished vehicle distribution has grown considerably in recent years to the point where more than 70 percent of all vehicles now move by rail for part of the journey to dealers.

The rail move is handled by a fleet of specialized 89-foot multi-level cars for the movement from origin at an assembly plant to an unloading facility, from which trucks typically deliver vehicles to the dealer. Multi-level cars, which are owned and managed by the rail industry, contain two loading decks, or bi-levels, for light trucks, sport utility vehicles and mini-vans or three loading decks, or tri-levels, for passenger cars. At one time, tri-level cars were the dominant choice of equipment for the transportation of automobiles. Currently, the fleet composition is 50 percent tri-levels and 50 percent bi-levels. Because of the increased consumption of sport and utility vehicles, the share of bi-levels is expected to grow. This trend may lead in turn to growth in the number of trains and railcar-miles necessary to deliver vehicles to market, as the number of vehicles carried by a single bi-level is less than the number carried by a single tri-level.

Finished vehicles are either loaded directly at the plant or drayed short distances to a railhead. At the destination, vehicles are unloaded at terminals and transferred to trucks for delivery to dealers. The fact that auto companies often can truck at the origin and always can truck at the destination makes competition between railroads intense.

B. Auto Parts

The auto parts movement by rail uses a railroad-owned fleet of 60-foot and 86-foot boxcars designed for and dedicated to this service, as well as movement in specialized trailers and containers in intermodal transport, including trailer on flatcar, double-stack containers, and RoadRailer® service.

The auto industry has adopted just-in-time manufacturing techniques, eliminating the stocks of components previously held at assembly and manufacturing plants and instead relying on timely production and delivery of the necessary components. Assembly plants now frequently

have less than four hours of parts on hand and rely on their transportation suppliers to deliver material on rigid guaranteed schedules. Railroads have a small share of the auto parts business; trucks are the dominant mode of transportation for this traffic. According to data from Reebie Associates, the rail share for auto parts amounted to 15.7 percent in 1994. If rail intermodal tons were added, the percentage was 22.4 percent.

A number of factors explain this small rail market share. Traditionally, auto parts suppliers were located in close proximity to many auto plants. Therefore, the movement was shorthaul. Trucks have a competitive advantage for shorthaul moves. Further, a fragmented rail industry did not readily adapt to the shift to just-in-time manufacturing, which requires consistent, almost "to-the-minute" delivery service. Some moves required joint line handling that resulted in delays in transit and other inefficiencies. NS, however, has taken an aggressive lead in designing innovative techniques to regain railroad share of the automotive parts transportation market.

Until recently, the conventional wisdom has been that railroads did not participate to a significant degree in the movement of auto parts because the nature of the business favors truck transportation. Undeterred by these perceptions, NS has focused on developing service and tailoring equipment to meet the exact needs of the automotive markets, and has established Triple Crown Services Company to directly and exclusively market the concept. Triple Crown utilizes RoadRailer® bi-modal equipment (specialized highway trailer capable of being moved by rail without flatcars or specialized loading equipment). While RoadRailer® equipment has been in existence for many years, NS worked closely with the automobile manufacturers to refine the trailer and related equipment. Triple Crown has been successful in attracting significant volumes of auto parts traffic moving into assembly plants, all of which previously moved by over-the-road truck.

Additionally, in order for several auto assembly plants to receive parts needed in a timely manner, NS established its JIT Rail Center network of four regional facilities that allow NS to meet the demands of the just-in-time manufacturing process. Motor carriers' "milk runs" bring auto parts to the facilities where these daily production volumes are consolidated and shipped out in boxcars for just-in-time delivery to various assembly plants. NS's efforts have translated into substantial growth in its auto parts business since 1991.

III. IMPORTANCE OF RAIL NETWORKS TO THE AUTO INDUSTRY

Today's auto industry places emphasis on rail networks with extensive market reach; size has become important to auto manufacturers. Just as there are two large rail networks in the West, the Conrail transaction will result in two railroads of comparable size and reach serving all the major markets in the East. NS will be in a position to offer an efficient, comprehensive transportation network for auto shippers, and CSXT will have a competing network of its own of reasonably comparable scope. The availability of truck movements for short hauls means that practically every auto plant will have the opportunity to receive service from both rail carriers.

Auto manufacturers want as few firms as possible handling finished vehicles and parts. For the sake of efficiency and safety, they want railroads with extensive reach, able to provide through service from origin to destination markets. Such expanded networks enable rail carriers to reduce shippers' equipment costs by improving cycle times and efficiently repositioning equipment. Experience has shown that shorter routes and expanded single line service will speed the handling of automobiles, resulting in major inventory and equipment cost savings.

Expanded single line service will permit shippers to better control the distribution channel to their customers as it will provide the ability to manage vehicles to the destination. The shipments will be in the possession of one railroad, and that helps with the information flow so

that the shipper will know where its goods are at all times. In addition, electronic data interchange will play an essential role in controlling the parts that flow to the assembly plants.

The STB has recognized the importance to auto manufacturers of expanded rail networks. Networks offer the benefit of enhanced single line service. I have read the Board's decision of August 6, 1996 in **Union Pacific - Control - Southern Pacific** (STB Finance Docket No. 32706), and agree with its conclusion that substantial public benefits can be derived through creating single line services. Single line transport yields timely, reliable, and cost-effective service. It presents a development of a unified strategic, marketing and operating plan. The expanded single line service that large NS and CSXT rail networks will provide eliminates interchanges and intermediate yard handling, and reduces the exposure to damage in transit. Even in automobile parts transportation, expanded network coverage gives railroads an opportunity to participate in movements. With the elimination of interchange between rail carriers, railroads can better handle and retain control of the shipments and improve reliability in meeting schedules.

For example, the expanded NS network can offer faster service between the Southeast and Northeast via Hagerstown, MD. There are nine assembly plants along the route. The entire route can handle tri-level equipment, but reliable and competitive service does not exist at present because such a joint route would have required Conrail to accept a shorthaul.

Expanded rail networks permit a successful transition toward the auto manufacturers' goal of "one-stop" transportation shopping. Expanded NS and CSXT networks will offer the competitive single-line service that facilitates companies' efforts to lower costs and manage inventories. For a railroad to be truly successful in attracting and maintaining this traffic, it must be in a position to provide non-stop service to as many geographic or regional destinations as possible over a wide geographic range. Again, NS has proved to be a true leader in efforts to meet the increasing demands of auto shippers. NS focuses on managing the entire supply chain,

not just the transportation portion. It works with the manufacturers it serves to address each shipper's particular and distinct needs. For example, NS has specialized personnel located at several assembly plants, providing a variety of logistic and transportation management. I anticipate that it will expand these unique services to those locations it will serve after the Conrail transaction.

IV. THE TRANSACTION WILL OFFER MORE COMPETITIVE, EFFICIENT AND CONSISTENT SERVICE FOR THE NORTH AMERICAN AUTO INDUSTRY

I believe that the Conrail transaction, as detailed in the joint application, will greatly expand the competitive options and flexibility of auto manufacturers and suppliers. For the first time in over twenty years, the auto industry in most Northeast markets will have access to true rail competition. Under the applicants' Shared Assets Areas concept, many major auto producers in Northern New Jersey and Detroit will be presented with competitive rail service from two major rail carriers for the first time in decades. This presents significant opportunities for improved service for the auto industry. Given the historical aggressive competition between CSXT and NS in the Southeast, I expect to see the automotive industry reap unprecedented benefits from similar competition in the Northeast.

It is important to understand the significance of the impact of this arrangement on the transportation of automobiles and parts. The Shared Assets Areas mean equal access. Shippers within a Shared Assets Area will have competition from two strong networks. (See the discussion regarding Shared Assets Areas in the verified statement of Norfolk Southern's James W. McClellan.)

Under the acquisition plan, in the Detroit area both CSXT and NS will have access to all the auto facilities located in the Shared Assets Areas, essentially all such facilities now served by

Conrail. Both CSXT and NS will have rights to run their own trains over the trackage in the Detroit Shared Assets Area. They will compete on price and service. The two carriers will be competitively balanced in terms of size and market reach.

Similarly, in Northern New Jersey, the auto industry will have the benefit of two-railroad competition. The transaction will provide automotive manufacturers with competitive choices for delivering vehicles by rail to the New York metropolitan area for the first time since 1976. Currently, Conrail is the only railroad serving the important Doremus Avenue and Ridgefield Heights auto distribution ramps in New Jersey. These facilities are the major terminals for unloading and distributing automobiles from railcars, both import and domestic. As in the Detroit Shared Assets Area, shippers using Doremus Avenue and Ridgefield Heights will have access to two strong rail networks.

In the Philadelphia area, CSXT already has an unloading facility at Chester, south of Philadelphia. NS will construct a facility in the Philadelphia area. The Baltimore/Washington area is served already by CSXT through its Jessup, MD, facility. NS plans to build a new facility in the Baltimore area.

NS currently provides excellent service via Kansas City for the transportation of automobile traffic to and from the West. This service will be expanded to link existing Conrail points with Kansas City. Similarly, NS's current automotive service between Michigan/Lake Erie and the Southeast is expected to improve because of the addition of certain key Conrail routes and the expansion of NS's network to those Conrail points that NS will serve.

The transaction addresses directly the "2-to-1 point" issue, where the shipper's competitive options might have been eliminated as a result of the transaction. At the Fairlane, Avon Lakes, and Sandusky, OH, Ford facilities now served by NS and Conrail, access by CSXT will provide the future competitive alternative to NS service. Moreover, the Conrail transaction

has the added benefit of some auto plants in the Detroit area experiencing an increase from one-carrier to two-carrier service. For example, the Chrysler assembly plant at Sterling Heights, MI, which is served currently by Conrail exclusively, will be served in the future by two strong competitors, NS and CSXT. I cannot recall another railroad merger that offered such a significant public benefit.

The availability of truck transport for short hauls to nearby rail facilities will further increase the rail competition options for auto manufacturers for both finished vehicles and auto parts. Because the two railroads will have a presence in every major market, even those assembly plants served directly by just one railroad will have the flexibility to shift between NS and CSXT using truck transportation. **This demonstrates the unique character of the division of Conrail; it will increase the level of rail competition available to auto manufacturers and, at the same time, provide those manufacturers with the benefits of expanded single-line service.**

V. INTERNATIONAL MARKET AND PORTS

Auto manufacturers, in a continuing effort to improve the efficiency of their operations, are moving toward consolidating their ports of call for both import and export. The ports of New York/New Jersey, Philadelphia, and Baltimore handle significant volumes of automobile traffic. All of these ports are important to the industry for the movement of imported vehicles and parts, and of growing importance for the exportation of assembled vehicles from the United States to destinations in Europe and the Middle East. The export of U.S.-built vehicles is a growing market, and competitive rail service to the major auto export ports will aid in servicing and expanding that market.

Under the transaction agreement, both NS and CSXT will have access to all three ports. As stated above, Northern New Jersey and Philadelphia facilities will be in Shared Assets Areas, and vigorous competition between CSXT and NS is expected. CSXT already operates in Baltimore, and NS will become CSXT's head-to-head competitor after NS acquires use and operation of the lines Conrail operates today. Given NS's history of aggressive competition and exploitation of new market opportunities, I expect significant benefits to be created for this market.

VI. CONCLUSION

This Conrail transaction offers unprecedented benefits for auto shippers. The Shared Assets Areas mean that automobile manufacturers will have access to two financially strong and comparably sized carriers serving all the major markets in the eastern half of the United States. Because of the history of NS and CSX vigorously competing in the Midwest and Southeast, I expect this level of intense competition to continue throughout the East.

The transaction will result in the creation of single line service consisting of new through routes from the Northeast to the Southeast and the West/Midwest.

As a former employee with the auto industry involved in the transportation of vehicles and parts, I would like to reemphasize that the Conrail transaction offers a unique blend of benefits to the automotive industry in the form of an increased level of rail competition coupled with the benefits of expanded single-system service.

VERIFICATION

State of Michigan)
) ss.
County of Livingston)

I, Charles F. Wilkins, verify under penalty of perjury that the foregoing statement is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Executed on June 5 1997.

Charles F. Wilkins

Sworn to and signed before me this 5 of June, 1997.

Notary Public

LAURI L TRAPP
Notary Public Livingston County, Mich.
My Commission Expires 4-8-98

VERIFICATION

State of Michigan)
) ss.
County of Livingston)

I, Charles F. Wilkins, verify under penalty of perjury that the foregoing statement is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Executed on June 5 1997.

Charles F. Wilkins

Sworn to and signed before
me this 5 of June, 1997.

Notary Public

LAURI L TRAPP
Notary Public Livingston County, Mich.
My Commission Expires 4-8-98

VERIFIED STATEMENT

OF

DAVID ALAN COX

I. QUALIFICATIONS

My name is David Alan Cox, and I am Vice President – Properties for Norfolk Southern Corporation. I have held my current position as Vice President – Properties since December 1, 1995. My career in the rail industry began in 1956, and since that time I have worked for Norfolk Southern or its predecessors in various departments ranging from Engineering and Real Estate to Industrial Development. Since the inception of Norfolk Southern, I have worked within the Industrial Development Department as the Director of Industrial Development in Roanoke, Assistant Vice President of Industrial Development in Atlanta, and most recently as Vice President – Properties in Norfolk, VA.

As Vice President – Properties for NS, I am responsible for the overall management and development of the real estate holdings of NS and its wholly-owned subsidiaries: Pocahontas Land Corporation, Lamberts Point Dock, and Southern Region Industrial Realty, Inc. Industrial Development is an important aspect of my responsibilities.

I studied civil engineering at Purdue University in Indiana. I have held various positions in rail-related associations, having been the President of the American Railway Development Association, a member of the Industrial Development Research Council, and a member of the Board of Directors for Forward Hampton Roads.

The purpose of this statement is to describe the benefits that will result from applying NS's proven industrial development strategy to the Conrail lines to be operated by NS. This

statement is based upon my experience and knowledge of rail transportation and the markets served by NS and Conrail, and discussions with shippers, government officials and other interested parties regarding their views of this transaction.

II. INTRODUCTION

Our vision at NS is to "be the safest, most customer-focused and successful transportation company in the world." Within the scope of this vision, the Industrial Development Department has a vision of its own -- "to locate optimum rail-using industries along NS lines by providing premium quality plant location services tailored to our customers' needs."

Heightened domestic and global competition has not only caused industry to re-examine its core business operations and transportation costs, but also to carefully consider expansion and relocation opportunities. NS's industrial development mission has been to assist companies with these studies, examining all options and providing innovative and effective alternatives to investing in other regions or overseas.

Over the past seven years, NS's industrial development effort has led the industry in creating economic growth and jobs in the Southeast and Midwest regions of the country. As NS's effort has fueled growth in the areas we now serve, the application of NS's proven industrial development strategy in areas served by Conrail will create tremendous public benefits for the Northeast. NS has a unique industrial development program, and its record is unmatched by other Class I railroads. In markets that NS serves, this strategy has consistently produced outstanding results as measured by economic expansion, job creation, and the efficiencies produced by increased rail transportation.

In 1996, seventy-three new industries located along NS tracks, and thirty-two industries expanded their existing facilities. Total capital investment by these industries amounted to $1.3

billion, creating over 3,900 new jobs. On an annual basis, the investments generated about 100,000 carloads and a record $112 million in new NS revenue. The following Figure DAC-1 indicates the jobs and revenues created by NS's industrial development activities for the last three years:

Figure DAC-1

NS Industrial Development Results

	Jobs	NS Revenue (millions)
1994	4,634	$100
1995	5,184	$103
1996	3,909	$112

Operational integration of parts of Conrail with NS and CSX gives us an opportunity to continue and improve this record of creating opportunities for shippers to improve their competitive position while increasing NS revenues and profits. We know from NS's experience with growth in the Southeast region that one of the key variables driving the selection of sites for new industries, such as factories, auto assembly plants and steel mini-mills, is the existence of at least two financially strong railroads in the region. The transaction will extend that dual service throughout the major markets of the Northeast. Competition will be heightened by Norfolk Southern's approach to industrial development and will create an aggressive, competitive environment for industrial development in the region. Resulting benefits will include increased rail traffic, expanded economic growth and additional jobs.

An important adjunct to our industrial development program is Pocahontas Land Corporation (PLC), a subsidiary of Norfolk Southern that buys, leases, and manages properties for coal, oil, natural gas, and timber development. PLC owns approximately 900,000 acres of

land located in West Virginia, Kentucky, Illinois, Virginia, Alabama, and Tennessee. PLC's managed properties generated revenues of $70.3 million in 1996, up 5% compared to 1995. Similar to NS's other industrial development efforts, PLC preserves and promotes competition in natural resources industries by providing capital necessary for development. PLC represents another example of innovative strategies that have expanded opportunities for shippers operating on NS lines.

III. NORFOLK SOUTHERN INDUSTRIAL DEVELOPMENT STRUCTURE AND PROCESS

Although Norfolk Southern is the fourth largest railroad in the US, we have the largest Industrial Development Department of all the carriers. Our industrial development team consists of 35 people staffing nine regional offices located in Columbus, OH; Indianapolis; St. Louis; Nashville; Birmingham; Columbia, SC; Raleigh; Roanoke; and Atlanta, where the department's headquarters are also located. The field offices are responsible for location of sites for prospective industries, coordination between the customer and the railroad once the projects are under way, and maintenance of close working relationships with state, regional, and local industrial development groups. Since state industrial development agencies generally have the greatest overall influence, our strategy generally has been to locate our field offices in state capitals so we can work as closely as possible with those agencies.

Maintaining the technical foundation of our industrial development team is one of the keys to our continuing success. A technical support group of nine people is based in Atlanta. The technical staff includes civil engineers experienced in railroad track engineering and industrial site development. It also includes a professional geologist who is available to assist customers with wetlands, environmental, geotechnical, and other matters.

NS's technical specialists provide assistance to our customers at no charge. A specialist team prepares and presents each prospective customer information on a range of possible sites meeting its needs. A customer presentation typically includes a site data sheet detailing the geography, infrastructure, and transportation aspects of the site, location, topographic maps, and in some cases, geotechnical and environmental information.

Industrial Development's engineering team is equipped with state of the art CADD equipment--computer aided design and drafting--that enables them quickly and accurately to determine feasibility of rail service to a potential site. More than 300 of these preliminary engineering plans are prepared each year.

NS's industrial development professionals lay the groundwork for a successful major plant location well in advance of the actual project. The technical group has catalogued more than 1,200 sites over the system and works to make sure the sites we promote not only will be viable rail-served sites but will be in communities where industrial growth can occur.

Norfolk Southern's industrial development process is continuous and multi-faceted. In addition to assisting our customers in locating on privately-owned sites, we also seek to identify and preserve properties we consider ideal for rail-served industrial development--even to the extent of purchasing and developing the land on our own. This was the case at McDonough, GA, where NS acquired 463 acres of prime industrial property and, with our own financing, developed Midland Industrial Park. That park is now home to such clients as Nestle, Bombay Company, Ken's Foods, Goodyear Tire, and Millard Refrigeration. Midland is generally considered to be one of the top industrial locations in the Atlanta metropolitan area.

Norfolk Southern's industrial development program is a critical element of our overall marketing strategy. Each NS product team has an assigned representative from the Industrial Development Department. Additionally, all of our sales and marketing people promote our

industrial development capabilities in their constant contact with customers and play a key role in identifying and responding to their customers' future industrial development plans and needs.

NS's industrial development strategy is not limited to the domestic U.S. market but extends to international markets as well. We have established an impressive track record with respect to promoting U.S. industrial development opportunities to foreign manufacturers. Norfolk Southern offices in Japan and Italy have been successful in generating such clients as Mitsubishi, Fuji, Toyota, Mercedes Benz, and BMW--all of which have established or expanded facilities along NS lines in recent years.

Our Industrial Development Department has the full support of Norfolk Southern's senior management. Our regional offices are empowered to operate almost as independent businesses, with the authority to make decisions affecting projects in their respective territories. This means that a customer does not have to wade through management ranks or wait for an extended period before decisions are made and a project can progress.

We don't think it is a coincidence that, as indicated in Attachment DAC-1, nine of the last twelve major auto assembly plants and three of the newest major steel facilities in the United States have located on Norfolk Southern lines. Instead, we believe it is the direct result of our targeted, innovative, and aggressive industrial development program, combined with an extensive array of customer-oriented technical services.

IV. POSITIVE EFFECTS ON COMMUNITIES AND OUR SHORTLINE/REGIONAL CONNECTIONS

Some additional examples of recent industrial development in the Southeast and Midwest illustrate the positive effects on the communities in regions of the country already served by NS.

The new TRICO steel mill at Decatur, AL, is an example of how Norfolk Southern's

competitive industrial development strategy led to sound regional economic growth and resulted in significant job creation. In an innovative land transaction, the Mallard-Fox Creek Industrial Park was acquired from the Decatur/Morgan County Port Authority by Norfolk Southern, which in turn provided TRICO with a prime 800-acre site, free of charge. As a result, Decatur landed a major new industry, 320 new jobs, and a $450 million capital investment. NS gained a new customer and one of the nation's premier industrial parks. Located on the Tennessee River, Mallard-Fox Creek boasts over 600 acres of rail-served land, three miles of rail trackage, a 9,000-foot barge channel, and a public dock.

Norfolk Southern works in partnership with the local community to continue to develop and market the Mallard-Fox Creek Industrial Park. Since TRICO's announcement in mid-1995, Worthington Industries and Mi-tech Steel, Inc. (a joint venture by Mitsui and Steel Technologies) have already begun construction on major steel finishing facilities at Mallard-Fox Creek. The two new plants will mean an additional 300 new jobs and $175 million in investment to Decatur. Norfolk Southern was not only a catalyst for economic growth but also a true partner with the community. As a part of the project, NS donated over 200 acres of wildlife habitat to the Alabama Fish and Game Commission, improving the quality of life in the region.

Another recent example of NS's successful industrial development efforts is AK Steel's new facility in Rockport, IN. AK Steel selected a location on NS lines to construct a 1.8 million-ton-per-year steel finishing complex. Its Rockport Works is scheduled to begin operations in 1998. NS will serve the facility by moving semi-finished steel into the plant and hauling finished products to final markets. Rockport Works represents one of the largest U.S. industrial development projects in this decade.

TRICO and AK Steel are examples of projects that contribute to the economic viability of communities and demonstrate the public benefits resulting from the execution of a focused and

aggressive industrial development strategy.

Our industrial development efforts are not limited to our own tracks but also extend to our short line connections. Partnership is the cornerstone of our relationship with these carriers, with a focus on the long term. We value the business generated by our feeder lines and feel it is important that the short lines succeed; if the short lines are successful, then so is NS. NS's dedication to our feeder line connections and the customers they serve is evidenced by the fact that our 118 connections accounted for over $500 million in revenue to Norfolk Southern in 1996.

An example of the results of this partnership between our short lines and NS's Industrial Development Department is Producers Co-Op, located on Lancaster & Chester Railroad in Chester, South Carolina. In this case, NS invested $336,000 for an interchange track to handle unit grain trains from the Midwest to feed producers in Chester. Another example of our commitment to our short line railroads is found in Elizabethtown, Kentucky, on Paducah & Louisville Railroad. At Elizabethtown, NS contributed $70,000 to build a track to serve Dana Corporation, which manufactures automobile frames for Ford plants at Norfolk and Kansas City.

Our history of short line partnerships also will apply to our new Conrail connections. Competitive rail service, industry, and the public stand to benefit in the same way that they have historically benefited in NS territory in terms of the economic growth, job creation, and outstanding rail service that result from developing and maintaining this short line partnership.

V. BENEFITS OF THE TRANSACTION

Conrail does not maintain an industrial development program comparable to NS's. Conrail's industrial development effort is more limited than NS's in both scope and staff,

particularly the complementary technical support staff -- an essential element of our successful strategy.

Norfolk Southern has aggressive plans to apply its industrial development strategy in Conrail territory. We anticipate establishment in Pennsylvania of a technical center, similar to the existing Atlanta center, to serve the new territory. In fact, we have already begun to explore the Conrail territory NS will serve and have identified some prime areas for industrial development.

It has been our experience that customers want two railroads in any region before they will consider locating there. The benefits of balanced competition that this transaction will bring to the Northeast will be further enhanced through the network expansion and extended market reach that both carriers will gain. Thus, we believe that the transaction will make the Northeast a more attractive candidate for industrial development activities.

As with the communities involved in the TRICO and AK Steel examples described earlier, I am convinced that Conrail-served areas will benefit substantially from NS's proven industrial development strategy. At the same time, CSX's Industrial Development Department will compete directly with NS. This competition will create a greater focus on industrial development in the Northeast, and will further facilitate economic expansion, job growth, and increased rail traffic.

VI. CONCLUSIONS

Operational integration of Norfolk Southern and Conrail lines will provide the opportunity to extend our successful industrial development strategy to Conrail territory. Our approach has been successful in the Midwest and South, as proved by the economic growth and additional rail traffic generated. We fully expect that, with the implementation of our program in the Northeast, similar results will be achieved. The competitive environment that will be created for the first time

in 20 years, with Norfolk Southern and CSXT competing head-to-head, can only create additional opportunities for economic growth in the Northeast.

VERIFICATION

I, David Alan Cox, verify under penalty of perjury that I am Vice President-Properties, 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 12, 1997.

David Alan Cox

(David Alan Cox)

VERIFICATION

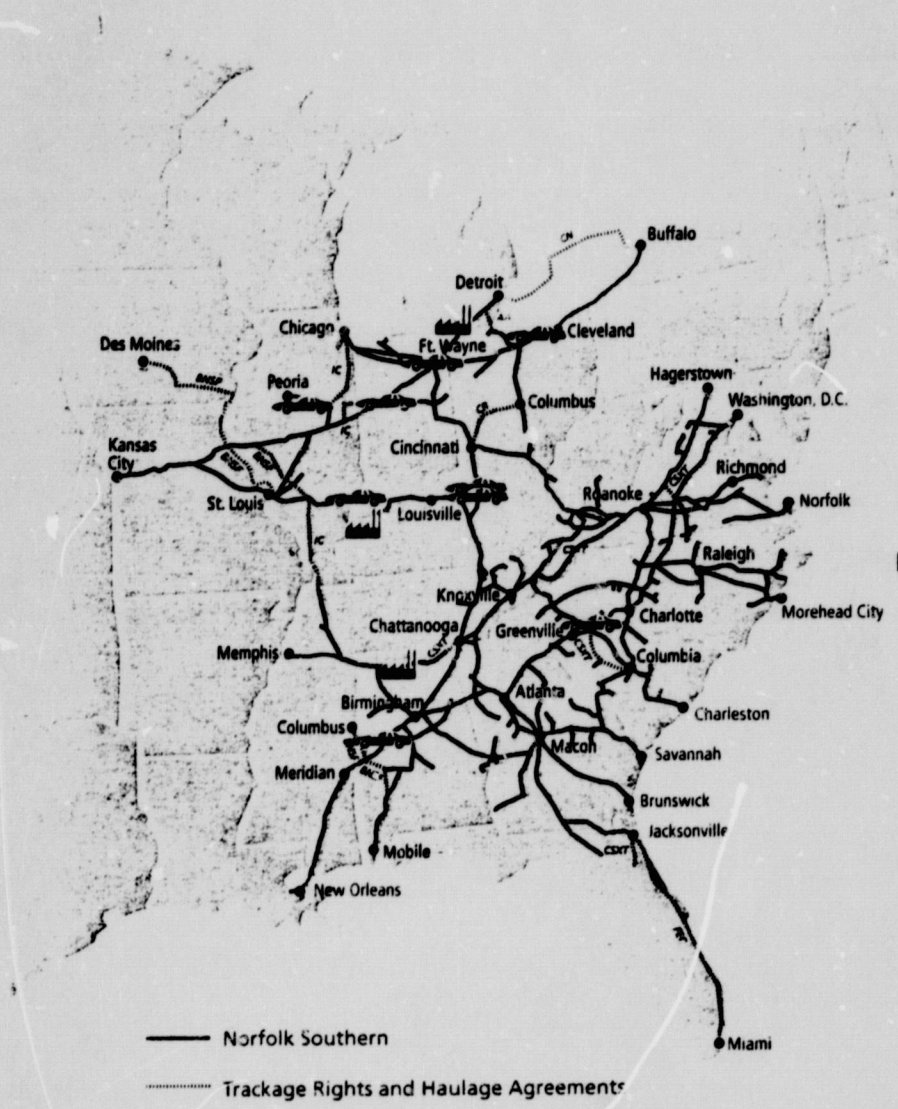
I, David Alan Cox, verify under penalty of perjury that I am Vice President-Properties, that I have read the foregoing document and know its contents, and that the same is true and correct to the best of my knowledge and belief.

Executed on June 12 1997

David Alan Cox

(David Alan Cox)

INDUSTRIAL DEVELOPMENT



Auto Assembly Plants

Toyota
Princeton, IN

Mercedes Benz
Vance, AL

BMW
Greer, SC

Toyota (1)
Georgetown, KY

Toyota (2)
Georgetown, KY

Mitsubishi
Bloomington/Normal, IL

Ford/Nissan
Avon Lake, OH

Subaru-Isuzu
Lafayette, IN

General Motors
Fort Wayne, IN

Steel Mills

Steel Dynamics
Butler, IN

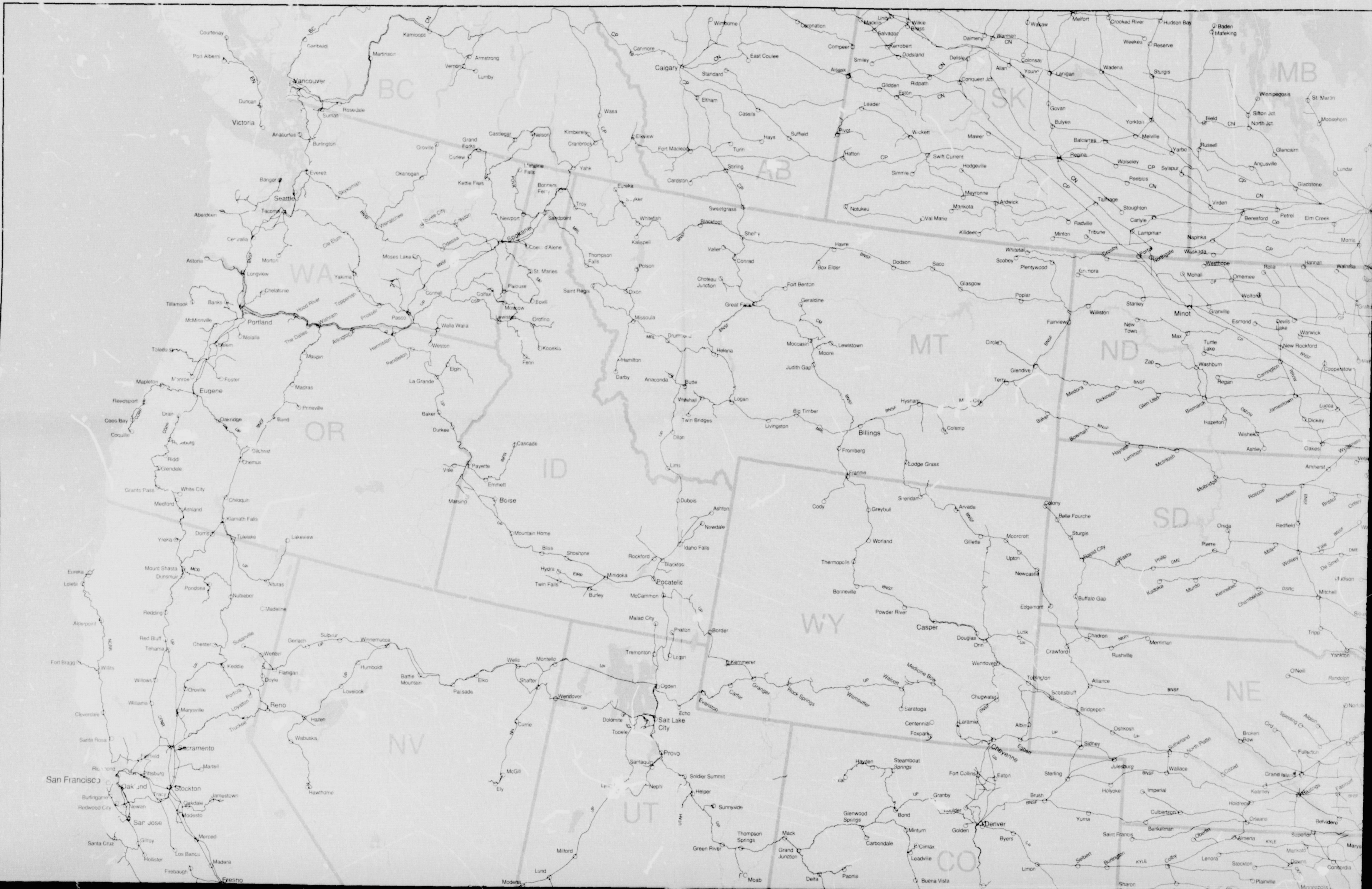
AK Steel
Rockport, IN

TRICO Steel
Decatur, AL

It is interesting to note that. . .

Nine of the last twelve automobile assembly plants, and three of the last five major steel facilities have located along Norfolk Southern lines.

NS Industrial Development Dept.
Atlanta, GA
2-97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Lakeview
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Bonners Ferry
Kalispell
Whitefish
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Torrington
Sidney
Yuma
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Greeley
Golden
Leadville
Glenwood Springs
Craig
Steamboat Springs
Moab
Milford
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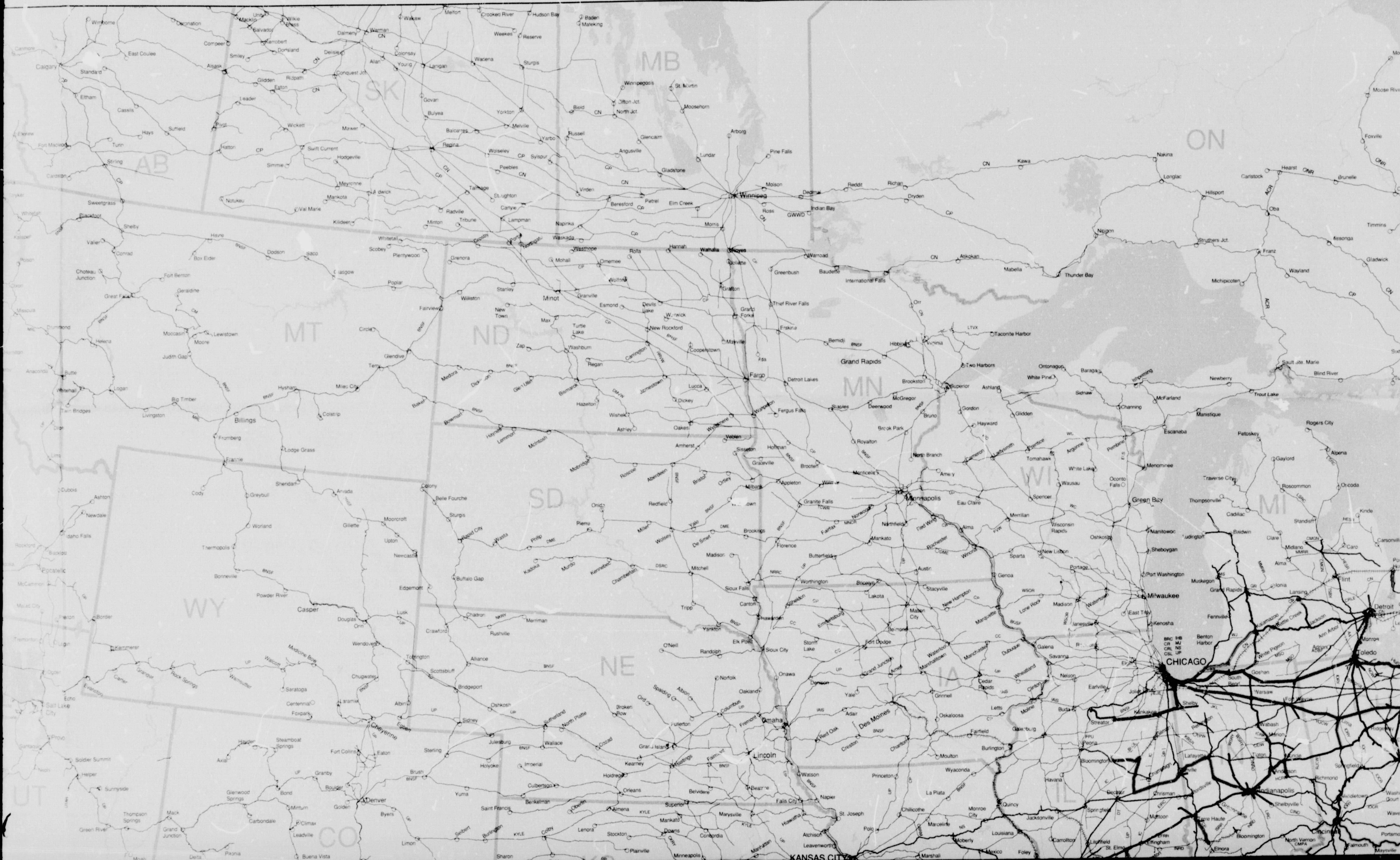
Santa Cruz



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Blackfoot
Shelby
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Conrad
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Hysham
Colstrip
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Big Timber
Livingston
Logan
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Whitehall
Twin Bridges
Helena
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Judith Gap
Fromberg
Lodge Grass
Frannie
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Greybull
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Thermopolis
Bonneville
Powder River
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Wendover
Sheridan
Arvada
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Moorcroft
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Newdale
Idaho Falls
Pocatello
Border
Salt Lake City
Provo
Soldier Summit
Helper
Sunnyside
Green River
Thompson Springs
Moab
Grand Junction
Mack
Delta
Paonia
Carbondale
Glenwood Springs
Minturn
Climax
Leadville
Buena Vista
Hayden
Steamboat Springs
Axial
Bond
Granby
Boulder
Golden
Denver
Fort Collins
Eaton
Byers
Limon
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Sterling
Yuma
Macklin
Salvador
Unity
Wilkie
Biggar
Kerrobert
Dorsland
Compeer
Smiley
Alsask
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Eston
Ridpath
Leader
Pivot
Hatton
Wickett
Swift Current
Simmie
Hodgeville
Notukeu
Val Marie
Meyronne
Mankota
Killdeer
Delisle
Conquest Jct.
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Warman
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Colonsay
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Lanigan
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Tribune
Crooked River
Hudson Bay
Weekes
Reserve
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Sturgis
Yorkton
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North Jct.
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Russell
Glencairn
Angusville
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Arborg
Gladstone
Virden
Beresford
Petrel
Elm Creek
Winnipeg
Pine Falls
Morris
Molson
Ross
Dedmal
Indian Bay
Reddit
Richan
Dryden
Kawa
Nakina
Longlac
Hillsport
Carlstock
Hearst
Brunelle
Mooseo
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New Rockford
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Cooperstown
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Sutherland
North Platte
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Imperial
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Spalding
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O'Neill
Randolph
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Fremont
Omaha
Oakland
Grand Island
Kearney
Hastings
Fairmont
Lincoln
Holdrege
Orleans
Culbertson
Benkelman
Belvidere
Beatrice
Superior
Falls City
Saint Francis
Oberlin
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Mankato
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Concordia
Plainville
Minneapolis
Manhattan
Atchison
Leavenworth
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Burlington
Colby
Sharon Springs
Oakley
KANSAS CITY
Warroad
Greenbush
Baudette
International Falls
Thief River Falls
Erskine
Ada
Bemidji
Hibbing
Virginia
Grand Rapids
Detroit Lakes
Fergus Falls
Staples
Deerwood
McGregor
Brookston
Superior
Two Harbors
Taconite Harbor
Gordon
Hayward
Bruno
Brook Park
Royalton
North Branch
Hoffman
Graceville
Brooten
Appleton
Willmar
Monticello
Minneapolis
Granite Falls
Norwood
Fairfax
Northfield
Red Wing
Mankato
Florence
Butterfield
Worthington
Austin
Rochester
Winona
Alma
Eau Claire
Amery
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Ladysmith
Prentice
Tomahawk
Argonne
Pembine
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Spencer
Merrillan
Wisconsin Rapids
Oconto Falls
Green Bay
Oshkosh
Manitowoc
Sheboygan
Port Washington
Milwaukee
Portage
New Lisbon
Sparta
Genoa
Madison
Watertown
Lone Rock
Janesville
East Troy
Kenosha
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Trout Lake
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Gaylord
Alpena
Traverse City
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Oscoda
Thompsonville
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Fennville
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Jackson
Ann Arbor
Monroe
Adrian
Toledo
Benton Harbor
White Pigeon
South Bend
Goshen
Warsaw
Fort Wayne
Lima
Wabash
Marion
Muncie
Tipton
Anderson
Indianapolis
Richmond
Shelbyville
Greencastle
Terre Haute
Bloomington
North Vernon
Elnora
Cincinnati
Middletown
Washington Court House
Waverly
Portsmouth
Falmouth
Maysville
Springfield
Ridgeway
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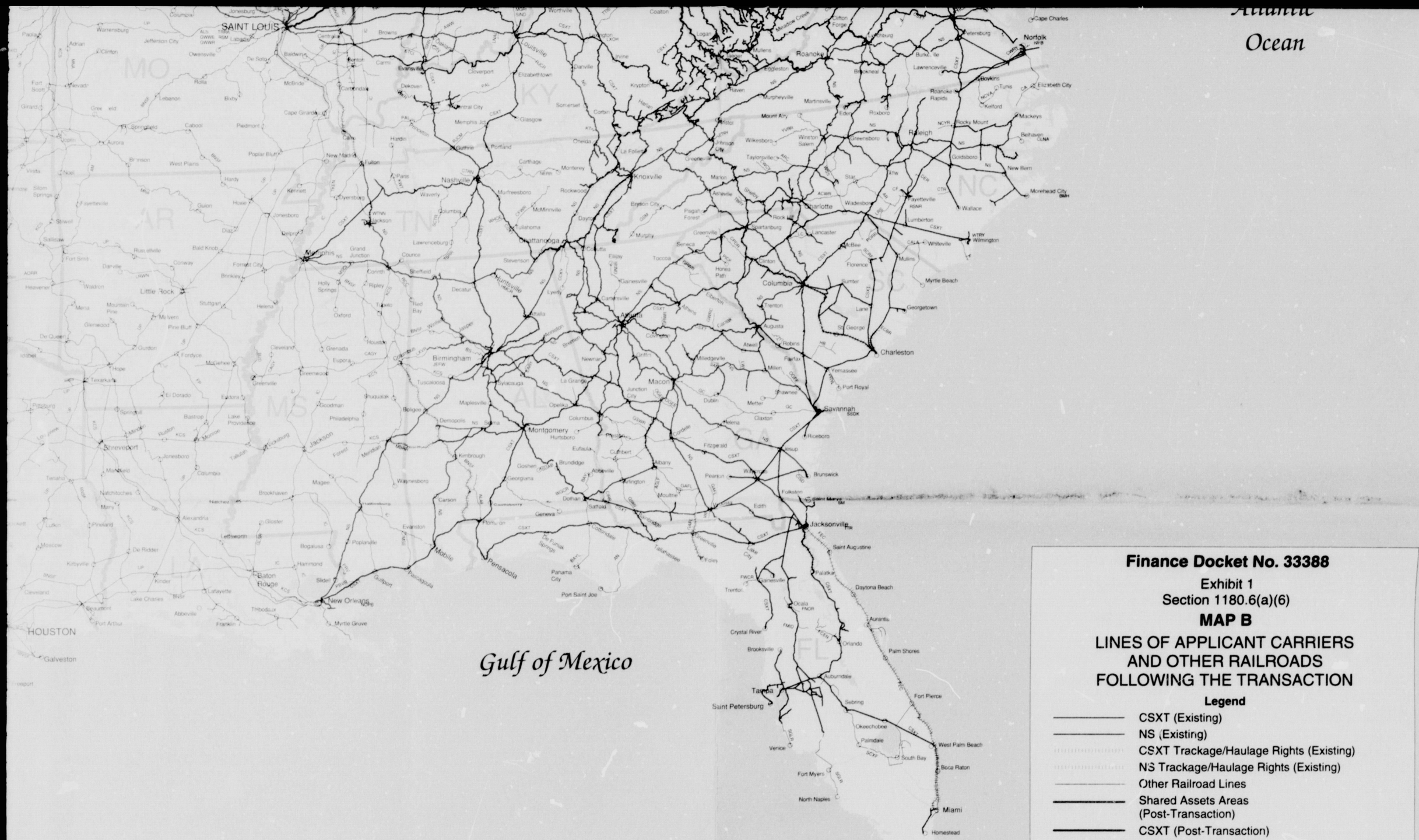


Finance Docket No. 33388

Exhibit 1
Section 1180.6(a)(6)

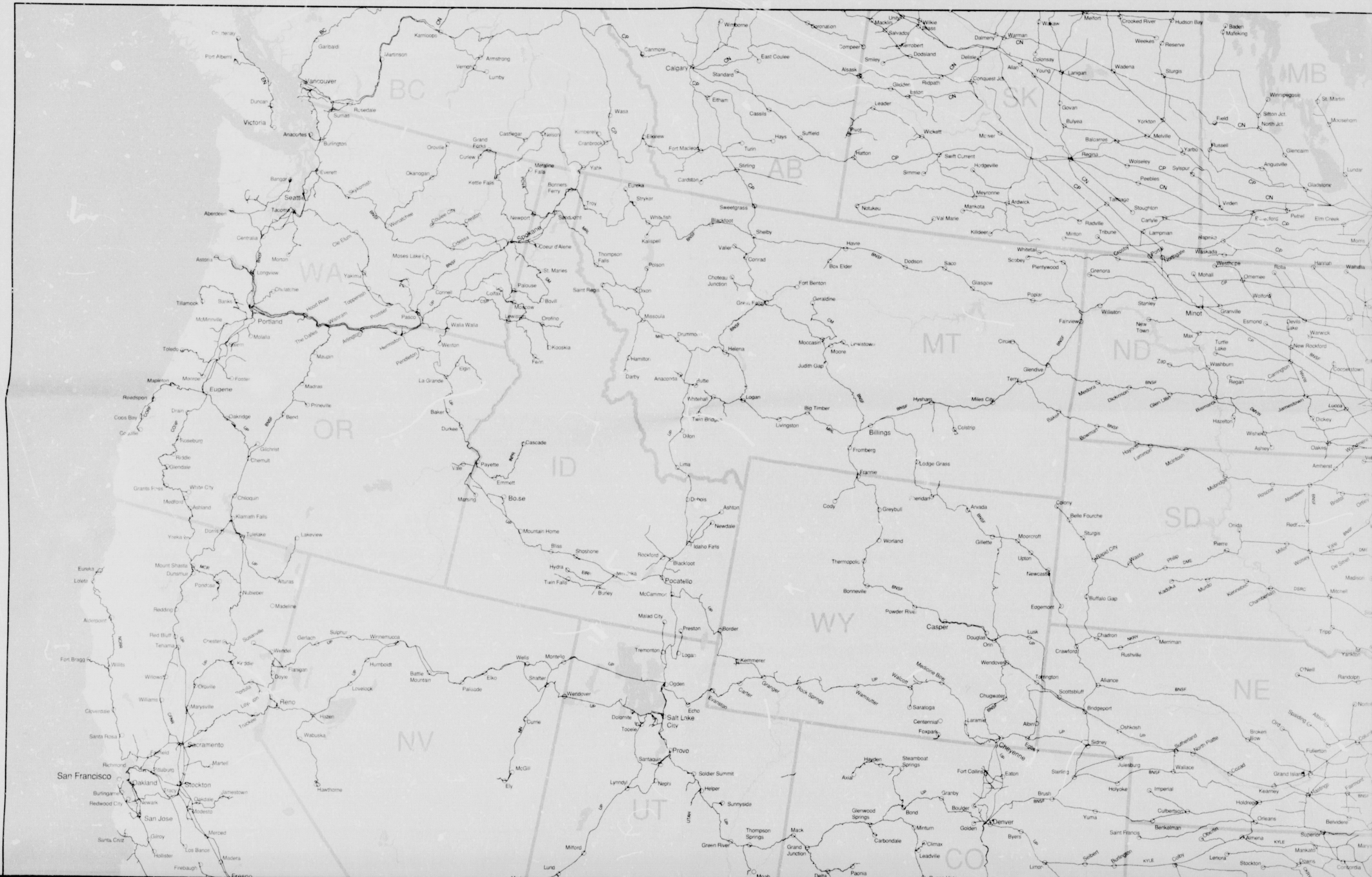
MAP B

LINES OF APPLICANT CARRIERS AND OTHER RAILROADS FOLLOWING THE TRANSACTION

Legend

- CSXT (Existing)
- NS (Existing)
- CSXT Trackage/Haulage Rights (Existing)
- NS Trackage/Haulage Rights (Existing)
- Other Railroad Lines
- Shared Assets Areas (Post-Transaction)
- CSXT (Post-Transaction)
- NS (Post-Transaction)
- CSXT Trackage/Haulage Rights (Post-Transaction)
- NS Trackage/Haulage Rights (Post-Transaction)

NOTE: This map generally depicts the allocation of Conrail assets following the Transaction; a detailed description is provided in the agreements in Volume 8 of the Application.



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Goshen
South Bend
Warsaw
Fort Wayne
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Clearfield
Tyrone
Freeport
Harrisburg
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Johnstown
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Wellsville
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New Lexington
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Washington Court House
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Leavenworth
Chillicothe
Monroe City
Polo
Marceline
Jacksonville
Moberly
Louisiana
Carrollton
Litchfield
Effingham
KANSAS CITY
Marshall
Mexico
Foley
St. Elmo

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Molson
Ross
GWWD
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Reddit
Richan
Dryden
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Kawa
Nakina
Longiac
CP
Nipigon
Thunder Bay
Mabella
Atikokan
International Falls
Baudette
Warroad
Noyes
Greenbush
Grafton
Thief River Falls
Grand Forks
Erskine
Mayville
Ada
Bemidji
BNSF
Grand Rapids
Hibbing
Virginia
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Orr
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St-Felicien
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Van Buren
Caribou
Mc Givney
Moncton
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Oakfield
Sussex
McAdam
Saint John
Mlimtown
NBSY


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Marcil
Mont Jolit
Matapedia
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Kinde
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Goderich
GEXR
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Stratford
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Rochester
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Carsonville
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St Thomas
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Machias
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Binghamton
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Towanda
Port Jervis
New Haven
NYA
Sayville
Fennville
Detroit
Ridgetown
Leamington
Erie
EEC
Corry
Warren
Wellsboro
Scranton
Netcong
NEW YORK
Northeast New Jersey
DRHY
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PJR
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Battle Creek
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Ann Arbor
Benton Harbor
Monroe
Toledo
Adrian
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South Bend
Goshen
Warsaw
White Pigeon
Ashtabula
CUVA
NSR
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Kerrtown
Rouseville
Osgood
Emporium
Williamsport
LVRR
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Allentown
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Springfield
Richmond
Middletown
Washington Court House
Waverly
Cincinnati
North Vernon
CMPA
Falmouth
Maysville
Portsmouth
Pt Pleasant
Coshocton
New Lexington
Parkersburg
Clarksburg
Gilmer
Powhatan Point
New Martinsville
Wheeling
Pittsburgh
Johnstown
CBL
Chambersburg
Garrett
Hagerstown
Cumberland
Perryville
Baltimore
PBR
Bowie
Easton
Georgetown
Washington
Front Royal
Manassas
Culpeper
Petersburg
Timberville
Fredericksburg
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Pacific Ocean


SAINT LOUIS
Kansas City
Wichita
Tulsa
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Amarillo
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Fort Worth
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San Antonio
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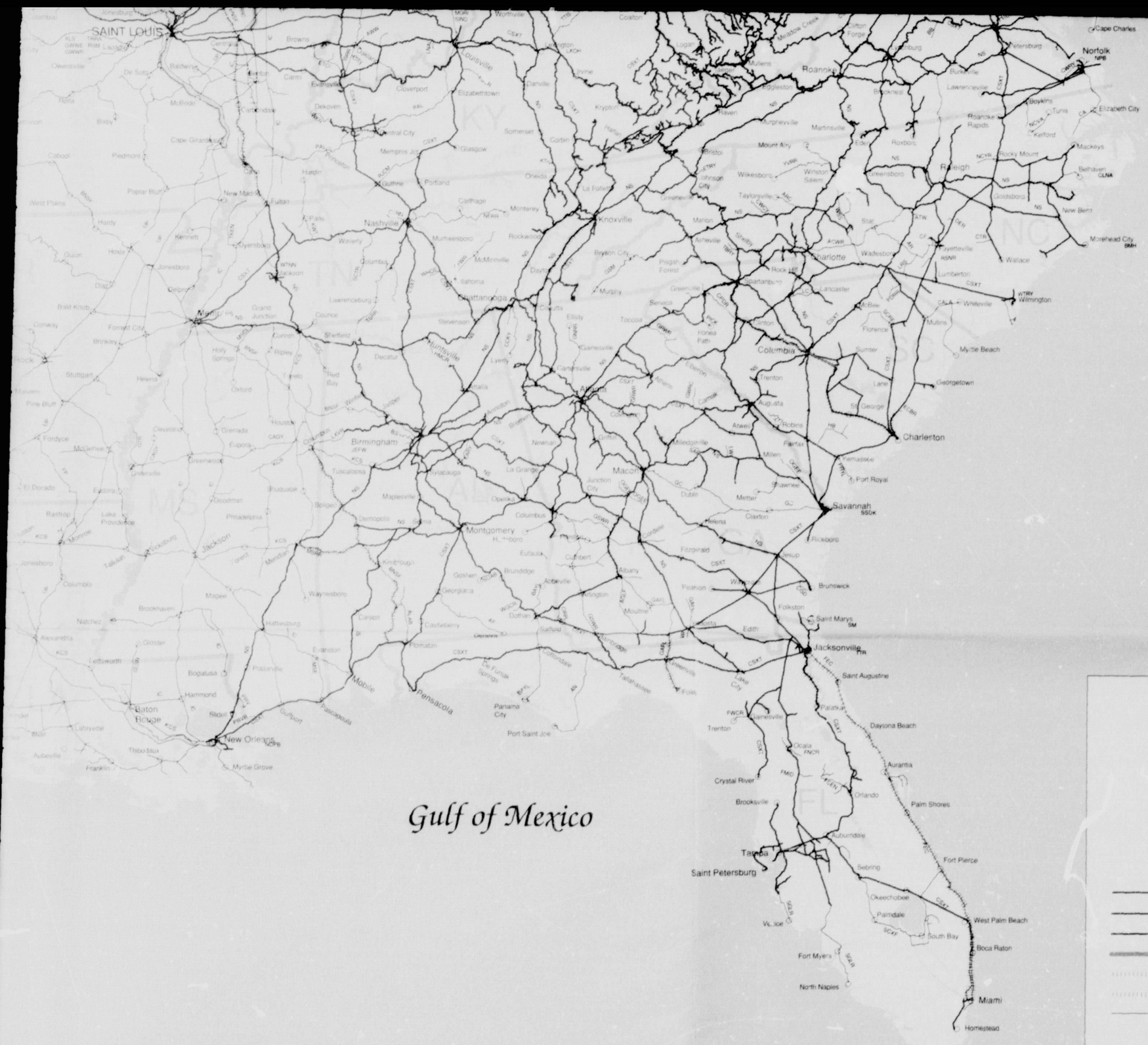


Finance Docket No. 33388

Exhibit 1
Section 1180.6(a)(6)

MAP A

LINES OF APPLICANT CARRIERS
AND OTHER RAILROADS
PRIOR TO THE TRANSACTION

Legend

- CR (Existing)
- CSXT (Existing)
- NS (Existing)
- CR Trackage/Haulage Rights (Existing)
- CSXT Trackage/Haulage Rights (Existing)
- NS Trackage/Haulage Rights (Existing)
- Other Railroad Lines

CSXT Interim Use
Park Manor to
CP 509
Park Manor Yard

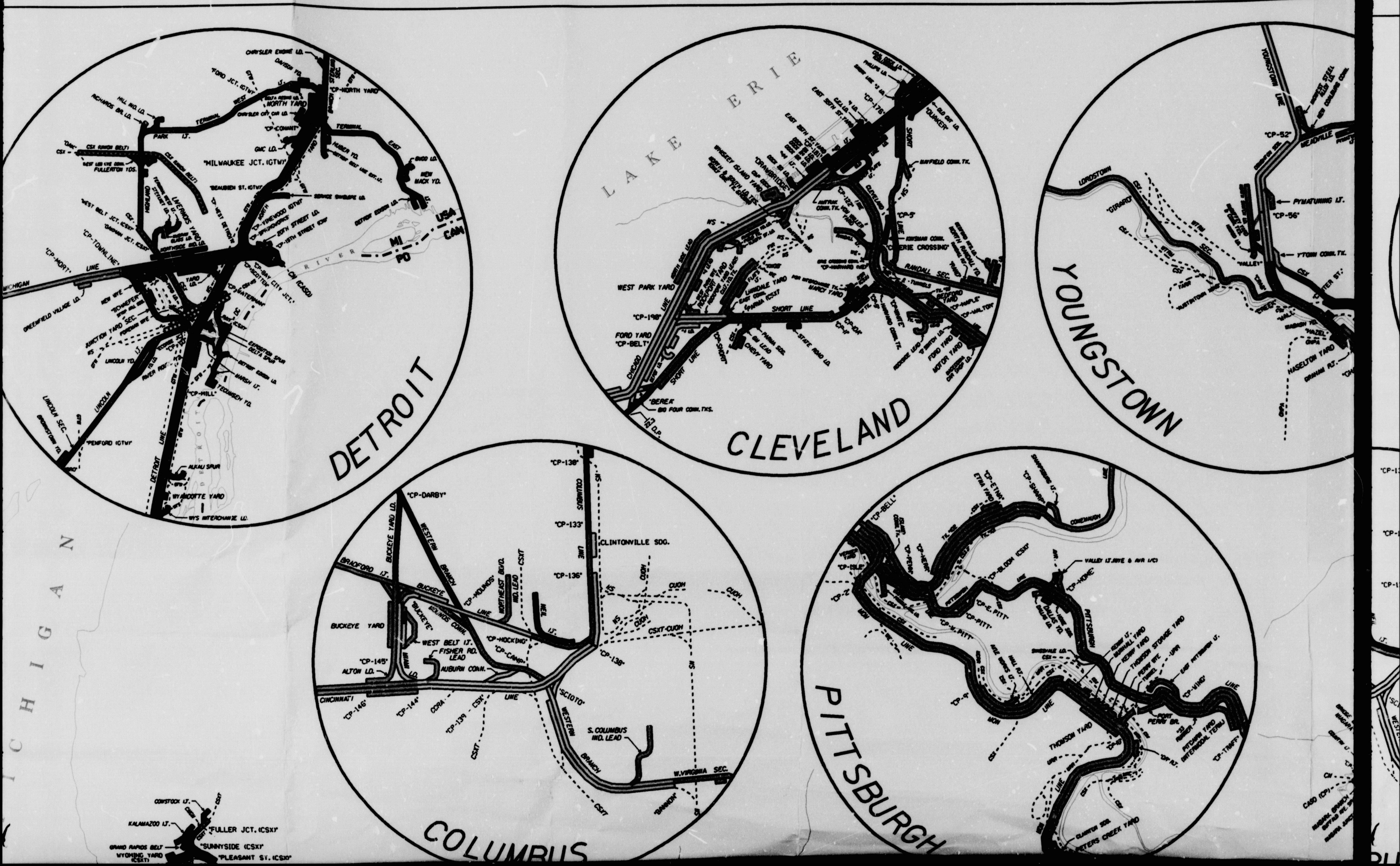
CHICAGO

INDIANAPOLIS

DETROIT

COLUMBUS

MICHIGAN



DETROIT
CHRYSLER ENGINE LD.
DAVISON YD.
"FORD JCT. (GTW)"
"CP-NORTH YARD"
NORTH YARD
CHRYSLER CITY CAR LD.
"CP-CONANT"
RICHARDS BR. LD.
HILL IND. LD.
TERMINAL
PARK IJ.
CSX (UNION BELT)
FULLERTON YDS.
"MILWAUKEE JCT. (GTW)"
GMC LD.
HUBER YD.
NEW MACK YD.
"BEAUBIEN ST. (GTW)"
SERVICE SWEDE LD.
DETROIT EDISON LD.
LIVERNOIS YARD
NORTHSIDE IND. LD.
"WEST BELT JCT. (CSX)"
"CP-TOWNLINE"
"CP-MORT"
MICHIGAN
LINE
"CP-VINEWOOD (GTW)"
"CP-SPRINGWORKS"
20TH STREET LD.
"CP-15TH STREET (CN)"
USA
CAN
MI
PO
RIVER
"CP-BAY CITY JCT."
CN (CASO)
"CP-SCOTTEN"
"CP-WATERMAN"
GREENFIELD VILLAGE LD.
NEW WYE
"SCHAEFER"
JUNCTION YARD SEC.
FORDMAN WYE
LINCOLN YD.
RIVER ROUGE
EXPOSITION SPUR
DELTA SPUR
DETROIT EDISON LD.
MARSH IJ.
TECUMSEH YD.
"CP-MILL"
LINCOLN
LINCOLN SEC.
"PENFORD (GTW)"
DETROIT LINE
ALKALI SPUR
WYANDOTTE YARD
WYS INTERCHANGE LD.
CLEVELAND
LAKE ERIE
"CP-176"
"QUAKER"
OLD CUT LD.
SHORT
MAYFIELD CONN. TK.
EAST 55TH ST. YARD
EAST 26TH ST. YARD
"CP-181"
"DRAWBRIDGE"
WHISKEY ISLAND YARD
"CP-122"
AMTRAK CONN. TK.
CLEVELAND LINE
"CP-5"
KINSMAN CONN.
"CP-ERIE CROSSING"
"CP-HARVARD"
RANDALL SEC.
BEDFORD YARD
"CP-MAPLE"
"CP-WALTON"
WEST PARK YARD
ROCKPORT YARD
LINNDALE YARD
MARCY YARD
SHORT LINE
"CP-198"
FORD YARD
"CP-BELT"
PARMA SDG.
CHEVY YARD
STATE ROAD LD.
"CP-WHITE"
FORD YARD
MOTOR YARD
CHICAGO
SHORT LINE
"BEREA"
BIG FOUR CONN. TKS.
YOUNGSTOWN
YOUNGSTOWN LINE
"CP-52"
MEADVILLE
PYMATUNING IJ.
"CP-56"
Y'TOWN CONN. TK.
LORDSTOWN
"GIRARD"
SEC.
CSX
"VALLEY"
AUSTINTOWN YARD
"CREEK"
WABASH YD.
"HAZEL"
HASELTON YARD
GRAHAM RJ.
COLUMBUS
"CP-DARBY"
BUCKEYE YARD LD.
WESTERN BRANCH
BRADFORD IJ.
BUCKEYE
"CP-MOUNDS"
NORTHEAST BLVD. IND. LEAD
BUCKEYE YARD
"BUCKEYE"
MOUNDS CONN.
WEST BELT IJ.
FISHER RD. LEAD
AUBURN CONN.
"CP-145"
ALTON LD.
CINCINNATI
"CP-146"
"CP-144"
CCRA
"CP-139 - CSX"
CSXT
"CP-138"
COLUMBUS LINE
"CP-133"
CLINTONVILLE SDG.
"CP-136"
NEIL IJ.
"CP-HOCKING"
"CP-CAMP"
CUOH
CSXT-CUOH
NS
"CP-138"
"SCIOTO"
S. COLUMBUS IND. LEAD
BRANCH
W. VIRGINIA SEC.
"BANNON"
PITTSBURGH
"CP-BELL"
"CP-ETNA"
ETNA YARD
"CP-SHARP"
SHARPSBURG IJ.
CONEMAUGH
LINE
"CP-PENN"
"CP-NEWRY"
"CP-ISLE"
"CP-BLOOM (CSX)"
VALLEY IJ. WYE & AVR I/C
"CP-HOME"
"CP-E. PITT"
"CP-PITT"
"CP-W. PITT"
PITTSBURGH
DALLAS YD.
THOMSON STORAGE YARD
EAST PITTSBURGH IJ.
"CP-WING"
PORT PERRY BR.
PITCAIRN YARD (INTERMODAL TERM.)
"CP-TRAFF"
THOMSON YARD
"CP-9"
MON
LINE
CLAIRTON SDG.
PETERS CREEK YARD
MICHIGAN
COMSTOCK IJ.
KALAMAZOO IJ.
"FULLER JCT. (CSX)"
GRAND RAPIDS BELT
"SUNNYSIDE (CSX)"
WYOMING YARD (CSXT)
"PLEASANT ST. (CSX)"
CASO (CP)

CLEVELAND

YOUNGSTOWN

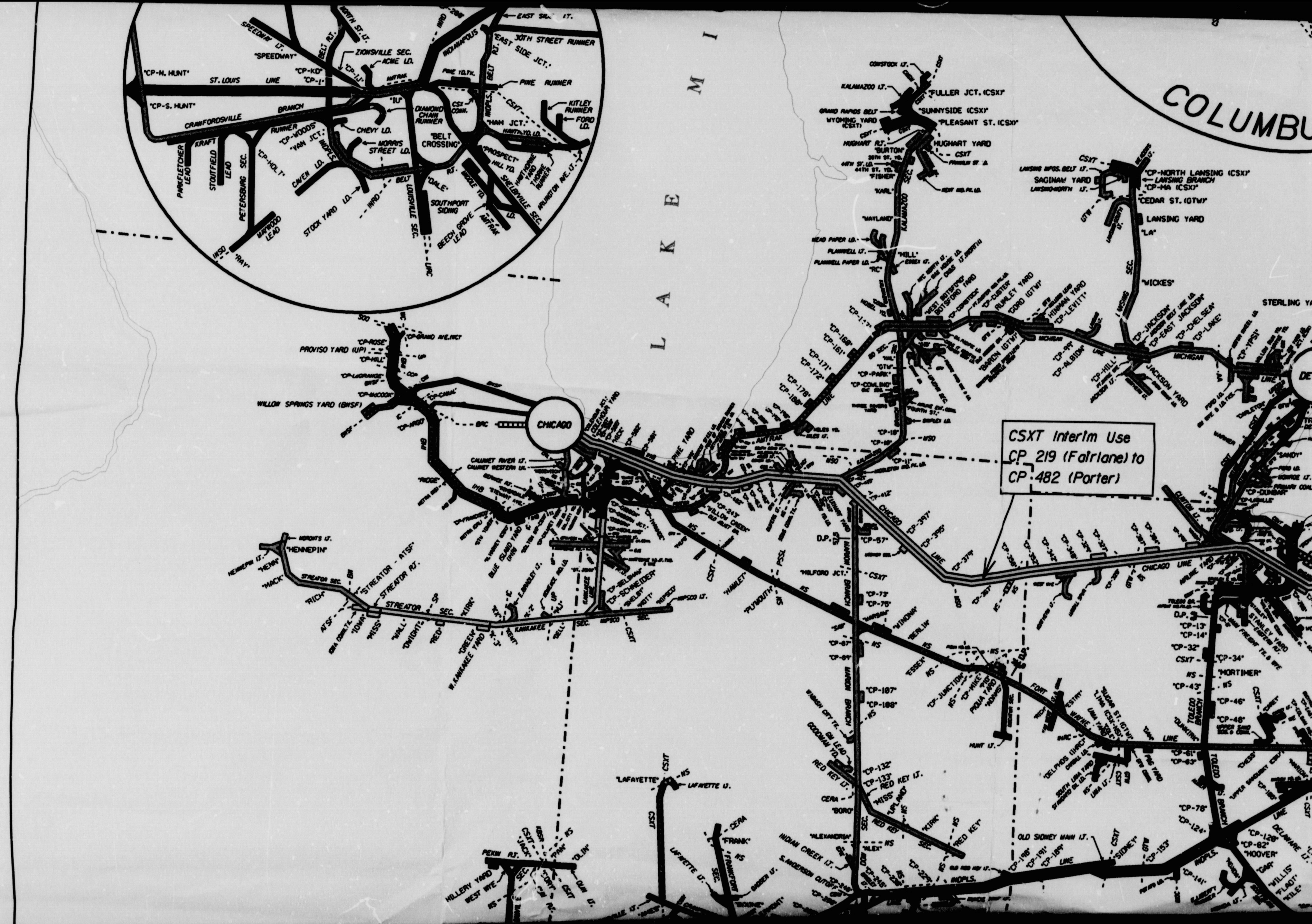
BUFFALO

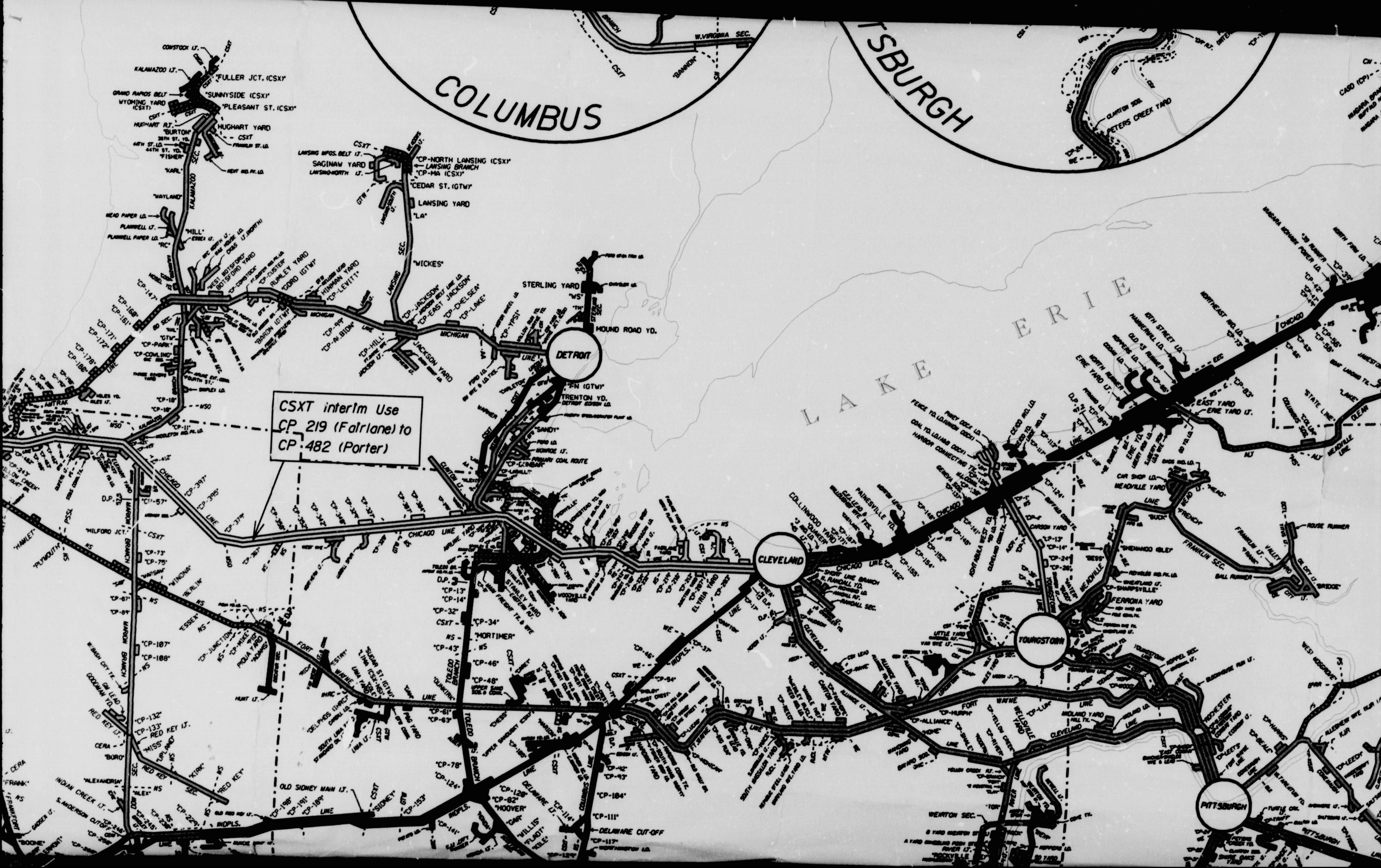
COLUMBUS

PITTSBURGH

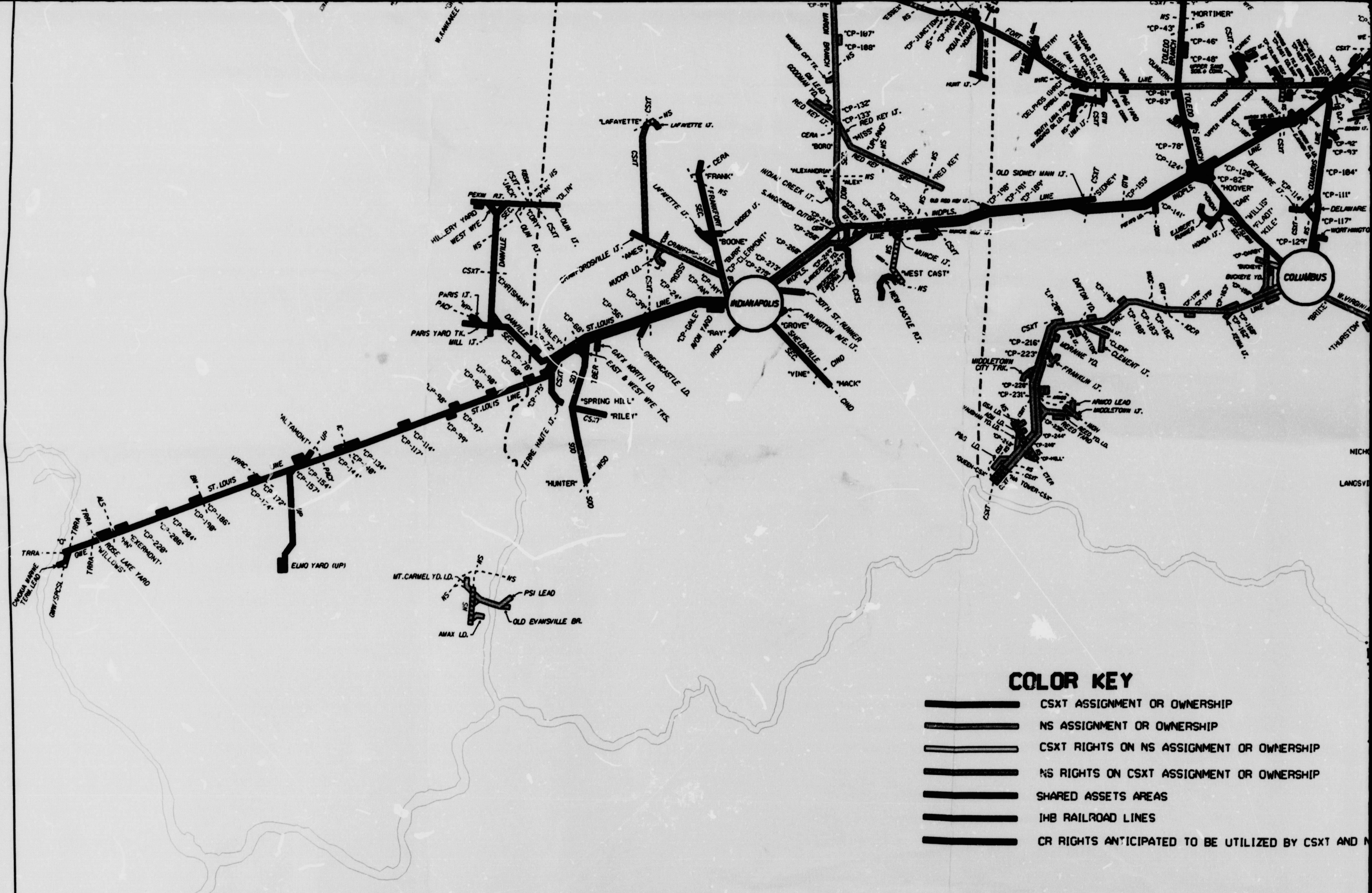
LAKE ERIE

LAKE ONTARIO


CSXT Interim Use
CP 219 (Fairlane) to
CP 482 (Porter)
LAKE MI
COLUMBU
CHICAGO
DET
"CP-N. HUNT"
"CP-S. HUNT"
ST. LOUIS LINE
CRAWFORDSVILLE BRANCH
"SPEEDWAY"
SPEEDWAY LT.
BELT RT.
NORTH ST. LT.
ZIONSVILLE SEC.
ACME LD.
"CP-KD"
"CP-1"
"CP-IJ"
AMTRAK
"IU"
CHEVY LD.
MORRIS STREET LD.
RUNNER
"CP-WOODS"
"VAN JCT."
INDPLS.
"CP-HOLT"
CAVEN LD.
KRAFT
PARKFLETCHER LEAD
STOUTFIELD LEAD
PETERSBURG SEC.
MAYWOOD LEAD
INSO
"RAY"
STOCK YARD LD.
INRD
EAST SIDE LT.
30TH STREET RUNNER
"EAST SIDE JCT."
INDIANAPOLIS
PINE YD.TK.
PINE RUNNER
CSXT
KITLEY RUNNER
FORD LD.
DIAMOND CHAIN RUNNER
CSX CONN.
"HAM JCT."
"BELT CROSSING"
"PROSPECT"
HILL YD.
HAWTHORNE YARD
THORNE RUNNER
ARLINGTON AVE. LT.
SHELBYVILLE SEC.
MIDDLE YD.
"DALE"
SOUTHPORT SIDING
LOUISVILLE SEC.
BEECH GROVE LEAD
URC
SOO
"CP-ROSE"
PROVISO YARD (UP)
"CP-HILL"
"CP-LaGRANGE"
"CP-McCOOK"
WILLOW SPRINGS YARD (BNSF)
BNSF
"CP-CANAL"
"CP-ARGO"
BRC
IHB
CALUMET RIVER LT.
CALUMET WESTERN LD.
"RIDGE"
BLUE ISLAND YARD
"HENNEPIN"
HENNEPIN LT.
"HENN"
"MACK"
STREATOR SEC.
"RICH"
"STREATOR - ATSF"
STREATOR RT.
ATSF
"IOWA"
"MISS"
"WALL"
"DWIGHT"
"RED"
"KIRK"
"GREEN"
W. KANKAKEE YARD
KANKAKEE SEC.
"BELL"
"CP-SELSHAW"
"CP-SCHNEIDER"
"SHELBY"
"MIPSCO"
MIPSCO LT.
PINE YARD
"VILLOW CREEK"
"CP-243"
NS
"HAMLET"
"PLYMOUTH"
PSSL
D.P.
"CP-57"
"HILFORD JCT."
MARION BRANCH
"CP-73"
"CP-75"
"WINDNA"
"BERLIN"
"ESSEX"
"CP-JUNCTION"
"CP-MIKE"
PIQUA YARD
"ADAMS"
FORT WAYNE LINE
"CP-107"
"CP-108"
WABASH CITY TK.
GOODMAN YD.
RED KEY LT.
"CP-132"
"CP-133"
"MISS"
"UPLAND"
CERA
"BORO"
RED KEY SEC.
"KIRK"
"RED KEY"
"ALEXANDRIA"
"ALEX"
INDIAN CREEK LT.
S. ANDERSON CUTOFF
"LAFAYETTE"
LAFAYETTE LT.
"FRANK"
FRANKFORT
"DUNKIRK"
PEKIN RT.
HILLERY YARD
WEST WYE
"JACK"
"PAN"
"OLIN"
OLIN LT.
OLD SIDNEY MAIN LT.
"SIDNEY"
"CP-153"
"CP-198"
"CP-191"
"CP-189"
INDPLS. LINE
HUNT LT.
"DELPHOS (WHRC)"
LIMA YARD
SUGAR ST. (GTW)
LIMA (CSX-NS)
PIG YARD
TOLEDO BRANCH
"CP-13"
"CP-14"
"CP-32"
"CP-34"
"MORTIMER"
"CP-43"
"CP-46"
"CP-48"
"CP-61"
"CP-63"
"CP-78"
"CP-124"
"CP-128"
"CP-82"
"HOOVER"
"GAR"
"WILLIS"
"FLADT"
"KILE"
DELAWARE LT.
STANLEY YARD
CHICAGO LINE
"CP-397"
"CP-395"
"CP-379"
"CP-367"
KALAMAZOO SEC.
COMSTOCK LT.
KALAMAZOO LT.
"FULLER JCT. (CSX)"
"SUNNYSIDE (CSX)"
"PLEASANT ST. (CSX)"
GRAND RAPIDS BELT
WYOMING YARD (CSXT)
HUGHART RT.
HUGHART YARD
"BURTON"
"FISHER"
"KARL"
"WAYLAND"
"HILL"
"RC"
PLAINWELL LT.
"CP-168"
"CP-161"
"CP-171"
"CP-172"
"CP-178"
"CP-188"
"CP-PARK"
"CP-COMLING"
"GTW"
THREE RIVERS YARD
"WEST BOTSFORD"
BOTSFORD YARD
"CP-CUSTER"
RUMLEY YARD
"GORD (GTW)"
HINMAN YARD
"CP-LEVITT"
"BARON (GTW)"
"CP-99"
"CP-ALBION"
MICHIGAN LINE
"CP-HILL"
JACKSON YARD
"CP-JACKSON"
"CP-EAST JACKSON"
"CP-CHELSEA"
"CP-LAKE"
"CP-YPSI"
LANSING SEC.
"WICKES"
SAGINAW YARD
"CP-NORTH LANSING (CSX)"
LANSING BRANCH
"CP-MA (CSX)"
"CEDAR ST. (GTW)"
LANSING YARD
"LA"
GTW
STERLING YARD
"SANDY"
"CP-DUNBAR"
CLINTON LT.


COLUMBUS
W.VIRGINIA SEC.
"BANNON"
PITTSBURGH
PETERS CREEK YARD
CLARITON SDG.
CASO (CP)
"FULLER JCT. (CSX)"
"SUNNYSIDE (CSX)"
"PLEASANT ST. (CSX)"
WYOMING YARD (CSXT)
HUGHART YARD
"BURTON"
"FISHER"
"KARL"
KALAMAZOO SEC.
"WAYLAND"
"HILL"
"RC"
"CP-NORTH LANSING (CSX)"
LANSING BRANCH
"CP-MA (CSX)"
SAGINAW YARD
"CEDAR ST. (GTW)"
LANSING YARD
"LA"
LANSING SEC.
"WICKES"
BOTSFORD YARD
"CP-CUSTER"
RUMLEY YARD
"GORD (GTW)"
HINMAN YARD
"CP-LEVITT"
"CP-JACKSON"
"CP-EAST JACKSON"
"CP-CHELSEA"
"CP-LAKE"
"CP-YPSI"
JACKSON YARD
"CP-HILL"
"CP-ALBION"
MICHIGAN LINE
STERLING YARD
"WS"
STERLING SEC.
MOUND ROAD YD.
DETROIT
"FN (GTW)"
TRENTON YD.
"SANDY"
PRIMARY COAL ROUTE
"CP-DUNBAR"
LAKE ERIE
CSXT interim Use
CP 219 (Fairlane) to
CP 482 (Porter)
AMTRAK
"CP-18"
"CP-11"
KALAMAZOO
CHICAGO LINE
"CP-397"
"CP-395"
"CP-379"
"CP-367"
"HAMLET"
"PLYMOUTH"
"MILFORD JCT."
MARION BRANCH
"CP-57"
"CP-73"
"CP-75"
"WINONA"
"BERLIN"
"ESSEX"
"CP-JUNCTION"
"CP-MIKE"
PIQUA YARD
FORT WAYNE LINE
"CP-107"
"CP-108"
GOODMAN YD.
RED KEY IJ.
"CP-132"
"CP-133"
"MISS"
"UPLAND"
"KIRK"
RED KEY SEC.
"RED KEY"
"CERA"
"FRANK"
"ALEXANDRIA"
INDIAN CREEK I.J.
S. ANDERSON CUTOFF
OLD SIDNEY MAIN I.J.
"SIDNEY"
"CP-153"
INDPLS. LINE
"DELPHOS (HRC)"
LIMA YARD
"CP-13"
"CP-14"
"CP-32"
"CP-34"
"MORTIMER"
"CP-43"
"CP-46"
"CP-48"
"DUNKIRK"
TOLEDO BRANCH
"CP-61"
"CP-63"
"CP-78"
"CP-124"
"CP-128"
"CP-82"
"HOOVER"
"WILLIS"
"FLADT"
"KILE"
DELAWARE I.J.
"CP-114"
"CP-104"
"CP-111"
DELAWARE CUT-OFF
"CP-117"
COLUMBUS LINE
"CP-93"
STANLEY YARD
WOODVILLE YARD
ELYRIA YARD
CLEVELAND
COLLINWOOD YARD
PAINESVILLE YD.
CHICAGO LINE
"CP-162"
"CP-155"
"CP-154"
"CP-152"
SHORT LINE BRANCH
RANDALL SEC.
"BEREA"
CLEVELAND LINE
"CP-ALLIANCE"
FORT WAYNE LINE
"CP-HURPH"
WELLSVILLE YARD
MIDLAND YARD
CANTON YARD
"CP-37"
"CP-54"
YOUNGSTOWN
YOUNGSTOWN LINE
MEADVILLE LINE
FERRONA YARD
"CP-SHARPSVILLE"
"SHENANGO IBLE"
CARSON YARD
"CP-124"
EAST YARD
ERIE YARD I.J.
"CP-89"
"CP-83"
"CP-56"
"CP-58"
"CP-39"
"CP-42"
NIAGARA MOHAWK POWER LD.
NORTHEAST IND. LD.
10TH STREET LD.
"STATE LINE"
"LAKE"
OLEAN
MEADVILLE YARD
"FRENCH"
FRANKLIN SEC.
ROUSE RUNNER
BALL RUNNER
"BRIDGE"
OIL CITY I.J.
KOPPEL SEC.
ROCHESTER
CONWAY YARD
"CP-HARRIS"
"CP-BEALE"
"CP-LEECH"
ALLEGHENY WYE
WEST MOSGROVE
PITTSBURGH
WEIRTON SEC.
"ROCKVILLE"
SHIRE OAKS YARD
PITTSBURGH LINE
MONONGAHELA LINE

BUS
PITTSBURGH
W.VIRGINIA SEC.
CSXT
"BANNON"
CLAIRTON SDG.
PETERS CREEK YARD
CASO (CP)
NIAGARA BRANCH
BUFFALO WYE SPUR
NIAGARA JUNCTION IJ.
RIVERSIDE TK.
BUFFALO
"CP-18"
"CP-15"
"CP-23"
"CP-31"
"CP-32"
"CP-37"
"CP-39"
"CP-42"
NORTH FIRM LD.
NIAGARA MOHAWK POWER LD.
DUNKIRK NEW YARD
DUNKIRK OLD YARD
FREDONIA IJ.
CHICAGO
"CP-56"
"CP-58"
"CP-63"
"CP-65"
NORTHEAST IND. LD.
"CP-73"
10TH STREET LD.
HAMMERMILL LD.
OLD #3 RUNNER
KOPPERS LD.
CODAN LD.
NORTH RUNNER
ERIE YARD IJ.
"CP-85"
"CP-83"
EAST YARD
ERIE YARD IJ.
"CP-89"
"CP-97"
LINE
"CP-113"
"CP-117"
"CP-118"
"CP-124"
ERIE YD.
#2 RUNNER
LAKE ERIE
DETROIT
MOUND ROAD YD.
STERLING SEC.
"WS"
"FN (GTW)"
TRENTON YD.
DETROIT EDISON LD.
COAL ROUTE
PINEY DOCK LD.
FENCE YD. LD.(UNION DOCK)
COAL YD. LD.(A&B DOCK)
HARBOR CONNECTING TK.
CEICO IND. LD.
"CP-128"
"CP-138"
GENEVA SDG.
"CP-137"
"CP-141"
"CP-145"
"CP-148"
ASHTABULA WEST YD.
CLEVELAND CONN. TK.
BUFFALO CONN. TK.
CARSON YARD
"CP-13"
"CP-14"
"CP-24"
"CP-26"
"CP-152"
"CP-154"
"CP-155"
"CP-162"
PAINESVILLE YD.
COLLINWOOD YARD
"QUAKER"
"CP-167"
"CP-171"
CLEVELAND
CHICAGO LINE
SHORT LINE BRANCH
N. RANDALL YD.
RANDALL SEC.
"CP-197"
"CP-203"
ELYRIA YARD
"CP-207"
"CP-212"
"CP-214"
"CP-216"
WOODVILLE YARD
"CP-17"
"BEREA"
D.P.
LINE
"CRAFTON"
CSXT
WE
"CP-46"
INDPLS.
"CP-37"
"CP-54"
CSXT
"SHELBY"
"CP-EAST CREST"
"CP-LUCAS"
FT. WAYNE
"CP-MOHICAN"
HARMONY YARD
"CP-BIG RUN"
"CP-REED"
CANTON YARD
"CP-MACE"
SOUTH MASSILLON YARD
"CP-ORR"
"CP-FAIRHOPE"
ALLIANCE IJ.
ALLIANCE YARD
"CP-RAVE"
CLEVELAND
"CP-HUDSON"
"CP-ALLIANCE"
"CP-MURPH"
"HOME"
FORT WAYNE LINE
WELLSVILLE YARD
"CP-YELLOW CREEK"
"CP-RIVER"
"CP-SHALE"
BAYARD SDG.
MAHONING YARD
"CP-92"
"CP-93"
"CP-104"
"CP-111"
"CP-114"
COLUMBUS LINE
DELAWARE CUT-OFF
"CP-117"
"CP-129"
WORTHINGTON LD.
YOUNGSTOWN
LITTLE YARD
VAN WYE IJ.
MEADVILLE
"CP-SHARPSVILLE"
FERRONA YARD
"SHENANGO (BLE)"
"BESS"
YOUNGSTOWN LINE
KOPPEL SEC.
"CP-WOOD"
"CP-LUK"
MIDLAND YARD
CLEVELAND LINE
"ROCHESTER"
CONWAY YARD
"CP-LEETS"
"CP-BEALE"
"CP-HARRIS"
FORT WAYNE LINE
CONEMAUGH LINE
WEIRTON SEC.
RIVER LINE
"TOR"
RIVER IJ.
"ROCKVILLE"
HOPPERS LD.
PITTSBURGH
MEADVILLE YARD
CAR SHOP LD.
"BUCK"
"FRENCH"
"MEAD"
FRANKLIN SEC.
FRANKLIN IJ.
"FRANK"
VALLEY YARD
OIL CITY IJ.
"BRIDGE"
BALL RUNNER
ROUSE RUNNER
WEST MOSGROVE
BPRR
"CLOE"
ALLEGHENY WYE (KJR I/C)
KJR
SHELOCTA
"CREEKSIDE"
TUNNEL
CSX
"CP-LEECH"
"DIAS"
ALY
MEADVILLE LINE
"STATE LINE"
"COLUM"
COLUMBUS SDG.
OLEAN
"LAKE"
JAMESTOWN SDG.
BOAT LANDING TK.
"FALCONER"
SCALE TK.
STEELE ST. LD.
JAMESTOWN YARD
"WATER"
OLEAN SEC.
"CP-MARILLA"
"CP-ALDEN"
ATTICA SDG.
"CP-ATTICA"
"CP-LINDEN"
SOUTHERN TIER LINE
SILVER SPRINGS I/C YD.
BUFFALO LINE
WESTERN ELECTRIC LD.
"CP-WALES"
"CP-PERRY"
"CP-ROCK GLEN"
"CP-SILVER SPRING"
ARA INTERCHANGE TK.
ARCADE SDG.
"CP-ROSS"
"CP-SWAINS"
"CP-MACHIAS"
BPRR
"CP-SOUTH MACHIAS"
"CP-NORTH OLEAN"
SALAMANCA YARD
"SAL"
"ALLY"
"CP-OLEAN"
"CP-SOUTH OLEAN"
OLEAN YD.
EAST OLEAN YD.
"CUBA"
CUBA SDG.
WELLSVILLE SDG.
"SCIO"
WELLSVILLE YD.
"DYKE"
SECONDARY
"CP-CASS"
WEST YARD SDG.
"CP-HORN"
HORNELL YARD
"CP-GANG MILLS"
"CP-ERWINS"
CORNING SEC.
"CP-NORTH ELDRED"
"CP-SOUTH ELDRED"
EAST STORAGE SDG.
FARMERS VALLEY IJ.
QUAKER STATE SDG.
BUFFALO YARD
EMPORIUM STORAGE SDG.
"CP-EMPORIUM"
"CP-SOUTH EMPORIUM"
"CP-NORTH DRIFTWOOD"
MNL
"CP-DRIFTWOOD"
"CP-SOUTH DRIFTWOOD"
"CP-NORTH KEATING"
"CP-KEATING"
"CP-SOUTH KEATING"
"CP-NORTH DRURY"
"CP-DRURY"
COOKS RUN LD.
KEATING STORAGE SDG.
BUFFALO LINE
"CP-NORTH BAKER"
BAKER SDG.
"CP-SOUTH BAKER"
"CP-LOCK HAVEN"
RJCP
154.8 D.P.
NBER
BEECH CREEK SDG.
JULIAN SDG.
MILESBURG SDG.
SPRUCE CREEK TUNNEL
"CP-TUNNEL"
"CP-GRAY"
ALLEGHENY TUNNEL
ALTOONA YARD
"CP-LONG"
LONG IJ.
"CP-McVEY"
PITTSBURGH LINE
"CP-HUNT"
"CP-JACKS"
RJCP


INDIANAPOLIS
COLUMBUS
ST. LOUIS LINE
DANVILLE SEC.
PEKIN RT.
HILLERY YARD
WEST WYE
PARIS IT.
PARIS YARD TK.
MILL IT.
"CHRISMAN"
"LAFAYETTE"
LAFAYETTE IT.
CRAWFORDSVILLE IT.
"AMES"
NUCOR LD.
FRANKFORT SEC.
"FRANK"
"BOONE"
"CP-CLERMONT"
AVON YARD
"RAY"
"GROVE"
SHELBYVILLE SEC.
"VINE"
"MACK"
30TH ST. RUNNER
ARLINGTON AVE. IT.
GREENCASTLE LD.
GATX NORTH LD.
EAST & WEST WYE TKS.
"SPRING HILL"
"RILEY"
TERRE HAUTE IT.
"HUNTER"
"ALTAMONT"
ELMO YARD (UP)
ROSE LAKE YARD
"WILLOWS"
"EXERMONT"
CAHOKIA MARINE TERM. LEAD
GWW/SPCSL
TRRA
MT. CARMEL YD. LD.
PSI LEAD
OLD EVANSVILLE BR.
AMAX LD.
MARION BRANCH
RED KEY IT.
GOODMAN YD.
"ALEXANDRIA"
INDIAN CREEK IT.
S. ANDERSON CUTOFF
MUNCIE IT.
"WEST CAST"
NEW CASTLE RT.
OLD SIDNEY MAIN IT.
"SIDNEY"
FORT WAYNE LINE
PIQUA YARD
HUNT IT.
DELPHOS (IHRC)
LIMA IT.
TOLEDO BRANCH
"MORTIMER"
UPPER SAND SDG. & CONN.
"HOOVER"
DELAWARE IT.
COLUMBUS LINE
"WILLIS"
"FLADT"
"KILE"
SCIOTSLAW SEC.
HONDA IT.
E. LIBERTY RUNNER
BUCKEYE YD.
DAYTON YD.
MORAINE YD.
"CLEM"
CLEMENT IT.
XENIA IT.
"THURSTON"
W. VIRGINIA
MIDDLETOWN CITY TRK.
FRANKLIN IT.
ARMCO LEAD
MIDDLETOWN IT.
REED YARD
"QUEEN-CSX"
TOWER-CSX
NICHO
LANGSVI
COLOR KEY
CSXT ASSIGNMENT OR OWNERSHIP
NS ASSIGNMENT OR OWNERSHIP
CSXT RIGHTS ON NS ASSIGNMENT OR OWNERSHIP
NS RIGHTS ON CSXT ASSIGNMENT OR OWNERSHIP
SHARED ASSETS AREAS
IHB RAILROAD LINES
CR RIGHTS ANTICIPATED TO BE UTILIZED BY CSXT AND N

INDIANAPOLIS
COLUMBUS
YOUNGSTOWN
PITTSBURGH
BALTIMORE
W.VIRGINIA
NEW LEXINGTON TUNNEL
MOXAHALA TUNNEL
NICHOLAS TUNNEL
WILSON TUNNEL
DUNBAR TUNNEL
LANGSVILLE TUNNEL
HOWARD ST. TUNNEL
FULTON TUNNEL
B&P TUNNEL
WEIRTON SEC.
MINGO JCT. YARD
MARTINS FERRY YARD
BENWOOD YARD
BRICE
THURSTON
WEST VIRGINIA SEC.
JONES JCT.
JONES LT.
MIDDLETOWN CITY TRK.
FRANKLIN LT.
ARMCO LEAD
MIDDLETOWN LT.
OLD SIDNEY MAIN LT.
DELAWARE CUT-OFF
WORTHINGTON LD.
WEST CAST
NEW CASTLE RT.
ARLINGTON AVE. LT.
SHELBYVILLE SEC.
SOUTH ST. RUNNER
S. ANDERSON CUTOFF
INDIAN CREEK LT.
RED KEY LT.
OLD RED KEY LT.
GOODRUM YD.
CERA
"FRANK"
"B'STONE"
"GROVE"
"VINE"
"MACK"
"RAY"
"ALEXANDRIA"
"ALEX"
"MISS"
"BORO"
"UPLAND"
"KINK"
"RED KEY"
"SIDNEY"
"HOOVER"
"CAR"
"WILLIS"
"FLAT"
"KILE"
"BUCKEYE"
"CLEM"
"DAYTON"
"QUEEN-CSX"
"TOWER-CSX"
"DELPHOS"
"ESTAY"
"WAYNE"
"HUNT"
"ESSEX"
"JUNCTION"
"PROLA YARD"
"NOMAD"
"FORT WAYNE"
"CLEVELAND"
"CRESTLINE"
"MANSFIELD"
"ORRVILLE"
"WOOSTER"
"CANTON"
"ALLIANCE"
"HUBBARD"
"YELLOW CREEK"
"RIVER"
"WELLSVILLE"
"MIDLAND YARD"
"HILL TK."
"LINE"
"HARPER"
"BEALL"
"LEECH"
"MEETS"
"ROCKVILLE"
"CUDDY"
"FERN LT."
"WELLS"
"CR"
"WLF"
"CAPITOL RJ."
"GRAVEL RJ."
"WEGEE YARD"
"WHEELING PGH STEEL LD."
"50 YARD"
"WEIRTON STEEL"
"RIVER LT."
"COVE TK."
"HOPPERS LD."
"WEIRTON"
"WEIRTON STEEL LD."
"WHEELING PGH STEEL"
"WEST BROWNSVILLE YARD"
"BROWNSVILLE SEC."
"BROWNSVILLE YD."
"WIRE TRACK"
"STEEL LT."
"MADISONVILLE YD. (UN SOO)"
"MADISONVILLE"
"LOVE"
"FED"
"LOCK"
"ICE"
"CRIK"
"DAVE"
"RAIN"
"HOW"
"LOVERIDGE SEC."
"LOVERIDGE YARD"
"LOVERIDGE SEC."
"WHITE"
"WHITE SEC."
"WHOT"
"WEST VIRGINIA SEC."
"PETERS JCT."
"PETERS CREEK YD."
"CLAIRTON SEC."
"SHARPS RUN YARD"
"TURTLE CRK."
"STAFF"
"PITTSBURGH"
"BRIDGE"
"HB"
"Bailey"
"Carroll"
"West Elmore"
"FREDERICK ROAD"
"CSX INTERCHANGE TK."
"LOUDON PARK LD."
"CLAREMONT RJ."
"B&O INTERCHANGE"
"MOTTINE SEC."
"GUILFORD SEC."
"GOODWAY SEC."
"GOODWAY LT."
"GOODWAY YD."
"GLEN BURNIE"
"CURTIS BAY"
"TUNNEL"
"FULTON"
"CHARLES"
"HOWARD ST. TUNNEL"
"B&P TUNNEL"
"PENNSYLVANIA AVE."
"CSXT"
"NS"
"CSX"
"GTW"
"IHB"
"INDPLS."
"MONT"
"MUNCIE LT."
"MUNCIE SEC. LT."
"DELAWARE LT."
"CLEVELAND"
"MIDLAND YARD"
"HILL TK."
"WELLSVILLE YARD"
"YELLOW CREEK LT."
"RIVER LT."
"ROSSVILLE CSXT"
"ROSSVILLE CSXT"
"CLAYBANK"
"CORN"
"ARM"
"WINE"
"KING"
"CONCO"
"MATH"
"BUCK"
"RUM"
"ROCK"
"PUTNAM LD."
"MONSANTO-FMC LD."
"NITRO YD. LD."
"VIRGINIA SEC."
"OXIDE LD."
"BLUE CREEK LD."
"TUNNELS"
"HITOP"
"CHAR"
"LEVI"
"MAX"
"DICKINSON YD."
"DICK"
"BAIT"
"DEEPWATER BRIDGE - NS"
"FERRIS"
"COAL"
"SWISS"
"FOLA SOO"
"VRC"
"JONES"
"LOCK"
"TROY"
"WEST VIRGINIA SEC."
"PETERS JCT."
"JONES LT."
"DAYTON YD."
"CLEMENT LT."
"MORAINE YD."
"FRANKLIN LT."
"ARMCO LEAD"
"MIDDLETOWN LT."
"REED YARD"
"REED YD. LD."
"HIGH"
"CSEA LD."
"VAUGHAN YD. LD."
"P&S LD."
"QUEEN-CSX"
"TOWER-CSX"
"CP-87"
"CP-89"
"CP-107"
"CP-108"
"CP-132"
"CP-133"
"CP-135"
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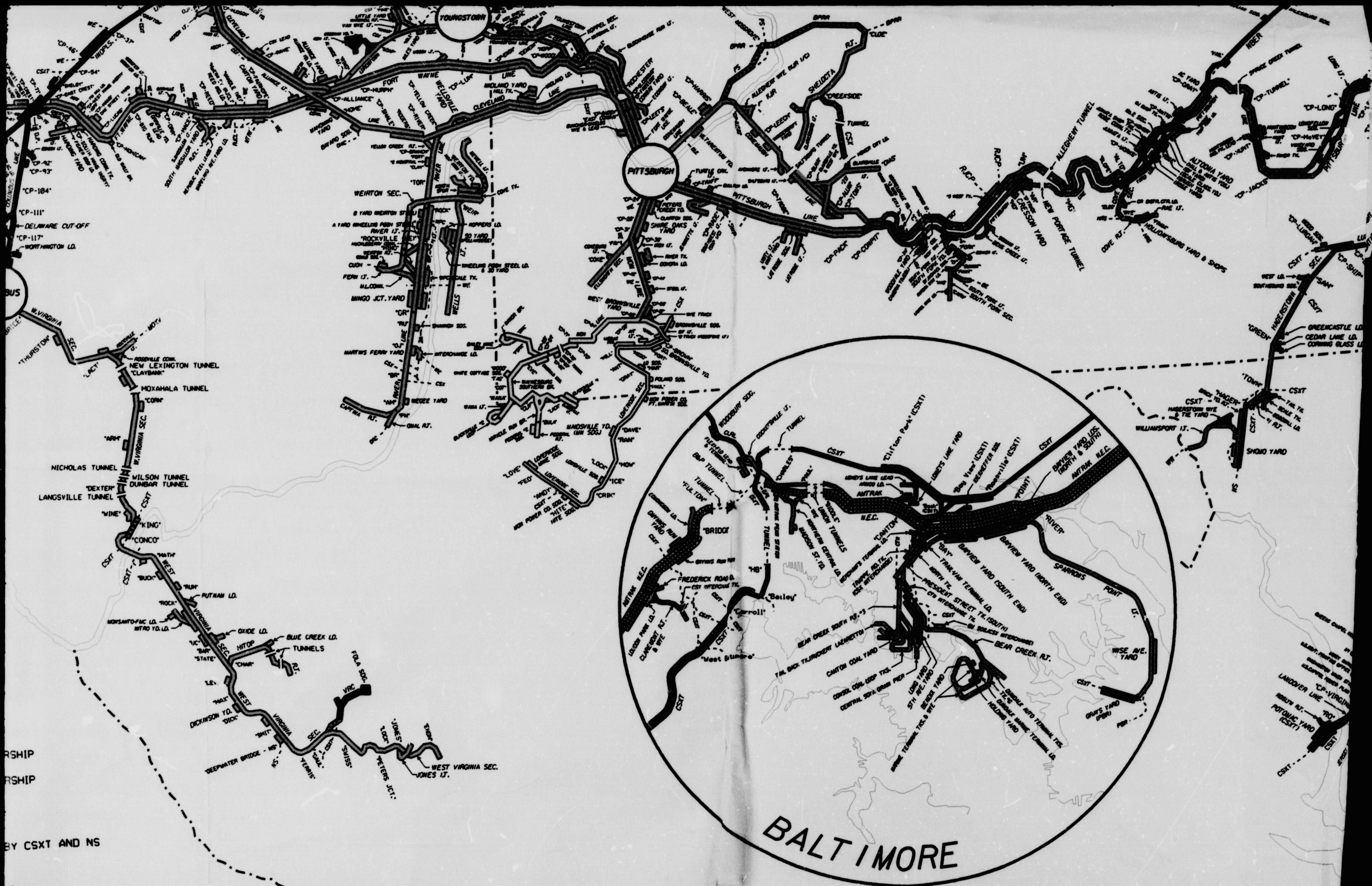
COLOR KEY

- CSXT ASSIGNMENT OR OWNERSHIP
- NS ASSIGNMENT OR OWNERSHIP
- CSXT RIGHTS ON NS ASSIGNMENT OR OWNERSHIP
- NS RIGHTS ON CSXT ASSIGNMENT OR OWNERSHIP
- SHARED ASSETS AREAS
- IHB RAILROAD LINES
- CR RIGHTS ANTICIPATED TO BE UTILIZED BY CSXT AND NS


YOUNGSTOWN
PITTSBURGH
BALTIMORE
"CP-104"
"CP-111"
DELAWARE CUT-OFF
"CP-117"
WORTHINGTON LD.
"CP-92"
"CP-93"
"CP-46"
"CP-37"
INDPLS.
"CP-54"
FT. WAYNE
FORT WAYNE LINE
"CP-ALLIANCE"
"CP-HURPH"
CLEVELAND LINE
WELLSVILLE YARD
MIDLAND YARD
RIVER LINE
WEIRTON SEC.
"TOR"
"ROCKVILLE"
RIVER IJ.
FERN IJ.
MINGO JCT. YARD
"GR"
MARTINS FERRY YARD
WEGEE YARD
CAPTINA RJ.
WELLS
W. VIRGINIA SEC.
"THURSTON"
"LACY"
ROSEVILLE CONN.
NEW LEXINGTON TUNNEL
"CLAYBANK"
MOXAHALA TUNNEL
"CORN"
"ARM"
NICHOLAS TUNNEL
WILSON TUNNEL
DUNBAR TUNNEL
"DEXTER"
LANGSVILLE TUNNEL
"WINE"
"KING"
"CONCO"
CSXT
"MATH"
WEST VIRGINIA SEC.
"BUCK"
"RUM"
PUTNAM LD.
"ROCK"
MONSANTO-FMC LD.
NITRO YD. LD.
OXIDE LD.
BLUE CREEK LD.
HITOP
TUNNELS
"UC"
"BAR"
"STATE"
"CHAR"
"LEV"
"MAX"
DICKINSON YD.
"DICK"
"SMIT"
"DEEPWATER BRIDGE - NS"
"FERRIS"
"SWISS"
PETERS JCT.
"LOCK"
"JONES"
JONES IJ.
VRC
FOLA SDG.
RSHIP
RSHIP
BY CSXT AND NS
ROCHESTER
"CP-LEETS"
"CP-HARRIS"
"CP-BEALE"
SHELOCTA
"CREEKSIDE"
TUNNEL
CSX
"CLOE"
BPRR
PITTSBURGH LINE
"CP-PACK"
"CP-CONPIT"
PETERS CREEK YD.
SHIRE OAKS YARD
WEST BROWNSVILLE YARD
BROWNSVILLE SDG.
"CP-BROWN"
SO. BROWNSVILLE YD.
WAYNESBURG SOUTHERN BR.
MAIDSVILLE YD. (MN SDG.)
"DAVE"
"RAN"
"LOCK"
"HOW"
"ICE"
"CRIK"
"LOVE"
"FED"
"ANDY"
"HITE"
HITE SDG.
LOVERIDGE SEC.
POLAND SDG.
MON POWER CO. FT. MARTIN SDG.
ALLEGHENY TUNNEL
NEW PORTAGE TUNNEL
CRESSON YARD
RJCP
"UN"
"MG"
SOUTH FORK IJ.
SOUTH FORK SEC.
ALTOONA YARD
"CP-GRAY"
NBER
"CP-TUNNEL"
"CP-LONG"
"CP-JACKS"
LONG IJ.
HOLLIDAYSBURG YARD & SHOPS
COVE RJ.
RAE IJ.
"CP-LURGAN"
"CP-SHIP"
"SAN"
HAGERSTOWN SEC.
"GREEN"
GREENCASTLE LD.
CEDAR LANE LD.
CORNING GLASS LD.
"TOWN"
"HAGER"
HAGERSTOWN WYE & TIE YARD
WILLIAMSPORT IJ.
SHOMO YARD
NS
WOODBURY SDG.
CSXT
"Clifton Park" (CSXT)
LONEYS LANE YARD
"Bay View" (CSXT)
BERNEFFER SDG.
"Rossville" (CSXT)
"POINT"
BAYVIEW YARD LDS. (NORTH & SOUTH)
AMTRAK N.E.C.
B&O TUNNEL
"FULTON"
TUNNEL
"BRIDGE"
GWYNNS RUN YARD
AMTRAK N.E.C.
FREDERICK ROAD LD.
"HB"
"Bailey"
"Carroll"
"West Baltimore"
UNION TUNNELS
"CANTON"
"BAY"
BAYVIEW YARD (SOUTH END)
BAYVIEW YARD (NORTH END)
"RIVER"
SPARROWS POINT IJ.
PRESIDENT STREET TK. (SOUTH)
BEAR CREEK RJ.
BEAR CREEK SOUTH RJ. #3
CANTON COAL YARD
CONSOL COAL LOOP TKS.
CENTRAL SOYA GRAIN PIER
LONG YARD
5TH AVE. YARD
BENDIX YARD
WISE AVE. YARD
GRAYS YARD (PBR)
PBR
LANDOVER LINE
"CP-VIRGINIA"
"RO"
POTOMAC YARD (CSXT)