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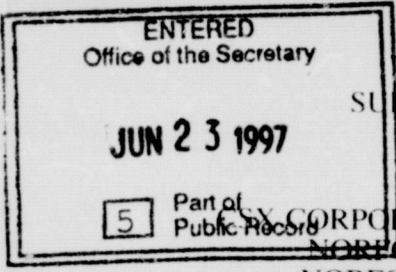
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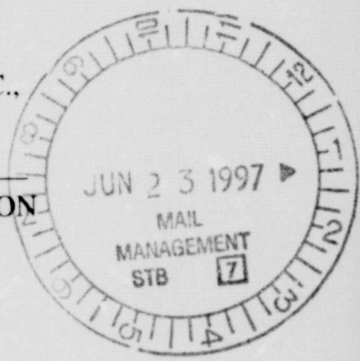
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BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 33388

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



RAILROAD CONTROL APPLICATION

VOLUME 3A OF 8

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DENSITY CHARTS AND SUPPORTING STATEMENTS
(EXHIBITS 13 AND 14)

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SURFACE
TRANSPORTATION BOARD

VOLUME 3A

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VERIFIED STATEMENT

OF

JOHN W. ORRISON

VERIFIED STATEMENT
OF
JOHN W. ORRISON
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VERIFIED STATEMENT

OF

JOHN W. ORRISON

INTRODUCTION

My name is John W. Orrison. I am currently General Manager, Field Operations Development of CSX Transportation, Inc., a position that I have held since 1995. My railroading career began in 1976 when I joined Southern Railway System's (a Norfolk Southern Corporation ("NSC") predecessor) cooperative education program. After completing the program in 1980 and graduating from Auburn University with a B.S. Civil Engineering degree, I was employed by NSC from 1980 through 1983. I held the positions of Management Trainee and Field Project Engineer. In those positions, I was responsible for engineering track design, construction and project management.

In 1985, I received a masters degree in business administration from Harvard Business School and accepted a position as Assistant Trainmaster with a CSX predecessor, Seaboard System. From 1986 to 1989, I held various positions with CSX or its predecessors including Manager of Strategic Planning (Baltimore), Assistant Director of Service Quality and Control (Jacksonville) and Director of Planning Operations (Jacksonville). In 1983, I received a commissioned appointment as a White House Fellow and served as Assistant to the Vice President of the United States. My responsibilities there

included working to support the President's Council on International Competitiveness and to develop domestic policy issues relating to American industry.

In 1990, I returned to CSX as Assistant Vice President-Operations Development (Jacksonville). Over the next few years I served as Assistant Vice President-Operations Research (Jacksonville), Division Superintendent (Detroit) and General Manager of Service Operations (Jacksonville). In 1995, I was promoted to my present position. As General Manager of Field Operations Development, my responsibilities include planning and developing field operations improvement programs such as improving service reliability and reducing transit time of railcar shipments. Additionally, I have been involved in the development of field operating organizations (Service Lanes) and the implementation of performance oriented processes, such as terminal and line of road operations.

Because of my experience in railroad operations and strategic planning, I was given the responsibility for overseeing the development of Exhibit 13-CSX, the CSX Operating Plan that is being filed as part of this Application. The Operating Plan describes the combined operation of CSX and the Conrail lines that CSX will operate after the Acquisition. The purpose of my testimony is (1) to describe how we analyzed the opportunities and developed the Operating Plan (Exhibit 13-CSX) and (2) to discuss the most significant aspects of the plan, its most

important conclusions, and to explain how the improved railroad we will operate will better serve our customers.

I. OVERVIEW

The division of Conrail between CSX and NS will, for the first time since 1968, give shippers in the East, and particularly in the Northeast, the benefit of two financially strong railroads of roughly equal size and geographic reach. To successfully compete for existing Conrail-served traffic and for new traffic made available by the Acquisition of Conrail, CSX recognizes that it must provide the kind of high quality transportation service that industrial logistics managers demand. Accordingly, the CSX Operating Plan has been designed to deliver a higher level of efficient, competitive, and comprehensive rail service than current (and prospective) rail customers in the East have ever seen. This kind of service is not a luxury. It is a necessity for our customers (both present and new) who themselves face increased domestic and international competition.

The CSX Operating Plan was designed to take into account all aspects of rail operations on the combined network, taking advantage of the following key opportunities:

- Extended Network Reach;
- Improved Single-Line Service; and
- Improved Yard and Terminal Operations.

In addition, the Operating Plan was designed to coordinate all operating functions so as to provide the most efficient and

customer-oriented transportation service possible. Some of the key features of the Operating Plan are outlined below.

A. Extended Network Reach

The integration of Conrail lines into the existing CSX system will make CSX a stronger, more competitive railroad with the physical plant and operational expertise to provide high quality service to a wide range of customers throughout the United States and Canada. The expanded CSX rail system will serve shippers in 22 states east of the Mississippi River, as well as points in Ontario and Quebec. Its network will extend from Montreal in the North to Miami in the South. Its reach will extend to every major city in the East. This is best seen by referring to Figure JWO-1, a Map of the expanded CSX System.

CSX System



———— CSX System

For the first time in history, shippers will enjoy single-line service from the Northeast to the South along CSX's new Atlantic Coast Service Route which is generally paralleled by Interstate 95.

The expanded CSX system will also provide improved, single-line service from all major points in the Northeast to all four major Western Gateways -- Chicago, St. Louis, Memphis and New Orleans which will markedly improve coast to coast service. Figure JWO-2 shows the major gateways we will serve.

CSX System Major Gateways



The combined operation of CSX and Conrail lines will also enhance the competitiveness of international service through virtually every major port on the East Coast. CSX currently serves a large number of significant East Coast (including Gulf) ports, such as Philadelphia, Baltimore, Newport News and Jacksonville, but its reach is limited to the southern and mid-Atlantic portions of the country. After the Acquisition, CSX will serve all major East Coast ports, including the New York/New Jersey port area, which is the second largest port complex in the United States of America. See Figure JWO-3.

CSXT Service to Eastern Ports

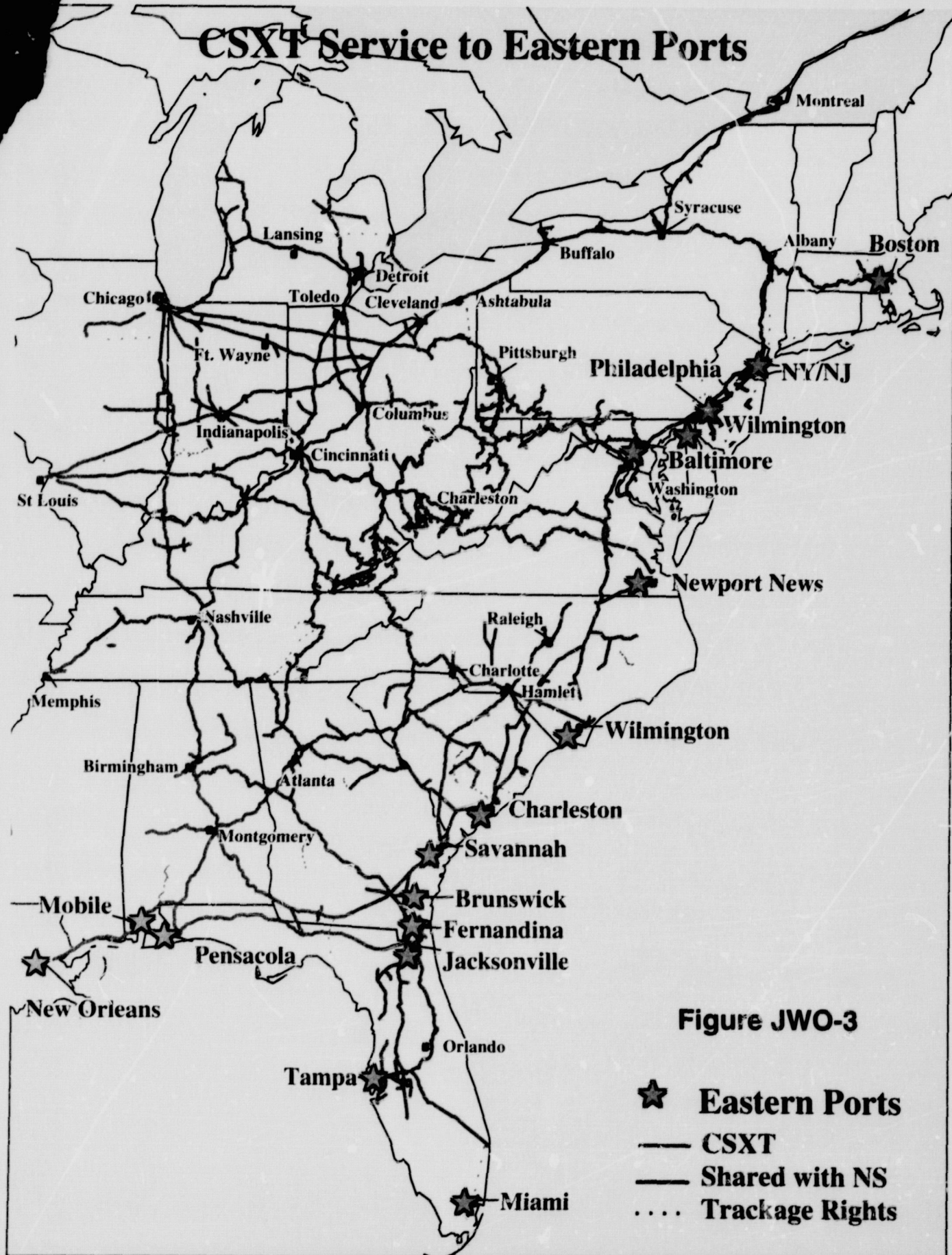


Figure JWO-3

- ★ Eastern Ports
- CSXT
- Shared with NS
- Trackage Rights

CSX will be able to offer single-line service from these ports to every shipper on our expanded network.

B. Improved Single-Line Service

The availability of single-line service between numerous origin/destination pairs is one of the principal benefits of the Acquisition and a key building block of the Operating Plan. The Operating Plan creates eleven major (and one alternative) service routes -- each of which offers single-line service between major industrial centers.

Single-line service is faster, more reliable, and more efficient than joint-line service. Why? Because it eliminates the delays (and costs) associated with interchanges between carriers. When two railroads interchange cars, crews and locomotives are usually changed. Cars sit on the interchange track, often waiting for available crews or locomotives. Electronic data exchange has all but eliminated interchange paperwork, but communications mistakes, particularly data errors, can delay important shipments -- sometimes for days. Cars being received must be inspected for evidence of rough handling or damage to protect the receiving road from loss and damage claims that should be properly charged to the other carrier. Interchange often means that the receiving road must classify the received cars, sorting them by intermediate or final destination. In many instances, the delays and costs associated with interchange make rail transportation non-competitive with truck service. By combining the most efficient Conrail and CSX routes,

CSX has created new interchange-free service routes. For example, for automotive traffic, interchanges will be avoided at Cincinnati and Toledo, OH; merchandise traffic will avoid interchanges at Cincinnati, Philadelphia, Potomac, VA, Lurgan, PA and Toledo; and coal traffic will avoid interchanges at Lurgan, PA. See Figure JWO-4 showing avoided interchange points.

CSX System Conrail Interchanges Avoided



Figure JWO-4

These new service routes in many instances also provide shorter, more direct paths -- or alternative paths -- for major traffic flows. Here are just a few examples:

The new St. Louis Gateway Service Route between the St. Louis gateway and points in the Mid-Atlantic and Northeast via Indianapolis is more than 100 miles shorter -- and a full day faster than CSX's route via Cincinnati.

The New Orleans Gateway Service Route provides a route to the Northeast that for many origination/destination pairs is considerably shorter than the Memphis route, which CSX typically uses in joint line service with Conrail today. For example, movements from Houston to Philadelphia via New Orleans will be over 230 miles shorter and 2 days faster than by Memphis.

The New Orleans Gateway Service Route also serves as an excellent alternative for the Memphis or St. Louis Service Routes. The availability of alternative routes enables CSX to direct traffic efficiently along whichever route will provide the best service to shippers.

The Northeastern Gateway and the Alternative Chicago Gateway-Ft. Wayne-Cleveland Service Routes actually provide two alternative East-West routes between Ohio and Chicago. Both these routes will be fully used; the more northerly route to handle high priority intermodal and expedited merchandise trains, the more southerly route to handle bulk freight trains such as coal and grain, and to accommodate overflows from the northern route.

With the combination of its extended network reach and improved single-line service, including its more direct routes and alternative routes, rail service over the expanded CSX network will be more competitive with trucks and a substantial amount of traffic will be diverted from the highways.

C. Improved Yard and Terminal Operations

Reliable rail service can only be achieved when yards and terminals are operated efficiently. The Operating Plan makes effective operation of yards and terminals a key building block by (1) investing to improve yard facilities so they are adequate to support the train plans and car volumes that they will handle; (2) reconfiguring traffic patterns to make more efficient, balanced use of CSX and Conrail yards; and (3) building on increased traffic volumes from the combined system to create improved blocking patterns, thus reducing the number of cars switched and classified at major gateways and terminals.

The Operating Plan particularly focuses on two heavily congested major terminals that have long been the source of significant delays: Chicago and Cincinnati. Using the three strategies outlined above, the Operating Plan will speed the flow of traffic through these service-critical choke points -- often avoiding them altogether.

To promote faster flows through Chicago, CSX will fund substantial improvements in the Chicago area to ease train movements within and through the Chicago terminal. For example, the IHB's Blue Island Yard, a major facility within the Chicago

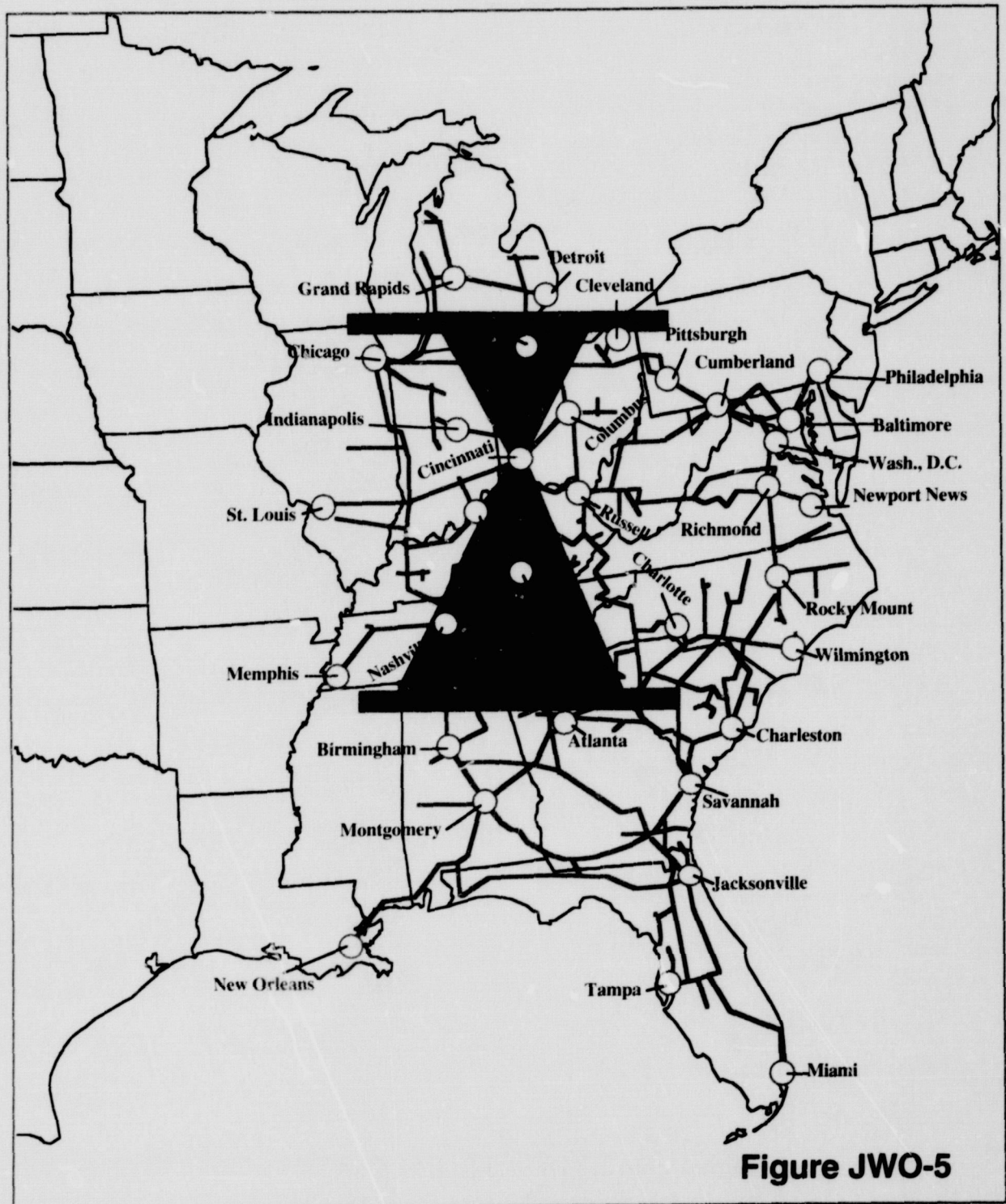
area, will be rehabilitated at CSX's expense to become a regional hump yard. Its primary mission will be to support gateway traffic flows. To the extent practicable, local switch service will be focused in the BOCT's Barr Yard. Certain tracks in Chicago will be upgraded to eliminate "slow orders" and speed restrictions. The result will be quicker train transits through Chicago. Connections will be built at the periphery of Chicago and between the lines of the local switching companies within Chicago (IHB, BRC, and BOCT) to facilitate access to their yards and to provide multiple routes for trains to traverse quickly as they enter and exit the Chicago area. This will alleviate the all-too-common train gridlock that we see today.

In addition to these improvements within Chicago, CSX will modify its operations at other yards and will restructure its train traffic and blocking patterns to further minimize congestion at Chicago. The increased traffic volumes that the combined network will handle will enable CSX to do things that it simply cannot do today. First, CSX will expand its Willard Yard (located on the former B&O line in Northwest Ohio) and make it the primary classification yard on the CSX system to handle westbound block swaps and car classifications. This will reduce the number of cars that must be classified when they reach Chicago. Second, using the increased capacity at Willard, westbound traffic will be blocked either to pass through Chicago directly to interchange points with western carriers, or to go directly to specific yards within the Chicago terminal area for

delivery to local industries served by those respective yards. Third, CSX will use other yards located in Albany, Buffalo, Cumberland and Toledo to block traffic to pass through Chicago without classification. In this way, the Operating Plan will significantly reduce the congestion in Chicago, which will improve service through the Chicago gateway for all rail shippers.

Using these same principles, the Operating Plan likewise effectively addresses the capacity constraints at Queensgate Yard in Cincinnati. Queensgate is a modern, well maintained facility, but it is a real operational choke point on our railroad today. Traffic from Illinois, Indiana, Michigan, and Ohio must pass through Queensgate on its way to Tennessee, Louisiana, Alabama, Georgia, Florida, and more. The same problem is encountered moving North, creating a traffic flow picture much like an hourglass. See Figure JWO-5.

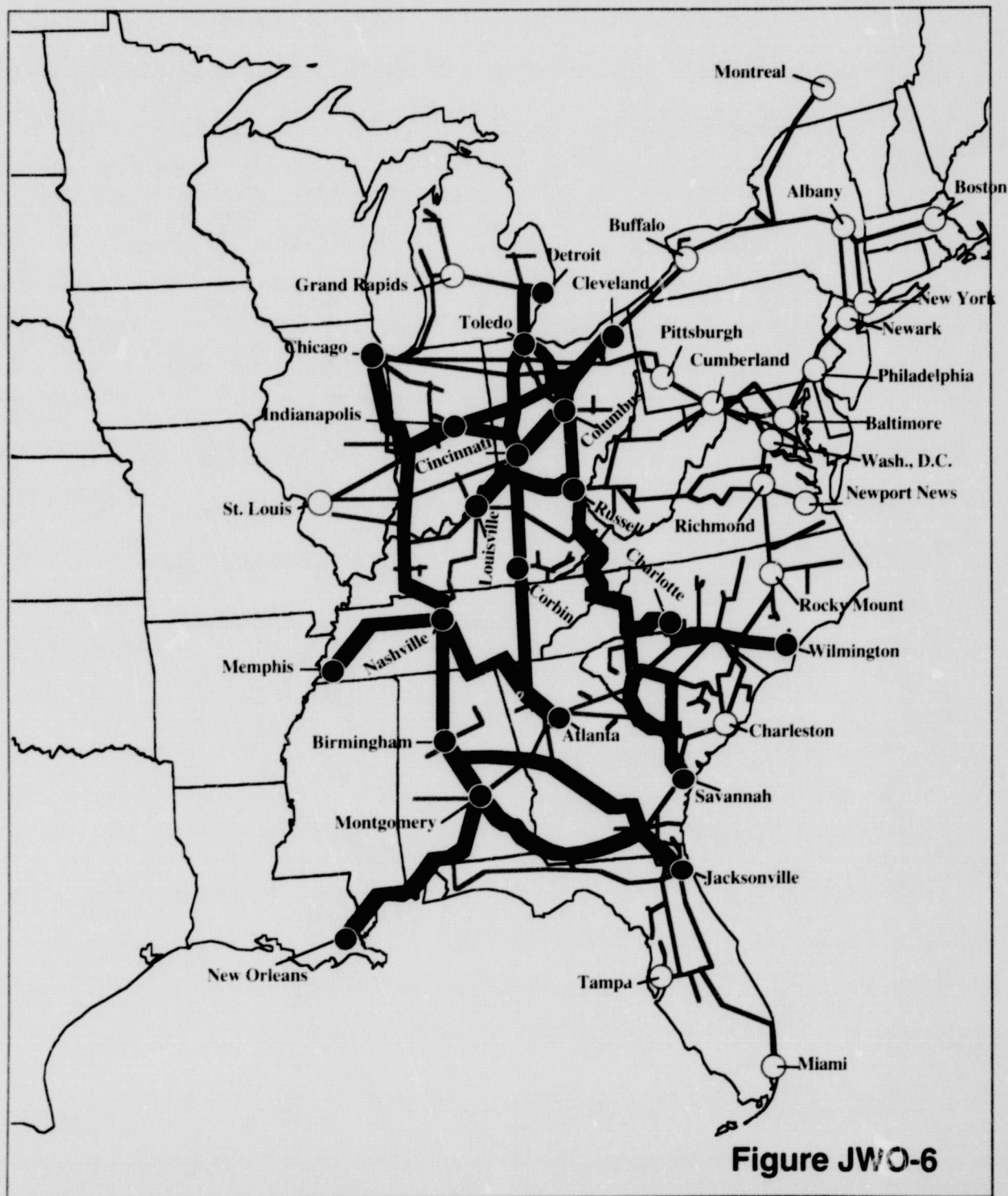
Current CSX Network Cincinnati “Hourglass”



CSX System

The Operating Plan reroutes traffic originating in the West, Southwest and Southeast that currently is classified at Queensgate onto the new Heartland Service Route via Indianapolis. Cars that today are classified at Queensgate will instead be classified at Avon. The addition of this rerouted traffic to the volumes flowing through Avon Yard will allow CSX to create larger blocks of traffic to Michigan and Ohio, and to route them over this service route to Toledo over the St. Louis Gateway Service Route. Additionally, trains will be routed over the Central Service Route via Russell, KY and Erwin, TN for service from the Mid-West and Mid-South bypassing Cincinnati. As a result of these and other reroutings, 400 fewer cars per day will be classified at Cincinnati, relieving congestion and freeing capacity for new intermodal and automotive traffic. See Figure JWO-6.

Expanded CSX Network Opens Up Cincinnati



To accommodate the increased traffic at Indianapolis, Avon Yard will be improved, with, among other things, a modern hump processor; the mainline fueling system also will be upgraded to reduce locomotive idle time.

CSX will reroute traffic to avoid capacity limitations at other major gateways and interchanges as well. Again, the greater volumes of combined CSX and Conrail traffic will enable CSX to make larger blocks, and even to build solid trains, that will bypass other major gateways and yards, moving directly to final destinations, interchange points or to other, more distant yards for further classification. CSX will eliminate a great deal of intermediate switching, thus reducing the risk of damage from handling, substantially improving transit times, and increasing the reliability of shipper/receiver dock-to-dock transit performance. See Figures 13.3-2 and 13.3-3 in the Operating Plan for examples of improved blocking patterns.

D. New and Upgraded Lines and Facilities

Substantial capital investment will be needed to accommodate the combined volumes of existing CSX and Conrail traffic and the projected traffic increases. The Operating Plan provides for all necessary improvements to lines, connections and intermodal and automotive facilities on the expanded system. A number of line segments will be upgraded with extra sidings or double tracking, train control systems (TCS), clearances for double-stack and multi-level traffic and, in some instances, to permit higher speeds. Several new connections will be

constructed between CSX and Conrail lines and other connections will be restored or upgraded to promote more efficient traffic flows. These connections are necessary to link CSX and Conrail lines and facilities to take maximum advantage of the combined network's synergies. See Figure JWO-7.

CSX System New Connections

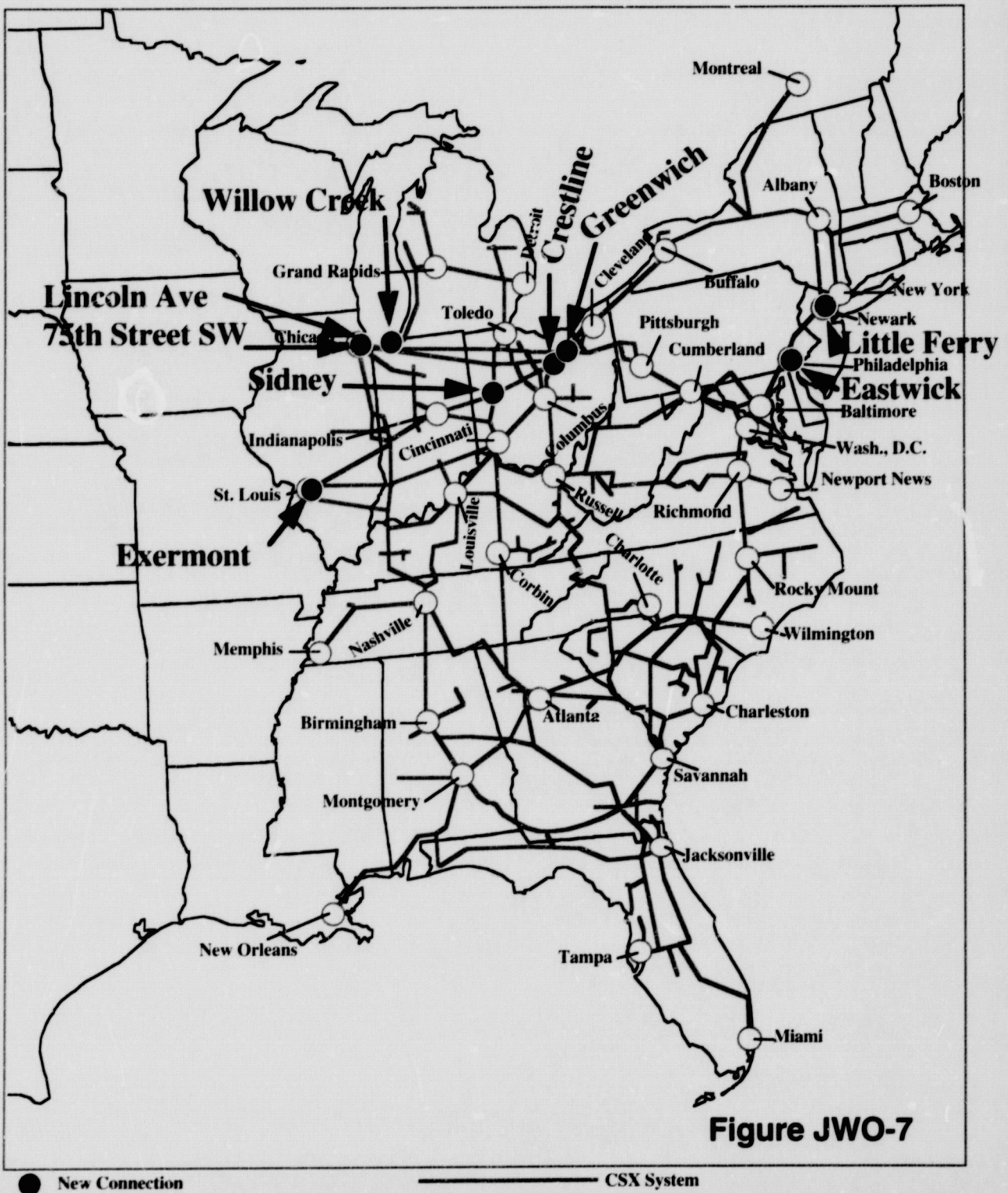


Figure JWO-7

As discussed more fully below, one of the most important projects that CSX will undertake is the upgrading of its mainline between Cleveland and Chicago over portions of the former B&O and NYC lines. CSX will double track that line and install bi-directional TCS signaling. It will also upgrade it to accommodate higher speeds. When completed, CSX will have a quality, 70 mph line from Chicago to New York, which is essential for CSX to be competitive for the large volumes of traffic that will traverse that route.

The Operating Plan is market driven. For example, several intermodal facilities will be constructed or upgraded to take maximum advantage of market opportunities. These new and expanded facilities will provide more efficient intermodal operations and position CSX to support the projected growth in intermodal traffic. The intermodal yards at Little Ferry, NJ and at Forest Hill and Bedford Park, IL and at Collinwood Yard in Cleveland will be expanded and new intermodal facilities will be constructed at 59th Street in Chicago and at Greenwich Yard in Philadelphia. See Figure JWO-8.

CSX System

New or Expanded Intermodal Terminals



● New/Expanded Intermodal Terminals

○ Intermodal Terminals

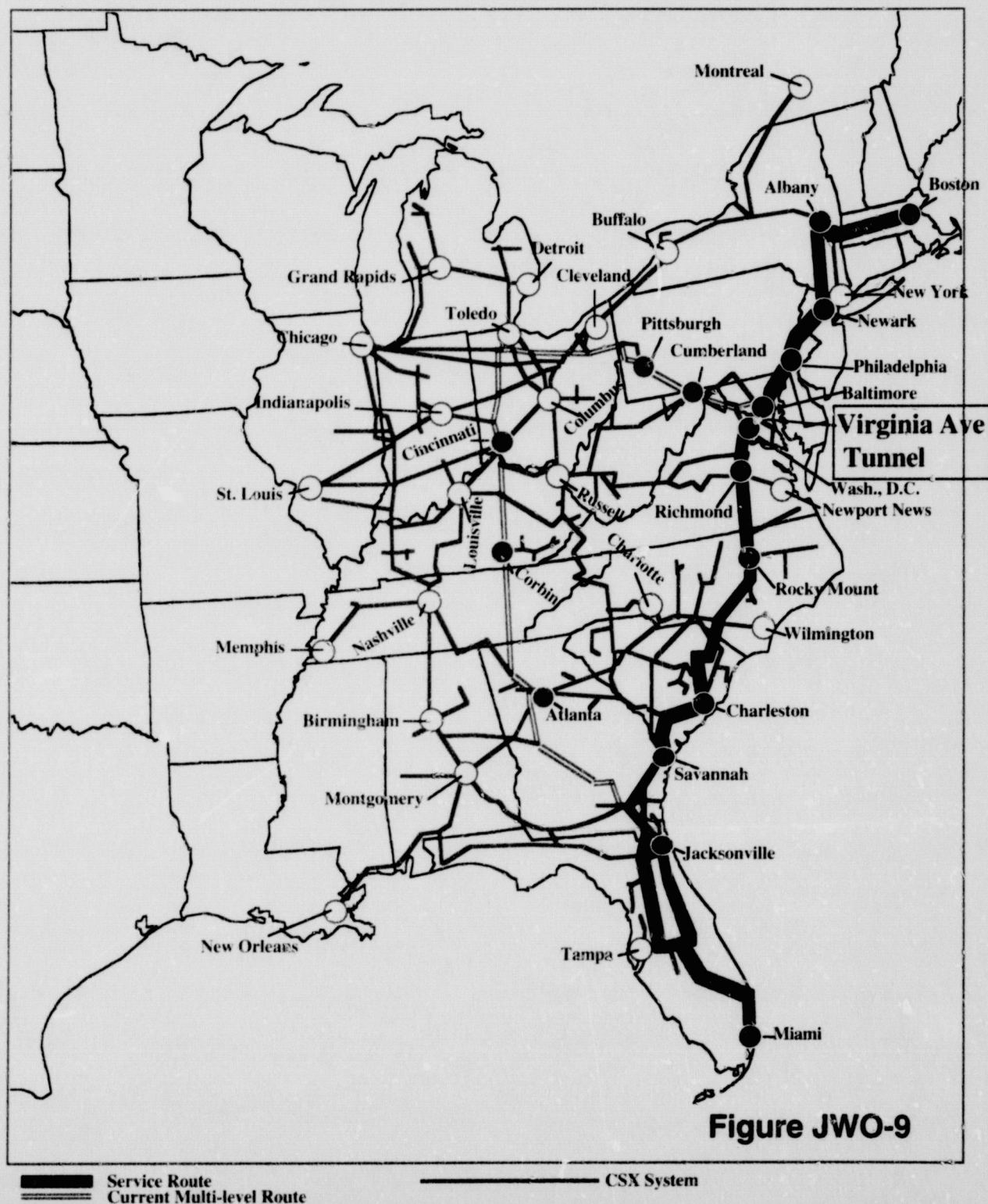
— CSX System

As a result of these upgrades to the expanded network's physical plant, CSX will be able to offer New York to Chicago intermodal service that will be two and one-half hours faster than the best service Conrail can offer today.

Improvements likewise will be made to automotive facilities and service. A connection will be restored between CSX and Conrail lines at Carleton, MI, to facilitate CSX operations from the Detroit Shared Assets Area. Queensgate Yard will be refocused as a North-South classification yard handling increased automotive and other traffic on the Michigan-Florida Service Route. Collinwood Yard in Cleveland will become the primary yard for gathering empty automotive multi-levels returning from the Northeast and positioning them for timely delivery to loading points, significantly reducing empty car days and increasing our reliability in filling customer car orders when and as needed.

The Operating Plan also takes into account the need for clearances for double stack containers and multi-level auto racks to improve service for both intermodal and automotive traffic. The Heartland Service Route was specifically designed as a major intermodal route to take advantage of existing clearances with no additional capital investment. The Operating Plan provides for clearing the Virginia Avenue Tunnel in Washington, D.C. to allow movements of multi-level auto racks for the entire length of the Atlantic Coast Service Route -- a change that will eliminate over 655 miles of circuitry. See Figure JW0-9.

Clearance Through Virginia Ave Tunnel Shortens Multi-level Route Via Atlantic Coast Service Route



The Operating Plan also contemplates possible future additional clearances to improve service routes in the Northeast and along the East Coast, subject to available funding and traffic demand. Discussions are well underway for public/private funding of clearances for double-stack (20'6") between Albany and Boston, and CSX is optimistic that such funding will be forthcoming in the near future. Although additional clearances on the expanded system are not imperative at this time, traffic increases may eventually justify a private/public funding of additional bridge and tunnel clearances for double-stack containers (20'6"), especially on the important intermodal route over the Atlantic Coast Service Route.

E. Better Equipment Utilization and Availability

The Operating Plan recognizes that customers need more than fast, reliable transit times. They need an adequate (but not excessive) car fleet that is efficiently managed so that they can get a freight car when they need it. CSX will establish a number of equipment management practices to ensure that equipment is efficiently managed, and that suitable quality equipment is available when needed:

(1) After the Acquisition, CSX will acquire the right to operate 42 percent of the existing Conrail fleet. To manage the combined car fleet, CSX will implement its state-of-the-art car management program to more efficiently distribute CSX and Conrail cars over the expanded network. CSX will place particular emphasis on repositioning empty cars to reload more

quickly at locations close to their last delivery point. Similar programs will be used to triangulate locomotive movements so that our locomotives spend as much time as possible actually hauling freight.

(2) Freight car and locomotive fleets will be improved through better ownership and maintenance practices, thus increasing the reliability of the fleets.

(3) Single-line service and shorter, more direct routes will improve the velocity with which cars and locomotives move through the rail system, thus increasing their availability for new assignments -- in effect, creating transportation capacity without additional costs.

(4) As a result of these efficiencies, freight car and locomotive fleets can be trimmed back slightly, retiring older and less reliable pieces of equipment to increase the overall efficiency of the combined CSX fleet.

F. Improved Customer Service Functions

As I indicated earlier, there are many facets to quality rail service. In addition to improving traditional rail operations, the Operating Plan also focuses on improving the customer interface side of our business. Car ordering, waybillling, tracking and tracing shipments, EDI, and yes, failure correction, are key elements often lumped together under the rubric, "customer service." CSX recognizes that information management and customer problem solving are high on our customers' list of priorities. The Operating Plan provides for

integrated customer service facilities that will ensure prompt response to customer needs. CSX plans a careful, highly coordinated transition to integrated customer services that will maintain service quality and minimize customer impact during the transition period.

The combined system will eventually provide a single, integrated Customer Service Center, equipped with state-of-the-art information technology. The computerized systems will allow shippers across the entire Eastern half of the country to place car orders, prepare bills of lading, track and trace shipments and generally access all customer service functions through one point of contact. The new system will take advantage of the existing modern computer facilities available to CSX in Jacksonville to provide these customer services.

The CSX Operating Plan also recognizes that effective communications systems across its entire network are required to provide prompt, safe, and reliable service to its customers. Significant investments of over \$32 million will be made to consolidate existing communications networks, utilizing the best mix of public and private network services to provide efficient, cost-effective communications equal to the best of industry technology. The existing Conrail communications infrastructure will be upgraded to handle the improved communications applications systems available to CSX.

G. Cost Benefits of the Operation Plan

The new service patterns, more efficient yard operations, better equipment utilization and maintenance programs will result in significant cost savings for the expanded CSX system. The cost savings set forth in specific sections of the Operating Plan reflect the net benefits of these efficiencies after taking into account anticipated new growth as well as the existing CSX and Conrail operations. The Operating Plan anticipates that additional locomotives and crews will be needed to handle traffic growth, but even with these increases, the Operating Plan produces an overall net savings. For a more detailed analysis of the costs and benefits of this transaction, see Vol. I, Verified Statement of John C. Klick.

II. DEVELOPMENT OF THE CSX OPERATING PLAN

A. CSX Operating Plan Teams

The CSX Operating Plan (Exhibit 13-CSX) describes the operation of the expanded network after the integration of Conrail's lines, properties, equipment and work forces into the existing CSX system. This Operating Plan was created through the concerted effort of specialized teams consisting of experienced personnel from CSX, Conrail and industry consultants covering every aspect of the operations.

Geographic teams for each Region described in the Plan were responsible for reviewing the physical layouts and conditions of existing CSX and Conrail facilities and the current

operations at those facilities to determine the construction, restoration or upgrading of lines and connections that would be necessary. They also evaluated the specific physical plant requirements of existing and potential intermodal, automotive and coal traffic and the necessary construction or upgrading of facilities to meet those needs.

Our Operating Team reviewed existing routing and flows of general merchandise, intermodal, auto and coal traffic on CSX lines and on the Conrail lines that CSX will operate. The team worked closely with ALK Associates, Inc., a consulting firm that specializes in transportation operational research. ALK's work is well-known to the Board. A computer model developed by ALK was used to review pre- and post-Acquisition flows of carload (general merchandise) traffic. The results helped the team to identify potential new connections and to suggest more efficient internal routes and more effective blocking patterns for the expanded system.

Commercial teams focused on current and projected traffic flows and the special transportation requirements of particular commodities. In addition to the general merchandise traffic team, separate teams were assembled to develop each of the specialized intermodal, automotive and coal networks. The traffic flows and proposed routings for these specialized networks were superimposed on the general merchandise traffic flows in the ALK model to project the total system flows for the expanded CSX system.

Additional teams assessed the mechanical, engineering, and equipment requirements of the expanded system. They determined the rolling stock requirements and any changes in repair shops, maintenance equipment, and engineering systems that would be necessary to operate that fleet efficiently. They also determined the best practices and procedures for managing and maintaining the system's plant, equipment, and structures.

Other teams were established to review and minimize any impact on passenger traffic, to establish practices and policies that would effectuate savings in purchasing, and to determine how to integrate and improve the efficiency of centralized functions, such as train dispatching and crew management. There was also a team that evaluated the expanded network's labor requirements and the impact of the Operating Plan on the labor forces. Finally, a financial team analyzed the investments and costs associated with implementing the Operating Plan and the benefits to be derived from that investment.

In all, more than 100 individuals, including both staff and management personnel, dedicated a substantial amount of time and effort to the preparation of this Operating Plan. Thus, the Plan reflects the collective knowledge and expertise of CSX and Conrail's highly qualified management and staff and presents a realistic assessment of the operational needs and capabilities of the expanded system.

B. Consultations With Outside Sources

Throughout the process of developing the Operating Plan, CSX planners made special efforts to seek out and address the concerns of all affected constituencies within the railroad. The planners initiated a flexible process that allowed periodic broad-based input into the Operating Plan.

A primary goal of the Operating Plan is to meet the transportation requirements of CSX and Conrail customers, including the potential new customers we intend to win. I believe this Operating Plan will provide the kind of high quality service that our shippers must have to remain competitive themselves. CSX and Conrail representatives consulted with their respective customers to determine special customer requirements and to accommodate those needs in the Operating Plan. For example, CSX met with representatives of the automotive industry to discuss multi-level and auto part requirements.

CSX planners also recognized the importance of accommodating passenger and commuter service on existing CSX lines and Conrail lines in ways that will promote maximum safety and minimal disruption to either passenger or freight service. Accordingly, CSX, Conrail and NS met with Amtrak and local commuter representatives, such as SEPTA in the Philadelphia area and MARC in the Baltimore/Washington D.C. area, to address the impact of the Acquisition on lines over which those parties operate. In instances where Conrail already had agreements with Amtrak or local commuter service providers, the expanded CSX has

affirmed its intention to honor such agreements and to fulfill any commitments contained therein. Similarly, CSX has affirmed that it will continue its on-going discussions with MARC concerning ways to accommodate an increase in capacity on the Metropolitan and Capital Subdivisions that will benefit both passenger and freight operations.

Finally, CSX planners and representatives have kept in close communication with state and local authorities to keep them apprised of development of interest to their constituents. CSX and Conrail representatives have made presentations to state and local authorities with respect to economic issues, contemplated constructions and a line segment abandonment, changes in traffic patterns, passenger issues and a myriad of economic and environmental issues. For example, CSX and Conrail representatives took part in hearings before the New Jersey DOT, and in consultations with Pennsylvania state and local authorities, explaining the terms and benefits of the proposed Acquisition and addressing the agencies' particular concerns.

In short, the team used a flexible process that allowed frequent input from numerous and varied sources. This process has resulted in a well thought out and carefully-crafted Operating Plan that assures that the expanded CSX system will be a strong, competitive rail presence in the East -- and that it will provide high quality service and produce substantial public benefits.

III. THE EXPANDED CSX NETWORK WILL PROVIDE SIGNIFICANT SERVICE BENEFITS FOR EXISTING AND POTENTIAL NEW CUSTOMERS

A. CSX Will Provide New, Improved Train Service

1. Eleven Major Service Routes

The most significant public benefit of the Acquisition is the creation of two strong eastern railroads of approximately equal size and geographic scope that will compete with each other to provide shippers in the East with the best service possible. Our customers will be able to take advantage of new and improved train service over a rail network that encompasses the entire Eastern half of the country. CSX will provide new, more efficient single-line service over eleven major service routes, reaching every major area in the East. See Figures 13.3-0 through 13.3-14 in the Operating Plan for maps of the individual service routes. Each of these service routes was designed based on the traffic flows that CSX planners projected for the expanded system and on the physical plant improvements that CSX expects to implement. Some of the key operating features and service benefits of each of these service routes are discussed below.

a. Northeastern Gateway and Eastern Gateway Service Routes

The Northeastern Gateway and Eastern Gateway Service Routes provide two options for high quality, single-line service between two of the most important gateways in the country: Chicago and the New York/New Jersey metropolitan area. Chicago is the major rail gateway between the East and the West. New York/New Jersey is a strategic gateway for international

export/import traffic as well as one of the nation's largest population centers.

The Northeastern Gateway Service Route combines CSX's mainline route between Chicago and Greenwich (a former B&O line) with Conrail's line from Greenwich to Albany, where it branches north to Boston and south to Newark, NJ. By upgrading the CSX line to a high speed TCS line and linking it to the Conrail line (already accommodating some of the highest volumes on Conrail's network) CSX will establish a first class, high-quality line for the entire service route. This service route is designed to handle efficiently the significant increases in intermodal traffic, perishables and other time-sensitive carload traffic that our traffic studies anticipate.

The Eastern Gateway Service Route will combine CSX's line (including the upgraded B&O line) from Chicago to Philadelphia via Pittsburgh with Conrail's line between Philadelphia and North Jersey. Significant flows of intermodal, automotive, coal and general merchandise traffic traverse this route. The availability of two service routes between Chicago and the Northeast will give CSX operations managers the flexibility to route traffic over whichever line will provide the best transit times and the most reliable service.

In addition, CSX will develop and operate a second specialized line between Chicago and Cleveland over the former NS Ft. Wayne line. The Alternative Chicago Gateway-Ft. Wayne-Cleveland Service Route will handle bulk commodity traffic,

particularly coal and grain unit trains. The route will be established from Chicago at Tolleston, IN via Ft. Wayne, Lima, Upper Sandusky, OH and Crestline and Greenwich. By creating a specialized service route for unit train and bulk commodity traffic, CSX will provide improved service for that traffic, while at the same time enhancing the ability of the Northeastern Gateway and Eastern Gateway Service Routes to accommodate growth in time-sensitive traffic movements over the B&O line.

I want to emphasize that these three routes in and out of Chicago are not redundant. The traffic volumes CSX will need to accommodate require the line capacity and operating flexibility that they make possible.

To further ensure reliable service on these routes, CSX will make substantial improvements in the Chicago terminal area to ease the flow of traffic through that gateway. A connection will be constructed at Willow Creek, IN between the Conrail and CSX lines, and another at Calumet Park between CSX and the parallel IHB line. These connections will provide alternative routes within the Chicago area, which will permit running inbound and outbound trains to avoid meets and delays. Chicago area intermodal and automotive facilities will be improved by expanding and constructing a new second entrance to the Bedford Park intermodal facility and constructing a new intermodal facility at 59th Street.

The expansion and use of Willard Yard as a westbound classification yard will enable CSX to build blocks of cars and

trains that will "overhead" Chicago, i.e., move directly to destinations or interchange with western carriers at points beyond Chicago. In addition, the large volume of traffic over these service routes will enable CSX to block trains at Albany and Buffalo for movement to western destinations with no intermediate classification. Likewise, eastbound traffic from western carriers can be blocked for Albany and Buffalo to overhead Chicago, with no classification between Chicago and those yards. This blocking pattern will significantly improve transit times over these service routes and enhance the reliability of transcontinental movements.

b. Michigan-Chicago Gateway Service Route

The Michigan-Chicago Gateway Service Route uses several CSX lines to handle traffic efficiently between Chicago and points in Michigan. This service route is a major artery for heavy flows of finished vehicles produced in Michigan, and for the inbound auto parts needed to produce those vehicles.

Michigan shippers, the auto industry in particular, will see major benefits from the creation of this service route. Its primary feature is that it separates traffic flows between Chicago and eastern Michigan points and between Chicago and western Michigan points. The configuration of this service route takes advantage of the upgraded CSX Chicago-Greenwich line and Conrail's Stanley Yard in Toledo. Melding the strengths of these CSX and Conrail facilities makes it possible for CSX to provide new improved service to shippers over this service route.

Traffic will flow from Chicago to eastern Michigan points via Toledo. There, CSX will use Conrail's Stanley Yard to consolidate traffic from the East, West and South. With the increased volumes the new network will have, CSX will be able to build blocks to specific eastern Michigan locations, such as Detroit, Saginaw, Flint, Midland and Plymouth. Traffic originating in eastern Michigan will also move via Stanley Yard. Again, the increased traffic volumes will allow CSX to make blocks to overhead Chicago, moving directly to interchanges with western carriers or directly to the appropriate yard within the Chicago area for delivery to local industry. These kinds of service improvements are important to customers. Finished motor vehicles are precious cargo. Faster transit times and reduced handling means dollars saved for our auto manufacturing customers -- and more damage-free deliveries of their product to customers.

Traffic destined to western Michigan points will continue to move from Chicago to Grand Rapids for classification. Routing Eastern Michigan traffic over the B&O line will free capacity on the Grand Rapids line for both additional CSX traffic and for CPRS trains.

c. St. Louis Gateway Service Route

The St. Louis Gateway Service Route is another excellent example of the benefits of the Acquisition. This service route uses Conrail's line via Indianapolis to provide an efficient, direct route between the St. Louis gateway and East Coast points. For example, this new service route is up to 130

miles shorter than the alternative CSX route via Cincinnati from St. Louis to Cleveland. The St. Louis Gateway Service Route will be an important route for general merchandise freight, a major portion of which will be chemicals moving to the East Coast. The flow of traffic to and from the St. Louis gateway will be significantly enhanced by blocking traffic from points west and south of St. Louis to pass through St. Louis without further classification.

This service route will provide a shorter, faster route between points in Ohio and Michigan and St. Louis and points west. Very importantly, it will enable CSX to route large volumes of traffic that today must be handled via CSX's congested Queensgate Yard away from that choke point. A connection will be constructed at Marion, OH, between Conrail's Indianapolis line and CSX's Columbus Subdivision to allow traffic from Toledo and Detroit to access the St. Louis line.

d. Memphis and New Orleans Gateway Service Routes

The Memphis Gateway and New Orleans Gateway Service Routes connect their respective gateways with numerous points in the Midwest and on the East Coast. The Memphis Gateway Service Route extends CSX's route from Memphis to Cincinnati along Conrail lines into the Northeast. This service route will primarily benefit shippers of auto parts, finished motor vehicles and chemicals routed via Memphis to or from western carriers. Shippers will experience reduced transit times as a result of

more efficient blocking made possible by the larger CSX and Conrail combined volumes. The combination of blocking and single-line service to and from Conrail points will eliminate classification and interchanges at Cincinnati and Columbus and reduce transit times for traffic over this route by at least one day. There will be even greater time savings for westbound blocks built at Albany.

The New Orleans Gateway Service Route will, for the first time, allow single-line service from western points via New Orleans to customers north of Philadelphia. It will provide an effective alternative route for chemical and merchandise traffic that is currently routed through Memphis or St. Louis. In many instances, the New Orleans Gateway Service Route will be the shorter, more efficient route. Most traffic to the Northeast will go into a block for Hamlet, NC. This means that there will be only one intermediate classification between origins west of New Orleans and New England, which will significantly reduce transit time.

e. Atlantic Coast Service Route

The Atlantic Coast Service Route will offer customers the first ever single-line rail service from Miami to New York and Boston. This high quality direct route, which Interstate 95 parallels, will open untapped markets to shippers in the South who will, for the first time, have economical rail access to potential buyers of their products in the Northeast. This service will be highly competitive with trucks and CSX

anticipates that significant quantities of truck traffic will be diverted to carload service, especially for lumber/wood products and pulp/paper moving between North Carolina and North Jersey. Similarly, carloads of chemicals and other traffic from New Orleans and Atlanta moving over the New Orleans Service Route also will use portions of this route for delivery to the Northeast.

This efficient single-line service route will be important to intermodal service, which will compete vigorously with trucks for container and trailer traffic currently moving on Interstate-95. CSX expects that diversion to rail will remove approximately 26,000 truck loads per year off the highways that traverse major cities like New York, Philadelphia and Washington.

f. Heartland Service Route

The Heartland Service Route provides new, improved routes for intermodal and automotive traffic between Detroit and Nashville and between Cleveland and Nashville. The Detroit to Nashville route uses the CSX line between Detroit and Marion, OH via Toledo, the Conrail line from Marion to Terre Haute, and the CSX line from Terre Haute to Nashville. CSX will construct a new connection at Marion and will upgrade the connection at Terre Haute to accommodate higher speed train movements.

The Cleveland to Nashville route combines the Conrail line from Cleveland to Terre Haute with the CSX line from Terre Haute to Nashville. This route also takes advantage of the

upgraded connection at Terre Haute. Both routes are cleared for double stack containers (20'6") and for multi-level auto racks.

This new intermodal route is an excellent example of the more efficient routing made possible by the Acquisition. An existing CSX intermodal route runs from Nashville to Cleveland via Louisville, Cincinnati, Deshler and Willard, with no double stack clearance between Louisville and Cincinnati. (And, of course, that means no double stack traffic between Cleveland and Nashville -- or the Memphis gateway.) After the Acquisition, our operating plan includes double stack service over this route.

This service route is also a prime example of the improved automotive service made possible by the Acquisition. Multi-level traffic from Michigan and Toledo assembly plants will be routed over the Detroit to Nashville route for destinations at Nashville, Birmingham and Memphis. In the opposite direction, multi-level traffic from major assembly plants at Smyrna and Spring Hill, TN will be routed from Nashville to Cleveland via Terre Haute, for delivery to automotive facilities in the Northeast, such as Albany and Doremus. This rerouting will replace the existing joint-line movements of multi-level auto traffic, which are routed over the CSX line from Nashville to Cincinnati via Louisville, interchanged at Cincinnati, and then over Conrail lines to Columbus (Buckeye Yard), Cleveland and points further east. The multi-level cars on this route today must be classified at many of these locations -- starting,

stopping, changing tracks, and recoupling -- all resulting in significant delays and added risk of damage.

Multiple repeated intermediate classification and interchange handling is also a problem on existing movements of multi-level auto traffic from Detroit to Nashville. The new routing for that traffic will allow it to bypass Cincinnati and Louisville and to avoid the congested CSX line between Cincinnati and Louisville. Despite the slight increase in mileage on the two routes that comprise the new Heartland Service Route, shippers will benefit significantly from the elimination of multiple handlings, the reduced transit times and the clearances on these routes. CSX estimates that transit time for each of the Detroit-Nashville and Cleveland-Nashville routes will be cut by up to 12 hours.

g. Michigan-Florida, Chicago Gateway-Southeast and Central Service Routes

Although these three CSX service routes do not use any Conrail lines, the Acquisition will nonetheless significantly improve service over them by allowing CSX to reconfigure routing strategies to eliminate traffic flow problems we are currently experiencing.

The Michigan-Florida and Chicago Gateway-Southeast Service Routes both provide single-line service from Florida and points in the Southeast to the Midwest. The Michigan-Florida route, which Interstate-75 parallels, runs from Florida via Atlanta, Cincinnati and Toledo to points in Michigan. The

Chicago Gateway-Southeast Service Route, which Interstate-65 parallels, runs from Florida via Nashville to Chicago.

Shippers using the Michigan-Florida Service Route will benefit from that strategy because this route relies upon Queensgate Yard to classify traffic. The new Heartland Service Route will handle much of the general merchandise traffic that previously moved over the Michigan-Florida route. This will relieve congestion at and provide capacity on the Michigan-Florida Route to better serve existing customers -- and to accommodate new traffic.

One of the primary strategies of the Operating Plan is to take advantage of the expanded network to avoid the Cincinnati terminal. Today, both CSX and NS funnel large amounts of North-South traffic through Cincinnati, creating congestion within the Cincinnati terminal area. As I discussed earlier, the operating Plan focuses on alleviating this congestion. CSX will use Conrail's Stanley Yard in Toledo as the major classification point for traffic to Michigan, thus providing faster and more reliable service over this route.

The Chicago Gateway-Southeast Service Route will produce significant benefits for grain shippers as traffic originating on Conrail lines feeds into this service route. Large volumes of grain move from elevators in Illinois and Indiana to poultry and pork producers in the Southeast. Grain producers on Conrail lines currently are at a disadvantage in reaching Southeastern markets due to the inherent inefficiencies

of joint-line service. Providing single-line service to points on Conrail lines that feed into the Chicago-Southeast Service Route will enable these shippers to transport grain more efficiently and to pursue new marketing opportunities in CSX-served territories.

The Central Service Route provides transportation service between the mid-South (eastern Tennessee, South Carolina, North Carolina and Virginia) and the gateways of Chicago and St. Louis via Russell, KY and Cincinnati to Toledo and Indianapolis. This service route is a major route for general merchandise traffic, primarily for chemicals and unit grain trains from Ohio. Today, CSX routes much of this traffic via Cincinnati, where it must be classified for subsequent movement. After the Acquisition, this classification work will be done in Conrail's Avon Yard in Indianapolis where more capacity is available. This is just one more example of using the strengths of the combined assets to improve transit times and reliability.

2. Shippers Will Benefit Significantly From Three CSX Specialized Networks

As I mentioned earlier, in developing the Operating Plan CSX teams carefully analyzed existing intermodal, automotive and coal movements over the CSX and Conrail systems and determined the most effective routes and facilities for improving those networks. (This traffic generally moves in dedicated trains using cars that are unique to that commodity, so they are properly considered as distinct "networks.") The Operating Plan

reflects the optimum capital investments, operational improvements and routing choices for providing high quality service to intermodal, automotive and coal customers.

a. Automotive Network

The Acquisition will permit significant expansion of CSX's automotive network. CSX will gain direct access to the vehicle assembly plants at East Liberty, OH and Marysville, OH, which together generate over 30,000 rail carloads annually. CSX will also serve current Conrail auto ramps located in Framingham, Ayer, and Westboro, MA and Selkirk, NY. In addition, CSX and NS will both have access to Conrail facilities and customers in the North Jersey and Detroit Shared Assets Areas.

The expanded CSX automotive network will run fifty-three (53) multi-level trains daily (35 current and 18 new), carrying both loaded and empty multi-level cars. Eighty-three (83) percent of the finished vehicle traffic will travel in dedicated multi-level trains. Single-line routings will increase from 27 percent of CSX's finished vehicle traffic base to 38 percent after the Acquisition.

To handle this traffic efficiently, CSX will use three dedicated automotive hubs: (1) Cleveland, to handle eastbound traffic, (2) the IHB's Gibson Yard in Chicago, to handle westbound traffic and (3) Cincinnati, to handle southbound traffic. The hubs will gather multi-level traffic from origin assembly plants and build trains or multi-level blocks that will move directly to destination auto ramps without intermediate

classification. This will reduce transit time and damage associated with repeated switching of rail cars.

More trains, more single-line service and more routes that are cleared for multi-level auto cars will allow CSX to compete for traffic that today is handled only by truck. CSX expects that 3,400 truckloads of finished vehicles will be diverted to rail and an additional 5,400 drays will be eliminated.

Another feature of the Operating Plan for the auto network is the use of staging and classification facilities dedicated to handle empty cars. At these facilities, empty cars will be switched into trains and sent directly to assembly plants for loading. CSX has used this practice successfully at its facility in Baldwin, FL and will apply the practice to the expanded CSX system.

b. Intermodal Network

As a result of the Acquisition, CSX will serve several Conrail intermodal terminals, most significantly those in the New York/New Jersey area which will enable CSX to offer attractive and more competitive single-line services to both domestic and international shippers and steamship lines that serve the NY/NJ port area. CSX will offer new single-line service on both east-west and north-south intermodal routes.

A key feature of the Operating Plan for the intermodal network is the development of four new intermodal service routes designed to compete effectively with truck service along four

major Interstate highways: I-95, I-85, I-81 and I-40. On the Atlantic Coast Service Route, (I-95 truck lane) CSX will run two single-line intermodal trains daily between Jacksonville and New England. CSX will introduce one train per day between Atlanta and New England (each way) and will also extend its current Florida to Cincinnati service to Detroit, Cleveland and western New York. On the Memphis Gateway Service Route, CSX will introduce single-line double stack intermodal service from Memphis to the Midwest, the Mid-Atlantic, and the Northeast. CSX's intermodal train network will extend to Detroit and will include service between Chicago and Columbus, and, possibly between Cleveland and Cincinnati.

Increased volumes of combined CSX and Conrail traffic and new traffic will allow CSX to offer new or more efficient routing between intermodal terminals, thus eliminating the extended drayage of freight. In addition, shippers will have more intermodal terminal options closer to their facilities which will make rail service competitive with truck service. As a result, CSX expects that its new intermodal service will divert large amounts of truck traffic to intermodal service. Traffic diversion studies show that overall 320,000 truck loads per year will be diverted from the highways to intermodal service.

To support this growth in intermodal traffic, substantial investments will be made in intermodal facilities. Yards and terminals will be upgraded in the Chicago and the North Jersey area, with several new connections built to facilitate

access to the terminals. The Snyder Avenue facility in Philadelphia will be closed and a new state-of-the-art facility will be constructed in Greenwich Yard in Philadelphia.

These improvements will enhance service to existing intermodal customers and offer greater service options to new customers.

c. Coal Network

CSX has an extensive coal network serving mines in the coal fields of western Kentucky, southern Indiana, Alabama, the B&O region (in northern West Virginia and western Maryland), the C&O region (including the New River District, the Kanawha District and the Big Sandy District), the L&N region (in Kentucky) and the Clinchfield District (in western Virginia). Coal moves from these mines to electric utilities throughout the Midwest and Southwest and to the Ports of Baltimore, Mobile and Newport News for export.

After the Acquisition, CSX will be able to provide single-line service to a greater number of coal-consuming markets in the Northeast, Southeast and Midwest, thus providing more competitive service. For example, low-sulfur coal from the Big Sandy District in the C&O coal region destined to the Rochester, NY area currently moves first by truck to the Ohio River, and then by barge up the Ohio River to a river terminal at Conway, PA where it is transloaded into Conrail cars for delivery. After the Acquisition, CSX will be able to move that coal by rail directly to Columbus and then along Conrail lines on the

Northeastern Gateway Service Route via Ashtabula and Buffalo. CSX believes that this new single-line service movement will offer superior competitive options to the customer, and win the business from the truck-barge-rail movement, thus significantly increasing the efficiency of that movement.

Another way the coal network will benefit from the Acquisition is that CSX (along with NS) will serve Monongahela coal fields (MGA) and will be able to offer single-line service from those mines as well. CSX will be able to move MGA coal either north from Brownsville, PA via Pittsburgh to Ashtabula and other Northeastern utilities, or south via Rivesville and Grafton, directly to Baltimore for delivery to the Curtis Bay Pier, Bayside Terminal, and the Consolidation Coal Company ("Consol") piers. Single-line service to the MGA coal fields will give coal consumers broader -- and more competitive source options. CSX will also be able to provide single-line delivery of MGA coal to Florida utilities, which currently find purchase of that coal unattractive because of the inefficiencies of joint-line service.

To support and accommodate anticipated increases in coal traffic from the MGA coal fields, CSX will upgrade Newell Yard near Brownsville to facilitate movements into and out of the MGA. When the upgrades are completed, Newell Yard will have at least 4 tracks, the longest of which will handle 130-car trains.

B. Major Plant Improvements That Lead to More Efficient Train Service

Over \$488 million will be invested to ensure that the service commitments outlined in the Operating Plan are met. These investments include (1) upgrading service routes; (2) construction or upgrading of connections; (3) improvements to general merchandise yards, intermodal facilities and finished vehicle facilities; (4) improvements to fueling/servicing and mechanical facilities; and (5) improvements to communications and information technology.

1. Improvements to Service Routes

Several of the planned improvement projects are significant enough to merit mention in this testimony.

The most notable improvement to service routes is the upgrading of CSX's main line between Chicago and Greenwich (the former B&O line) on the Northeastern Gateway Service Route, as discussed above.¹ To accommodate the anticipated increases in intermodal and general merchandise traffic over this service route, CSX will double track the line, install bi-directional TCS signals and upgrade the track to FRA track class 5. When complete, CSX will have a high quality, high capacity route between Chicago and the New York/New Jersey area. In addition, CSX will also improve an alternative route between Chicago and Greenwich using NS's existing line via Ft. Wayne. The Ft. Wayne

¹CSX will also double-track the Conrail line which it will operate from Greenwich to Cleveland and upgrade the Conrail track from Berea to Albany to FRA track class 5.

line will be improved through track rehabilitation, the addition of a siding at Greenwich and installation of bi-directional signaling.

Another improvement worthy of note will be on the Memphis Gateway Service Route. There, CSX will install two additional sidings at Alice, IN and Harwood, IN to eliminate current train delay and provide increased capacity that will also benefit traffic on the Chicago-Southeast and Heartland Service Routes.

Finally, to accommodate multi-level automobile shipments on the Atlantic Coast Service Route, CSX will clear the Virginia Avenue tunnel in Washington, D.C. at a cost of \$19 million. This improvement will provide a route cleared for multi-level auto traffic for the entire length of the Atlantic Coast Service Route and make the most of CSX's ability to offer single line service parallel to I-95.

2. New or Upgraded Connections

CSX will construct, restore or upgrade connections at 14 junctions enabling CSX to design new, more efficient service routes.

Several of these connections are in the Chicago terminal area and are an essential part of the overall project to provide high quality, high speed transportation through the Chicago gateway -- and particularly between the Chicago gateway and East Coast markets.

Our customers would lose much of the benefit from the capital investment and service improvements we plan if we could move efficiently between the East Coast and the outskirts of Chicago, only to run routinely into long delays within the Chicago terminal.

The connections we plan will create operating flexibility with new routing options and opportunities to avoid congestion. With these new connections CSX will be able to take maximum competitive advantage of the new service routes made possible by the expanded network.

These connections are an essential part of the overall project to provide fluid transportation between the Chicago gateway and East Coast markets, and will also enhance transportation for other traffic moving through the Chicago gateway as well.

Connections on the line of road will enable CSX to link heretofore unrelated CSX and Conrail line segments into new service routes. For example, at Greenwich connections will be constructed between existing Conrail and CSX lines to allow trains to progress between Cleveland and Chicago and between Indianapolis and Cumberland. Another connection at Crestline, OH on the line between Chicago and Cleveland will further enhance movements to, from and through Chicago by providing an alternative route along the Ft. Wayne line. The Crestline connection will connect existing Conrail lines to facilitate movements between Ft. Wayne and Cleveland.

To provide a shorter, faster route to the St. Louis gateway from points in Michigan and northern Ohio, an existing connection at Marion between Conrail and CSX lines will be rehabilitated to allow eastbound trains from the Conrail line to proceed north on CSX's mainline to Toledo. At Sidney, CSX will construct a very important connection to allow west-south and north-east movements between CSX's Toledo-Cincinnati line and Conrail's Indianapolis line.

All of these connections, and more, are essential to achieving the efficient operation and quality service goals embodied in the Operating Plan.

3. Improvements to General Merchandise Yards and Intermodal and Automotive Facilities

Efficient train service must be supported by high quality yard and terminal operations. Substantial investment in yards and terminals will be made to ensure the success of the Operating Plan. The IHB's Blue Island Yard in Chicago will be rehabilitated. Existing hump process systems at Conrail's Avon Yard in Indianapolis, Frontier Yard in Buffalo, and Selkirk Yard in Albany will be replaced with more modern technology. CSX's Willard Yard in OH will be expanded and it will become the primary westbound block swapping and classification yard for the expanded CSX.

Conrail's Collinwood Yard in Cleveland will be expanded to become a major intermodal switching yard and hub facility. A new intermodal facility will be constructed at Greenwich Yard in

South Philadelphia to permit more efficient arrival and departure of intermodal trains. New or upgraded intermodal lift facilities will be installed in Cleveland and Philadelphia.

Several intermodal facilities will be improved in the Chicago area. Forest Hill will be expanded to provide more process and support tracks, Bedford Park will be expanded by improving the existing gates, adding a new gate and adding processing tracks to facilitate rail-to-rail interchanges. A major new intermodal facility will be constructed at 59th Street.

At Little Ferry, the intermodal terminal will be expanded to add parking, track capacity and a new gate.

4. Improvements to Fueling/Servicing and Mechanical Facilities

Investments in fueling/servicing and mechanical facilities are also required to provide the high quality service built into the Operating Plan. CSX currently equips its major locomotive fueling and servicing facilities with inspection pits that allow a locomotive to be lubricated and to undergo minor repairs at the same time that it is fueled. This eliminates the time-consuming need to take locomotives out of service and send them to repair shops for small jobs that can easily be performed at the fueling locations. Installation of inspection pits at Conrail's major fueling facilities at Selkirk, Buffalo and Indianapolis will enable CSX to extend the benefits of these efficiencies to the entire network. Standardized nozzles with

automatic shut-off and with spill protection will be installed at all locations to reduce waste and the risk of spills.

New equipment will also be installed at locomotive repair facilities to increase the efficiency in performing standard overhauls and heavy repairs. These improvements will further overall efficiency, reliability and availability of locomotives by reducing the amount of time that locomotives are out of service for such repairs.

5. Improvements in Communications and Information

Approximately \$32 million will be invested to improve information systems and upgrade technologies related to the Acquisition. The communications infrastructure will be expanded to permit data transmissions between Conrail field locations and Jacksonville and to handle the additional traffic volumes we will see. Investments will also be made to consolidate the two data centers, including installation of additional workstations and upgrades to existing computer capabilities to handle the increased volume of transactions that will come from increased business.

C. Equipment Availability and Utilization

The overall performance of a railroad is to a large extent dependent on the quality of its equipment. CSX currently maintains high quality locomotive and freight car fleets applying high maintenance standards, and efficient equipment management programs. After the Acquisition, CSX will have the right to operate 42 percent of the existing Conrail equipment fleets. CSX

will initiate or standardize equipment management practices that will optimize the use of the combined Conrail and CSX freight car, locomotive and non-revenue equipment fleets over the expanded CSX system.

1. Freight Car Fleets

The combination of the CSX and Conrail networks will enable us to implement several management practices that will improve freight car utilization and improve car service to our customers.

(1) CSX will improve the distribution of empty cars over the expanded network. Conrail and CSX currently interchange a substantial number of cars, most of which are returned empty, often passing each other enroute. Central management of the combined fleet on the new network will eliminate this inefficiency by repositioning empty cars to locations close to their prior destination for reloading. This will eliminate 116 million car miles and save \$38 million annually.

(2) The shorter routes, reduced handlings, eliminated gateway bottlenecks, and better service design in the Operating Plan will increase the velocity with which freight cars move through the system and are made available for further service. As a result, 1405 fewer system cars, 1408 fewer foreign cars and 375 fewer multi-level cars will be required to meet service demands. These efficiencies will result in savings to CSX and will also benefit private car companies and shippers who own or lease their own cars since those cars will move more quickly

through the rail system and more quickly be available for reloading. For example, we expect the average length of haul per trip of private cars to fall by six percent, reducing cycle times and enabling the existing private car fleet to carry more freight per year. The efficiencies inherent in a broader network and increased traffic volumes will benefit shippers such as steel mills and scrap recyclers, who rely on the railroad to supply gondola cars. CSX will use its state-of-the-art car distribution model over the expanded network to promote the most efficient distribution and utilization of cars. This model substantially reduced empty car days when it was introduced on CSX and should produce similar results when extended to the Conrail lines that CSX will operate.

(3) Car quality is also a critical factor in meeting the service commitments of the Operating Plan. CSX will combine the best practices of both companies to manage the combined fleet with a long-term view to maximize the fleet quality and reduce fleet-related expenses.

(4) With the combined system there will also be opportunities to improve equipment utilization through reload and pooling strategies. For example, CSX originates significant northbound boxcar and flatcar traffic which terminates in existing Conrail territories that will be operated by CSX after the Acquisition. Virtually all of these cars are returned empty to origin. At the same time, the Canadian and New England railroads originate large volumes of southbound boxcar and

flatcar traffic. After the Acquisition, CSX will be able to pass some of its boxcars and flatcars to the Canadian and New England carriers for southbound loading, creating two-way loaded hauls and eliminating the inefficient distribution of empty cars experienced today.

CSX currently uses a pooling strategy to effect more efficient use of jumbo covered hoppers. CSX and grain shippers enter into car-sharing arrangements, using CSX and privately-owned equipment interchangeably, and creating efficiencies for both parties. CSX will extend this practice to customers on the Conrail lines that CSX will operate.

The efficiencies described above will translate into fewer cars needed to meet service commitments. After the Acquisition, CSX will be able to handle customers' needs with 2,246 fewer system cars and 3,382 fewer foreign cars, resulting in savings in annual maintenance and operating expenses.

2. Non-Revenue Fleets

CSX will be able to reduce the combined non-revenue fleet -- i.e., equipment supporting CSX railway material distribution over the expanded network -- through more efficient maintenance practices. Because the expanded CSX system will have trackage in both the northern and southern parts of the country, CSX will be able to schedule its track maintenance programs on a year-round basis, resulting in more efficient use of track maintenance gangs. This efficiency will result in reduced need for distribution equipment. Additional on-line sources of

ballast, ties and other materials will also reduce the need for material distribution. Thus CSX anticipates that after the Acquisition, it will be able to reduce its non-revenue equipment fleet by 945 units.

In sum, efficiencies in freight car and non-revenue equipment fleets will result in annual savings of \$66.9 million and a on-time capital avoidance of \$140.8 million.

3. Locomotive Fleet

As noted above, the more efficient routes and better service designs in the Operating Plan will result in better utilization of equipment, including locomotives. The elimination of interchanges, long delays at congested gateways, and improved trackage will enable CSX to meet all service commitments with a net reduction in the locomotive fleet.

Locomotive fleet managers will further increase the productivity of the combined fleet by improving the assignment and distribution of locomotives. CSX anticipates that with the more direct routes and triangulation of movements made possible by the new network, locomotive requirements will be reduced by 22 units.

In addition, the standardization of fueling and servicing procedures and the observance of uniform, quality maintenance and engineering standards for all locomotives in the combined fleet will reduce the current out-of-service time for Conrail locomotives, and eventually enable the combined fleet to match the present reliability of CSX locomotives. Achieving that

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goal will result in a further reduction in locomotive equipment requirements of an additional 30 units. The consolidation of yards on the expanded CSX system will also reduce by 11 the number of lower horsepower locomotives used for yard operations, for a total reduction of 70 units.

In sum, improved management of locomotive fleets, coupled with the advantages of the service design in the Operating Plan, will substantially improve the utilization, availability and reliability of the combined locomotive fleet, resulting in annual savings of \$6.3 million, and a one-time capital avoidance of \$94.9 million.

D. Improved Customer Service Centers

As do most railroads today, Conrail and CSX both have centralized and computerized Customer Service Centers ("CSC's") to provide their customers with ready access to information and other customer services such as placing car orders, preparing bills of lading, tracking and tracing shipments, and other routine, day-to-day transactions. Conrail's facility is in Pittsburgh and CSX's facility is in Jacksonville.

The Operating Plan provides for these Conrail functions to be transferred to CSX's modern facilities at Jacksonville as soon as it is practical to do so. Operating procedures will be standardized early to facilitate the transition. However, the transition to fully integrated service will be achieved through a careful, highly coordinated process designed to assure that quality customer service is continued throughout the transition

period. All required technology will be fully tested and in place prior to full integration of customer service functions.

After the Acquisition, customers on the expanded system will have access to CSX's sophisticated computerized car ordering and billing process, which is designed to improve a shipper's ability to plan and manage its shipping schedule. The car ordering process allows shippers to ascertain car availability, obtain necessary information about the destination, ensure more accurate and timely freight billing, and increase the ease of doing business with the railroad.

IV. OPERATING EFFICIENCIES

A. Centralized Functions

1. Train Dispatching

Highly efficient train dispatching is critical in providing safe, reliable rail service. CSX currently dispatches trains through its centralized train dispatching center located in Jacksonville. In contrast, Conrail does not have a centralized dispatching center, but rather dispatches trains through five autonomous divisions based on geographic location.

Although Conrail dispatching functions will ultimately be transferred to CSX's dispatching center, CSX will initially maintain the existing Conrail train dispatching systems at the division level to ensure the highest possible level of service quality during the transition. All dispatchers and train and engine crews will be fully trained in the CSX Operating Rules

before Conrail dispatching functions are consolidated into the CSX system and run from the central dispatching center.

Each of the Conrail division offices currently contains some train dispatching territories that will be operated by CSX after the Acquisition and some territories that will be operated by NS. CSX and NS territories will have to be reassigned to ensure that individual dispatchers handle only CSX or NS traffic. To achieve this, CSX territories will be assigned to two centers designed for this purpose, one in Indianapolis and the other Albany. Dispatching for the Shared Assets Areas (North Jersey, South Jersey/Philadelphia and Detroit) will be managed by Conrail's Shared Assets Operations (CSAO). It is anticipated that CSAO will relocate its dispatching desks for the three territories that it will control.

2. Crew Management

Both CSX and Conrail have centralized (and highly computerized) crew management systems to perform crew management functions such as notifying employees of crew assignments and displacements, tracking employee availability status, and maintaining data on the nature and scope of each assignment. Conrail uses a sophisticated system acquired from PS Technology. CSX has acquired a modified and customized version of this same technology, which will significantly ease the transition to the CSX system. The use of the same vendor by both CSX and Conrail will also ease the process of making necessary adjustments to integrate the two systems.

Following the Acquisition, CSX will transfer a number of Conrail work functions to CSX's crew management center in Jacksonville. During the transition period, Conrail crew calling positions transferred to Jacksonville will continue to use the present Conrail calling system on Conrail's mainframe system. Work that cannot be absorbed by the present CSX crew management work force will be performed by Conrail employees transferred to Jacksonville. Former Conrail clerical employees will be trained to use the CSX calling system. The transition to the CSX calling system and CSX mainframe will occur no later than December 31, 1999.

3. Operating Department Organization

After the Acquisition, CSX will maintain an operating department organization that is similar to its current organization.

Specifically, the CSX operating department is organized into four business units, seven service lanes and one division, each of which is responsible for overseeing CSX railroad operations in a designated geographic territory. The service lane management units combine field functions such as yard switching and over-the-road transportation, and centralized functions such as crew calling and service design. The business units perform service lane functions, but are also responsible for marketing the primary commodity in their territories; coal (for two), phosphates, and finished vehicles and auto parts. The

single division (in Detroit) has a traditional railroad field operating management.

After the Acquisition, CSX will add four new service lanes, headquartered in Indianapolis, Albany, Willard and Newark or Philadelphia. The existing territorial alignments will be adjusted to integrate certain Conrail lines into existing business units and service lanes. The Detroit Division operation will become a service lane operation.

B. Locomotive and Car Repair Facilities

The Acquisition provides opportunities to streamline operations at locomotive and freight car repair facilities. At light and medium repair facilities located at common points, services such as car inspections will be consolidated to eliminate redundant facilities.

At heavy locomotive repair facilities, uniform maintenance policies and engineering standards will be established for all locomotives on the combined fleet. CSX predictive maintenance procedures will be implemented at Conrail facilities in Albany, Buffalo and Indianapolis. This will reduce both the number of trips to repair shops and the average "dwell" time for locomotives, improving the overall quality and reliability of the combined locomotive fleet.

The Operating Plan provides for all heavy repairs on the combined fleet to be accommodated at CSX's existing heavy repair shops at Huntington, WV and at Waycross, GA following a transition period. Present capacity at those facilities is

sufficient to handle all normalized repair and overhauls. The combination of increased volume of work and streamlined repair procedures will increase productivity at these repair shops.

Heavy repairs to freight cars are currently performed at CSX's facility at Raceland, LA. Likewise, following a transition period, Raceland will easily accommodate the additional work required to repair and maintain the Conrail cars that CSX will operate after the Acquisition.

However, consistent with labor agreements, CSX anticipates repairing a significant number of cars and locomotives at the Altoona and Hollidaysburg shops pursuant to a contract to be negotiated with NS. This work would be initiated as soon as possible after STB authorization of Control. Specifically, it is contemplated that overhauls on 65 locomotives per year will be performed at Altoona and that approximately 330 cars per year will be repaired at the Hollidaysburg shop.

C. Engineering Services

1. System Gangs and Projects

The addition of Conrail lines, properties, equipment and work forces into the CSX system will provide opportunities for coordination and improvement of maintenance-of-way programs. The expanded CSX system will have trackage in both the North and the South, which means that track, tie and surfacing projects and the work gangs that perform those projects can be scheduled over a 12-month period. This will improve service in two ways: (1) Conrail gangs, who are generally laid off in the winter months,

can be scheduled year-round and (2) there will be greater opportunities for scheduling these projects at times that will reduce interruptions to train service and achieve a greater on-track utilization time. (Full-year scheduling of non-track program maintenance, such as vegetation control, yard cleaning, rail grinding, rail testing and ballast cleaning will further reduce the impact of service route maintenance on train performance.)

CSX has developed a sophisticated computerized Track Maintenance Program ("TMP") which synthesizes data collected by track geometry, railwear and rail flaw measurement vehicles to automatically establish location-specific priorities for capital rail replacement, tie renewal and surfacing programs based on the highest and greatest needs for investment in track rehabilitation projects. After the Acquisition, CSX intends to incorporate Conrail lines into this program in the first year in order to take full advantage of the benefits of optimizing track asset life with track rehabilitation projects.

Maintenance of way operations will also take advantage of increased on-line sources of rail, tie, ballast and other maintenance materials to reduce delivered cost of these materials. In addition, unlike CSX, Conrail has equipment capable of transporting large track and switch panels on rail to construction points. Because CSX does not currently have such equipment, it procures only smaller panels. With Conrail's

superior equipment, CSX will be able to use the more efficient large-sized panels, resulting in lower costs.

2. Maintenance of Way Repair Shops

After the Acquisition, CSX and NS will both have rights to use Conrail's maintenance-of-way center in Canton, OH. However, because the Canton facility does not have the capability to accommodate the different types of equipment used by CSX, Conrail and NS, CSX does not see any practical way for it to use the facility.

CSX's maintenance of way equipment shop at Richmond, VA, by working at full capacity, will be able to accommodate all work equipment repairs on the expanded system. CSX and NS will also both have rights to use Conrail's signal repair shop in Columbus. Again, CSX's own shop in Savannah, GA will be able to accommodate all signal needs on the expanded system by operating two shifts per day. CSX will consolidate its Conrail work at the Savannah signal facility and does not see a need for the Columbus facility.

3. Purchasing

CSX and Conrail both have instituted "best practices" programs for purchasing goods and services. To reduce costs for purchased goods, CSX will consolidate the purchasing function, selecting the best aspects of each company's programs, and selecting the best suppliers from those selling to each company. Improved material management practices made possible by shop consolidations and consolidation of inventory requirements will

also produce significant savings, as will reductions in purchased services.

CSX anticipates savings to the purchasing department of \$30.7 million for the three year period.

V. MORE RELIABLE AND SAFER TRAIN SERVICE

Two key goals of the Operating Plan are to provide more reliable train service and safer train service. The CSX Operating Plan accomplishes both of those goals.

Several features of the Operating Plan promote more reliable train service:

(1) the elimination of interchanges, which will give CSX better control over both the operation and availability of equipment and crews, thus enabling CSX to provide faster, more reliable service;

(2) the reduced transit times for most traffic;

(3) more efficient blocking patterns, which will allow traffic to pass through congested gateways more quickly, reducing transit time and the risk of damage caused by multiple handlings; and

(4) a state-of-the-art car tracking system that will enable CSX to monitor, trace and control the movements of cars anywhere in the Eastern half of the country.

All of the above factors will work together to provide fast, reliable service to existing and new customers.

CSX has made a corporate commitment to safety in every aspect of its business. CSXT's FRA reportable train accidents per train mile record is the best of any major road, and we are committed to our effort to become number one in every category. The Operating Plan has been designed throughout with an eye toward safe operations.

Where traffic volumes require expansion of capacity, the Operating Plan calls for additional sidings, double tracked segments and bi-directional signals, all designed to enhance safe operations. The elimination of interchanges and reductions in intermediate classification work will further the objective of safety in yard operations. The high quality track and equipment maintenance standards underlying the Operating Plan will ensure safe and reliable train service.

VI. CONCLUSION

The Operating Plan has been designed to take the maximum advantage of the respective strengths of the CSX network and the Conrail routes that CSX will operate. The synergies which flow from the combination of these two networks will enable CSX to offer faster transit times and more reliable service to our customers.

The substantial savings identified in the Operating Plan will enable CSX to further its cost reduction efforts and remain competitive. I am confident that our team has developed an Operating Plan that will enable CSX to improve its service,

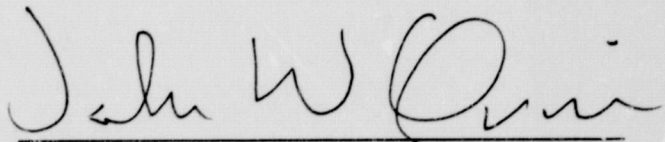
grow its business, win traffic from the highway, attract new customers and -- ultimately -- to give CSX customers themselves a competitive advantage in the markets where they compete.

DISTRICT OF COLUMBIA

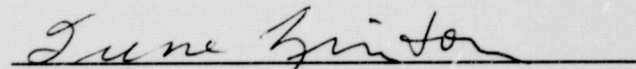
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VERIFICATION

John W. Orrison, being duly sworn, deposes and says that he is General Manager, Field Operations Development of CSX Transportation, Inc., that he is qualified and authorized to submit this Verified Statement, and that he has read the foregoing statement, knows the contents thereof, and that the same is true and correct.


John W. Orrison

Subscribed and sworn to before me by John W. Orrison
this 9 day of June, 1997.


Notary Public

My Commission expires:

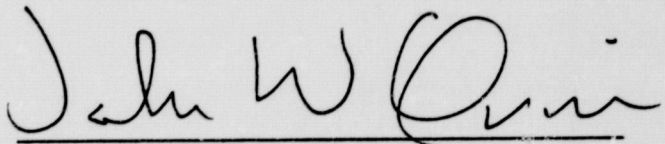
IRENE LINTON
District of Columbia
My Commission Expires
November 30, 2000

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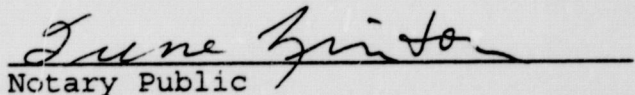
VERIFICATION

John W. Orrison, being duly sworn, deposes and says that he is General Manager, Field Operations Development of CSX Transportation, Inc., that he is qualified and authorized to submit this Verified Statement, and that he has read the foregoing statement, knows the contents thereof, and that the same is true and correct.



John W. Orrison

Subscribed and sworn to before me by John W. Orrison
this 9 day of June, 1997.


Notary Public

My Commission expires:

IRENE LINTON
District of Columbia
My Commission Expires
November 30, 2000

SECTION 1180.8(a)(1)-(4)

OPERATING PLAN - EXHIBIT 13-CSX

**EXHIBIT 13-CSX
CSX TRANSPORTATION, INC.**

OPERATING PLAN

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ABBREVIATIONS

The following abbreviations are used in this Operating Plan.

A&S	The Alton & Southern Railway Company
ALK	ALK Associates, Inc.
APL	American President Lines, Ltd.
B&M	Boston & Maine Corporation
B&O	The Baltimore and Ohio Railroad Company
BIDS	Bulk Intermodal Distribution Services, Inc.
BNSF	The Burlington Northern and Santa Fe Railway Company
BOCT	The Baltimore and Ohio Chicago Terminal Railway Company
BPRR	Buffalo & Pittsburgh Railroad, Inc.
BRC	The Belt Railway Company of Chicago
C&EI	Chicago & Eastern Illinois Railroad Company
C&O	The Chesapeake and Ohio Railway Company
CN	Canadian National Railway Company
CNJ	Central Railroad Company of New Jersey
CNW	Chicago and Northwestern Railway Company
CPRS	Canadian Pacific Limited (Canadian Pacific Railway System)
CSAO	Conrail Shared Assets Operation

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CSS	Chicago South Shore and South Bend Railroad
CSX	CSX Transportation, Inc.
CSXC	CSX Corporation
CSXI	CSX Intermodal, Inc.
D&H	Delaware & Hudson Railway Company
FEC	Florida East Coast Railway Company
FL	Finger Lakes Railway
FRA	Federal Railroad Administration
GTW	Grand Trunk Western Railroad Incorporated
GWWR	Gateway Western Railway Company
I&O	Indiana & Ohio Railway Co.
IC	Illinois Central Railroad Company
IHB	Indiana Harbor Belt Railroad Company
L&N	Louisville and Nashville Railroad Company
MARC	Maryland Mass Transit Administration (Maryland Rail Commuter)
MBTA	Massachusetts Bay Transportation Authority
MGA	The Monongahela Railway Company
MNCR	Metro North Commuter Railroad Company
NEC	Northeast Corridor
NJT	New Jersey Transit Corporation
NS	Norfolk Southern Railway Company (includes Norfolk and Western Railway Company)
NSC	Norfolk Southern Corporation
NYC	New York Central Railroad Company
NYS&W	New York Susquehanna & Western Railroad
PRR	Pennsylvania Railroad Company

SCL	Seaboard Coast Line Railroad Company
SEPTA	Southeastern Pennsylvania Transportation Authority
SF	The Atchison, Topeka and Santa Fe Railway Company
Tri-Rail	Tri-County Commuter Rail Authority
TRF	Terminal Railroad Association of St. Louis
UP	Union Pacific Railroad Company
VRE	Virginia Railway Express
W&LE	The Wheeling & Lake Erie Railway Company
WM	Western Maryland Railway Company

EXHIBIT 13 - OPERATING PLAN

GENERAL INTRODUCTION

The transaction contemplated in this Application entails, among other things, the acquisition of control of Conrail by CSX Corporation ("CSXC") and Norfolk Southern Corporation ("NSC") and the division of Conrail between them, the acquisition of rights to operate certain Conrail routes, and to use certain Conrail facilities and assets ("Acquisition"). The allocation of assets and rights is set forth fully in a definitive Transaction Agreement among CSXC, CSX Transportation, Inc., NSC and Norfolk Southern Railway Company, Conrail, Inc., Consolidated Rail Corporation and CRR Holdings LLC, ("Transaction Agreement"). Pursuant to the Transaction Agreement, subject to STB approval of the Acquisition, CSX and NS will each have the exclusive right to use and operate certain Conrail assets. Other assets will be operated for the shared benefit of both CSX and NS. Accordingly, Exhibit 13 of the Application -- this Operating Plan -- is divided into two parts:

- (1) Exhibit 13-CSX: This part of Exhibit 13 describes the operation of the expanded CSX rail system that will result from the integration of the existing CSX railroad facilities, operations, equipment and work forces with those of the Conrail properties that will be operated by CSX upon approval of

this Application.

- (2) Exhibit 13-NS: This part of Exhibit 13 describes the operation of the expanded NS rail system that will result from the combination of the existing NS railroad facilities, operations, equipment and work forces with those of the Conrail properties that will be operated by NS upon approval of this Application.

The following is a general description, for the purposes of this Operating Plan, of the major divisions and allocation of Conrail assets and rights arising out of the Transaction Agreement. This description is not intended to supplement, replace or change in any way any of the rights defined in the Transaction Agreement.

Conrail Lines to Be Operated by CSX

CSX will operate the following primary routes and extensions or trackage rights (TR) currently held by Conrail:

- NY/NJ Area to Cleveland - New York Central Railroad ("NYC") route and extensions, including line segments from North NJ Terminal to Albany (Selkirk); Albany to Poughkeepsie, NY; Poughkeepsie to NYC (TR); NYC to White Plains (TR); Albany to Cleveland via Syracuse, Buffalo and Ashtabula, OH; Boston to Albany; Syracuse to Adirondack Jct., PQ; Adirondack to Montreal (TR); Woodard, NY to Oswego, NY; Syracuse to Hawk, NY; Hawk to Port of Oswego (TR); Buffalo Terminal to Niagara Falls/Lockport; Lockport to West Somerset (TR); Syracuse to NYSW/FL connections, NY; Albany/Boston Line to MA branch lines; Albany/Boston Line to MA branch lines (TR); NYC to CT branch lines (TR); CT branch lines (TR); CT Branch lines; Churchville, NY to Wayneport, NY; Mortimer, NY to Avon, NY; Rochester Branch, NY.

- Crestline, OH to Chicago - Pennsylvania Railroad ("PRR") route and extensions, including Crestline to Dunkirk, OH; Dunkirk to Ft. Wayne, IN; Ft. Wayne to Warsaw, IN; Warsaw to Chicago Terminal (Clarke Jct.), IN; Adams, IN to Decatur, IN.
- Berea to E. St. Louis route and extensions, including Cleveland Terminal to Crestline; Crestline to E. St. Louis via Galion, OH, Ridgeway, OH, Indianapolis, IN, Terre Haute, Effingham, IL, and St. Elmo; Anderson, IN to Emporia, IN; Columbus to Galion; Terre Haute to Danville, IL; Danville to Olin, IN; Indianapolis to Rock Island, IN; Indianapolis to Crawfordsville; Indianapolis to Shelbyville, IN; HN Cabin, IL to Valley Jct., IL; St. Elmo to Salem, IL (TR); Muncie (Walnut Street), IN to New Castle RT, IN (TR); New Castle RT, IN.
- Columbus to Toledo route and extensions, including, Columbus to Toledo via Ridgeway; Toledo Terminal to Woodville; Toledo Terminal to Stonyridge, OH.
- Bowie to Woodzell, MD, including Bowie to Morgantown; Brandywine to Chalk Point.
- NY/NJ to Philadelphia (West Trenton Line), including Philadelphia to North NJ Terminal.
- Washington, D.C. (RO) to Landover, MD.
- Quakertown Branch, line segment from Philadelphia Terminal to Quakertown, PA (TR).
- Chicago Area, line segment from Porter, IN to Ivanhoe, IN.

Conrail Lines To Be Operated By NS

NS will operate the following primary routes and extensions or trackage rights (TR) currently held by Conrail:

- NJ Terminal to Crestline - PRR route and extensions, including North NJ Terminal to Allentown, PA via Somerville, NJ; Little Falls, NJ to Dover, NJ (TR); NJ Terminal to Denville, NJ (TR); Dover to Rockport (TR); Rockport to E. Stroudsburg via Phillipsburg, NJ; Allentown Terminal; Orange to NJ Terminal (TR); NJ Terminal to Little Falls (TR); Bound Brook to Ludlow, NJ (TR); Allentown, PA to Harrisburg via Reading;

Harrisburg Terminal; Harrisburg to Pittsburgh;
 Conemaugh Line via Saltsburg, PA; Pittsburgh to W.
 Brownsville, PA; Central City, PA to South Fork, PA;
 Monongahela, PA to Marianna, PA; Pittsburgh Terminal;
 Pittsburgh to Alliance, OH via Salem; Beaver Falls, PA
 to Wampum, PA; Alliance to Cleveland Terminal; Mantua,
 OH to Cleveland Terminal; Alliance to Crestline;
 Alliance to Omal, OH; Rochester, PA to Yellow Creek,
 OH; E. Steubenville, WV to Weirton, WV; Steubenville
 area branches and bridge, OH; Pittsburgh Branches;
 Ashtabula to Youngstown, OH; Ashtabula Harbor to
 Ashtabula; Niles, OH to Latimer, OH; Alliance, OH to
 Youngstown; Youngstown to Rochester; Allentown to
 Hazelton, PA; CP Harris, PA to Cloe, PA (TR); Cloe to
 Shelocta, PA; Tyrone, PA to Lock Haven, PA (TR).

- Cleveland to Chicago - NYC route, including Cleveland to Toledo; Elyria, OH to Lorain, OH; Toledo to Sylvania, OH; Toledo to Goshen, IN; Elkhart, IN to Goshen; Elkhart to Porter, IN.
- Philadelphia to Washington (NEC) route and extensions, including Philadelphia Terminal to Perryville, MD (TR); Wilmington Terminal, DE; Perryville to Baltimore (TR); Baltimore Terminal; Baltimore Bay View to Landover, MD (TR); Baltimore to Cockeysville, MD; Pocomoke, MD to New Castle Jct., DE; Harrington, DE to Frankford/Indian River, DE; Newark, DE to Porter, DE.
- Michigan Operations (excluding the Detroit Shared Assets Area), including Toledo Terminal to Detroit Terminal; Detroit Terminal to Jackson, MI; Jackson to Kalamazoo, MI; Kalamazoo to Elkhart, IN; Jackson to Lansing, MI; Kalamazoo to Grand Rapids; Kalamazoo to Porter, IN (TR).
- Eastern PA lines and extensions, including Philadelphia Terminal to Reading; Reading Terminal; Thorndale, PA to Woodbourne, PA; Leola/Chesterbrook PA lines; Philadelphia Terminal to Lancaster, PA (TR); Lancaster to Royalton, PA (TR); Lancaster to Lititz/Columbia, PA.
- Indiana lines and extensions, including Anderson to Goshen via Warsaw; Marion to Red Key, IN.
- Buffalo to NY/NJ Terminal route and extensions, including NJ/NY Jct. to Suffern, NY (TR); Suffern to Port Jervis, NY; Port Jervis to Binghamton; Binghamton to Waverly; NJ/NY Jct. to Spring Valley, NY (TR); Paterson Jct., NJ to Ridgewood, NJ (TR); Waverly to Buffalo; Waverly to Mehoopany, PA; Sayre, PA to Ludlowville, NY; Lyons, NY to Himrods Jct., NY;

Corning, NY to Himrods Jct., NY; North Jersey Terminal to Paterson Jct., NJ (TR); Paterson Jct. to North Newark, NJ; NJ/NY Jct. to North Jersey Terminal (TR).

- Buffalo to Harrisburg and South, including Perryville, MD to Harrisburg, PA; Carlisle, PA to Harrisburg; Wago, PA to York (area), PA; Harrisburg to Shocks, PA; Williamsport, MD to Buffalo via Harrisburg, PA; Watsontown, PA to Strawberry Ridge, PA; Ebenezer Jct., NY to Lackawanna, NY; Hornell, NY to Corry, PA; Corry to Erie, PA (TR); Youngstown to Oil City, PA.
- Cincinnati to Columbus to Charleston, WV, including Columbus to Cincinnati; Cincinnati Terminal; Columbus Terminal to Truro, OH; Truro to Charleston, WV; Charleston to Cornelia, WV; Charleston to Morris Fork, WV.
- Chicago South/Illinois Operations, including Osborne, IN to Chicago Heights, IL via Hartsdale; Hartsdale to Schneider, IN; Schneider to Hennepin, IL; Schneider to Wheatfield, IN.
- Chicago Market, including Western Ave. Operations/Loop to Cicero/Elsdon, IL; Chicago to Grand Crossing, IL; Clarke Jct. to Grand Crossing, IL; CP 509 to Calumet Park, IL; Buff, IN to Porter, IN.

Exchange of Lines

NS will acquire Conrail's Streator Line from Osborn to Streator, IL and, in a like-kind exchange, Conrail will acquire NS's line from Ft. Wayne, IN to Chicago, IL. The Ft. Wayne-to-Chicago line will be operated by CSX.

Areas Subject to Special Arrangements

Shared Assets Areas

Certain Conrail properties and rights will be allocated jointly to CSX and NS under arrangements described more fully in Section 4.5.1 of Exhibit 13-CSX. A general description follows:

- North Jersey Shared Assets Area which includes the Port Newark/Elizabeth Marine Terminal area, sections of the Northeast Corridor, Oak Island Yard, and auto terminals at Doremus Avenue, Greenville and Ridgefield Heights;

Access to the APL terminal in Kearny (North Jersey);
See Section 4.5.1.1.

- South Jersey/Philadelphia Shared Assets Area which includes all Philadelphia stations, industries on the Chester Industrial and Chester Secondary tracks, and sections of the Northeast Corridor and all Conrail stations in South Jersey; Greenwich Yard (Philadelphia): CSX will operate Greenwich Yard property with the exception of tracks used to support local freight service and the ore pier. Joint access to Ameriport intermodal terminal. See Section 4.5.1.2.
- Detroit Shared Assets Area, which includes all Conrail trackage and access rights east of CP-Townline (Michigan Line MP 7.4) and south to and including Trenton, MI (Detroit Line MP 20). See Section 4.5.1.3.

Other Assets Subject to Special Arrangements

- Northeast Corridor: NS and CSX will share Conrail's exclusive freight rights over Amtrak's NEC. See Section 4.5.2.1.
- Monongahela Railway (coal area): NS will operate and maintain the Monongahela subject to a joint use agreement providing CSX equal, perpetual access to all current and future facilities on the Monongahela. See Section 4.5.2.2.
- Ashtabula Harbor Facilities: NS will operate and have managerial control of the Ashtabula Harbor facilities, subject to certain CSX rights to use the facilities. See Section 4.5.2.3.
- Indianapolis, IN: Trackage will be assigned to CSX but NS will have overhead trackage rights on designated Conrail and CSX lines to serve Indianapolis. CSX will be allocated Hawthorne Yard but NS will have sufficient tracks for the arrival, departure and make up of trains. See Section 4.4.4.

Trackage Rights Routes

Except as otherwise provided in the Transaction Agreement, existing Conrail trackage rights over CSX will be assigned to NS and existing Conrail trackage rights over NS will be assigned to CSX. In addition, CSX and NS have agreed to grant

each other trackage rights over certain of each others tracks for the efficient movement of traffic.

Facilities

Under the terms of the Transaction Agreement, the right to operate Conrail's Altoona and Hollidaysburg Shops will be assumed by NS. Similarly, certain rights and responsibilities relating to Conrail's Philadelphia Headquarters and information technology facilities will be assumed by CSX. CSX and NS will have certain shared rights and responsibilities for the Customer Service Center (Pittsburgh), the Crew Management Facility (Dearborn), the Signal System Repair Center (Columbus), and the System Maintenance of Way Center (Canton).

Certain Other Conrail Interests

Certain other Conrail assets will be allocated to NS and CSX respectively through contractual arrangements described in detail in the Transaction Agreement. For purposes of the Operating Plan, the precise legal arrangements are greatly simplified.

As more fully set forth in the Transaction Agreement, Conrail's interest in the Belt Railway of Chicago, Triple Crown, and the Peoria and Pekin Union will be allocated to NS. Conrail's interest in Trailer Train (TTX) will be split so that CSX and NS will have an equal interest (18.975%) following the transaction. Conrail's interest in Lakefront Dock, SL&A Railway, and Albany Port Railway will be allocated to CSX.

Although certain rights relating to Conrail's 51% ownership of IHB will be allocated between CSX and NS, Conrail will retain its 51% ownership of IHB, and operation of IHB will continue under its existing contractual obligations and subject to the 49% minority interest of CPRS.

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1.0 INTRODUCTION - EXHIBIT 13-CSX

1.1 Purpose and Scope

This Exhibit 13-CSX is the Operating Plan that CSX will implement after the Acquisition of Conrail is approved. It describes how the expanded CSX railroad system that will result from the combination of CSX with CSX-operated Conrail routes and assets will operate and serve its customers.^{1/} The Operating Plan is divided into the following principal subject areas:

- Development of the Operating Plan
- Patterns of Service
- Yard and Terminal Changes and Consolidations
- Impacts on Traffic Densities
- Track Upgrades, New Construction and Other Capital Investments
- Impact on Passenger and Commuter Service
- Equipment Requirements and Utilization
- Centralized Functions
- Coordination of Equipment Maintenance
- Coordination of Maintenance of Way
- Operating Organization
- Management Information Systems/Communications

Generally, the integration produces significant benefits for CSX, NS, shippers and for the public at large. Shippers will benefit from extended hauls, improved service and

^{1/} The Operating Plan addresses the railroad operations of CSX and Conrail. Thus, unless otherwise indicated, "CSX" refers to CSX Transportation, Inc., and "Conrail" refers to Consolidated Rail Corporation.

increased competition in one of the country's largest industrial areas. Public benefits are created by increased competition, and the projected diversion of freight traffic from highways, improving public safety and the environment at the same time. CSX's summary of benefits exhibit details the expected traffic gains and operating efficiencies resulting from the Acquisition.

2.0 DEVELOPMENT OF THE OPERATING PLAN

2.1 Base Period Traffic Flows

This Operating Plan was constructed using 1995 as the base traffic year. To develop base period traffic flows, planners generated 100% waybill data for loaded movements during the base year period for CSX and for that portion of the Conrail traffic that CSX expects to handle after the Acquisition. Adjustments were made to reflect line sales and abandonments affecting traffic flows on the Conrail rail system.

2.2 Post-Acquisition Period Traffic Flows

To create post-Acquisition traffic flows, the adjusted base period traffic database described above was modified to reflect a number of traffic diversion studies and the effects of several specific new rail marketing opportunities. See Vol. 2, Verified Statements of Christopher P. Jenkins ("Jenkins V.S.") for modifications related to general merchandise traffic, diversions from trucks and barges to rail cars, and the impacts of extended rail hauls and new rail marketing opportunities. See also the Verified Statement of Raymond L. Sharp ("Sharp V.S.") for coal, coke and iron ore traffic; the Verified Statement of

Joseph G. B. Bryan ("Bryan V.S.") for intermodal traffic; the Verified Statement of John Q. Anderson ("Anderson V.S.") for overall market analysis; and the Rosen V.S. for rail-to-rail diversions. In total, post-Acquisition traffic flows contemplate the diversion of more than 400,000 truckloads to rail movement.

2.3 Car Flows, Blocking Patterns, Line Segment Changes and Changes in Yard Activities

Car Flows. A computer model developed by ALK Associates, Inc. ("ALK"), was used to review post-Acquisition flows of general merchandise traffic to determine opportunities to develop new connections and more efficient traffic flows, and to quantify car and train-mile changes. This analysis incorporated synergies available from combining acquired Conrail traffic and estimated growth traffic with CSX's existing traffic base. These synergies especially enhance service coordination with connecting carriers and larger traffic volumes provide new blocking and train service opportunities with connecting carriers.

Blocking Patterns. ALK's computer blocking model was used to suggest changes in blocking patterns to take advantage of the expanded network. The model suggested changes to routing and blocking that allowed evaluation of yard and train operations for the expanded network. The new blocking patterns determined the levels of yard and terminal activities after the Acquisition.

A team of experienced CSX and Conrail operations experts developed the final CSX Operating Plan through an iterative process, running the computer model with different

blocking and yard scenarios, analyzing the results, and choosing the most efficient approach. The proposed train schedules, blocking plans and terminal functions are realistic and will accommodate the projected traffic.

Line Segment and Yard Activities Changes. Data on existing operations during the base period were compared to similar data produced by modeling proposed operations to develop line segment and yard activity changes. Pre-Acquisition gross tonnages are based on 1995 actual movement records. Train counts are based on 1995 CSX data and 1996 Conrail data,^{2/} updated to reflect current operations. Yard volumes are based on actual 1996 data for both CSX and Conrail. The post-Acquisition train statistics and yard volumes were derived from the new Operating Plan. The planners used a spreadsheet to maintain gross tonnages and train counts for each route segment and yard in the expanded CSX network for the base period and for proposed operations. Changes in train volumes and gross tonnages by segment, as well as the changes in yard activities were calculated.

Review of the changes in train activities provided insight into the need for additional connections and capacity improvements.

2.4 Realization of Traffic Gains and Consolidation Benefits

This transaction presents unique operating challenges. In the typical merger scenario, the assets of the acquired

^{2/} Conrail train counts for 1995 were not available; therefore, the 1996 counts were used.

company are merged with those of its acquirer and the two become one company. Since all of the assets of each merging company are under one company's managerial control, there is generally a transition period over which full integration takes place. On "Day 1," the first day of implementation, each company continues to operate much as it did the day before. The process of consolidation takes place gradually.

In this transaction, the use and operation of the Conrail assets will be allocated between two acquiring railroads, CSX and NS, and two stronger, more balanced competing railroads will emerge. The usual transition period will be accelerated because, upon approval of the Acquisition, Conrail assets will be separated and Day 1 will be vastly different from the previous day. Both railroads must be prepared to operate pursuant to operating agreements those portions of the Conrail properties the use and operation of which have been provided to them under the operating agreements as soon as the necessary implementing agreements have been concluded.

The CSX Operating Plan takes into account both the increased traffic that CSX must be ready to accommodate on Day 1 (i.e., the traffic to, from and via the Conrail routes allocated to CSX), and the changes in operations and routing needed to accommodate the combined traffic flows over the new network. It also takes into account the phased realization of traffic gains due to diversions and new marketing opportunities estimated in the traffic studies (See Anderson V.S., Jenkins V.S., Hawk V.S.,

Sharp V.S., Bryan V.S. and Rosen V.S.)). The Plan also assumes that rail-to-rail traffic diversions will begin in the first year of operations.

The Operating Plan contemplates significant gains in operating efficiency. CSX will make certain substantial improvements in the fixed plant in order to assure that it will be operational on Day 1. Specifically, to handle the traffic flows between Chicago and Cleveland efficiently and competitively, CSX and Conrail will improve and enhance the capacity of their respective lines from Chicago to Greenwich, OH and from Greenwich to Cleveland. Critical connections will be constructed at Willow Creek, IN, Crestline, Greenwich and Sidney, OH. Capital improvements will also be made at various terminal and yard facilities including Bedford Park (Chicago), IHB's Blue Island (Chicago), Little Ferry, NJ, Forest Hill (Chicago), 59th Street (Chicago), Marysville, OH, Willard, OH and Avon (Indianapolis). The Plan assumes that a substantial portion of Acquisition-related capital expenditures will be incurred prior to Day 1.

Despite these initial improvements, not all of the required operating changes will be in place immediately upon approval of this Application. Due to the time required to complete planned track and terminal upgrades, to construct needed connections and other improvements, and to establish the necessary implementing agreements with labor, the Plan assumes that 60% of the post-Day-1 Acquisition-related capital

improvements would be completed in the first year of unified operation, 30% in the second year, and 10% in the third year.

3.0 PATTERNS OF SERVICE

3.1 Principal CSX and Conrail Rail Lines

The principal rail lines of Conrail and CSX are shown on maps submitted as Exhibit 1 to the Application and on the density charts submitted as Exhibit 14. See also Figure 13.3-0.

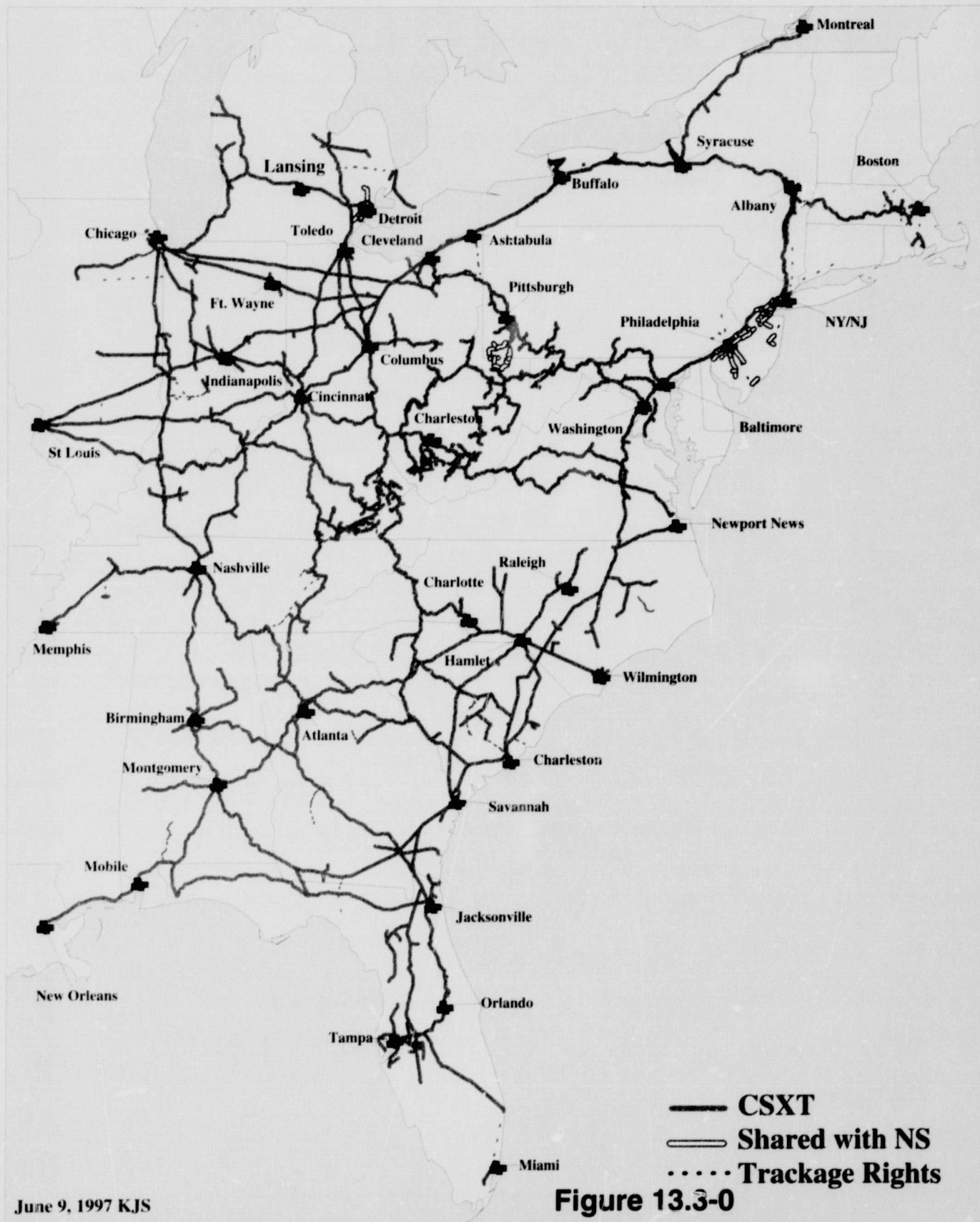
3.2 Consolidation of Main Line Operations

CSX consolidation and operation of Conrail properties, equipment, personnel and facilities offers major opportunities to improve service and efficiency and to accommodate traffic growth. These benefits will be realized through the development of new service routes, the use of new and existing service routes for specialized purposes, improved blocking plans, more reliable service, yard and corridor improvements, and the consolidation of operations, equipment and personnel. Operational changes in major service routes are described below. Even traffic that does not traverse these service routes will benefit from the greater network efficiency that the Acquisition will make possible.

3.2.1 Northeastern Gateway Service Route

The Northeastern Gateway Service Route extends from Chicago to Albany, NY, where it branches eastward to Boston (the "Boston Line") and southward to Newark, NJ (the "River Line")

Proposed CSXT System Map



June 9, 1997 KJS

Figure 13.3-0

See Figure 13.3-1. The service route combines CSX's mainline from Chicago to Greenwich, OH (the former B&O line) and Conrail's line between Greenwich and Albany (part of the former NYC). Between Cleveland and Albany, Conrail's line is a high speed double-track route, with many segments containing a third mainline track or controlled sidings. The River Line and the Boston Line are single-track lines with passing sidings. The entire Conrail route is covered by a Traffic Control System ("TCS"). The route from Greenwich to Newark is cleared for double-stack (20'6") service. Promising negotiations are underway with Massachusetts governmental authorities for joint private/public funding for the Boston Line to be cleared for double-stack (20'6") all the way to Boston. CSX's line from Chicago to Greenwich is cleared for double stack and currently being upgraded to double track and reverse signalled TCS.

The lines comprising this service route currently contain some of the most heavily travelled track on the proposed combined system. West of Greenwich, approximately 25 regularly scheduled merchandise and intermodal trains currently use the B&O route daily. Approximately 40 scheduled merchandise and intermodal trains use the route between Cleveland and Albany every day. In addition, Amtrak operates daily passenger trains over this track, and there is a high volume of unscheduled unit trains. The River Line and the Boston Line both carry about 20 scheduled merchandise, intermodal and unit trains per day. After the Acquisition, the combination of CSX and Conrail traffic and

Northeastern Gateway Service Route

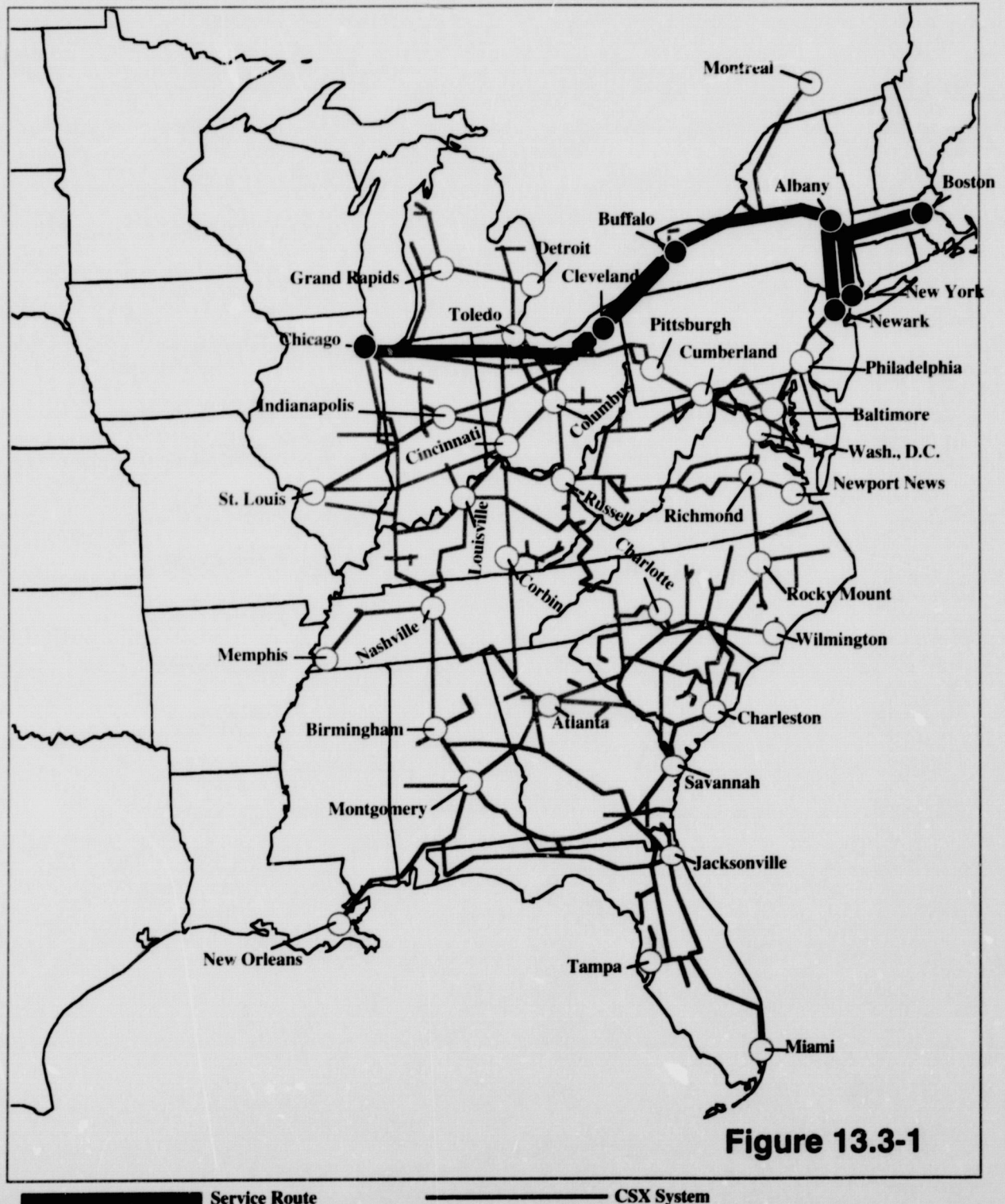


Figure 13.3-1

anticipated traffic growth will increase significantly the volumes moving over this service route. For example, traffic on the former B&O line is expected to increase from 25 to 50 trains per day within the next three years.

To accommodate the increased traffic, Willard Yard, located on the former B&O line at Willard, OH, will be expanded and will become the primary westbound hub for Chicago gateway traffic. The increased volumes of westbound traffic handled at Willard will allow the building of blocks to a number of major western points beyond Chicago. As a result, some interchange traffic will move through the Chicago area with no need for further classification by the receiving western railroads at Chicago. CSX will interchange solid trains to UP in Chicago, consisting of blocks for Janesville, WI, Proviso, IL and North Platte, NE, and solid trains to BNSF at Chicago with blocks for Cicero and Galesburg, IL and for Northtown (St. Paul) MN. Figure 13.3-2 depicts improved blocking patterns for westbound traffic through major gateways.

To reduce intermediate handling of eastbound traffic in Chicago, CSX will enter into agreements with western carriers to build blocks for points, such as Buffalo (Frontier) and Albany (Selkirk), NY, Willard, OH, Cumberland, MD, and Toledo, OH. Figure 13.3-3 shows how this coordinated blocking will work for eastbound traffic. The use of Conrail lines, coupled with the ability to block cars and trains through major gateways provides

SCHEMATIC OF IMPROVED WESTBOUND BLOCKING TO ENHANCE OPERATIONS THROUGH MAJOR GATEWAYS

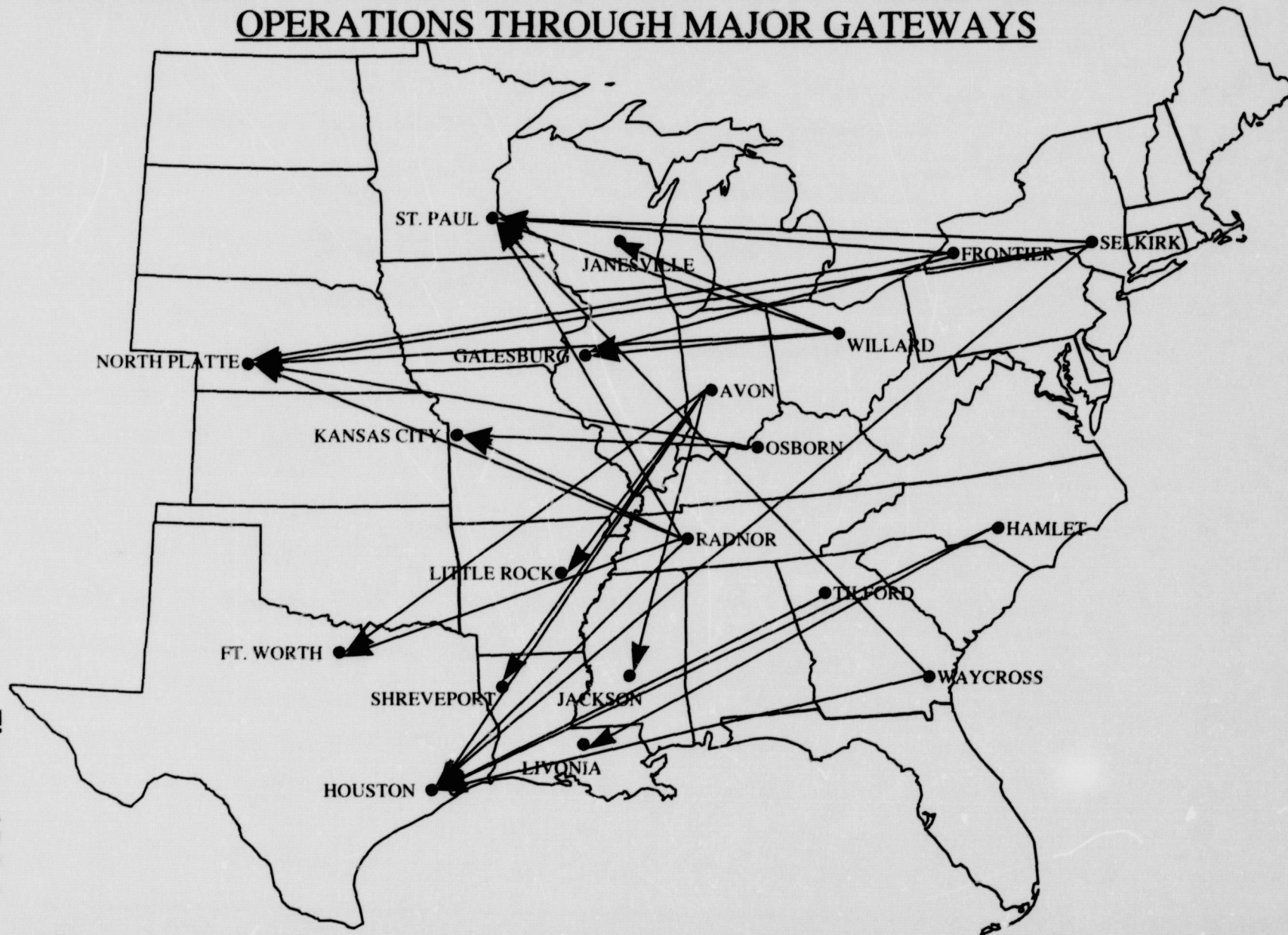


Figure 13.3-2

SCHEMATIC OF IMPROVED EASTBOUND BLOCKING TO ENHANCE OPERATIONS THROUGH MAJOR GATEWAYS

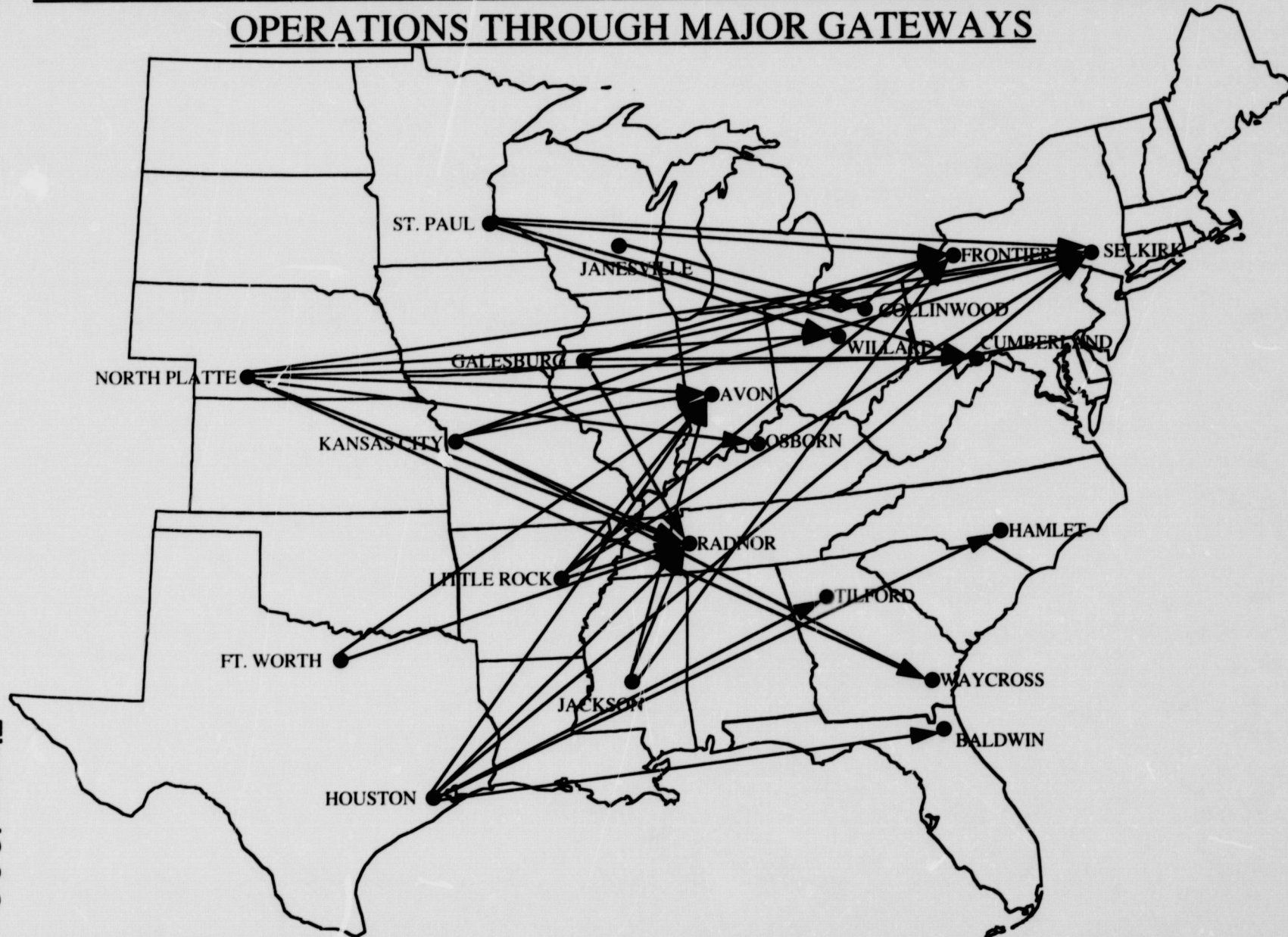


Figure 13.3-3

significant new marketing opportunities for CSX and its customers.

Southeast of Chicago, CSX will construct a new connection at Willow Creek, IN, between the present CSX line (the Garrett Subdivision) and the Conrail line (the Porter Branch). This construction will allow the Conrail and CSX lines to be used interchangeably to advance trains into the Chicago area.

CSX will also construct a connection at Greenwich, OH between existing CSX and Conrail lines to allow movement of trains to and from Chicago and Cleveland via Greenwich.

CSX will make substantial improvements to this former B&O line to assure that after the Acquisition CSX will be able to provide high quality service. The service route from Greenwich to Chicago will be double-tracked with bi-directional train control systems. The combination of Conrail and CSX traffic is expected to increase volumes on the B&O line from 25 to 50 trains per day within 3 years. The larger volumes, coupled with the time sensitivity of much of the traffic that will use this service route, require that CSX upgrade the B&O line to handle the 70 mile per hour speed required for competitive intermodal service.

The work necessary to accommodate the increased traffic will be completed by Day 1.

To further improve service over the Northeastern Gateway Service Route, CSX will establish an alternative service route between Chicago and Cleveland via Ft. Wayne, IN and

Crestline, OH. The alternative route (discussed in Section 3.2.1.1) will be used primarily for bulk commodities moving in unit trains to draw slower-moving traffic off the high speed Northeastern Gateway Service Route. The availability of alternative routes will enable CSX to provide faster service for intermodal, perishable and merchandise traffic and provide an efficient way to handle increased bulk traffic.

The Northeastern Gateway Service Route is a primary route for automotive traffic. After the Acquisition, CSX will operate into Conrail's Auto Hub Switching Facility in Collinwood Yard in Cleveland. This facility will be used to block swap and consolidate eastbound multi-level automotive traffic and to classify empty multi-levels for movement directly to auto loading facilities.

The Northeastern Gateway Service Route links and shares segments with several other service routes: viz., the St. Louis Gateway, Memphis Gateway, Atlantic Coast, Michigan-Florida, and Heartland Service Routes. All these service routes will provide improved single-line service and extended-haul opportunities and will benefit from the significant investments CSX will make on this line.

3.2.1.1 Alternative Chicago Gateway-Ft. Wayne-Cleveland Service Route

To compete more effectively for traffic moving between Chicago and eastern points, CSX will establish an Alternative Service Route between Chicago and Greenwich. See Figure 13.3-4. This service route will be created from the existing NS line

Alternative Chicago Gateway - Ft. Wayne - Cleveland Service Route



between Chicago and Ft. Wayne,^{3/} Conrail's lines from Ft. Wayne to Crestline, OH and Conrail's Indianapolis line between Crestline and Greenwich. CSX will construct a correction at Tolleston, IN between existing NS and Conrail lines, and a connection at Crestline, OH to connect Conrail's east-west line with the existing Conrail Indianapolis line.

CSX will construct a connection at Upper Sandusky, OH between Conrail's Ft. Wayne line and CSX's Columbus-Fostoria line to allow loaded and empty unit trains to access this service route. See Figure 13.7-13 in the Section titled FIGURES ("FIGURES") attached to this Exhibit 13-CSX.

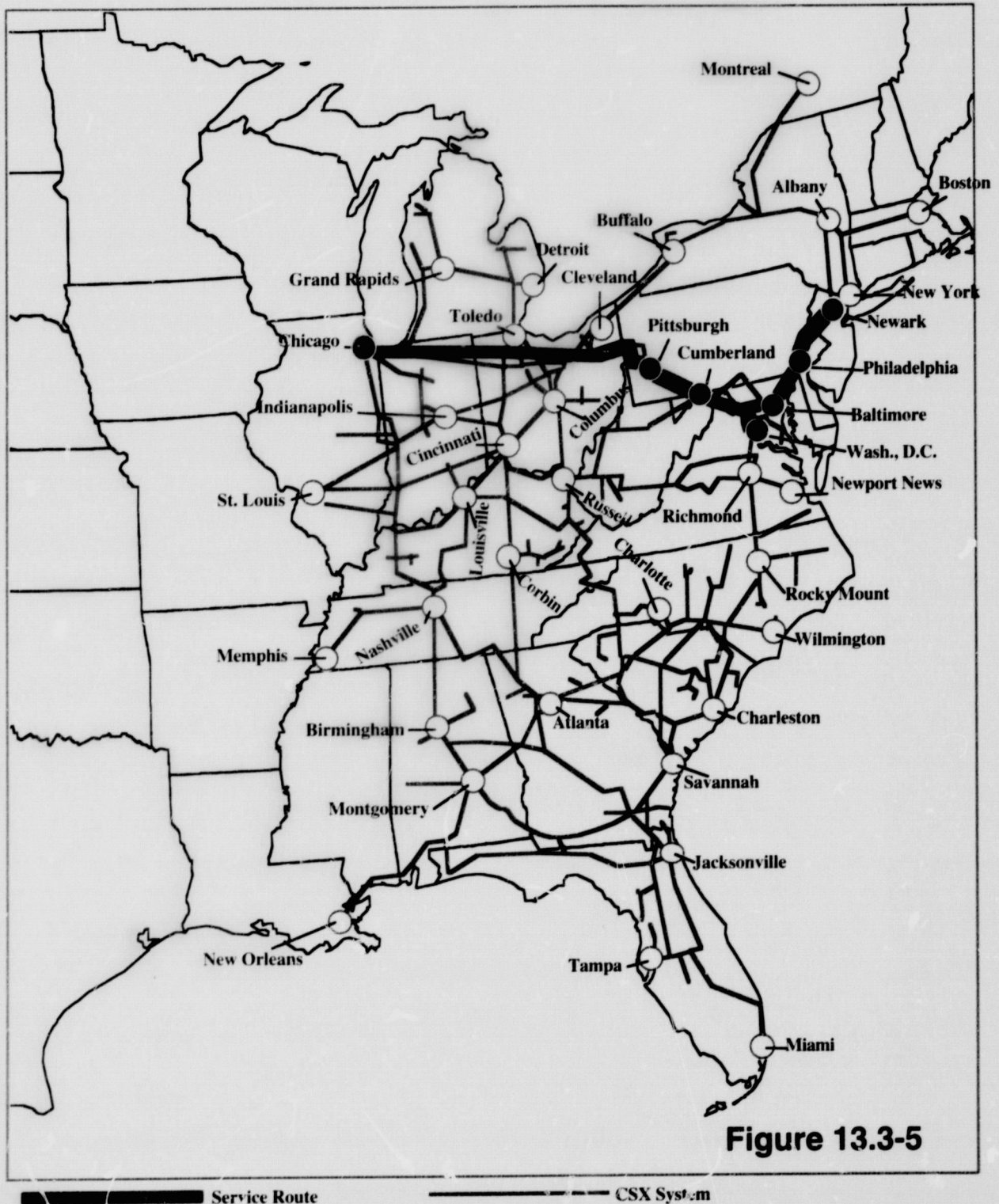
The Alternative Service Route will be used primarily for bulk traffic such as unit train grain and coal movements, and will accommodate anticipated traffic growth.

3.2.2 Eastern Gateway Service Route

The Eastern Gateway Service Route connects the Chicago gateway to the East Coast cities of Baltimore, Washington, Philadelphia and to New Jersey. See Figure 13.3-5. It uses the CSX line between Chicago and Philadelphia via Pittsburgh and Baltimore and the Conrail line from Philadelphia to North Jersey. Traffic on the Eastern Gateway Service Route includes intermodal, automotive, coal, grain and general merchandise.

^{3/} Conrail will acquire the NS line from Chicago to Ft. Wayne in a like-kind exchange for Conrail's line between Osborn and Streator, IL.

Eastern Gateway Service Route



This service route is a prime example of the efficiencies and improved service made possible by the Acquisition. The combination of CSX and Conrail routes will provide single-line service between Chicago and North Jersey along two alternative routes -- the Northeastern Gateway Service Route and the Eastern Gateway Service Route. The opportunity to balance traffic flows between these two service routes will reduce transit times and improve the efficiency of traffic flows, thereby enhancing CSX's ability to compete for additional intermodal, automotive, coal, grain and general merchandise traffic.

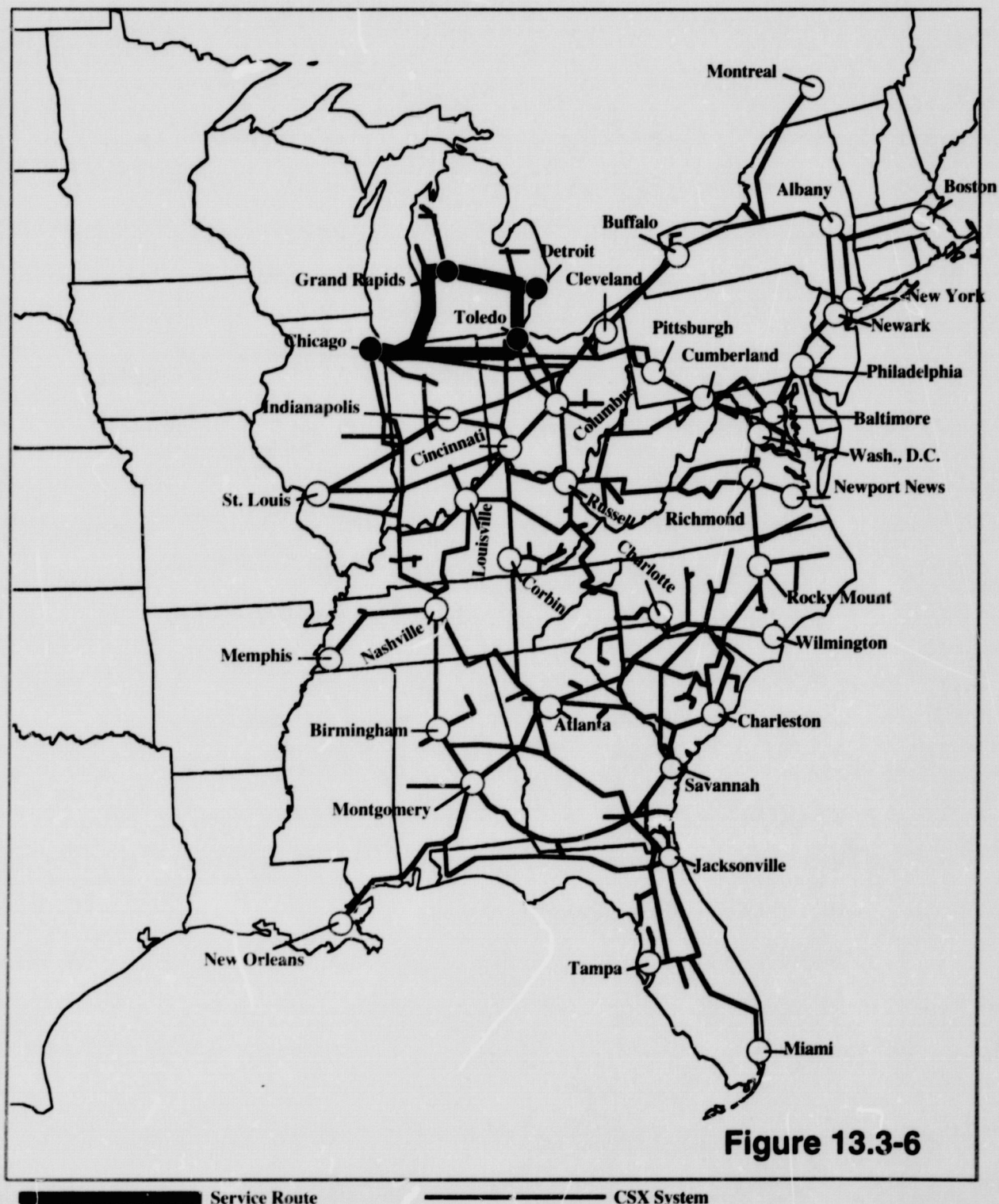
To accommodate this traffic, CSX will use Cumberland Yard in Maryland as a hub and a regional classification yard for East Coast points such as Philadelphia, Baltimore and Richmond. In addition, Cumberland will build westbound classifications for Toledo, Indianapolis, Chicago and points beyond.

3.2.3 Michigan-Chicago Gateway Service Route

The Michigan-Chicago Gateway Service Route is comprised of existing CSX lines, but new routing and blocking patterns made possible by the Acquisition will improve the efficiency of the service over this route. This gateway has two routes between Detroit and Chicago -- one via Grand Rapids, and the other via Toledo and Deshler, OH. See Figure 13.3-6.

The CSX route via Grand Rapids currently handles CSX traffic between Chicago and all points within Michigan, as well as approximately 14 CPRS trains daily. To take advantage of the

Michigan - Chicago Gateway Service Route



high speed double track railroad that CSX will build, traffic to and from Eastern Michigan and Canada will be routed via Chicago-Deshler-Toledo (Stanley Yard).

At Stanley, general merchandise traffic from Chicago, Indianapolis, Cincinnati, Columbus, and Willard will be consolidated into blocks and run-through trains destined to various locations in eastern Michigan, including Detroit, Flint, Saginaw, Midland, and Plymouth. Stanley Yard will also be used to classify Chicago gateway traffic into blocks that will bypass Chicago and move directly to interchange points with UP and BNSF. It will also build blocks that will move directly to Barr Yard, BRC, and the IHB within Chicago for delivery to industries served by those carriers. Traffic will also be sent to Barr Yard or IHB's Blue Island Yard for blocking to points west of Chicago.

Traffic to and from the Grand Rapids area and western Michigan will continue to be routed between Grand Rapids and Chicago. Rerouting eastern Michigan and Canadian originated traffic over the former B&O line via Toledo/Deshler will improve the transit time for those movements and will also create capacity on the Grand Rapids line to accommodate additional CPRS trains between Detroit and Chicago.

In addition to the merchandise traffic, two dedicated automotive trains from Flint and Detroit will handle multi-level traffic to Chicago via Toledo/Deshler. The more efficient routing of Michigan-Chicago traffic will reduce transit time and

equipment requirements, thereby providing improved customer service.

3.2.4 Chicago Gateway-Southeast Service Route

The Chicago Gateway-Southeast Service Route connects Chicago with Florida and other points in the Southeast and passes through the major CSX hubs of Nashville, Birmingham, Montgomery and Waycross. See Figure 13.3-7. This service route includes CSX's largest hump yard in the Southeast, Rice Yard at Waycross. A major truck route, Interstate 65, parallels the route.

The Chicago Gateway-Southeast Service Route currently has a significant volume of North-South intermodal and general merchandise traffic and is an important route for grain traffic. Large volumes of grain move from elevators in Illinois and Indiana to poultry and pork producers (and the feed mills that serve them) in the Southeast. These tend to be highly regular, year-round movements that have little or no seasonality. Currently, grain shippers located on Conrail lines are at a substantial disadvantage in marketing their grain to southeastern markets due both to the inefficiencies inherent in joint-line service and to periodic equipment shortages.

New single-line service will be created for existing Conrail-served shippers by combining this service route with Conrail lines that intersect northern portions of the route.

Single-line service will reduce switching and classification time along the route, decreasing overall transit time. Grain shippers will also benefit from the improved car

Chicago Gateway - Southeast Service Route

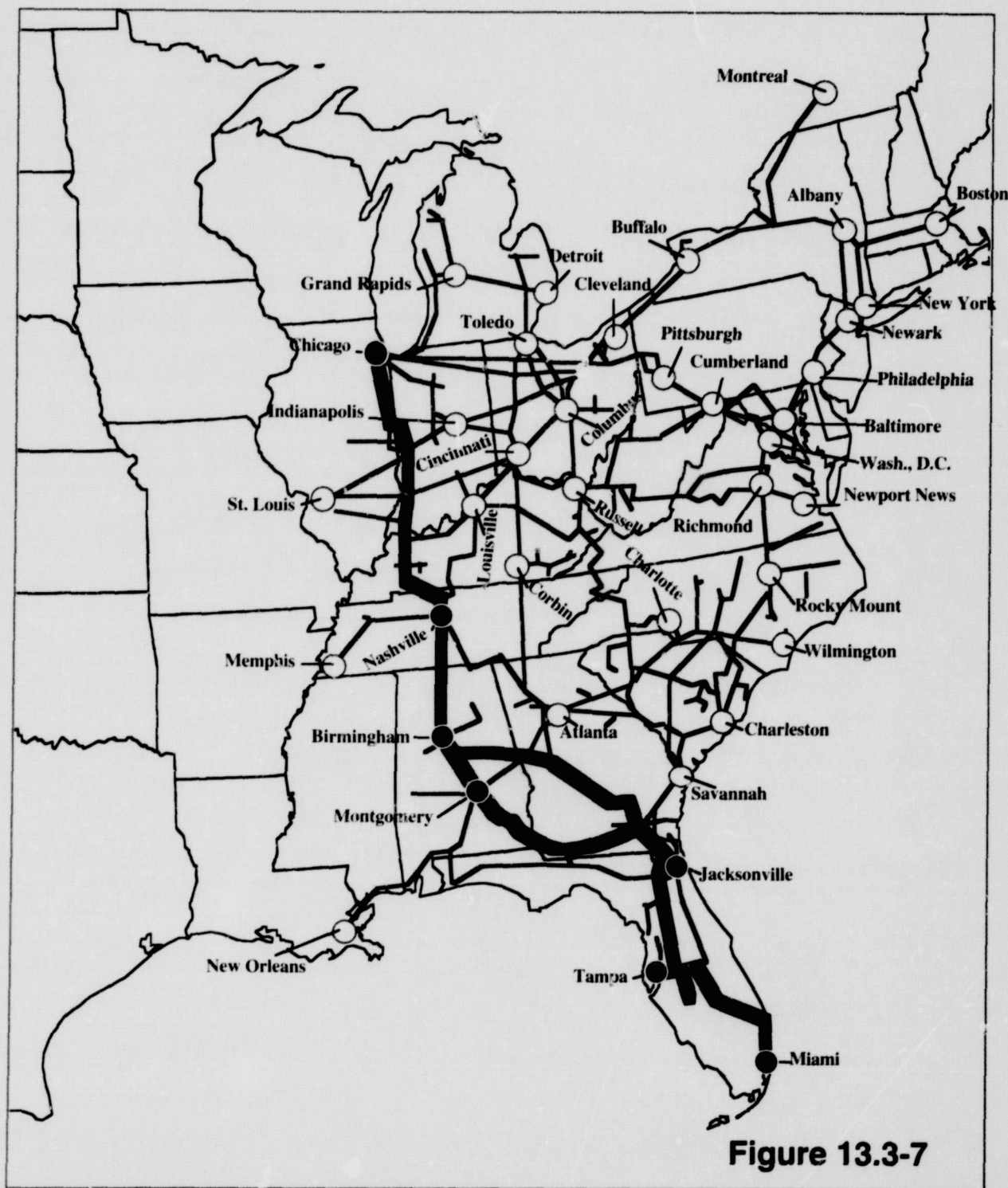


Figure 13.3-7

Service Route

CSX System

supply made possible by more efficient car utilization over the expanded network. CSX will benefit from new marketing opportunities for grain movements.

3.2.5 St. Louis Gateway Service Route

The current Conrail East-West route between St. Louis and East Coast points is more than 100 miles shorter and 24 hours faster than existing CSX routes, depending upon which eastern point is involved. See Figure 13.3-8. The St. Louis Gateway Service Route presents a major opportunity for more efficient and faster service by using the Conrail route for all traffic moving between St. Louis and points north of Toledo and east of Willard, including Detroit, Cleveland, Pittsburgh, Baltimore and Philadelphia.

This service route will handle heavy volumes of general merchandise freight, including a significant volume of chemical traffic. Combining Conrail and CSX traffic on a single route will create opportunities to reduce intermediate handlings at locations such as Louisville, Willard, Indianapolis and Cincinnati. It will also provide opportunities to build larger blocks and solid run-through trains to and from points beyond St. Louis (e.g., Kansas City, Pine Bluff/Little Rock, Fort Worth, and Houston).

After the Acquisition, CSX will be able to deliver larger blocks to, and make more efficient use of, the Salem/St. Elmo interchange with UP. This will reduce handlings and avoid terminal dwell time and delay in St. Louis. Transit time through

St. Louis Gateway Service Route

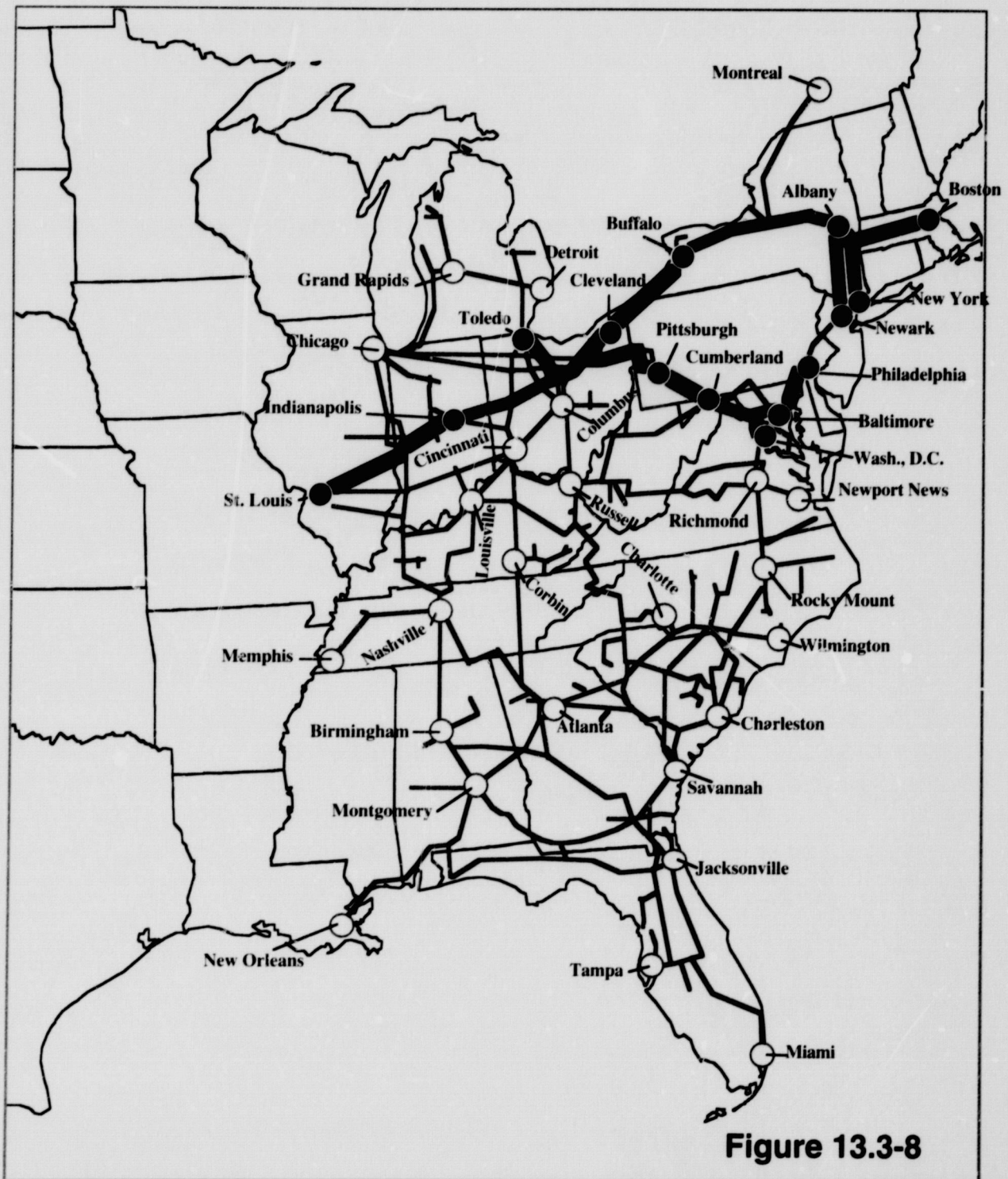


Figure 13.3-8

Service Route

CSX System

the St. Louis gateway will be improved by at least a day. CSX expects to negotiate reciprocal agreements with western carriers for eastbound traffic to be pre-blocked to locations as far east as Buffalo, Cumberland, and Albany. This will reduce intermediate handlings and reduce dwell time at St. Louis, Indianapolis, Louisville and Willard. See Figures 13.3-2 and 13.3-3, supra, showing improved blocking patterns.

A connection will be rehabilitated in the northwest quadrant of the crossing at Marion, OH, where Conrail's Indianapolis Line crosses CSX's Columbus Subdivision. This connection will give Michigan and northern Ohio customers on current CSX lines a shorter, faster route to western points via St. Louis. Currently, this traffic moves south on CSX lines to Cincinnati before moving west to St. Louis. Using Conrail's route, this traffic will bypass Queensgate Yard at Cincinnati and save approximately 24 hours transit time.

CSX will also build a connection between CSX and Conrail lines just east of Conrail's Exermont Yard in East St. Louis to provide access to that yard. Exermont Yard will then be used to block swap trains coming from Louisville, Nashville and Indianapolis destined to western carriers.

As a result of rerouting CSX traffic to the more efficient Conrail line through Indianapolis, the segment between Mitchell, IN, and Cincinnati will be used only for local merchandise and scheduled intermodal service.

3.2.6 Memphis Gateway Service Route

The Memphis Gateway Service Route will combine Conrail's lines in and to the Northeast with CSX's present line between Memphis and Cincinnati. See Figure 13.3-9. This service route will provide efficient single-line service between the Memphis gateway and important eastern markets, including Boston and New York. This improved service route will particularly benefit shippers of auto parts, finished motor vehicles and chemicals routed via Memphis to or from western carriers. The Memphis Gateway Service Route will also provide an opportunity for significant growth of intermodal traffic.

CSX can avoid classifying traffic to the Northeast at CSX's Cincinnati, Nashville and Louisville terminals by taking advantage of increased volumes and developing reciprocal overhead blocking strategies with western railroads. Westbound CSX traffic originating at points on the Northeastern Gateway, Eastern Gateway and Michigan-Florida Service Routes will be classified in blocks for movement to western points beyond Memphis. At Nashville blocks will be combined into trains bound for Pine Bluff, AR, San Antonio, TX, and West Colton, CA.

An example demonstrates the significant transit time savings that such overhead blocking will provide. Today, traffic moving to and from Conrail points over CSX Memphis Gateway is interchanged between CSX and Conrail at Cincinnati and classified at Nashville, Louisville, and Columbus. Combined volumes and single-line service to these northeastern markets will eliminate

Memphis Gateway Service Route

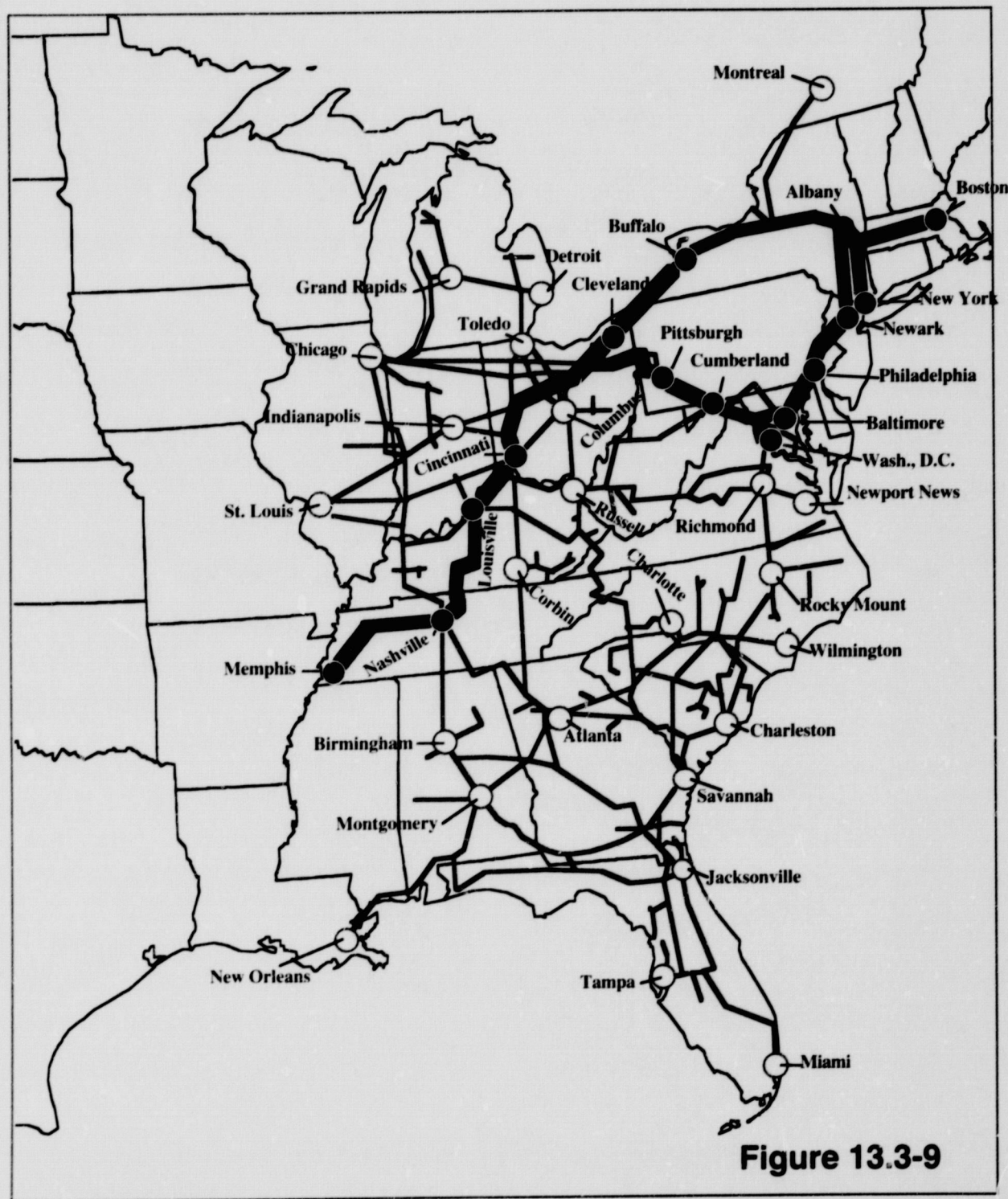


Figure 13.3-9

Service Route

CSX System

classifications and the interchange. This will reduce transit time by at least a day. Moreover, reciprocal blocking strategies with western carriers will reduce transit time for traffic to and from the east coast by an additional day. See Figures 13.3-2 and 13.3-3, supra.

The Memphis Gateway Service Route will create new opportunities for intermodal traffic. At present, the only intermodal service for traffic flowing between western carriers and CSX through Memphis is to Nashville, Atlanta and Charleston. After the Acquisition, CSX will establish new intermodal train service between Memphis and New York City. This traffic will connect to the intermodal network serving Ohio, Michigan and the Northeast. To accommodate this and other new traffic, the intermodal hub at Cleveland will be upgraded and expanded. (For a detailed discussion of the planned expanded CSX intermodal network, see Section 3.2.13.)

The development of the Memphis Gateway will create a more competitive route for traffic moving to the Northeast and upper Midwest (Ohio and Michigan) because of the elimination of the interchange between Conrail and CSX at Cincinnati, which translates to a one-day savings in transit time.

3.2.7 New Orleans Gateway Service Route

The New Orleans Gateway Service Route extends from New Orleans through Montgomery, Atlanta, Hamlet, NC, Rocky Mount, NC, and Richmond to Philadelphia, and New Jersey. See Figure 13.3-10. The combination of existing CSX and Conrail lines will

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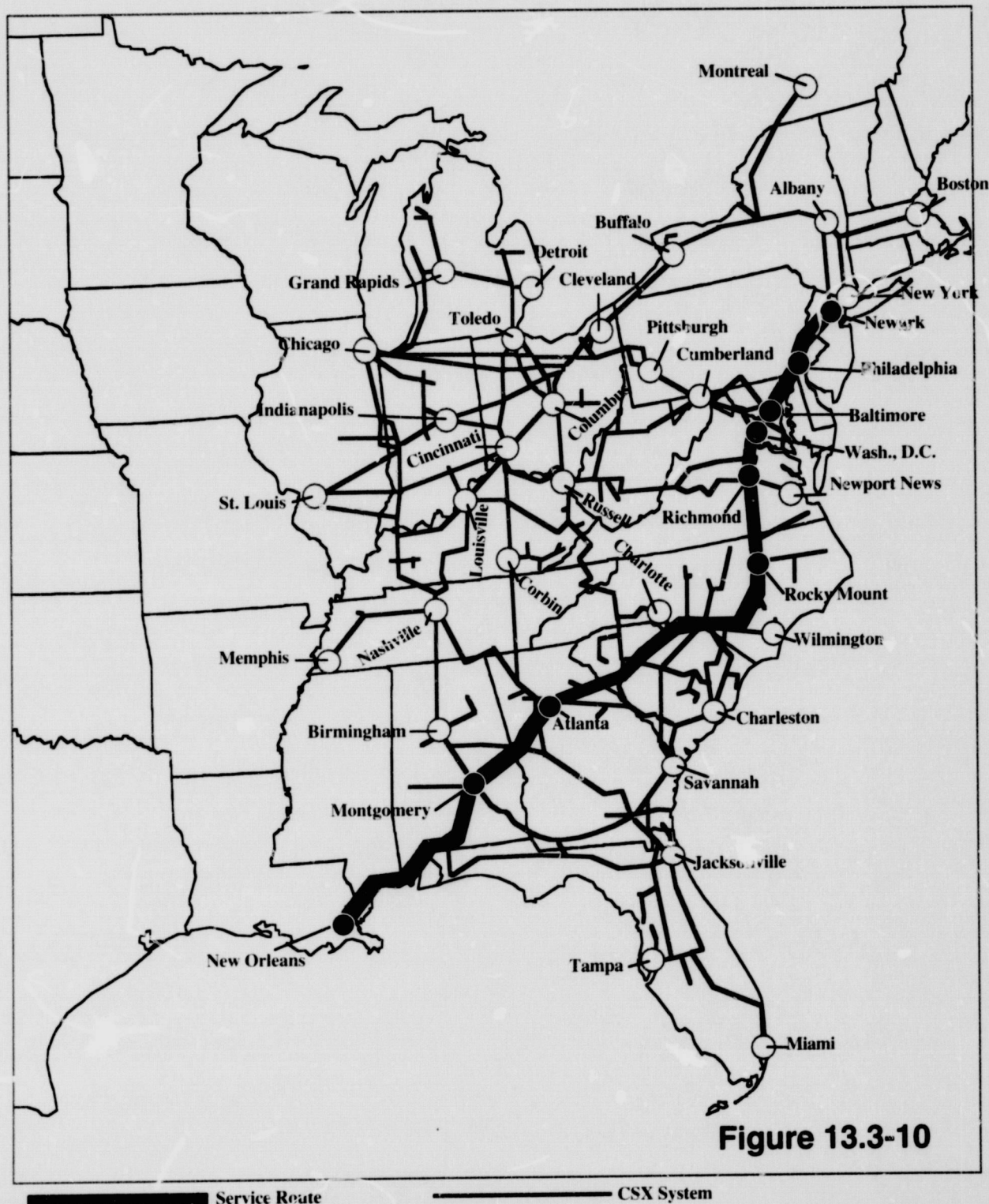
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New Orleans Gateway Service Route



create an attractive new routing option for traffic from the West to points north of Philadelphia with single-line service from the New Orleans gateway.

Through its Gentilly Yard at New Orleans, CSX today receives significant amounts of merchandise and intermodal traffic from western carriers destined to the mideastern and southeastern United States. The combined system will, for the first time, allow single-line service from New Orleans for western traffic destined to the Northeast, creating an excellent routing alternative to the Memphis and St. Louis gateways.

CSX today receives approximately 500 to 600 cars daily from western carriers at New Orleans. Much of the traffic through the gateway is merchandise traffic, but a large and growing intermodal network connects the East and West Coasts through New Orleans. The majority of general merchandise traffic through New Orleans flows to Georgia, Florida, North and South Carolina, Virginia, Tennessee and Kentucky. Intermodal traffic from the Southwest through New Orleans flows to Atlanta and Florida. The new routing option will create opportunities for increases in intermodal traffic through New Orleans for points in the Northeast.

The New Orleans Service Route offers an alternative route for chemicals and merchandise traffic that is currently routed through St. Louis or Memphis. For many origin-destination pairs, such as Houston to Philadelphia, the route through New Orleans is significantly shorter and more efficient. Most

traffic to the Northeast will overhauled New Orleans in a Hamlet, NC block. With only one intermediate classification between New Orleans and the Northeast, transit times will drop substantially.

The increase of merchandise traffic through New Orleans will create an opportunity to pre-block UP and BNSF traffic as far east as Hamlet and Waycross. This will further reduce elapsed shipment time by reducing intermediate handlings.

3.2.8 Atlantic Coast Service Route

The combination of CSX's existing line between Florida and Philadelphia and Conrail's existing line between Philadelphia and Boston will create the first single-line rail service between New England and Florida. See Figure 13.3-11. CSX's new Atlantic Coast Service Route will extend between Boston and Miami via Albany, Newark, Philadelphia, Richmond, Savannah and Jacksonville.

This new single-line service will make intermodal and carload rail service competitive for container and trailer traffic that now moves over Interstate highways I-81, I-85, and I-95, Intermodal rail routes now serving in the Northeast will be expanded deep into the Southeast. Diversion of truck traffic to intermodal service relieves congestion on heavily travelled highways, causing a net reduction of air emissions and contributing to the general safety of highway users.

Similarly, significant amounts of truck traffic will be diverted to carload service, especially for shipments of lumber/wood products and pulp/paper moving between the Southeast

Atlantic Coast Service Route



Service Route

CSX System

and New Jersey. (See Section 3.2.13, Bryan V.S. and Jenkins V.S.) The Atlantic Coast Service Route will also be used in combination with other service routes to provide extended long haul service for many carload commodities including those that now move by truck. For example, large quantities of carload traffic, including chemicals and petroleum products, will move over CSX's New Orleans Gateway Service Route and connect with the Atlantic Coast Service Route. CSX will clear Conrail's Virginia Avenue Tunnel in Washington, D.C. to improve movements of multi-levels over the Atlantic Coast Service Route. Today traffic from Northeastern assembly plants is routed west to Cincinnati for movement South. The Atlantic Coast Service Route will eliminate this circuitous routing and reduce transit time for these shipments by 655 miles and up to 2 days. This will greatly increase CSX's ability to compete for finished vehicle traffic from the Northeast to Florida and other states in the Southeast.

The Conrail route between Philadelphia and Boston is a primary service route for intermodal, auto, and general merchandise traffic. In the past ten years, Conrail has undertaken extensive upgrades on track, signals, and bridges along this line, which will enable CSX more readily to handle the significant increases in traffic that it expects to develop.

3.2.9 Michigan-Florida Service Route

The Michigan-Florida Service Route extends from Michigan to southern Florida, passing through Toledo, Cincinnati, Corbin, KY, Atlanta, Waycross, GA, and Jacksonville. The

northern part of this route is comprised of CSX lines that originate at various points in Michigan and Canada and converge at Toledo. Interstate 75 parallels this route. See FIGURE, Figure 13.3-12.

The Acquisition will improve service over this route by alleviating the current capacity constraints at Queensgate Yard in Cincinnati. Queensgate currently serves as a major classification facility for traffic moving north to Michigan, as well as for cars moving between Toledo and St. Louis. CSX's present classification yard in Toledo (Walbridge) lacks capacity to handle the large volume of traffic moving over this route.

After the Acquisition, Conrail's Stanley Yard in Toledo will become the primary classification yard for trains between Michigan and the South, East and West and will handle general merchandise classification work that is currently performed at Queensgate, Willard and Grand Rapids, MI. These and other operational changes will refocus Queensgate to be the primary facility for automotive traffic moving via the Cincinnati gateway. This will establish Queensgate as a North-South classification yard, thereby decreasing transit time and improving service reliability through Cincinnati, rendering CSX more competitive with trucking.

3.2.10 Central Service Route

The Central Service Route extends from the near-South (eastern Tennessee, South Carolina, North Carolina, and Virginia) through Russell, KY, and Cincinnati, north to Toledo, Detroit and

Michigan - Florida Service Route

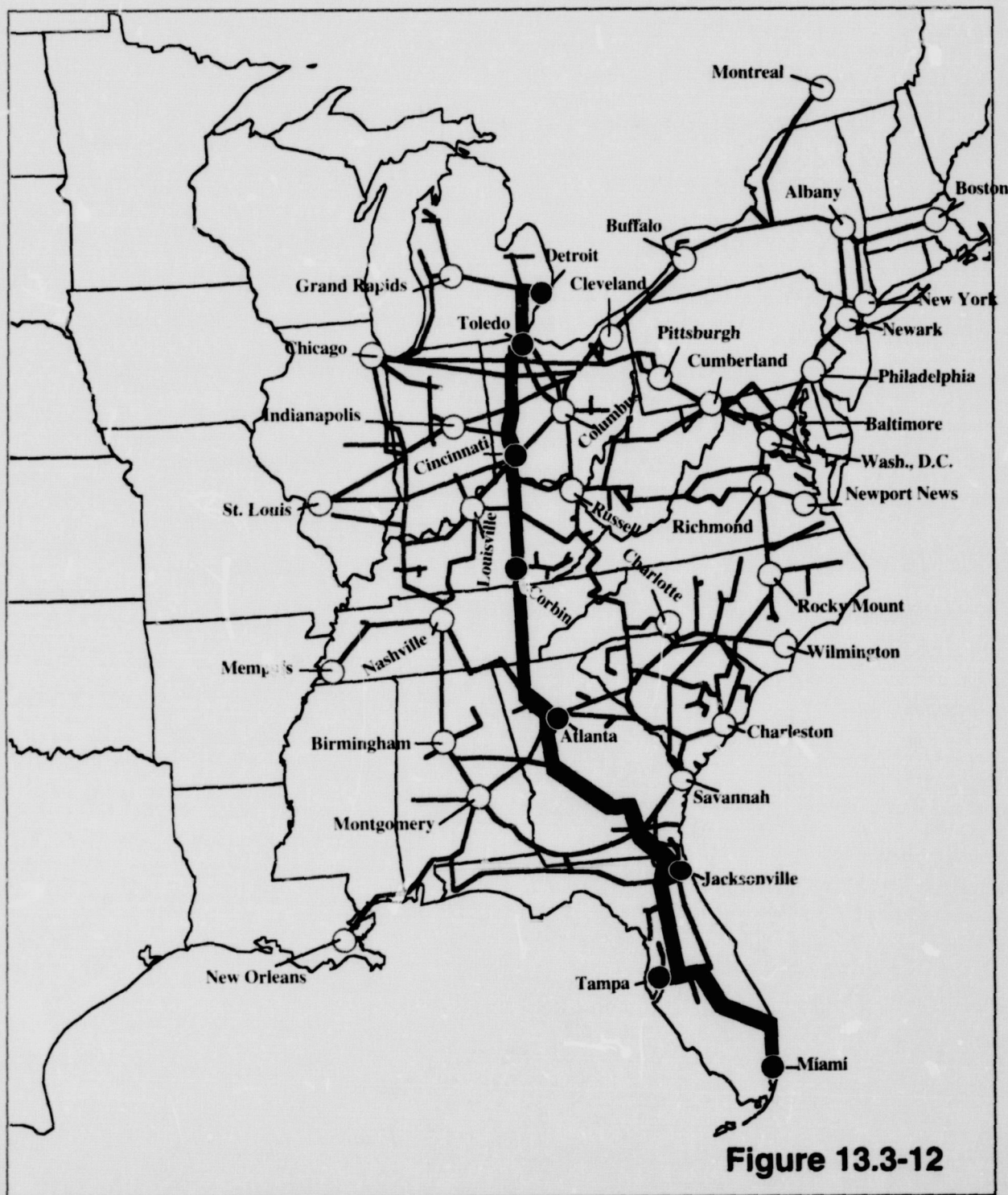


Figure 13.3-12

Chicago, and west through Indianapolis to St. Louis. See Figure 13.3-13. The Central Service Route currently is a major CSX line for general merchandise traffic.

Currently, traffic between the western Carolinas and Chicago is routed through Queensgate Yard for classification to St. Louis and Chicago destinations.

After the Acquisition, CSX will route this traffic to Conrail's Avon Yard in Indianapolis. Westbound traffic will be gathered at Russell and travel directly to Avon Yard for classification, eliminating classification at Queensgate. The combined volume of CSX and Conrail traffic at Avon will allow larger blocks to more destinations, reducing transit time by as much as 24 hours for several origin/destination pairs.

3.2.11 Heartland Service Route

The Heartland Service Route combines CSX and Conrail lines to create new intermodal and automotive routes cleared for double-stack container traffic and multi-level auto racks. See Figure 13.3-14. The Heartland Service Route has two branches, one that provides service between Detroit and Nashville and a second that provides service between Cleveland and Nashville. The Detroit to Nashville route uses the CSX line between Detroit and Marion, the Conrail line from Marion to Terre Haute, and the CSX line from Terre Haute to Nashville. CSX will rehabilitate a connection at Marion and upgrade the connection at Terre Haute to accommodate higher speed movements. The Cleveland to Nashville route combines the Conrail line from Cleveland to Terre Haute

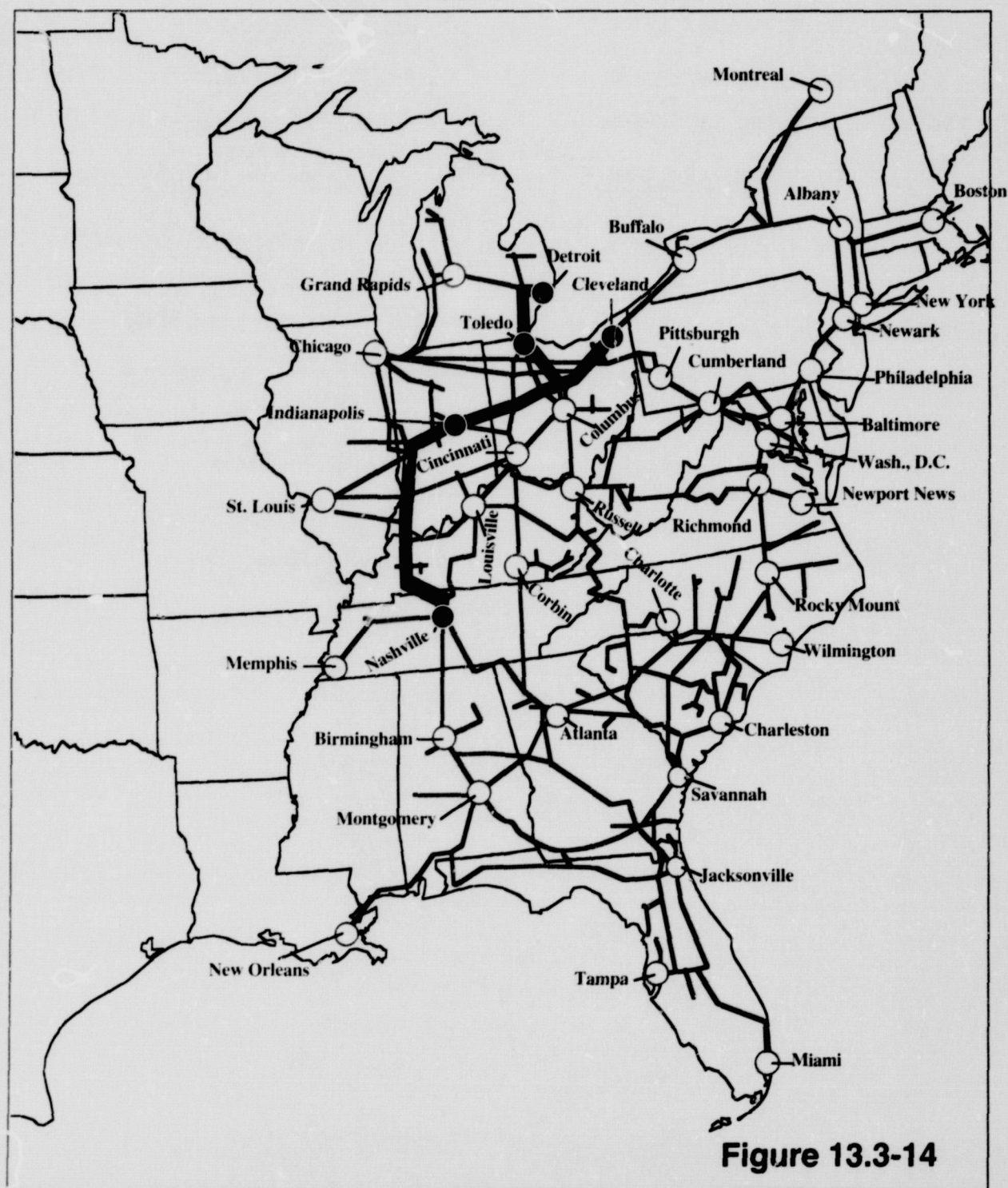
Central Service Route



Service Route

CSX System

Heartland Service Route



Service Route

CSX System

with the CSX line from Terre Haute to Nashville. This route also takes advantage of the upgraded connection at Terre Haute. Both routes are cleared for double-stack (20'6") and multi-level auto racks.

After the Acquisition, CSX will run intermodal trains from Memphis to Cleveland, via Nashville and Terre Haute, taking advantage of the higher speed connection at Terre Haute and double-stack clearances.

This service route will provide more efficient routing for automotive traffic. Multi-levels from Michigan and Toledo assembly plants will be routed over the Detroit to Nashville route for destinations at Nashville, Birmingham and Memphis. In the opposite direction, multi-level traffic from major assembly plants at Smyrna and Spring Hill, TN will be routed from Nashville to Cleveland, for delivery to automotive facilities in the Northeast, such as Selkirk and Doremus. These routings will significantly improve service for this traffic, which currently moves in CSX/Conrail joint-line service, interchanging at Cincinnati. On the joint-line route, multi-levels are switched or handled at every location en route -- e.g. Nashville, Louisville, Cincinnati, Columbus and Cleveland. Multiple handlings also occur on existing movements of multi-level traffic from Detroit to Nashville. The new routing will allow this traffic to bypass Cincinnati and Louisville, and to avoid the congested line between Cincinnati and Louisville. (See Hawk V.S.)

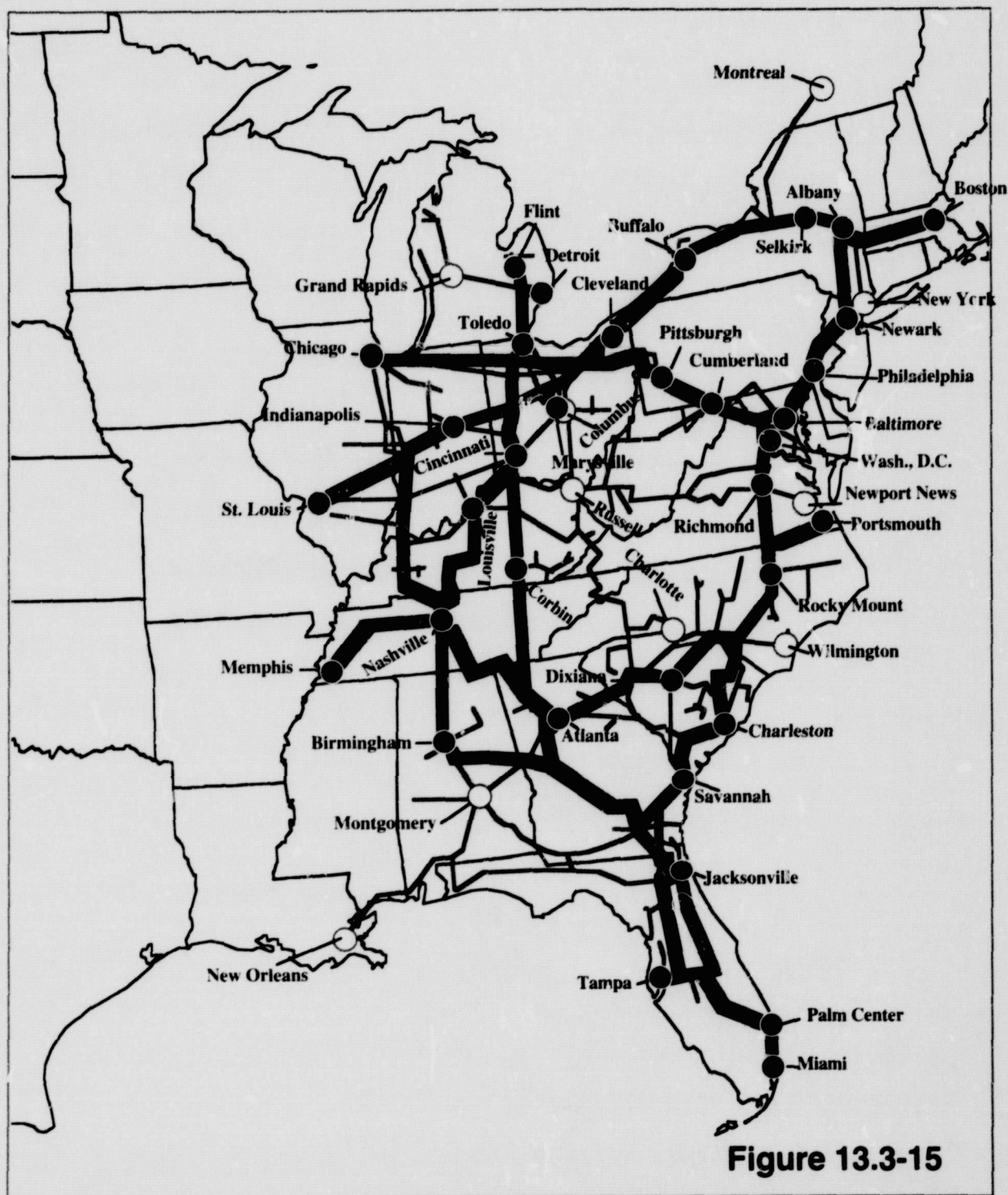
Although the mileages on the new routes are slightly greater than those on the existing routes, the elimination of multiple handlings, higher speeds and the clearances on these routes will produce substantial reductions in transit time and significantly improve service to intermodal and automotive customers using these routes. CSX estimates that this new service route will reduce transit time on each of the Detroit-Nashville and Cleveland-Nashville routes by 12 hours.

3.2.12 Automotive Network

The Acquisition will provide significant benefits to auto manufacturers, distributors, and consumers in the form of new single-line service, better utilization of equipment, an improved route structure, reduced transit times and improved consistency and efficiency of operations.

CSX will operate fifty-three (53) multi-level trains per day (35 current, 18 new), carrying both loaded and empty multi-level cars. Eighty-three (83) percent of finished vehicle traffic will travel in dedicated multi-level trains, up from 72 percent on CSX today. New single-line service will also allow CSX to divert 3,400 truckloads of finished vehicles that currently move entirely by truck from origin to destination. An additional 5,400 shorter truck drays, used only for a portion of the transportation from manufacturer to dealer, will be eliminated. Additionally, CSX will operate three auto parts unit trains on the expanded network. A schematic of the CSX automotive network is shown in Figure 13.3-15. A list of the

CSX System Automotive Network



Service Route

CSX System

trains appears in Table 13.3-1 in the Section titled TABLES ("TABLES") attached to this Exhibit 13-CSX.

A key element of this Operating Plan is the use of three dedicated hub facilities: (1) Cleveland, serving the northeastern ramps in NY, MA, and NJ, (2) Cincinnati, serving the southeastern United States, and (3) Chicago (Gibson Yard), serving the ramps west of Chicago on BNSF, UP and CPRS. The dedicated hubs will be used to gather multi-level traffic from origin assembly plants and to build trains or multi-level blocks that will move directly to destination auto ramps without further classification, reducing transit times and damage associated with repeated handlings.

Under the terms of the Acquisition, CSX will gain direct access to the vehicle assembly plants at East Liberty, OH and Marysville, OH, which together generate over 30,000 rail carloads annually. In addition, current Conrail auto ramps located in Framingham, Ayer, and Westboro, MA and Selkirk, NY will now be served by the CSX automotive distribution network.^{4/}

Further, as described in Section 4.5, CSX and NS will both gain access to current Conrail facilities and customers in shared areas. In the North Jersey shared area, the current Conrail auto ramps at Ridgefield Heights, Port Newark, Greenville and Doremus will be open to both carriers. The assembly plants at Linden, NJ and Metuchen, NJ will similarly be open to both CSX

^{4/} TDSI, an affiliate of CSX, operates the auto ramps served by the CSX rail system. After the Acquisition, CSX intends to have TDSI operate the ramps acquired from Conrail.

and NS. In the Detroit shared area, both CSX and NS will have access to Conrail-served assembly plants and the existing Conrail ramp at Detroit (North Yard), MI.

Single-line routings will increase from 27 percent of CSX's finished vehicles traffic base to 38 percent after the Acquisition. For example, CSX traffic from the assembly plants at Spring Hill and Smyrna, TN currently must interchange with Conrail to reach destinations in the Northeast. After the Acquisition, that traffic will move via single-line service from the assembly plant.

A new connection at Sidney and an upgraded connection at Marion will allow multi-levels loaded at Marysville to move via direct service to the Cincinnati, Chicago and Cleveland dedicated multi-level switching facilities and will permit expanded single-line service for this traffic to Southeast and mid-Atlantic markets. It is projected that service from Marysville will be at least two hours faster to Chicago and four hours faster to Cincinnati than today improving consistency and the ability to make connections. For example, westbound multi-levels today occasionally miss connections with outbound trains from Chicago resulting in a 24-hour delay in the Chicago terminal. The anticipated reductions in transit time will allow those trains more consistently to make their connections.

CSX's three year plan contemplates clearance improvements to the Virginia Avenue Tunnel in Washington, D.C., allowing finished vehicle traffic from northeastern assembly

plants to move via a much more direct route to destinations in the South and Southeast. Currently, this traffic must be moved west to Cincinnati and then south to reach important markets in Florida and the Southeast. As just one example, rail mileage from the Linden assembly plant to Jacksonville will be reduced 40 percent, from 1,630 miles to 975 miles. Traffic moving from locations in the South to destinations in the Northeast, such as vehicles from the Doraville, GA assembly plant, will also benefit from clearance improvements. Improved transit times will allow CSX to compete for traffic that is today handled only by truck.

Manufacturers will also realize new efficiencies in the form of eliminated drays. For example, pick-up trucks produced in Linden today are be drayed to the Twin Oaks, PA facility served by CSX for delivery to the Southeast. Annual drays total over 5,400. After the Acquisition, CSX will have direct rail access to the Linden plant and these drays will be eliminated. Elimination of drayage -- in addition to reducing costs and transit times -- will reduce damage to vehicles incurred in the transfer from truck to rail.

Other efficiencies resulting from the Acquisition include the streamlined route structure, which bypasses major terminals and reduces intermediate handlings. For example:

- CSX traffic from the Nashville area and from the St. Louis gateway today travels via Cincinnati for interchange with Conrail and delivery to the Northeast. The Operating Plan calls for a new train 6 days per week to run from Nashville to Indianapolis via Terre Haute and then on Conrail's current line to Cleveland and to the Northeast.

For the St. Louis traffic, the Cincinnati terminal is avoided and 130 miles eliminated from the trip.

- CSX traffic interchanged with Canadian carriers in Buffalo is today handled through the BRR at New Castle, PA. The expanded CSX system will use the Conrail route to provide direct service from Buffalo, eliminating an interchange.
- Traffic from the Nashville area and the East St. Louis gateway for delivery to the ramps on CSX lines in the Mid-Atlantic region (Jessup, MD, Baltimore, and Twin Oaks) must today travel through Cincinnati to Willard and then to destination. After the Acquisition, that traffic will be gathered in Indianapolis and will travel to Lordstown, OH, where it will be joined with traffic from Michigan. It will then move directly to destination, avoiding handling at Willard and eliminating 108 miles for traffic moving between St. Louis and the Mid-Atlantic.

The enhanced CSX system is expected to significantly reduce empty-car handling time using staging and classification facilities dedicated to empty cars, a current CSX practice. For example, empties returning from Florida destinations are today classified at CSX's Baldwin, FL yard, where dedicated trains are built for movement directly to assembly plants without further handling. After the Acquisition, CSX will use this concept at key locations on Conrail (e.g., Collinwood Yard in Cleveland for empties returning from the Northeast).

The enhanced CSX system will also more efficiently carry automotive traffic bound for export, improving the international competitiveness of U.S. auto manufacturers. Traffic that currently must interchange to reach a port will, in most cases, move in single-line service, eliminating interchanges and drayage, and reducing transit times and costs for

manufacturers. After the Acquisition, CSX will offer single-line service to seven of the largest East Coast vehicle ports, including the three largest: Jacksonville, New York/New Jersey and Baltimore.

Service from Eastern assembly plants to the Western gateways will similarly improve. CSX expects to add an additional train into Chicago and one train into St. Louis to compete for westbound traffic. Eastern manufacturers will benefit from what is expected to be particularly vigorous competition for traffic to Western gateways.

The Operating Plan calls for capital investment in facilities at or near Marysville to support current operations. It is anticipated that facilities in critical markets will be refurbished, modernized, and expanded to accommodate future traffic growth as necessary.

3.2.13 Intermodal Network

The Acquisition will allow CSX to offer an expanded, intermodal rail service which is even more efficient and competitive.^{5/} Several factors will allow CSX to achieve these results:

First, the broadened network over which CSX will operate will allow intermodal shippers to take advantage of new east-west and north-south single-line services on key intermodal

^{5/} CSX Intermodal, an affiliate of CSX, markets the intermodal services and operates intermodal terminals adjacent to the CSX rail system. After the Acquisition, CSX Intermodal will operate the intermodal ramps acquired from Conrail.

lanes, enabling those shippers to reach additional markets efficiently. See Figure 13.3-16.

Second, the increased volumes of intermodal freight that CSX will transport -- both existing Conrail freight and freight diverted from motor and other rail carriers -- will allow CSX to offer new or more efficient routings between intermodal terminals and to reduce or eliminate the extended drayage of freight in several markets.

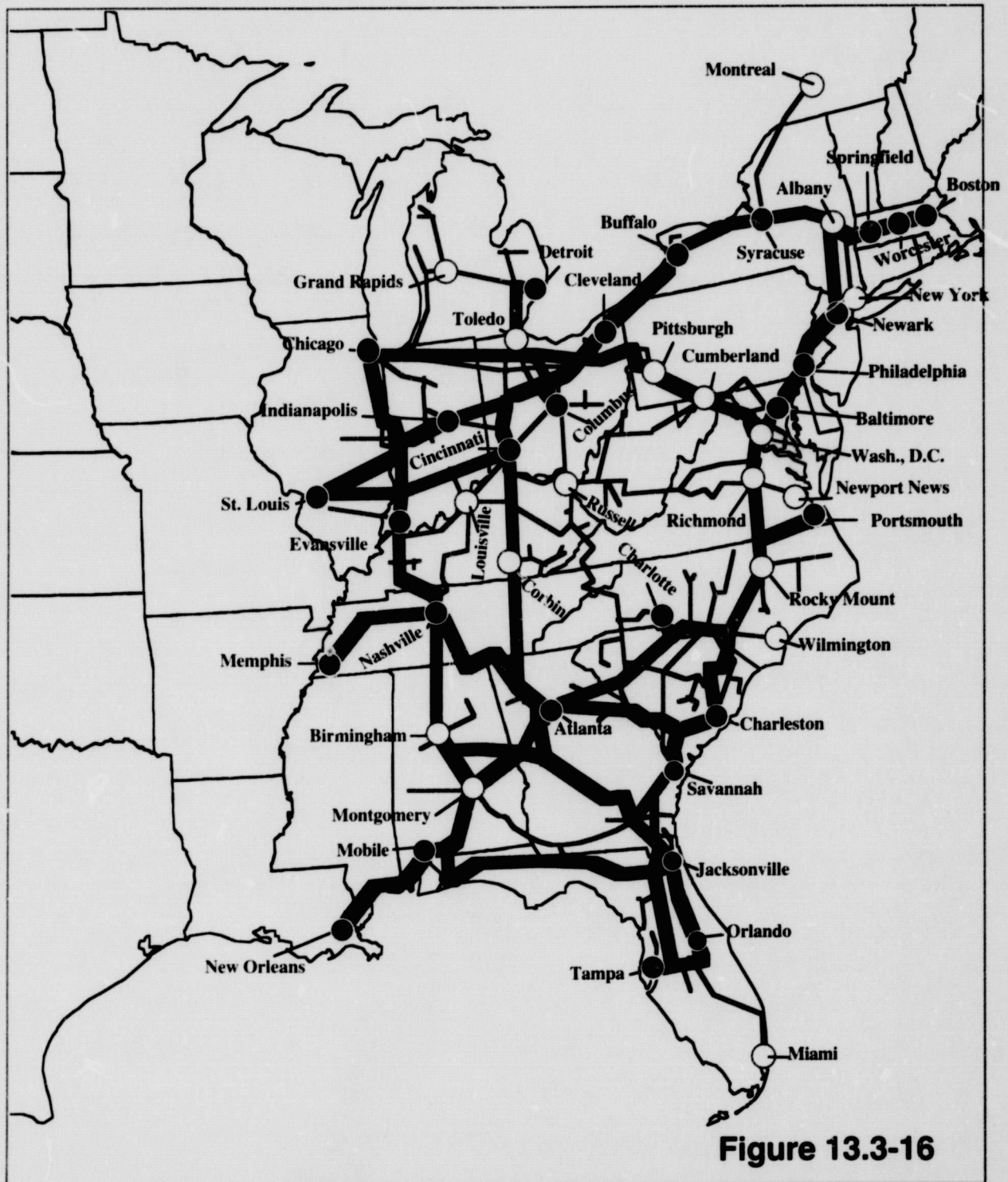
Third, because shippers will have additional intermodal terminal options, and terminals closer to their places of business, CSX will be positioned to provide more reliable and truck-competitive intermodal service.

Fourth, coordination and optimization of new and existing facilities and improved equipment utilization will result in increased productivity and enhanced services.

These improvements will encourage the diversion of 321,000 truckloads of freight from motor carriers operating over congested Eastern and Midwestern Interstate highways. (See Byran V.S.) In addition, the Acquisition will allow extended rail movements of intermodal freight to points in the Northeast and Midwest that is now drayed from more distant terminals served by CSX. This will further reduce traffic congestion on the highways. CSX intermodal train schedules are set forth in Table 13.3-2. See TABLES, Table 13.3.2.

The Acquisition will allow CSX to provide new or improved intermodal service, highly competitive with highway

CSX System Intermodal Network



Service Route

CSX System

services, in four important intermodal service corridors:

- "I-95" -- between Florida/Southeast points and the Northeast;
- "I-85" -- between Atlanta/Southeast points and the Northeast;
- "I-75" -- between the Midwest and the Florida/Southeast points; and
- "Memphis Gateway routes" -- between Memphis and the Northeast

Substantial service improvements will occur at major intermodal centers -- particularly in Philadelphia, Cleveland, Chicago and the New York/North Jersey area. Plans for handling intermodal freight at each of these points are described below.

3.2.13.1. Improvements in Intermodal Operations at Certain Major Intermodal Centers

New York/North Jersey

The New York/North Jersey area ("NY/NJ") is a major center for intermodal traffic moving between NY/NJ ocean ports and large distribution facilities and points throughout the United States. Conrail facilities in North Jersey will position CSX to offer attractive and more competitive single-line services to domestic and international shippers and steamship lines that utilize the NY/NJ area ocean ports and intermodal terminals.

CSX lines do not currently reach the NY/NJ area. However, CSXI, a CSX affiliate, maintains an intermodal terminal in Ridgefield (Little Ferry), NJ. CSX intermodal traffic moving between the NY/NJ area and southern points is currently either handled in joint-line service with Conrail or, more frequently (due to the relatively high cost of short-haul joint rail service

in the area), drayed to and from the Philadelphia terminal on CSX. Similarly, traffic moving to or from New England and other points north of the NY/NJ area is generally drayed from Philadelphia. CSX intermodal traffic moving between the NY/NJ area and Midwestern points is either transported in joint-line rail service involving Conrail or other carriers or transported to or from Philadelphia and drayed between there and points north of Philadelphia. This long-haul drayage of freight, and joint-line rail service, will be replaced in many important markets with efficient new single-line CSX rail service.

After the Acquisition, CSX will operate into Conrail's North Bergen and Kearny intermodal facilities, which currently serve major intermodal shippers with nationwide markets. Both of these large and well-designed North Jersey facilities have direct access to the River Line, which CSX will operate after the Acquisition as part of its Northeastern Gateway Service Route. These terminals also have excellent highway and rail access for traffic moving in any direction from or to the NY/NJ areas.

CSX and NS will both operate directly in and out of intermodal facilities at the Port Newark/Elizabeth Marine Terminal, where Conrail today handles substantial volumes of intermodal cargo. The Expressrail facility (Dockside) and the Portside facility (currently used by Triple Crown) at Port Newark/Elizabeth Marine Terminal will be accessible to both CSX and NS. CSX and NS will also both have access to the private APL terminal in Kearny. In addition, CSX will have the right to the

property in the vicinity of Conrail's Elizabethport yard (Trumball Street Yard). This property will be used for future expansion of intermodal services.

Services at the North Bergen, Kearny and Port Newark/Elizabeth Marine facilities will be aligned with those conducted at the Little Ferry intermodal facility to optimize the use of each of these facilities. Intermodal freight moving to or from points throughout the United States can be efficiently consolidated and served from these facilities. NY/NJ area traffic moving to or from southern points will use the River Line and the Trenton Line, which will be a link to CSX's current rail network at Philadelphia. Traffic moving to or from New England, as well as from northern and western points, will use the River Line and connections to the Water Level Route and the Boston Line. Port area traffic will access the River Line from the National Docks Branch, which will be served by both CSX and NS.

At Little Ferry, connections will be built between the River Line and the NYS&W, facilitating access from the Conrail River Line to the Little Ferry terminal at points north and south of the terminal. These connections will allow traffic to enter and exit the Little Ferry terminal efficiently as well as allow CSX to coordinate traffic flows between Little Ferry and other North Jersey terminals in order to provide customers with the maximum number of service options and frequencies.

Philadelphia

CSX and Conrail today each provide intermodal service to terminals in South Philadelphia. Conrail serves the AmeriPort facility operated by the Delaware River Port Authority which is located at Greenwich Yard. CSX currently serves the Snyder Avenue terminal in South Philadelphia. After the Acquisition, the Snyder Avenue intermodal terminal will be closed and operations will shift to a new facility to be located in south Philadelphia at or near Greenwich Yard. CSX will restore the track at Eastwick between CSX's line and Conrail's line at the Grays Ferry Bridge and the 25th Street viaduct to provide direct access to South Philadelphia.

The shift of intermodal operations to the Greenwich Yard, along with the construction of the track at Eastwick, will bring significant benefits to CSX's intermodal shippers. Today, accessing the Snyder Avenue facility is a time-consuming switching operation. Specifically, an intermodal train must be stopped on the east side of the Schuylkill River and the engine repositioned to reverse the train movement. The train then must move at slow speeds approximately ten miles along the river to the Snyder Avenue facility, where switch engines move 10-car blocks of intermodal cars into the Snyder Avenue Terminal. The same procedure occurs, in reverse, for intermodal trains leaving Snyder Avenue.

The tedious process and the severe size limitations of the Snyder Avenue facility will be avoided by using the new

Gray's Ferry route to access the new intermodal facilities at Greenwich Yard. CSX will be able efficiently to deliver and depart train-load blocks of intermodal cars directly to and from processing tracks at Greenwich Yard, allowing for optimal use of that facility and faster, more consistent service for shippers. The new facility and connection will save approximately three hours of transit time per train, significantly improving current service.

Cleveland, OH

After the Acquisition, CSX will operate into Conrail's Collinwood Yard at Cleveland, OH, which will become a major Midwest hub for its intermodal network. Collinwood is a hub for traffic moving between the Midwest and the Southeast; between the Mid Atlantic/Northeast/New England and the Memphis and St. Louis Gateways; and between the Northeast and Chicago Gateways.

Conrail plans to purchase a 23 acre parcel of property adjacent to the Collinwood facility for future expansion of intermodal operations. Following the Acquisition, the Collinwood facility will be expanded and operated as a intermodal switching yard and hub facility, capable of switching solid blocks and individual intermodal cars. It will have modern lift equipment and ample parking space to transfer individual intermodal containers or trailers from one rail car to another. These capabilities will enable containers to be consolidated from several origins into full double-stack cars to be transported to a single destination. For example, containers originating in

Memphis or other origins will be blocked at origin and then moved in a dedicated intermodal train to Cleveland. At Collinwood, CSX will block swap and consolidate the containers and transport blocks of containers on dedicated trains destined to specific points in the Middle Atlantic and Northeast.

Chicago

CSX traffic is currently served at an intermodal facility in the Chicago area at Bedford Park, IL. This facility serves traffic originating at or destined to the Chicago area, as well as transcontinental traffic interchanged with other railroads. CSXI also owns and operates the Chicago Forest Hill intermodal facility. CSX reaches Bedford Park via the BRC and the IHB. Forest Hill is reached via the BOCT.

CSX will improve access for intermodal traffic to the Bedford Park facility. The planned improvements will include an additional lead track with a power switch connection from the IHB lines at 71st Street to the west end of the Bedford Park facility to facilitate switching and train movements.

CSX will construct a connection in the southwest quadrant of 75th Street, at the junction of BOCT and the BRC and in the northeast quadrant of Rock Island Junction, which is located at the intersection of the BRC and Conrail's Chicago Line (over which CSX has trackage rights). Together, these projects will allow smooth directional running of inbound and outbound intermodal trains reducing congestion within the Chicago terminal. These improvements will vastly reduce intermodal train

"meets" and the associated delays and improve the overall flow of rail traffic through Chicago.

To handle the expected growth in traffic volume, the Bedford Park and Forest Hill facilities will be expanded. In addition, as part of the Acquisition, CSX will acquire rights to a presently-unused switching yard consisting of approximately 100 acres located on the BOCT line in the area of 59th Street. A new intermodal facility will be developed at this location to serve Chicago traffic and to provide direct rail-to-rail interchange with other carriers. Until the 59th Street facility is developed, CSX will use Conrail's existing 63rd Street (Park Manor) facility and connections from 63rd Street to western railroads to serve up to 6 daily trains in each direction.

With the expansion of Bedford Park and the addition of the centrally-located 59th Street facility, CSX will have excellent access to BNSF and UP for the rail-to-rail interchange of transcontinental traffic. CSX intends to develop detailed plans with connecting railroads to enhance rail-to-rail interchanges and maximize the associated blocking of single-destination transcontinental traffic.

In addition, the combined CSX and Conrail traffic volumes will allow CSX to optimize its use of Chicago-area facilities and lines to provide more frequent and efficient intermodal operations between Chicago and Eastern cities. The enhanced traffic volumes will also allow CSX to offer better service to and from the western United States and Mexico.

3.2.13.2. New Intermodal Service Routes and Services

"I-95": Northeast-Southeastern Seaboard^{6/}

Currently, CSX provides single-line intermodal service between the Southeastern Seaboard and Philadelphia, and provides joint-line service with Conrail between the Southeastern Seaboard and NY/NJ. After the Acquisition, CSX will extend service in the I-95 corridor, operating two single-line intermodal trains in each direction, each providing service six days per week.^{7/} The trains will provide second-morning service between Jacksonville and northern New Jersey, and third-morning service between Jacksonville and New England. One intermodal train will operate between Florida, Savannah, and Charleston in the Southeast, and Baltimore and Philadelphia, in the Northeast. The second train will operate direct from Florida to serve North Jersey, where connections will be made to a new Atlanta-New England train. The Florida-New England traffic will be consolidated with Atlanta-New England traffic at NY/NJ intermodal facilities for service to New England. Service improvements in this corridor are expected to divert more than 26,000 truck loads annually to rail movement. See Byran V.S.

^{6/} The Southeastern Seaboard includes Charleston, Savannah, and points in Florida.

^{7/} For simplicity, much of the discussion of intermodal service in the new service corridors refers to service in one direction. The discussion should be read as including service in the opposite direction as well. For example, a reference to service from Florida to Philadelphia should be read as also referring to service from Philadelphia to Florida.

"I-85": Northeast-Atlanta/New Orleans

CSX will take advantage of the linkage of the CSX and Conrail systems to introduce one new train per day each way between Atlanta and New England, serving Baltimore, Philadelphia and NY/NJ, as well as Springfield, Worcester, and Boston. Connections will also be provided to Mobile and New Orleans. Traffic moving in the I-85 corridor will take advantage of the service improvements resulting from consolidation of intermodal operations at the new Greenwich facility in South Philadelphia. This corridor is expected to divert 40,000 truck loads annually to rail. Id.

"I-75": Midwest-Southeast/Florida

CSX currently provides intermodal rail service from Florida and the Southeast to Cincinnati, but not to points farther north, such as Detroit, Cleveland and western New York because traffic volumes do not justify rail-to-rail handling to those points. Rather, the traffic moves by rail to Cincinnati, and then by truck to destination.

The Acquisition will link CSX's lines from the Southeast to Conrail intermodal terminals in the Midwest and Northeast. CSX will extend its current service from Florida, Georgia and New Orleans to Detroit, and also provide service between the Southeast and Cleveland and western New York. Southbound traffic will connect at Jacksonville with trains serving major Florida markets. With this new service, CSX will provide third-morning delivery between Florida and Detroit, and

between Florida and Cleveland. About 19,000 truckloads annually will be diverted to rail in this corridor. Id.

Nashville/Memphis to Northeast

There are currently no economically feasible single-line rail intermodal operations by any carrier in this service corridor. CSX will provide single-line double-stack intermodal service between Memphis and Nashville via Terra Haute to the Midwest, the Mid-Atlantic, and the Northeast. The major markets served will include Cleveland, Buffalo, Philadelphia, Baltimore, NY/NJ, and New England. This service will handle both local Memphis and Nashville traffic as well as traffic to and from the Southwest and West Coast that moves via the Memphis gateway.

CSX will provide second-morning service between Memphis and Cleveland, third-morning service between Memphis and New England, northern NJ/NY, Philadelphia, and Baltimore. Much of this traffic will be routed through the Collinwood Yard.

CSX also will offer service for intermodal traffic from the Memphis gateway/Nashville to Detroit via Terre Haute, for connection to the I-75 intermodal service corridor. About 114,000 truckloads will be diverted to rail intermodal service in this corridor. Id.

Other New Intermodal Service Corridors

CSX will be able to offer efficient, consistent and highway-competitive intermodal service between Chicago and Columbus. Today a considerable amount of CSX intermodal traffic to Columbus is moved by rail to Chicago and is drayed from there

to destination. The Acquisition will allow CSX to integrate Conrail's current Chicago-Columbus service and move this traffic by rail.

Currently CSX does not operate an intermodal train between Cincinnati and Cleveland. Following the Acquisition, CSX will establish this service by extending a current CSX Jacksonville/Cincinnati train north to Detroit with connections to Cleveland via portions of the Conrail St. Louis-Cleveland line. This will provide new Cincinnati-Detroit and Cincinnati-Northeast service by connecting this traffic with east-west trains at Cleveland. An additional 121,000 truckloads a year will move over other routes in the expanded CSX system. Id.

Expanded Clearances for High-Cube Traffic

Currently, only portions of the I-95/I-85 service corridors are cleared to 20'6" for high-cube double-stack intermodal traffic. As the use of high-cube double-stack containers increases in the I-95/I-85 service corridors, CSX expects to work with public authorities to provide the necessary clearances to make that type of service possible.

3.2.13.3. Extended Intermodal Rail Service in Substitution For Truck Service

A great deal of intermodal service to and from the New York and New England areas is moved by rail via CSX to Philadelphia, and then is trucked either to intermodal terminals or to the customer directly. Approximately half of this traffic originates or terminates at points along the Atlantic Coast Service Route. After the Acquisition, CSX will be able to handle

most of this traffic directly to destination. This new rail service will divert over 26,000 truck loads per year and save over 2.3 million truck miles. See Jenkins V.S.

CSX's current service between Cincinnati and Detroit moves via highway for connection to the rail network at Detroit. The extension of rail service beyond Cincinnati to Detroit will divert over 7,900 extended dray truckloads per year from the highways and save about 2.4 million truck miles. See Anderson V.S.

CSX expects that the new Chicago/Columbus and Chicago/Cleveland rail services will remove at least 8,000 extended drays per year from the highways and save over 2.6 million truck-miles. Id.

3.2.14 Coal Network

CSX has an extensive coal network directly serving mines located in Maryland, Virginia, West Virginia, Kentucky, Pennsylvania, Illinois, Indiana, and Alabama. Those mines include:

- the western Kentucky coal fields (located south of Henderson, KY near Atkinson, KY);
- the southern Indiana coal fields (located north of Evansville, IN);
- the Alabama coal fields (located west of Birmingham);
- the B&O coal fields (located in northern West Virginia and western Maryland, including Grafton, WV; Burnsville, WV; and Cowen, WV);
- the New River District (located southwest of the B&O coal fields, including Rainelle, WV, Meadow Creek, WV, and Raleigh, WV);

- the Kanawha District (located entirely in West Virginia, west of the New River District, southeast of Huntington and Charleston including Danville, Elk Run Junction, and Logan);
- the Big Sandy District (located entirely in Kentucky, southwest of the Kanawha District, including Shelby, KY) (the last three districts are generally referred to as the C&O coal fields);
- the L&N coal fields (located entirely in Kentucky, southwest of the Big Sandy District, including Hazard, Ravenna, Loyall, and Corbin); and
- the Clinchfield District (located in western Virginia, including Dante, VA).

See Figure 13.3-17 showing the location of these coal regions. A schematic of the CSX coal network is shown in Figure 13.3-18.

Coal moves from these mines to utilities and industrial facilities throughout the Midwest, Northeast, South and Southeast and to the Ports of Baltimore, Mobile and Newport News for export. See Sharp V.S. for a discussion of coal, coke and iron ore diversions and market issues.

As discussed below, the operation of some of the coal movements from the B&O and C&O coal fields will change because of their physical proximity to the territory acquired from Conrail. CSX also expects some new movements as a result of the Acquisition.

After the Acquisition, CSX and NS will both have access to Conrail-served coal mines located in the Monongahela/Pittsburgh 8 District which is located in West Virginia and Southwestern Pennsylvania along the lines of the former Monongahela and Waynesburg Southern railroads ("MGA coal"). This section includes only a discussion of the movement of MGA coal;

CSXT Coal Regions

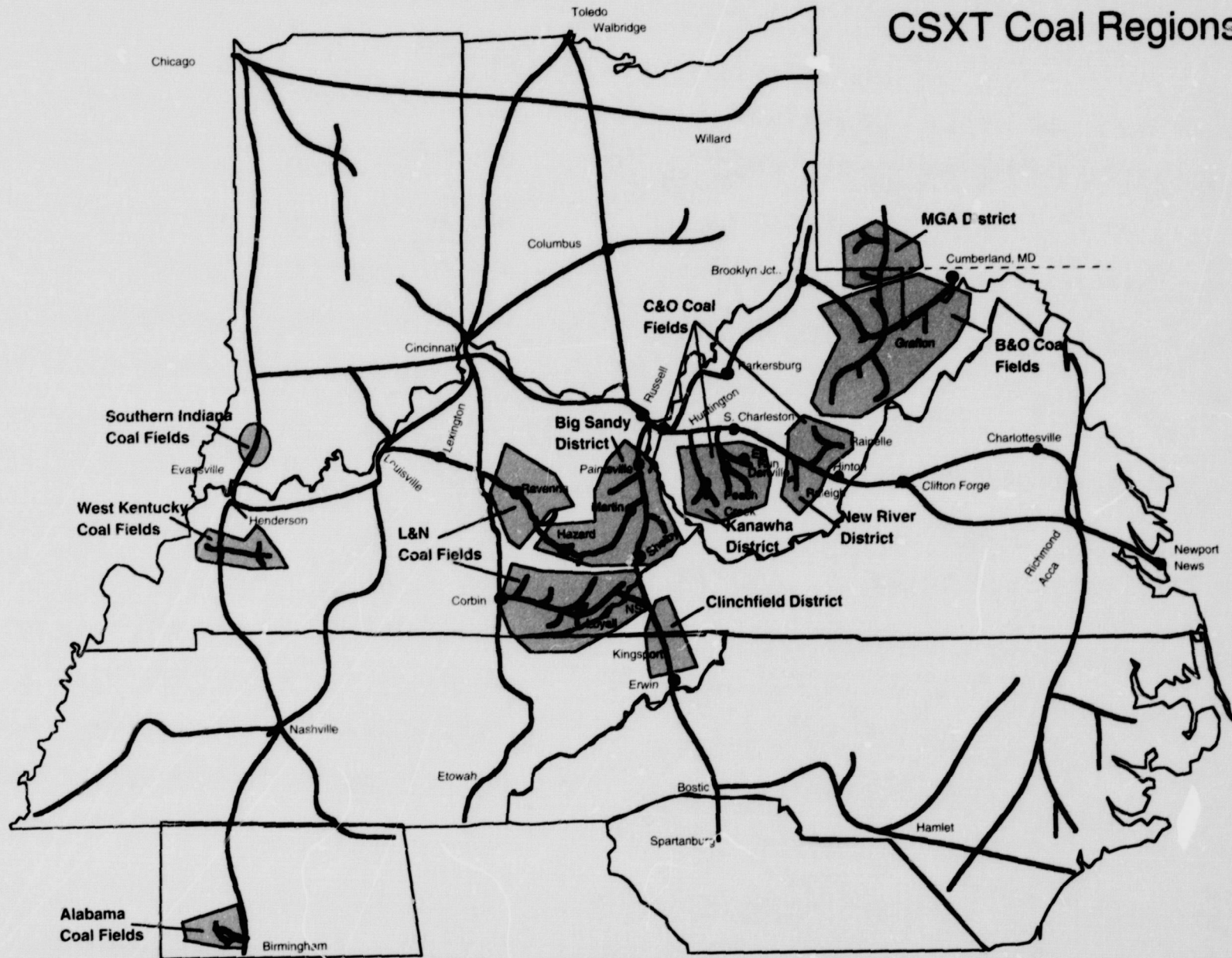


Figure 13.3-17

CSX System Coal Network

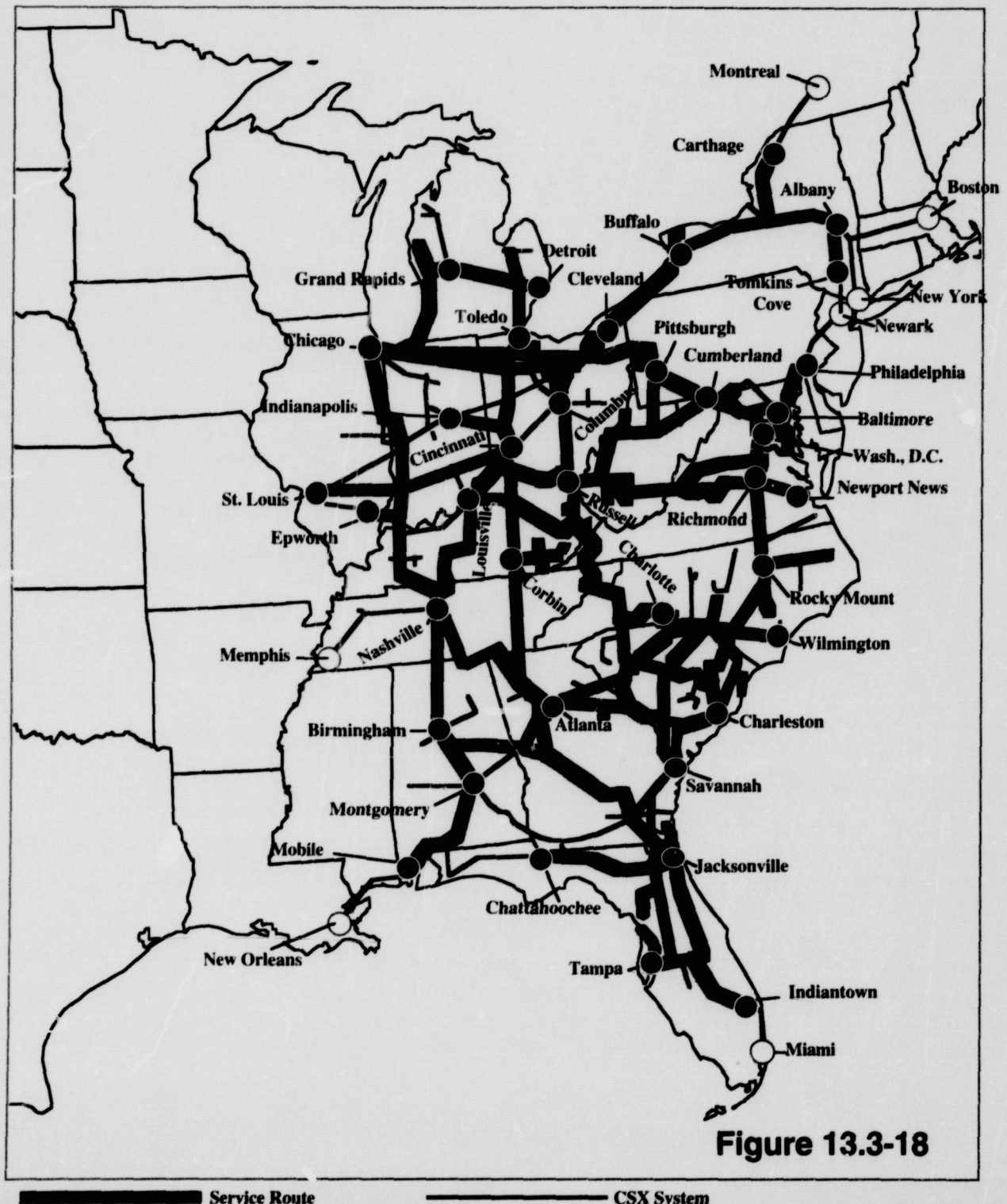


Figure 13.3-18

Service Route

CSX System

CSX and NS operations over the shared MGA facilities are discussed in Section 4.5.5.

Following the Acquisition, shippers will benefit from single-line service to a greater number of coal-consuming markets in the Northeast, Southeast, and Midwest. As a result, shippers can expect more efficient service with reduced, more reliable transit times on CSX lines.

By coordinating operations across the expanded system, CSX will create opportunities for more efficient use of cars and locomotives, reducing costs and freeing additional capacity to meet customers' needs. For example, after coal cars from the C&O coal fields are unloaded at Ashtabula or the Rochester area, instead of returning them empty to the C&O fields, as is currently done, CSX will be able to reposition them to the closer B&O or MGA coal fields. Similarly, cars carrying MGA or B&O coal to the Southeast or Newport News export piers can be repositioned to the C&O coal fields. Shortening the length of empty return runs will reduce operating costs and make empty cars more quickly available for loading. This will reduce total fleet empty car days -- a net gain in carrying capacity without any additional capital investment.

Single-line access to the MGA coal fields will give coal consumers greater, and more competitive, source options. Today, coal moving from the MGA must move in joint-line service over Conrail and CSX lines to reach markets in the Southeast. After the Acquisition, both CSX and NS will have direct access to

the MGA coal fields thus giving shippers single-line access to that coal from two strong competitors of comparable size and geographic reach. Planned upgrades at CSX's Newell Yard in Pennsylvania will facilitate movements of coal into and out of the MGA. When the upgrades are completed, Newell Yard will contain at least 4 tracks, the longest of which will handle 130-car trains.

The single-line efficiencies of the expanded CSX system will result in more direct movements of coal to utility and industrial customers as well as to ports and river terminals. The following describes the movement of coal on CSX lines after the Acquisition.

3.2.14.: Deliveries to Ashtabula and the Great Lakes Region

Today, Conrail is the only railroad that directly serves Ashtabula. CSX has trackage rights to Ashtabula over Conrail lines, but must absorb the destination switch charge, giving Conrail an additional competitive advantage. After the Acquisition, with access to Ashtabula on former Conrail lines, CSX will be an effective competitor. CSX will transport MGA coal, B&O coal, C&O coal, and L&N coal to Ashtabula for transfer onto vessels for deliveries in the Great Lakes region and for east-west movement along the new Northeastern Gateway Service Route.

B&O coal to the Lakes region will move from Grafton, WV through Rivesville, WV; Brownsville, PA; and McKeesport, PA; to Youngstown and Ashtabula. MGA coal will move from the mine to

Newell via McKeesport and Youngstown to Ashtabula. C&O coal will move via Columbus and Greenwich, OH and then along the Northeastern Gateway Service Route. L&N coal will move via either Columbus or Cincinnati to Greenwich and then along the Northeastern Gateway Service Route.

Currently, CSX handles significant volumes of coal to the Great Lakes region at the Toledo Docks. This coal originates primarily in the C&O and L&N coal fields. Following the Acquisition, this coal will continue to move as it does today.

3.2.14.2 Deliveries to the Buffalo Region

Today, Conrail provides direct service to the Buffalo region from both MGA and central Pennsylvania coal fields. After the Acquisition, CSX will operate Conrail's Water Level Route along Lake Erie. That line combined with CSX's line and trackage rights between Youngstown and Ashtabula and CSX's access to the MGA coal fields will allow CSX to move both MGA coal and B&O coal in single-line service to utilities in Dunkirk, NY, and to West Somerset, NY. B&O coal will move from Grafton through Rivesville, Brownsville, McKeesport, and Youngstown to Ashtabula. Beyond Ashtabula, CSX will move the coal over CSX's new Northeastern Gateway Service Route to Dunkirk for delivery. The coal can move further along the Northeastern Gateway Service Route to reach the West Somerset utilities. MGA coal will move north from the mines to Newell and then follow the same route.

3.2.14.3 Deliveries to the Rochester Area

Today, Conrail delivers both MGA and Big Sandy coal to industrial and utility plants in the Rochester area. While Conrail delivers MGA coal directly to the Rochester area, coal from the Big Sandy District first moves by truck to the Ohio River. The coal then travels by barge up the Ohio River to a river terminal at Conway. There the coal is transloaded into Conrail rail cars for delivery.

After the acquisition, B&O, C&O and MGA coal will be able to reach the Rochester to the fleet, area via single-line service on CSX. Low sulfur coal from mines in the Big Sandy District can move rail direct to Greenwich via Columbus, then along the new Northeastern Gateway Service Route to Rochester. This new single-line movement of Big Sandy coal will eliminate the need for both the truck and barge movements. CSX will be able to deliver MGA and B&O coal to that area via Newell and Youngstown to Ashtabula to the Northeastern Gateway Service Route.

3.2.14.4 Deliveries to Northeastern Gateway Plants

Today, Conrail moves MGA coal destined to plants in the Northeast via a Rotterdam Junction, NY interchange to the B&M Railroad. NS also can move coal north to Buffalo where it can take one of two routes. One route involves an interchange with Conrail, which moves the coal to Rotterdam Jct., NY where it is interchanged with the B&M. The second route involves an

interchange with CPRS's subsidiary, D&H Railroad, which moves the coal to Mechanicville, NY for final delivery by the B&M.

After the Acquisition, CSX will be able to interchange B&O, C&O, and MGA coal at Rotterdam Jct. with the B&M to utilities in Holyoke, MA and Merrimac, NH.

Today, Conrail carries Conrail-origin MGA coal in single-line service direct to Roseton, NY and Tomkins Cove, NY. CSX moves B&O and C&O coal in joint-line service with Conrail, interchanging at Lurgan, PA. NS also moves coal to that region via Buffalo where it is interchanged with Conrail.

After the Acquisition, CSX will be able to move B&O, C&O and MGA coal to these destination via single-line service across the Northeastern Gateway Service Route.

In lieu of existing joint-line service, CSX will be able to provide single-line service to Indian Orchard, MA. Today, CSX moves low-sulfur B&O coal to Lurgan, PA where it is interchanged with Conrail for delivery to this location.

3.2.14.5 Deliveries to Southern Maryland

Today, CSX moves B&O-origin coal via Grafton, Cumberland, and Point of Rocks, MD to Benning's Yard in Washington, D.C., where it is interchanged with Conrail. Conrail then moves the coal between Landover, MD and Bowie, MD (over the NEC) for delivery to utilities at Chalk Point and Morgantown, MD. After the Acquisition, B&O coal will be able to reach Chalk Point and Morgantown utilities via single-line service. The coal would traverse a similar route but without the need for the

interchange, eliminating train delays and locomotive and crew changes at Benning's Yard.

Conrail also moves Conrail-origin central Pennsylvania coal to Perryville, MD and then over the NEC to Bowie for delivery on Conrail lines to these plants. CSX will not have direct access to the central Pennsylvania coal fields, but will offer a joint-line service with NS to move that coal.

CSX currently moves coal from the B&O coal fields to a utility plant at Dickerson, MD. This is a CSX single-line movement today and will not be affected by the Acquisition.

3.2.14.6 Deliveries to Eastern Pennsylvania and Delaware

Currently Conrail delivers coal directly to utilities in Eastern Pennsylvania and Delaware, including B&O-origin coal that is interchanged at Lurgan. After the Acquisition, NS will operate Conrail's lines serving these facilities. CSX plans to offer a joint-line movement with NS of B&O coal to these plants.

3.2.14.7 Deliveries to Baltimore Piers

Today CSX moves B&O coal through Cumberland to Baltimore for delivery at the Curtis Bay Pier, Bayside Terminal, and Consolidation Coal Company ("Consol") piers for export or coastal shipment.

After the Acquisition, CSX will be able to deliver both B&O and MGA coal to those piers. Depending on train size, CSX has two options for delivering MGA coal to Baltimore. Trains of up to 130 cars can move north to Brownsville and McKeesport, and then east to Baltimore directly to the Curtis Bay, Bayside, and

Consol piers. Trains of up to 90 cars will be able to move south to Rivesville then east via Grafton and Cumberland to Baltimore. The latter route cannot accommodate trains in excess of 90 cars because of the steep grade along portions of that line.

3.2.14.8 Deliveries to Newport News

Today, virtually no MGA coal moves to Newport News for export. Any movement of such coal would require a joint-line movement over CSX and Conrail lines, an inefficient operation that places MGA coal at a competitive disadvantage to other coal sources.

After the Acquisition, the expanded CSX will be able to move MGA coal via single-line service over either of two routes, depending on train size. One hundred thirty car coal trains will be routed via McKeesport to Cumberland and then south through Washington, D.C. to Newport News. Trains of up to 90 cars will move south via Grafton and Cumberland and then to Newport News.

Currently, CSX moves significant volumes of coal to Newport News from the C&O coal fields, L&N coal fields, Clinchfield District, as well as smaller volumes from the B&O coal fields. Following the Acquisition, the movement of this coal will continue to operate as it does today.

3.2.14.9 Deliveries to Florida

Today only a small amount of MCA coal reaches Florida in large part because of the inefficiencies of the joint-line movement required. With new access to the MGA coal fields, CSX

will be able to provide single-line delivery of MGA coal via Richmond to the utility market in Florida.

Currently, CSX handles significant volumes of coal traffic to Florida destinations. This coal originates predominantly in the C&O and L&N coal fields and Clinchfield District, with smaller volumes originating in the B&O coal fields. The Acquisition will not affect the movement of this coal.

3.2.14.10 Deliveries to Michigan

Today, MGA coal moves Conrail-direct over a Conrail route that NS will operate. After the Acquisition, CSX will be able to deliver MGA coal to the Detroit, Trenton and River Rouge power plants in a single-line movement. That coal will move north from Brownsville on CSX lines, west through Fostoria to Carleton, MI to Detroit for delivery.

Currently, C&O coal moves to Trenton in joint-line service with Conrail. After the Acquisition, this will be a single-line movement.

Today Conrail delivers MGA coal directly to a Monroe, MI plant. After the Acquisition, CSX will be able to deliver MGA coal to Monroe in a joint-line movement with either NS or the GTW, interchanging at Toledo.

Currently, CSX moves coal from the C&O coal fields, L&N coal fields, B&O coal fields, and some western coal received through the Chicago gateway to Michigan destinations. Following

the Acquisition, this traffic will continue to move as it does today.

3.2.14.11 Deliveries to River Terminals

Under existing operations, Conrail moves coal from the MGA to Conway Yard on the Ohio River, where it is transferred to barges. After the Acquisition, CSX will be able to provide a single-line movement of MGA coal to Glassport, PA where the coal can be transferred to barges for movement on the Monongahela River, which flows into the Ohio River. This movement provides a more efficient, direct outlet to the river and saves approximately 53 rail miles over the existing Conrail route.

In addition, Conrail moves coal to a river facility that is located five miles south of Brownsville on the Monongahela River for transfer to barges. Following the Acquisition, shippers will have the option of using either CSX or NS to reach this facility. In addition, shippers will have the option of using single-line movement of MGA coal to Glassport, thereby avoiding Lock and Dam #3 on the Monongahela River.

In addition to river terminals located on the Monongahela River discussed above, CSX currently moves coal from the C&O, L&N, western Kentucky, and southern Indiana coal fields and the Clinchfield District to several other river terminals on the Ohio River system. These movements will continue to operate as they do today.

3.2.14.12 Deliveries of Metallurgical Coal, Coke, and Iron Ore To Industrial Facilities

The Acquisition will facilitate additional single-line movements of metallurgical coal, coke, and iron ore for use by industrial facilities in the Northeast.

Metallurgical coal. After the Acquisition, CSX will be able to provide single-line deliveries of metallurgical coal from the Kanawha and New River Districts through Columbus and Greenwich directly to Lake Erie destinations. Today that coal is delivered through a joint-line movement with Conrail and NS.

With its expanded system, CSX will be able to provide single-line service to deliver MGA and Kanawha metallurgical coal to Harriet, NY. Today that coal originates on NS lines in southwestern West Virginia and is moved via joint-line service on Conrail for delivery to the facility; or, for Conrail-origin metallurgical coal, via single-line service on Conrail.

Currently, CSX moves metallurgical coal to Lackawanna, NY in a three-carrier move with the B&P and South Buffalo Railway Co. Following the Acquisition, CSX will be able to use the Northeastern Gateway Service Route to move the coal to Lackawanna for delivery by South Buffalo, thereby eliminating two interchanges.

After the Acquisition, CSX will continue to offer a number of existing metallurgical coal movements. These movements include: single-line service to Warren, OH; single-line movement of metallurgical coal from the Kanawha District to

Middletown, OH; joint-line movement with the CSS to Burns Harbor, IN; joint-line movement with CPRS to Bethlehem.

Coke. Using the new Northeastern Gateway Service Route, CSX will be able to move coke from Lackawanna through Cleveland to Fostoria north through Toledo and Carleton, MI to Detroit, for delivery. Today that coke is moved by Conrail.

In addition, CSX will continue to offer to move coke to the Rouge Steel facility in Dearborn, MI in a single-line movement.

Iron Ore. Today, Conrail delivers iron ore from Ashtabula in a single-line movement to Warren, OH. After the Acquisition, CSX will also be able to serve that original destination in a single-line movement.

In addition, CSX will continue to offer existing transportation service via the Union Railroad to Braddock, PA and to Pittsburgh.

3.3 Through Train Service

The expanded CSX system will establish improved through train service along the new service routes and the improved automotive, intermodal and coal networks.

3.3.1 Current Operations

Attachments 13-1 and 13-2 set forth CSX and adjusted Conrail freight train schedules as of 1996. The Conrail schedules reflect only those portions of Conrail that CSX will operate after the Acquisition.

3.3.2 Projected Operations

A number of train schedules will be changed to take advantage of the new route structure, upgraded routes and connections, consolidated and upgraded yards, coordinated operations, and traffic diverted from other railroads and other transportation modes (especially trucks). See Vol. 2, Jenkins V.S. Some of the train changes reflect new single-line service made possible by the consolidation. Other changes result from rerouting traffic to shorter routes, more specialized routes, or to routes designed to maximize the use of available capacity in congested corridors or to take advantage of the significant upgrades proposed for various lines. Still other train changes result from a significantly more efficient blocking plan that will allow traffic to travel farther, both on and off the expanded CSX system, before requiring further classification.

Internal rerouting of 1995 traffic to take advantage of the greater efficiency of the consolidated system produces significant net mileage savings. An estimated 88 million car miles will be saved annually. These car-mile savings, together with locomotive-mile savings and other efficiencies, produce annual operating savings of approximately \$60 million. See Vol. 1, Verified Statement of John C. Klick ("Klick V.S.").

The CSX Operating Plan includes literally hundreds of new and revised schedules with changes in timing, routing or blocks handled. See TABLES 13.3-4, 13.3-5 and 13.3-6, list train

schedules that are (1) new, (2) extended, modified or improved, or (3) discontinued and replaced by new service, respectively.

3.4 Blocking Plan

As described in Section 2 above and this Section, this Operating Plan incorporates new blocking patterns for all CSX post-Acquisition traffic. The new blocking plan takes advantage of the efficiencies of combining common CSX and Conrail points and the ability to make blocks for long distances that will overhead intermediate locations and thereby reduce car handlings. Attachment 13-3 lists new manifest traffic blocks that will be assembled at major yards. Applicants' document depository contains detailed data about the expanded CSX system blocking plan.

3.5 Local Train Service

The primary function of local trains and road switchers is to gather and distribute traffic for customers in metropolitan areas, on main lines between terminals, and on branch lines. CSX's operation of Conrail lines and facilities will cause very few local trains to be abolished. Out of 588 local trains across the expanded CSX system, only the following will be abolished.

<u>Present Assignment</u>	<u>Planned Change</u>
CSX - Lorain - Lester	Abolished, work assigned to existing Conrail local
CSX - Lafayette - Indianapolis	Abolished, consolidated with Conrail local
Conrail - Indianapolis-Terre Haute-Paris-Danville	Abolish through freight service over existing Conrail lines between Terre Haute and Danville.

3.6 Terminal and Road Trackage Rights

Terminal Trackage

No involuntary terminal trackage rights will be required by CSX to implement integrated operations.

Conrail Trackage Rights Over Other Carriers Transferred to CSX

Conrail trackage rights over carriers other than CSX, including NS, will be transferred to CSX. A general description of some of the trackage rights assigned to CSX is presented below:

<u>Line Segment</u>	<u>Owner</u>
Poughkeepsie, NY-New York City	MNCR
New York City-White Plains, NY	MNCR
Adirondack Jct., PQ-Montreal, PQ	CP
Hawk, NY-Port of Oswego, NY	Niagara Mohawk Power Co. Lead Track
Lockport, NY-West Somerset, NY	Somerset Railroad
Selkirk/Boston Line, MA-MA Branch Lines	MBTA/MASDOT
New York City-New Rochelle, NY	AMTRAK
New Rochelle, NY-CT Branch Lines	MNCR/CT DOT
St. Elmo, IL-Salem, IL	UP
Muncie (Walnut St.), IN-New Castle Rt., IN	NS
Philadelphia, PA-Quakertown, PA	SEPTA

CSX and NS Trackage Rights Over Each Other's Lines

To supplement their train networks, CSX and NS will grant certain overhead trackage rights to each other. These trackage rights are more fully described in the related

applications. Some of the CSX trackage rights over NS are generally described below:

A. Permanent

Over Conrail lines assigned to NS:

1. Philadelphia Area
 - a. West Falls, PA (CP River) - Abrams, PA
 - b. Norristown, PA (CP King) - Woodbourne (CP Wood)
2. Cleveland Area
 - a. Cleveland-Lorain - Fairlane, OH
 - b. Berea, OH - Cleveland (CP 181)
3. Chicago Area
 - a. Pine Jct., IN - Rock Island Jct., IL
 - b. Osborn Crossing, IN - Streator, IL (up to 8 trains per day)
4. Columbus Area
 - a. CP Hocking - Buckeye Yard
 - b. Bannan - Scioto
 - c. CP 139 - Buckeye Yard via Miami Lead
 - d. CP 138 - MP 133.5 (new NS connection)
 - e. CP Camp - CP 139

Over Existing NS Lines:

Bannon - South end of NS Watkin's Yard
Ecorse Jct., MI - Delray, MI
Youngstown - Ashtabula

B. Temporary

Berea, OH - Chicago (63rd St.), IL
(Six merchandise and/or intermodal trains per day
each way for up to a maximum of 3 years)

CSX Trackage Rights over Amtrak's Northeast Corridor

A description of CSX rights over Amtrak's Northeast Corridor is contained in Section 4.5.2.1.

CSX Trackage Rights in the Shared Assets Areas

CSX and NS will also have trackage rights over certain of each other's lines in the Shared Assets Areas. CSX rights in these areas are generally described in Section 4.5.1.

3.7 Abandonments

Conrail rights and assets are being divided between CSX and NS with the intent of expanding the respective systems of the two railroads and enhancing competition. There is very little redundancy between the existing CSX system and the Conrail lines that CSX will operate. CSX anticipates abandoning only one 29-mile line segment, as follows:

1. Danville Secondary, Danville to Paris, IL
(Conrail) - 29 miles.

There are no customers between Danville and Paris. Danville will continue to be served via the CSX Chicago-Evansville line that runs through Danville and Terre Haute. CSX will continue to serve Chrisman via the Hillsdale-Decatur line. Paris will continue to be served via the Conrail line from Terre Haute.

4.0 YARD AND TERMINAL CHANGES AND CONSOLIDATIONS

After the Acquisition, CSX operation of the expanded system will result in changes in a number of existing Conrail and CSX yards and terminals. Some will be consolidated or eliminated, while others will be expanded. This section

describes all locations where there will be significant changes in operations, functions, facilities, or personnel. For each such location, the current operations are described first, followed by a description of the projected operations.

Locations are presented in regional groupings representing the northwest, northeast, southeast and southwest quadrants of the existing Conrail system. CSX locations that lie south of the existing Conrail system are included in either the Southeast or Southwest Regions.

The geographic regions used here to group, for purposes of discussion, the CSX and Conrail yards and terminals were chosen for convenience of presentation. They do not represent any operating divisions. A map presenting the regions is shown in Figure 13.4-1.

The areas that will be served by both CSX and NS are discussed in section 4.5.

4.1 Northwest Region

4.1.1 Chicago Area, IL

Current Operations

The Chicago Metropolitan area is the rail hub of North America. Chicago is served by all major U.S. and Canadian railroads. It is the major interchange point for traffic moving between eastern and western carriers. The area is a labyrinth of carriers, routes and yards that serve a huge volume of local as well as through traffic. Through traffic includes major east-west and north-south movements. This interchange traffic

consists of unit trains, solid pre-blocked merchandise trains exchanged between major railroads, and large blocks and individual cars that must be classified in Chicago. Much, though far from all, classification work is done by the three largest Chicago switching carriers -- IHB, BRC and BOCT. Interchange and switch traffic also includes local and intra-terminal traffic.

All major commodities move through and are interchanged at Chicago. See Figure 13.4-2 Chicago Area. Finished vehicles move into Chicago on both Conrail and CSX, and are interchanged with the UP, BNSF, CN and CPRS. The Chicago area is also a leading center for steel production and receives large volumes of coal, coke and scrap. Substantial volumes of steel products originate in Chicago, and lesser, although important volumes of other commodities move to and are interchanged at Chicago.

CSX and Conrail each operate a large volume of dedicated intermodal trains to and from Chicago. Intermodal traffic is interchanged both by direct railroad to railroad interchange of trailers or containers on flat cars ("rail-to-rail" interchange) or by removing the trailers at the delivering carrier's terminal and draying them across town to another railroad's terminal ("drayage"). Much of the intermodal traffic interchanged by carriers today is by drayage.

CSX serves Chicago via three major routes: (1) south and west from Grand Rapids and Detroit, (2) north from Cincinnati, and west from Baltimore, MD via Garrett, IN, and (3) north from Nashville, Evansville, and Danville. CSX maintains

hump yards at Willard on the east-west route and at Nashville on the north-south route. A secondary route links Chicago with Central Indiana and Indianapolis.

Conrail serves Chicago via two major routes: (1) west from Detroit and (2) west from Toledo. After the Acquisition, the Conrail routes will be operated by NS.

NS serves Chicago via a route through Ft. Wayne (via Argos), IN. In addition, NS operates a generally parallel line between Ft. Wayne and Chicago (via Warsaw, IN), which it will exchange with Conrail in a like-kind exchange for Conrail's Osborn to Streator, IL line. After the Acquisition, CSX will operate the Chicago-Ft. Wayne line. CSX will also secure trackage rights over the Streator line from Chicago to Streator, where CSX will be able to interchange directly with BNSF.

Yard Operations

Conrail's Ashland Avenue Yard serves Conrail industrial traffic in the former Chicago Junction area, and acts as an intermodal support yard. Ashland Avenue Yard operates with five yard crews and one intermodal crew.^{8/} Conrail's Colehour Yard serves Conrail industrial traffic in the Whiting, North Hammond and South Chicago industrial areas, including 110th Street. Colehour Yard operates with four yard crews.

^{8/} Yard and industrial crews generally consist of 2 or 3 employees. The staffing levels in this Exhibit 13-CSX reflect current staffing which may differ from the average blended 1996 levels used in the Labor Impact Statement.

Conrail owns 51 percent of IHB, which operates three major yards and a number of smaller yards.^{2/} IHB's Blue Island Yard is a 44-track hump yard with 18 receiving and departure tracks. The yard has a capacity of about 1,400 cars per day. Currently about 60 percent of the cars handled at Blue Island are industrial cars going to or from local industries served by IHB. IHB operates a smaller, 20-track flat switching yard (sometimes called the "local yard") adjacent to the Blue Island hump yard on the north side that is used for industrial traffic located on IHB's McCook subdivision. The local yard also handles overflow multi-level switching from IHB's Gibson Yard and is used as additional departure tracks supporting the Blue Island hump yard.

IHB's Gibson Yard is a 19-track flat switching yard largely dedicated to classifying, assembling and departing solid multi-level trains destined to western carriers from cars received from Conrail, CSX, CPRS and CN. A 5-track expansion is just being completed. The yard can process about 425 cars per day using "shove to rest" switching. Dedication of this yard to multi-level service reduces damage to automobiles and expedites service for this highly time-sensitive traffic.

IHB's Michigan Avenue Yard is a 26-track flat switching yard used to support IHB industrial traffic in northwest Indiana.

^{2/} Applicants recognize that the remaining 49% of IHB is owned by CPRS and that in order to implement the projected operations involving IHB lines and facilities such as Blue Island Yard, they must proceed pursuant to the various agreements governing IHB and provide for the needs of CPRS, other rail carriers serving Chicago, and IHB served industries.

The yard serves major steel facilities as well as the surrounding industries in Hammond, Gary, and East Chicago. Satellite yards at Whiting, Hammond, Osborn, and East Chicago Lake Front are part of the Indiana Harbor-Michigan Avenue industrial facility.

IHB has other smaller yards that support local industrial switching at Norpaul (Franklin, IL), Argo (Summit, IL), Calumet City, IL, and Burnham (South Chicago).

CSX uses yards in Chicago owned by its wholly-owned subsidiary, BOCT. BOCT's facilities in Chicago include Barr Yard, 48th Avenue Yard, East Chicago Yard, and C Yard at Whiting.

Barr Yard is a flat switching yard which consists of 47 classification tracks and 16 receiving tracks. It has a capacity of about 1,200 cars per day. Approximately 70 percent of the cars processed are for interchange, with an additional 10 percent switched to or from BOCT-served industries and 20 percent classified for industries located on CSX's New Rock Subdivision, which extends from Joliet to Henry, IL.

48th Avenue Yard, near Cicero, is a flat switching yard consisting of 6 tracks used to support BOCT-served industries in North Chicago.

East Chicago Yard is an 8-track switching yard used to interchange with NS and CSS in East Chicago and to support industries served by BOCT in Hammond and East Chicago. A bulk transfer terminal is also located there.

C Yard, at Whiting, is a 7-track flat switching yard used to support and hold cars for local industries.

The yards are supported by an average of 26 yard crews per day of which five are industrial service crews and four are yard-to-yard transfer crews.

Projected Operations

After the Acquisition, NS will operate Ashland Avenue, Colehour and the 110th Street yards. CSX's Willard Yard, located on the east-west Chicago-to-Cleveland route, will become the primary westbound hub for the Chicago gateway. See Figure 13.4-3. With the addition of the existing Conrail traffic to that of CSX, traffic volumes will be sufficient to allow the pre-blocking of trains for western carriers' major classification yards, bypassing yards in Chicago. Traffic pre-blocked at Conrail's Buffalo (Frontier) and Albany (Selkirk) yards will be combined at Willard with traffic pre-blocked at CSX's Cumberland Yard. In addition, Willard will continue to build blocks for Chicago from traffic not routed through the previously mentioned yards. This remaining traffic will be pre-blocked for interchange carriers in Chicago and train service designed to expedite connections through Chicago. CSX would expect to secure reciprocal blocking from the major western carriers to eastern points, allowing significant eastbound traffic volume to pass through the Chicago terminal with minimal handling.

Chicago gateway traffic will be handled at Blue Island, Clearing and Barr yards. See Figure 13.4-4. The Operating Plan calls for Blue Island and Clearing to serve as eastbound and southbound classification facilities for all interchange traffic

that cannot move overhead in through trains from western carriers. CN and BNSF presently use Blue Island for their own traffic. Much of the traffic from BNSF and UP now classified at Chicago will be blocked to move through Chicago. Blue Island will continue to handle much of the Chicago-northwest Indiana industrial traffic now handled by IHB and Conrail.

The Operating Plan anticipates that much of the CSX and Conrail traffic that is currently routed through the BRC's Clearing Yard will shift to Blue Island or Barr, or to overhead moves directly to the western carriers. This will provide additional capacity at Clearing to handle other traffic.

Barr Yard will become the primary industrial serving yard in Chicago. It will receive and depart local industrial traffic for CSX line-haul movements as well as for direct interchange to other carriers. Barr Yard's strategic location on the major BOCT-IHB route makes it well suited for block-swapping east-west and north-south traffic, as well as for handling unit train operations.

Gibson Yard will continue to handle westbound auto traffic for classification and departure.

BOCT's East Chicago Yard will support IHB and BOCT industrial traffic in East Chicago and northwest Indiana. Some consolidation of work assignments may occur in the East Chicago/Michigan Avenue/Whiting area. Operations at smaller Chicago area yards will not materially change after the Acquisition.

Both UP and BNSF indicated in their own merger submissions that improving classification of traffic over Chicago was a major benefit of their mergers. It is anticipated that after the Acquisition, CSX will effect further improvements in Chicago interchange, including providing greater opportunities for pre-blocking to avoid intermediate switching in Chicago.

4.1.2 Grand Rapids, MI

Current Operations

Grand Rapids is located on CSX's Detroit to Chicago line. Conrail operates a line from Kalamazoo to Grand Rapids and a small industrial yard (Hugard Yard) in Grand Rapids. After the Acquisition, NS will operate both the Conrail line and the yard.

Currently CSX traffic between Chicago and all Michigan points and Canada is routed through Grand Rapids for classification in CSX's Wyoming Yard. Wyoming Yard is an industrial support and intermediate classification yard. Six yard crews and three industrial crews handle 325 cars per day. Eighteen classifications are maintained at that yard. Wyoming Yard also has an intermediate-sized program car repair facility which is supported by two shop yard crews.

Projected Operations

Wyoming Yard will continue to be CSX's hub for traffic destined to Grand Rapids and other western Michigan points. Industrial traffic will be forwarded from and to Chicago and Toledo on a daily basis in through train service resulting in a

reduction of about 80 cars switched per day. There will be no change in industrial switching or local service.

Traffic between Chicago, eastern Michigan and Canada will not go through Grand Rapids. This traffic will be routed over the upgraded B&O line, using Stanley Yard in Toledo for classification.

4.1.3 Toledo, OH

Current Operations

Toledo is a major terminal for both CSX and Conrail. See Figure 13.4-5. Both railroads use Toledo as the primary gateway for Michigan traffic moving to and from the South and East. Toledo is a major interchange point between CSX and Conrail and between those carriers and CN, NS, and Ann Arbor Railroad.

CSX's primary Toledo yard is Walbridge, about five miles south of the city. Walbridge has an eastbound yard with 19 tracks, an arrival yard with 12 tracks, a departure yard with 12 tracks, and a receiving yard with eight tracks. Currently, CSX uses Walbridge to make blocks for 35 destinations, and has 18 daily yard crew assignments. Switching averages 750 to 900 cars per day. A new car shop is located at the north end of Walbridge Yard. Locomotive servicing is performed from fuel trucks.

CSX's industrial support yards in the Toledo vicinity are located at Rossford and Boulevard. Rossford's six tracks support a transload facility and several grain elevator complexes located on the Maumee River. Two daily yard assignments are

stationed at Rossford. At Boulevard, a small 4-track yard has one daily yard job that services local industries in northern Toledo, and interchange with the Ann Arbor Railroad. Traffic is brought to Walbridge and forwarded on through trains.

Toledo also contains CSX's sole lake coal facility located at Toledo Docks, which incorporates two large yards. The coal yard, Presque Isle, contains over 100 tracks to receive and stage coal for loading into Great Lakes vessels. Presque Isle loads about 6.5 million tons of coal during the shipping season.

The second yard at Toledo Docks is Lakefront, a joint facility of CSX and Conrail, which CSX will operate after the Acquisition. It was constructed in 1948 as a joint project by the NYC and B&O. Although originally a lake coal yard for NYC and B&O, Lakefront today has been converted to an iron ore handling facility (TORCO). TORCO ore is discharged directly from vessels or from ground storage into rail cars for steel plants located at Middletown, OH, and Ashland, KY. Approximately three million tons of pelletized iron ore are loaded annually, employing six daily yard assignments. All ore presently handled at Lakefront moves via CSX under a long-term contract and no Conrail crews currently work there.

Toledo handles 40 scheduled through CSX trains per day, dispatched to a variety of destinations throughout Ohio, Michigan and the central Midwest. In addition, an average of 10 coal and grain unit trains, and numerous interchanges between CSX and

other carriers, are handled over CSX's 25-mile Toledo Terminal Subdivision.

Conrail's principal yard in Toledo is Stanley Yard, located one mile west of and parallel to CSX's Walbridge Yard. See Figure 13.4-6. Stanley is a moderate-sized hump yard, with 42 classification tracks, eight receiving tracks and six departure tracks. Two hump crews, four puller crews and two transfer/industrial crews are stationed at Stanley. Approximately 800 cars are typically humped on the single shift presently operated and the yard handles 20 through trains per day. The yard is located on a former branch line and is stub-ended on the south. The yard is located a considerable distance from Conrail's Chicago Line (Conrail's primary East-West artery), and all trains must enter and leave Stanley from the north. Accordingly, intermediate set-offs and pick-ups by through trains operating on the Chicago Line are not practical. Traffic destined for Toledo arrives in trains that terminate at Stanley Yard.

Stanley dispatches trains in all four directions for Conrail: north to Detroit, south to Columbus and Indianapolis, west to Elkhart and east toward Cleveland, Pittsburgh and Buffalo. The Chicago Line through Toledo is one of Conrail's busiest lines, handling in excess of 100 million gross tons per year and accommodating over 80 train movements on an average day. Industrial crews based at Stanley perform local switching and inter-railroad transfers throughout the Toledo region.

Projected Operations

Toledo will continue to play a prominent role in the expanded CSX. The projected operation will use Conrail's Stanley Yard to perform all northbound blocking for eastern Michigan points, to block for the shared territory in the Detroit area, to provide interchange service in Toledo, and to support local industrial activity.

Outbound blocks will also be made for all east, west and southbound traffic. Projected activity at Stanley Yard will be about 1,300 cars per day, with 40 classifications.

Switching activity at Walbridge Yard will be absorbed at Stanley Yard. Walbridge will be used for block swapping, staging unit trains, and loading/unloading finished automobile traffic.

4.1.4 Willard, OH

Current Operations

Willard is located in northern Ohio on the east-west CSX mainline. (Figure 13.4-3) It is a double-hump facility consisting of eight receiving and 32 classification tracks in the Eastbound Yard, and nine receiving and 20 classification tracks in the Westbound Yard.

In the Eastbound Yard, 38 classifications are maintained for points in and around Cleveland, Lordstown. New Castle, Cumberland, Baltimore, Wilmington, and Philadelphia. An average of 700 cars per day are classified. Six crews per day work the Eastbound Yard.

In the Westbound Yard, 43 classifications are made for points in and around Chicago, Cincinnati, St. Louis, Louisville, Toledo, and locations in Michigan. An average of 700 cars are classified daily at the Westbound facility. Operations at the Westbound Yard are supported by six crews per day.

Nine auto and 16 merchandise trains are worked at Willard. Interchange is made with Ashland Railroad and the W&LE. In addition, two passenger trains, five bulk unit trains and four intermodal trains, including two which connect to and from the W&LE, pass daily through Willard.

Fuel trucks are used to fuel locomotives on the Eastbound and Westbound main tracks. Seven mainline trains are fueled at Willard each day. A diesel servicing facility and a five-track car repair shop are located at Willard.

Projected Operations

Willard Yard will become the primary westbound hub for Chicago gateway traffic. Traffic volumes originating on the former B&O Line through Cumberland, Baltimore and Philadelphia and the Conrail line through Buffalo, Albany, Boston and the New Jersey area will be sufficient to allow the pre-blocking of trains for major western carrier classification yards, bypassing yards in Chicago. Willard will merge traffic pre-blocked at Conrail's Frontier and Selkirk Yards with traffic pre-blocked at CSX's Cumberland Yard for movement through Chicago. In addition, Willard will maintain classifications for Chicago destinations and for train service for non-overhead traffic. As a result of

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the Acquisition, there will be sufficient volumes of eastbound traffic from Chicago to block to destinations beyond Willard. All other eastbound traffic will be classified at Willard for eastern points, e.g., Cleveland, Buffalo, Albany, New Castle, Pittsburgh, Cumberland, Baltimore, Wilmington and Philadelphia.

To offset this additional traffic and to improve service to the Southwest, traffic currently routed through Willard for St. Louis, Evansville, Nashville, Memphis, Birmingham and New Orleans will be rerouted via a new connection constructed at Greenwich, over Conrail's Indianapolis and St. Louis lines to Terre Haute, and then south. The volume of cars processed at Willard will be about 1,400 cars per day.

In addition, east-west trains coming from Conrail's existing Water Level Route will increase the number of trains through Willard to 40-50 trains per day.

4.1.5 Other Yards and Terminals

Other major yards and terminals in the Northwest Region include CSX facilities at Flint, Saginaw, and Lansing, MI, and at Garrett, Monon, IN and at Ft. Wayne Piqua Yard. No substantial physical or personnel changes are anticipated in the near future in those locations.

4.2 Northeast Region

4.2.1 Albany, NY

Current Operations

Selkirk Yard is located just south of Albany, NY. 200 miles west of Boston and 135 miles north of the New York/North

Jersey metropolitan area. See Figure 13.4-7. It is the third largest classification yard on the Conrail system. Selkirk primarily classifies eastbound traffic for New York City/North Jersey, New England and Canada. It classifies westbound traffic for Buffalo and points west, including Ontario and Quebec. Selkirk Yard has 70 classification tracks, 10 receiving tracks, 16 departure tracks and a small local yard to support light industrial activity in the immediate vicinity. There is an eight-track auto terminal with capacity for 72 multi-level rail cars. While there are no intermodal ramps, block swapping regularly occurs between intermodal trains.

Selkirk classifies an average of 1,800 cars per day into 90 outbound blocks. Yard starts are volume variable. During peak volumes, up to 25 yard crews are assigned to classification, train make up, and local work.

Selkirk is supported by a four-track car repair shop, capable of light repair, and is a major intermediate locomotive repair facility. It also has a full locomotive servicing facility that is able to dispatch over 75 locomotives per day.

The majority of Albany area local work is handled by local crews in South Schenectady and West Albany. In South Schenectady, three local crews provide service to 55 customers. In West Albany, one local crew serves 32 customers.

Projected Operations

CSX does not anticipate any major physical or personnel changes at these locations as a result of the Acquisition.

However, traffic flows and blocking patterns will change and will become more efficient. Combined traffic flows permit the creation of blocks from the West and South, penetrating into New England. Selkirk will also create larger outbound blocks for destinations farther West and South. CSX will be able to reduce yard work at existing interchange points and classification locations, eliminating delays and thus making possible more reliable rail service.

4.2.2 Buffalo, NY

Current Operations

Frontier Yard is the hub of Conrail operations in the Buffalo area. See Figure 13.4-8. The yard classifies traffic for destinations on New York's southern tier, Ontario, Canada, Eastern Pennsylvania and local area traffic. It is connected with the entire Conrail system by direct train service to and from principal points throughout the Northeast and Midwest. Frontier has 22 receiving/departure tracks and 63 classification tracks. Two yards on either side of the classification yard are used for both receiving and departing trains. Frontier Yard also has a bulk transfer site that operates five days per week. Two miles west of Frontier at Stock Yard is a single-track intermodal facility capable of accommodating 15 conventional intermodal flat cars. Local service is extended to Niagara Yard, which has 44 tracks that support a large base of chemical customers, and Kenmore Yard, with 25 tracks that support an automotive engine plant.

Conrail's current operation uses Frontier to classify 1,100 cars per day in a two-shift operation. Twelve road trains are dispatched daily, including four to Canadian roads. Nineteen yard crews accomplish the classification, train make up, and local area industrial work.

Operations are supported by locomotive and car shop facilities. The two-track, four-spot diesel facility maintains a fleet of 73 regionally-assigned units, and also performs light repairs. The car shop has five tracks for light and running repairs, with each track having two inside spots, and another 30-car track for light repairs.

Projected Operations

CSX does not anticipate any major physical changes in the Buffalo area. Frontier Yard will continue to classify and dispatch traffic for the Niagara gateway and will classify for western destinations, e.g. Willard, Chicago and interchange points with BNSF and UP. Conrail property that will be operated by NS after the Acquisition will shift traffic flows currently passing through Buffalo to routes on NS. The resulting additional capacity at Frontier will be used to further refine local and regional traffic classifications, reduce handling and improve transit time. It will also permit the creation of additional blocks to overhead intermediate terminals for destinations west and south. Frontier will also be used to reduce intermediate handlings and enhance single-line service for Canadian auto traffic.

4.2.3 Cleveland, OH

Current Operations

Cleveland is the northern terminus of CSX's Cleveland Subdivision, with a yard of 24 tracks located at Clark Avenue. See Figure 13.4-9 (Cleveland area). Clark Avenue Yard is served by three yard crews and one local crew. CSX and Conrail jointly operate a 13-track industrial support yard at Parma, OH, which serves an automotive assembly plant located there.

Conrail currently operates eight yard facilities in Cleveland. After the Acquisition, CSX will operate one of those facilities, the Collinwood Yard on Cleveland's East side. See Figure 13.4-10. Collinwood is a 20-track flat switching yard that operates six yard crews and three industrial switching crews per day. Fourteen Conrail trains currently work at Collinwood, performing block swaps and picking up and setting off cars. Collinwood contains a large Flexi-Flo facility, an intermodal site for handling highway trailers, and a locomotive servicing facility known as the Cleveland Diesel Termiral. Mainline locomotive fueling is performed at Collinwood Yard. Collinwood is used as a classification facility for eastbound multi-level traffic and is also an interchange point with NS.

Conrail currently has numerous lines entering the Cleveland area. Those that CSX will operate include Conrail's Mainline from CP 181 (in downtown Cleveland) to Buffalo; the Cleveland Shortline which runs from Berea, OH to Collinwood; and Conrail's Indianapolis Line west of Berea Tower.

In addition to the automotive assembly plant at Parma, Conrail also serves an automotive engine plant at Brookpark.

Projected Operations

After the Acquisition, all CSX westbound through trains and approximately half of its eastbound through trains will operate through Cleveland via the Cleveland Shortline. The remaining CSX eastbound trains will operate over the NS Lakefront line via trackage rights. Collinwood will be one of three classification yards used by CSX for handling loaded automotive multi-levels. The yard will continue its role as a Flexi-Flo terminal with expanded intermodal operations. It will also continue to support the industrial base on Cleveland's east side.

After the Acquisition, both the automotive plant and the engine plant will be jointly served by CSX and NS. CSX will originate a train at Parma Yard to operate to the Cincinnati gateway. Clark Avenue Yard will be used to support the industrial base on the west side of Cleveland. The existing CSX Cleveland Subdivision will be used to access Clark Avenue, its industries and interchanges.

4.2.4 Lordstown, OH

The CSX and Conrail facilities at Lordstown primarily support an automobile assembly plant. CSX handles approximately 200 cars per day through its rail yard. BIDS, a CSX affiliate, operates a terminal which is adjacent to the CSX facility. CSX operates two locals from Lordstown that serve the Newton Falls and New Castle Subdivisions, also serving industry in and around

Youngstown and Niles, OH. The CSX facility is a small yard with four tracks and various support facilities. The local crews at this location handle industrial switching and build outbound automotive classifications for pick up by through trains destined for Cincinnati, Chicago, Jessup, Baltimore and Twin Oaks.

The primary serving and classification yard for the assembly plant is Goodman Yard. Goodman is a joint CSX/Conrail facility currently maintained and operated by Conrail. It contains a 32-track classification yard with five departure tracks adjacent to the assembly plant. Conrail service is provided from the east and west with trains terminating at Goodman Yard. Goodman has a car shop repair track, and conducts a high volume of interchange with the adjacent CSX facility.

Proposed Operations

Although after the Acquisition, Goodman Yard will be operated by NS, CSX does not expect NS operation of the facility to have any direct effect on CSX operations at Lordstown. CSX will remain a party to the Goodman joint facility operation.

4.2.5 Other Yards and Terminals

The Northeast Region includes substantial Conrail facilities at Rochester, Syracuse, Massena and New York City, at Springfield and Boston, and at Beaucharnois, Quebec. While CSX does not anticipate any major physical or personnel changes at these locations as a result of the Acquisition, traffic flows will change and there will be significant opportunities for traffic growth, particularly for long-haul single-line movements

from the South into the Northeast. Movements will become significantly more efficient as a result of the combined operation of the CSX and CSX-operated Conrail routes.

4.3 Southeast Region

4.3.1 Pittsburgh, PA

Current Operations

Pittsburgh is located on the Eastern Gateway Service Route of the expanded CSX network. CSX currently supports Pittsburgh's industrial base through operations at Glenwood Yard, a 44-track flat switching yard, served by four yard and industrial crews. BIDS operates a bulk transfer terminal adjacent to Glenwood Yard.^{10/} Demmler Yard is a 32-track flat switching yard served by two yard and industrial crews. Both yards are supported by trains operating on CSX's Baltimore Service Lane. Conrail currently uses the Pittsburgh Terminal to interchange with the Union Railroad.

Proposed Operations

While CSX's Pittsburgh area operations will be relatively unchanged immediately after the Acquisition, the potential for traffic growth in this area may require changes in the not too distant future. The joint use agreement between NS and CSX relating to operations over the former Monongahela Railway (currently owned by Conrail) is expected to generate

^{10/} BIDS, an affiliate of CSX, operates the bulk transfer facilities on the CSX rail system. After the Acquisition, BIDS will operate the bulk transfer facilities acquired from Conrail.

additional traffic in the Pittsburgh area and expand CSX operations over the former MGA territory.

A joint use agreement with NS will enable CSX to provide transportation service to all customers on the Monongahela, providing growth potential for the new CSX system. As this service expands, additional crew terminals may be required at Newell (Brownsville) and/or at Waynesburg, PA, and additional support facilities will be constructed on the CSX property at Newell. See Figure 13.4-11.

Increased traffic from the Monongahela area is expected to increase traffic volume in the Pittsburgh/Youngstown corridor and beyond. For example, a portion of this traffic increase will be routed from Youngstown to Ashtabula. As a result, additional capital improvements may be required in the future on both the east and west routes through Pittsburgh and to points beyond.

4.3.2 Cumberland, MD

Current Operations

CSX maintains a hump yard at Cumberland, MD, with a physical plant that includes seven westbound receiving tracks, 30 classification tracks, and five tracks that support a coal hopper yard. See Figure 13.4-12. In addition, there are three smaller yards within the complex: the 6-track C-Yard, the 11-track E Yard and the 7-track S-Yard.

There are three shop tracks on the south side of the classification yard with a combined capacity of 60 cars. A new

4-track car shop with the capacity to handle 130 cars is used primarily for maintaining coal hoppers.

Total cars humped at Cumberland average 1,000-1,100 per day. The classification yard also serves as the departure yard where trains are classified, assembled and departed. Cumberland maintains classifications for points east, e.g., Brunswick, Richmond, Rocky Mount, Baltimore, Wilmington, Philadelphia and Hagerstown, and points west, e.g., New Castle, Willard, Toledo, Michigan and Chicago.

Cumberland operates six crews daily to classify and perform industrial service. Cumberland is also a major support yard for coal operations, handling loaded and empty hopper cars/trains. There is also a major locomotive running repair shop which has a modern locomotive fueling facility.

Projected Operations

Additional westbound classifications will be maintained at Cumberland for block swapping at Willard. In addition, Cumberland will dispatch and receive trains to and from Conrail's Avon Yard. Additional coal unit trains from the MGA coal field to points east will also pass through Cumberland. As a result, there will be increases in activities at Cumberland to an average of 970 total cars switched per day.

4.3.3 Other Yards and Terminals

CSX has several other major facilities in the Southeast Region, including terminals in Baltimore and Brunswick, MD; Richmond, VA; Rocky Mount, Hamlet and Charlotte, NC; Florence,

Charleston, Columbia, and Spartanburg, SC; Atlanta and Lawrenceville, GA. No substantial physical or personnel changes are anticipated at these locations in the near future.

CSX also has major facilities in Jacksonville, Tampa and Baldwin, FL and in Waycross and Savannah, GA. The intermodal terminal at Jacksonville will be expanded, and rail access to the terminal improved, to handle the expected increase in intermodal traffic on the Atlantic Coast Service Route and to enhance the efficiency of intermodal operations. Waycross will continue to be a major hub for the new CSX system, just as it is for the existing CSX.

The Acquisition will provide for traffic growth, and the new Operating Plan incorporating combined CSX and Conrail traffic volumes will result in increased efficiencies throughout the region.

4.4 Southwest Region

4.4.1 East St. Louis, IL

Current Operations

CSX currently has no rail yard in St. Louis. Instead, it operates through agreements with the A&S and the TRRA for switching and classification services to and from western carriers. CSX has direct daily overhead or through train service with UP and GWWR. These trains handle general merchandise traffic destined to Kansas City and other points west of St. Louis. Traffic is also interchanged from these same carriers for delivery to points east.

Conrail has two small flat switching yards in East St. Louis. Rose Lake is used for industrial switching, local train makeup and intermodal service, as well as for interchanging with GWR. Rose Lake West is a 23-track yard, while Rose Lake East consists of 8 tracks. Rose Lake Yard has a car shop and a locomotive fueling station.

The second Conrail yard in East St. Louis -- Exermont Yard -- consists of three long tracks that are often used for block swapping between trains from and to foreign roads. The two Conrail yards are managed by a yardmaster on each shift. See Figure 13.4-13 (E. St. Louis area).

Projected Operations

After the Acquisition, CSX will construct a connection just east of Exermont Yard to connect the yard with CSX's mainline. See Figure 13.4-14. A major function of Exermont will be to combine blocks from the Southeast and Northeast destined to western carriers. Rose Lake Yard will continue to be used for industrial switching, local train make up and intermodal service.

4.4.2 Columbus, OH

Current Operations

Columbus is an important terminal for CSX, with lines radiating to Toledo and points north and west; to Cincinnati and points south and west; and to Russell and points south and east. See Figure 13.4-15. CSX's Parsons Yard is an intermediate-sized flat switching yard on the south side of Columbus. It is primarily used to serve local industry, but it is also a support

yard for coal operations, handling loaded and empty hopper cars/trains. Parsons Yard has 33 tracks and is supported by four yard crews and two local industrial switching crews. Four trains per day are originated and 350 cars processed per day at Parsons. Spot car repair and locomotive service tracks are also located in the yard.

Conrail's major facility in Columbus is Buckeye Yard, located seven miles west of downtown Columbus. It is a large hump yard with 18 receiving/departure tracks, 40 classification tracks, and 9 tracks supporting local yard activities and an intermodal facility that currently handles 67,000 lifts annually. A three-track enclosed spot repair shop and a two-track locomotive fueling and servicing facility are located in the yard.

Projected Operations

After the Acquisition, NS will operate the Buckeye Hump Yard. However, the intermodal facility that is located within Buckeye Yard and the local yard tracks supporting that facility will be used by CSX. CSX will also operate certain Conrail lines in Columbus, including the Western Branch line (between Scioto Tower in downtown Columbus and CP Darby at the north end of Buckeye Yard), the Scottslawn Secondary (between CP Darby and Ridgeway, OH) and the Columbus Line (between CP 138 in downtown Columbus and Galion, OH).

The use of these Conrail lines within the city, together with CSX's comprehensive trackage rights on NS lines,^{11/} will provide excellent marketing opportunities for CSX. CSX will operate intermodal service into and out of Columbus on most available routes. In addition, CSX coal from Kentucky and West Virginia origins entering Columbus from the South will have the option of moving over three lines to points north, east and west. The availability of routing options will enable CSX to more efficiently schedule train operations at Columbus.

4.4.3 Cincinnati, OH

Current Operations

The Cincinnati area is one of the largest origination areas for CSX traffic, and extensive classification is done in this area. See Figure 13.4-16. Cincinnati is also a major switching point for automobile parts and finished autos. In addition to its principal yard, Queensgate, CSX also has industrial support yards in the Cincinnati area at Decoursey, KY and Lockland, St. Joe and Ivorydale, OH, which serves more than

^{11/} Under the terms of the Transaction Agreement, CSX will acquire trackage rights over the following NS-assigned Conrail lines in the Columbus area: overhead trackage rights on the Buckeye Line from CP Hocking to Buckeye Yard; overhead trackage rights on the Western Branch from Bannan to Scioto; overhead trackage rights on the Cincinnati Line from CP 139 to Buckeye Yard, via the Miami Lead; overhead trackage rights on the NS-assigned east track of the Columbus Line from CP 138 to the vicinity of MP 133.5 (point of the new NS connection); overhead trackage rights on the Auburn Connection from CP Camp to CP 139. CSX will also acquire overhead trackage rights over the NS line from Bannan to the south (RR east) end of NS's Watkins Yard (connection with Watkins-Parson transfer track).

100 industries daily. Seven CSX subdivisions originate, terminate or overhead more than 100 trains per day through Cincinnati. CSX currently interchanges traffic with Conrail, NS, GTW and I&O in Cincinnati.

CSX's modern Queensgate Yard is a major classification facility consisting of eight receiving tracks, 50 classification tracks, six departure tracks and a 17-track local yard. See Figure 13.4-17. Queensgate originates an average of 20 trains daily, in addition to handling interchange run-through trains. Queensgate humps an average of 1,800-2,000 cars per day. Eighteen yard crews handle Cincinnati area switching needs. Queensgate has mechanical car repair and locomotive repair shops and a modern locomotive servicing facility. Adjacent to Queensgate is a five-track intermodal yard. Queensgate serves as a St. Louis hub for traffic originating in the North and Northeast, departing three trains daily.

Projected Operations

After the Acquisition, traffic routed through Cincinnati for St. Louis destinations will be rerouted through Conrail's Avon Yard in Indianapolis to take advantage of the increased volumes of CSX and Conrail combined traffic and Conrail's shorter route. The use of the St. Louis Gateway Service Route will provide additional blocking opportunities and faster service for the rerouted traffic. Additional capacity at Cincinnati will also be created by routing traffic to and from

Evansville, Nashville, and beyond via Conrail's Avon Yard for points to and from the Northeast.

These changes will result in a net decrease of approximately 400 cars per day handled at Queensgate, opening up capacity for future growth and minimizing the need for overflow classifications at outlying points.

Cincinnati will continue to be a major automotive hub facility on the expanded CSX system.

4.4.4 Indianapolis, IN

Current Operations

The Indianapolis area is a major traffic origination point for Conrail. Indianapolis is located on Conrail's St. Louis and Crawfordsville lines and on a CSX branch line that runs from Cincinnati to Chicago. Additionally, there are a number of industrial and short line connections radiating from Indianapolis.

Conrail operates Avon Yard, located 10 miles west of downtown Indianapolis, and two intermediate-sized industrial support yards within the Indianapolis area. See Figure 13.4-18. Avon Yard is a major hump facility with 24 receiving/departure tracks and 55 classification tracks. It contains a three-track car repair shop, and locomotive servicing facilities. Locomotive servicing for all terminal locomotives is performed at Avon Yard. Avon also has mainline locomotive refueling capabilities. A two-track intermodal facility (27,000 annual lifts) is located adjacent to Avon Yard.

Conrail's Transfer Yard is an intermediate-sized flat switching yard which supports a major automotive stamping plant on the near-west side of Indianapolis. This 12-track yard processes an average of 158 cars daily with four industrial crews.

Conrail's Hawthorne Yard is a flat switching facility with four receiving/departure tracks and 19 classification tracks. Hawthorne processes an average of 266 cars per day. Eleven production and industrial crews work at this location. Spot car repair is performed at Hawthorne Yard.

CSX operates State Street Yard, a small industrial flat switching yard with eight tracks. Train service is provided daily to and from Cincinnati's Queensgate Yard. Two local crews provide industrial switching in the Indianapolis area. One crew operates on the Indianapolis Subdivision, and the other handles an assignment from Indianapolis to Lafayette, IN, which CSX reaches via trackage rights over Conrail lines.

Projected Operations

CSX will operate all of Conrail's property and rail lines in the Indianapolis area, including the three yard facilities. Detroit traffic formerly moving to the St. Louis gateway through Cincinnati on CSX will use this direct routing via central Indiana. Avon Yard will have an essential role in expediting traffic to the East and Northeast. Avon will also become a major facility for blocking westbound traffic to expedite handling through the Effingham, IL, Salem, IL and St.

Louis gateways. In many cases, Avon will build blocks and entire trains to operate directly to western destinations beyond the Mississippi River. It is anticipated that the total traffic volume at Avon Yard will be relatively unchanged due to some loss of traffic resulting from the allocation of Conrail lines to NS.

State Street Yard will be closed and traffic will be consolidated at Hawthorne Yard. Hawthorne has the existing capacity to absorb the anticipated additional 100 cars per day.

NS will have overhead trackage rights on Conrail's Indianapolis Line from Muncie, IN and on CSX's Lafayette-Crawfordsville Line, Conrail's Crawfordsville-Indianapolis Line and Conrail's Indianapolis Belt Line to serve 2-to-1 shippers and shortline railroads in Indianapolis.

Although CSX will be allocated Hawthorne Yard in Indianapolis, NS will have sufficient tracks for the arrival, departure and make-up of trains, and will have reasonable access to and from the designated tracks.

CSX will provide switching service to industries and will handle NS traffic in conjunction with its own on a contractual basis for NS.

4.4.5 Louisville, KY

Current Operations

Osborn Yard is a major CSX facility located at the junction of five CSX subdivisions, with lines extending to Nashville, Cincinnati, Lexington, Mitchell and Evansville. It is a modern hump yard consisting of 30 receiving/departure tracks,

49 classification tracks, and 20 additional local tracks, which support its industrial switching requirements. Spot car repair and locomotive refueling/servicing facilities are located at Osborn Yard. The yard processes an average of 1,600 cars per day and originates 26 trains. Thirty-two industrial assignments, including support for two major automobile manufacturing facilities, work out of Louisville daily. Louisville serves as a hub for St. Louis traffic originating in the South and Southeast and originates trains to the UP, BNSF (via GWWR), A&S and TRRA.

Projected Operations

Louisville will continue to serve the St. Louis gateway for traffic originating in the Louisville vicinity and will continue to receive traffic from the South/Southeast to blend with run-through trains. The majority of the non-local St. Louis traffic will be routed instead to Avon Yard in Indianapolis for classification into the St. Louis gateway train service. The additional volume at Avon will provide greater opportunities for building larger blocks of cars or solid trains to western carriers, including the UP at St. Louis and St. Elmo, BNSF at St. Louis and IC at Effingham. A reduction of about 400 cars switched per day is expected at Louisville.

4.4.6 Other Yards and Terminals

CSX has major facilities in other areas of the Southwest Region, including Evansville, Nashville, Memphis, New Orleans, Birmingham. None of these facilities is expected to

have major physical or personnel changes in the near future as a result of the Acquisition.

4.5 Areas Subject to Special Arrangements

Pursuant to the agreement between CSX and NS establishing terms for the Acquisition, certain areas will be shared with CSX and NS having equal access to customers. Three of these areas -- North Jersey, South Jersey/Philadelphia, and Detroit -- will be operated as Shared Assets Areas. Unlike routes and facilities which are to be assigned exclusively to CSX or NS, operation of shared assets will be responsive to the commercial and operating needs of both carriers, and operate as an extension of each.

Each of the Shared Assets Areas is described in detail in Section 4.5.1 and attached maps (See Figures 13.4-19, 13.4-21, 14.4-23).

Three other regions -- the Northeast Corridor, the Monongahela Coal Area, and the Ashtabula Harbor Facility -- will be operated under other special arrangements tailored to meet the requirements of CSX and NS. These areas are described in Section 4.5.2. (See Figures 13.4-25, 13.4-26, and 13.4-27).

4.5.1 Shared Assets Areas

The Shared Assets Areas will be operated by or through Conrail, whose operations will be referred to herein as Conrail's Shared Assets Operation ("CSAO"). CSAO will operate under the control of a General Manager supervised by Conrail's Board of Directors, who will be appointed equally by CSX and NS. CSAO

will operate these areas with its own crews and personnel using facilities which will continue to be owned by Conrail.

Each of the three operating regions within CSAO will be supervised by a Superintendent responsible for operations and maintenance within the region.

CSAO will provide local switching, train break-up, classification and assembly services for CSX and NS, equipment servicing (including minor repairs), and routine track, communications and signal maintenance for its facilities.

CSAO will not participate in any rates, routes, contract or billing arrangements with any shippers but will apportion the expense of its operation to CSX and NS based on an accounting methodology agreed upon by CSX and NS.

CSAO personnel will have movement data necessary to monitor all cars within each Shared Assets Area through direct real-time linkage with both CSX and NS data systems. CSAO will report actual location, spotting and status changes to those systems, but will not have access to any customer or rate information proprietary to either CSX or NS.

All car movements within CSAO will remain in the accounts of either CSX or NS. All rights and obligations of existing Conrail arrangements for movements within each Shared Assets Area region (for example, switching charges) will be preserved.

In all Shared Assets Areas, both CSX and NS will operate trains into, out of, or through the Shared Assets Areas

and will be able to operate trains with their own road crews to any allocated, shared or customer operated facility as if operating in their own territory, and subject to local movement guidelines to be agreed upon by the operators.

Locomotives In Shared Assets

The operation of CSAO will require a certain number of locomotives. CSAO will be responsible for procuring necessary locomotives (by purchase, lease or otherwise) from CSX, NS or others.

Fueling and servicing of locomotives will be the responsibility of CSAO management. CSAO personnel will perform light maintenance to maintain equipment in safe condition. CSAO personnel will not perform quarterly inspections or heavy locomotive maintenance or repair work.

CSAO management will ensure that all locomotives assigned are appropriately equipped for CSAO operating requirements. General mechanical supervision of all locomotive operations will be under the jurisdiction of a CSAO supervisor. Fueling, servicing, and light repairs to CSX and NS locomotives at CSAO facilities will be performed according to industry practice and agreements which may be entered into from time-to-time.

Car Repairs At Shared Assets Facilities

Freight car inspection and light running repair operations in the Shared Assets Areas will initially remain unchanged from the present. However, future operations may be

adjusted as the need arises to meet new business opportunities, or to improve efficiency. Car inspections and light running repair will be performed by those personnel assigned to the various yards that comprise the Shared Assets. General mechanical supervision of all car operations will be under the jurisdiction of CSAO supervisor.

Maintenance of CSAO Fixed Facilities

Each CSAO area will be staffed and equipped to perform ongoing routine maintenance approved by the Board of Directors. Staffing will include but not be limited to supervision, foremen, bridge and equipment operators, welders, maintainers and facilities maintenance personnel as needed. All expenses for track and facilities maintenance will be apportioned in accordance with CSAO accounting methodology.

It is anticipated that track, signal and communication changes, additions, and improvements will be required over time to support the business objectives of both CSX and NS within the Shared Assets Areas. CSAO maintenance forces will be staffed and equipped only for routine maintenance. Where projects are beyond routine maintenance, CSAO will contract with CSX or NS.

CSAO will benefit from the use of either CSX or NS construction or maintenance forces to accomplish rail, tie, surfacing and signal programs. Scheduling of the use of the CSX and NS forces will be jointly determined by CSAO management, CSX and NS.

Currently CSX, NS and Conrail contract with outside vendors for certain fixed plant maintenance activities such as signal and communication maintenance, chemical vegetation control, yard cleaning, rail grinding and rail testing. CSAO areas will be examined to determine the feasibility and economies of extending CSX, NS or existing Conrail contracts with outside vendors for these activities to include CSAO areas. Similarly, contracted services with CSX and NS in accordance with their respective agreements for tasks such as pre-wired signal cases, bungalows, other signal equipment, continuous welded rail (CWR), component reclamation, pre-fabricated trackwork and certain equipment repairs will also support CSAO.

CSAO will also benefit from access to suppliers serving CSX and NS. This will enable CSAO to obtain materials at more competitive prices.

4.5.1.1 North Jersey

Current Operation

CONRAIL: There are 20 yards within the North Jersey Shared Assets Area. Trackage includes approximately 189 route miles of track extending from the south end of North Bergen Yard on the north to but not including Trenton, NJ, on Amtrak's NEC on the south, and to CP-Port Reading Jct. on the west. See Figure 13.4-19.

Conrail operates facilities in the North Jersey area as follows:

Ridgefield Heights is an automotive terminal that transloads vehicles from rail car to truck for distribution in the Northeast. It is a six-track facility with capacity for 60 multi-level rail cars.

One eastbound multi-level train and one eastbound intermodal train (as required) deliver finished vehicles from midwest origins to Ridgefield Heights and Doremus Avenue Yard (discussed below). A North Bergen yard assignment places and pulls cars from the facility. Empties are either reloaded at other terminals in North Jersey or returned to other origins.

Currently one yard assignment that goes on duty at North Bergen yard supports the operation at Ridgefield Heights. Supervision is provided by a trainmaster and the yardmasters located in North Bergen.

North Bergen Yard is a 10-track intermodal facility located in North Bergen, NJ. It also supports conventional freight operations. Intermodal traffic is loaded on four tracks with a capacity of 170 conventional flat cars. Normal traffic includes two daily trains to and from Chicago and one from Atlanta. On Fridays, there is an extra eastbound train from Chicago.

The merchandise operation serves customers located on NJT and Conrail's Northern Branch and River Line. Merchandise traffic is classified through Selkirk and set off or picked up by through trains at North Bergen.

North Bergen Yard is supervised by a trainmaster and yardmasters around the clock. Switching services (and intermodal work at Ridgefield Heights) are performed by four yard assignments and four local crews which serve area industries.

Croxtan Yard is a six-track intermodal yard on the Northern Branch and is located between Kearny and North Bergen. Three of the tracks are for loading and unloading and three are for storage of empty equipment. The loading tracks can hold 41 5-well double-stack cars and the storage tracks hold an additional 46 cars.

No intermodal trains currently originate at Croxtan but two trains pick up outbound traffic. Up to two trains per day set out or terminate at Croxtan.

Croxtan also supports a bulk transfer facility consisting of three ramp tracks and four tank tracks. The majority of the traffic moving through the Croxtan facility is handled from the west on former Erie-Lackawanna Railroad trackage, or is handled by local freight assignments through North Bergen Yard.

Croxtan is supervised by a trainmaster and the yardmasters at North Bergen and switching operations are provided by two Croxtan yard assignments.

Kearny Yard is a major intermodal facility consisting of 14 tracks, of which six are for loading and unloading, the remaining eight are support tracks. The six loading tracks have a total capacity for 213 conventional intermodal rail cars.

Kearny loads, assembles and dispatches an average of 8 scheduled intermodal trains daily to Chicago, St. Louis, Atlanta and various points in Florida, and receives traffic from the same points. Two manifest freights pick up and set off at Kearny. It also serves local industries. Kearny is centrally located within a heavy industrial district in North Jersey.

APL operates a three-track intermodal facility with a capacity of 37 five-well cars adjacent to Kearny Yard which is served by the Conrail crews at Kearny.

Kearny Yard is supervised by three trainmasters and yardmasters assigned around the clock and switching operations are performed by seven yard assignments.

Oak Island Yard is the major switching yard in North Jersey. It is a hump yard currently used as a flat switching facility located in Newark and consists of seven receiving tracks, 30 classification tracks and seven departure tracks. Oak Island is equipped with a car repair facility and a locomotive maintenance and fueling facility.

Oak Island receives and dispatches four through freight trains daily while two others set out and pick up traffic.

Oak Island Yard is supervised by four trainmasters and yardmasters on all shifts and service is provided by 13 yard crew assignments.

Doremus Avenue Yard is a 14-track automotive terminal located next to Oak Island Yard. It is divided into two parts called Doremus I and Doremus II. Doremus I has eight tracks with

Kearny loads, assembles and dispatches an average of 8 scheduled intermodal trains daily to Chicago, St. Louis, Atlanta and various points in Florida, and receives traffic from the same points. Two manifest freights pick up and set off at Kearny. It also serves local industries. Kearny is centrally located within a heavy industrial district in North Jersey.

APL operates a three-track intermodal facility with a capacity of 37 five-well cars adjacent to Kearny Yard which is served by the Conrail crews at Kearny.

Kearny Yard is supervised by three trainmasters and yardmasters assigned around the clock and switching operations are performed by seven yard assignments.

Oak Island Yard is the major switching yard in North Jersey. It is a hump yard currently used as a flat switching facility located in Newark and consists of seven receiving tracks, 30 classification tracks and seven departure tracks. Oak Island is equipped with a car repair facility and a locomotive maintenance and fueling facility.

Oak Island receives and dispatches four through freight trains daily while two others set out and pick up traffic.

Oak Island Yard is supervised by four trainmasters and yardmasters on all shifts and service is provided by 13 yard crew assignments.

Doremus Avenue Yard is a 14-track automotive terminal located next to Oak Island Yard. It is divided into two parts called Doremus I and Doremus II. Doremus I has eight tracks with

a capacity of 70 multi-level cars and Doremus II has six tracks with a capacity of 72 cars.

Vehicles are delivered by designated auto trains each morning and unloaded by contractors during the day. Empty rail equipment is released and returned on empty unit auto trains or other manifest freight trains.

Doremus Avenue is supervised by the Oak Island Yardmaster and switching is performed by two yard assignments working the first and third shifts and going on/off duty at Oak Island.

Bayonne Yard is a 20-track industrial yard serving petro-chemical, plastic and other general merchandise customers. The facility consists of two yards: Bayonne and Mullery. Bayonne has 14 tracks and Mullery has six. Mullery Yard is used primarily to support major petro-chemical customers on the Constable Hook Industrial Lead. Bayonne Yard also serves as an interchange point with the East Jersey Railroad. Traffic to and from Bayonne is handled by transfer assignments to Conrail's Oak Island Yard for classification.

Bayonne Yard is supervised by a yardmaster, switching services are performed by three yard assignments.

Port Newark Yard is a six track yard located next to Oak Island Yard and adjacent to the Port of Newark. Port Newark has an intermodal terminal, an auto ramp and numerous general merchandise customers. Inbound and outbound carload and automotive traffic moves by transfer between Port Newark Yard and

Oak Island. Intermodal traffic is brought in by through-freight trains; outbound intermodal trains are built by yard crews and depart with road crews. Tracks and terminals inside the port are not owned or maintained by Conrail.

Port Newark Yard is supervised by a trainmaster and yardmasters on the day shift seven days per week and on the afternoon shift five days per week. At other times, the yard is supervised by Oak Island yardmasters. One transfer yard assignment and seven yard assignments provide switching services in the Port Newark/Elizabethport Marine Terminal areas.

Elizabethport Yard is an 11-track yard located on the Chemical Coast Secondary approximately four miles south of Oak Island Yard. There are no yard or local freight assignments at Elizabethport and customers in the area are served by yard assignments from Port Newark Yard.

E-Rail Intermodal Terminal, adjacent to Elizabethport Yard, has four tracks and is a leased facility. Two outbound trains and one inbound operate between E-Rail and Chicago daily.

Portside Yard is a three-track yard near Elizabethport Yard currently used to support Triple Crown Roadrailer™ services. (See further description of Triple Crown in Exhibit 13-NS Section 3.4.2.6.) The two staging and receiving tracks can hold 40 Roadrailer™ trailers each and operations are handled by Triple Crown personnel.

One Roadrailer™ train operates each way five days per week between Portside and Ft. Wayne.

Dockside Yard (Expressrail) is an intermodal terminal located within the Port Authority of New York and New Jersey. It is operated by Expressrail, a subsidiary of Maher Marine Terminal. There are five tracks capable of holding 40 five-well platform rail flat cars.

One Westbound train provides service from Port Newark to Chicago with connections in Albany to New England and Canadian destinations. Two inbound trains set off cars for Dockside Yard at Port Newark from Canadian and Western origins.

There are currently three yard assignments that support the intermodal operation at Dockside. All three go on duty at Port Newark yard. Dockside operations are supervised by a trainmaster and yardmaster located at Port Newark yard.

Port Reading Yard has 16 tracks and is located in Woodbridge, NJ approximately 12 miles south of Newark. It serves as a secondary hub in North Jersey and is used to distribute petro-chemical and miscellaneous merchandise traffic throughout North-Central New Jersey, the Amboy, Carteret, Reformatory, Perth Amboy and Port Reading branches.

Traffic is received directly from through-freight trains originating in Conrail's Selkirk and Conway Yards. Outbound traffic is picked up by a through-freight train originating in South Amboy and terminating at Conway. Port Reading Yard makes traffic blocks for Allentown and Conway as well as local industrial blocks.

Port Reading Yard is supervised by yardmasters around the clock five days per week and daylight only on weekends. Switching service is provided by five yard assignments.

Manville Yard is a 14-track yard located adjacent to the Trenton Line with connecting yard leads to Port Reading Jct. The yard provides local switching service to chemical, pharmaceutical and general merchandise customers on those lines as well as customers on NJT's Raritan Line.

Traffic to and from Manville Yard is handled by a local freight assignment operating from Allentown six days per week. During the maintenance-of-way work season, Manville Yard dispatches ballast trains to and from a nearby quarry located at Belle Meade, NJ.

Manville Yard is supervised by a yardmaster on the daylight shift six days per week, and switching service is provided by three local freight assignments.

Bayway Yard is a five-track yard located on the Chemical Coast Secondary about five miles south of Oak Island Yard. Two of the tracks are leased to a chemical industry for the storage of tank cars. The yard primarily supports petrochemical industries and a major agricultural company.

Bayway serves the largest oil refinery on the East Coast and uses one yard engine to switch out and pass cars to the refinery (in-plant refinery switching operations are provided by an on-site operator). Traffic is delivered to Bayway by trains originating at Conway and Selkirk. Outbound cars are picked up

by a yard assignment and moved to Port Reading Yard where they are dispatched to Allentown for classification.

Bayway Yard is under the control of the yardmaster at Port Reading and service is provided by one yard assignment.

Brown's Yard is a twelve-track yard located in Sayreville on the Amboy Secondary Line. The yard serves a wide variety of customers in the chemical, forest products and food processing industries.

Inbound traffic for Brown's Yard arrives on through-freight trains from Selkirk and Conway and is moved to Brown's on through trains or by yard service from Oak Island. All outbound traffic moves through Port Reading, then to Allentown or Conway for classification.

Brown's Yard is supervised by a yardmaster on the day shift six days per week and on the second shift five days per week. Service is provided by three yard assignments and three local freight crews.

Linden Yard is located off Amtrak's NEC in Linden. It has 18 tracks serving an automotive assembly plant. It also has a 12-track finished automotive loading ramp capable of holding 60 multi-level rail cars. Linden also supports a small additional volume of local pharmaceutical and chemical business.

Inbound auto parts and outbound vehicles move in through-freight service through Conrail's Selkirk Yard. A freight train runs between Linden and Conway via Amtrak's NEC and

Morrisville. Empty multi-level cars are gathered from the local area and reloaded.

Linden Yard is supervised by a trainmaster and three yardmasters five days per week and on weekends as required. Service is provided by three yard assignments and two locals.

Metuchen Yard is a 19-track yard located on Amtrak's NEC and serves an automotive assembly plant and other industrial customers in the Metuchen area. Traffic to and from Metuchen Yard moves direct to Conway or through Oak Island for classification. In addition to automotive traffic, most other traffic is chemicals, food products and lumber. Three yard assignments at Metuchen serve the auto plant and five additional yard crews provide local switching service. Two local freight crews perform transfer service between Oak Island, Linden and Metuchen.

NS: Except for the Triple Crown operation described under Conrail's Portside Yard above, NS has no current yard Operations in this area.

CSX: CSX has no current yard operations in this area.

Proposed Operation

The North Jersey Shared Assets Area will be supervised by a Superintendent headquartered at Oak Island.

Except for those yards specifically allocated to CSX or NS, CSAO facilities will include all Conrail yards in the North

Jersey Shared Assets Area and will be accessible to both CSX and NS.

CSX will be allocated Conrail's North Bergen and South Kearny (non-APL portion) intermodal terminals and will also be allocated developable property encompassing and including Conrail's Elizabethport Yard (Trumbull Street Yard).^{12/} NS will be allocated Conrail's Croxton and E-Rail intermodal facilities. NS will also be allocated developable property adjacent to E-Rail (former CNJ shop area). CSX and NS both will have access to the APL terminal in Kearny. The Port Newark/Elizabeth Marine Terminal area will be accessible to both CSX and NS including Dockside Yard (Expressrail), Portside Yard (currently used by Triple Crown), and Port Newark Yard.

Train movements within the North Jersey Shared Assets Area will be controlled by a CSAO dispatcher. The dispatching control station is now located at Mt. Laurel and may be relocated.

Yard functions and operations within the North Jersey Shared Assets Area will be as follows:

Ridgefield Heights will be operated by CSAO which will provide customer switching for CSX and NS.^{13/} The yard will be supervised by CSAO trainmasters in the area and one yard

^{12/} NS and CSAO will have trackage rights from North Bergen Yard to access the Ridgefield Heights facility near Little Ferry, NJ on Conrail's River Line. CSAO will dispatch this line.

^{13/} NS will be afforded the use of two tracks at this yard to support its E-Rail intermodal facility.

switching crew currently going on duty at North Bergen will be transferred to Ridgefield Heights to provide switching services.

CSX will operate a pair of multi-level trains daily between Sterling, MI and Ridgefield Heights. NS Traffic will be transferred by a CSAO crew to Croxton Yard.

North Bergen Yard will be operated as a CSX intermodal yard. It will be dedicated to specialized premium traffic with unique, high service schedule needs. CSX will arrive and depart four intermodal trains five days per week. Additionally, CSX will schedule two merchandise trains to set-off and pick-up traffic at the yard. CSX local operations for the Northern Industrial Track and the south end of the River Line will be operated out of North Bergen.

There will be no change in supervision. Three local switching assignments and one yard assignment currently supporting customer switching around Croxton will be transferred to Croxton Yard (for the Pascack Valley Line, Bergen County Line, Boonton Line, Morristown Line and the Southern Tier main line). One yard assignment currently switching Ridgefield Heights will go on duty at Ridgefield Heights.

Kearny Yard (the non-APL portion) will be operated by CSX. Kearny will specialize in east/west international double-stack container train operations. Such traffic tends to have high terminal dwell times and requires large parking facilities. CSX plans to increase parking capacity using a container stacking operation. CSX will take advantage of equipment synergies with

the adjacent APL stack train facility. Kearny will also handle other high-velocity domestic train operations.

CSX will use four yard assignments to support and switch the intermodal terminal. CSX will operate two pairs of intermodal trains between Kearny and Chicago. CSX will operate another pair of trains between Jacksonville and Kearny. Another train operating between Boston and Atlanta will pick-up and set-out at Kearny.

Three CSAO crews will switch the APL terminal and local customers. Local traffic will be moved to Oak Island on CSAO locals.

CSX will supervise Kearny operations with three trainmasters and around the clock yardmasters. CSAO crews will be supervised by CSAO yardmasters from Oak Island.

Croxtan Yard will be operated by NS. NS will run up to six trains daily in and out of this facility; two from Chicago and one from Kansas City, with matching westbound schedules.

Three local switching assignments currently serving the Pascack Valley Line, Bergen County Line, Boonton Line, Morristown Line, and the Southern Tier are planned to work from this yard; these assignments will be transferred from North Bergen. Three yard crews (one of which transfers from North Bergen) will work at Croxtan and NS will establish supervision at this yard.

Oak Island Yard will be operated by CSAO and will serve as the focal point for North Jersey operations.

Ten CSX merchandise trains (five in and five out) will arrive and depart daily from this facility. Oak Island will provide blocking for CSX trains to Selkirk, Rocky Mount, Waycross, Woodbourne, Camden and Frontier. CSX will also originate one multi-level train at Oak Island for southbound operation.

Nine NS merchandise trains will arrive and depart daily from this facility (four inbound and five outbound). Oak Island will provide blocking for NS trains for Linwood, Conway, Buffalo, Allentown and Elkhart. An additional auto parts train from Bellevue will be run into Oak Island.

This yard will be supervised by yardmasters as at present and will be served by 11 yard assignments, 2 yard-to-yard transfers, 2 automobile facility assignments, and 4 industrial switching assignments.

Doremus Avenue Yard (Doremus I and II) will be operated by CSAO.

CSX will arrive and depart one pair of multi-level trains daily. NS will arrive and depart one pair of multi-level trains daily from Bellevue. Empty cars will be returned to CSX and NS.

This yard will be supervised by yardmasters as at present and will be served by two yard assignments.

Bayonne Yard (including Mullery Yard) will be operated by CSAO and no changes are planned in its operation or staffing.

Port Newark Yard will be operated by CSAO.

CSX will originate and terminate one pair of intermodal trains at Port Newark Yard. CSAO will transfer inbound and outbound merchandise cars to CSX and NS trains at Oak Island Yard. CSX will set-out cars for Port Newark Yard with a train arriving from Selkirk.

This yard will be supervised by CSAO and will be served by eight industry and yard assignments.

Elizabethport Yard CSAO will provide switching for local customers. This yard will be supervised by CSAO yardmasters at Port Newark Yard and will be served by assignments from Port Newark Yard.

Portside Yard will be operated by CSAO. NS will operate two Triple Crown Roadrailer™ trains daily to and from Harrisburg.

Dockside Yard (Expressrail) is operated by Expressrail, a private company. A CSAO crew will build outbound trains. Local service will be provided by CSAO and service and supervision will be unchanged from current practices.

CSX will provide service through Port Newark Yard to Chicago and points west and to New England and Canadian destinations. NS traffic will be transferred by a CSAO crew to Croxton Yard.

E-Rail will be operated by NS. NS will arrive and depart six trains daily from E-Rail; two from Atlanta and one from Harrisburg, with matching outbound schedules.

Port Reading Yard will be operated by CSAO.

CSX will operate a Selkirk-South Amboy train which will set off traffic for Port Reading Yard. Outbound traffic for CSX will be transferred to Oak Island for southbound trains; a northbound train from South Amboy will pick up traffic daily for classification at Selkirk.

NS will operate an Allentown/Oak Island train in each direction daily that will set off and pick up at Port Reading Yard.

This yard will be supervised by three yardmasters and switching service will be provided by six yard assignments, as at present.

Manville Yard will be operated by CSAO.

CSX will support its Trenton Line local operation from Manville Yard. CSX will pick up northbound traffic at Manville for Selkirk, and southbound traffic for Rocky Mount. CSAO will support switching for traffic to customers on the Port Reading Secondary and on the Lehigh Line east of Port Reading Jct. from Manville Yard.

NS will pick up Lehigh Line local industry traffic for points west of Port Reading Jct. as well as traffic for the NJT Raritan Valley Line west of Bound Brook.

This yard will be supervised by a yardmaster and switching service will be provided by three local crews.

CSX will make sufficient track space available to NS and CSAO for their local operations.

Bayway Yard will be operated by CSAO and CSAO crews will provide all customer switching for CSX and NS. No change is expected in the local switching assignments.

Brown's Yard will be operated by CSAO and CSAO crews will provide all customer switching for CSX and NS.

CSX will originate and terminate one pair of merchandise trains daily. Brown's Yard will block the originating train for Selkirk and Oak Island. CSAO will also make an NS block which will be moved to Port Reading Yard.

No change is expected in supervision, local switching and industrial service.

Linden and Metuchen Yards will be operated by CSAO and CSAO crews will provide all customer switching for CSX and NS.

CSX traffic to and from these yards will be handled through Oak Island Yard to connect with through service from Michigan, Indiana and Canada. NS will operate one train daily into and out of Metuchen.

Staffing levels at Linden and Metuchen are not expected to change from their current levels.

4.5.1.2 South Jersey/Philadelphia

Current Operation

CONRAIL: The South Jersey/Philadelphia Shared Assets Area includes approximately 240 route miles extending north from Marcus Hook, PA ("Hook" at the south end of Chester Industrial Track) to Trenton (including all Conrail "Philadelphia" stations and stations within the Philadelphia city limits, all Conrail

track and rights in South Jersey, Conrail freight/franchise rights on Amtrak NEC from Zoo Tower to Trenton) and bounded on the west by CP Falls (at the beginning of the Harrisburg Line in the Belmont area of Philadelphia). The South Jersey/Philadelphia Shared Assets Area is shown in Figure 13.4-20.

There are 16 yards within this area which Conrail currently operates as follows:

Morrisville Yard is a 15-track facility and is located on the Morrisville mainline which connects Morrisville with Norristown, PA. The yard connects to Amtrak's NEC at Morris Interlocking just south of Trenton and to the Bordentown Secondary at Milham. Morrisville formerly was a major classification yard but currently serves as an industrial yard and an intermodal terminal. There is a major steel plant adjacent to Morrisville Yard.

Traffic to and from the Trenton Line moves on local freight assignments between Morrisville and Woodbourne Yard.

The three-track intermodal facility dispatches and receives two intermodal trains daily. Outbound intermodal blocks are made for Indianapolis, St. Louis, Chicago, Toledo and Dallas.

The former receiving and departure yards with ten tracks support industrial switching activity. There is one pair of manifest trains which run between Pittsburgh and Morrisville. North and southbound traffic is received through Woodbourne Yard on the Trenton Line.

Morrisville Yard is supervised by a trainmaster and five yardmasters and service is provided by four industrial, two intermodal yard assignments and three local freight assignments.

Greenwich Yard in South Philadelphia supports several operations. In the past it was a hump yard as well as a coal export facility, but it no longer performs these functions. Presently, the yard has a 10-track coal receiving yard, a three-track departure yard, a 12-track industrial yard, and 18-track ore yard, a four-track receiving yard, an 11-track "new" yard, a three-track intermodal yard (Ameriport, operated by the Delaware River Port Authority), a three-track fertilizer facility and an eight-track bulk transfer facility. The Philadelphia Belt Line industrial track runs adjacent to the yard and north along the piers on the Delaware River.

One through-freight train per day operates between Greenwich Yard and Allentown in addition to unit trains of ore and steel slab.

The Ameriport intermodal facility consists of three tracks of which two have loading/unloading capability; two trains daily operate into and from this facility.

The bulk transfer has a capacity of 160 car spots.

Greenwich Yard is supervised by a trainmaster and yardmasters assigned around the clock. Service is provided by six yard assignments.

Stoney Creek Yard is a 26-track facility located on the Chester Industrial track approximately 13 miles south of

Philadelphia in Marcus Hook. Stoney Creek serves as a support facility for refineries and chemical and paper customers in the South Philadelphia area. The yard is supported by a light car repair facility and locomotives are fueled by trucks provided by an outside fuel vendor.

Traffic to and from Stoney Creek moves through Abrams Yard in West Philadelphia. Due to limited capacity, cars in storage are moved by locals to and from Edgemoor Yard located adjacent to Amtrak's NEC south of Stoney Creek.

Stoney Creek Yard is supervised by a trainmaster and around the clock yardmasters. Service is provided by six yard assignments.

Midvale Yard is a 12-track industrial support yard located on SEPTA's Chestnut Hill West Branch. It is accessed from the Trenton Line between Conrail's Laurel and Nice control points. It serves chemical, merchandise and an automotive parts supplier in Philadelphia and the Port Richmond Switching District. There is also a light car repair track at this facility.

Midvale traffic is currently handled by through-freight trains picking-up and setting-off at West Falls Yard located on the Harrisburg mainline.

Midvale Yard is supervised by a trainmaster and around the clock yardmasters. Service is provided by six yard assignments.

Frankford Jct. Yard is located on the Delair Branch between Camden and Philadelphia. It is an 18-track industrial yard serving local industry in Central Philadelphia including industries on Amtrak's NEC and the Bustleton Branch. Most of the traffic handled through the Frankford facility is processed through the Allentown and Conway classification yards (which will be operated by NS) and handled to Frankford by through-freight trains operating to and from Camden; NEC traffic is moved to Morrisville Yard via local freight service.

Frankford Jct. Yard is supervised by three yardmasters. Service is provided by five yard assignments and one local freight assignment.

West Falls Yard is a nine-track facility located in Philadelphia on the east side of the Harrisburg Line west of the junction with the Trenton Line. The yard is used to process traffic to and from the Midvale and Port Richmond industrial areas and as a block swap location.

Operations at West Falls Yard are supervised by the yardmasters at Midvale and switching activities in the yard are handled by crews from Midvale; no crews are separately assigned to this facility.

Woodbourne Yard is a five-track facility located on the Trenton Line between Philadelphia and Trenton. The yard is used to set-out and pick-up local traffic for the Morrisville Switching District. Traffic moves to and from the facility via Oak Island Yard in North Jersey.

One local freight crew serves industries on the Trenton Line and is assigned at Morrisville, but works intermediately out of Woodbourne.

Pavonia Yard in Camden is the major classification facility for traffic in the territory extending from Trenton southward to Deepwater, Vineland and Palermo. The yard is a hump yard and has nine receiving tracks, 24 classification tracks, an eight-track support yard and is supported by a car repair and locomotive servicing facility.

Pavonia Yard classifies about 200 cars per day over its hump, but has a capacity of 450 cars per day. The yard assembles and dispatches two trains and five local freight assignments per day; the locals serve customers on the Bordentown, Pemberton, Beasley Point, Vineland and Penns Grove Secondaries.

Pavonia Yard is supervised by a trainmaster and six yardmasters around the clock. Service is performed by six yard crews daily. Car riders are required to support humping operations.

Millville Yard is a five-track industrial yard located in the South Jersey District and serves industries in the Vineland vicinity. Two local freight assignments operate from Millville; one transfers traffic to and from Pavonia Yard, and the other serves local customers. Traffic handled is predominantly sand and food products.

The Winchester & Western Railroad connects with Conrail and interchanges cars at Millville.

Paulsboro Yard is a six-track yard located on the Penns Grove Secondary and is the main serving yard for customers between Woodbury and Deepwater. Traffic is delivered and picked up by a local freight assignment which runs between Pavonia and Deepwater. Five local crews provide service to a heavy concentration of petro-chemical customers in the vicinity. There are also two coal fired electric generation plants on the Penns Grove Secondary which are served out of Pavonia Yard in Camden.

Paulsboro Yard is supervised by a trainmaster; there are no yardmasters at this location. Two clerks are assigned at Paulsboro to facilitate administrative functions.

NS: NS has no current operations in this area.

CSX: CSX has two yards within this area which it operates as follows:

Eastside Yard has 46 tracks and is divided into two sections. The eastbound section is used for receiving and industrial classification, and the westbound section is used for outbound classification. Eastside Yard switches an average of 225 cars per day.

A large portion of Eastside Yard is dedicated to a bulk transfer facility, which holds 220 to 240 cars. In addition, there are three shop tracks, which hold up to 30 cars, and a diesel locomotive fueling facility, which fuels an average of 98 locomotives per week.

CSX has around the clock yardmasters to oversee its Philadelphia terminal operations; it has an average of 12 yard

assignments per day, performing classification, industry switching, and interchange. The car department at Eastside Yard is staffed with 37 carmen. Eastside yard is supervised by three (3) trainmasters and yardmasters around the clock.

Snyder Avenue Yard has 10 tracks and a total capacity of 90 cars, primarily serves intermodal customers. Four intermodal trains originate or terminate at Snyder Avenue daily. In addition, Snyder Avenue has a limited local industry support function. Snyder Avenue is worked by crews from Eastside Yard.

Proposed Operation

The South Jersey/Philadelphia Shared Assets Area will be supervised by a Superintendent at Pavonia Yard.

Except for those yards specifically allocated to CSX or NS, CSAO facilities will include all Conrail yards in South Jersey/Philadelphia Shared Assets Area and will be accessible to both CSX and NS.

CSX will be allocated Greenwich Yard property with the exception of tracks used to support local freight service and the ore pier. CSX will also be allocated Woodbourne Yard. NS will be allocated the Morrisville intermodal facility and West Falls Yard.

Train movements within the Shared Assets Area will be controlled by a CSAO dispatcher. The dispatching control station is now located at Mt. Laurel and may be relocated.

Yard functions and operations within the South Jersey/Philadelphia Shared Assets Area will be as follows:

Morrisville Yard NS will operate the Morrisville intermodal facility; the balance of the operation at Morrisville Yard will be operated by CSAO.

CSX will access the Morrisville Yard through the Fairless Branch via Woodbourne and the Morris Interlocking on Amtrak's NEC. The majority of CSX business will be picked-up and set-off at Woodbourne by north and southbound trains.

NS will operate four intermodal trains (two inbound and two outbound) between Harrisburg and Morrisville. Also, four merchandise trains (two in and two out) will operate between Morrisville and Conway.

No changes in the level of work or staffing of Morrisville are anticipated.

Greenwich Yard will be operated by CSX with the exception of trackage used to support local freight service and the ore pier, which will be operated by CSAO. NS and CSX will continue to serve the Ameriport Intermodal Terminal or any replacement facility substantially built with public funding.

The intermodal facility at Snyder Avenue will be closed and a new facility established at Greenwich. CSX will also build a connection from its RG Interlocking to Conrail's Field Interlocking in order to move northbound trains in a head-on movement directly into Greenwich yard. Once the connection is installed, switching operations will be relocated from CSX's Eastside Yard to Greenwich. Eastside Yard will remain as a bulk transfer facility.

CSX will continue all other merchandise operations in Greenwich Yard and will add two yard crews to support the increased intermodal operations. Once the new facility is constructed, CSX will dispatch and receive three pairs of intermodal trains and three pairs of merchandise trains. Blocks will be made for Cumberland, Hamlet, Louisville, Richmond, Rocky Mount, Willard, Oak Island, and Selkirk. CSX will also run steel slab trains to Detroit.

NS will run one intermodal train in and out of the Ameriport Intermodal facility per day. NS will also run steel slab trains for Detroit as well as unit ore trains for Pittsburgh from this location.

This yard will be supervised by a trainmaster and yardmasters and will be served by five yard assignments. Four CSAO assignments will serve the ore docks.

Stoney Creek Yard will be operated by CSAO and no changes are planned for its operation or staffing. CSX traffic will be handled through Greenwich Yard and transferred to Stoney Creek by local assignments. This yard will be supervised by a CSAO trainmaster and yardmasters and will be served by six yard assignments.

Midvale Yard will be operated by CSAO.

CSX will construct siding capacity at Belmont to support pick-ups and set-outs now being performed at West Falls and move this staging activity to that point.

One of the six yard assignments will be eliminated.

Woodbourne Yard is not within the Shared Assets Area. It will be operated by CSX but will receive Morrisville area traffic from a CSAO transfer assignment. Traffic from Woodbourne Yard will be moved on CSX northbound and southbound through-freight trains.

Frankford Jct. Yard will be operated by CSAO and no changes are planned for its operation or staffing. Frankford Jct. Yard will classify CSX traffic for CSX northbound and southbound trains to be picked up at Belmont. Frankford Jct. Yard will classify traffic for NS trains from Camden to pick up.

West Falls Yard will be operated by NS. NS will lease track space to CSAO sufficient to support switching of traffic to and from Midvale.

Supervision for West Falls will be established by NS and NS will establish a road switching assignment at this location.

Pavonia Yard will be operated by CSAO and will serve as the focal point for South Jersey/Philadelphia Shared Assets Area operations.

CSX will operate one train daily in each direction between Pavonia and Selkirk. Blocks will be maintained for Selkirk and Bay View.

NS will operate two trains in each direction between Pavonia and Allentown and between Pavonia and Conway.

This yard will be supervised by CSAO yardmasters and will be served by six classification yard assignments and five local freight crews to handle local industry work.

Millville Yard will be operated by CSAO and no changes are planned for its operation.

Paulsboro Yard will be operated by CSAO and no changes are planned for its operation or staffing.

NS: NS will operate through freight trains in each direction to serve the South Jersey/Philadelphia area. They will include six intermodal and eight merchandise trains. Merchandise trains will operate between Morrisville and Conway, Camden and Conway, and Camden and Allentown. Intermodal trains will operate between Morrisville and Chicago, Morrisville and other points west of Conway and between Harrisburg and South Philadelphia. Inbound NS road trains to the South Jersey/Philadelphia Shared Assets Area will be blocked for West Falls and Camden. Outbound road freight trains will include blocks northbound for Oak Island and blocks westbound for Allentown, Conway, Chicago and Harrisburg.

CSX: CSX will operate nine through-freight trains in each direction to serve the South Jersey/Philadelphia Area. They will include one multi-level, three intermodal and five merchandise trains. Merchandise trains will operate between South Jersey and Albany, Philadelphia and Cumberland, Philadelphia and Hamlet, and Philadelphia and Louisville. Intermodal trains will operate between Philadelphia and Detroit,

Philadelphia and Chicago, and Philadelphia and Jacksonville. Multi-level trains will operate between Plymouth, MI, and Philadelphia.

Inbound CSX road trains to the South Jersey/Philadelphia Shared Assets Area will be blocked for Frankford Jct., Camden, Morrisville, Greenwich and Midvale. Outbound CSX traffic from South Jersey will include blocks northbound for Selkirk and Oak Island and a southbound block. Outbound CSX blocking in Philadelphia will be for Cumberland, Hamlet, Louisville, Richmond, Baltimore, Twin Oaks, Willard, and Wilmington.

East Side Yard CSX will close Eastside Yard merchandise switching operations and transfer the assignments to the new CSX yard at Greenwich and dedicate Eastside to bulk transfer operations. CSX will transfer carshop operations to Greenwich and the locomotive facility will be closed.

Snyder Avenue Yard This yard will be closed and retained as future industrial development property.

4.5.1.3 Detroit, MI

Current Operation

CONRAIL: The Detroit Shared Assets Area is comprised of 85 route miles of track from Trenton, MI (MP 20) to Utica, MI (end of track), including: Terminal West Industrial Track to West Belt Jct., Terminal East Industrial Track, the Lincoln Secondary and Conrail's Michigan Line to "CP-Townline" (MP 7.4)

and all other Conrail trackage within these boundaries. The Detroit Shared Assets facilities are shown in Figure 13.4-21.

There are eight significant Conrail yards within the Detroit Shared Assets Area, which are operated as follows:

North Yard is Conrail's major Detroit classification facility located on the North Yard Branch and includes 24 classification tracks and a 17-track receiving and departure yard. North Yard primarily functions as an assembly point for traffic from the Mound Road and Mack Yard facilities, but is also used to consolidate traffic into trains originating at Sterling Yard to the north. There is a small four-track auto loading facility at this yard which currently loads approximately five railcars per day. North Yard also has car repair facilities.

North Yard and the surrounding area is managed by three trainmasters and four yardmasters; service is performed by six yard switching assignments. Two clerks are also assigned to North Yard.

River Rouge Yard is a major Conrail facility for industrial support and has 23 classification tracks. The yard is located next to the Rouge Steel Works just west of downtown Detroit and some road trains originate or terminate at this facility. River Rouge has car repair facilities for light repairs.

River Rouge and the surrounding area is managed by a trainmaster and four yardmasters and service is performed by 11

yard switching assignments. One clerk is assigned to River Rouge who also handles requirements at Livernois.

Livernois Yard is a large industrial support yard and has 11 classification tracks, 21-track departure tracks, 18 receiving tracks and a four-track intermodal facility. The yard is located in the heart of Detroit's industrial district and some road trains originate or terminate at this facility. Livernois has car repair facilities for light repairs.

Livernois is supervised by three yardmasters and service is performed by six yard switching assignments.

Sterling Yard is a large industrial support yard located approximately 20 miles north of Detroit on the Sterling Secondary with seven receiving tracks, 20 classification tracks and three mainline sidings used to build and dispatch trains. Its primary function is to serve as an operations base for the several large automotive plants located in the Warren-Sterling Heights-Utica service area. There is also a five-track auto ramp facility for loading and unloading automobiles onto multi-level rail cars which handles approximately 25 cars per day. Sterling Yard typically handles eight through trains and three local switching trains per day. This yard has car repair facilities for light repairs.

Sterling Yard is supervised by three trainmasters and service is performed by three traveling road switcher assignments and six trains which originate and terminate at this facility daily. In addition, a coal train operates through the terminal

area about five days per week and a loaded and empty train operates to and from a steel plant six days per week. Five clerks ordinarily are assigned to Sterling Yard.

Mound Road Yard is a ten-track yard located 12 miles north of Detroit, also on the Sterling Secondary; five of the tracks are stub ended. The yard is primarily a local yard supporting industry switching services at an automotive assembly plant and several other local plants. There is also a ramp facility for loading and unloading automobiles onto multi-level rail cars which handles approximately 28 cars per day. Traffic is transferred to North Yard for road movement.

Mound Road operations are managed by two yardmasters and operations are performed by five yard assignments.

Mack Yard is a 15-track facility located on Conrail's Terminal East Industrial Track. It is the extension of what was formerly the Detroit Terminal Railroad. Most activity at this yard is associated with the auto assembly plant and loading ramp at Jefferson Avenue, although other industries are served as well. The yard also has an 11-track vehicle loading ramp (with 77 spots) which handles approximately 110 multi-level rail cars per day. Traffic is transferred to North Yard for road movement.

Mack Yard operations are managed by four yardmasters and operations are performed by five yard assignments.

Lincoln Yard is a two-track support yard used to stage cars for an automotive assembly plant and other industries along

the Lincoln Secondary Track. Two crews are assigned to this facility from River Rouge.

Trenton Yard is a five-track yard which supports switching activities in the Trenton area.

Trenton Yard operations are managed by yardmasters at River Rouge and operations are performed by one local assignment.

NS: NS operates six facilities in Detroit as follows:

Oakwood Yard is a 53-track yard used for local and system classification, interchange, train make up and intermodal support. Oakwood Intermodal Facility is a two-track TOFC/COFC facility principally for conventional intermodal.

Melvindale is an 18-track automotive multi-level loading facility owned and operated by NS. Principal shippers loading automobiles at Melvindale are Chrysler and Ford Motors.

Boat Yard has 34 tracks and is used for interchange with CSX. In 1994, the float operation was discontinued. The traffic handled at this location now is minimal.

East Yard is a five-track Triple Crown RoadRailer™ facility. Two Triple Crown trains originate and two Eastbound trains terminate at this location daily. In addition, a train to and from Canada, via CP between Detroit and Toronto daily.

Reserve Yard has eight tracks and supports the intermodal operation at Delray and is used primarily for intermodal traffic.

NS operates 15 yard crews and one local freight assignment at Detroit to perform all transportation functions.

CSX: CSX operates five principal yards in the Detroit area as follows:

Rougemere Yard is located five miles west of central Detroit on CSX's Detroit Subdivision. The yard has 29 tracks, along with car repair and locomotive servicing facilities. There are 10 daily yard assignments at Rougemere, and two local assignments (one a transfer job to Windsor, Ontario, and the other a local industrial assignment based at the CPRS leased Oak Yard, to service an average of 500 cars per day. This yard handles 10-12 through trains per day. It also serves as the support yard for the River Rouge complex, located adjacent to the yard.

Wixom Yard is located on CSX's Saginaw Subdivision north of Plymouth, MI. The yard has 17 tracks and is primarily designated to support local automotive manufacturing facilities. There are 3 daily yard assignments which support the movement of local traffic to six road trains per day.

Plymouth Yard is located at the intersection of CSX's Detroit-Grand Rapids and Saginaw-Toledo lines. The yard handles movement of local industrial traffic and blocks to and from through trains. There are two small yards at Plymouth, one with 12 tracks on the North-South line, and one with seven on the East-West route. Over 40 road trains per day pass through Plymouth in all directions, with 8 to 10 picking up traffic. There are three daily yard switching assignments and four daily

road switching assignments working at Plymouth Yard. The yard is supervised by yardmasters around the clock.

Wayne Yard is located seven miles south of Plymouth on the Saginaw Subdivision and supports a local automotive manufacturing facility and a steel warehousing company. Both are located adjacent to the yard, which has 21 switching tracks and several support sidings. Conrail's Michigan Line crosses CSX at Wayne south of Plymouth Yard. Interchange of multi-level cars for loading and auto part cars for the adjacent facility is handled between the two carriers. There are two daily yard assignments at Wayne, with two local trains and six to eight through trains picking-up traffic at the yard.

New Boston Yard is located 10 miles south of Wayne on the Saginaw Subdivision. This facility is owned and operated by TDSI, a CSX subsidiary. Automotive vehicles manufactured in the Detroit area are drayed to New Boston for loading on railcars. Loading volumes there average 120 to 150 multi-level cars per day. The yard has six tracks with four loading ramp tracks. Six to eight road trains per day pick-up at this yard.

Proposed Operation

CSAO: The Detroit Shared Assets Area will be supervised by a Superintendent headquartered at North Yard.

Train movements within the Detroit Shared Assets Area will be controlled by a CSAO dispatcher. The dispatching control stations now located at Dearborn may be relocated. No Conrail

yards have been allocated to CSX or NS for their independent operation. All current Conrail yards will be allocated to CSAO.

Yard functions and operations will be operated by CSAO crews with no change expected in the number of local switching assignments for North Yard, River Rouge Yard, Livernois Yard, Mound Road Yard, Mack Yard, and Lincoln Yard.

Sterling Yard CSAO crews will provide all customer switching for CSX and NS. NS will originate three trains (one for St. Louis, one for Bellevue and one for Elkhart) from this location and will terminate two inbound trains from the same points. These trains will pick up at Mound Road, North Yard, River Rouge and Trenton as necessary. NS will also operate a transfer assignment between Sterling and NS Oakwood Yard daily.

Trenton Yard is presently outside the switching limits of Detroit but will be made part of the Detroit Shared Assets Area and CSAO crews will provide all customer switching for CSX and NS. No change is expected in the number of local switching assignments.

CSX: CSX will operate five road trains in each direction, one multi-level, two merchandise, and two intermodal. One pair of trains will operate between Sterling and Doremus, handling multi-levels in each direction. The second pair between North Yard and Avon Yard at Indianapolis, handling auto parts and merchandise traffic. The third pair between River Rouge and Stanley Yard, handling auto parts and merchandise traffic. The fourth pair between Livernois and Atlanta, handling intermodal

traffic. The fifth pair between Livernois and Collinwood Yard at Cleveland, also handling intermodal traffic. The Lincoln Branch will be upgraded between Lincoln Yard and Carleton, MI and the Carleton connection will be replaced to access the CSX north/south mainline providing access to Toledo.

CSX blocks all loaded multi-levels and auto parts. General merchandise is handled in separate blocks. Under this plan, five destination multi-level and auto parts blocks will be made. Also, Toledo, Willard, Cincinnati and Indianapolis merchandise blocks will be made. Inbound CSX trains will make blocks for North Yard, Sterling, River Rouge, Livernois and Jefferson Avenue.

CSX will continue to maintain interchanges with CPRS at Rougemere Yard.

NS: NS will operate three road trains in each direction. One pair of trains will operate between Elkhart and Sterling, one will operate between Bellevue and Sterling and one pair will operate between St. Louis and Sterling Yard.

Inbound NS trains will have blocks for River Rouge, North Yard and Sterling. Outbound trains originating at Sterling Yard will pick up traffic at North Yard and River Rouge.

NS will grant CSX rights between Ecorse Junction and Delray Interlocking from the Lincoln secondary so that CSX can use this route to reach CSAO locations as well as their Rougemere Yard. NS controls this route from their operator at NS' Rouge River Bridge.

4.5.2 Other Areas Subject to Special Arrangements

4.5.2.1 The Northeast Corridor

Conrail operates over the Northeast Corridor (NEC) between New York and Washington under an agreement with Amtrak. The Philadelphia-Washington portion of the NEC is shown in Figure 13.4-22 and routes through the Washington area are shown in Figure 13.4-23. CSX and NS will if possible negotiate an agreement with Amtrak for freight use of the NEC. Under the assignments of Conrail's existing NEC rights contemplated by the Application, CSX and NS will provide service as follows:

North End

The North End extends from New York (Penn Station) to Philadelphia (Zoo Tower). This area will be part of the Shared Assets Areas and will be served by CSAO's North Jersey and South Jersey/Philadelphia regions. Both CSX and NS will have equal customer access and service will be provided as outlined in sections 4.5.1 and 4.5.2.

South End

The South End extends from Philadelphia (Zoo Tower) to Washington, DC. Local customers on this portion of NEC will be served exclusively by NS.

Washington, DC

NS will have trackage rights on the CSX line from Alexandria, VA through Washington, DC via Anacostia to Landover, MD to connect with the NEC.

CSX will be allocated and will operate Bennings Yard in Washington, as well as the Pope Creek Secondary.

NS will provide local freight service on the NEC in Washington between Landover and Union Station.

Both CSX and NS will have overhead trackage rights to operate trains on Amtrak's NEC between New York and Washington. Between Philadelphia (Zoo Tower) and New York, and between Landover and Baltimore, these rights will be shared equally and scheduled alternately. Between Baltimore and Philadelphia (Zoo Tower), CSX will be limited to four trains per day. As a part of the overall agreement, NS will also have trackage rights on CSX between Alexandria and Philadelphia (CSX-Park Jct.).

In no case will projected freight volumes be sufficient to produce any interference with Amtrak's NEC passenger operations.

4.5.2.2 Monongahela Coal Area

NS will be allocated control, and will operate and maintain the former Monongahela Railway, including the Wayneburg Southern, subject to a joint use agreement which will provide CSX equal, perpetual access to all current and future facilities located or accessed from the former Monongahela Railway.

The former Monongahela Railway is shown in Figure 13.4-24.

Both NS and CSX will be able to separately provide transportation service with their own equipment and crews to all customers on the Monongahela. NS and CSX will share the

operating and maintenance expenses of this facility on a usage basis.

4.5.2.3 Ashtabula Harbor Facility

NS will be allocated and control Conrail's Ashtabula Harbor facilities, with CSX receiving use of and access to 42 percent of the total ground storage, throughput, and tonnage capacity of the facility.

CSX will control the interlocking at the crossing of Harbor Connecting Track with the Conrail's Youngstown and Chicago Lines.

5.0 YARD AND TERMINAL ACTIVITY CHANGES

A number of yards on the expanded CSX system will experience changes in activity levels. Attachment 13-4 sets forth the projected changes in average daily car volumes originating, terminating, and moving through major CSX and Conrail terminals. The impact of these changes in activity levels is discussed in the previous section.

6.0 IMPACTS ON TRAFFIC DENSITIES

6.1 Impacts on Train Volumes

Attachments 13-5 and 13-6 show the net effect of the proposed train operations on the average number of trains per day over the CSX and Conrail line segments, respectively, that comprise the post-Acquisition expanded CSX system. Attachment 13-7 shows the net effect of the proposed CSX and NS train operations on the average number of trains per day in the Shared Assets Areas and in the Monongahela Coal Area, which will be

served by both CSX and NS. The comparisons are between the 1995 base year and the year following full integration of the CSX-operated Conrail lines into the CSX system.

6.2 Impacts on Gross Ton-Miles

Attachments 13-8 and 13-9 show the net effect of the proposed train operations on the gross ton-mile density of the CSX and Conrail line segments, respectively, that comprise the post-Acquisition expanded CSX system. Attachment 13-10 shows the net effect of the proposed CSX and NS operations on the gross-ton mile density of the Shared Assets Areas and the Monongahela Coal Area, which will be served by both CSX and NS. Once again the comparisons are between the 1995 base year and the year following full integration.

7.0 TRACK UPGRADES, NEW CONSTRUCTION AND OTHER CAPITAL INVESTMENTS

7.1 Upgrades and New Construction

A number of upgrades, rehabilitation projects, new connections and other construction projects will be undertaken on the CSX system as a result of the Acquisition. Sections 7.1.1 through 7.1.3 describe upgrades and other construction projects planned to certain service routes, merchandise terminals, intermodal yards and finished vehicle facilities. New connections are described in Section 7.1.4. Projects related to fueling/servicing and mechanical facilities are described in Sections 7.1.5 and 7.1.6. Projects to be undertaken to improve information systems and upgrade technologies are discussed in Section 7.1.7.