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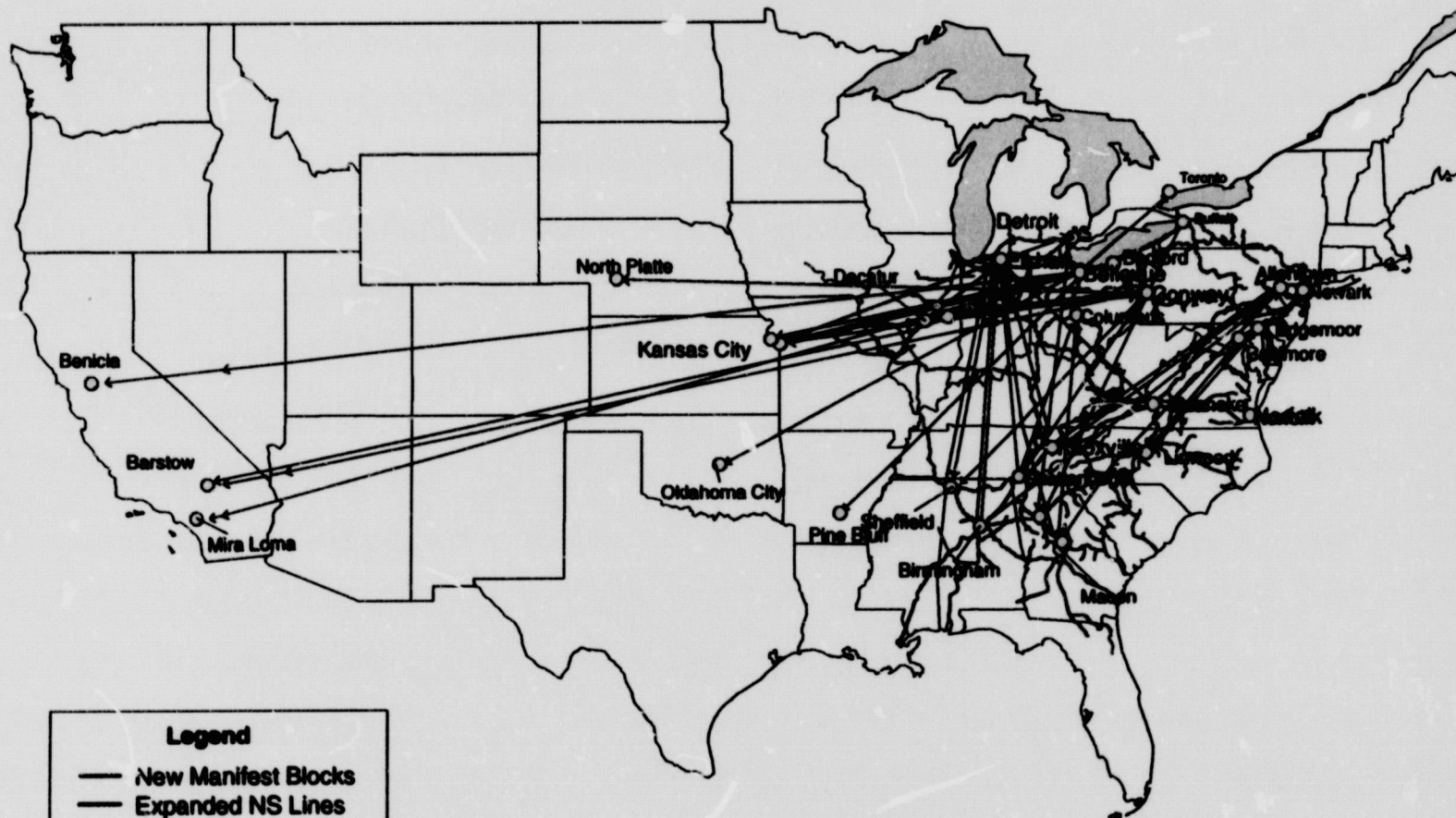
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Significant New Manifest Blocks



- Legend**
- New Manifest Blocks
 - - Expanded NS Lines
 - Shared Assets Areas

Figure 13.3-28

3.6 Local Train Service

Local freight and roadswitcher assignments gather and distribute traffic from customers and interchanges with other railroads. They operate in major industrial areas, between terminals, and on branch lines. Section 4.0, following, summarizes proposed changes to yard engine, local and roadswitcher assignments in major terminal areas. Changes to local train assignments in other areas are outlined on the following table.

Changes in Conrail and NS Local Train Assignments

Affected Assignment	Planned Change	Economic Impact
Northern Indiana		Area Savings:
Argos, IN NS transfer shuttle to South Bend	No longer needed; traffic flows directly to South Bend.	4 crews, 4 locomotive units to be released,
Dillon, IN NS Michigan City local	No longer needed. Traffic flows directly to Michigan City. Remaining Argos local handles balance of work.	Miscellaneous expenses.
Fort Wayne, IN NS Fort Wayne-Hobart Local	Line segment to CSX. Forces potentially Available to CSX.	
Warsaw, IN Conrail local	Line segment to CSX. Forces potentially Available to CSX.	

Conrail serves South Bend out of Elkhart with rail traffic moving between Elkhart and South Bend twice a week. The work is performed by the Conrail yard crew stationed at South Bend. Daily service will be afforded from Elkhart effective with the NS acquisition. The NS and Conrail crews will share the locomotive, allowing one locomotive to be released. There will be no crew savings at South Bend but service will improve from two-days to five-days a week.

The NS local between Fort Wayne and Hobart and the Conrail local at Warsaw will become the responsibility of CSX when CSX assumes control of this line.

3.7 Terminal Trackage Rights

At this time, no additional terminal trackage rights other than those already held by Conrail and NS and those recited in Sections 3.1.2 and/or 4.1 have been identified as needed to implement merged operations as described in this Application.

3.8 Proposed Abandonments

Three NS line segments will become redundant or uneconomic as a result of NS' operating control over certain Conrail routes. Only four abandonments totaling 50.7 miles are proposed, reflecting the end-to-end nature of this combination plus the need for capacity to handle traffic growth. No line segments in this application are proposed for abandonment independent of the consolidation. Figure 13.3-29 provides an overview of the proposed abandonments in map form. Maps illustrating the exact limits of each proposed abandonments are contained in the Abandonments section of Appendix B, Supporting Figures, at the end of this volume.

Application, notices, and petitions to abandon the following line segments will be submitted.

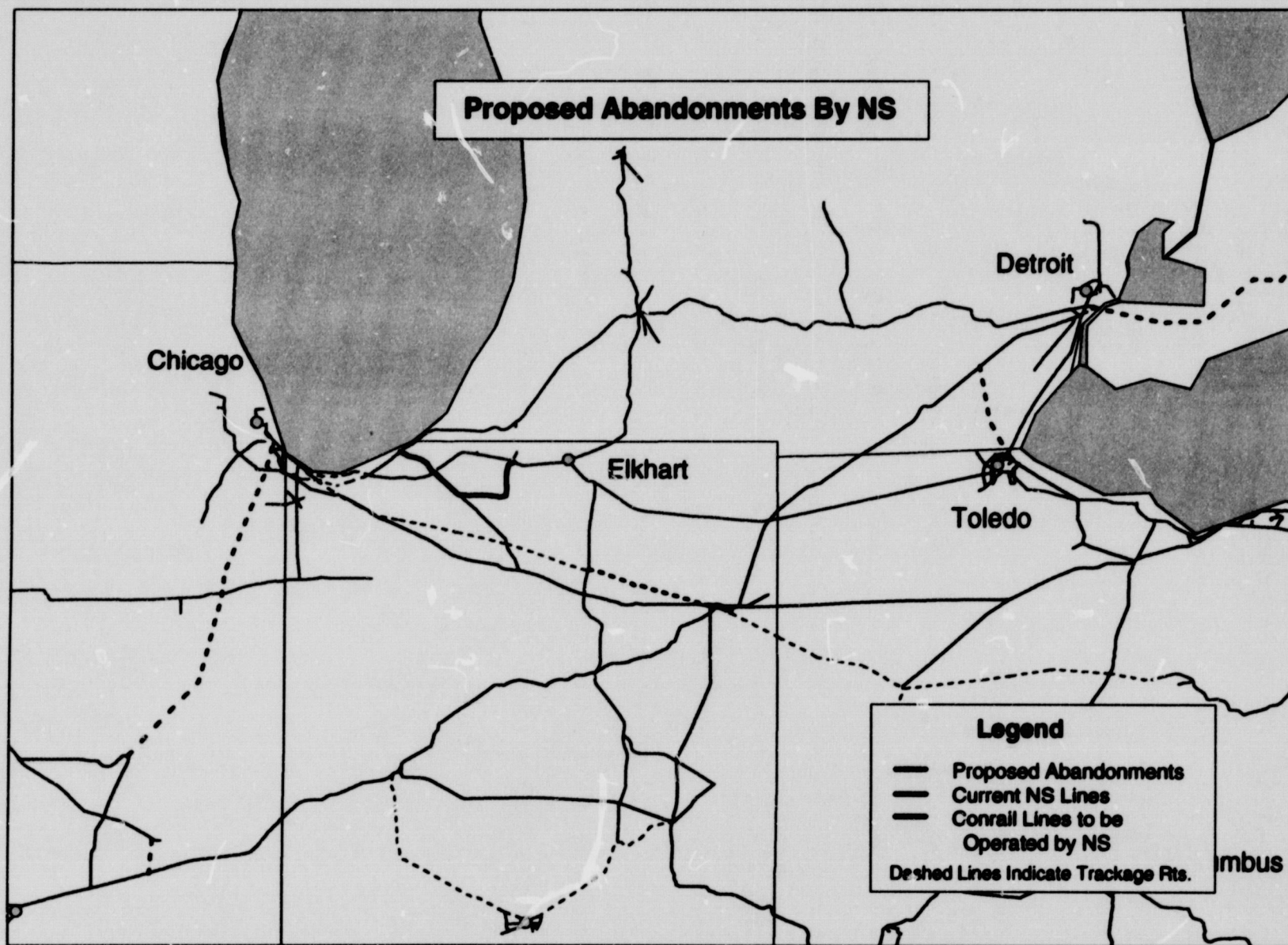


Figure 13.3-29

3.8.1 Conrail Line Segments

No abandonments are planned for Conrail line segments in conjunction with the consolidation.

3.8.2 NS Line Segments

***Dillon-Michigan City, IN* 21.5 miles. (Figure B.3-1)**

Overhead traffic is the primary traffic currently moving over this light-density branch line, most of which is concentrated at Michigan City. On the expanded NS system, Michigan City would be more efficiently served from Conrail's trackage rights over Amtrak's mainline from Porter, IN to Kalamazoo, MI, allowing abandonment of portions of the duplicative NS line from Argos. The line is crossed by Grand Trunk Western (GTW) at Stillwell, but traffic is not interchanged at that point. An NS customer at LaPorte will be served via the Conrail Chicago-South Bend line which crosses the line at LaPorte. Abandonment of the line would eliminate 42 highway grade crossings.

***South Bend-Dillon, IN* 21.5 miles. (Figure B.3-2)**

NS customers at South Bend will be served from the Conrail line. No active rail customers will lose service. Abandonment will eliminate 39 highway grade crossings.

Toledo-Maumee, OH (Toledo Back Belt) 7.5 miles. (Figure B.3-3)

This line was purchased from CSX several years ago to facilitate operations around Toledo. Conrail and NS operate parallel line segments in this territory and Conrail's line is the more efficient of the two. Abandonment will eliminate 18 highway grade crossings.

Toledo-Maumee River Bridge, OH 0.2 miles. (Figure B.3-4)

By relocating operations to the nearby Conrail bridge, the NS Line and the lift span over the Maumee River in Toledo may be abandoned. Trackage leading to the Cherry Street lead will be retained to serve area customers. No rail customers are affected by this abandonment.

4.0 YARD AND TERMINAL CHANGES AND CONSOLIDATIONS

The NS/Conrail transaction will result in significant changes in terminal operations. Some facilities will be reduced or closed and some will be expanded. In some cases, there will be little change. This section describes the effects of the consolidation of facilities at all locations where there will be a significant change in functions, operations, facilities or work force levels.

The proposed changes will permit an expanded NS to realize its full potential for improved service, operating economics, and optimum allocation of investment dollars. Savings are estimated on a consolidated net basis. Where appropriate, assets or forces which CSX may wish to retain are identified. For purposes of this Application, it is assumed that appropriate implementing agreements will be negotiated to make the consolidation savings possible.

For each location, the present operation is described first, followed by a description of the proposed operation.

The discussion in this section is organized as follows:

- 4.1 Shared Assets Areas
- 4.2 Other Areas Subject to Special Arrangements
- 4.3 Major Industrial Areas
- 4.4 Disposition of Other Conrail Interests

4.1 Shared Assets Areas

The agreement between CSX and NS establishing terms for the Acquisition provides that certain areas will be operated as Shared Assets Areas, providing CSX and NS with equal access to customers within the defined area. Pursuant to separate Shared Assets Area Agreements, the three areas will be operated on a shared basis. 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 these areas will be operated as extensions of each.

The Shared Assets Areas will be operated by or through Conrail, which operations will be referred to herein as Conrail's Shared Assets Operations (CSAO). The CSAO will operate certain areas with its own crews and personnel using facilities which will continue to be owned by Conrail. The three Shared Assets Areas are:

- North Jersey
- South Jersey/Philadelphia
- Detroit, MI.

Each of these areas is described in detail in the following sections and maps (see Figures 13.4-1, 13.4-2, 13.4-3) are included.

Certain other areas and assets to which CSX and NS will share access based on certain other arrangements are discussed in Section 4.2 of this Operating Plan.

The following sections contain detailed descriptions of the planned operations in each Shared Assets Area.

Conrail's Shared Assets Operations

1. The CSAO will be a division within the existing Conrail structure under the control of a General Manager who will report to the Conrail Board of Directors, appointed equally by CSX and NS. The Conrail Board of Directors may delegate certain of its management responsibilities with respect to the shared assets to a Board of Managers.
2. Each of the three Shared Assets Areas operating regions will be supervised by a Superintendent responsible for operations and maintenance within the region.
3. The CSAO will provide local switching, train break-up, classification and assembly services for CSX and NS, equipment servicing (including light running repairs), and routine track, communications and signal maintenance for its facilities.
4. The 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.
5. 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. The 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.
6. All car movements within the CSAO will remain in the accounts of either CSX or NS. Upon implementation, NS will preserve all rights and obligations of existing Conrail arrangements (for instance, switching charges) for movements within each CSAO region.

CSX and NS both will operate trains into, out of, and through the Shared Assets Areas, and will be able to operate trains with road crews to any allocated, shared or customer operated facility as if operating in their own territory.

Locomotives In Shared Assets Areas

The operation of the Shared Assets Areas will require a certain number of locomotives. CSAO management will determine its requirements and will be responsible for making arrangements to meet those needs. CSAO will be responsible for procuring necessary locomotives through full-service leases or other satisfactory arrangements from CSX or NS.

Fueling and servicing of such locomotives will be the responsibility of CSAO management. CSAO personnel will perform light running repairs 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 Asset Facilities

Freight car inspection, and in most cases, light running repair operations in the Shared Asset Areas initially will 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 a 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 Managers. Staffing will include but not be limited to supervisors, 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 the 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 to ensure that they are fully utilized. Where routine maintenance projects require equipment, expertise or manpower not otherwise readily available to the CSAO, the CSAO will contract with CSX, NS or third parties to

complete the project. More substantial program work beyond routine maintenance will be performed by CSX or NS, or, at the option of CSX or NS, by a third party.

The Shared Assets Areas will benefit from the use of either CSX, NS, or third party construction or maintenance forces to accomplish annual 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 communications maintenance, chemical vegetation control, yard cleaning, rail grinding and rail testing. The shared areas will be examined to ensure the best available contracts with outside vendors are maintained. Where appropriate, certain CSX or NS contracts may be extended to include Shared Assets. Similarly, contracted services with CSX or NS 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 also will support the CSAO.

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

4.1.1 North Jersey

Present 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 Yard² 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. The North Jersey Shared Assets Area is shown on Exhibit 13.4-1.

² NS and CSAO will have trackage rights from North Bergen Yard to access the Ridgely Heights facility near Little Ferry, NJ, on Conrail's River Line. CSAO will dispatch this line to CP-5.

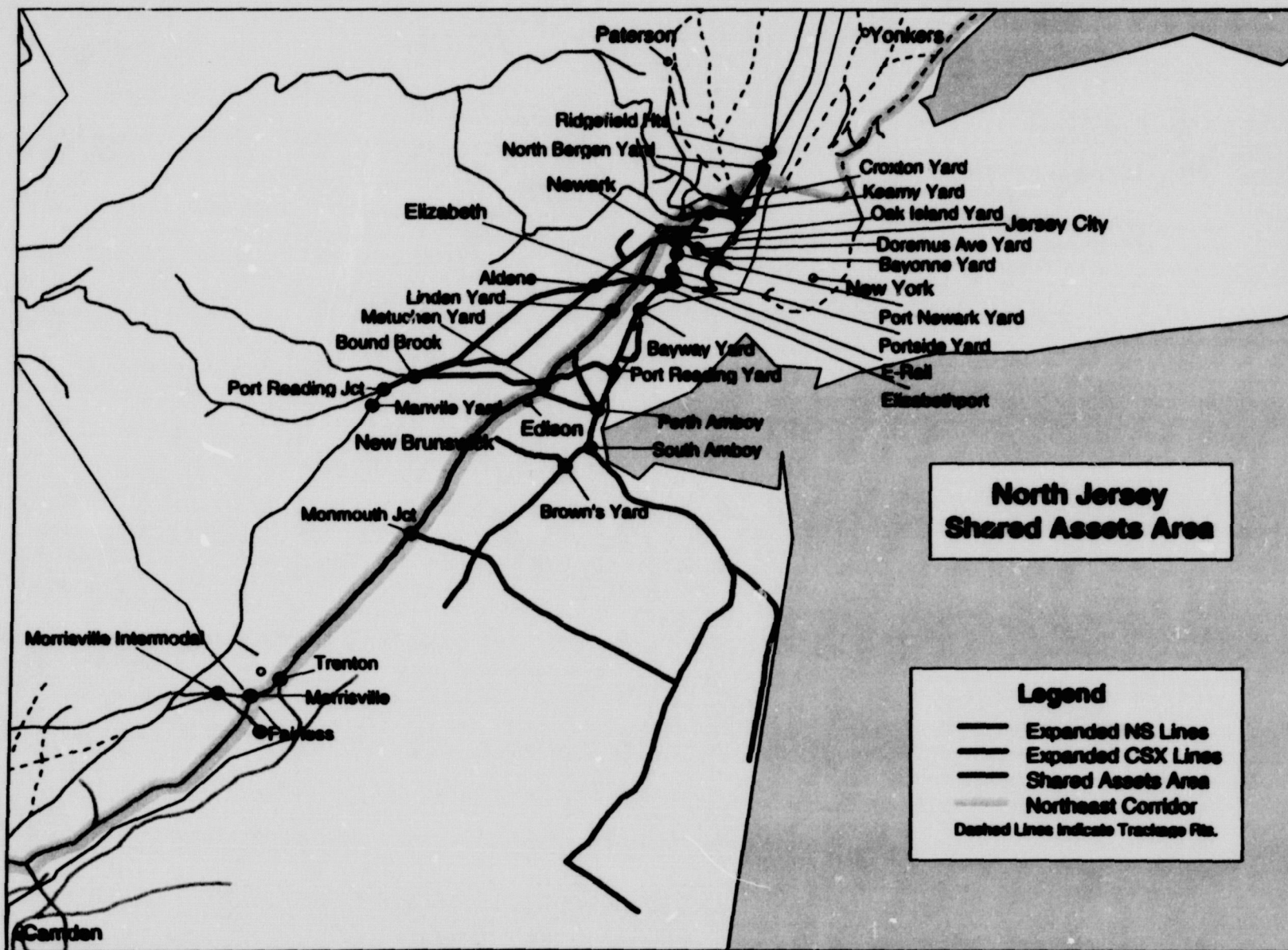


Figure 13.4-1

Conrail operates facilities in Northern New Jersey as follows:

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

One eastbound multilevel train and one eastbound intermodal train (as required) deliver finished vehicles from midwest origins to Ridgefield Heights and to 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 Bergen³.

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 New Jersey Transit (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.

³ In some cases, staffing levels in this Exhibit 13-NS may differ from the average blended 1996 and/or average blended 1995 levels used in the Labor Impact Statement because more current staffing levels have been utilized.

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 five-well double-stack cars and the storage tracks hold up to 46 more.

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 eight scheduled intermodal trains daily to Chicago, St. Louis, Atlanta and various points in Florida, and receives traffic from the same origins. Two manifest trains pick up and set out at Kearny. It also serves local industries. Kearny is centrally located within a heavy

industrial district in Northern New Jersey.

American President Lines (APL) operates a three-track intermodal facility with a capacity of 37 five-well cars adjacent to Kearny Yard; this facility is served by Conrail crews based 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 Newark. Constructed as a hump yard, it is now used as a flat switching yard 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 petrochemical, 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 petrochemical 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 and 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 the 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. It is privately owned but leased by Conrail for a portion of its capacity. 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 in 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 Fort Wayne, IN.

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-platform rail flat cars.

One Westbound train provides service from Dockside to Chicago with connections in Albany to New England and Canadian destinations. Two inbound trains set off cars for Dockside Yard 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 Northern New Jersey and is used to distribute petrochemical 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. This 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 loads and dispatches ballast trains 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 company 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 either 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 adjacent to Amtrak's NEC in Linden, NJ. It has 18 tracks serving a General Motors 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 volume of local pharmaceutical and chemical business.

Inbound auto parts and outbound vehicles move in through-freight service through Conrail's Selkirk Yard. A manifest 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.

Metuchen Yard is a 19 track yard located on Amtrak's NEC and serves a Ford automotive assembly plant and other industrial customers in the Metuchen area. Traffic to and from Metuchen Yard moves directly to Conway or through Oak Island for classification. In addition to automotive traffic, most of the 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: NS has no existing operations in this area, although Triple Crown Services, owned by Conrail and NS jointly, does operate at Conrail's Portside Yard.

CSX: While CSX has no current yard operations in this area, CSXI (a CSX affiliate) maintains an intermodal terminal in Ridgefield (Little Ferry).

Proposed Operation

The North Jersey CSAO will supervised by a superintendent headquartered at Oak Island.

Except for those yards specifically assigned to CSX or NS, CSAO facilities will include all existing 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 assigned developable property encompassing and including Conrail's Elizabethport Yard (Trumbull Street Yard).⁴ NS will be assigned Conrail's Croxton and E-Rail intermodal facilities. NS will also be assigned 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.

⁴ NS will be afforded the use of two tracks at this yard to support its E-Rail intermodal facility.

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 area will be as follows:

Ridgefield Heights will be operated by CSAO which will provide customer switching for CSX and NS. The yard will be supervised by CSAO trainmasters in the area and one yard 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 Michigan and Ridgefield Heights. NS traffic will operate a dedicated auto train from Bellevue via the Southern Tier to Ridgefield Heights.

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 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 mainline). 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 passing 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.

Croxton Yard will be assigned to 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, the Bergen County 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 Croxton and NS will establish supervision at this yard.

Oak Island Yard will be operated by CSAO and will serve as the focal point for Northern New 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, two yard-to-yard transfers, two automobile facility assignments and four 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.

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 assigned to the CSAO. NS will operate four Triple Crown RoadRailer® trains daily with one pair traveling to and from Harrisburg, PA, and a second pair operating to Atlanta via NEC.

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 through-service from 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 CSX.

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.

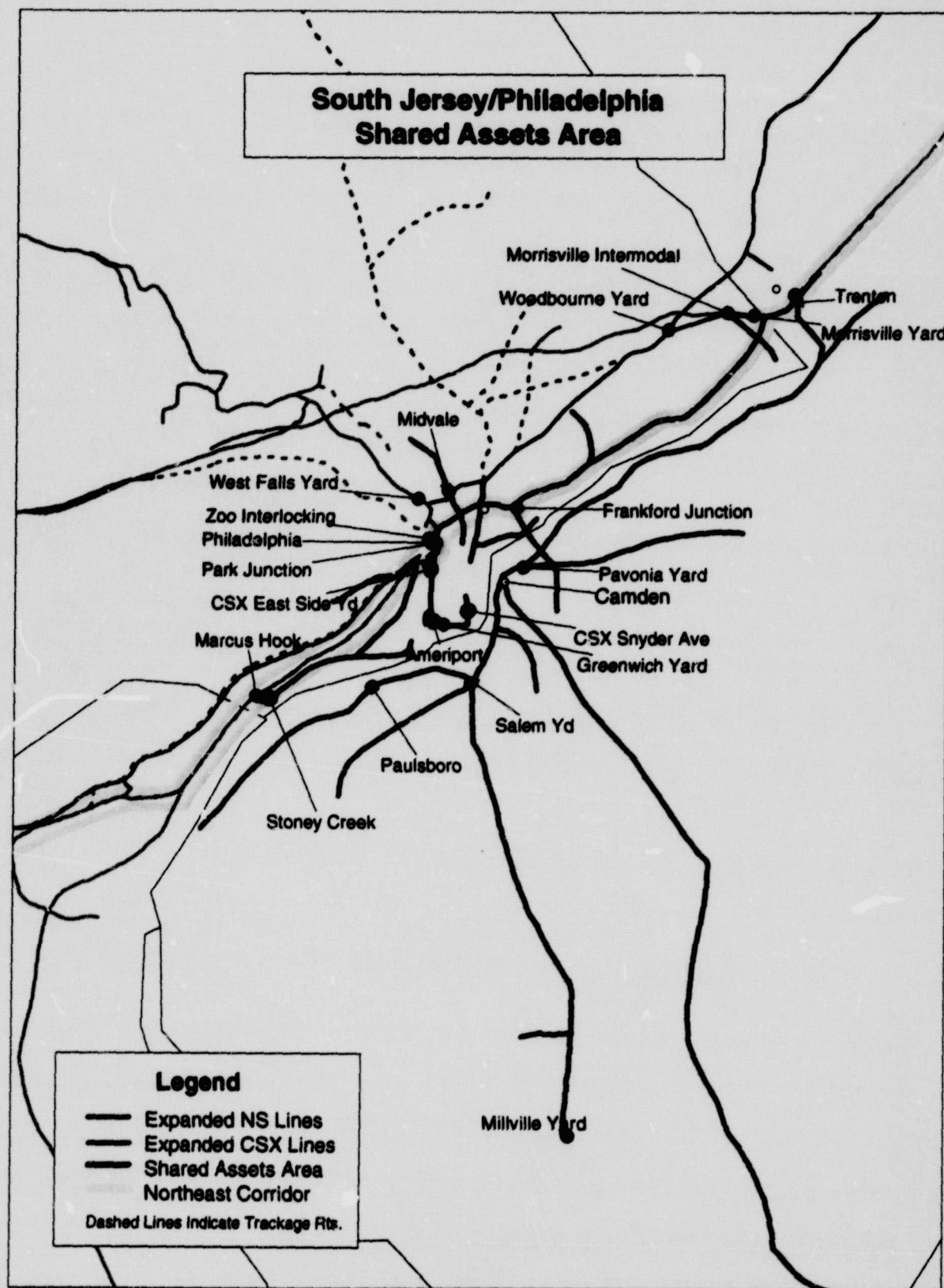
Staffing levels at Linden and Metuchen are not expected to change from their current levels.

4.1.2 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 traffic in South New Jersey, Conrail freight/franchise rights on Amtrak NEC from Zoo Tower to and including Trenton) and bounded on the west by CPRS 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 13.4-2.

Figure 13.4-2



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 the 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 the industrial switching activity. There is one pair of manifest trains which run between Pittsburgh and Morrisville. North and southbound traffic is received through the Woodbourne Yard on the Trenton Line

Morrisville Yard is supervised generally 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 is a diverse yard that 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, an 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 station has a capacity of 160 car spots.

Greenwich Yard is supervised by a trainmaster and five 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, PA. 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 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 the heart of Philadelphia on the Harrisburg Line at 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 Northern New 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 local freight assignments 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 petrochemical 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 trainmasters and yardmasters around-the-clock.

Snyder Avenue Yard has 10 tracks and a total capacity of 90 cars, and 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 assigned to CSX or NS (as described below), CSAO facilities will include all Conrail yards in the South Jersey/Philadelphia Shared Assets Area and will be accessible to both CSX and NS. CSX will be assigned Greenwich Yard property with the exception of tracks used to support local freight service and the ore pier. CSX will also be assigned Woodbourne Yard. NS will be

assigned 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.

CSX will close its intermodal facility at Snyder Avenue and establish a new facility 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 Yard will classify CSX traffic for northbound and southbound trains to be picked up at Belmont. Frankford Jct. Yard will classify traffic for NS trains from Camden for 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 CSAO operations. CSX will operate one train daily in each direction between Pavonia and Selkirk. 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 assigned to the CSAO and no changes are planned for its operation or staffing.

Paulsboro Yard will be assigned to the 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. NS also will initiate service to the Philadelphia area with new TCS trains. One pair of TCS trains will operate North/South between Portside and Atlanta and another pair will run East/West to Chicago.

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 Southern New 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 Southern New 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 CSX will close this yard and retain the facility for future CSX industrial development property.

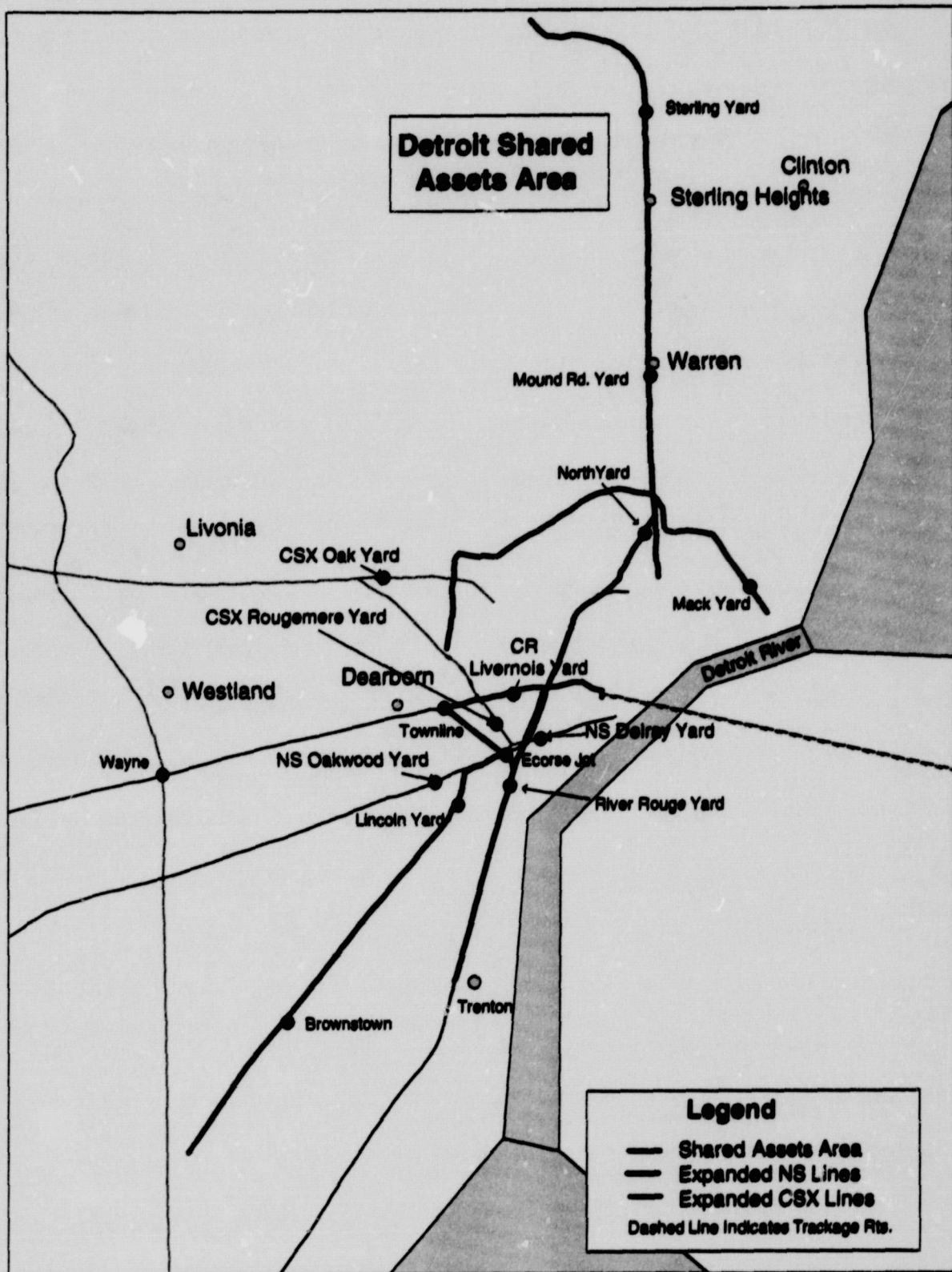
4.1.3 Detroit, MI

Present Operation

CONRAIL: The Detroit Shared Asset 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. Detroit Shared Assets facilities are shown in Figure 13.4-3.

There are eight significant Conrail yards within the Detroit Shared Assets Area, which are operated as follows:

Figure 13.4-3



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. In addition, there is a small four-track auto loading facility at this yard which currently loads approximately five railcars per day. North Yard maintains 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 Ford's 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 Great Lakes Steel 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 the Chrysler assembly plant and several other local plants. There also is an auto 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 Chrysler's 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 Ford's Brownstown 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 which is 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 traffic.

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 Motor Company.

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 westbound Triple Crown trains originate and two eastbound trains terminate at this location daily. In addition, a train to and from Canada, via Canadian Pacific Rail System (CPRS) between Detroit and Toronto, operate daily.

Reserve Yard has eight tracks and supports the intermodal operation at Delray. Reserve Yard is used primarily for stack 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 operated as follows:

Rougemere Yard is located five miles west of central Detroit on the Detroit Subdivision. The yard has 29 tracks, along with car repair and locomotive servicing facilities. There are ten 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 Canadian Pacific Rail System (CPRS) leased Oak Yard), to service an average of 500 cars per day. This yard handles 10-12 through trains daily. 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 three 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 (two six-day and one five-day) and four daily road switching assignments (three six-day, one five-day) 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

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. All existing Conrail yards will be operated by CSAO.

Customer switching, yard functions and operations will be handled 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. Both CSX and NS will originate and terminate trains in Sterling Yard.

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 Yard and Doremus Avenue Yard, handling multi-levels in each direction. The second pair will operate between North Yard and Avon Yard at Indianapolis, handling auto parts and merchandise traffic. The third pair will operate between River Rouge and Stanley Yard, handling auto parts and merchandise traffic. The fourth pair will operate between Livernois and Atlanta, handling intermodal traffic. The fifth pair will operate between Livernois and Collinwood Yard at Cleveland, also handling intermodal traffic. The Lincoln Branch will be upgraded between Lincoln Yard and Carlton, MI and the Carlton 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 Yard, 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 Yards. Outbound trains originating at Sterling Yard will pick-up traffic 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.

NS will grant CSX rights between Ecorse Junction and Delray Interlocking from Lincoln Secondary so that CSX can use this route to reach CSAO locations as well as their Rougemere Yard. NS controls this route with their operator at NS' Rouge River Bridge. NS will require CSX to install a holdout signal on the Lincoln Secondary located west of the access switch to the NS Melvindale auto loading facility. Also, CSX trains westbound must call the NS operator before leaving either Rougemere Yard or North Yard.

4.2 Other Areas Subject to Special Arrangements

4.2.1 The Northeast Corridor

Current Operations:

Conrail now provides local switching services to customers located on the Northeast Corridor (NEC) between Newark, NJ and Washington, DC. The switching activity is most significant between Newark and New Brunswick, NJ, in North Philadelphia, between Philadelphia and Newark, Delaware and in the Baltimore area. Where switching operations are intense, Conrail has its own parallel tracks and yards to minimize its use of passenger tracks.

There is no through freight service over the length of the corridor today. That service was terminated in the late 1980s through agreements with CSX and NS that shifted Conrail freight services to other routes. Traffic to/from CSX in Alexandria, VA was shifted to the parallel CSX route under a trackage rights agreement. Traffic to/from NS was shifted to the Hagerstown Gateway.

Conrail does operate a through train between Linden/Metuchen, New Jersey and Morrisville, PA. Most other through freight trains enter the corridor at Perryville, MD, approximately half way between Baltimore and Wilmington. The segment between Perryville and Wilmington is used for automotive, general merchandise and coal traffic. The segment between Perryville and Baltimore is used for automotive, intermodal, general merchandise and coal traffic, some of which is destined for export at Baltimore. Freight usage on these segments is heavy, five freight trains a day on average now operate between Perryville and Wilmington and 12 freight trains a day operate between Perryville and Baltimore. Conrail coal trains destined to the Popes Creek Secondary also operate on the NEC to Bowie, MD.

The sole Conrail access to Baltimore, Wilmington and the Delmarva Peninsula is via the Northeast Corridor. That access is somewhat limited in terms of clearances and permissible weight on rail. The Amtrak routes will not clear doublestack traffic and cannot handle cars loaded in excess of 263,000 lbs gross weight (car and lading).

The CPRS operates on the NEC between Perryville and Landover, MD, but has no local access rights.

Future Operations:

Local service between Philadelphia (Zoo Tower) and New York (Penn Station) will be provided by the North Jersey CSAO and the South Jersey/Philadelphia CSAO. Local service between Philadelphia (Zoo) and Washington will be provided by NS exclusively.

Through trains will be operated between New York and Philadelphia (Zoo) on a shared basis between NS and CSX, with each alternating available slots. South of Philadelphia, CSX will be limited to four trains per day, which reflects the fact that CSX will have a parallel route and other ways to access Baltimore and Wilmington whereas NS will not. So CSX's use of the NEC will be limited in order to protect NS' capacity to serve Wilmington and Baltimore in competition with CSX.

Between Baltimore and Landover, MD, where the freight tracks diverge from the NEC to bypass Washington, Union Station, on a freight only route, NS and CSX will share capacity. NS will need the capacity to operate its trains between Baltimore and Washington, and CSX will need the capacity between Landover and Bowie, MD to reach the power plants on the Popes Creek Branch, which diverges from the NEC at Bowie.

It is expected that local service on the NEC will be provided as it is today. The CSAO will provide the service north of Philadelphia (Zoo).

South of Philadelphia (Zoo) the local service will essentially remain like it operates today, but it will be provided by NS rather than Conrail.

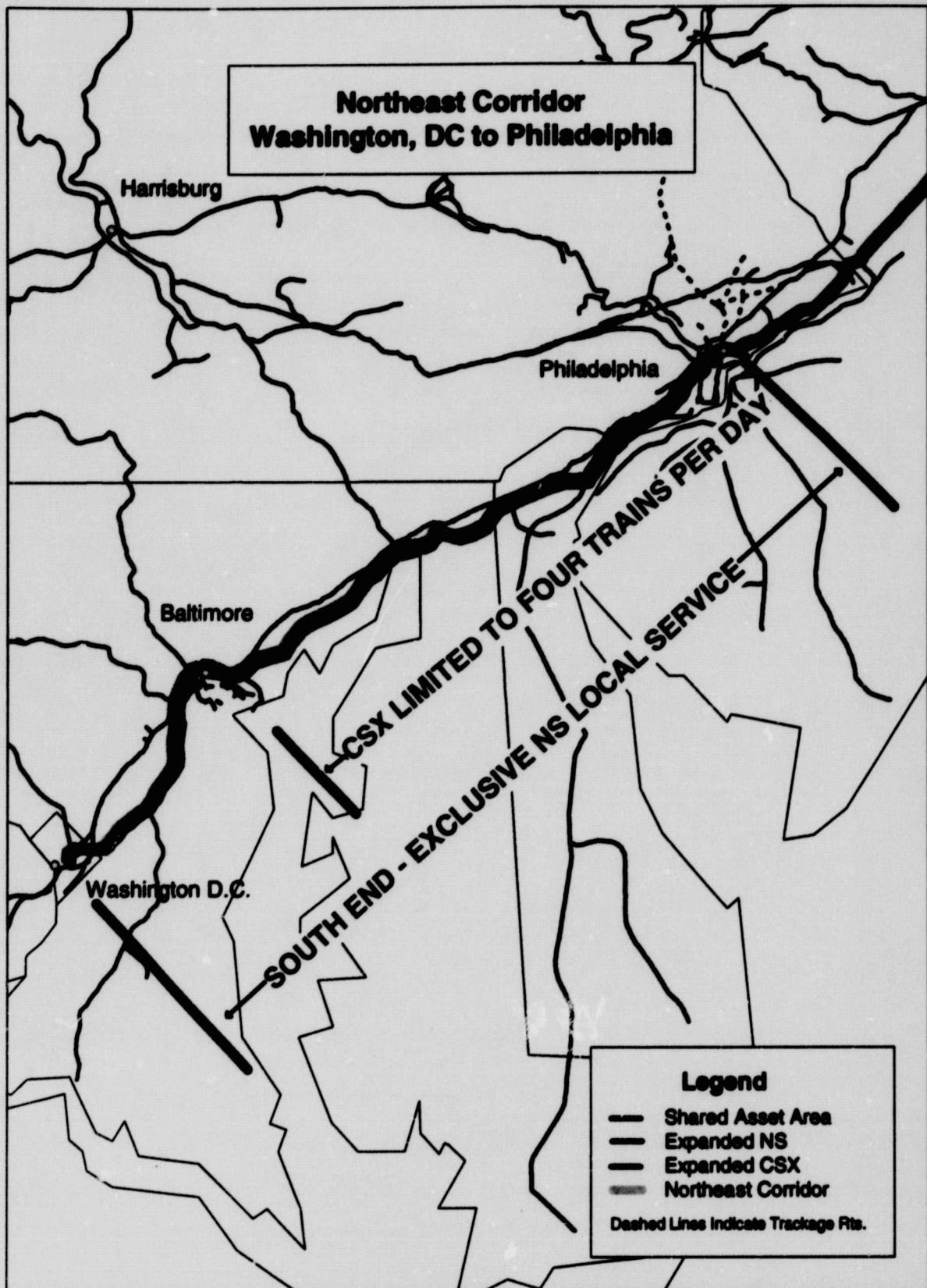
Through service will see a number of changes. NS will add a round trip train between Newark, NJ, and Linwood, NC, that will operate the length of the corridor. It will make pick-ups at Wilmington and Baltimore. This new service creates an alternate to the route through Allentown, Harrisburg and Hagerstown and some traffic will avoid circuitry, especially traffic to/from points south of Philadelphia.

The existing RoadRailer® round trip between Newark and Atlanta, which operates five days a week, will be rerouted from the Hagerstown route to the NEC. Substantial mileage will be saved. This new route will permit TCS to compete with motor carriers for traffic between the Northeast and the Carolinas, something it cannot do using the Hagerstown route.

A new RoadRailer® round-trip will be added between Baltimore and Harrisburg, and will provide direct service between Baltimore and Detroit, Chicago, and St. Louis. A new conventional intermodal train operating in both directions will be added between Baltimore and the Southeast to serve the Baltimore market.

Some existing east-west traffic now moving via Perryville will be diverted to CSX. Most notably, it is expected that a portion of the export coal traffic originating on the Monongahela is expected to be diverted from current Conrail routes to CSX routes.

The new through services described above will require resolution of several operational and compensation issues with Amtrak (such as establishment of a track usage fee for RoadRailers®, which have different characteristics than railcar). Those discussions are underway and will continue. NS also plans to make improvements along the Corridor, including new RoadRailer® terminals and a doublestack clearance program for the Perryville to Baltimore segment.



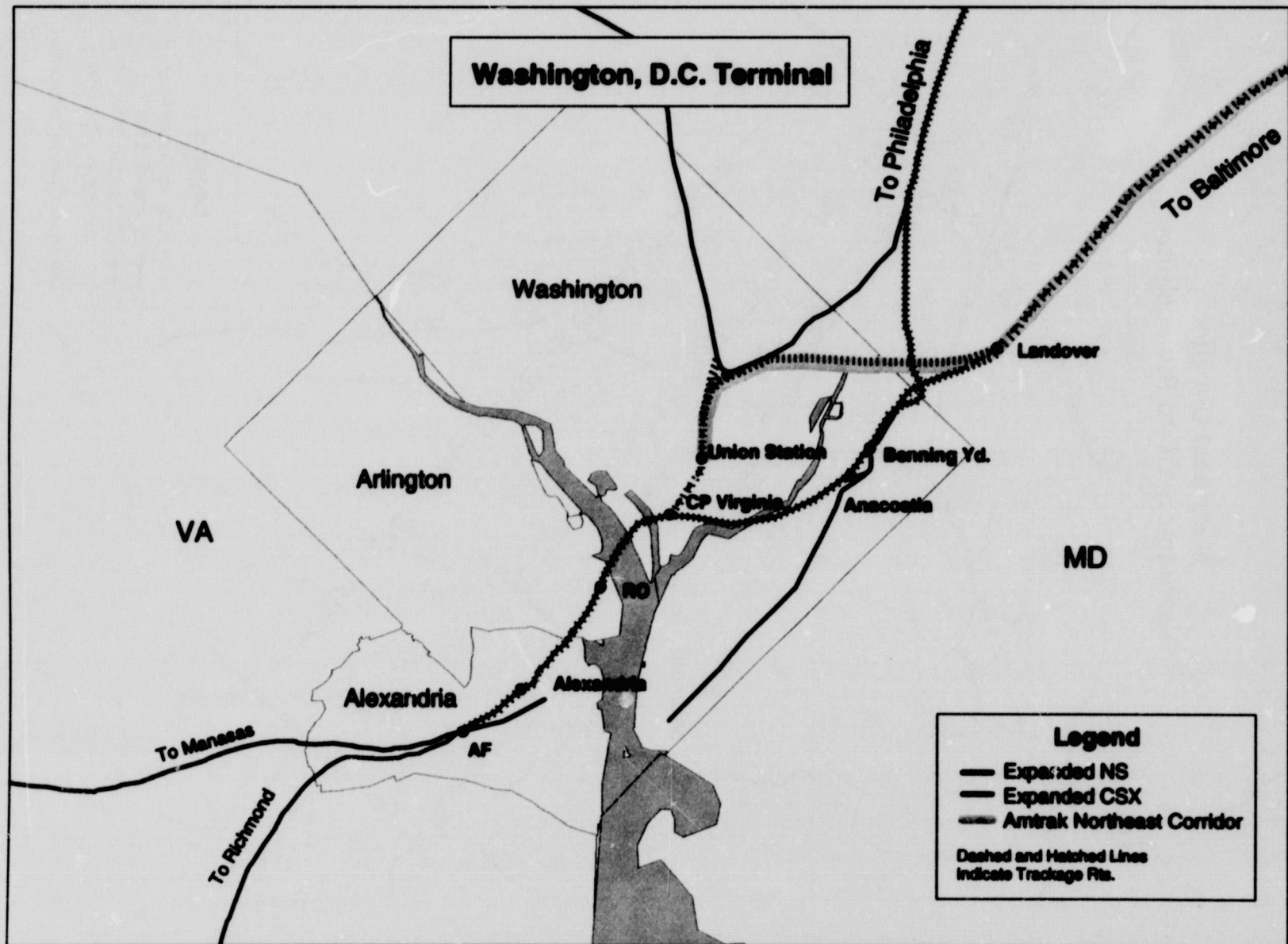


Figure 13.4-5

4.2.2 Monongahela Coal Area

NS will be assigned control, and will operate and maintain the former Monongahela Railway, including the Waynesburg 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 on Exhibit 13.4-6.

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 expense of this facility on a usage basis.

4.2.3 Ashtabula Harbor

NS will be assigned control of 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 the Harbor Connecting Track with Conrail's Youngstown and Chicago Lines.

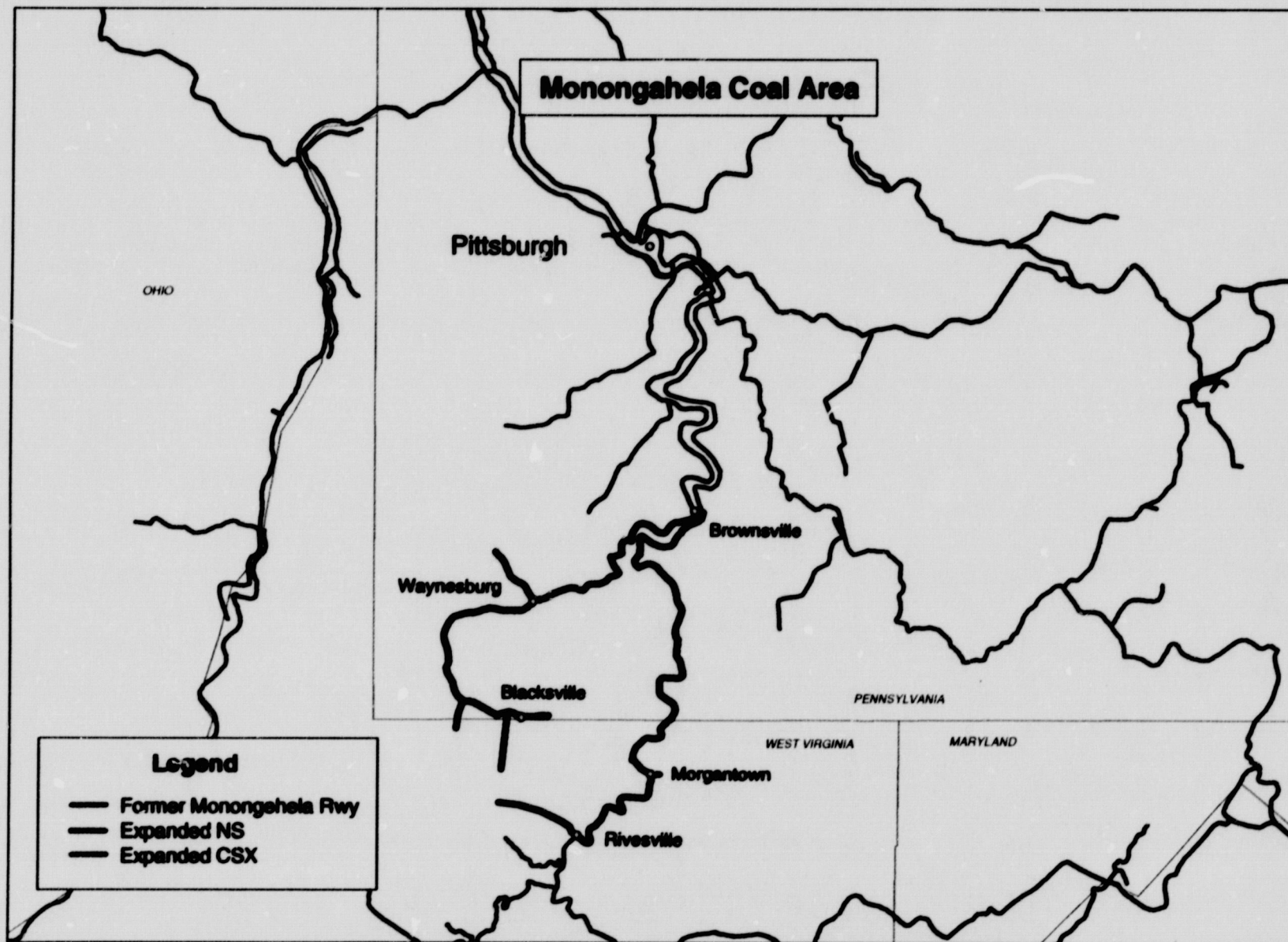


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4.2.4 Indianapolis

Indianapolis area trackage will be assigned to CSX. NS will have overhead trackage rights on Conrail's present 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 and the General Motors metal fabrication plant.

CSX will be assigned Hawthorne Yard in Indianapolis and 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.

For a more complete description of operations in this area, see CSX Exhibit 13, Section 4.4.4.

4.3 Major Industrial Areas

4.3.1 Buffalo, NY

Present Operation

NS: The principal NS yard facility is Buffalo Junction Yard. It has 14 tracks and is used to perform classification, industrial support and interchange functions. The west end of this yard funnels to "CP Draw" which is the drawbridge controlled by Conrail that both Conrail and NS use to access Buffalo.

NS also has Tifft Yard, which is a five track support yard used for train makeup. This yard is west of "CP Draw."

NS also operates a four-track automotive terminal and a two-track intermodal facility on the former Bison Yard property. There is a five-track storage yard at this location that serves both the automotive and intermodal facilities. These facilities were developed after the Bison Yard joint operation between NS and Conrail was discontinued in the early 1980's.

NS interchanges traffic in the Buffalo area as follows:

- With Conrail at Frontier Yard
- With Canadian Pacific Rail System at SK Yard
- With Buffalo and Pittsburgh Railroad at Buffalo Creek Yard
- With Buffalo Southern Railroad near Tifft Yard
- With South Buffalo Railway Company at Station C Yard
- With Canadian National at Port Robinson, Ontario, Canada

NS industrial and terminal switching is performed with an average work force level of six road switcher crews.

CONRAIL: Buffalo is a major industrial and interchange terminal for Conrail. Buffalo supports the Niagara and Frontier areas. A system classification role is performed as well, primarily for Canadian interchange traffic.

Frontier Yard is the principal yard in Buffalo. It is a hump yard with 63 classification tracks. This yard handles classification of inbound and outbound traffic for the Niagara and Frontier areas as well as Conrail system classification.

Seneca Yard is a 16-track yard located west of "CP Draw" and is primarily used for handling South Buffalo Railway interchange traffic, which includes traffic for Ford Motor and Bethlehem Steel.

Kenmore Yard is a 25-track yard located on the north side of Buffalo. This yard handles industrial switching in the Northern areas of Buffalo in addition to serving as a support yard for the Harriet power plant coal traffic.

Conrail interchanges traffic in the Buffalo area as follows:

- With NS at Frontier Yard
- With Canadian National at Frontier Yard
- With Canadian Pacific Rail System at SK Yard
- With Buffalo and Pittsburgh Railroad at Buffalo Creek Yard
- With Buffalo Southern Railroad near CP Draw
- With South Buffalo Railway Company at Seneca Yard

The Conrail industrial and terminal switching can be performed with an average work force level of 19 yard crews.

Proposed Operations

CSX will be assigned all Conrail yards in Buffalo. NS will be assigned the Southern Tier mainline to the Northern New Jersey area. In conjunction with this line NS will be assigned the Conrail portion of the former Bison Yard property for future development. NS operations at Buffalo Junction, Tifft Yard, and the automobile and intermodal facilities will not change. Although there are no crew savings, the interchange of traffic from the South Buffalo Railway Company will expedite traffic.

The congestion problem that presently exists at "CP Draw" between NS and Conrail will continue to be a concern when CSX controls this interlocking, especially in light of NS' plans to run several intermodal operations over the Southern Tier mainline. A joint CSX/NS study team will be formed to address and resolve the historical delays experienced by NS at "CP Draw." In addition, NS will build connections at two points (one on the Southern Tier Route and one on Conrail's Buffalo-Harrisburg route) that will provide an alternate route around "CP Draw."

Figure 13.4-7, following, shows the Buffalo Terminal Area.

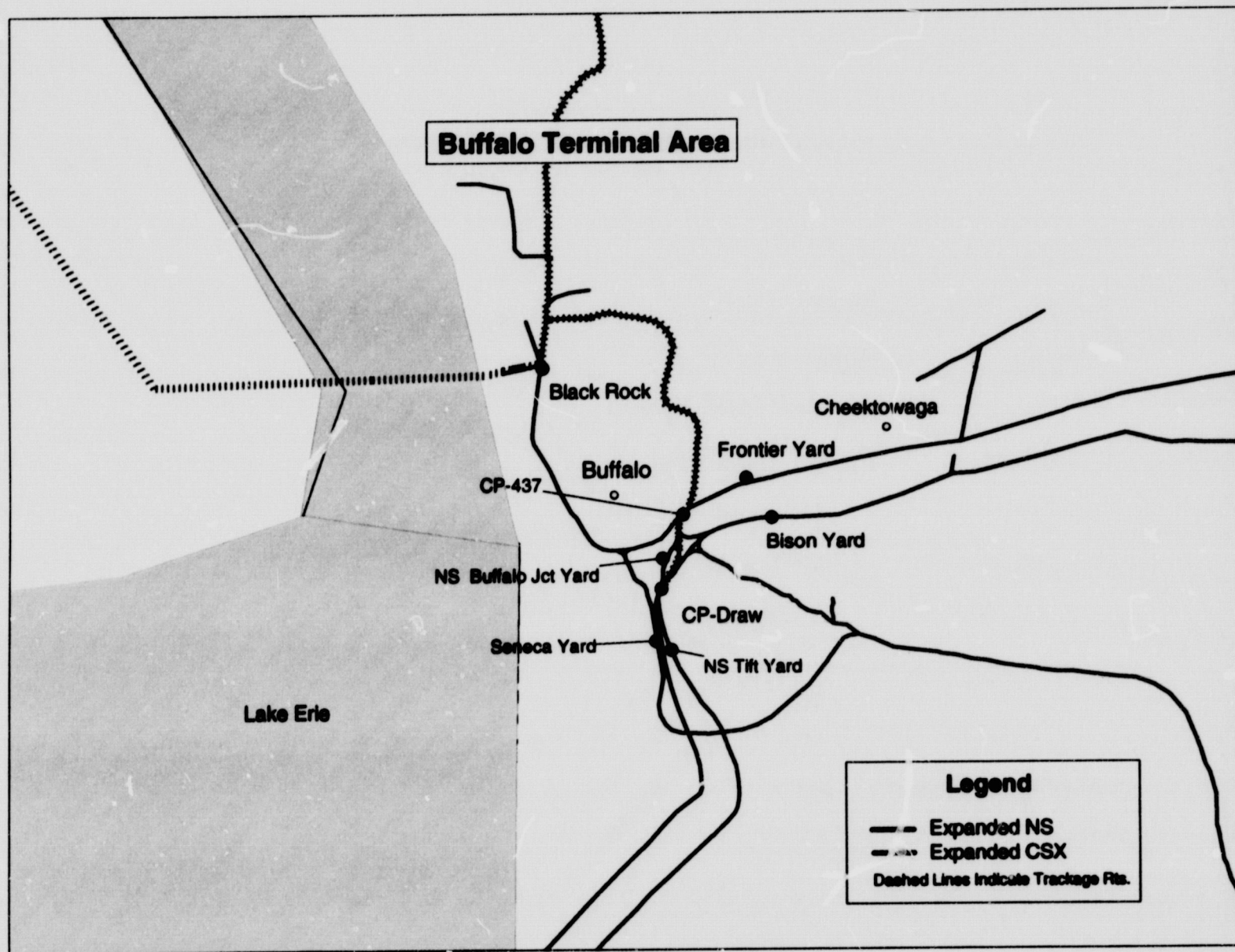


Figure 13.4-7

4.3.2 Cleveland, OH

Present Operation

NS: NS operates two principal yards in the Cleveland area. East 55th Street Yard, which has 20 tracks, is the major classification yard in Cleveland. Campbell Road Yard, which has 35 tracks, is used mainly for interchange and steel industry support. Conrail has rights into this yard and also directly serves the steel industries.

NS interchange traffic is handled as follows:

- With Conrail at Campbell Road Yard
- With Cuyahoga Valley Railway Company at Campbell Road Yard
- With The River Terminal Railway Company at Campbell Road Yard
- With Newburgh and South Shore Railroad at Campbell Road Yard and at Marcelline Yard
- With CSX near East 55th Street Yard
- With Wheeling & Lake Erie Railway Company at Campbell Road Yard

The existing classification, industrial switching and transfer work for both yards can be performed by eight crews headquartered at East 55th Street Yard.

CONRAIL: Conrail operates seven yard facilities in the Cleveland area. Collinwood Yard on Cleveland's East side has 20 tracks used to classify traffic from inbound automotive or intermodal trains for outbound automotive or intermodal trains. Also, this is a major mainline fueling facility for Conrail.

Rockport Yard is a 43-track classification yard. Industrial switching and interchange is also handled from this facility. An average of 13 yard crews work at the yard under trainmaster and yardmaster supervision.

Brookpark Yard is a six-track support yard for the Ford engine plant. Two yard crews generally perform the work at this facility. Rockport yardmasters supervise this yard.

Motor Yard is a 19-track automotive support yard for Chrysler Twinsburg Stamping and Ford Walton Hills. Also, there is a nine-track repair facility at this location. Seven crews and two locals generally work at this location under trainmaster and yardmaster supervision.

Von Willer Yard is a six-track industrial support yard where two yard crews work under Motor Yard yardmaster supervision.

Chrysler Yard is an eight-track yard that supports the Chrysler plant as well as local industries. Five yard crews perform the work at this location.

Whiskey Island is a 15-track ore loading facility. An adjacent yard, called River Bed, has seven tracks and is part of the Whiskey Island facility. Two yard crews generally perform the work at this location.

There is a three-track support yard for the General Motors (GM) automotive plant at Parma. Conrail and CSX alternate responsibility for the switching at GM Parma on an annual basis. CSX has a 14-track yard that supports GM Parma. Conrail uses the CSX facility when switching GM. When CSX switches GM, interchange to Conrail is handled through the Conrail three-track support yard. Whether Conrail or CSX is switching GM Parma, two yard crews are required.

Conrail handles interchanges as follows in the Cleveland area:

- With NS at Campbell Road Yard
- With CSX at Parma Yard
- With Newburgh and South Shore Railroad at Marcy Yard
- With Cuyahoga Valley Railway Company at Campbell Road Yard
- With The River Terminal Railway Company at Campbell Road Yard.

Proposed Operation

Collinwood Yard and the Cleveland Shortline from Berea to Quaker will be assigned to CSX. The Conrail Lake Shore route from CP 181 to Quaker also will be assigned to CSX. The GM Parma facility, which is currently served by CSX and Conrail, will be jointly served by NS and CSX; CSX will perform all switching at GM Parma.

NS will be assigned the Conrail Lake Shore route from Chicago to Berea, Berea to CP 181 and the Cleveland Line south from Drawbridge to Alliance and Pittsburgh. The following yards will be assigned to NS: Rockport, Brookpark, Motor, Von Willer, Chrysler and Whiskey Island.

The Ford engine plant located on the NS portion of Conrail in Cleveland will be served jointly by NS and CSX; NS will perform all switching at this Ford plant.

CSX will have trackage rights from Berea to CP 181. NS will have trackage rights on the Cleveland Shortline from Berea to Quaker and from CP 181 to Quaker.

Campbell Road Yard will be served directly from Rockport Yard. Presently, it takes two crews to transfer traffic between Campbell Road and NS's East 55th Street Yard. By handling this traffic from Rockport, a net savings of one seven-day yard crew can be achieved. Also, by no longer classifying Campbell Road traffic at East 55th Street Yard, two seven-day classification crews can be eliminated. A net total of four five-day yard crews can be eliminated and three locomotives can be reassigned.

Staffing levels and operations at the remaining yards assigned to NS from Conrail are not expected to change significantly.

Figure 13.4-8, following, shows the Cleveland Terminal Area.

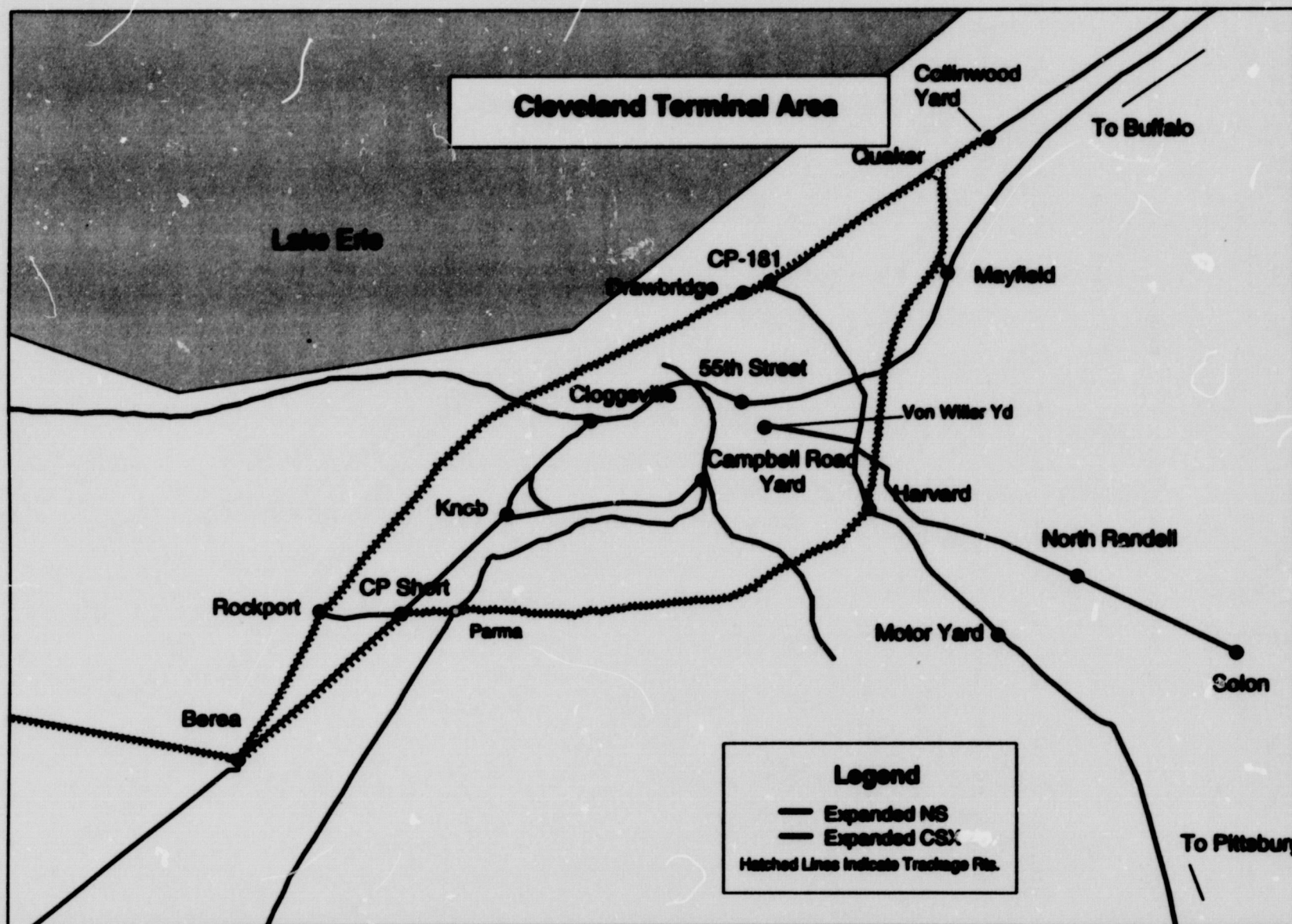


Figure 13.4-8

4.3.3 Lorain, OH

Present Operation

The Lorain/Avon Lake, OH, area is a major manufacturing center with both Ford Truck and Ford/Nissan assembly plants and U. S. Steel Kobe Works.

NS: NS operates three yards in this area. South Lorain Yard has 26 tracks and performs classification, industrial support, and interchange functions. Oak Point Yard has four support and four loading tracks for finished automobiles from Ford's Lorain plant. Sheffield Yard has 18 tracks and is used for multilevel and auto parts set out and pick up traffic; a private switching contractor handles the traffic from this point to the Ford truck Avon Lake assembly plant. This yard also serves as a storage point for BF Goodrich rail cars. Also, at this location coal trains are delivered to Cleveland Electric Illuminating at Avon Lake approximately three times per week.

NS interchanges with both Conrail and The Lake Terminal Railroad Company at South Lorain.

Four local freight assignments support operations in the Lorain area. Three are based at South Lorain and one is based at Bellevue, OH. Two of the assignments move traffic to and from NS' Bellevue Yard while the others support local industry.

CONRAIL: Conrail's operation in the area consists of a small eight-track multi-level storage yard at Elyria and a 20-track Fairlane Yard which is used to handle traffic to and from the Ford plant at Lorain. Interchange with NS and The Lake Terminal Railroad Company is handled at South Lorain.

Conrail operates four road switcher assignments at Fairlane, with two of these handling Fairlane switching requirements and one handling the Elyria-South Lorain area. In addition, one road switcher handles switching requirements between Fairlane and Sandusky

Proposed Operation

NS will operate Fairlane Yard, but CSX through trackage rights will have access to Fairlane Yard at Lorain and the Ford truck plant and Nissan facility at Avon Lake.

NS' Sheffield facility will be accessed via the Conrail branch from Elyria to South Lorain and the NS South Lorain branch to Sheffield. NS will continue to interchange with The Lake Terminal Railroad Company at South Lorain. Interchange with Conrail no longer will be necessary.

One Conrail road switcher assignment can be abolished as a result of the consolidation of the NS and Conrail interchange and classification operations at South Lorain Yard and the absorption of the Elyria industry work by a local crew out of South Lorain. Three trainmasters, two clerks and three road switchers at Fairlane will be assigned to NS.

Staffing levels and operations at other yards in the Lorain area are expected generally to remain the same on the expanded NS system.

Figure 13.4-9, following, shows the Lorain Terminal Area.

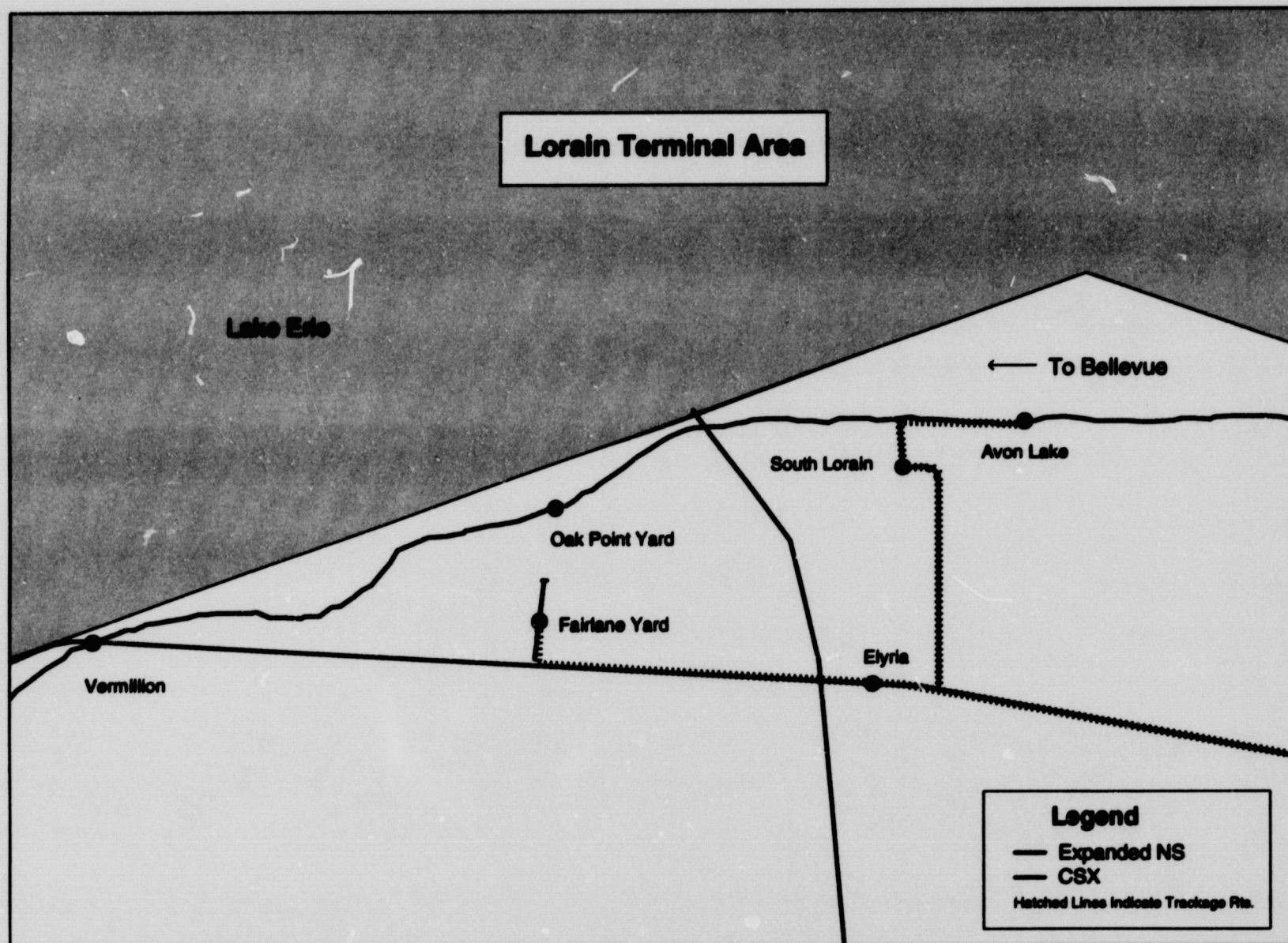


Figure 13.4-9

4.3.4 Toledo, OH

Present Operation

NS: NS operates five yard facilities in the Toledo area. Homestead Yard consists of 23 tracks used for classification, industry and interchange. The Toledo Edison power plant is served from this yard with coal from NS origins as well as coal from interchange. Front Street Yard is a 28-track facility used primarily for industrial support, principally for Nabisco and Sun Oil. Maumee is a 27-track yard used for industrial support, principally for Andersons and Cargill.

Ford Yard is a four-track support yard used to support Ford Motor Company. Ford Motor's facility and the accompanying yard are located in the Maumee area.

Sumner Street Yard is a 14-track yard used for industrial support, principally for grain transloading to river vessels. Access to this facility is from the Maumee area.

NS conducts interchange in the Toledo area as follows:

- With Ann Arbor Railroad at Ottawa Yard
- With Canadian National for unit trains at Long Yard
- With Canadian National for car load deliveries at Homestead Yard
- With Conrail at Homestead and Stanley Yards
- With CSX at Homestead and CSX Walbridge Yards

NS has 12-yard crews assigned in the Toledo area.

CONRAIL: Conrail operates Stanley Yard in Toledo as its principal facility. This is a 44-track manual hump yard used for classification, industry and interchange. Yard "E" north of Stanley Yard is used as a storage support facility. This yard consists of five tracks. Conrail also operates a three-track intermodal facility at Airline Yard. Three yard crews work at Airline. There is also a five-track industrial yard at Airline. Airline Junction, located in this area, is where the Conrail Detroit line originates.

Conrail conducts interchange in the Toledo area as follows:

- With CSX at CSX Walbridge Yard
- With Canadian National at Stanley Yard
- With Ann Arbor Railroad at Ottawa Yard
- With NS at Homestead and Stanley Yards

Proposed Operation

Once a new connector is constructed at Oak Harbor to link NS with Conrail, NS traffic will be handled directly to Maumee from Bellevue via a connection switch at NS' Sumner Street Yard just west of the drawbridge. This route currently is not used by NS.

Presently, NS classifies Maumee traffic at Homestead and then operates trains to Maumee as follows: trains operate via Manhattan Interlocking, where they connect with the Ann Arbor Railroad, then via trackage rights on the Ann Arbor to a connection with CSX at Hallett Interlocking, then via trackage rights on CSX for three miles to a connection with NS trackage at MP five, and then via NS for five miles to Gould Tower for connection to Maumee. This complicated routing would be eliminated by use of the

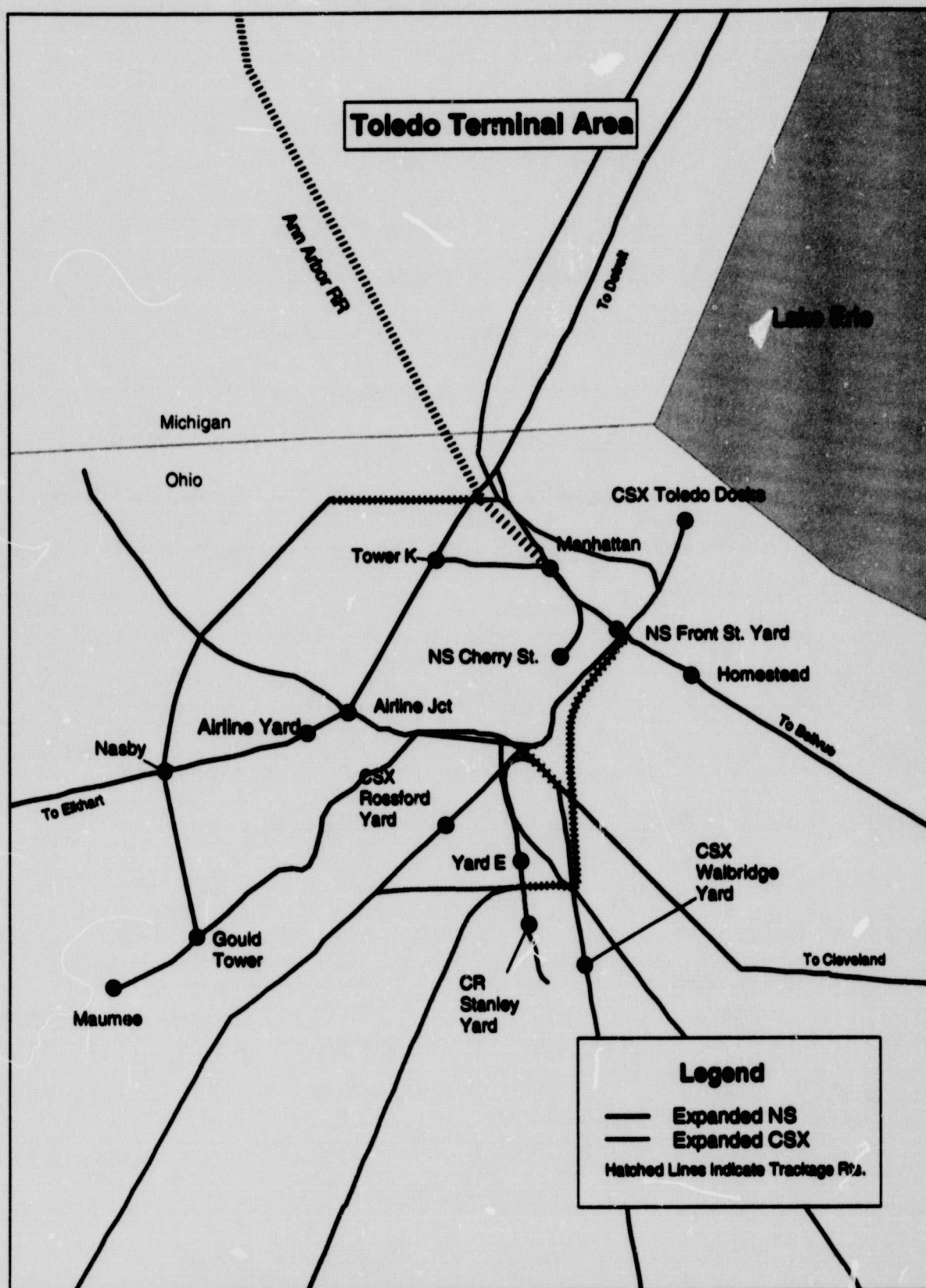
direct connection switch at Sumner Street, thereby expediting Maumee traffic. In addition, trackage rights on the Ann Arbor between Toledo and Milan, MI will be retained, but usage levels will drop.

Traffic will also be handled directly to CSX out of Bellevue. CSX interchange traffic will be accomplished just north of Stanley Yard (which will be allocated to CSX) at Yard "E" which will be assigned to NS. This operational change will also expedite traffic, because at present this traffic moves to Homestead to be classified and is further delayed moving the route described above.

Five yard crews can be eliminated in Toledo as a result of these proposed changes: three lead (seven-day) crews (staffed by four crews) at Homestead and one CSX interchange crew (seven-day).

Because of the new connection at Oak Harbor to connect NS with Conrail, the track from Oak Harbor to Homestead will be downgraded and will only handle local traffic (Nabisco and Sun Oil). Airline yard will be assigned to NS and Stanley will be assigned to CSX. NS plans to significantly expand the intermodal facility at Airline and use it as a major intermodal block swapping hub.

Figure 13.4-10, following, shows the Toledo Terminal Area.



4.3.5 Fort Wayne, IN

Present Operation

NS: NS operates two yards in the Ft. Wayne area: East Wayne and Roanoke. East Wayne has 20 tracks and performs classification and industrial functions. Roanoke has 18 tracks and serves as a support facility for General Motors.

NS interchanges traffic with Conrail at Conrail's Piqua Yard.

NS operates 11 yard crews and eight locals at East Wayne. There are three additional road switchers at Roanoke. Triple Crown has an operation at the NS facility located at Conrail's Piqua Yard. This facility is accessed from the east via NS trackage and from the west via NS connection track that connects to the Conrail siding and hence to the facility. NS has trackage rights on this siding to the Triple Crown facility.

CONRAIL: Conrail operates Piqua Yard in Fort Wayne. There is one yard crew that works at this location. Also, two locals report at Piqua, with one local working between Piqua and Decatur, IN, the other working between Piqua and Lima, OH.

Proposed Operation

CSX will assume Conrail's carload operations at Piqua. The NS Triple Crown facility will remain with NS and may expand to other portions of Piqua Yard subject to NS/CSX agreements.

NS local yard operation and staffing requirements at Ft. Wayne are not expected to change significantly.

Figure 13.4-11, following, shows the Fort Wayne Terminal Area.

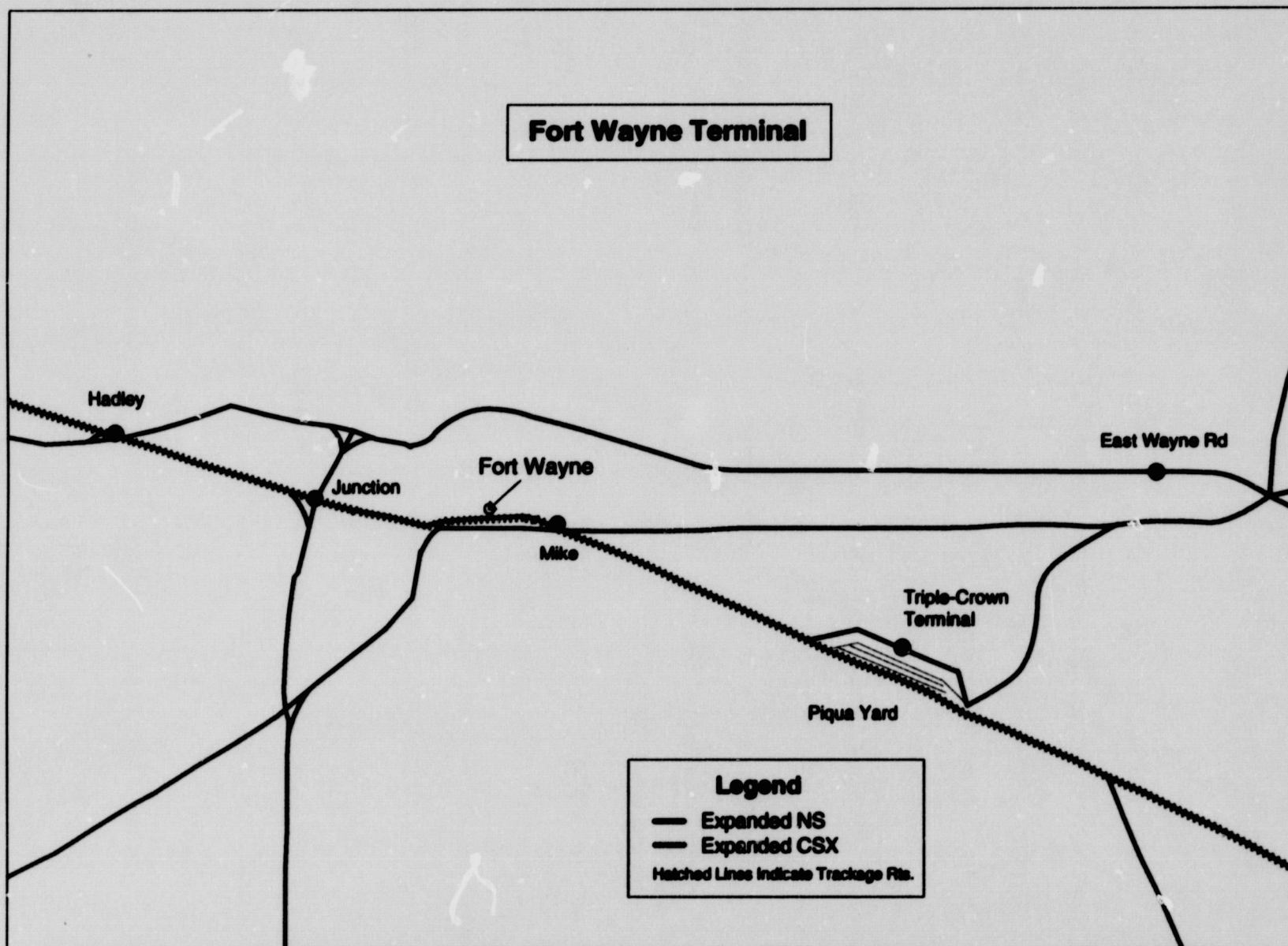


Figure 13.4-11

4.3.6 Chicago, IL

Present Operation

NS: Chicago is a major terminal operation and interchange point for NS, which operates nine yard facilities in the terminal area. Calumet Yard, with 35 tracks, is the principal classification, industrial switching, interchange and train make-up yard. In addition, TCS has tracks located at Calumet.

Ninety-seventh Street Yard has 14 tracks and is used for interchange with Chicago Rail Link and Chicago South Shore, and to support industries on the Pullman Branch.

Landers Yard, located eight miles northwest of Calumet Yard, has 20 tracks and serves as NS' intermodal terminal for the Chicago areas handling both domestic traffic and international traffic.

Other Chicago area yards include:

Hegewisch Yard which has four tracks and is used to switch inbound Ford parts and outbound vehicles. Burnham Yard, located five miles east of Calumet Yard, is a two-track yard primarily used for interchange with Indiana Harbor Belt Railroad (IHB). Osborn Yard, located 11 miles east of Calumet Yard, has six tracks and is used for interchange with IHB and industry support. Van Loon Yard, located 13 miles east of Calumet, has five tracks and is used for interchange with Elgin, Joliet & Eastern Railway.

Hobart Yard has four tracks and is used for storage of rail equipment.

Forty-seventh Street Yard has three tracks and is used for interchange of unit trains with Union Pacific.

Interchange operations are conducted as follows:

- With Belt Railway of Chicago at Clearing Yard
- With Indiana Harbor Belt at Burnham Yard
- With Canadian Pacific Rail System at Bensonville and Landers Yard
- With Union Pacific at Yard Center, Proviso, 47th Street, and Landers
- With Wisconsin Central at Calumet
- With Chicago Rail Link at 97th Street
- With Chicago South Shore & South Bend Railroad at 110th Street
- With Burlington Northern Santa Fe Railway at Landers
- With Elgin Joliet and Eastern Railway at Van Loon

NS operates 32 yard crews and one local at Calumet to perform all transportation functions at Calumet, 97th Street, Hegewisch, Burnham, Osborn, Van Loon, Hobart and 47th Street.

Seven additional yard crews provide switching service to Landers.

CONRAIL: Conrail operates yard facilities in Chicago as follows:

Ashland Avenue Yard has 32 tracks, and is used for classification, industrial support, and intermodal interchange. Park Manor and 55th Street Yards are used to support intermodal operations.

Conrail supports its Chicago operations from its major system classification yard at Elkhart, IN. Run-through trains and transfers are assembled there for Chicago area interchanges. Conrail also uses its majority controlled IHB facilities at Blue Island and

Gibson Yard and the BRC Clearing Yard for further support. Colehour Yard in South Chicago provides industrial support for operations in this area of Chicago.

Conrail generally assigns 23 yard crews and two engine exchange crews in the Chicago Terminal Area.

Proposed Operation

NS will be assigned all Conrail yards in Chicago: Ashland Avenue, Colehour, 55th Street intermodal and Park Manor intermodal. CSX will receive interim use of Conrail's Park Manor intermodal facility during the period of CSX's interim haulage between Chicago and Berea. NS will also be assigned the Lakeshore route from Cleveland to 17th Street Chicago. NS will use and control the IHB line from CP502 to Osborn crossing for purposes of connecting to the Streator line. NS' Landers Yard will continue to be used as an intermodal facility. CSX will use and control IHB's Blue Island Yard.

The Operating Plan contemplates eliminating most classification and train functions performed at Calumet Yard and transferring them to the Elkhart, IN facility. This change will facilitate the reduction of 20 yard crews and the transfer of one local to Burns Harbor to serve Gary Sugar Works. We anticipate that three operating supervisors, three clerical positions and four utility trainmen positions can be eliminated at Calumet. Seven locomotive units can be reassigned elsewhere. We also expect the elimination of sixty-five mechanical department positions.

There will be an estimated \$3,552,000 savings associated with the reduction in terminal operating expenses plus savings resulting from direct connection versus using intermediate switching carriers for a sizable amount of NS traffic as is required today. Additionally, the reduction in interchange and classification activity at Calumet will facilitate its conversion to a future major intermodal facility when traffic growth warrants such conversion. Residual support functions could then be transferred to 97th Street Yard with some expansion, or to Colehour Yard.

Staffing levels and operations at the intermodal facilities at 55th Street and Park Manor, the freight classification and industrial support yards at Ashland Avenue and Colehour are expected to remain unchanged. By using Elkhart Yard to handle the large volume of interchange traffic now handled through Calumet, NS will improve transit times on traffic that is now being handled for NS by intermediate carriers.

Figure 13.4-12, following, shows the Chicago Terminal Area.

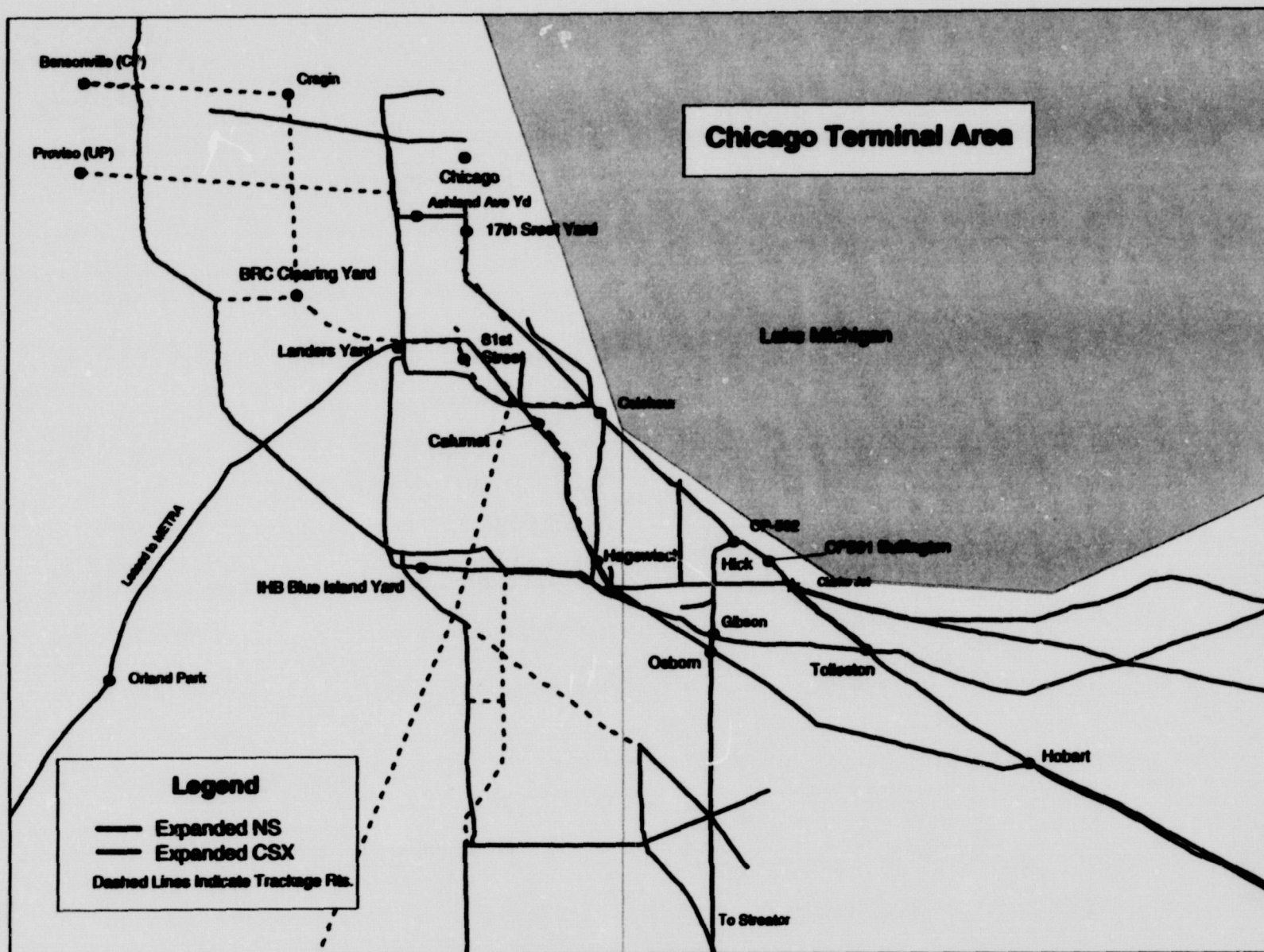


Figure 13.4-12

4.3.7 Columbus, OH

Present Operation

NS: NS' principal facility is Watkins Yard with 21 yard tracks. It performs all transportation support functions, including support of the four-track intermodal facility and a bulk transfer facility.

NS interchanges traffic in the Columbus area:

- With Conrail at Watkins
- With CSX at Watkins
- With Columbus and Ohio River Railroad (CUOH) on the downtown lead

NS assigns ten road switchers to Columbus to handle all switching, industry and intermodal support functions.

CONRAIL: Conrail's principal Columbus facility is Buckeye Yard. Buckeye Yard is a hump yard with 40 classification, nine receiving and nine departure tracks. Presently it handles classification, industry and interchange functions. Conrail also operates an intermodal facility at Buckeye Yard.

Conrail conducts interchange in Columbus as follows:

- With NS at Watkins Yard
- With CSX at CSX Parsons Yard
- With CUOH at Buckeye Yard.

Conrail assigns an average of 24 yard crews to Columbus to support hump, industry, intermodal and transfer work.

Proposed Operation

NS proposes to use Buckeye Yard for all industry, switching and interchange work. The intermodal operations will remain at NS' Watkins facility. This will allow for substantial improvement in service and reduction in force. A substantial portion of the traffic handled at Columbus is interchange traffic, and most is between NS and Conrail. With the facility consolidation as described, interchange movements between Conrail and NS will no longer be necessary.

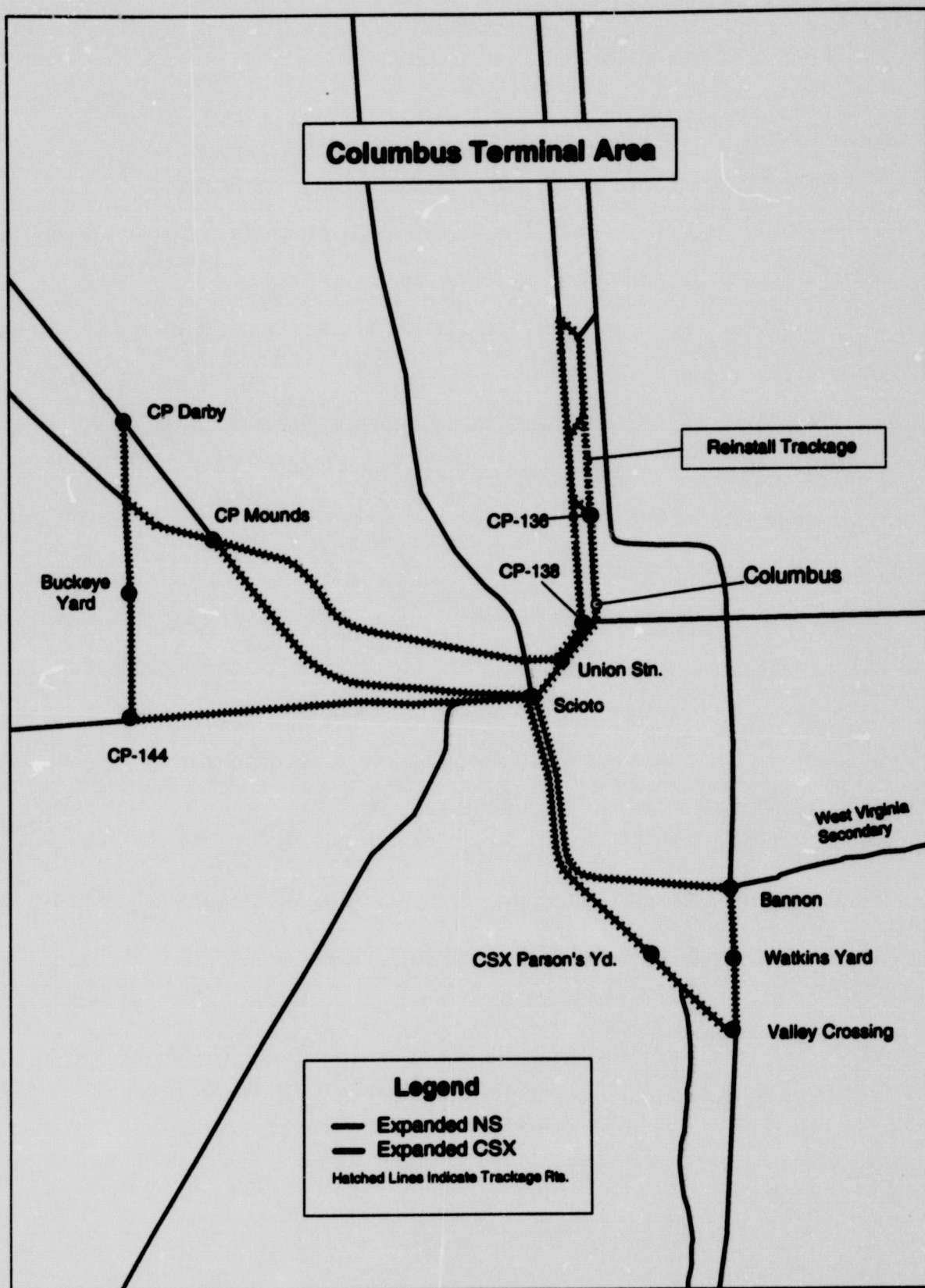
To make the consolidation workable, a new connection will be constructed near NS milepost four, north of Columbus, to allow efficient access from the NS line from Bellevue to Buckeye Yard.

As a result of the yard facility consolidations, four NS road switcher assignments can be eliminated, six mechanical positions will be abolished and two NS locomotive units can be re-assigned.

At Buckeye Yard four Conrail intermodal crews, one roustabout crew and two locals will become the responsibility of CSX. Also, four intermodal yardmasters will be transferred to CSX.

An additional one-time benefit will be realized by redeploying shop machinery and avoiding planned expenditures for renewal of the Watkins Yard office building.

Figure 13.4-13, following, shows the Columbus Terminal Area.



4.3.8 Cincinnati, OH

Present Operation

NS: NS operates three yard facilities in the Cincinnati area:

Gest Street is a 49-track yard which performs classification, industrial and intermodal support, as well as an interchange functions.

Berry Yard has 13 tracks and is used for industry support, principally for Ross Estates and Procter and Gamble.

Clare Yard has nine tracks and is used as a bulk transfer facility.

NS conducts interchange in the area as follows:

- With CSX at Queensgate Yard
- With Conrail at Gest Street Yard
- With Indiana and Ohio Railway (I&O) at McCullough Yard and Gest Street Yard
- With Central Railroad Company of Indiana at Gest Street Yard

Twenty-three yard engines and two locals are assigned to Gest Street. Three yard engines handle industrial support at Berry Yard.

CONRAIL: Conrail's principal Cincinnati yard is Sharonville. It handles classification and industrial support, principally for Ford Motor Co.

Conrail's interchange operations are with NS and CSX at Gest Street, Queensgate and Sharonville; I&O interchange is conducted at McCullough Yard.

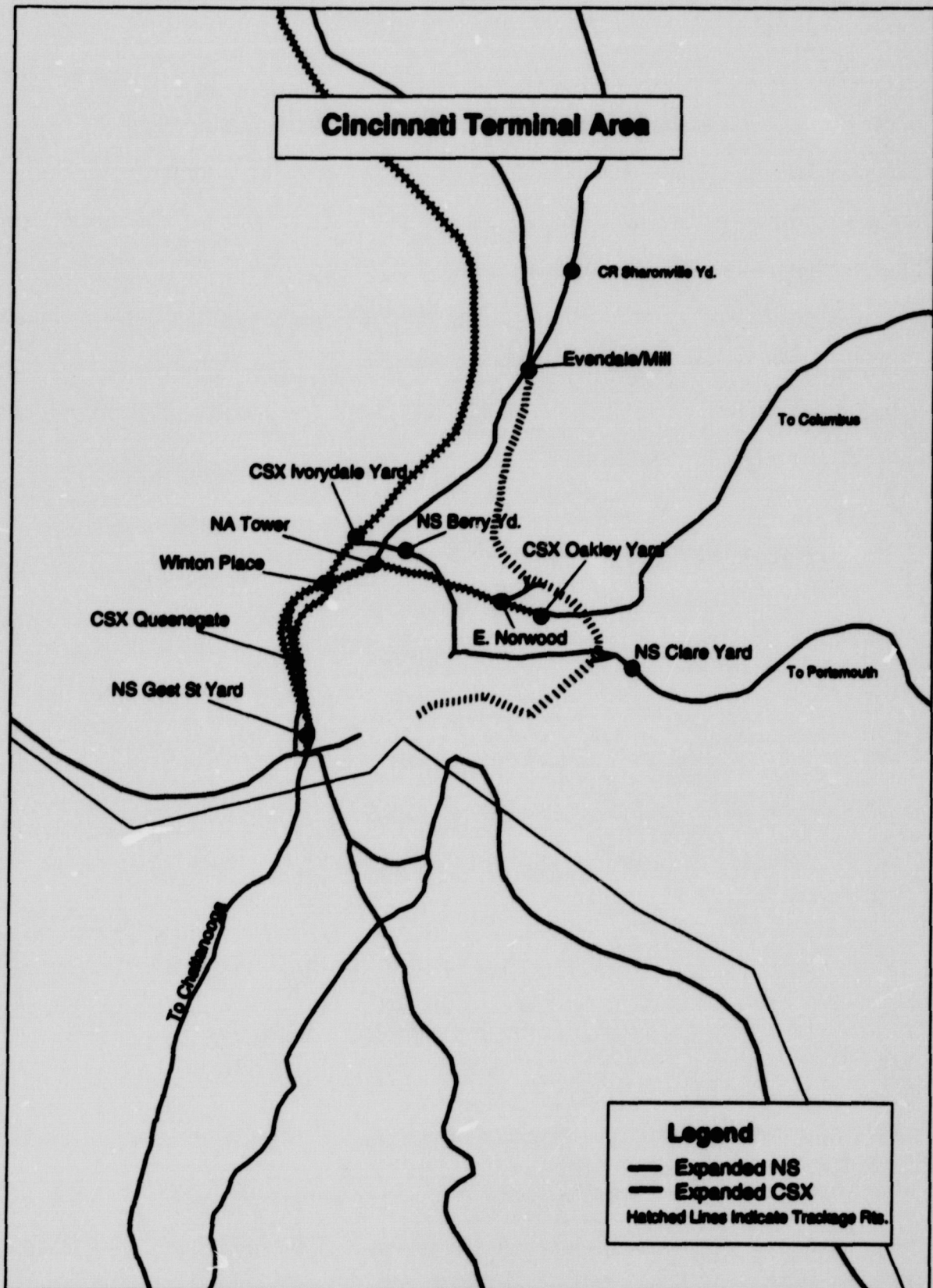
Conrail operates four assignments at Cincinnati.

Proposed Operation

Conrail's Sharonville Yard will be assigned to NS. NS will consolidate the Conrail Yard crew that transfers traffic to P&G industries from Sharonville to NS' Berry Yard. This will result in the reduction of one yard crew. Also, the yardmaster position at Conrail's Sharonville Yard will be consolidated with the NS yardmaster position at Gest Street resulting in the reduction of one yardmaster.

Train-miles will be saved by rerouting ten trains per week between Cincinnati and Columbus. These trains operate via Portsmouth, a 90-mile longer route, because the trackage rights agreement to use the shorter Conrail line does not allow more than four trains per day.

Figure 13.4-14, following, shows the Cincinnati Terminal Area.



4.4 Disposition of Certain Other Conrail Interests

Certain other Conrail assets which bear on operations will be assigned in accordance with the Transaction Agreement between the parties.

- The Belt Railway Company of Chicago - Conrail's 16.67% interest is assigned to NS
- Trailer Train Co. (TTX) - Conrail's 19.47% interest is divided as follows:

	CSX	NS	
Current	9.345%	7.788%	
Conrail Splits	<u>10.125%</u>	<u>11.682%</u>	(19.470%)
	<u>19.470%</u>	<u>19.470%</u>	

- Peoria and Pekin Union Railway – Conrail's 25.64% interest is assigned to NS.
- Lakefront Dock and Railroad Terminal Co. at Toledo, OH – Conrail's 50% interest is assigned to CSX.
- Indiana Harbor Belt Railway (IHB) - It is the parties' current intention that Conrail's ownership in IHB will continue in Conrail, but NS will have use and control of the route from CP 502 Indiana Harbor to Osborn to connect with the Streator Line.
- Conrail's ownership interest in the following affiliates will be shared based on a negotiated percentage, except where any of the assets of these affiliates are part of the routes or assets related to routes or facilities assigned to either NS or CSX or are Shared Assets, then such affiliate assets will be assigned to the specific geography and not shared by the percentage. However, if assets of these affiliates are solely assigned to one carrier based on specific geography, and are valued at greater than \$1 million, then the other carrier will be due a portion of the value equal to that carrier's percentage:

5.0 YARD AND TERMINAL ACTIVITY CHANGES

Rerouting of traffic in accordance with the NS Post-Acquisition Operating Plan will cause some terminal workloads to increase, some to decrease, and others to remain the same.

- Section 4.1 of this volume describes the changes in Shared Assets Areas.
- Section 4.3 describes changes at major industrial areas.
- Section 3.5 describes the consolidated blocking plan.

Figure D. 4-1 in Appendix D shows volume changes in cars switched by major terminals, while Figure 13.3-26 describes new blocks to be made.

Finally, Figure 13.5-1 following summarizes changes in cars handled at major classification yards which represent a change of 20% or more from base activity levels.

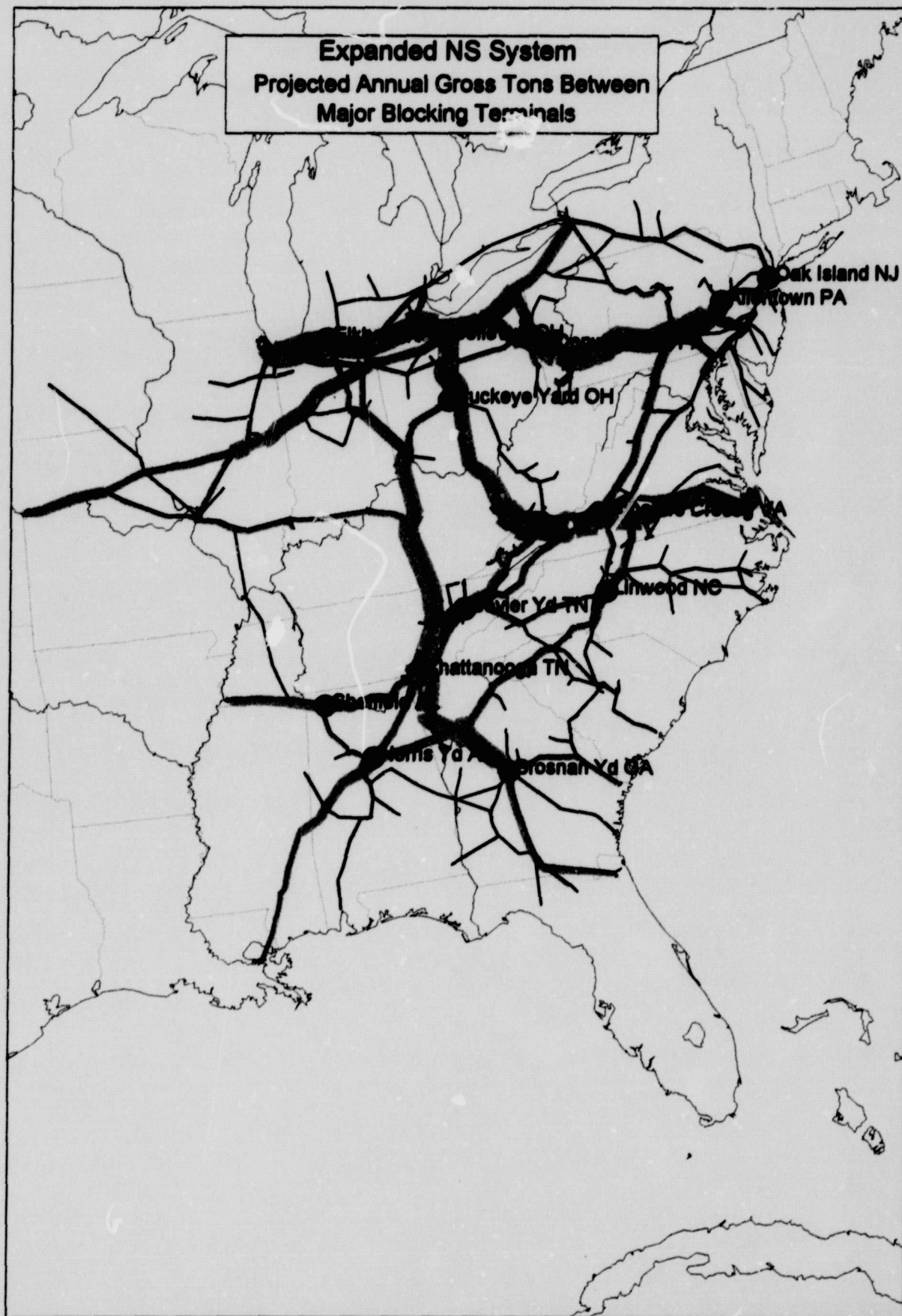
Volume Changes in Excess of Twenty Percent at Major Yards

Conrail				
Conway East (Pittsburgh, PA)	1,339	858	(481)	(35.90)
Conway West (Pittsburgh, PA)	1,356	1,058	(298)	(21.90)
Oak Island	330	447	117	35.5
NS				
Buffalo Jct. Buffalo, NY	389	672	283	72.8
Shaffers Crossing Roanoke, VA	712	1,058	346	48.6
Calumet Chicago, IL	517	112	(405)	(78.4)
Bellevue, OH	1,403	1,033	(370)	(26.4)
DeButts Yard Chattanooga, TN	1,346	1,074	(272)	(20.2)

6.0 IMPACTS ON TRAFFIC DENSITIES

The NS Post-Acquisition Operating Plan, in conjunction with projected traffic increases, will cause changes in traffic density. 1995 baseline density charts are included in this volume. A pro-forma density chart for the proposed operation follows as Figure 13.6.1.

Figures D.6-1 to D.6-4 in Appendix D to this volume also show changes in density (gross tons and trains) by line segment.

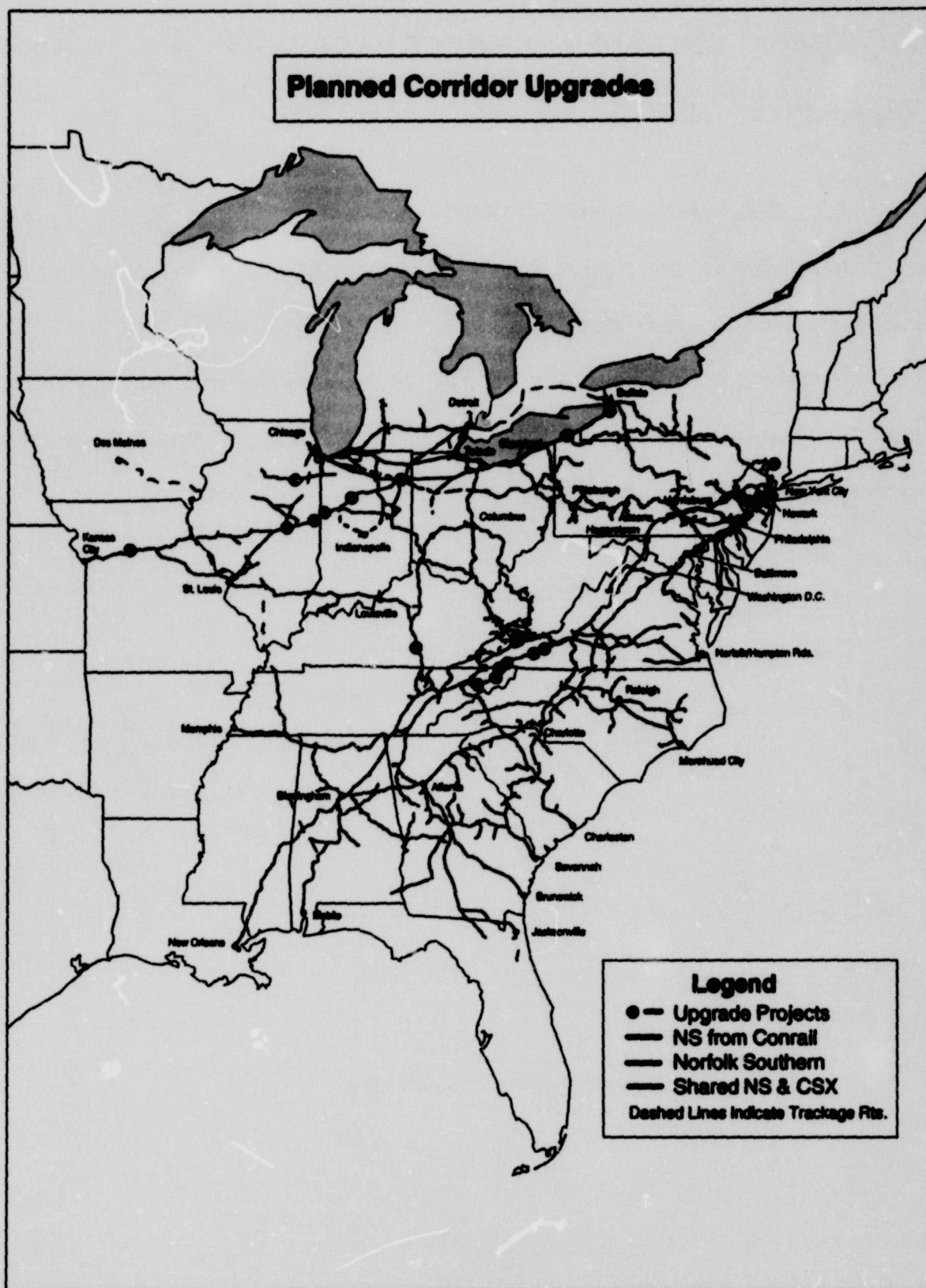


7.0 TRACK UPGRADES, NEW CONSTRUCTION AND AVOIDED TRACK INVESTMENTS

7.1 Upgrades and New Construction

NS Post-Acquisition expects to spend over \$500 million on construction and upgrade projects related to the Acquisition.

Figure 13.7-1 provides an overview of the upgrade and new construction projects. Location maps showing detail for each project are contained in the Upgrades section of Appendix B, Supporting Figures, at the end of this volume.



7.1.1 Corridor Upgrades

Penn Route

Conrail's Lehigh, Reading and Harrisburg lines are contiguous between Harrisburg and Northern New Jersey. The three line segments together form a principal NS Post-Acquisition artery for east/west traffic to and from the former Pennsylvania Railroad mainline via Pittsburgh and north/south traffic via Hagerstown. To improve reliability, the following improvements will be installed.

Lehigh Line (between Oak Island, NJ, and Allentown, PA)

- **Bound Brook, NJ** (Figure B.7-1)

The existing Bound Brook siding will be extended 2,500 feet westward to MP 37 and new crossovers will be constructed at each end to allow trains to move from both the Trenton Line and the Port Reading Secondary to either the Bound Brook siding or the Lehigh mainline without going through the siding.

Estimated construction cost is \$3.6 million.

- **Read Valley, NJ** (Figure B.7-2)

A new siding, 12,500 feet in length will be constructed with power switches on each end.

Estimated construction cost is \$3.1 million.

- Flemington Junction, NJ (Figure B.7-3)

A new siding, 12,500 feet in length, will be constructed, with power switches on each end.

Estimated construction cost is \$3.2 million.

- Pattensburg, NJ (Figure B.7-4)

The existing siding will be extended 8,000 feet westward from CP West Portal for a siding length of 13,300 feet, in conjunction with a project to provide doublestack clearance through the Musconetcong Tunnel. Such clearance will be accomplished by single tracking and centering one of the two existing tracks through the tunnel.

Estimated cost is \$4.0 million for siding extension and signal work, and \$7.3 million for new single track through the tunnel, including realignment of turnouts and provision for signaling.

- Other Lehigh Line Improvements

In addition to these improvements, NS will allocate \$10.5 million to other capacity and clearance improvement projects on the Lehigh Line between Bound Brook, NJ and Allentown, PA.

Taken together with the Musconetcong Tunnel work, this will provide a high capacity route cleared for the largest doublestack equipment.

Harrisburg Line (Reading - Harrisburg, PA)

TC and intermediate high speed power crossovers will also be installed on this 50.4 mile segment to increase capacity and operational flexibility.

Estimated cost of installation is \$17.0 million.

Taken together, the improvements on these line segments will eliminate capacity constraints and increase reliability on both the Penn Route and the Piedmont/Shenandoah Routes.

Shenandoah Corridor (Harrisburg-Memphis/New Orleans)

NS operates the Shenandoah Corridor which is adjacent to I-81 and is generally parallel to its mainline via Greensboro and Charlotte, NC. This corridor serves as a direct route to Memphis and New Orleans. It is also an alternate route to Atlanta and the Southeast from Hagerstown and the Northeast around the North Carolina Railroad. The effect will be to provide the capacity of two mainlines from the Northeast to Southern points.

To assure adequate capacity and high service reliability, NS will invest in capacity improvements described below. These improvements will also permit NS to route additional traffic on this route in the event the outcome of the current dispute with NCRR does not permit NS to continue economically viable operations on that railroad's line.

- Clark, VA (Figure B.7-5)

Extend existing siding southward to a clear length of 11,000 feet.

Estimated construction cost is \$1.8 million.

- Rural Retreat, VA (Figure B.7-6)

A new siding, 12,000 feet in length, will be constructed with power switches on each end.

Estimated construction cost is \$2.9 million.

- Glade Springs, VA (Figure B.7-7)

Extend and realign siding and main track at Glade Springs to create an 11,000 foot siding.

Estimated construction cost is \$1.7 million.

- Bristol, VA (Figure B.7-8)

Extend existing siding northward to create a controlled siding approximately 11,000 feet in length.

Estimated construction cost is \$1.4 million.

- Piney Flats, TN (Figure B.7-9)

Extend existing siding northward to a clear length of 11,000 feet.

Estimated construction cost is \$1.9 million.

- Rader, TN (Figure B.7-10)

Extend existing siding northward to a clear length of 11,000 feet.

Estimated construction cost is \$2.4 million.

Mid-South Route

One of NS' most heavily used routes, the Mid-South Route is the gateway between the Midwestern States' manufacturing areas and the Southeast. It handles merchandise and intermodal traffic and is a "pipeline" for automobile and automobile parts. It consists of both single track TC and double track, with double track segments at ten mile intervals where the mountainous topography of the route permits. The high concentration of double track allows traffic to move efficiently now.

To provide for projected traffic growth, a single-line capacity improvement project is planned.

- KD Tower / Cumberland Falls, Ky. (Figure B.7-11)

Here a double track segment approximately ten miles in length will be created by extending the current number two track northward approximately 2.5 miles, and southward approximately 3.3 miles.

A set of bi-directional high speed crossover tracks will be installed at the center of this segment, and high speed turnouts will be installed on each end as well.

Estimated construction cost is \$15.3 million.

Southwest Gateway Route

Service will be improved on this route by shifting some traffic to the Kansas City gateway. In addition, significant volumes of chemical and merchandise traffic now moving via the St. Elmo Gateway Route (which goes to CSX) will be rerouted onto this NS route.

Projected traffic increases on the line between NS' Bellevue, OH, terminal and Kansas City will necessitate the construction of seven new sidings, as shown below. As the line already consists entirely of single track TC or double track, these improvements will be adequate to maintain a high degree of service reliability.

- **Andrews, IN** (Figure B.7-12)

Construct a new 12,500 foot siding.

Estimated construction cost is \$3.5 million.

- **Rockfield, IN** (Figure B.7-13)

Extend existing siding by 4,431 feet to a total length of 12,500 feet.

Estimated construction cost is \$2.6 million.

- **Attica, IN** (Figure B.7-14)

Extend existing siding by 4,580 feet to a total length of 12,500 feet.

Estimated construction cost is \$3.5 million.

- Marshfield, IN (Figure B.7-15)

Upgrade and signal the existing siding at Marshfield to a total length of 12,524 ft.

Siding operating speed will be 40 mph, with high speed turnouts.

Estimated construction cost is \$3.5 million.

- Catlin (NT Junction to Ryan Siding), IL (Figure B.7-16)

Extend double track west from NT Junction to West Ryan siding. A new eastward high speed turnout will be installed at NT Junction, and on the west end as well.

Estimated construction cost is \$6.4 million.

- Sloan, IL (Figure B.7-17)

Extend existing siding by 5,027 feet to a total length of 12,500 feet.

Estimated construction cost is \$2.8 million.

- Sido Siding to Brunswick, MO (Figure B.7-18)

Upgrade and connect Sido and Brunswick sidings. This new double track segment will exceed ten miles in length, with high speed crossovers at the midpoint.

Estimated construction cost is \$10.7 million.

Additional Improvements

To provide capacity on other line segments where significant increases in traffic are forecast, the following additional betterments will be installed:

- **Fort Wayne, IN** (Figure B.7-19)

The second main track will be restored between Mike and the new Hadley Connection to allow NS and CSX to operate over this four mile stretch on separate tracks.

Estimated cost of construction is \$6 million.

- **Angola, NY** (Figure B.7-20)

A new siding, 12,500 feet in length, will be constructed with a power switch on each end. This will increase capacity on NS' new Southern Tier Route.

Estimated construction cost is \$2.7 million.

- **Bement, IL** (Figure B.7-21)

Extend storage track to 4,800 feet.

Estimated construction cost is \$0.5 million.

- Reddick, IL (Figure B.7-22)

Extend existing siding to a total length of 12,500 feet.

Estimated construction cost is \$1.5 million.

- Philadelphia, PA Zoo Interlocking

Rehabilitate previous crossover to allow NS freight trains operating on Amtrak's NEC to bypass 30th Street Station.

Estimated construction cost is \$1.4 million

7.1.2 Additional Track Upgrading

- Conrail's routes are adequately maintained, but some additional program work is required. Ninety track miles of new curve rail will be added over and above Conrail's recent program levels. The installation program will be divided evenly between year one and year two, with estimated total cost of \$32.0 million.

- Deepwater Bridge/Elmore, WV

To handle increased tonnage attributable to coal reroutes over this line segment, \$10.3 million will be invested to improve rail and tie conditions.

- Southern Tier Route

This secondary mainline will see significant traffic increases. To handle increased tonnage and prospective heavier axle loadings, \$35.0 million will be invested to improve track structure and to modernize the signal system on the Southern Tier Route from Buffalo to Port Jervis, NY.

- Wilmington, DE

Approximately \$2 million will be allocated to bridge repair and restoration of the Shell Pot Connection to improve service and avoid additional freight movements on the Northeast Corridor at Wilmington, DE.

7.1.3 Major Terminal Upgrades

No major carload terminal upgrades are necessary to implement the consolidated Operating Plan.

Section 7.1.4, however, describes the major investment commitment that will be made for intermodal terminals.

7.1.4 Intermodal Terminals

NS will expand current or construct new intermodal facilities at various locations. These projects provide the capacity necessary to support the traffic levels contemplated in the Plan. These terminal capacity increases will be necessary to support high levels of service reliability, given forecast traffic growth. All known construction locations are on existing railroad right-of-way or property.

NS will expand conventional intermodal facilities and facilities for its Triple Crown service as follows:

Conventional Intermodal Facilities

Location	Improvement	Estimated Construction Cost
Allentown, PA	Expand existing facility.	
Baltimore, MD	Expand existing facility.	
Harrisburg, PA	Build new terminal and intermodal switching facility at Rutherford.	
Northern New Jersey	Expand and improve area facilities.	
Philadelphia, PA area	Expand Morrisville facility.	
Pittsburgh, PA	Expand Pitcairn facility.	
Conrail terminal rehabilitation		
Northeast Terminals		\$105 million

Charlotte, NC	Expand existing facility.	
Knoxville, TN	Expand existing facility.	
Memphis, TN	Expand existing facility.	
Southeast Terminals		\$25 million

Chicago, IL	Expand and improve Conrail 47th St. facility.	
Cincinnati, OH	Expand NS Gest St. facility.	
Columbus, OH	Expand NS Watkins (Discovery Park) facility.	
St. Louis, MO	Expand NS Luther facility.	
Toledo, OH	Build intermodal switching facility at Airline Jct.	
Conrail terminal rehabilitation		
Midwest Terminals		\$70 million

Total Conventional Intermodal Facilities

\$200 million

Triple Crown (RoadRailer®) Terminals

Location	Improvement
Baltimore, MD	Build new terminal.
Charlotte, NC	Build new terminal.
Bellevue, OH	Relocate to Bellevue, OH area from Crestline.
Philadelphia, PA	New facility at Morrisville.
St. Louis, MO	Facility expansion.
Portside Newark, NJ	Parking expansion.

Total Estimated Construction Cost for Triple Crown Terminals \$20 million

7.1.4.1 Automotive Terminals

NS will construct a new automotive ramp facility to handle forecast traffic growth.

Location.	Improvement	Estimated Construction Cost
Philadelphia, PA area	New terminal.	\$ 15 million
Baltimore, MD area	New terminal.	\$ 15 million
Total Automotive Facilities		\$ 30 million

These future automotive facilities will be located on existing railroad right-of-way or property.

7.1.5 Special Projects

As part of a plan to increase efficiency and improve intermodal service, NS will undertake several overhead clearance projects to accommodate doublestack container cars. NS Post-Acquisition will "single track" the double track, 4,900 foot long Musconetcong Tunnel at Pattenburg, NJ on Conrail's Lehigh Line. Tunnel modifications and associated track and signal work including two power-operated switches are estimated to cost \$7.3 million and are included in the corridor upgrade plan (see Section 7.1.1).

The second project involves raising the overhead catenary (electrical pick-up wire) used by Amtrak between Perryville, MD and Bayview Yard near Baltimore, MD, a distance of 29.9 route miles, as well as improving clearance on the entire route from Harrisburg to Perryville, MD. The catenary must be raised over approximately 48 miles of multiple track in this territory to accommodate doublestack container cars.

The cost of the entire project, including the catenary raise, is estimated at \$8.5 million. NS will negotiate with Amtrak to fund this clearance improvement project at NS expense.

Additional clearance improvement projects to handle full dimension doublestacks will be undertaken as follows:

- \$2.5 million to clear Columbus to Cincinnati, OH
- \$0.5 million to clear Riverton to Roanoke, VA

Another special project involves cooperation with CSX and the City of Erie, PA to relocate the NS route onto CSX's acquired right-of-way around the downtown area. A

diagram of the proposed realignment is set forth in Figure B. 7-23. This project will remove the NS mainline from city streets and consolidate mainline rail operations on a common rail corridor separated from downtown Erie streets. Project cost is estimated to be \$15 million.

While not necessary to implement Post-Acquisition operations, and not particularly affected by any such system expansion related operational changes, there are also several projects which have public benefit and which NS will complete or continue to consider. These include:

- Completion of the "Hadley connection" project in Fort Wayne, IN, which removes current NS through-train operations from four highway grade crossings.
- Completion of the Chambersburg, PA relocation project which will remove CSX operations from its current street right-of-way onto the Conrail right-of-way.
- Relocating trackage in Monroe, MI to reduce highway grade crossings if local agencies can secure adequate funding for the project.

7.1.6 New Connections

Consolidation of NS routes and the identified Conrail routes will require construction of new track connections at several points on the system. These connections, summarized below, will facilitate efficient use of the consolidated route structure. Total construction cost for these projects summarized below is estimated to be \$25 million.

An overview map of the new connections is shown on Figure 13.7-2.

Engineering sketches of the proposed connections are included in Appendix B.

New Connections

Location	Comments	Estimated Cost
Alexandria, IN	Permits creation of a new efficient consolidated through route from Chicago to Cincinnati, Atlanta and the Southeast via Alexandria and Muncie, IN.	\$1,400,000
Butler, IN	For direct through movement of traffic from NS Detroit line to Conrail Chicago Line. Creates an efficient new route. Helps free Conrail's Kalamazoo-Detroit Line for sale to a prospective passenger operator.	\$ 1,460,000
Tolleston, IN	Connection to serve NS industry at Gary, IN from Conrail Line.	\$ 200,000
Sidney, IL	Connection with Union Pacific to permit efficient handling of traffic between UP points in the Gulf Coast /Southwest and NS points in the Midwest and Northeast, and by-passing congestion at E. St. Louis.	\$1,800,000
Kankakee, IL	To permit efficient through movements from Conrail Chicago mainline, and Chicago Terminal area to Kansas City and St. Louis Gateways.	\$ 1,443,000

New Connections-cont'd

Location	Comments	Estimated Cost
Tolono, IL	To connect with IC in order to permit efficient handling of traffic between IC points and NS points and bypassing congestion at E. St. Louis.	\$1,550,000
Oak Harbor, OH	To create efficient access from the Detroit area to NS Bellevue Yard.	\$2,967,000
Vermilion, OH	Connecting track between NS and Conrail to create an efficient new route from Conrail's Cleveland to Chicago mainline to NS' Cleveland to Buffalo mainline to and from eastern destinations and origins, including New York and Northern New Jersey via Buffalo.	\$2,587,000
Buffalo, NY: Blasdell Gardenville Jct. (Ebenezer)	To permit efficient movement from NS Cleveland mainline to Conrail Buffalo line or Conrail Southern Tier avoiding CP-Draw.	\$6,141,250
Hagerstown, MD	To provide continuous double track through Hagerstown in conjunction with increased traffic projections and elimination of a rail crossing at grade.	\$ 1,035,000

New Connections-cont'd

Location	Comments	Estimated Cost
Detroit, MI (Ecorse Jct.) (Connection)	To facilitate efficient movement westbound from Conrail's River Rouge Yard via Junction Yard Secondary to NS' Oakwood Yard at MP 136.	\$ 586,000
Columbus, OH (MP 4)	To facilitate efficient movement from NS to Conrail Buckeye Yard.	\$ 1,580,000
Bucyrus, OH	To facilitate efficient movement from Pittsburgh, PA to Columbus, OH.	\$2,264,000
Total Estimated Construction Cost For Connections:		\$25,013,250

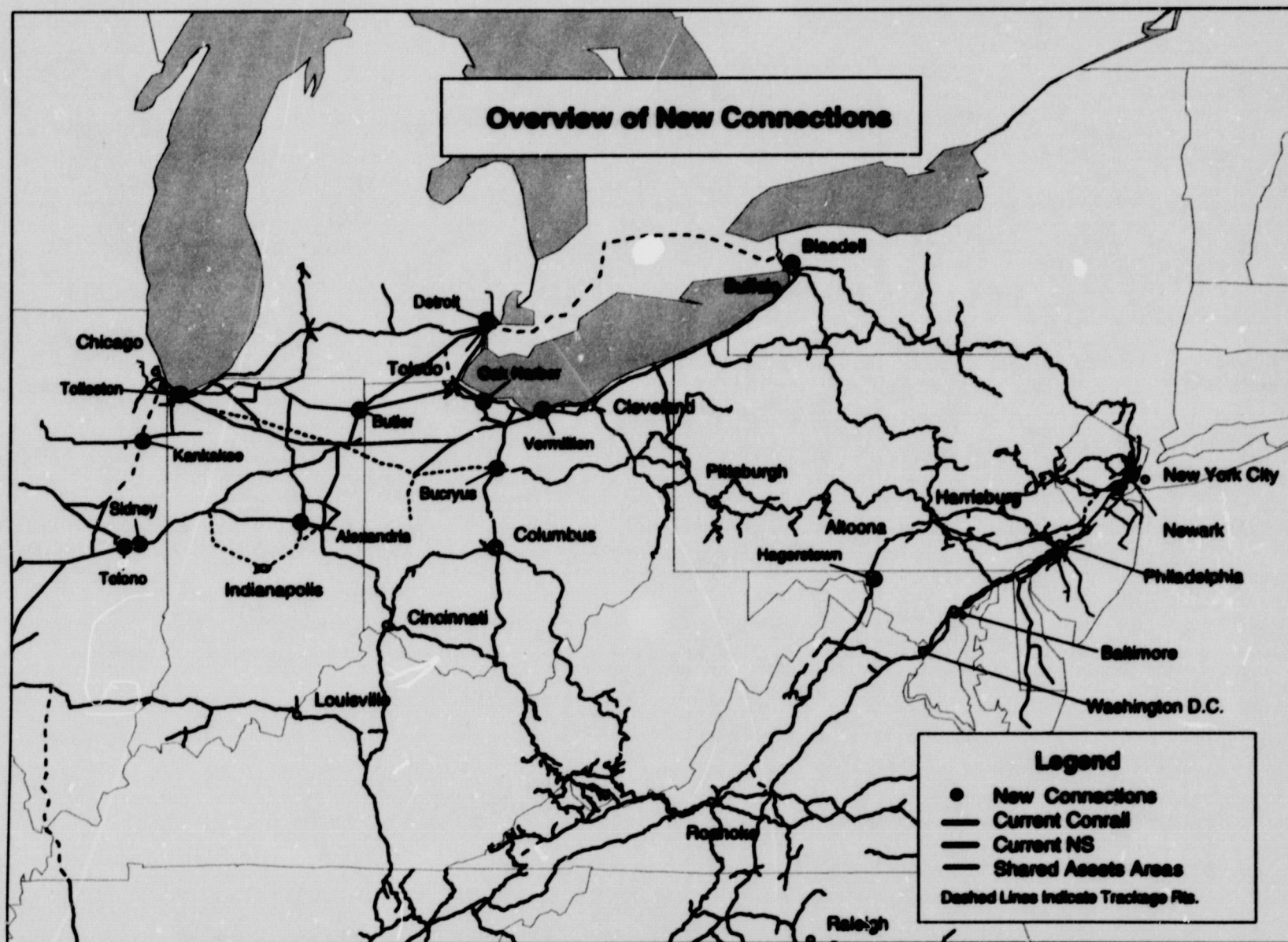


Figure 13.7-2

7.1.7 Mechanical Facilities

In order to implement the mechanical plan, the following facility improvements will be undertaken. Capital expenditures required for these improvements are approximately \$102,000,000.

- Locomotive Shops

Improve and modernize current facilities along the Pennsylvania mainline to handle heavier workload. For purposes of the application, the principal shop investment is assumed to be at Conway Yard, pending a thorough evaluation of alternative sites.

Capital investment required \$30,000,000.

- Conway and Elkhart Car Shop

Improve current facilities.

Capital investment required \$3,000,000.

- Altoona, PA

Improvements to handle system locomotive truck overhaul and intermediate wheel replacement.

Capital investment required \$60,000,000.

Miscellaneous improvements at Juniata Locomotive Shop.

Capital investment required \$3,000,000.

- Hollidaysburg, PA

Material handling improvements at car shop.

Capital investment required \$4,000,000.

- Roanoke, VA

Shaffer's Crossing Shop improvements.

Capital investment required \$1,500,000.

7.2 Retirements and Avoided Capital Expenditures

The abandonment, sale and/or downgrading of various lines due to the proposed transaction will allow NS Post-Acquisition to avoid planned line maintenance expenditures on a number of lines. Retirements, if implemented, will also create one time salvage benefits as indicated below.

Line Segment to be Abandoned	Normalized Maintenance Expenditures Avoided (Annually)	Estimated Net Salvage Value (One time benefit)
NS Toledo – Maumee, OH	\$134,780	\$ 646,017
NS Toledo – Maumee River Bridge, OH	\$ 58,000	\$ 20,436
NS Dillon – Michigan City, IN	\$397,340	\$ 742,931
NS South Bend – Dillon, IN	\$258,970	\$1,186,464
Totals	\$849,090	\$2,595,848

8.0 IMPACTS ON PASSENGER AND COMMUTER SERVICE

There will be no identifiable adverse impacts on Amtrak or commuter operations as a result of NS' operation of the defined Conrail lines.

Figure 13.8-1, following, shows the Amtrak passenger operations discussed in this section. Published schedules for these passenger operations are part of Applicant's data depository.

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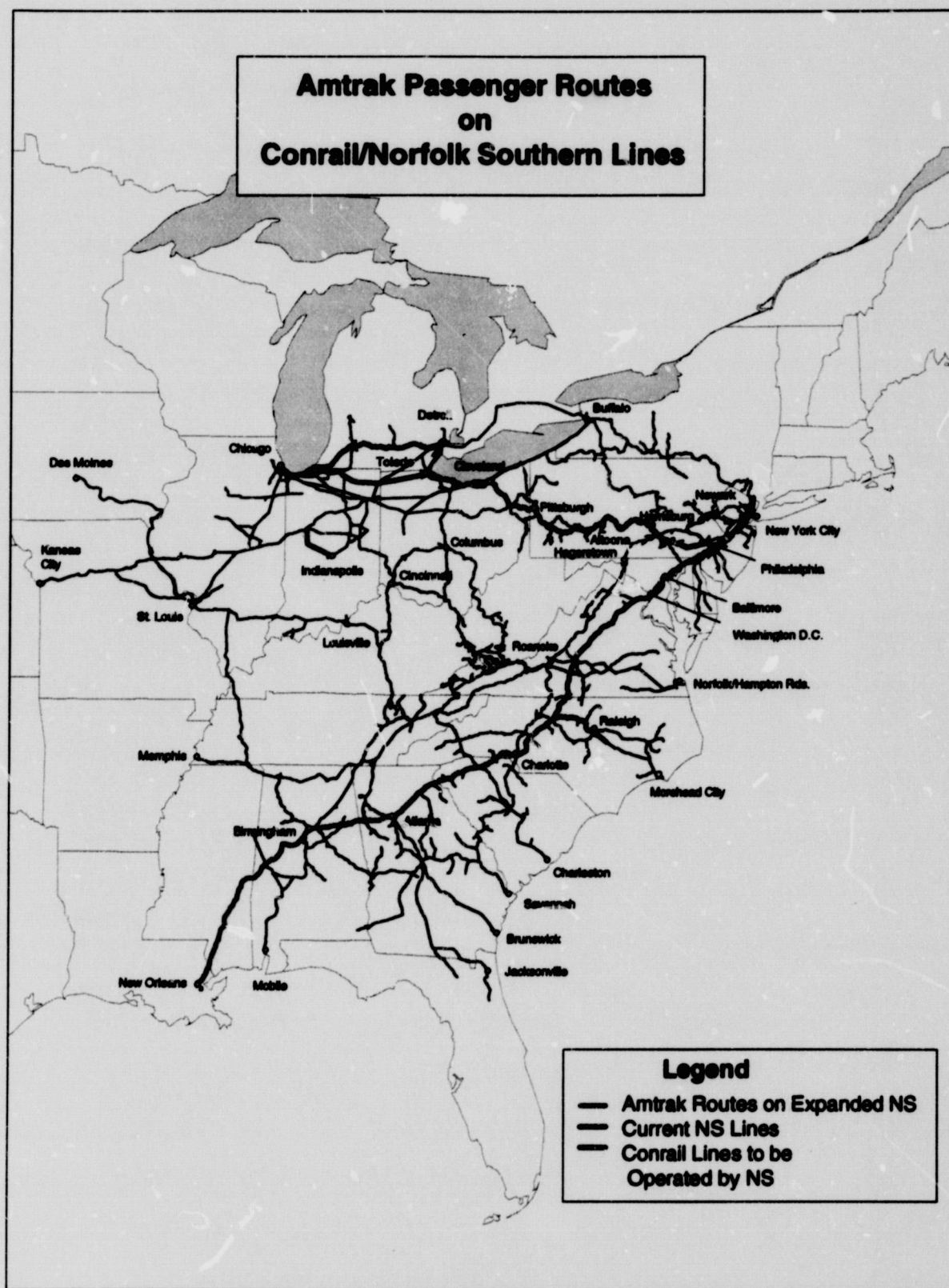
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8.1 Amtrak Operations

8.1.1 Northeast Corridor

Current Operation

The Northeast Corridor (NEC), from Washington, DC to New Rochelle, NY, from New Haven, CT to Springfield, MA and the Rhode Island-Massachusetts state line, is under Amtrak ownership and control. Operation between New Rochelle and New Haven is under the control of Metro-North, and Amtrak's operation between the RI-MA state line is over trackage owned by Massachusetts Bay Transportation Authority (MBTA). Between Washington, DC and New York, corridor operations are electrified and typically consist of up to four main tracks. The tracks are controlled by interlocking and centralized traffic control systems under Amtrak's control. The NEC is shown on Figure 13.8-2. (For the purposes of this discussion, "Northeast Corridor" will, from this point onward, refer only to the Amtrak-owned and controlled trackage between New York and Washington.)

On peak days, on the densest part of the NEC, Amtrak operates nearly 100 trains. Conrail has retained freight trackage rights, to provide local service as well as for the operation of through-freight trains on some segments between the Washington, DC area and New York, NY.

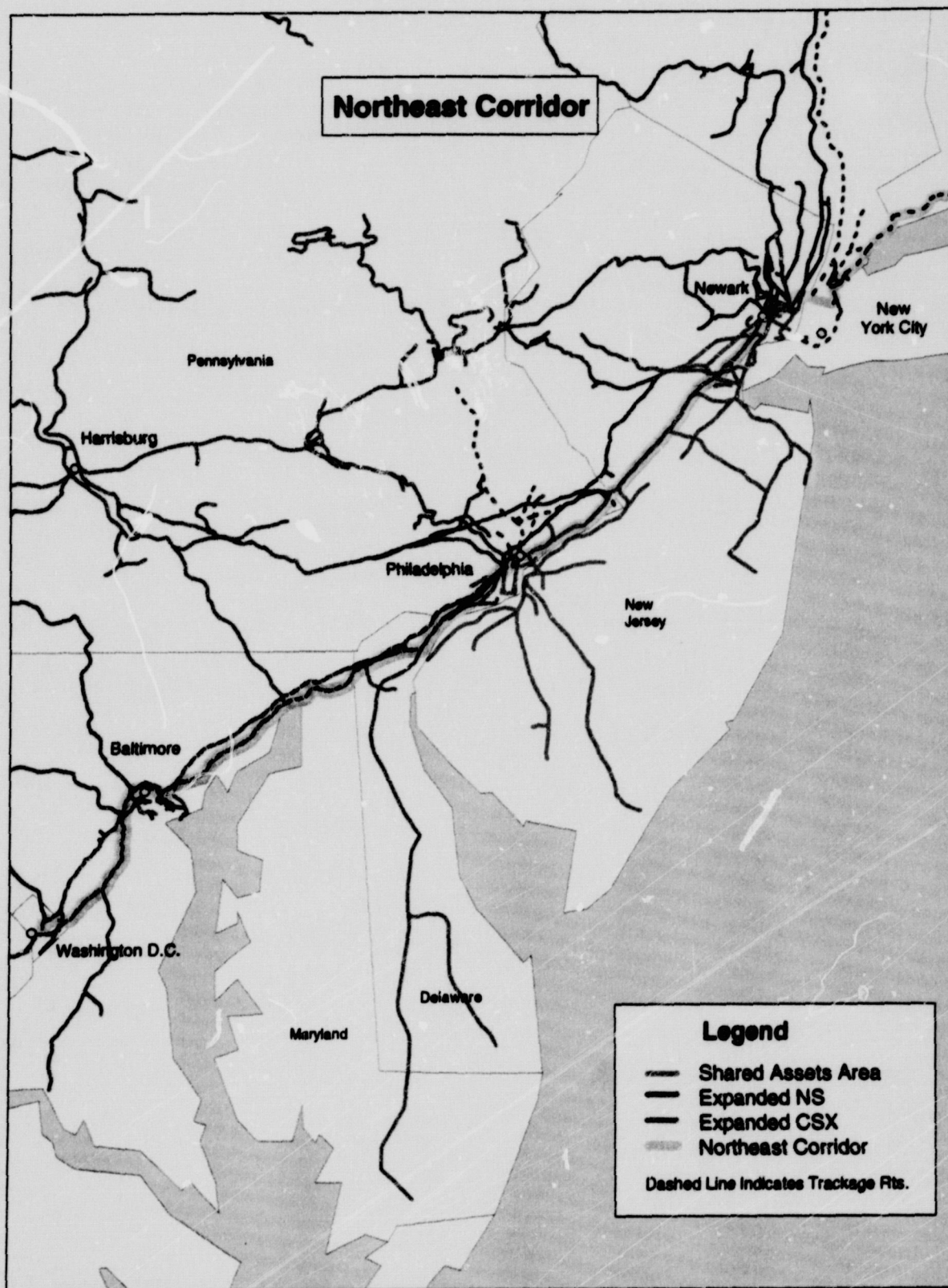
Except for three segments, current freight traffic in the corridor is relatively light and local in character. The three segments with heavy freight usage are: between Wilmington, DE and Perryville, MD where Conrail handles approximately 10-15 Million Gross Tons (MGT) annually; on the segment between Perryville and Baltimore (Bayview), MD, Conrail handles approximately 30 MGT; and between Baltimore (Bayview) and Landover, MD, Conrail handles 12-15 MGT annually. These segments provide Conrail's access to Wilmington, DE, the Delmarva Peninsula and the Baltimore area. North-south traffic moving between NS and Conrail points today is handled via Allentown, Harrisburg and Hagerstown. Conrail freight traffic on the balance of the NEC ranges from zero to approximately ten MGT annually, depending upon the particular point chosen. By comparison, portions of the Conrail mainline between Elkhart, IN and Chicago, IL handle up to approximately 125 MGT annually.

The expanded NS system will continue to route most of its substantial volume of north/south conventional carload and most intermodal business via Allentown, Harrisburg and Hagerstown, MD, around Amtrak's NEC. Post-Acquisition, NS intends to operate a limited number of additional trains, mostly time-sensitive intermodal services, over the NEC as described in Section 3.0.

Development of these services will improve service quality and competitive alternatives for freight customers along the Amtrak NEC. It will also result in an east/west doublestack service alternative for both domestic and international customers in Baltimore and its port. This will generate incremental trackage rights revenue for Amtrak, decreasing its dependence on public funding.

The increase in NS freight train movements over the NEC will be small – a maximum of six to eight trains above the level being operated today. In any event, scheduling will be coordinated with Amtrak to avoid freight train interference with passenger trains. Anticipated NS freight movements on the NEC are shown in Figure C.3-5 in Appendix C.

Section 4.2.1 of this filing summarizes the proposed Northeast Corridor Freight Service agreement as between NS and CSX.



8.1.2 Amtrak Operations over Conrail

Amtrak operates the following long haul passenger services over Conrail routes to be acquired by NS:

Chicago/ Boston/New York (Lake Shore Limited)

One train operates daily in each direction over Conrail, Amtrak and Metro North lines between Chicago, IL and Boston/New York. As a result of the NS and CSX acquisition of rights to operate various Conrail routes, this train will operate on lines to be owned by NS between Chicago and Cleveland. The remaining portion of the train's operation east of Cleveland will be on Conrail routes to be acquired by CSX.

Chicago / Washington, DC (Capitol Limited)

One train operates daily in each direction over Conrail's line between Chicago and Pittsburgh via Cleveland (a line to be acquired by NS), then over CSX routes to Washington, DC.

New York / Philadelphia / Pittsburgh / Chicago

Three Rivers

The Three Rivers provides service between New York and Chicago and operates on Conrail lines between Harrisburg, PA and New Castle, PA, on CSX between New Castle and Indiana Harbor, IN, then again on Conrail routes to be acquired by NS to Chicago. One train operates daily in each direction in addition to the Keystone Corridor Services discussed later in this section.

Pennsylvanian

The Pennsylvanian provides service between New York City and Pittsburgh, PA, and operates on Conrail's multiple track line between Harrisburg and Pittsburgh, PA. One train operates daily in each direction in addition to the Keystone Corridor services discussed later in this section.

The NS operation of Conrail routes will not adversely affect the operation of the Lake Shore Limited, Capitol Limited, Three Rivers, or the Pennsylvanian trains.

Keystone Corridor

Amtrak operates Keystone Service passenger trains between New York and Harrisburg through Philadelphia via its NEC and Keystone Corridor, which are under Amtrak's ownership and control. Conrail provides local freight service between Philadelphia and Harrisburg on the Keystone Corridor today and NS will provide this service following the transaction.

Excluding the long haul intercity services previously described, Amtrak operates about seven pairs of Keystone service trains between Philadelphia and Harrisburg.

NS' acquisition of control over certain routes will not adversely affect the operation of Amtrak's Keystone Service trains. Amtrak has requested that NS consider routing through freight trains over the Keystone Corridor, and NS is considering that option for the future.

Michigan Service Corridor

Amtrak provides regional service between Chicago and Port Huron, MI and between Chicago and Detroit and then to Canadian points, substantially as follows:

- Chicago-Porter, IN via Conrail.
- Porter -Kalamazoo, MI on Amtrak-owned and Conrail-controlled trackage with Conrail holding trackage rights and providing local service to freight customers.
- Kalamazoo-Jackson, MI-Detroit, MI via Conrail.
- Kalamazoo-Battle Creek, MI via Conrail, then CN (GTW) from Battle Creek to Port Huron, MI and beyond.

There are four Amtrak Michigan Service trains daily in each direction between Chicago Union Station and Porter via Conrail. Amtrak operates a fifth train in each direction between Chicago and Porter, which utilizes CSX between Porter and Grand Rapids, MI. Given the high density of freight and other Amtrak operations on the Chicago-Porter segment, this line is operated close to its effective capacity today. Additional capacity will be added if train density exceeds the line's current capacity.

The Amtrak Porter-Kalamazoo line has no capacity constraints.

From Kalamazoo to Detroit via Battle Creek and Jackson, Conrail freight operations are important, approaching ten MGT annually, with significant on-line (local) freight traffic generation. The NS/CPRS haulage agreement described in Section 3.3.1 will provide for up to five additional freight trains per day each way between Chicago, Kalamazoo and Detroit, although eight additional train movements (four each way) are

expected initially. The addition of this freight traffic is not expected to create capacity problems on either the Amtrak-owned segment between Porter and Kalamazoo, or on the Conrail-owned segment between Kalamazoo and Detroit. The line between Porter and Detroit is double track. The NS/CPRS haulage arrangement will provide additional track rental income for Amtrak on its Porter-Kalamazoo segment.

On the Conrail-owned line east of Kalamazoo, Amtrak operates four trains daily in each direction between Kalamazoo and Battle Creek, and three daily in each direction between Battle Creek and Detroit. No capacity issues will result from NS' acquisition of Conrail's line between Kalamazoo and Detroit.

8.1.3 Amtrak Operations Over NS

Amtrak presently operates one train daily in each direction, The Crescent, over NS from Alexandria, VA to New Orleans, LA.

The Amtrak Cardinal, between Chicago and Washington, DC also operates over NS between Orange, VA and Alexandria, VA on a tri-weekly basis. The NS route used by these trains is a combination of single and double track operated by traffic control and has adequate capacity to absorb traffic increases arising from an expanded NS system and to continue to accord Amtrak priority handling.

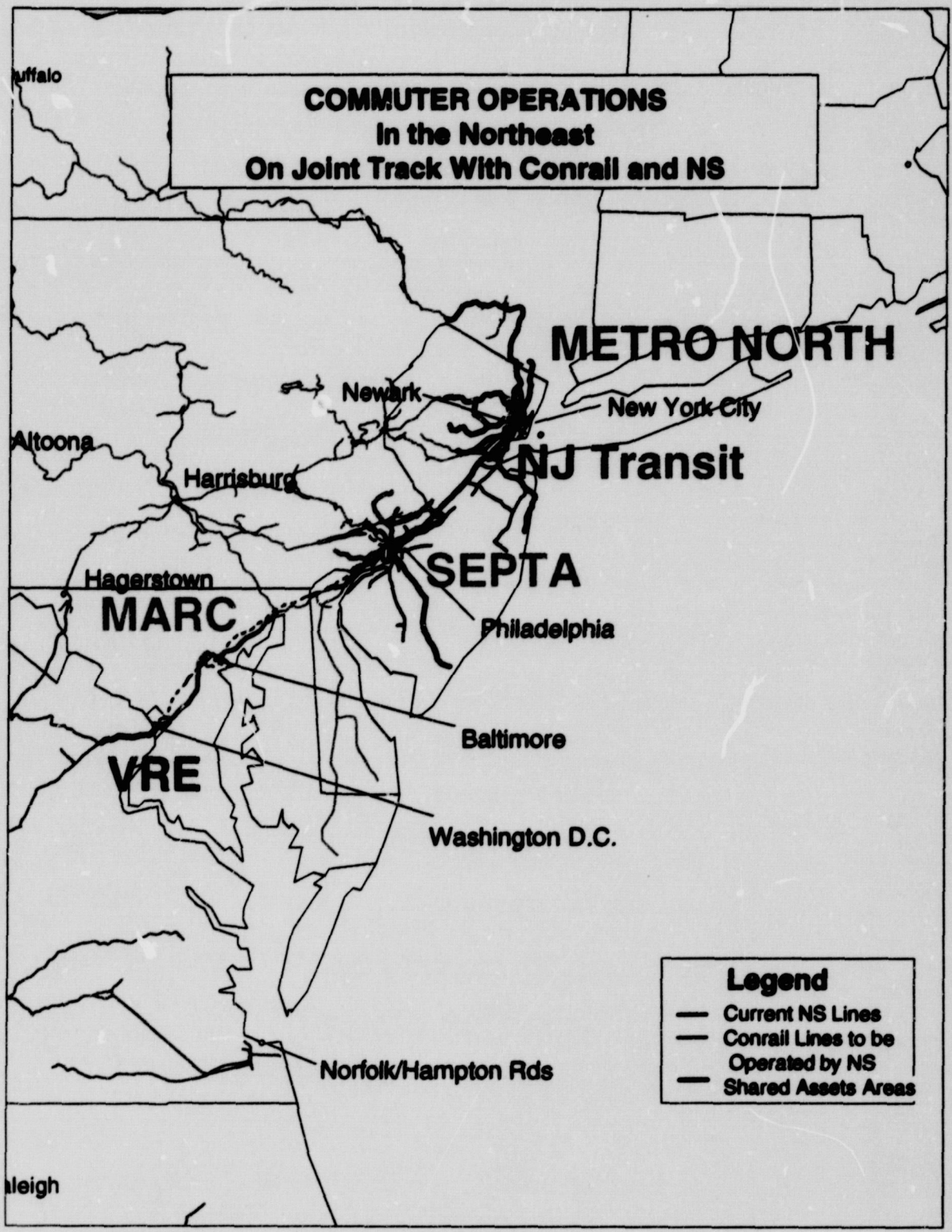
Amtrak operates one train daily in each direction, the Silver Star, over NS between Selma, NC and Feter, NC and one train daily in each direction, the Carolinian, between Selma and Charlotte. Amtrak also operates the Piedmont using North Carolina DOT equipment daily in each direction on NS between Raleigh, NC and

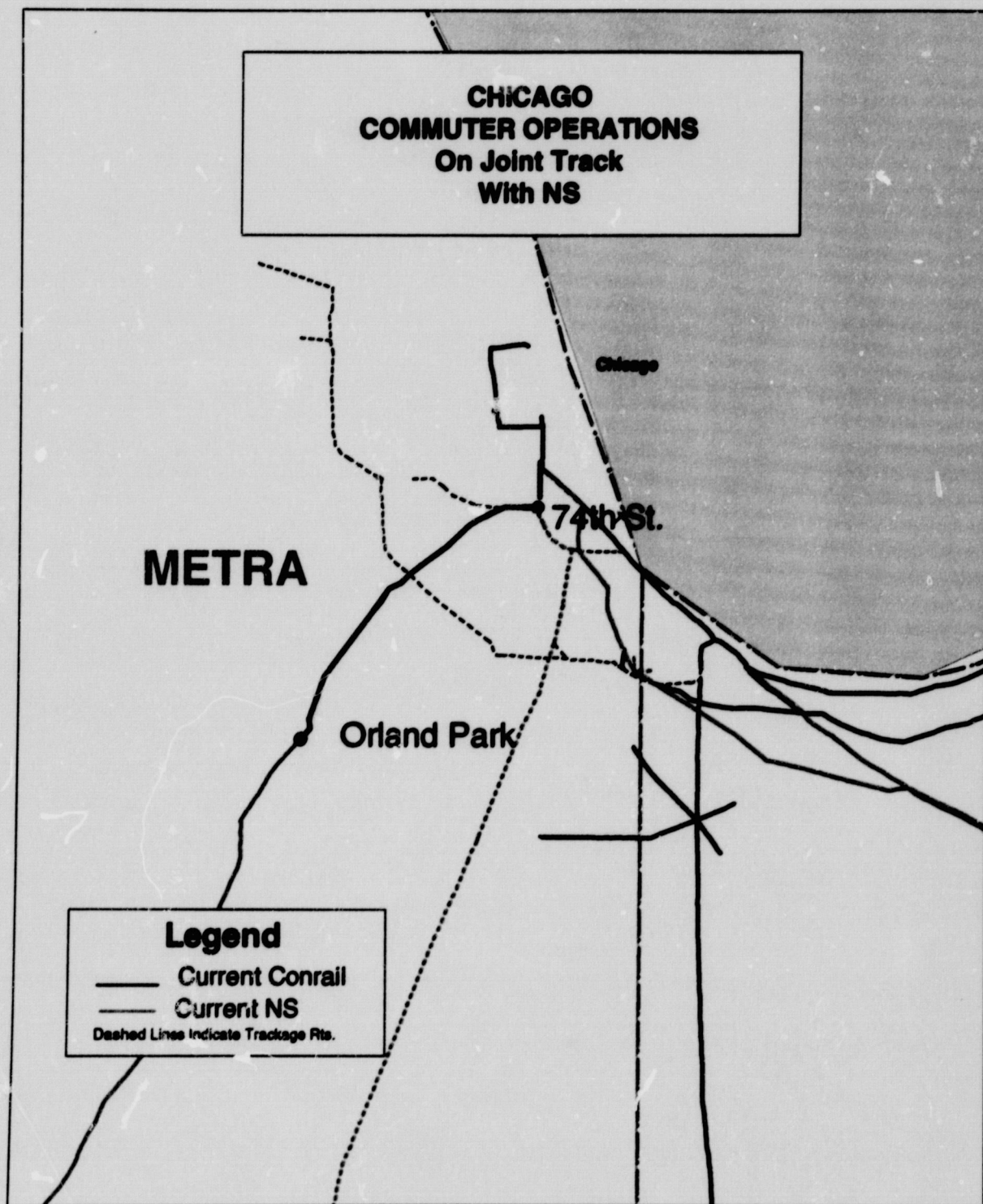
Charlotte. There are no capacity issues which would prevent these trains from receiving priority handling. Capacity improvements planned in conjunction with the state of North Carolina will also enhance the operations.

Of course, as noted elsewhere, if NS reroutes additional freight traffic from NCRR's lines because of a failure to achieve an acceptable resolution of the current dispute over the terms and conditions of NS' continued use of those lines, there will be more capacity available. On the other hand, if any such eventuality were to occur, Amtrak would likely have to deal with another operator of NCRR's lines.

8.2 Commuter Operations

There are six significant rail commuter operations in the territory to be served by the NS Post-Acquisition system; four are in Conrail service territory and two on NS lines. The commuter operations are shown on Figures 13.8-3 and 13.8-4, following. The NS Post-Acquisition Operating Plan creates no identifiable adverse effects for any of these operations which are described in the following sections.





8.2.1 Conrail Line Segments

New Jersey Transit (NJT)

New York, Northern New Jersey Area

NJT conducts substantial heavy rail commuter operations in the area, including lines that will be operated by NS or will be in the Shared Assets Area. NS and/or Conrail will also become an operational tenant on certain lines owned by New Jersey Transit. Important relationships are as shown below:

Southern Tier Line - Port Jervis - Suffern	NS will own, Metro North is passenger tenant, NJT dispatches. Metro North proposes to acquire this line.
NJT Main Line - Suffern - Hoboken	NS to operate through and local freight service on NJT.
NJT Bergen County Line	NS to operate local freight service on NJT.
NJT Pascack Valley Line	NS to operate local freight service on NJT.
NJT Boonton Line	NS to operate local freight service on NJT.
NJT Raritan Line	Conrail to operate on NJT Aldene to Bound Brook. NS to operate on NJT Bound Brook to end of track. Local and through freight service. Conrail to own between NK interlocking (Newark) and Aldene, (Conrail's Lehigh Line). NJT to operate on Conrail.
NJT Morristown Line	NS to operate local freight service on NJT.
NJT North Jersey Coast Line	Conrail to operate local freight service on NJT.

Most corridors have light density freight operations, and there are no identifiable Post-Acquisition effects. Two line segments, however, deserve more detailed

discussion because these segments will be shared by multiple freight trains and frequent commuter trains.

Aldene-Newark Area

NJT operates 28 trains eastbound and 29 westbound on Conrail's Lehigh Line between Aldene and NK (Hunter), NJ, a distance of 5.5 miles. This Conrail line is a major access route for freight traffic from the West and South into the New York Metropolitan area. Post Acquisition, this segment will be controlled by Conrail as a Shared Assets Area. NS and CSX through-freight will use this route, as well as CSAO freight operations.

The line consists of two main tracks, is dispatched by traffic control and has intermediate control points. The line has sufficient capacity to accommodate NJT's commuter operations and the freight traffic changes arising from an expanded NS system without interference. NS' operating plans make specific allowance for freight operations to be conducted at times that will not interfere with movement of passenger trains.

Although capacity issues are not yet critical, unanticipated freight traffic growth or increases in commuter train density may necessitate the addition of track capacity. Further, NJT is considering the addition of a second commuter station between Newark and Aldene. NJT and Conrail have discussed proposals for enhancing the capacity of this line, and these discussions will continue following the transaction.

Port Jervis, NY,- Suffern, NY- Hoboken, NJ Area

NJT and Metro North operate a coordinated commuter service between Port Jervis and Suffern, NY, and between Suffern and Hoboken, NJ.

Between Port Jervis and Suffern, the trackage is controlled by NJT, but is owned and maintained by Conrail. The Conrail line is single track with three controlled sidings varying in length from 6,000 to 24,182 feet. This line has adequate capacity to accommodate the existing Metro North passenger operation (about eight weekday trains each way) and the projected freight operation. Metro North proposes to acquire this line and had been in negotiations with Conrail. NS has met with Metro North and indicated that it is willing to continue negotiations in the future.

Between Suffern and Hoboken, the line is owned and maintained by NJT. In addition to the Metro North trains, NJT operates about 25 weekday commuter trains each way between Suffern and Hoboken. It is expected that the NJT-owned line has adequate capacity to accommodate the projected increase in Post-Acquisition freight train activity.

MARC

Washington/Baltimore Area

MARC conducts its operations on rights of way owned by Amtrak and CSX, some of which are jointly used by Conrail. NS plans additional freight train operations on the NEC between Perryville and Landover, MD, which is controlled by Amtrak. It is expected that the additional freight schedules will be coordinated with Amtrak and MARC to minimize impact on MARC trains.

SEPTA

Philadelphia Area

SEPTA operates significant heavy rail commuter operations in the Philadelphia area, almost exclusively on their own routes, or in conjunction with Amtrak. SEPTA operations will not be adversely affected by the NS Operating Plan or by related changes in freight traffic. All NS use of SEPTA lines will be for local freight train service only. The same is true for most CSAO use of SEPTA lines.

The creation of a South Jersey/Philadelphia Shared Assets Area will, however, cause a change in owner and tenant positions as shown below:

SEPTA Chestnut Hill East Line	CSAO will be freight service operator following the Acquisition.
SEPTA Chestnut Hill West Line	CSAO will be freight service operator following the Acquisition.
SEPTA Manayunk Line	CSAO will be freight service operator following the Acquisition.
SEPTA Norristown Line	NS will operate on SEPTA Wissahickon to Norristown following the Acquisition.

8.2.2 NS Line Segments

Chicago METRA

Chicago METRA operates nine weekday trains in each direction over trackage leased from NS between 74th Street in Chicago and Orland Park, IL (operation between Chicago Union Station and 74th St. is via METRA and Amtrak owned trackage). NS has freight trackage rights on METRA between 74th and 47th Streets.

NS also controls the METRA-leased trackage between 74th St. and Orland Park and provides local freight service on this line. The Operating Plan makes no changes on this NS route. Consequently, there will be no impact on METRA operations.

Virginia Railway Express (VRE)

VRE operates seven weekday trains in each direction on NS between Alexandria, VA and Manassas Airport, VA. This line is double track and is dispatched by traffic control. There will be changes in freight operations on this segment. Freight traffic now interchanged with the CPRS at Alexandria will be rerouted off this line to another interchange point. In addition, new services will be added, including the following: merchandise train service to/from Oak Island, NJ and TCS Roadrailer[®] train service to/from Portside, NJ. These operating changes will not adversely impact passenger service in this corridor.

In summary, the proposed consolidation will have no identifiable adverse effect on either Amtrak or commuter operations as they currently exist. First-class passenger trains receive operating priority from NS and Conrail under current operating rules and practices, as well as under terms of operating contracts, and after the transaction this policy will continue.

Many lines over which Amtrak operates will see little or no change in traffic, with some lines experiencing decreases. While freight traffic will increase on some lines, the increases generally will be relatively light and are not expected to have adverse impacts.

NS Post-Acquisition will honor existing contracts between Conrail and transit agencies, and for purposes of this Operating Plan, NS assumes that transit agencies will honor their commitments on lines to be controlled by NS and/or Conrail.

NS understands that much of Conrail's territory in the Northeast is passenger train-intensive. NS has sufficient experience in coordinating commuter and intercity passenger train operations with freight trains to understand the demands of each type of service. NS will maintain a management structure sufficient for the efficient coordination of passenger services with freight train operations, and for the effective liaison with the various passenger authorities and agencies.

9.0 EQUIPMENT REQUIREMENTS AND UTILIZATION

9.1 Equipment Utilization

Locomotives

The NS Post-Acquisition system will have significant opportunities to improve equipment utilization, including greater utilization of combined fleet capacity to meet common demand and efficiencies resulting from consolidated operations. Improved productivity can be measured by the locomotives and freight cars which would not have been required to handle 1995 volumes had there been a combined system.

With consolidation and the efficiencies of an expanded system, 268 fewer road freight locomotives will be required to handle traffic over the next three years, avoiding a capital investment of approximately \$160.8 million and producing an annual operating savings of \$41.6 million.

Improved utilization of road locomotives will result from use of shorter, more efficient routes, a better ability to match locomotive capabilities with particular service requirements, greater ability to triangulate locomotive movements, reduced terminal times due to greater service frequency, and improved locomotive maintenance and servicing facilities.

An additional 22 yard locomotives will be released from common point locations where efficiencies of the consolidated operations will result in combining yard jobs as described in Section 4.0. The reduction of the yard locomotives will result in an annual operating expense savings of \$1.2 million.

The reduction of the 268 road locomotives and the 22 yard locomotives represents an additional one time benefit of \$29.0 million.

Freight Cars

More efficient use of the existing car fleets will allow the expanded NS system to meet common traffic demands more efficiently. Our analysis indicates that the larger, combined traffic base could be handled by the combined system with at least 1,542 fewer cars per year. These cars would have a replacement value of \$99.5 million. The reduction in cars also represents an annual operating expense saving of \$10.0 million.

Rerouting of traffic to more efficient routes will also improve freight car utilization and reduce costs. The reroutes resulting from the consolidation of mainline operations described in Section 3.2 will result in a reduction of more than 59.2 million car miles annually.

Simulation modeling techniques were used to explore the potential for eliminating empty movements not required to support a combined traffic base. The estimated minimum movement of empties on the consolidated system was subtracted from the estimated minimum movement of empties by Conrail and NS operating on an independent basis. The resulting estimates of reduced empty cross-hauls were adjusted downward for factors such as pool assignments, commodity incompatibility, loading fluctuations and physical variations within car types. The result was an estimated annual reduction of 36.1 million loaded plus empty car miles.

As an example, covered coil gondolas loaded on NS from Leipsic, OH to Reading, PA via Cleveland-Conrail, could be repositioned a short distance to Sparrows Point, MD and reloaded to a number of destinations on the combined properties. These cars currently return empty to NS at Cleveland. Another example would be NS 52-foot, 100-ton mill gondolas released empty at various Conrail destinations. The cars currently return empty to NS at Cleveland, OH, Columbus, OH and Cincinnati, OH, but could be reloaded with plate steel from Swedeland, PA and Coshocton, OH back to Newton, NC on NS.

9.2 Equipment Requirements

NS Post-Acquisition will need no additional locomotives despite anticipated traffic increases resulting from the consolidation because of planned improvements in locomotive utilization.

To accommodate traffic diverted from other carriers or developed through new marketing opportunities, NS Post-Acquisition will require an estimated 5,850 additional freight cars on line, of which 989 cars will be purchased by NS Post-Acquisition. The purchased cars will require a capital investment of \$57.7 million over three years. This addition to the car fleet is partially offset by retirement of 364 cars which will become surplus and which have an estimated net salvage value of \$4.3 million.

Summary of Freight Cars Required

For Additional Traffic

<u>Car Type</u>	<u>Acquisitions</u>
Open Top Hopper	751
Equipped Box	92
50-foot Box	48
Equipped Gondola	32
Other	66
Total	989

The remaining general service cars required on line will be sourced from foreign railroads and private car suppliers, as is the practice today.

The \$48.1 million increase in car hire expense attributable to increased traffic will be partially offset by \$7.0 million reduced car hire expense due to re-route efficiencies.

Intermodal flat cars required to handle additional diverted intermodal traffic will be obtained from a third party such as TTX as is the common practice in the industry. A significant part of the diverted intermodal traffic will be tendered in customer-provided equipment. The remaining requirements for intermodal trailers, containers and chassis can be readily satisfied through existing equipment fleets maintained by NS and Conrail

and through equipment leasing organizations. \$40.3 million has been budgeted, however, for the acquisition of 1,340 additional Mark V RoadRailer® units and 670 additional Mark V bogies to meet the needs of Triple Crown Services based on forecasted traffic growth.

As described in the Equipment Utilization section, more efficient use of the combined Conrail and NS car fleets will make available many of the cars required to meet the additional equipment requirements, with the exception of the above-noted car types. NS Post-Acquisition anticipates that many of these additional cars will be made available either through reduced cross-hauls or improved cycle times resulting from the shorter and faster routes and schedules in the NS Post-Acquisition transportation plan, elimination of NS-Conrail interchange times, and from a general improvement due to network consolidation. In any event, NS will have sufficient resources to acquire additional cars if any are required.

9.3 Company Service Equipment

No retirements of Company equipment are planned as a result of the consolidation.

10.0 CENTRALIZED FUNCTIONS

10.1 Customer Service Centers

NS operates a National Customer Service Center (NCSC) in Atlanta, GA. This center is divided into six commodity groups: Agriculture, Automotive, Chemical, Metals, Paper, and Intermodal. These commodity based groups perform the following functions:

- Diversions
- Car Tracing
- Reshipments
- Reconsignments
- Weights
- Schedule inquiries
- Proactive monitoring of committed traffic
- Service analysis and measurement
- Expediting
- Furnishing car due reports
- Bad order notification/reports
- Freight Claims Processing

In addition, the intermodal group maintains and furnishes information regarding:

- Intermodal ramp hours
- Intermodal ramp capacity
- Intermodal in-and-out gate records
- Drayage information
- Trailer/container pick-up and return records

Coal traffic is not handled by the Customer Service Group but is handled by the Coal Transportation Group in Atlanta; this group is part of the Car Management Organization.

Separately, NS operates an Agency Operations Center in Atlanta which is responsible for the waybilling of all movements as well as demurrage. NS is currently in the process of installing a new yard inventory system on the railroad. This new system will facilitate the centralization of all yard clerical functions at a centralized yard operations center to be located in Atlanta.

Conrail operates a National Customer Service Center in Pittsburgh, PA. This center performs the same activities as will be performed at NS' centralized yard operations center in Atlanta. The remaining Conrail customer support activities are located in the Service Organizations Group in Philadelphia. These activities are broken into four commodity groups: Automotive, Unit Coal Train, Intermodal and Core (which includes all other commodities).

NS plans to consolidate all customer service functions in Atlanta to take maximum advantage of training, technology and process streamlining opportunities. To

implement the consolidation, Conrail car movements will be integrated into ITMS, the NS car scheduling and monitoring program. In addition, TYES, the new NS Yard Inventory System, will be installed at all Conrail yards operated by NS. Operating procedures will be standardized promptly to facilitate transition to fully consolidated operations. While in the process of converting Conrail operations and territories to NS systems, NS will ensure that all necessary steps are taken to complete the transition with no disruption to customers. For example, a data link will be established to make it possible for employees at NS' NCSC in Atlanta to access Conrail car movement records through their existing computer terminals. This facility will permit them to provide "seamless" car inquiry information irrespective of car locations.

Use of the new NS TYES Yard Inventory System and ITMS Car Scheduling and Monitoring System will eliminate the need to pursue Conrail's plans to purchase a new system.

10.2 Car Management

NS Car Management is located in Atlanta and meets customer needs for all car types except intermodal. Intermodal car requirements are handled by the Intermodal Operations group within the Marketing Department. The NS Coal Transportation group, which is within the Car Management group, handles all customer service functions for coal in addition to empty car distribution and coordination of coal train operations.

Conrail Car Management is spread among the four service groups in Philadelphia. These groups are organized along the commodity lines of Automotive, Intermodal, Unit Coal and "Core" (all other commodities).

NS Post-Acquisition will consolidate car management, coal customer service, and coordination of coal train operations at Atlanta. This organization will use the NS car distribution software to route empty cars to shipper locations for loading and will use a combination of the NS permitting process and the NS car scheduling and monitoring system (ITMS) to manage the coal fleet. Management of intermodal car requirements will be consolidated in Atlanta.

10.3 Crew Management

The NS crew management function is located in Atlanta, GA. It is centralized for the system and uses a computerized crew calling system developed by P.S. Technology. Similar technology is used by most of the major North American railway systems.

The Conrail crew management function is located in Dearborn, MI. It is also centralized and uses the P.S. Technology computer software, which should aid in the transition of crew management functions. Dearborn will be shared between NS and CSX until each carrier can consolidate its functions with its own. However, shortly following approval of this Acquisition, NS will consolidate in Atlanta and will use the P.S. Technology crew calling software. Because both systems use similar applications, extensive reprogramming will not be required.

10.4 Timekeeping

NS timekeeping is a highly automated paperless reporting system using the computerized crew management system as a front-end data collection system. The NS

T&E timekeeping is a function of Payroll Accounting, headquartered in Roanoke, VA.

Conrail T&E timekeeping is aligned with Transportation functions, and is located in Dearborn, MI. Information is entered into the computer in Dearborn and then passed to Payroll in Philadelphia.

The front-end payroll system for NS is based on the P.S. Technology software which is also utilized by Conrail. While there are some differences with respect to the NS and Conrail crew management processes which will require program modifications to the NS system, the underlying logic and base system is fairly consistent.

Given continued automation, consolidation of the crew management function and appropriate implementing agreements, NS expects to consolidate the T&E timekeeping function in the payroll function in Roanoke, VA.

10.5 Police Services

The NS Police department (NSPD) currently consists of positions covering 43 locations throughout the NS system. The NSPD's administrative headquarters, as well as the Police Communications Center (NSPCC), are located in Roanoke, VA. NS Special Investigation Units are located in Roanoke, Atlanta, Birmingham, Columbus and St. Louis. The NSPD consists entirely of nonagreement officers.

Conrail's Police Department is directed from the Conrail Police Communications Center (CRPCC) in Mount Laurel, NJ. Conrail Special Investigation Units are located in Chicago, Pittsburgh and Newark. Conrail officers below the rank of Captain have union representation. However, the agreement officers are subject to Conrail's wage and benefit administration.

The plan for the proposed combination of NS and Conrail Police departments provides for the coordination and transfer of some of the personnel and the functions now performed by the CRPCC at Mount Laurel, NJ to the NSPCC at Roanoke, VA. Other Police Department functions will continue to be maintained at field offices located on routes and facilities allocated to NS.

Most of these offices will be maintained at present staffing levels, except for some of the common point locations such as: Chicago; Detroit/Dearborn; Cincinnati; Cleveland; Columbus; and Toledo.

10.6 Safety and Environmental

Safety

NS' Safety Department is located in Roanoke and has four primary business functions: to oversee the special grade crossing fund; to perform FRA filings for reportable injuries; to perform periodic audits or injury records to determine compliance with corporate procedures; and to perform safety training.

Conrail's Safety Organization is headquartered in Philadelphia. (Operation Lifesaver personnel are headquartered in Reading, PA.)

Conrail and NS' safety departments are similarly structured, both based on the principal that safety needs to be supported at all levels. It is expected that the combination of the two safety organizations will be accomplished as discussed below.

Environmental

NS' Environmental Protection Department is also headquartered in Roanoke, VA with six field offices located throughout the system. The Environmental Protection Department is organized into four major sections: environmental operations; remediation and design; audits and programs; and hazardous materials and industrial hygiene.

Conrail's Environmental Department is headquartered in Philadelphia, with three additional field offices at outlying points. In addition, environmental-related functions are also incorporated throughout other departments at Conrail. Examples include: Risk Management; Ergonomists/Industrial Hygienists in Health Services; Hazardous Materials Officers in Transportation Quality; and Environmental Health & Safety Specialists at the individual division and field shops. Additionally, there are four to six attorneys in the Conrail Law Department who conduct environmental audits.

At NS, this work is done within the Safety and Environmental Department.

Safety and Environmental Issues in the Expanded NS

The combination of the NS and Conrail Safety and Environmental organizations will result in the establishment of similar services for the three Conrail divisions (Pittsburgh, Dearborn, and Philadelphia) as are now provided at NS.

Many Conrail employees working in environmental and safety administrator areas will be relocated to the Safety and Environmental Department's headquarters in Roanoke, VA. In addition, as many as four of the total would be environmental operatives located at a divisional/regional assignment on the Conrail properties operated by NS.

11.0 COORDINATION OF EQUIPMENT MAINTENANCE

11.1 Introduction

NS maintains a substantially larger car and locomotive fleet than the car and locomotive fleet being acquired from Conrail. Accordingly, NS' current Mechanical Department activity is substantially larger than the activity of the Conrail system being acquired. Therefore, in general, NS will simply extend the current NS managerial organization, standards, policies and procedures to the properties being acquired. The following describes many of the intended changes.

11.2 Common Point Repair facilities

The impact of the NS' expanded operations on mechanical personnel at major common points is discussed in detail in Section 4.3. From a mechanical perspective, work being separately performed at all common points where both Conrail and NS forces are currently employed such as but not limited to those discussed in Section 4.3 will be consolidated after the acquisition. These consolidations will strengthen NS' competitiveness by maximizing the utilization of resources and eliminating costs associated with redundant facilities.

11.3 Insourcing Contracts

Recognizing the shop capacity NS gains as a result of the addition of Conrail facilities, as well as the advantages of a stable work force, NS anticipates performing car and locomotive repairs and overhaul for other rail carriers and other prospective

customers. Because CSX will use approximately 42% of the former Conrail car and locomotive fleets, the transaction agreement provides for the terms under which CSX will be one of NS' insourcing customers. Facilities which will provide these services are in Altoona, PA (including the nearby Hollidaysburg Car Shop) and Roanoke, VA. These facilities are known for their capabilities and the craftsmanship of their employees. To the extent facilities in Altoona and Roanoke have particular strengths in locomotive and car work that make insourcing more competitive or marketable, NS plans to utilize all four shops (Juniata Locomotive Works, Hollidaysburg Car Shop, Roanoke Shops-Locomotive and Roanoke Shops-Car) for insourcing operations.

NS has maintained a buffer fleet of approximately 100 locomotives to meet seasonal needs. At times, NS leases these locomotives to other carriers with a call-back provision. Maintenance on these units is limited largely to work performed by the lessee. Given the capabilities of Altoona, NS sees opportunities to expand the lease fleet using the repair capacity at the Juniata Locomotive Works. NS anticipates maintaining locomotives suitable for lease at Altoona to meet surges in NS' business and to accommodate the requirements of other carriers. NS believes this practice will increase shop workload.

11.4 Locomotive Heavy Repair Facilities

Juniata Locomotive Works is the heavy repair shop for Conrail at Altoona. Norfolk Southern performs similar functions at its Roanoke Shops-Locomotive and at Pegram Shop in Atlanta.

Following implementation, the shop at Altoona will become the primary system

shop for General Motors (EMD) locomotive overhaul and component rebuild. Roanoke Shops-Locomotive will become the primary system shop for General Electric (GE) locomotive overhaul and component rebuild. This does not preclude the overhaul, rebuild, or remanufacture of General Electric or other manufacturers' locomotives or components at Altoona nor of General Motors or other manufacturers' locomotives at Roanoke for purposes of insourcing or for other needs. However, Improved efficiencies will result from specialization at these shops.

Presently, NS overhauls locomotive trucks at a fixed interval at Pegram Shop in Atlanta. Pegram also provides most intermediate wheel replacement work for locomotives which experience thin rim wheels between truck overhauls.

After implementation, Pegram Shop will close and truck overhaul will be transferred to Altoona. Additional capital of approximately \$60 million will be required for tooling to accommodate increased truck and wheel work at Altoona, as shown in Section 7.1.7. Intermediate wheel replacement work on NS locomotives will also be performed at the Chattanooga Diesel Shop and the Shaffers Crossing Locomotive Shop. Capital improvements at the Shaffers Crossing Locomotive Shop will be necessary to facilitate the replacement of wheels between truck overhaul, as discussed in Section 7.1.7.

The cleaning and testing of air brake valves is currently performed at Altoona (Conrail), Chattanooga (NS) and by contractors. NS will perform air brake work at Altoona and with contractors. During the first year of combined operations, NS will evaluate cost, quality and control issues pertinent to the rebuilding of air brake

equipment.

NS will consolidate wreck repair for heavily damaged locomotives at Altoona. Minor damage, such as caused by grade crossing accidents, will continue to be repaired at outlying points. Machine shop equipment at Roanoke Shops-Locomotive will be retained for support of the car shop, facility and special project work.

Currently, NS operates paint facilities at Chattanooga and Roanoke for locomotives and cars respectively. Conrail facilities at Altoona paint locomotives and the Hollidaysburg shop paints cars. Under a combined system, all paint shops would initially remain open. During the first 24 months, Chattanooga would continue to paint locomotives as NS transitions the fleet to a single paint scheme. At the expiration of this period, NS will consolidate locomotive painting in Altoona and make the Chattanooga facility available for other corporate uses.

At present, NS rebuilds EMD and GE turbochargers at Roanoke Shops. Conrail unit exchanges EMD turbochargers with suppliers while rebuilding GE turbochargers at Altoona. NS will transfer turbocharger work to Roanoke Shops after consolidation, supplementing in-house remanufacturing with the products of suppliers as external customers and internal demand requires. This change will save \$1 million annually.

Today, NS and Conrail maintain machine shops at Roanoke and Altoona respectively to support shop operations and to provide limited manufacturing of parts. To the extent machine tool operations are performed to support system operation or special project work, machining and associated fabrication will be performed at Roanoke.

Given the unique repair/build capabilities of the Altoona/Hollidaysburg and

Roanoke facilities, NS will pursue opportunities to lower costs through in-house repair and remanufacture. Individual cost studies of components will be performed to evaluate the repair versus buy choices, recognizing the margins of suppliers associated with purchasing often offer an opportunity for savings. Specific repair activity to be evaluated will include injector rebuild, roller bearing repair, axle manufacturing, foundry work, cleansing, oiling, testing and stenciling of car air brake equipment, bolster/side frame reclamation and other tasks. Also, the greater volume of maintenance and repair work associated with the expanded NS systems combined fleet will help maximize shop capacity utilization and reduce per unit repair costs.

At the end of the third year following the acquisition, productivity improvements will reduce the total average variable maintenance expense for the Conrail locomotives operated by NS by approximately \$8.3 million per year. These improvements will be realized as the combined locomotive fleet maintenance practices are implemented.

The changes discussed above will result in the elimination or transfer of some positions. At certain locations, the net impact of work restructuring-related position transfers and reductions will be that staffing levels remain essentially the same. Others such as Altoona, will experience a sizable increase sufficient to handle NS, as well as CSX and other insourcing, work. (See Labor Impact Statement.)

11.5 Diesel Terminals/Diesel Shops & Small Engine House Facilities

Both Conrail and NS operate running repair facilities for locomotive maintenance. Sometimes called "diesel terminals" or "diesel shops," these facilities provide the required 92-day inspection and related running repair activity. Presently, they are located at Pittsburgh (Conway on Conrail), Enola (near Harrisburg on Conrail), Shaffers

Crossing (Roanoke on NS), Bellevue (near Sandusky, OH on NS) and Chattanooga (NS). NS presently assigns locomotives to a home shop for 92-day maintenance. This process does not preclude performance of the 92-day maintenance at locations other than a particular locomotive's home shop when the need arises, but rather centralizes record keeping, maintenance analysis and performance measurements. Conrail, on the other hand, has met the 92-day inspection requirement with a free running fleet where road locomotives may be inspected at any facility. This includes a number of small engine houses at Elkhart, Pavonia and Oak Island which supplement the inspection work at the larger diesel terminals.

NS will expand the home shop concept after consolidation. The 92-day inspection work will continue at Shaffers Crossing and Chattanooga. Inasmuch as Bellevue, Conway and Enola are located on a common corridor, a study will be undertaken to assess the strategic location of shops as related to train operations and to rationalize shop capacity. For the purpose of this application, it is assumed that two of these three shops will remain. Consolidation of 92-day inspection work for road locomotives at four major shops will impact smaller facilities such as Elkhart, Pavonia and Oak Island because they will cease to do inspection work on road units or rotating yard power.

Both Conrail and NS separate the back shop/overhaul function at Altoona and Roanoke respectively from routine maintenance at Conway, Enola, Chattanooga, Shaffers Crossing and Bellevue. Several minor differences in practice exist. For example, on Conrail, failed main generators identified at the diesel shops are replaced at Altoona. Norfolk Southern plans to change main generators, turbochargers, auxiliary generators and air compressors at the diesel terminals or diesel shops. In the future, all

of this work will be done at diesel terminal/diesel shops rather than system backshops.

11.6 Car Heavy Repair Facilities

Conrail has a heavy repair shop at Hollidaysburg. This is a large capacity shop with capabilities to build new cars and do heavy repairs and capacity to perform insourcing work for CSX and others. A wheel shop and paint facilities are incorporated in this facility. NS has a heavy repair shop at Roanoke. This shop can build new cars, perform heavy repairs and do extensive parts reclamation and fabrication. Roanoke has a paint shop and a foundry capable of producing a wide variety of car parts. Both shops will continue to be utilized following the Acquisition.

Hollidaysburg will absorb most car program work with Roanoke Shops-Car concentrating on new car construction and rebodying. Extensive fabrication equipment at Roanoke will be used in lieu of kits furnished to Hollidaysburg by car suppliers, thereby saving an average of \$3 million annually. Program car repairs at Macedonia, OH on Conrail and Decatur, IL, and Williamson, WV on NS will be eliminated.

Freight car part reclamation will be consolidated in Roanoke Shops-Car. The foundry at Roanoke will be utilized to produce parts to support program work at Hollidaysburg.

Passenger car/office car work is presently performed at Roanoke and Altoona for the respective business car fleets. Altoona offers an enclosed 700-foot building for storage and maintenance of these business cars. After consolidation, the remaining business cars would be maintained at Altoona Shops.

NS anticipates continued paint operations at both Hollidaysburg and Roanoke.

Roanoke Shops will continue to paint cars from new car construction and rebody programs. Hollidaysburg will provide other freight car painting, primarily that associated with car program work.

NS will halt scrapping of retired freight cars at Hollidaysburg. NS prefers to rely on the expertise of salvage operators for scrapping of retired freight cars.

11.7 Car Running Repair Facilities

Following the acquisition, a study will be done of the combined system running repair facilities evaluating their location and capacity relative to new traffic flows and train operations. For the purposes of this Application, it is assumed that the car shops at Enola and Ft. Wayne would be closed.

11.8 Mechanical Department Organization

The Mechanical Department will be headquartered in Roanoke, VA. The Conrail properties that are added to the present NS will be formed into a new operating region which will contain three new divisions. For the purposes of this Application, the three divisions will assume to be headquartered in Dearborn, Pittsburgh and Harrisburg with mechanical activities headed by a Division Manager-Mechanical Operations. There will be an Assistant Director Mechanical Operations stationed, for the purposes of this Application, at Pittsburgh, who will oversee the three new division managers.

Conrail's supervisory positions will be coordinated with NS' workforce. This coordination will improve the organizational structure, eliminate redundancy of positions and responsibility and provide a less complicated chain of command. NS currently matches individual first-line supervisory talents with the technical requirements of

various shop locations and mechanical territories. Currently, NS reassigns individual first-line supervisors as mechanical operations require to effectively support train operations.

NS intends to manage the operation on the acquired Conrail lines in the same manner. The result will be increased efficiency and productivity in both field operations and shops.

11.9 Shared Assets Area Repair Facilities

There will be mechanical repair facilities in the Shared Assets Areas at Detroit, Philadelphia, Camden and Oak Island and additional manpower assigned at smaller locations within these general areas. These personnel and facilities will operate separately from NS under the direction of Conrail management. Employees who presently are in the same seniority districts as those who will become part of the Shared Assets Area, but who are assigned outside of the geographic boundaries of the Shared Assets Area, will work for the carrier that controls that area. Currently, on Conrail, manpower and equipment are located at certain facilities which, after the transaction, will become shared areas, but with resources used principally outside of that shared area. After the transaction, these resources will be relocated to other sites outside the shared areas.

11.10 Seniority District Divisions

The present Conrail mechanical crafts are grouped into 18 separate seniority districts across the system. The geographic division of the Conrail property between NS and CSX will result in divisions of these districts. Employee positions currently assigned to locations within those geographic divisions will be assigned to the carrier

that operates that area. This will also occur in the development of the shared areas, as discussed in Section 11.9.

11.11 Training

NS has long used its training center at McDonough, GA for training new hires. Conrail does some technical training at several specific locations around its system but has no centralized location. NS believes uniform training on safety and technical matters at a single location has contributed to its success and desires to expand this concept using McDonough as the system center.

12.0 COORDINATION OF MAINTENANCE OF WAY

12.1 Introduction

NS is responsible for a substantially larger system than that being acquired from Conrail. As a general rule, the NS Engineering Department plans to extend its current managerial organization, standards, policies and procedures to the acquired properties. The following describes many of the intended changes.

Achieving NS personal injury ratios and track-related derailment incident levels on Conrail will contribute to saving approximately \$20.7 million on a system basis.

12.2 Division Reorganization

NS will create three new operating divisions in the new Northeastern Region. This will supplement NS' existing nine divisions which are divided into two operating regions. This organization does not preclude possible realignments in the future.

12.3 Managerial Organization

The NS Engineering Department is comprised of two departments and two groups, all of which report to the Vice President Engineering:

- Maintenance of Way and Structures Department
- Communications and Signal Department
- Design and Construction Group
- Engineering Cost and Systems Group

Major technical support and personnel functions are centralized in Atlanta.

The NS Maintenance of Way and Structures Department is directed by an assistant vice president. The department is organized by function into the following major sections: line maintenance (which includes maintenance of bridges and structures), program maintenance, maintenance equipment, bridge engineering and administration. Each section is directed by a chief engineer except for the maintenance equipment section (general superintendent) and administration section (system manager). Each chief engineer line maintenance, located in Atlanta, is responsible for maintenance operations in several operating divisions. Each division is under the supervision of a division engineer who reports to a chief engineer line maintenance. Reporting to each division engineer are two or more assistant division engineers, each of whom will have several supervisors with assistant supervisors reporting to them. The supervisors and assistant supervisors have direct supervision over the various work gangs on their territory.

The NS Communications and Signal Department (C&S) is directed by an assistant vice president. C&S is organized by function into five major sections: C&S operations, administration, communications engineering, signal and electrical (S&E) engineering and signal and electrical construction. C&S operations are divided into an East and West region with each under the direction of a chief engineer located in Atlanta. C&S administration and communications engineering are headed by a director. S&E engineering is directed by a chief engineer and S&E construction by a general superintendent.

Each division is directed by a general supervisor C&S with C&S supervisors reporting to the general supervisor C&S. In areas where the territory is larger than normal, there may be assistant general supervisors to whom the C&S supervisors report. Work gangs report to the C&S supervisors.

Various Conrail engineering and mechanical asset departments report to the Vice President Operating assets. The departments which comprise the engineering portion are:

Roadway Assets Department

Communications and Signals Department

Asset Organization Department

Design and Construction Department

Major technical and operating functions are centralized in Philadelphia.

The Roadway Assets Department is directed by a chief engineer. The department is organized by function into the following major sections: program maintenance, maintenance of way, standards and track analysis, structures and planning support. Each section is directed by an assistant chief engineer. The assistant chief engineers for maintenance of way and structures are responsible for coordinating division activities for track structures.

The Communications and Signals Department is directed by a chief engineer. The department is organized by function into the following major sections: design, signals and train control, communications, yards and control systems and construction. Each section is directed by an assistant chief engineer or system engineer. The

assistant chief engineer signals and train control is responsible for coordinating division activities for signals and train control. The assistant chief engineer construction is responsible for all construction projects involving either signals or communications. The assistant chief engineer design is responsible for all signal and construction engineering design.

Engineering forces on the divisions are under the control of a division engineer who reports to the division superintendent. Reporting to each division engineer are four assistant division engineers with responsibility for track, signals, equipment and structures. Reporting to each track assistant division engineer are three or more track engineers, each of whom will have several track supervisors reporting to them. The supervisors have direct supervision of the various work gangs on their territory. Reporting to each signal or structures assistant division engineer are numerous signal supervisors who have direct supervision of the various work gangs on their territory. The assistant division engineer equipment has direct supervision of the machinery repair personnel on their territory.

NS will continue to review best management and engineering practices of both properties, but intends to implement the general form of NS' Engineering Department organization described above.

Conrail's supervisory positions, including first-line agreement supervision, will be coordinated with NS' workforce. This will be done to improve the organizational structure, to eliminate redundancy of positions and responsibility and to provide a less complicated chain of command. NS currently matches individual first-line supervisory

talents with the technical requirements of various shop locations and engineering territories. Currently, NS reassigns individual first-line supervisors as engineering operations require to effectively support train operations.

These and other management and engineering practices will be implemented on the expanded NS system.

12.4 Training

NS operates a training center at McDonough, GA which provides instruction in welding, signal, track and bridge maintenance. Conrail performs signal maintenance training at its Columbus, OH facility. Bridge and track maintenance skills are learned on-the-job at Conrail or in ad-hoc foreman training programs at Pittsburgh, PA.

The Columbus facility will be closed and signal maintenance training will be consolidated at McDonough. NS will extend its training requirements to its entire expanded system and utilize the McDonough facility to upgrade employee skills as needed.

12.5 New Construction

NS foresees an immediate need to construct or upgrade terminal capacity, track connections, siding extensions, signal systems and road crossings necessary in order to implement this Operating Plan. The work required exceeds the capacity of existing NS personnel and equipment. NS will, therefore, augment its forces through the use of contractors during the implementation of the operating and track rehabilitation plans.

12.6 Communications and Signal

12.6.1 Shops, Facilities, and System Operations

NS maintains its system signal shop at Roanoke, VA and a reporting desk, staffed by non-agreement employees, to log signal or communications malfunctions, in Atlanta, GA. Conrail currently operates its systems signal shop and a service desk staffed by agreement employees in Columbus, OH. NS will consolidate the Conrail service desk into the system reporting desk in Atlanta.

To obtain the advantages of competitive bidding for signal system components, NS will extend to the expanded NS system its practice of purchasing assembled, pre-wired signal bungalows and other equipment from outside vendors. The Conrail signal repair facility in Columbus will be consolidated into the existing NS facility in Roanoke.

To achieve economies of scale and reduce redundant facilities, operations of the 13 small radio repair shops operated on the acquired lines will be evaluated and certain functions, such as radio repairs, will be consolidated into a single NS facility at a location yet to be determined.

Construction and maintenance of microwave, data, and voice equipment will continue to be performed by contractors on the acquired Conrail properties.

12.6.2 Division Maintenance Operations

Communications and Signal operations will parallel current NS standards, policies, and procedures. Signal maintainers and communications maintainers are assigned to defined territories and are responsible for day-to-day testing and maintenance on those territories. NS communications territories currently encompass more than one operating division, an arrangement which assures the most efficient

utilization of manpower and maximizes the employees' work opportunities. Flexibility and response time are enhanced because maintainers may be used across territories and regions under certain circumstances and conditions. NS will achieve manpower efficiencies, enhance signal-trouble response capabilities and improve operations by utilizing a similar deployment of maintainers on the expanded NS system.

The Conrail property which will be operated by NS will be regarded as a single NS region for the purpose of assigning communications maintainer territories. For signal maintainers, these routes will be treated as a single NS region and maintainer territories will be established, based on a managerial assessment of workload.

12.6.3 C&S Construction Operations

Construction gangs on NS are responsible for specific project work that may occur across the entire system. These gangs work from point-to-point, crossing regions as assigned by management. NS will improve operations and achieve manpower efficiencies by utilizing a similar deployment of construction gangs on the expanded NS system. To accomplish efficiently the construction tasks assigned, the Conrail routes assigned to NS will be treated as a new region for construction gangs. This practice permits management the flexibility needed to plan efficiently around weather, traffic conditions, and work requirements on various regions.

12.7 Maintenance of Way and Structures

12.7.1 Program Maintenance

Production forces perform the major maintenance and repair projects. The most significant forces are those that lay rail, remove and/or install ties and surface the track. On NS these programs are performed by a limited number of highly mechanized forces specifically equipped for efficient execution of the particular task.

NS has developed special material handling equipment, rail laying and crosstie installation technologies and work practices. Because of the degree of mechanization and the significance of the operation to the overall maintenance function, some of these production forces are staffed with one or more first-line supervisors that have jurisdiction over the day-to-day management and operation of such gangs throughout the entire work season. Also, equipment repairmen generally remain with these forces to perform preventative maintenance as well as to repair breakdowns on the mechanized equipment.

These production gang policies, standards and practices will be extended to the performance of program work on the routes acquired from Conrail. Some production forces, such as Rail Gangs and Timber and Surfacing Gangs, will work schedules that include both some assigned Conrail lines and some existing NS lines during the same work season. Continuity of supervision and work force with such projects over the duration of a particular gang's work season enhances safety and productivity and reduces costs and manpower requirements.

12.7.2 Non-Program Maintenance

Basic day-to-day track, structures and equipment maintenance activities are managed primarily on a division level. As previously stated, NS initially will manage operations on the assigned Conrail routes by placing them under the jurisdiction of a chief engineer line maintenance who will be responsible for the assigned routes. These routes will be divided among three division engineers. On NS, each such division engineer has certain forces primarily dedicated to the maintenance operation on that particular division. These forces are subject to use throughout the division as needed and at times are supplemented with forces that work over more than one division. NS will operate the divisions comprising the assigned Conrail routes in that same manner.

12.7.3 Inspection

Currently, on NS, regularly scheduled track inspections, as well as special inspections for unforeseen conditions (such as hot weather and floods), involve use of a first-line supervisor having jurisdiction over a specific territory, with or without union-represented foremen, laborers or other employees. Inspection with timely and proper performance of remedial repairs is the first line of defense in the safe operation of trains. NS intends to directly involve qualified first-line supervisors in the day-to-day performance of these inspections and repairs that are so vital to train operations and safety. Likewise, bridge inspections on NS currently are performed by a first-line supervisor having jurisdiction over a specific territory or by qualified Bridge and Building employees designated by that supervisor. This ensures that a sufficiently trained and qualified supervisor with ability and authority to evaluate, prioritize and implement specific remedial action participates in the inspection process.

Supervisory demands of individual territories within a division vary with size and type and/or volume of train traffic, as well as such considerations as climate, geography and track/bridge conditions. Likewise, varying types of production forces necessitate different supervisory skills and responsibilities. NS currently matches individual first-line supervisory talents with the varying particular requirements of specific territories or type of production forces and intends to manage the operation on the assigned Conrail lines in the same manner.

12.7.4 Work Equipment

Work equipment is not confined to any particular territory, and during the course of a season, a particular machine might be used through a large portion of the NS system. Some equipment maintenance is performed on line of road while heavier repairs, such as overhauls, need to be performed in a properly equipped shop facility. NS operates a consolidated equipment repair facility at Charlotte, NC. In the first year following NS' exercise of control over certain Conrail routes, NS anticipates ceasing the use of the repair facility at Canton, OH. Equipment used by NS that was formerly repaired at that facility will be maintained at the Charlotte Roadway Shop, or at various other locations on the expanded system, depending on the nature of the repair.

A one-time investment of \$12.5 million will be made in expanding the Charlotte Roadway Shop capacity.

12.7.5 Rail Welding

Rail welding for NS is performed in Atlanta, GA, and for Conrail at Lucknow, PA (near Harrisburg). NS will close the Lucknow plant and centralize all such rail welding at the more efficient Atlanta facility. The Atlanta facility produces welds at a lower unit cost and will require no additional capital investment. This combined use of the more efficient Atlanta facility will result in estimated annual savings of \$1 million.

12.7.6 Manufactured Trackwork

NS requirements for stock rails and spring frogs are currently met by its shop in Birmingham, AL. This shop will be used to supplement material Conrail formerly purchased wholly from outside vendors.

NS uses prefabricated turnouts in large quantities and currently manufactures them at Roanoke, VA and Atlanta, GA for use throughout the system. Additionally, NS rebuilds some rail bound frogs at the Roanoke facility for the entire system. Excess capacity at the Atlanta and Roanoke facilities will be used, to the extent possible, to supplement the manufactured trackwork Conrail formerly purchased from outside vendors.

The manufacture of these components in-house will realize a net annual savings of nearly \$0.8 million.

13.0 OPERATING ORGANIZATION

13.1 Regions and Divisions

The NS transportation organization consists of two regional General Managers, both located in Atlanta, with nine operating divisions. Each of these divisions is headed by a Division Superintendent and each division office contains the train dispatching office for its territory. Reporting to the Division Superintendent are an Assistant Division Superintendent for train operations, an Assistant Superintendent for train dispatching, a Division Road Foreman of Engines and the Superintendents of Terminals for any major yards located on the division. The mechanical and engineering forces responsible for day-to-day maintenance of facilities and equipment report to a Division Manager Mechanical Operations and a Division Engineer respectively who, in turn, report up through their functional departments.

The Conrail transportation organization consists of five operating divisions, each headed by a Division General Manager. Reporting to the General Manager are a Division Transportation Superintendent, a Division Engineer and a Division Mechanical Superintendent. Reporting to the Division Transportation Superintendent is a Director of Train Operations responsible for train dispatching, a Division Road Foreman of Engines and District Superintendents responsible for train operations on the lines and yards of the division.

On its expanded system, NS will create a new Northeastern Region, headquartered at Pittsburgh and headed by a General Manager. Reporting to the General Manager will be three Division Superintendents responsible for train operations

and train dispatching. These three divisions will be located at Pittsburgh, Dearborn, MI and a location in Pennsylvania to be determined, but for the purposes of this Application, assumed to be Harrisburg, PA. Dispatching functions will be linked to the Operations Control Center in Atlanta and other functional areas by wide-area network applications.

The Operations Planning and Operating Rules staff functions currently located at the Conrail divisions will be relocated to centralized staff functions at Atlanta and Roanoke. The Division Engineers, General Supervisors and Division Mechanical Superintendents will report through their functional organizations to the AVP-Maintenance of Way and Structures, AVP-Communications and Signals, and AVP Mechanical, as is the case in the current NS organizational structure.

13.1.1 Transportation Headquarters Staff Support

NS has consolidated several staff support functions at the Operations Control Center in Atlanta. These groups include such activities as Amtrak liaison, Damage Prevention and Auto Distribution, Terminal Operations, Service Design, Transportation Planning, Clearances, Budgets, Crew Lodging, and Joint Facilities.

Conrail has similar groups which perform the same functions and which are principally located at its headquarters site in Philadelphia. Although the activities performed are similar to those at NS, not all of the Conrail functions are part of its Transportation or Service Delivery Department. Some of the functions are part of the Conrail Service Group organization.

For the purpose of this Application, it is assumed that NS will consolidate these transportation support functions in Atlanta.

13.1.2 Operations and Locomotive Control

Planning and control for the NS locomotive fleet is centralized in Atlanta. The Operations and Locomotive Control section of the Operations Control Center directs the continuous execution of the operating plan, protecting corporate service goals through effective locomotive utilization and movement of traffic.

Conrail's Train Operations group in Philadelphia coordinates the system transportation network which provides for distribution of motive power.

The Operations Control Center will be consolidated in one location at Atlanta. This will facilitate the integration of the locomotive fleet allowing for improved utilization of motive power and a significant reduction in the size of the combined locomotive fleet.

It is expected that the consolidated system will be able to operate its projected trains, including its increased business, with 290 fewer locomotives than currently exist in the total combined fleets.

13.2 Crew District Changes

The Conrail routes assigned to NS are substantially end-to-end with existing NS routes. Certain changes in operating crews districts will be necessary to integrate operations and realize both improved service and other intended benefits from this Operating Plan and the underlying transaction.

It will be necessary to change or expand certain crew districts to allow efficient movements between current Conrail and NS terminals. The new districts, assumed to exist for the purposes of this Plan include:

- Creation of a 193/189 mile district between Conrail-Harrisburg, PA and NS-Manassas, VA, and NS-Shenandoah, VA to replace the current 86 mile Conrail-Harrisburg-Hagerstown, MD district and the 107/104 mile NS-Hagerstown-Manassas/Shenandoah, VA districts.
- Creation of a new 160 mile district between Conrail-Toledo, OH and NS-Peru, IN for intermodal trains using the Butler, IN connection.
- A re-routing of the existing Conrail district between Pittsburgh (Conway), PA and Buckeye Yard, OH to operate via a new connection to be constructed at Bucyrus, OH over existing NS track between Bucyrus and a new connection to be constructed at Columbus, OH.
- Creation of an 84 mile district between Conrail-Elkhart, IN and NS-Peru, IN via Goshen and Wabash, IN.
- Creation of a 183 mile district between NS-Bellevue, OH and Conrail-Elkhart, IN via the new Oak Harbor Connection.
- Creation of a 170 mile district between NS-Detroit and Conrail-Elkhart, IN via the new Butler, IN connection.
- Creation of a 103 mile district between NS-Detroit and NS-Bellevue, OH utilizing Conrail tracks between Ecorse Jct., MI and the new Oak Harbor, OH connection.
- Creation of a 125 mile district between Conrail-Elkhart, IN and NS-Muncie, IN for Cincinnati-Chicago train over Conrail's Marion district.
- Creation of a 182 mile district between NS/Conrail-Cleveland and NS-Buffalo for trains operating between Chicago and Buffalo via the new Vermilion Connection.

13.3 Train Dispatching

Both Conrail and NS dispatching offices are located at Division headquarters.

The Operating Plan for the expanded NS system contemplates the continued deployment of dispatching offices in this manner although the Mt. Laurel, NJ office eventually will be closed, and dispatching responsibilities moved to a new division office which, for the purposes of this Application, is assumed to be Harrisburg, PA.

Field dispatching offices will be linked via wide area network technology to the Operations Control Center in Atlanta. Other users will be similarly connected to the dispatch network on a need-to-know basis.

In order to facilitate the split of Conrail between NS and CSX some shifting of territorial boundaries will be necessary in order to align dispatcher desks with each railroad's assigned territory. Dispatch desks for the Marion Branch, Cincinnati Line, and West Virginia Secondary will be transferred to NS from the CSX Indianapolis Division office. Dispatch desks for the Southern Tier including the Corning Secondary and the Buffalo Line will be transferred to NS from the CSX Albany Division office. Similarly, dispatch desks for the Cleveland East Dispatcher and Cleveland Terminal Dispatcher at Dearborn as well as the Trenton Line, the River Line, the Popes Creek Secondary, the Herbert Secondary and the Landover Line at Mt. Laurel, NJ will be transferred to CSX locations. Several of the desks at Mt. Laurel, NJ and one desk at Dearborn will be transferred to the Shared Assets Areas.

14.0 INFORMATION TECHNOLOGY and COMMUNICATIONS SYSTEMS

14.1 Information Technology

Both Conrail and NS currently have information technology organizations with responsibility for computer operations and design, as well as responsibility for development and maintenance of computer systems required to support and improve all aspects of each railroad's operations. NS' Information Technology Department is headquartered in Norfolk, VA, with computer operations in Atlanta and its applications development staff is located in both Atlanta and Roanoke.

Conrail's Information Systems Department is headquartered in Philadelphia, PA, with an operations center in North Philadelphia.

NS currently is completing an extensive rewrite (including significant enhancements) to its core transportation systems. Work is also well underway to rework the NS revenue systems. Many other mission critical systems have been reworked significantly within the last five to ten years as well.

Conrail's core systems are, for the most part, 15 to 20 years old. Recent development activity primarily has been focused on maintenance and enhancement of the existing environment while investigating purchase of additional systems from outside sources.

Given the age and lack of integration of Conrail's information systems, the current strategy calls for a rapid and aggressive implementation of NS systems on the Conrail property to be assigned to NS. The largely end-to-end nature of the

consolidation, along with the already existing heavy use of standardized electronic data interchange and industry information flows, will allow for a sequential implementation of the new NS systems across Conrail while still operating current Conrail systems on the balance of the property.

This strategy also is facilitated by the fact that implementation of NS' new intermodal management system will be completed by mid-1997. Further implementation of the new NS yard management and inventory system will begin in mid-1997, and all of the required training and implementation procedures will be fully tested and ready for use to apply these systems to the Conrail properties.

In addition to allowing the expanded NS system to quickly achieve maximum efficiency and effectiveness from a systems standpoint, the rapid implementation strategy also will greatly mitigate the potential impact of so-called "Year 2000" problems with the Conrail systems. These problems stem from the fact that many computer systems, and particularly those developed ten or more years ago, are unable to handle "2000" as a meaningful date. NS' newer systems are able to deal with the "Year 2000" problem, and an aggressive program to convert the balance of the NS systems is underway. As many of Conrail's systems are more than ten years old, conversion challenges (and associated risks) are significantly higher.

Consolidation of Information Technology Departments, computer systems and Data Centers can be expected to strengthen information technology capabilities and yield significant savings through reduced hardware, software, facilities and personnel costs. The NS and Conrail information technology organizations will be capable of

providing adequate resources and skills to handle most information system initiatives made necessary by the Acquisition. During integration however, MS anticipates the use of contract programmers to ensure a smooth transition of systems.

Similar efficiencies should be realized in the other major cost components of information technology. Both carriers are operating data centers with two main-frame computers along with associated data storage devices, and both also have a number of "server" computers for other systems. Both carriers use the same basic technologies which will facilitate integration. NS' computer needs can be met by using two mainframe computers located in a single primary computer center. Although these mainframes may have to have more computing power than those now in use at either company, NS' current contracts for most of its mainframe operating software, one of the high cost items in data center operations, allow for a substantial increase in computing power at no additional cost.

A smaller information technology staff will also result in a smaller overall technical infrastructure (computers, monitors, printers, cabling, etc.). This smaller infrastructure will produce savings in maintenance and ongoing replacement costs. The purchase of more computing and data storage capacity, as well as software and staff costs, will increase NS's costs compared to current levels. However, the elimination of two mainframes and their associated devices, along with the data center itself, will result in substantial savings in contract staff, software purchase and licensing fees, hardware and software maintenance staff, and operating overhead, (such as utilities) when compared to the two companies' current technology budgets.

Overall, the integration of the Conrail properties into NS information systems will require expenditures of approximately \$25 million over a three year period; \$10 million for software development and modification; and \$15 million for hardware.

14.2 Telecommunications

Microwave, data and voice equipment and services on NS fall under the jurisdiction of the Engineering Department, Communications and Signals group. In the expanded NS system, Conrail telecommunications work will be transferred to the Engineering Department, headquartered in Atlanta. Communications services will remain predominantly contracted out with services directed by the C&S group. Radio shop facilities are discussed in Section 12.6.1.

15.0 SUPPLY

All railroads buy the same types of materials, equipment, and services. By assuming the purchase and supply functions for the expanded system, NS can achieve major cost savings. These savings result from four factors:

1. adoption by the combined entity of the best purchase and supply practices of each railroad;
2. lower prices due to larger volume purchases;
3. inventory reduction;
4. and a reduction in the number of personnel and systems dedicated by the separate railroads to purchasing and supply.

As detailed below, estimated recurring potential consolidation savings totaling \$29.6 million after the third year following consolidation have been identified from six areas involved in the purchasing and supply functions:

Fuel	\$ 6.3 Million
Equipment	\$13.0 Million
Engineering	\$ 7.6 Million
<u>Contract Services</u>	<u>\$ 2.7 Million</u>
Total	\$29.6 Million

15.1 Best Practices

Best practices taken from both companies account for the largest portion of these savings. In the freight car area, \$8.9 million will be saved by adopting NS' car scrapping, shipping and parts reclamation practices, and by using Conrail facilities when cost effective to make major rehabilitations, modifications and upgrades to cars. Similarly, \$6.3 million will be saved by standardizing on NS fuel purchasing practices. Another \$6.9 million can be saved in the engineering area by standardizing on best practices. Standardizing specifications and bidding practices will generate a savings of \$2.4 million annually in the crew hauling and bridge and track work areas of service contracts.

15.2 Annual Volume Purchasing Savings

It is projected that \$0.7 million can be saved on volume purchases of engineering material. New freight car and locomotive purchases will produce another \$4.1 million in volume purchasing savings. Transportation volume discounts will produce another \$0.3 million in the service contracts area.

15.3 Inventory

A comparison of inventory turn rates indicates that Conrail has done a better job of controlling inventories in some areas, while NS has done better in others. Implementation of best practices in the supply function should result in a combined inventory reduction of \$20 million. A reduction of this magnitude will result in a reduction in annual working capital costs.

15.4 Personnel

In the personnel area, staff will be reduced mainly through reassignment, attrition and retirements, during the first year. Purchasing Department operations for the consolidated system will be headquartered in Roanoke, VA

APPENDICES

APPENDIX A - NS

Projected Seniority, Agreement, and Territory Changes Necessary Under the Operating Plan

I. INTRODUCTION

The Operating Plan included in the Application describes the operation of Norfolk Southern Corporation, Norfolk Southern Railway Company and their subsidiaries (collectively NS) after the consummation of the transaction herein, in which, among other things, NS will acquire the right to operate certain routes, facilities and assets of Conrail, Inc. and Consolidated Rail Corporation (Conrail). CSX Transportation, Inc. (CSX) will acquire the right to operate certain other Conrail routes, facilities, and assets, while still other of those routes, facilities and assets will be retained by Conrail (Shared Assets Area or SAA) and used by both NS and CSX to provide transportation service to the public.

In this Appendix A applicant NS describes the coordinations and transfers of work that will be necessary to accomplish the Transaction and realize the anticipated increases in transportation efficiency, competition between carriers, and other benefits under it to the public, and the concomitant necessary changes in collective bargaining agreements and carrier practices. The coordinations and the changes in agreements and operations described below, however, are by no means an exhaustive list. Many more will be required under this transaction to accomplish its goals of increased transportation efficiency, competition, and other public benefits. The additional changes that will be needed in the future may only become apparent after the transaction, as NS is able to evaluate more fully the new rail traffic that will develop, new shipper requests for service, future competitive opportunities, and the workings of its expanded rail system under the Operating Plan and the changes described in this Appendix.

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Operation of the Conrail routes and assets in its expanded system will give NS enormous opportunities to improve the transportation service available to the public. NS intends to use these opportunities to make its service more competitive and more efficient. To those ends, NS will devote every effort to put into effect the coordinations, rearrangements and transfers of work, and agreement changes that are set out in this Appendix, as well as those which experience will show in the future to be necessary for improved transportation efficiency.

II. TRANSPORTATION CRAFTS

A. General

The expanded NS system will provide improved rail service through more efficient use of rail capacity and investment and through increased productivity. In order fully to realize the potential of the expanded system, NS must integrate existing operations and terminals, shift terminal locations, combine seniority districts and crew districts, and adjust collective bargaining agreements for train and engine crews and for yardmasters.

NS will operate the Monongahela Coal area as part of the expanded NS system, and CSX will have trackage rights with the right to serve all current and future customers. Employees who work for NS on the Monongahela territory will have the same agreement and seniority as NS employees working on Conrail lines allocated to NS south and east out of Conway, Pennsylvania.

These actions are necessary to align the work force with the more efficient traffic patterns which the Transaction will allow, while maintaining the flexibility to respond to changes in customer service requirements. They will require labor agreement changes. The result of these actions and changes will be to provide employees with expanded work opportunities and at the

same time permit NS to improve the productivity and efficiency of its work force and reduce its administrative overhead.

1. Integration of Terminals

Integrating terminal operations and employees at common point locations will permit more efficient utilization of resources and enable NS to achieve the improved customer service contemplated by the Acquisition. For example, if existing NS and Conrail yards at common points were operated independently after the Transaction, transfers of cars between the yards would amount to interchanges with inherent delay to car movement and less efficient customer service. But such interchange will be eliminated and, at terminals operating as integrated terminals, road and yard crews from the current lines of both Conrail and NS will be able to operate throughout the terminal. This will reduce delays and improve transportation efficiency and shipper satisfaction.

2. Shifts of Existing Terminals

Terminal locations will be adjusted after the Acquisition so as to match the work force with the new traffic flows created by the addition of the Conrail routes to the NS system. For example, Cleveland, Ohio, is not now a major terminal for NS road crews. But in the expanded system Cleveland becomes a hub terminal so that East-West traffic may be moved more efficiently through the Buffalo-Chicago corridor. Similarly, through-freight crews operating on the existing Conrail route between Elkhart and Avon (Indianapolis) are currently home-terminaled at both Elkhart and Avon. Since NS intends to establish through-freight operations from Elkhart south on the Conrail route to Alexandria (32 miles north of Avon) and then east to

Muncie, Indiana, on NS, Elkhart will become the logical home terminal location for all crews, and the away-from-home terminal for all will be shifted to Muncie.

3. Combination of Seniority Districts

Full utilization of the work force at common points will be essential to improved transportation efficiency, and demands that the seniority districts for train and engine crews operating on existing Conrail routes be coordinated into the appropriate NS seniority districts. Common seniority will allow employees to have rights to work on all jobs within the new seniority districts without limiting them to jobs on their prior territory.

Like CSX, NS intends to use former Conrail train and engine service employees on its expanded system. Former Conrail employees, whether they are allocated to CSX or NS or the operator of the Shared Assets Areas (SAA), may only be permitted, or will be required, to exercise their former Conrail seniority only when furloughed to available positions on the other two companies until such time as they stand for recall.

4. Combination of Crew Districts

Efficient operations demand that NS implement such concepts as designating traffic by type between parallel lines, directional routing of trains, and extended runs among various existing NS and Conrail seniority districts. Combining crew districts is crucial to the success and efficiency of such operations. For example, NS plans to operate single-crew through-freight service between Bellevue, Ohio, and Elkhart, Indiana, via a new connection at Oak Harbor. This route encompasses trackage and seniority districts of both the existing Conrail and NS. Without combining this area into one crew district, expanded NS would be required needlessly to change

crews on a train when it traveled from one existing district to another. Similarly, single-crew through-freight service is planned between Toledo, Ohio, and Peru, Indiana, and between Elkhart and Peru. Again, absent combined crew districts, twice as many employees would be necessary to operate these trains as are needed. Use of these new districts will also permit operations as desirable over various existing Conrail and NS routes. These efficiencies can be achieved only if crew districts are combined.

5. Changes in Collective Bargaining Agreements

The above operational changes will not be feasible unless the employees work under common collective bargaining agreements. If NS employees and current Conrail employees holding seniority in the expanded and/or consolidated seniority districts formed in this Transaction were to continue to function under separate collective bargaining agreements, different work rules would apply to members of the same craft, a most impractical, cost-inefficient situation. Applying common agreements over the expanded system will permit the integration and combination of seniority districts and the integration of terminals, all essential to the realization of important transportation efficiencies. Were separate agreements maintained for the existing Conrail and NS lines, these efficiency changes would not be possible, as a practical matter.

The expanded NS system will integrate its locomotive and car fleet. To achieve the efficient utilization of locomotives, cabooses and shoving platforms, NS must be able to use this equipment without regard to the requirements imposed by existing local property agreements. Therefore, it will be necessary that equipment qualified under any agreement on the expanded NS system be deemed qualified throughout the system.

B. Hub Network System

Primary emphasis under the transaction will be placed on developing a hub network system that will allow substantial work forces to be placed at locations where new as well as existing traffic flows may dictate. The hub network system will enable NS to employ the operational concepts referred to above, as they may be needed to meet the constant changes of customer demands and to provide efficient service throughout expanded markets, free of archaic and inefficient restrictions.

Placement of the hubs will be based on operational requirements and the line segments will extend on both existing Conrail and NS routes in all directions radiating from the hubs. The hubs will not function independently but in concert with other hubs within regional networks for maximum efficiency in handling changes in projected traffic flows and to accommodate changes in those flows.

1. Eastern Region Hub Network

To achieve the improved North-South service described in the Operating Plan will require a combination of runs between the North Jersey SAA and, variously, Hagerstown, Manassas, Harrisburg, and Allentown, according to traffic demand. These routes incorporate both existing NS and Conrail routes in a number of combinations. The establishment of hubs operating under NS/NSR collective bargaining agreements after the transaction (see Section E, below) will allow crews to operate between these points on both existing NS and Conrail routes without problems caused by present agreement coverage of the routes involved.

2. Lake Region Hub Network

NS will also have available several alternative routes between Chicago, Detroit and Cleveland which will be used according to traffic needs. The Lake Region Hub Network is designed to accomplish this as well as to maximize crew flexibility in all directions as part of improving customer service. Placing these hubs under the NS/Nickel Plate Agreements (see Section E) will provide the employees with common seniority and work opportunities.

3. Central Region Hub Network

A third Hub Network operating between Columbus, Ohio, Portsmouth, Ohio, and Williamson and Deepwater, West Virginia, will be created, on which employees will operate under NS/NW labor agreements. Again, this hub network is designed to utilize both existing NS and Conrail routes interdependently and interchangeably to achieve improved customer service and transportation efficiency. For example, traffic south out of Columbus might be routed over both the existing NW route through Portsmouth and the Conrail route via Deepwater.

C. Yardmasters

The primary source of supply for yardmasters is the ranks of train and engine service employees. Where yardmaster agreements will be in effect, for the sake of productivity and operating efficiency, the yardmaster ranks on the expanded NS system will be handled consistent with the terms of the NS collective bargaining agreements and practices that will be in place on the property following the Transaction.

D. Employee Impact

The Hub Network System achieves the described operational and transportation efficiencies while at the same time it enhancing employees' seniority rights, and limits the potential adverse impact of changes in traffic flows. The development of realigned and flexible crew and seniority districts radiating out from hub locations gives employees expanded work opportunities. For example, an employee who had worked at Buffalo on the existing Conrail route between Buffalo and Binghamton will receive additional seniority rights at Buffalo on the existing NS line between Buffalo and Bellevue, Ohio. Similarly, an NS employee will obtain seniority on existing Conrail routes out of Buffalo to Binghamton and Harrisburg. These expanded seniority rights will not only provide additional work opportunities at Buffalo but also allow the exercise of seniority across the lines of NS covered by the NS/Nickel Plate Agreement. By providing employees with more seniority out of the hubs, additional opportunities will be created for them to fill jobs either at or closer to home.

E. Hub Locations

Hub locations of course will change from time to time as traffic flows and patterns may change because of the effects of or in connection with this Transaction. The initial hub locations for the purposes of the operating plan and this Appendix A are expected to be:

INTENTIONALLY BLANK

**HUB (LABOR AGREEMENT
that will apply)**

Cleveland (NS/NKP)

Buffalo (NS/NKP)

Ft. Wayne (NS/NKP)

PRIMARY LINE SEGMENTS

Buffalo
Conway/Pittsburgh
Mingo Jct.
Columbus
Toledo
Elkhart
Ashtabula
Ft. Wayne
Bellevue/Sandusky
Detroit

Enola/Harrisburg
Binghamton
North Jersey
Renova/Keating
Detroit(via St. Thomas)
Toledo
Cleveland

Detroit
Toledo
Chicago
Cleveland
Fostoria
Crestline
Conway/Pittsburgh
Muncie
Cincinnati
Peru
Decatur
Elkhart
Grand Rapids
Bellevue/Sandusky

**HUB (LABOR AGREEMENT
that will apply)**

Manassas/Alexandria(NS/NSR)
Hagerstown (NS/NSR)
Enola/Harrisburg (NS/NSR)

Columbus (NS/NW)

Portsmouth (NS/NW)

Williamson (NS/NW)

PRIMARY LINE SEGMENTS

Philadelphia
Allentown
North Jersey
Pocomoke
Lynchburg
Conway/Pittsburgh
Shire Oaks
Shenandoah
Altoona
Perryville
Miracle Run
Loveridge

Cincinnati
Deepwater
Portsmouth
Hobson

Columbus
Cincinnati
Williamson

Portsmouth
Deepwater
Bluefield
Carbo
Elmore
West Virginia Secondary

Note: All branch lines and terminals that lie along the primary line segments are included within a hub. All terminals that lie at the end of a primary line segment will be governed by the same agreement as the hub, except that the NS/WAB Agreement will apply at Decatur, the NS/NW Agreement at Shenandoah and Columbus, and the NSR Agreement at Cincinnati and Conway/Pittsburgh, which are the respective end points for two hubs with different agreements.

III. ENGINEERING (MW&S AND C&S) AND MECHANICAL CRAFTS

A. General

After this transaction is consummated, many of the current seniority districts in the Conrail engineering and mechanical crafts will be divided into two or even three parts as operations involving routes, assets and facilities are assigned to NS, CSX or Conrail, for its SAA operations. Today, some employees of Conrail hold seniority on more than one Conrail district, and one or more of these districts might be split among two or three carriers. NS will rationalize these surviving, truncated seniority arrangements on the Conrail routes, assets and facilities allocated to it, and coordinate them into the expanded NS system. This will enable the public best to realize increased transportation efficiencies by permitting uniform processes relating to the allocation of work responsibilities, payroll (including expense processing), material management, purchasing, training, trouble calls, bidding on jobs, job classifications, qualification requirements, and equipment utilization. Safety will be protected and improved.

As stated in the Operating Plan, for the transaction to be implemented successfully, a large number of significant capital improvements must be made to support the expanded NS operations. These capital improvements will have to be installed expeditiously, so that the changes required under this transaction may be accomplished as quickly as possible. These improvements may include, without limitation, such projects as construction of connection tracks, sidings, additional mainline or yard tracks, new or expanded terminals, signal systems, and crossing upgrades. Sufficient equipment and/or skilled employees will not be available to perform this work, in the short time period necessary, along with the other previously scheduled necessary maintenance.

To accomplish the transaction as described in the Operating Plan and enable engineering and mechanical functions to be performed with optimal efficiency and to facilitate effective transportation, the following operational and agreement changes are necessary and will be put into effect:

1. The appropriate NS collective bargaining agreement for each engineering and mechanical craft will be applied to the Conrail routes, assets and facilities that will become part of the expanded NS system. This will provide a uniform set of rules regarding working conditions. Moreover, it will permit a single uniform claims and grievance appeals procedure to be handled with NS Labor Relations at its headquarters, currently Norfolk, Virginia.

2. Conrail employees on split districts will be apportioned among NS, CSX, and the operations of the SAAs, and forces will be rearranged pursuant to agreements with the unions.

3. Contractors will be utilized, as needed and to augment company forces, in order to timely accomplish new construction and upgrade projects initially required as a result of the transaction.

In addition to these items, other modifications may become necessary following consummation of this transaction, after operation of the expanded NS system commences and new traffic patterns and transportation needs develop and can be evaluated.

B. First-line Supervision

On NS, all first-line supervisory functions in the Engineering and Mechanical Departments are performed by officers who are not covered by a labor agreement. On Conrail, many first-line supervisory employees in the Engineering and Mechanical Departments are

represented by United Railway Supervisors Association (URSA). (Bridge Inspector positions on Conrail are under an agreement with the American Railway and Airway Supervisors Association (ARASA).) These Conrail employees perform only part of the managerial functions NS requires of its first-line supervisors. On Conrail, these employees work primarily to ensure compliance with rules and procedures by monitoring the performance of day-to-day tasks. On NS, on the other hand, the non-agreement first-line supervisors perform both the compliance duties, similar to the first-line Conrail supervisors, and the management decision functions of the supervisors to whom the first-line Conrail supervisors report.

1. Displacement and Responsibilities of Supervisors

Under the agreements now applicable on Conrail, these "supervisory" positions are "bid and bump." This inhibits the carrier from matching the skill level of an individual supervisor to the demands and complexity of a specific position.

The present Conrail agreement also restricts a maintenance of way supervisor in following a gang to which he is assigned as it works across Conrail territorial boundaries. That limitation is clearly inefficient. On part of NS (a part which includes the territories of the former Norfolk and Western (NW), the New York, Chicago and St. Louis - the "Nickel Plate" (NKP), and the Wabash (WAB) railroads hereafter collectively "NWRR"), a Designated Production Gang (DPG) agreement provides for operation of specific production forces (Rail Gangs and Timber and Surfacing (T&S) Gangs) throughout that property. Two or more non-agreement supervisors are assigned to each such gang. These supervisors are responsible for the management and operation of their gang throughout the work season. Surfacing gangs, although not currently included in the NWRR DPG agreement, are similarly staffed with non-agreement

supervisors. On Conrail, the supervisors on these gangs are covered by the URSA agreement, and Conrail is divided into two seniority districts. This arrangement is inefficient as it keeps supervisors from remaining with a gang as it moves throughout the two seniority districts during the production season. Logic dictates that two employees are not needed where one will do.

In order to accomplish the transaction as described in the Operating Plan and enable engineering and mechanical supervisory functions to be performed with improved efficiency, productivity, and transportation effectiveness, the following operational and agreement changes will be necessary and will be put into effect:

- a. Supervisory employees now represented by URSA (or ARASA) on the Conrail routes and facilities allocated to NS under the Transaction will be coordinated into and become non-agreement employees covered by the same NS wage and benefit plans as apply to other, similarly situated, non-agreement employees of NS. NS' practices with respect to first-line supervision of mechanical and engineering maintenance and repair forces, of system gangs, and of other production forces, will be put into effect on the existing Conrail routes, assets and facilities that will be operated by NS.

2. Supervision and Inspection/Repair

Inspection and timely and proper performance of remedial repairs are the first line of defense in the safe operation of trains. Consistent with public safety, FRA mandate, and common sense, NS directly involves qualified first-line supervisors in the day-to-day performance of these inspections, which are vital to safe train operations. The public has a significant safety interest in NS' being able to assign first-line supervisors to the track/structure inspection and incidental repair process on existing Conrail routes that will become part of the expanded NS. Today on NS, first-line supervisors are non-agreement, but on Conrail they are represented by URSA, or, in the case of Bridge Inspector positions, are under Conrail's agreement with ARASA, and are not involved in this track inspection and incidental repair process.

To achieve the benefits in the Operating Plan, including those that will result from a safer, more productive, and more efficient track/structure inspection and incidental repair process, the following necessary changes will be put into effect:

- a. Track supervisors and assistant track supervisors will participate in track inspections and incidental repairs on the expanded NS as they now do on NS.
- b. All other inspections, such as bridge and scale, on the expanded NS will be performed as they are now on NS, either by using non-agreement supervisors or their designees.

C. Maintenance of Way and Structures Operations

1. Regional and System-wide Gangs

As a result of this transaction, Conrail routes acquired by NS in Ohio, Michigan, Indiana and Illinois will mesh with existing NS routes (i.e., the NWRR made up of the former NW, NKP,

and WAB). In addition, NS will operate over routes in the Northeast that adjoin or connect with existing NWRR routes. Present Conrail routes to be operated as part of the expanded NS system are now divided into some 15 different Conrail seniority districts, most of which will be split, with some parts going to NS and some to CSX, while in some instances part of a district will be in one of the Shared Assets Areas. To realize the transportation benefits of this transaction, some maintenance of way operations, such as rail renewal and timber and surfacing renewal, will have to be planned and operated on a system-wide basis, including the SAA locations.

To permit operation of the expanded NS system in a practical and efficient manner that will enable the public to realize the productivity improvements and transportation benefits from the transaction, as envisioned in the Operating Plan, the following will be done:

- a. The present Conrail routes, as a whole, will be incorporated into NS's existing NW-WAB BMW schedule agreement and NWRR DPG agreement for operation of Rail and T&S renewals and other regional and system-wide gang operations. This will mean that, when Rail Gangs and T&S Gangs are formed and staffed at the beginning of a season, it will then be permissible to use them for the rest of that season across the network of NW/WAB/NKP/Conrail lines, which will make up the Northern, Eastern and Western Regions of the expanded NS system.

2. **Divisional Track and B&B Forces and Work Equipment Repairmen**

Engineering functions other than rail renewals and T&S renewals may be managed on a divisional basis, but will be part of a unified, efficient operation. The arrangement of forces to perform other than rail renewals and T&S renewals on the present Conrail routes, which include all or part of 15 current Conrail seniority districts (most of which will be split in the transaction),

must be reorganized. Initially, NS will establish a new managerial region with three new managerial divisions comprising its portion of the present Conrail routes. After the transaction is accomplished, new traffic patterns and growth of markets are likely to necessitate further adjustment of these managerial territories in the future to meet growing and changing transportation demands.

To permit operation of the expanded NS system (including the Conrail lines) in a practical and efficient manner, as envisioned in the Operating Plan, and to establish a logical and rational arrangement to address the new operating patterns and achieve the transportation and productivity benefits contemplated by the transaction, at a minimum the following must be done at the outset:

- a. The existing July 1, 1986 NW-WAB Agreement with the BMWE will be applied to the existing Conrail routes that will form the expanded NS system's Northern Region (joining the existing Eastern and Western Regions), and will have three seniority Divisions corresponding to the three newly established managerial Divisions (assumed to be Dearborn, Pittsburgh and Harrisburg).
- b. The Conrail seniority rosters that now apply to these routes will be consolidated into Northern Region rosters (track) and Dearborn, Pittsburgh and Harrisburg Division rosters (B&B; Equipment Repairmen) that correspond to existing classifications in the July 1, 1986 NW-WAB (BMWE) Agreement.

3. Work Equipment

As stated in the Operating Plan, it anticipated that by Year 2 NS will have ceased using the Canton facility. NS will coordinate maintenance of way equipment repairs at Charlotte. This

will eliminate a redundant facility and permit better use of capital and labor resources. To achieve these efficiencies of the transaction, the following change in the applicable labor agreement will be necessary:

- a. Work equipment used by the expanded NS may be maintained at Charlotte Roadway Shop or various other locations on the expanded system, as is currently the practice on NS under applicable NS agreements.

D. Communications and Signal Operations

Conrail was created from many other carriers. Each had its own individual agreements, scope rules, and work assignment practices. Later, Conrail agreed with the Brotherhood of Railroad Signalman ("BRS") and the International Brotherhood of Electrical Workers ("IBEW") to perpetuate the pre-existing (and in some cases non-traditional) work assignment arrangements on the territories of the predecessor carriers. As a result, the same work is performed by BRS-represented employees on some segments of Conrail and by IBEW-represented employees on others. This can mean double training of both non-agreement supervisors and agreement employees, because either might be assigned from time to time to territories on which there are different work assignment practices. The prevalence of the non-uniform Conrail agreements, rules, etc. on the post-transaction NS system would unduly complicate the management and coordination of maintenance and repair projects and the delivery and assignment of material and equipment between the two crafts at different locations on the acquired Conrail property, which would adversely affect productivity.

Conrail currently consists of 22 seniority districts for BRS-represented signal employees. A Conrail signal construction gang is permitted to work within only one of the 22 seniority

districts and no more than 50 miles beyond the boundary of that district. If this limit is exceeded, all the jobs on the entire gang must be abolished and rebulletined. This needlessly limits the carrier's ability to use dedicated forces, equipment, and material efficiently and productively. It also imposes the added administrative burden of repeatedly abolishing and advertising positions when a gang moves across district boundaries. In comparison, NS has a total of six seniority regions (districts in Conrail terminology), three on NWRR and three on former Southern Railway. Current agreements permit gangs to work off their assigned region and over either the entire NWRR property or the former Southern Railway property for up to 60 days.

In place of these arrangements, NS will establish an arrangement which involves all Conrail routes in the expanded NS system. In order to accomplish the transaction as detailed in the Operating Plan, the following changes are necessary:

- a. The BRS-represented employees on the Conrail routes and facilities to be operated by NS under the transaction will be placed under the NW-BRS agreement dated February 1, 1984, as amended. These routes will become the NW "Eastern Region - North" seniority region.
- b. The communications work now performed by Conrail employees on the Conrail routes and facilities operated by NS under the transaction will be coordinated and placed under the NW-IBEW - Eastern Region agreement effective November 1, 1976, as amended. These routes will become the NW "Eastern Region - North" seniority region.

E. Mechanical Department Operations

The expanded NS system will operate locomotives and cars from NS and those from Conrail as a single, integrated locomotive and car fleet. Repair and maintenance of this fleet will be performed at existing Conrail and NS points on the expanded NS system, as more fully described in the Operating Plan.

To achieve the efficient realization of the transportation benefits in this transaction, NS must be able to move work easily between the large locomotive (Juniata and Roanoke Locomotive) and car (Hollidaysburg and Roanoke Car) shops, so as to avoid inefficient patterns of maintenance and under-utilization of such facilities. NS anticipates that the large shops will be utilized not only to meet its own needs, but also those of other rail equipment users who it hopes will become customers of NS. Success in marketing the shops' services will increase the capital utilization and efficiency of these facilities and will mean expanded work opportunities for the employees of the expanded NS.

Also, in order to realize the benefits under this Transaction, as detailed in the Operating Plan, several Common Points, including Buffalo, Chicago, Cleveland, Columbus and Toiedo, will be consolidated under one operation, under a common NW agreement.

For shopcraft employees on the existing Conrail, the 18 seniority districts are defined by mileposts. In comparison, NS has seniority districts based on point seniority. The applicable NW agreement, when applied to the Conrail routes and facilities, will allow more flexibility in the use of the available forces in the expanded NS system and hence foster transportation efficiency and productivity. It will alleviate problems where different geographical seniority districts would otherwise interface on the expanded NS.

Throughout the Conrail system, URSA mechanical supervisors now perform functions that duplicate some of those performed by non-agreement supervisors. With work flowing freely throughout the expanded NS, a continuation of that superfluous level of supervision after the transaction would be redundant and costly.

To realize the efficiencies to be derived from this Transaction, the following are necessary:

- a. All shop craft and laborer represented employees on the Conrail routes and facilities to be operated by NS will be placed under the NW collective bargaining agreement effective September 1, 1949, as amended.
- b. At all designated common points, the shop craft and laborer represented employees will be placed under the NW collective bargaining agreement effective September 1, 1949, as amended.
- c. All mechanical supervision on the expanded NS system will be performed in the same way as all similar supervision is now performed on NS, by non-agreement supervisors.

IV. ADMINISTRATIVE CRAFTS

A. General

Operation by NS of the routes, assets, and facilities of Conrail allocated to it in this transaction will assure and enhance rail competition throughout the Conrail service area, and bring new business and rail jobs. Substantial transportation efficiencies will be achieved by this transaction. To this end, the resources of NS, both managerial and financial, will be available

throughout the expanded NS System. Administrative functions for the consolidated system will be performed at current NS locations, using NS systems, organization, agreements and resources.

1. In order to accomplish the transaction as detailed in the Operating Plan, the appropriate NS practices and applicable NS collective bargaining agreements for each craft will be applied on Conrail routes, assets, and facilities operated by NS. This will also permit a single, system-wide uniform claims and grievance appeals procedure administered by the Labor Relations Department of the expanded NS system at its headquarters.

2. Clerical seniority districts on Conrail will be coordinated into the appropriate NS seniority districts, depending on over-all system operating needs. All work will be performed in accordance with an appropriate NS agreement with TCU, as applicable. This will provide the following efficiencies and benefits:

- a. One Wage Grade structure under the TCU National Salary Plan will continue on the expanded NS system. This simplifies the payroll process.
- b. A single wage and payroll system eliminates overlapping and redundant functions, thus allowing NS to obtain better efficiency in using its corporate assets.
- c. Employment opportunities for Conrail clerical employees will be expanded to provide them with access to openings on the entire NS system.
- d. When they are brought within the coverage of NS' existing collective bargaining agreements with TCU, former Conrail clerical employees will be protected by standard job stabilization provisions.

3. On NS, all police functions are performed by non-agreement officers. On Conrail, police employees holding the rank of Lieutenant and below are currently represented by the Fraternal Order of Police (FOP). These employees receive Conrail non-agreement salaries and

benefits. The expanded NS system will have many overlaps between existing territories currently patrolled by Conrail police and those patrolled by NS police. The two groups now patrol at numerous common points. Currently, NS and Conrail each have a police communications center.

To enhance the efficiencies flowing from the transaction, it will be necessary for all police officers to work under the same rules, obligations and responsibilities, and under one chain of command. This will eliminate jurisdictional problems and duplication of effort, rationalize overlapping territories, and provide the most effective police service. To effectuate the transaction, FOP-represented police officers on existing Conrail, who will be coordinated into NS, will work as non-agreement officer employees covered by the same NS salary and benefit plans as are applicable to other similarly situated, non-agreement police employees on NS. The work of the Conrail police communications center for the NS portion of existing Conrail territory will be coordinated and transferred to the existing NS police communications center at Roanoke, which will serve the entire expanded system.

4. NS and Conrail train dispatching offices are located at each division headquarters. The consoles controlling the NS portion of existing Conrail lines will be located in Dearborn, Pittsburgh and Harrisburg. (NS anticipates that it will establish Division Headquarters in Harrisburg and the appropriate consoles currently in Mt. Laurel will be transferred to Harrisburg). These offices will be brought under the appropriate NS agreements for dispatching work. This will simplify the payroll process and make it unnecessary for NS's Payroll Department to expend time and resources to adapt its system to accommodate the present Conrail structure. NS is in the process of implementing a newly-enhanced, computer-assisted train dispatching system that will link field dispatching offices to each other as well as the Atlanta

Control Center via wide area network technology. This will enable NS better to adjust to changing traffic patterns and flows, and improve transit time and provide efficiencies that will ensure quality service to our customers.

The CSX portion of existing Conrail lines will be dispatched from consoles located in Albany and Indianapolis offices. At this time some consoles in offices that will be under CSX or NS supervision, control existing Conrail lines that are to be operated by the other carrier. To effectuate the Transaction, it will be necessary to transfer certain dispatching work between existing Conrail offices so as to place control of the CSX or NS portions of existing Conrail lines under the appropriate CSX or NS supervision.

5. On NS, claim agents in the Casualty Claims Department are non-agreement management employees. On Conrail, such claim agents are called general claim agents and are represented by United Railway Supervisors Association (URSA), although they are covered by the Conrail non-agreement salary and benefit plans. There will be numerous overlapping territories and common points between existing NS and Conrail claims jurisdictions. It will be necessary to have the employees of the new, combined Casualty Claim Department all working under the same rules, obligations and responsibilities in order to properly coordinate operations.

To effectuate the transaction and enhance the efficiencies flowing from it, the URSA-represented claim agents on Conrail who are coordinated into NS will become non-agreement management employees covered by the same wage and benefit plans as apply to other, similarly situated, non-agreement employees on NS.

In addition to the above, other modifications and coordinations will become necessary after operation of the expanded NS system commences and new service needs are evaluated.

B. Clerical Employee Changes

The Operating Plan for NS' acquisition of certain Conrail routes, assets, and facilities anticipates the coordination of various administrative functions beginning immediately upon consummation of the transaction or as soon thereafter as feasible. Coordinations of this work are essential if NS is to be in position to put into place an efficient single, expanded system incorporating the Conrail routes allocated to it. These coordinations will help NS realize the transportation benefits of the consolidated operation and improve productivity, and thus provide its customers with the service levels that they expect and demand. NS at a minimum will coordinate into its system the clerical work associated with the following areas:

Crew Management

Waybilling

Centralized Yard Operations (CYO)

Customer Service

Car Management

Accounting Operations Atlanta

Accounting Operations Roanoke

Internal Auditing

Casualty claims

Marketing

Sales

Information Technology

Intermodal

General Office

Field Operations

1. Crew Management Center

By August 1997, the NS Crew Management function will be totally centralized in Atlanta. Under the transaction, the employees and work associated with crew dispatching at the Conrail Crew Management Center in Dearborn, Michigan, for the territory to be operated by NS, will be transferred and coordinated into the Atlanta center seniority district under the Norfolk Southern Railway Company (NSR) agreement with the Transportation Communications Union (TCU). The coordinated center will call train crews for the entire expanded NS system. Employees in the coordinated center will call T&E crews either for existing Conrail or NS seniority districts without regard to current corporate or agreement limits in order to achieve the transportation efficiencies of the Operating Plan.

2. Waybilling

NS' Agency Operations Center (AOC) in Atlanta is responsible for waybilling and demurrage. On Conrail, waybilling and demurrage are performed in the Customer Service Center in Pittsburgh. After approval of this transaction, the waybilling and demurrage work now performed in Conrail's Pittsburgh center for customers on the expanded NS System will be coordinated and transferred to the AOC under the NSR agreement with the TCU. This will enable NS better to control revenue streams, unify and reduce the number of rates, simplify accounting systems, improve the accuracy of rates, and reduce the number of disputed bills. After the coordination, it will be easier for customers to obtain rate quotes for movements over the consolidated system.

3. Central Yard Operations

NS is in the process of centralizing yard clerical functions into a Central Yard Operations center (CYO) in Atlanta. This transfer of functions will begin in June of this year and be completed before the end of 1999. Work transferred to the CYO will be in a separate CYO seniority district working under the NSR-TCU clerical agreement. To accomplish this centralization NS is installing a new computerized yard inventory system (TYES). TYES will monitor car movements and enable employees to ascertain the location of a train or cars, handle switching inquiries or requests, provide ETA notifications, and advise customers of any changes to schedules or transit times. TYES is fully integrated with NS' AEI scanners and other transportation, waybilling, and revenue accounting computer systems. TYES will improve data integrity because it will require the entry of less data, allow paperless operation of the CYO, and provide 100% car movement reporting. These changes will reduce billing errors and provide the improved level of service demanded by our customers. TYES will be installed on all of the expanded system.

Conrail operates a National Customer Service Center in Pittsburgh, Pennsylvania. It performs the same functions as will be performed in NS' CYO in Atlanta. The work will be coordinated, integrated and reallocated between Pittsburgh and Atlanta as necessary. NS will be able to optimize the accomplishment of the work and provide the service customers demand and need. The work and employees at Pittsburgh eventually will be transferred to Atlanta, before the completion of year two following the transaction, working under NS practices and the NSR agreement with TCU.

4. Customer Service

NS operates a National Customer Service Center in Atlanta. The Center is divided into six commodity groups: Agriculture, Automotive, Chemical, Metals, Paper and Intermodal. These groups are responsible for diversions, car tracing, schedule inquiries, expediting, bad order notifications and proactive monitoring of committed traffic. The National Customer Service Center is staffed by fully-exempt employees under the NSR-TCU clerical agreement who are covered by non-agreement NS salary and benefit plans. Coal traffic is not handled by the Customer Service Group but is handled by the Coal Transportation Group in Atlanta, which is part of the Car Management Group in the Service Center (see below, 5).

Similar traffic support functions on Conrail are performed in its Marketing organization at Philadelphia. These activities are broken into four commodity groups: Automotive, Unit Train, Intermodal and CORE (which includes all other commodities). NS plans to consolidate all of these functions for its expanded system in the National Customer Service Center in Atlanta along NS functional lines, following NS practices and procedures, and under the NSR agreement with TCU, as applicable. This coordination will eliminate duplicate processes, provide more efficient handling of customer inquiries, and ensure quality service.

5. Car Management

NS's Car Management group in Atlanta meets customer service needs for all car types except Intermodal (which are handled by the Intermodal Operations group of the Intermodal Department). The NS Coal Transportation group is within Car Management and handles all customer service functions for coal in addition to empty car distribution and coordination of coal train operations. The Car Management group is staffed with non-agreement employees, except

for one partially-exempt position assigned to Coal Transportation. On Conrail, car management functions are spread among the four Marketing groups in Philadelphia. After the Transaction, this Conrail work will be coordinated in Atlanta along NS function lines and in accordance with the NSR-TCU agreement, as applicable, and the practices on NS. This change will allow a single group of employees at one location to manage the entire system-wide car fleet, ensuring optimal car utilization. This will mean reduced costs and delays, and better service to our customers.

6. Accounting Operations - Atlanta

NS's Atlanta Accounting Operations includes Waybill Accounting, Freight Accounting, Car Accounting, Miscellaneous Accounting, and Revenue Accounts Customer Service. On Conrail the work associated with these functions is performed by various departments in Philadelphia and Pittsburgh. Upon consummation of the transaction these functions will be coordinated. The coordination of these functions and their centralization in NS' Atlanta office will take place under NS practices and the NSR agreement with TCU, by end of year one after the transaction is consummated.

This coordination will enable the expanded NS system to consolidate its prices for transportation and other services into a single data base that will include both rates and divisions. All waybills, including movements on former Conrail lines allocated to NS, will be rated by the same system, and the rates will have been entered electronically into NS' 9255 database close to the date of the consummation of the transaction. This coordination will also allow NS to utilize one Interline Settlement System to settle accounts with other carriers, and to maintain one consolidated Accounts Receivable System to process revenue and freight billing. By

consolidating these functions NS will avoid having to send customers separate car hire reports, claims and reclaims for transactions involving former Conrail routes.

7. Accounting Operations - Roanoke

NS's Roanoke Accounting Operations include Payroll Accounting, Collections, Accounting Process Control & Material Accounts, Capital Accounting, Contract Administration & Billing, and Accounts Payable. The work on Conrail associated with these functions is now performed at Philadelphia, Bethlehem, and Greentree, Pennsylvania; Mount Laurel, New Jersey; Selkirk, New York; and Dearborn, Michigan. These functions all will subsequently be coordinated in Roanoke under NS practices and the Norfolk-Southern Corporation (NSC)-TCU agreement, by the end of year one after consummation of this transaction.

This coordination will enable NS to utilize its paperless payroll system to pay all employees, including former Conrail employees, thus reducing programming time and costs, improving accuracy, and providing more timely payment to all consolidated NS system employees. Conrail's present paper-based system for paying T&E employees will be eliminated. Distribution of NS credit cards on assigned properties will allow NS promptly to handle day-to-day operating needs, using existing NS purchasing and payment systems. This will also allow all facilities on the expanded NS system to be placed under the same database. A consolidated accounting operation will permit NS to assume Conrail's service contracts immediately and allow current Conrail EDI (Electronic Data Interchange) partners to convert to NS' EDI package. Finally, NS will be able to use one collections process and utilize the capital policies and procedures it has established for equipment under operating leases.

8. Internal Audit

NS' Internal Audit functions are headquartered in Roanoke and Conrail's are in Philadelphia. By the end of year one, all clerical functions for Internal Audit will be coordinated into the Roanoke headquarters under the NS' agreement with TCU, as applicable, and NS's practices. This will enable NS to support all audit functions from one location, and thus avoid needless inefficiencies and duplication.

9. Casualty Claims

NS's Casualty Claims Department has field offices located throughout the system. These offices report to Regional Managers who are headquartered in Roanoke. The claim function is under Risk Management on Conrail, which also uses field offices that report to a central office in Philadelphia. Upon approval of this transaction, functions relating to the expanded NS system will be coordinated and the entire function headquartered in Roanoke. The coordination will be under NS's practices and its agreement with TCU, as applicable.

10. Marketing

Marketing functions for all commodities except coal and intermodal traffic are handled by NS's Merchandise Marketing Department. Merchandise Marketing is headquartered in Norfolk with its general offices in Roanoke and a satellite office in Detroit. Conrail's marketing functions are located in Philadelphia and are divided into four commodity groups: Automotive, Unit Train, Intermodal, and CORE (which includes all other commodities). NS plans to coordinate the Automotive and CORE functions into its Merchandise Marketing Department under NS practices and procedures, and NS' agreement with TCU, as applicable. The

coordination and transfer of all work for the acquired Conrail properties will take place upon consummation of this transaction.

The consolidation of the merchandise marketing functions will enable NS to unify and reduce the number of rates, improve the accuracy of rates and rate quotations, reduce the number of disputed bills, and make it easier for customers to receive rate quotes for movements over the expanded NS system. NS will utilize its existing 9255 rate database that permits pricing officers who have researched, organized and calculated a rate to enter it directly into the computer. The potential shipper thus receives a more timely response to his request for a rate, while the possibility of errors during manual re-entry of data is reduced.

11. Sales

Sales is a sub-department under Merchandising Marketing on NS. It has field offices throughout the United States. Conrail also has sales field offices throughout the United States. Upon consummation of this transaction, these offices will be coordinated and consolidated under NS practices and procedures and NS' agreement with TCU, as applicable. This coordination will eliminate duplicate services, provide more efficient handling of customer inquiries, and ensure quality service.

12. Information Technology

NS' Information Technology (IT) Department is headquartered in Norfolk. Its computer operations are in Atlanta and its application development staff is located in both Atlanta and Roanoke. Some employees in computer operations in Atlanta are fully covered under the NSR-TCU agreement. Conrail's Information Systems Department is headquartered in Philadelphia,

and has an operations center in North Philadelphia. Conrail's operations center is staffed with both non-agreement and TCU-represented employees.

Upon consummation of this transaction NS will rapidly install its IT systems on its entire expanded system. This will allow NS to achieve maximum efficiency and effectiveness from a systems standpoint. It will also greatly mitigate the potential impact of the "Year 2000" problems with Conrail systems. These problems stem from the fact that many computer systems, particularly those developed ten or more years ago, are unable to handle "2000" as a meaningful date. As many of Conrail's systems are more than ten years old, conversion challenges and associated risks are significantly higher with them. NS' newer systems can deal with the "Year 2000" problem and an aggressive program is underway to convert the balance of its systems.

The work performed in Conrail's North Philadelphia operations center relating to the operation of the Conrail lines allocated to the expanded NS system will be coordinated and transferred to the Atlanta operations center and brought under NS practices, and under the NSR agreement with TCU, as applicable. Conrail and NS both use the same basic technologies, which will facilitate integration of their systems. All of the mainframe needs of the expanded NS system can be met by mainframe computers located at the Atlanta operations center. This will permit CSX, to which the North Philadelphia operations center is allocated, to retire the two mainframes and associated devices that are now used on Conrail, and result in substantial savings in staff, software purchases and licensing fees, and operating overhead. An integrated system will quicken response time and will allow NS to provide complete and accurate information which will improve customer service.

13. Intermodal

The NS Intermodal Department is headquartered in Norfolk. It consists of two sections, marketing and operations. The marketing group is in Norfolk and is responsible for rates, forecasts and other marketing functions. This group is staffed with non-agreement employees. The operations group is headquartered in Atlanta and is responsible for the operations of the individual intermodal terminals and for management of intermodal equipment.

Intermodal is one of the four marketing groups in Conrail's marketing function located at Philadelphia. This group performs the same functions as the NS groups.

Upon consummation of this transaction, the Intermodal marketing function will be coordinated in Norfolk under NS practices and procedures, and under the NS agreement with TCU, as applicable. This will allow the coordinated department to use NS' Intermodal computer-based pricing system, which is totally paperless. All files, price and cost histories and various rate tables are stored and available electronically. The system is fully integrated into other NS marketing, accounting, and transportation computer systems. All requests for rates are handled electronically. The system will automatically develop costs and histories, and recommend a rate. Once a final rate is approved by a Pricing Officer, it is electronically transmitted to the customer. In addition to eliminating duplicate functions, this coordination will permit customers quickly to receive rate quotes for movements on the expanded NS system.

The Intermodal operations groups will be coordinated under the present NS structure. Clerical seniority districts for existing Conrail intermodal terminals will be coordinated. NS is in the process of implementing a new Intermodal Management System (SIMS) that will also be used at the present Conrail terminals when the coordination takes place. SIMS captures data in real time while a process is being performed, e.g., crane operators confirming the grounding of

containers. It eliminates duplicate work, reduces errors, and resolves problems before a shipment is moved. It provides customers with the information they need concerning the location and status of their shipments at all times. SIMS interfaces with other NS accounting and transportation systems. It will develop a load plan that maximizes car utilization and ensures that containers are placed on the proper train to meet the customer's schedule. The coordination of these functions is essential as substantial growth in intermodal business on the expanded NS system will result from the diversion of truck traffic. Coordinated Intermodal functions will permit NS to meet the service and transportation expectations of time-sensitive customers.

14. Headquarters Staff and General Offices

The headquarters and related staff functions for Engineering, Mechanical, Communications and Signals, Real Estate, Material Purchasing, Tax, Finance, Law and other General office and staff functions not mentioned above of the expanded NS system will be coordinated at the present NS location of each function, along NS functional lines, using the appropriate NS practices and procedures, where applicable, under an agreement with TCU. For instance, Engineering staff work will be coordinated into Atlanta under NS practices, and under the NSR agreement with TCU, as applicable. These coordinations will streamline functions, eliminate duplicate work and facilities, allow the implementation and efficient use of NS computer systems system-wide, and provide customers with transportation benefits.

15. Field Operations

Field operations consist of clerical support functions that include such things, among others, as crew hauling, block operators, cleaning, messenger service and office support.

Clerical seniority districts where these support functions are performed on existing Conrail routes, facilities, and assets will either remain separate or be coordinated into the appropriate NS seniority districts, depending on operating needs. All agreement work will be performed in accordance with an appropriate NS agreement with TCU. There will be one Wage Grade Structure under the TCU National Salary Plan on the NS system. This will simplify the payroll process and improve efficiency and productivity.

V. CONCLUSION

The preceding are some of the foreseeable changes which result from the Operating Plan for the train and engine, yardmaster, mechanical, maintenance of way, signal and communication, clerical, general claim agent, dispatcher and police employees. Additional changes are also described in the Operating Plan and the Labor Impact Exhibit. All of these changes are necessary for the success of the expanded NS System. They will promote the synergy of the combined system, thereby increasing its efficiency, improving its competitive posture and enhancing the transportation benefits to the customers.

It is likely that other additional coordinations that will provide improved service and efficiencies and which are directly related to and grow out of or flow from the Board's approval will become apparent and will be implemented by the expanded NS system. These additional coordinations will result in additional changes that might affect collective bargaining agreements or Railway Labor Act rights. The necessity for these additional changes cannot be identified prior to implementation of the transaction.

APPENDIX A

SHARED ASSETS AREAS

Projected Seniority, Agreement, and Territory Changes Necessary Under the Operating Plan

I. INTRODUCTION

Under this transaction both Norfolk Southern Railway Company and its subsidiaries (NS) and CSX Transportation, Inc. and its subsidiaries (CSX) will have full and equal rights to operate in each Shared Assets Area ("SAA"). The SAAs will be owned, operated and maintained by Consolidated Rail Corporation ("Conrail") for NS and CSX. To provide competitive alternatives, for the benefit of the public, Conrail is to provide NS and CSX with equal access to customers within a SAA. Conrail will provide appropriate switching, train breakup, and assembly services for CSX and NS, but will not participate in any rates, routes, or contract or billing arrangements with any shippers. All car movements within a SAA will remain in the accounts of CSX or NS. CSX and NS will pay Conrail for services in and access to the SAAs on the basis of usage plus an interest rental component.

II. TRANSPORTATION CRAFTS

A. General

The train and engine service operations within the SAAs are anticipated to continue as before the transaction, except for the changes described in the Operating Plans. The existing appropriate Conrail labor agreements for engine service, train service and yardmasters will

continue to apply to Conrail employees within the SAAs, with the modifications made necessary by the changes in operations.

Conrail train and engine service employees and yardmasters working within each SAA will have their former Conrail seniority preserved. These employees may be required or will be permitted to exercise seniority out of a SAA only when furloughed within that SAA and until they stand for recall. Likewise, former Conrail employees working outside of the SAAs will have their seniority within a SAA preserved. They may also be required or will be permitted to exercise that seniority within a SAA only when they are furloughed outside that SAA and until they stand for recall.

CSX and NS road crews under their respective collective bargaining agreements will operate trains throughout each SAA to any point in it, as if operating in their own territory, in accordance with local movement guidelines to be agreed to by CSX and NS.

Operation of Croxton and E-Rail Yards will be allocated to NS and will not be operated as a part of the North Jersey SAA. The NS employees working in these facilities will be treated for seniority and agreement purposes in the same manner as employees working on the Southern Tier of the expanded NS system between Buffalo and Croxton. In order to ensure an available work force and maintain employment opportunities in Croxton and E-Rail Yards, it is anticipated that necessary extra boards for train and engine service will be established at Croxton.

Operation of North Bergen Yard and Kearney Yard will be allocated to CSX and will not be operated as a part of the North Jersey SAA. It is intended that CSX employees working in these facilities will be covered for seniority and agreement purposes in the same manner as CSX employees working on the expanded CSX system north of New York. To ensure an available work force and maintain employment opportunities in North Bergen and Kearney Yards, it is

anticipated that necessary CSX extra boards for train and engine service will be established at North Bergen Yard.

Operation of Woodbourne Yard and Greenwich Yard, except for tracks used to support local freight service and the ore pier as described in the Operating Plans, will be allocated to CSX and not become part of South Jersey/Philadelphia SAA. It is intended that CSX employees working in these facilities will be covered for seniority and agreement purposes in the same manner as CSX employees working on the expanded CSX system south of Philadelphia.

Operation of West Falls Yard will be allocated to NS and will not become part of South Jersey/Philadelphia SAA. It is intended that NS employees who will work in this facility will be covered for seniority and agreement purposes in the same manner as NS employees who will work on the route of the expanded NS system between Harrisburg and West Falls. To ensure an available work force and maintain employment opportunities in West Falls Yard, necessary extra boards for train and engine service will be established at West Falls.

III. MAINTENANCE OF WAY AND STRUCTURES, COMMUNICATIONS AND SIGNAL, AND MECHANICAL CRAFTS

A. General

In each SAA, Conrail will provide equipment servicing and light running repairs along with routine track and facility maintenance, as necessary for its operations.

However, the maintenance requirements to support Conrail's operations will require some system support, such as heavily equipped shop facilities and specialized roadway machines, that will not be owned by Conrail. Also, the Conrail current maintenance of way and structures (MW&S), communications and signal (C&S), and mechanical maintenance functions

will have to be rearranged to accommodate the particular demands of supporting these operations with the available resources.

Except as detailed below, the appropriate existing Conrail agreements will be in effect on the SAAs for the MW&S, C&S and mechanical crafts after the transaction. Each SAA will constitute a single, separate seniority district for each of these crafts.

**B. Maintenance of Way and Structures and
Communications and Signal Operations**

After the transaction Conrail will no longer possess the system supports it formerly had available. Therefore, to permit operation of the three SAAs in a reasonable and efficient manner so as to realize the transportation benefits of this transaction, the following changes will be necessary:

1. Major annual program maintenance such as rail, tie, and surfacing projects will be provided by CSX or NS in accordance with their respective collective bargaining agreements and/or practices.
2. Conrail will purchase continuous welded rail (CWR) from CSX or NS.
3. Conrail will obtain from CSX or NS in accordance with their respective collective bargaining agreements and/or practices, services such as component reclamation and pre-fabricated track work.
4. Conrail will obtain from CSX or NS in accordance with their respective collective bargaining agreements and/or practices roadway equipment overhaul/repair that cannot be accomplished on line of road by Conrail forces.

5. Changes, additions, improvements, and rationalizations that are over and above routine maintenance will be provided by CSX or NS in accordance with their respective collective bargaining agreements and/or practices.
6. Current work zones within each SAA will be combined and realigned to provide that each seniority district will comprise only one work zone for the purpose of recall or automatic bidder rights in making assignments to positions on that seniority district.
7. Signal construction projects may be provided on a SAA by CSX or NS in accordance with their respective collective bargaining agreements and/or practices.
8. Conrail may purchase from CSX or NS in accordance with their respective collective bargaining agreements and/or practices, services and equipment such as pre-wired signal cases, bungalows and other items.

C. Mechanical Operations

Because after the transaction Conrail will have no locomotive heavy repair or periodic maintenance capability, nor the ability to perform substantial or program work on cars, such service will be provided by CSX or NS, in accordance with their respective agreements and/or practices, or as directed by the locomotive or car owner. In most cases, only fueling, servicing and light and running repairs on locomotives and cars will be performed by Conrail.

IV. ADMINISTRATIVE CRAFTS

A. General

To effectuate the transaction, certain clerical and auxiliary administrative functions will be performed for Conrail by CSX, NS, or their affiliates. This will eliminate the expenses associated with duplicate computer systems and their associated equipment and overhead,

redundant accounting, and other administrative functions. Field operation clerical functions performed by Conrail employees for the SAAs will continue to be performed in accordance with the applicable Conrail agreement with TCU.

B. Clerical Functions

1. Accounting

Since under the transaction Conrail will receive payments from CSX and NS calculated on the basis of their usage of its facilities, plus an interest rental component, it will require only a simple accounting system that can keep track of usage and assign costs between fixed (dispatching, management and administration) and variable (T&E costs, fuel and other maintenance expenses) costs. A separate Conrail administrative organization to perform these functions would be redundant and inefficient. NS or CSX will be able to perform all accounting functions for Conrail, at a relatively small incremental cost compared with the cost of maintaining a separate accounting department with these capabilities.

Conrail will be able to use existing NS or CSX accounting systems and computer networks. This will reduce programming costs and eliminate the need to rectify the "Year 2000" problems that the current Conrail systems face (see 4 below).

2. Crew Management

Crew dispatching for SAA territories initially will be performed at the Conrail Crew Management Center at Dearborn. Eventually, that work will be transferred to another location on Conrail or may be coordinated on CSX or NS.

3. Yard Operations

The yard clerical functions associated with reporting car locations, changing car status and ordering switching for SAA territories are currently in Conrail's National Customer Service Center in Pittsburgh. Initially following the transaction this work will be performed in Pittsburgh. It is anticipated that the work will be transferred eventually to another location on Conrail, or coordinated into a CSX or NS location, or to locations on both.

4. Information Technology

Conrail's Information Systems Department is headquartered in Philadelphia, and has an operations center in North Philadelphia. The operations center is staffed both with non-agreement and TCU-represented employees. Either CSX or NS will perform the Information Technology function for Conrail in accordance with the appropriate agreement and/or practices. This will permit retirement of the two mainframes and associated devices that are now used on Conrail, and result in substantial savings in staff, software purchases and licensing fees, and operating overhead. It will allow Conrail to achieve maximum efficiency and effectiveness from a system standpoint.

The coordination of computer work for Conrail also will greatly mitigate the potential impact of the "Year 2000" problems with Conrail systems. These problems stem from the fact that many computer systems, particularly those developed ten or more years ago, are unable to handle "2000" as a meaningful date. As many of Conrail's systems are more than ten years old, conversion challenges and associated risks are significantly higher with them.

5. Other Administrative Functions

Other administrative functions may be performed by CSX or NS for Conrail in accordance with the agreements and/or practices on CSX or NS. This will reduce costs for Conrail by eliminating redundant departments.

C. Dispatching Functions

Train movements within the SAAs generally will be controlled by a Conrail dispatcher. The existing Conrail agreement for dispatchers will continue to apply to Conrail employees dispatching trains on the SAAs. The dispatching control station now located at Mt. Laurel, NJ, that would control movements for the North Jersey SAA, the dispatching control station now located at Mt. Laurel, NJ, that would control movements for the South Jersey/Philadelphia SAA, and the dispatching control station now located in the Conrail divisional offices at Dearborn that would control the Detroit SAA each may be relocated.

D. Patrolmen

The patrolmen working on each SAA will be consolidated into a single seniority district. This seniority district will include all of each SAA's territory.

E. Casualty Claims

The claims agents working on each SAA will be consolidated into a single seniority district. This seniority district will include all of each SAA's territory.

V. CONCLUSION

The preceding are some of the foreseeable changes which result from the Operating Plan for the supervisors, train and engine, yardmaster, mechanical, maintenance of way, signal and communication, clerical, general claim agent, dispatcher and police employees on the SAAs. Additional changes are also described in the Operating Plans and the Labor Impact Exhibit. All of these changes are necessary for the success of Conrail. They will promote the synergy of the expanded CSX and NS systems, thereby increasing their efficiency, improving their competitive posture and enhancing the transportation benefits to their customers.

It is likely that other additional coordinations that have not yet been identified but that will provide improved service and efficiencies and that are directly related to and grow out of or flow from the Board's approval will become apparent and will be implemented by Conrail, CSX and/or NS. These additional coordinations will result in additional changes that might affect collective bargaining agreements or Railway Labor Act rights.

Appendix B

Supporting Figures

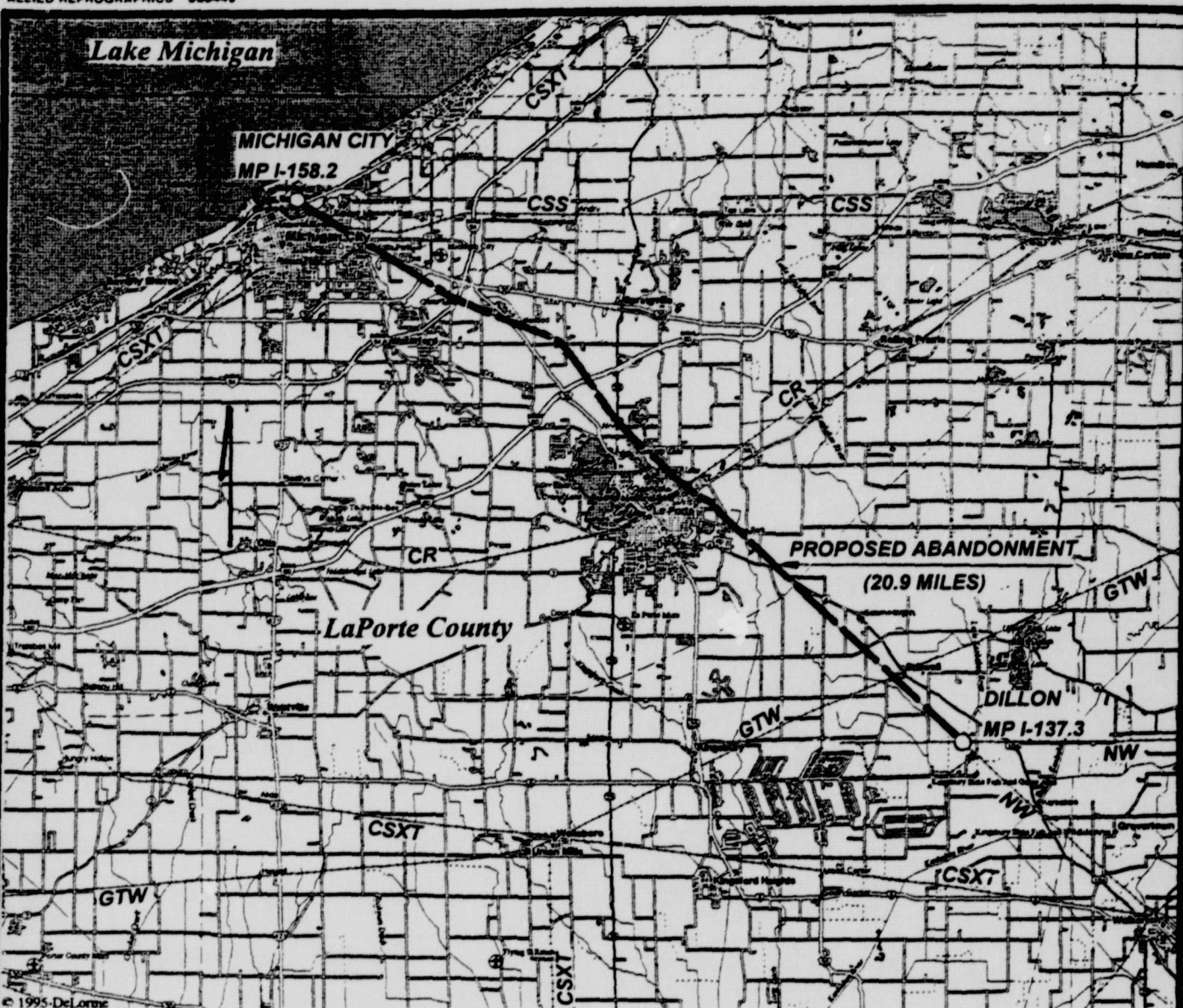
Includes:

- **Proposed Abandonments Maps**
- **Corridor Upgrade Project Maps**
- **New Conrail-NS Connection Maps**

Abandonment Maps

Figure B.3-1

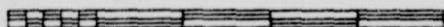
ALLIED REPROGRAPHICS 330449



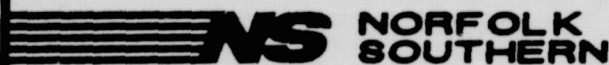
© 1995 DeLorme

Scale 1:225,000 (at center)

5 Miles



DO NOT SCALE THIS DRAWING FOR DIMENSIONS NOT GIVEN



Norfolk and Western Railway Company

OWNING COMPANY

OFFICE OF CHIEF ENGINEER - DESIGN & CONSTRUCTION ATLANTA, GA.

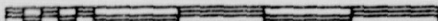
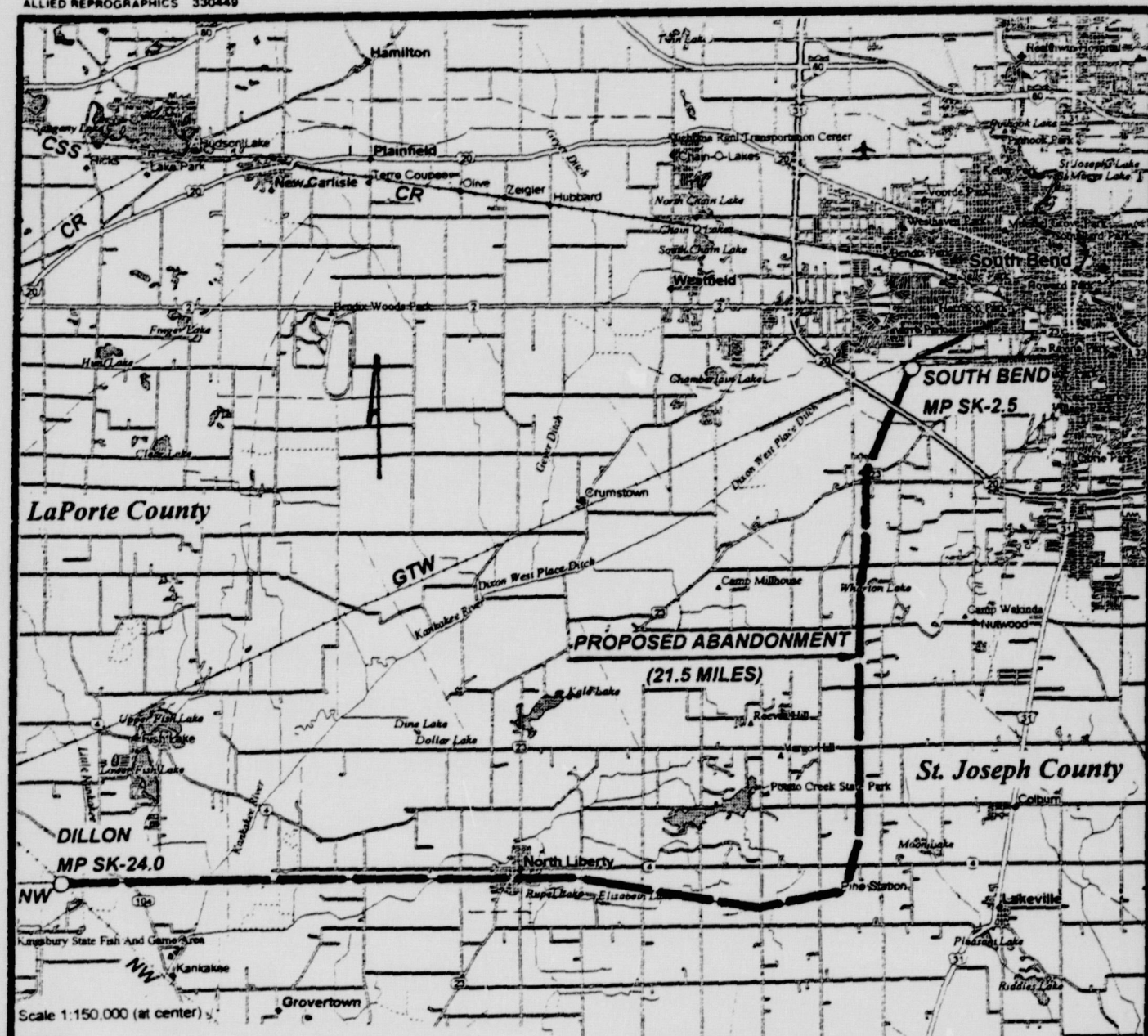
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TITLE <i>Proposed Main Line Abandonment Between Milepost I-137.3 and Milepost I-158.2</i>			
DGN	VAL	SEC	MAP
DGN	MHG	FILE	188-24
DATE	January 31, 1997		
MILE POST I-137.3 to I-158.2			DRAWING NUMBER
			TA 97-0038

CADD FILE
FIELD BOOK

SHEET OF

Figure B.3-2

ALLIED REPROGRAPHICS 330449



DO NOT SCALE THIS DRAWING FOR DIMENSIONS NOT GIVEN

REV	BY	DATE	DESCRIPTION
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TITLE Proposed Main Line Abandonment Between Milepost SK-2.5 and Milepost SK-24.0			
DGN	VAL	SEC	MAP
DGN	MHG	FILE	188-24
CHK	DATE	January 31, 1997	
MILE POST SK-2.5 to SK-24.0			DRAWING NUMBER
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Norfolk and Western Railway Company

OWNING COMPANY

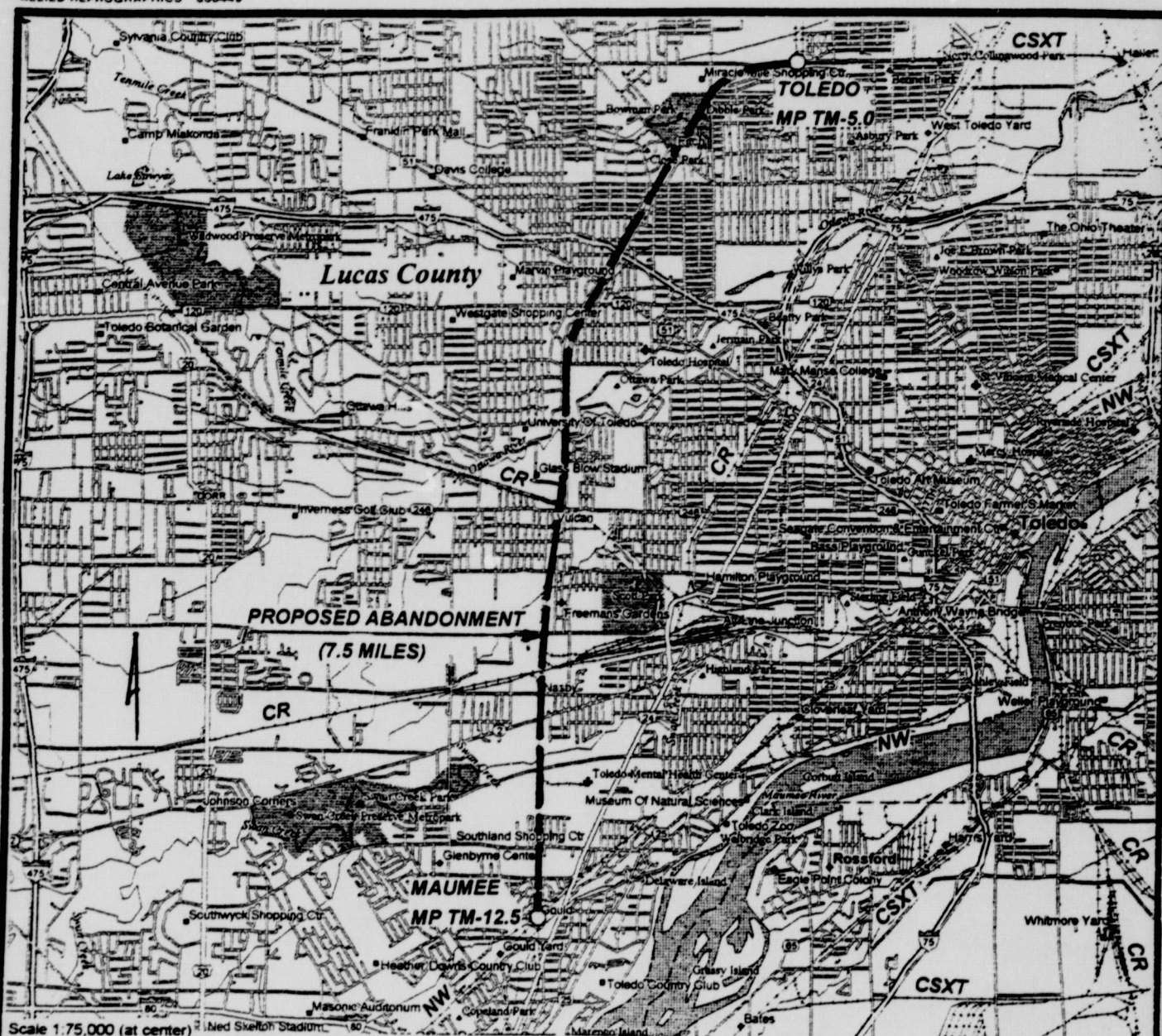
OFFICE OF CHIEF ENGINEER - DESIGN & CONSTRUCTION ATLANTA, GA.

CADD FILE
FIELD BOOK

SHEET OF

Figure B.3-3

ALLIED REPROGRAPHICS 330449



Scale 1:75,000 (at center)

1 Miles

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NS NORFOLK SOUTHERN

Norfolk and Western Railway Company

OWNING COMPANY

OFFICE OF CHIEF ENGINEER - DESIGN & CONSTRUCTION ATLANTA, GA.

REV	BY	DATE	DESCRIPTION
LOCATION Toledo to Maumee, Ohio			
TITLE Proposed Main Line Abandonment Between Milepost TM-5.0 and Milepost TM-12.5			
DGN	VAL	SEC	MAP
DWN	MHG	FILE	188-24
CHL	DATE	January 31, 1997	
MILE POST TM-5.0 to TM-12.5			DRAWING NUMBER
			TA 97-0036

CADD FILE

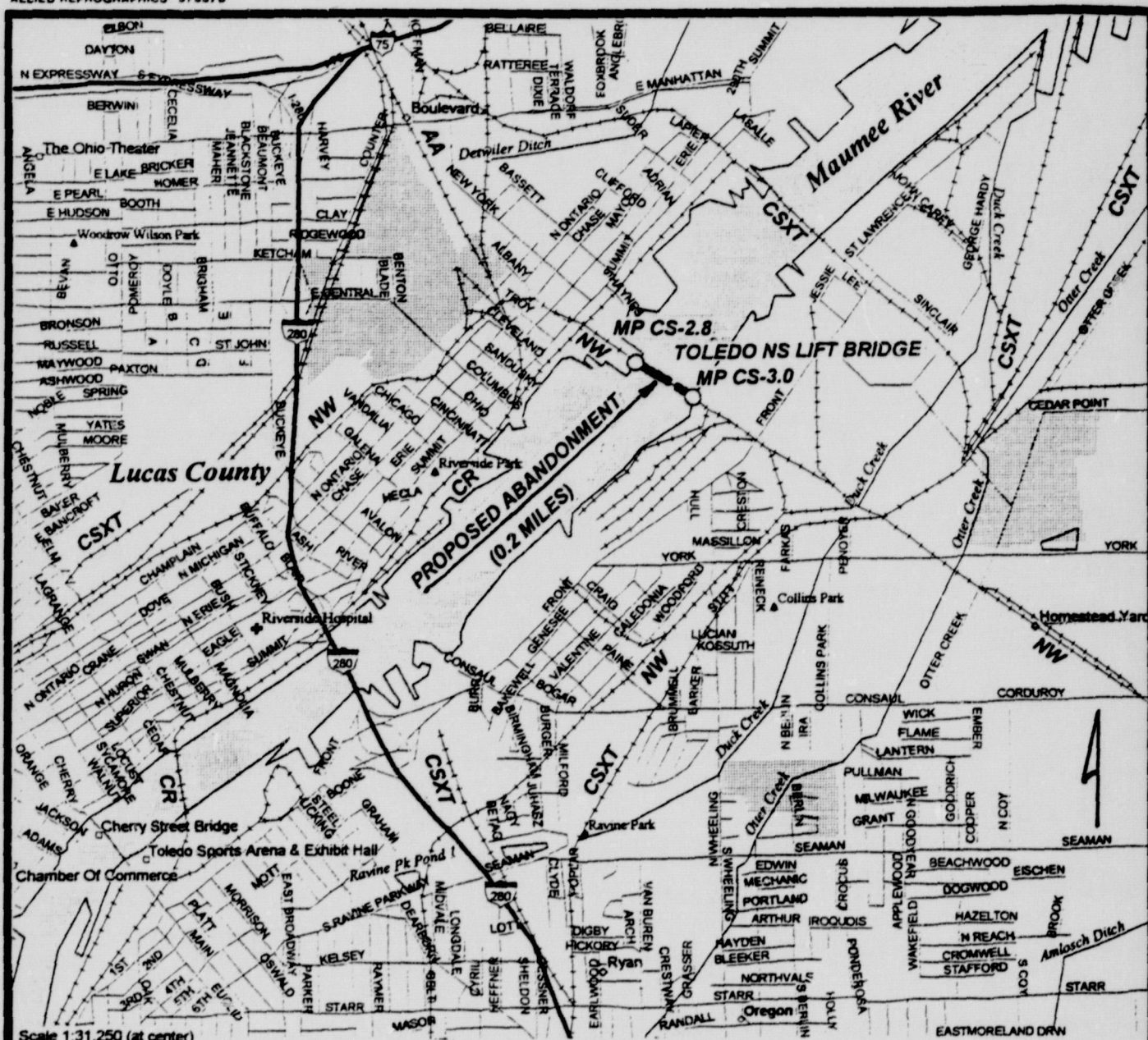
FIELD BOOK

SHEET

OF

Figure B.3-4

ALLIED REPROGRAPHICS 573578



Scale 1:31,250 (at center)

2000 Feet

DO NOT SCALE THIS DRAWING FOR DIMENSIONS NOT GIVEN

NS NORFOLK SOUTHERN

Norfolk and Western Railway Company

ORIGINAL COMPANY

OFFICE OF CHIEF ENGINEER - DESIGN & CONSTRUCTION ATLANTA, GA.

REV	BY	DATE	DESCRIPTION
LOCATION Toledo, Ohio			
TITLE Proposed Main Line Abandonment Between Milepost CS-2.8 and Milepost CS-3.0			
DGN	VAL	SEC	MAP
DWN	MHG	FILE	188-24
CRK	DATE	February 7, 1997	
MILE POST CS-2.8 to CS-3.0			DRAWING NUMBER
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CADD FILE
FIELD BOOK

SHEET OF

Corridor Upgrade Project Maps

Figure B.7-1

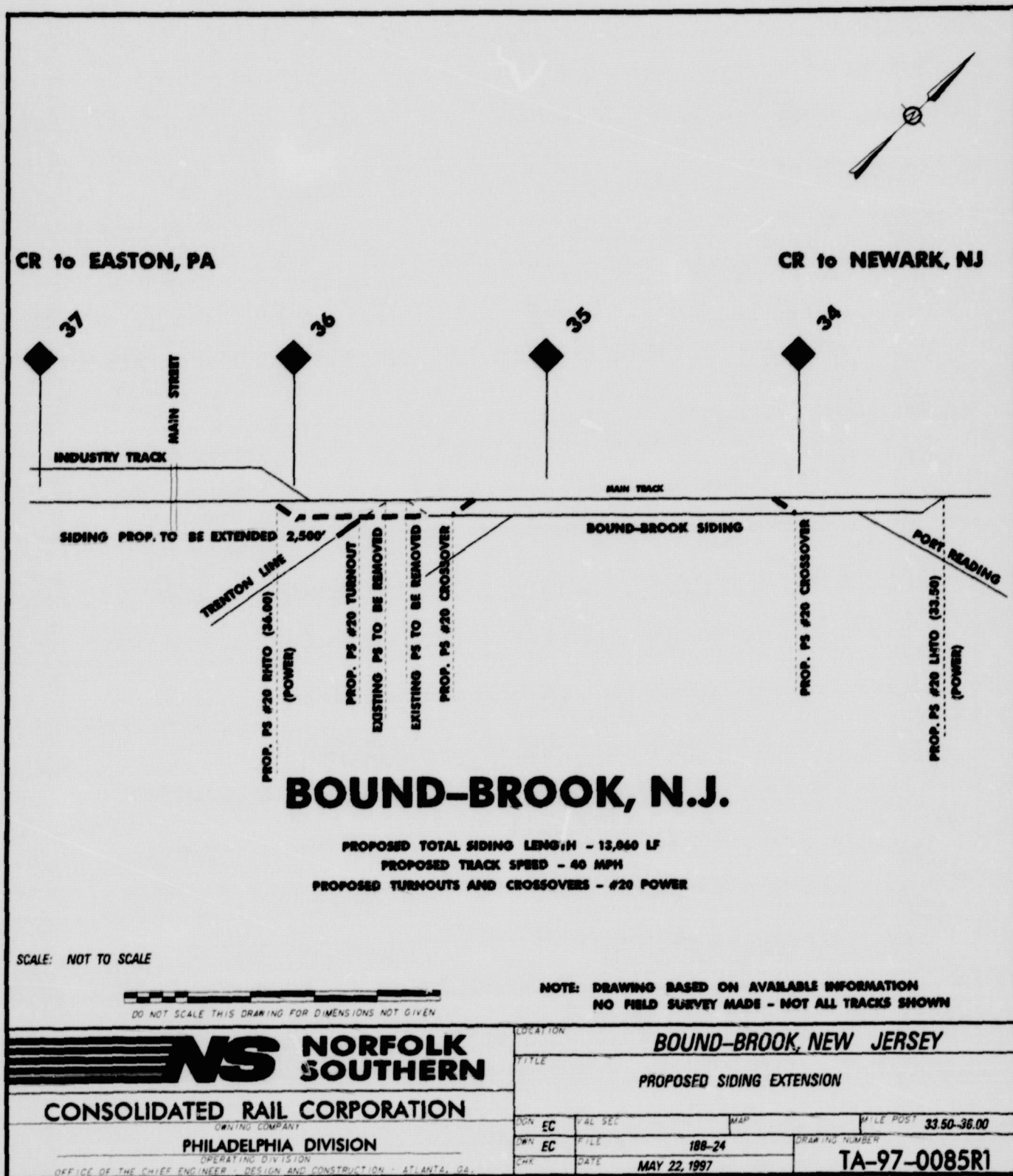


Figure B.7-2

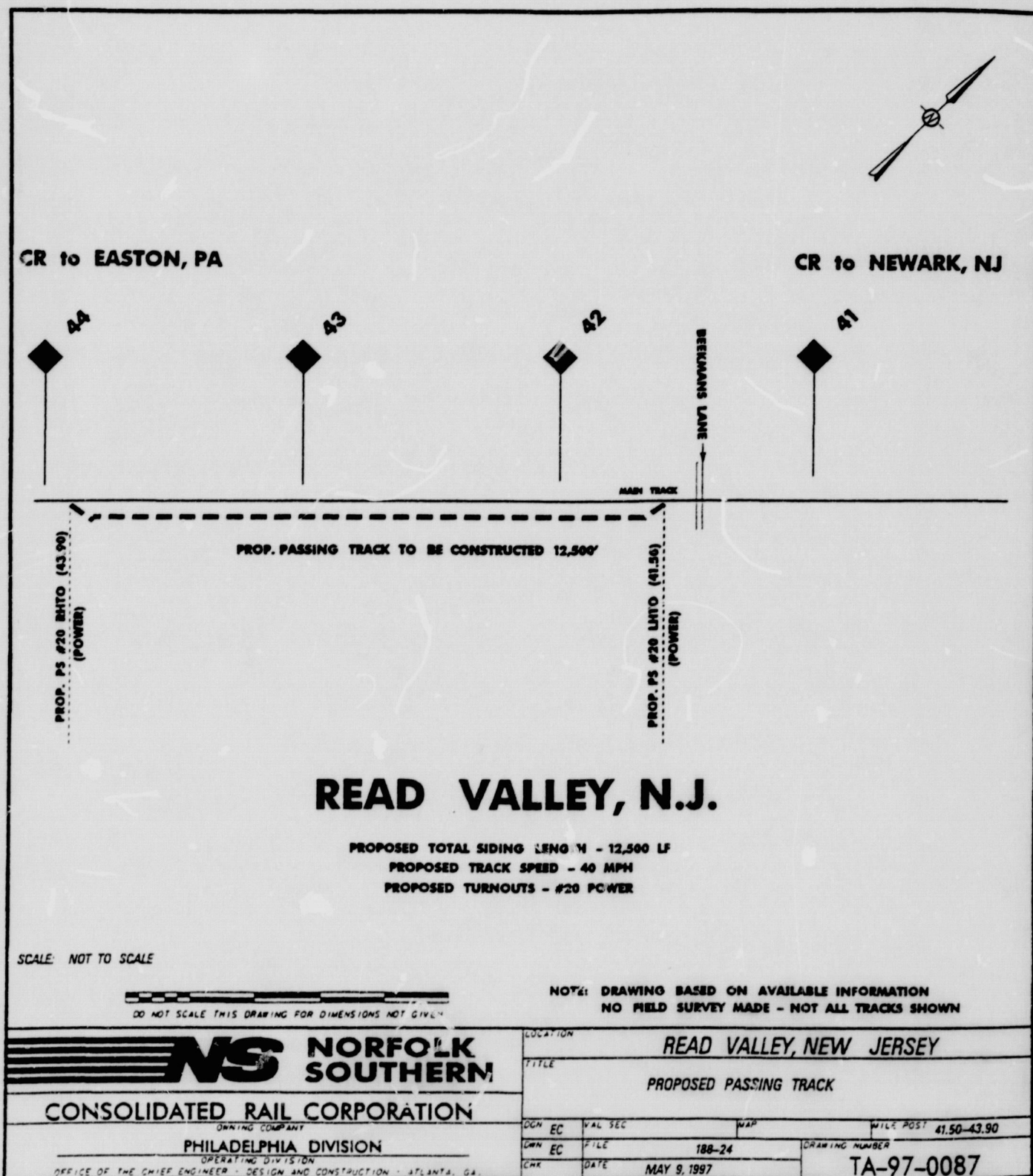
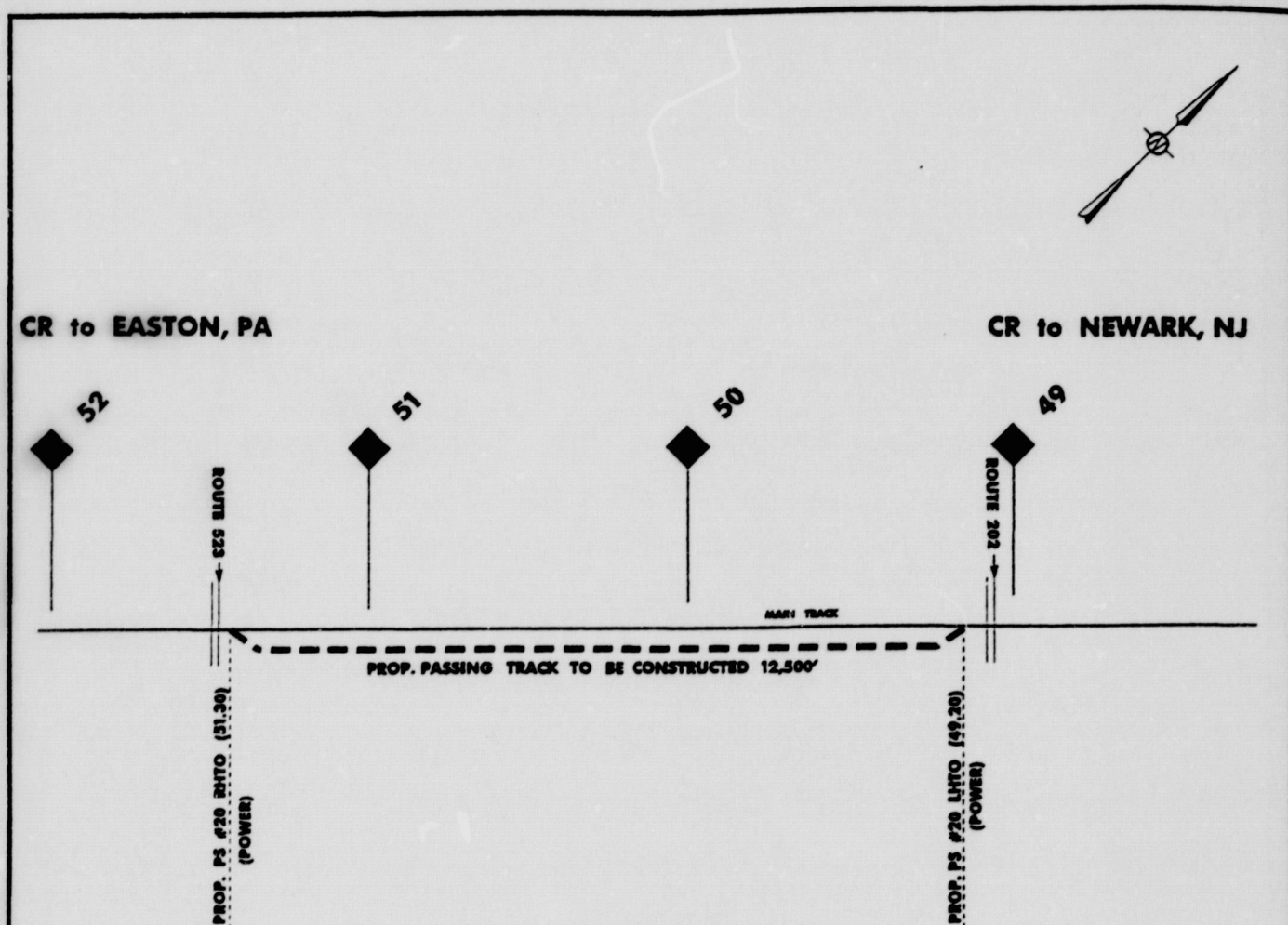


Figure B.7-3



FLEMINGTON, N.J.

PROPOSED TOTAL SIDING LENGTH - 12,500 LF

PROPOSED TRACK SPEED - 40 MPH

PROPOSED TURNOUTS - #20 POWER

SCALE: NOT TO SCALE

DO NOT SCALE THIS DRAWING FOR DIMENSIONS NOT GIVEN

NOTE: DRAWING BASED ON AVAILABLE INFORMATION
NO FIELD SURVEY MADE - NOT ALL TRACKS SHOWN


 NORFOLK SOUTHERN		LOCATION		FLEMINGTON, NEW JERSEY	
		TITLE		PROPOSED PASSING TRACK	
CONSOLIDATED RAIL CORPORATION		DCN	EC	VAL SEC	MAP
OWNING CLIENT		OWN	EC	FILE	188-24
OPERATING DIVISION		CHK	DATE	MAY 9, 1997	
OFFICE OF THE CHIEF ENGINEER - DESIGN AND CONSTRUCTION - ATLANTA, GA.		MILE POST 49.2-51.3			
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Figure B.7-5

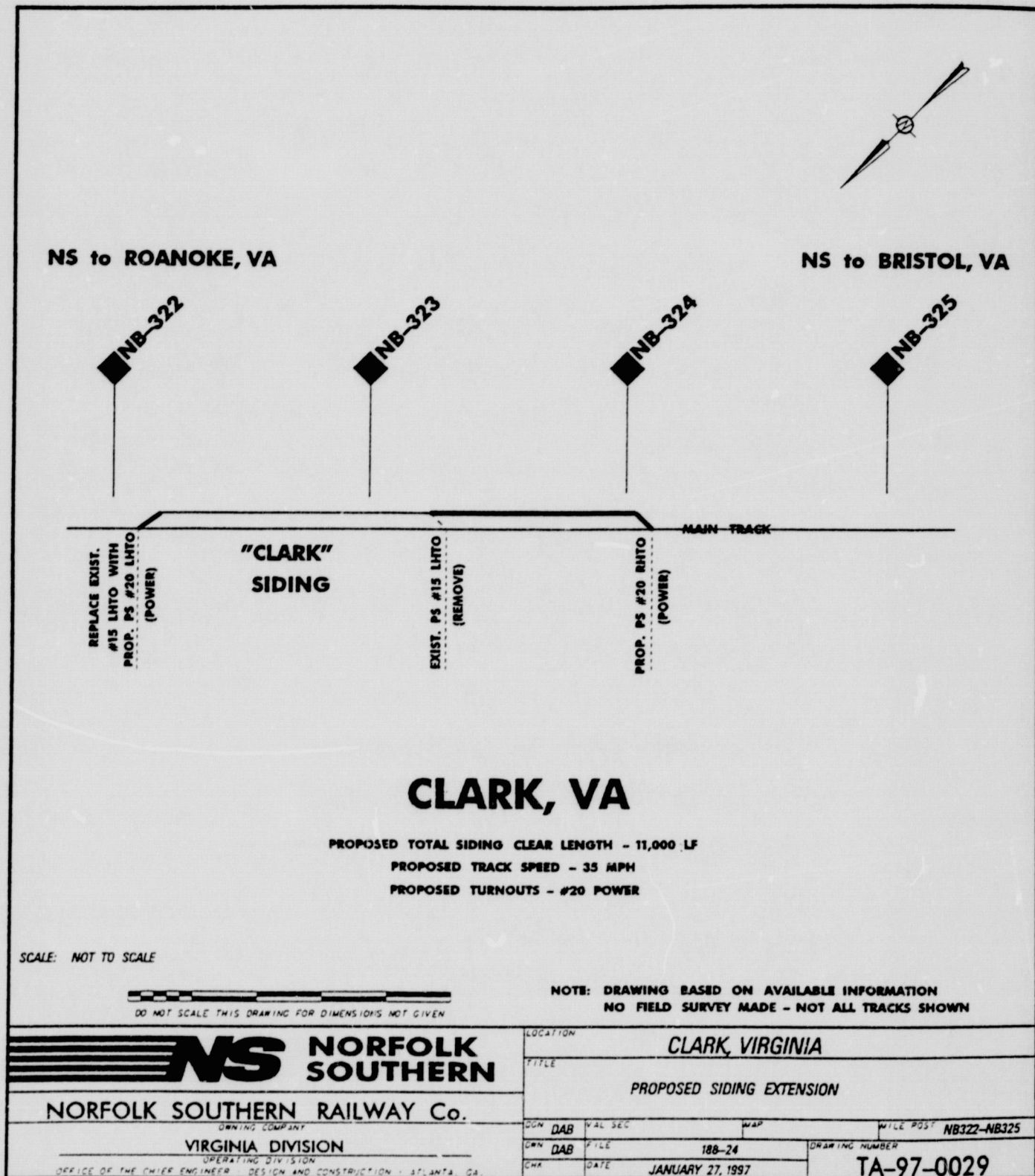


Figure B.7-6

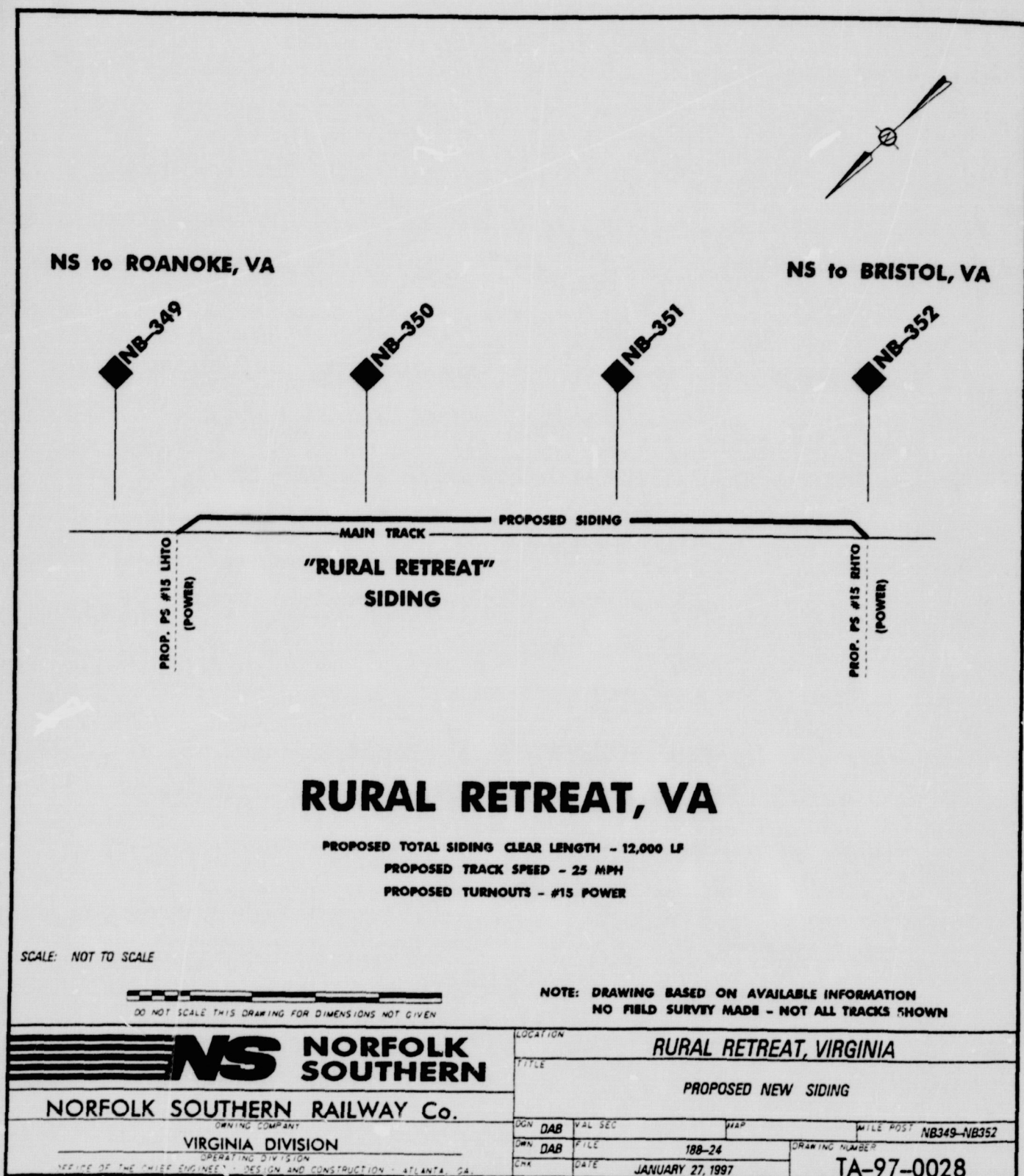
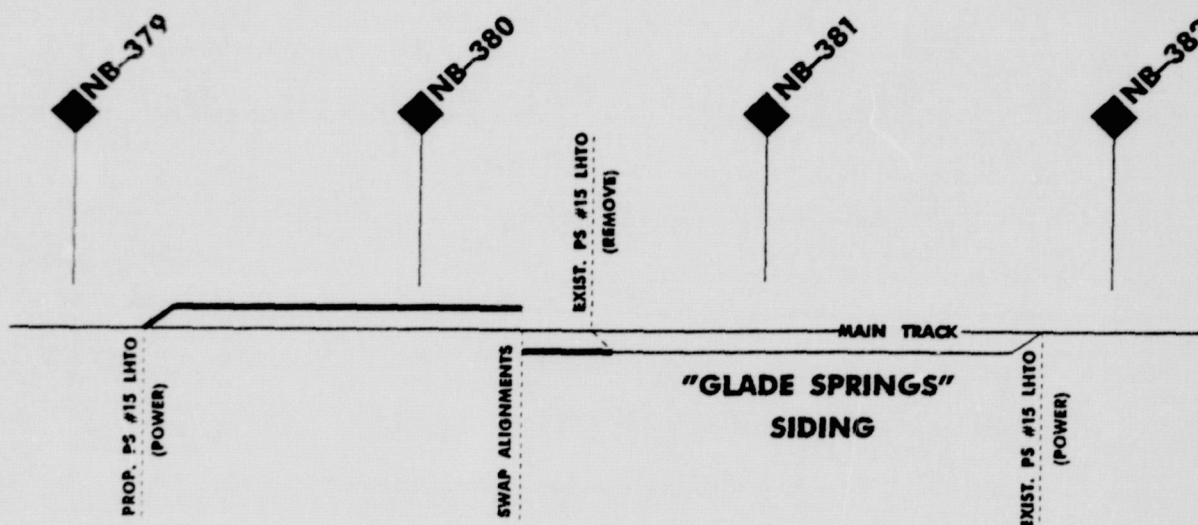


Figure B.7-7

NS to ROANOKE, VA

NS to BRISTOL, VA



GLADE SPRINGS, VA

PROPOSED TOTAL SIDING CLEAR LENGTH - 11,000 LF

PROPOSED TRACK SPEED - 25 MPH

PROPOSED TURNOUTS - #15 POWER

SCALE: NOT TO SCALE

DO NOT SCALE THIS DRAWING FOR DIMENSIONS NOT GIVEN

NOTE: DRAWING BASED ON AVAILABLE INFORMATION
NO FIELD SURVEY MADE - NOT ALL TRACKS SHOWN

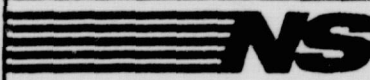
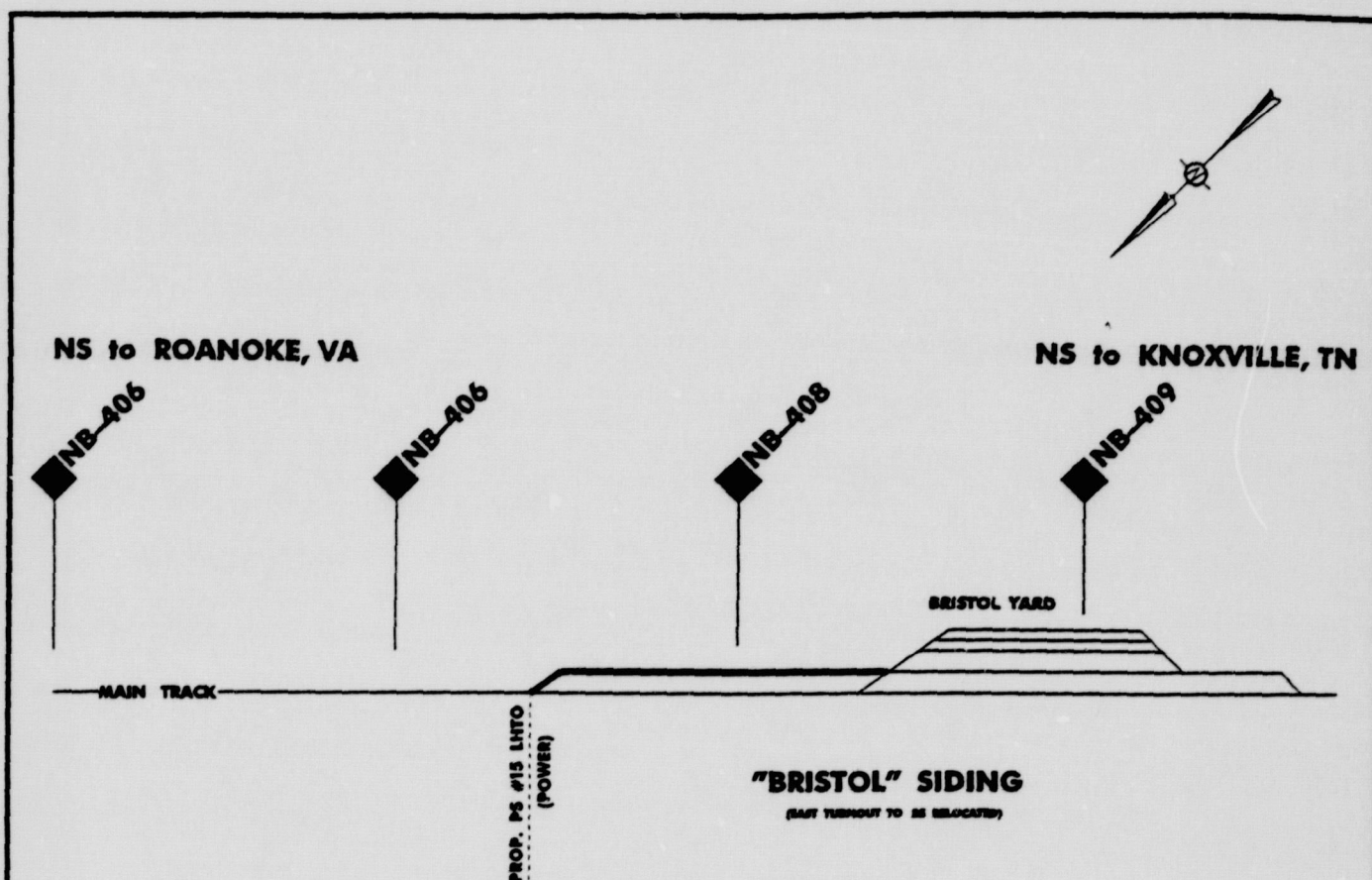
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		TITLE		PROPOSED SIDING EXTENSION	
NORFOLK SOUTHERN RAILWAY Co.		DGN	DAB	VAL SEC	MILE POST NB379-NB382
OWNING COMPANY		DGN	DAB	FILE	DRAWING NUMBER
VIRGINIA DIVISION				188-24	
OPERATING DIVISION		CHK	DATE	JANUARY 27, 1997	TA-97-0027
OFFICE OF THE CHIEF ENGINEER DESIGN AND CONSTRUCTION ATLANTA, GA					

Figure B.7-8



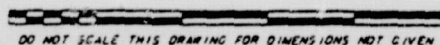
BRISTOL, VA

PROPOSED TOTAL SIDING CLEAR LENGTH - 11,900 LF

PROPOSED TRACK SPEED - 20 MPH

PROPOSED TURNOUTS - #15 POWER

SCALE: NOT TO SCALE



DO NOT SCALE THIS DRAWING FOR DIMENSIONS NOT GIVEN

NOTE: DRAWING BASED ON AVAILABLE INFORMATION
NO FIELD SURVEY MADE - NOT ALL TRACKS SHOWN


 NORFOLK SOUTHERN		LOCATION		BRISTOL, VIRGINIA	
		TITLE		PROPOSED SIDING EXTENSION	
NORFOLK SOUTHERN RAILWAY Co.		OWN	DAB	VAL SEC	MAR
OWNING COMPANY		OWN	DAB	FILE	188-24
VIRGINIA DIVISION		DATE	JANUARY 27, 1997		DRAWING NUMBER
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Figure B.7-9

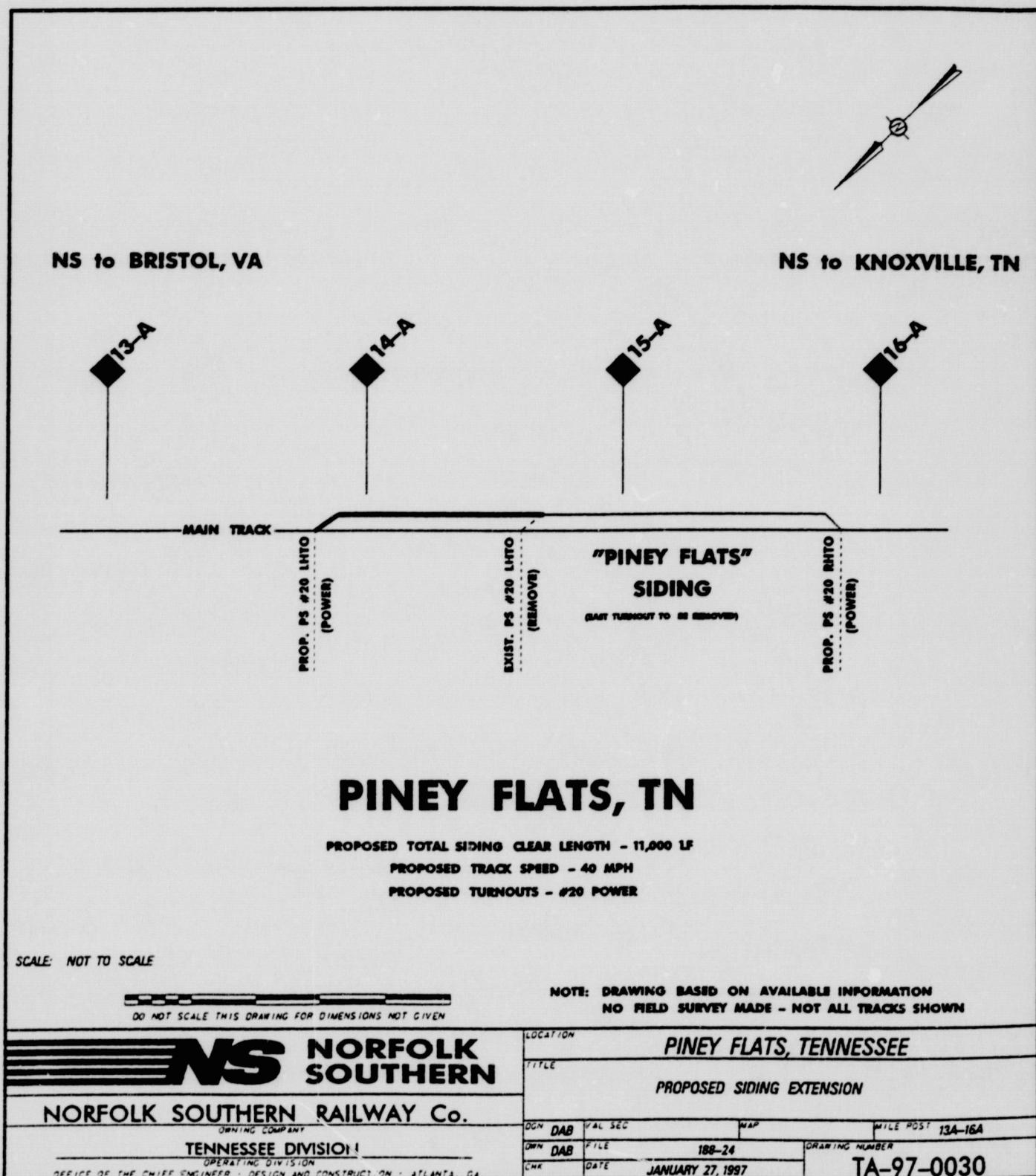


Figure B.7-10

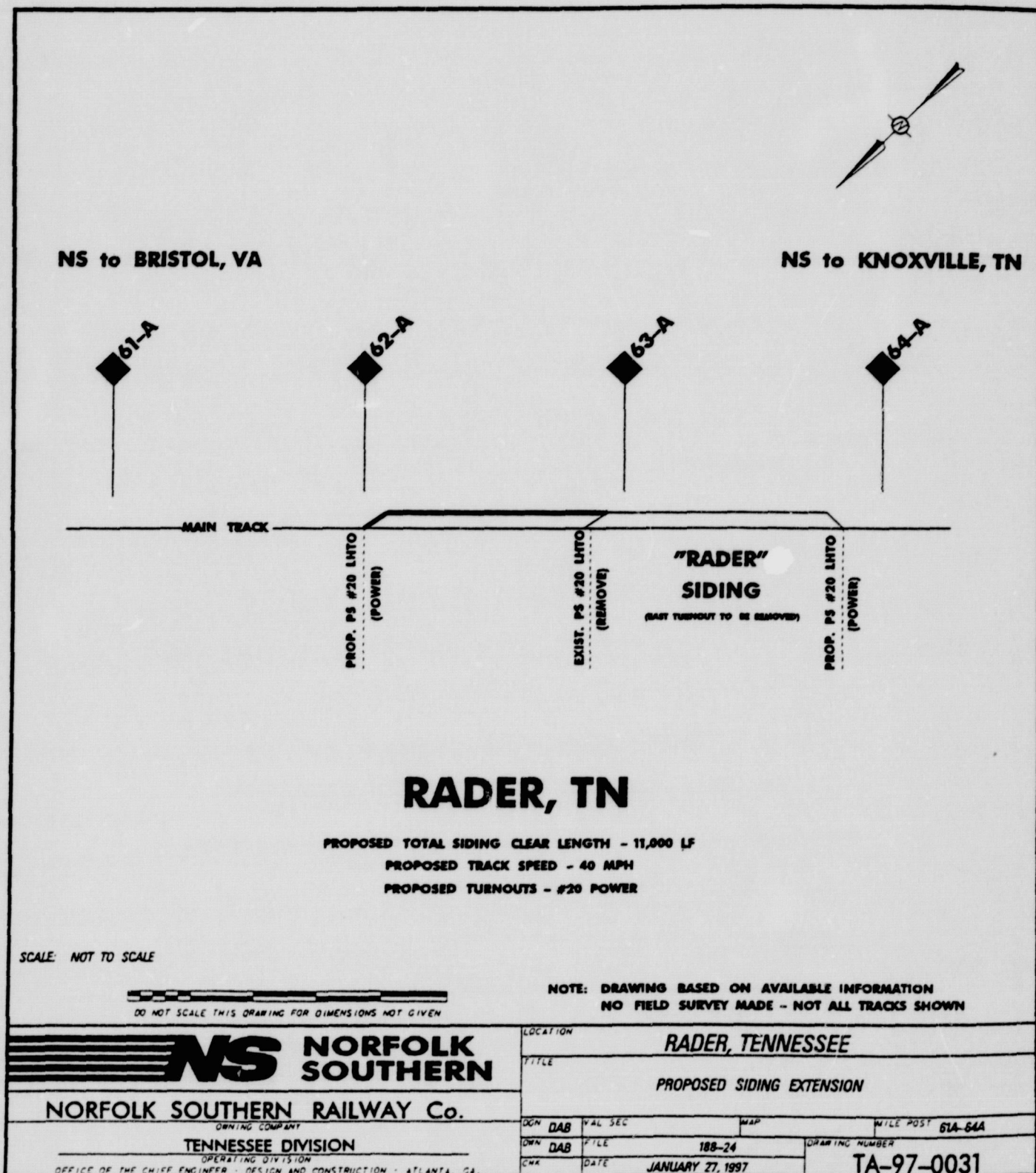


Figure B.7-11

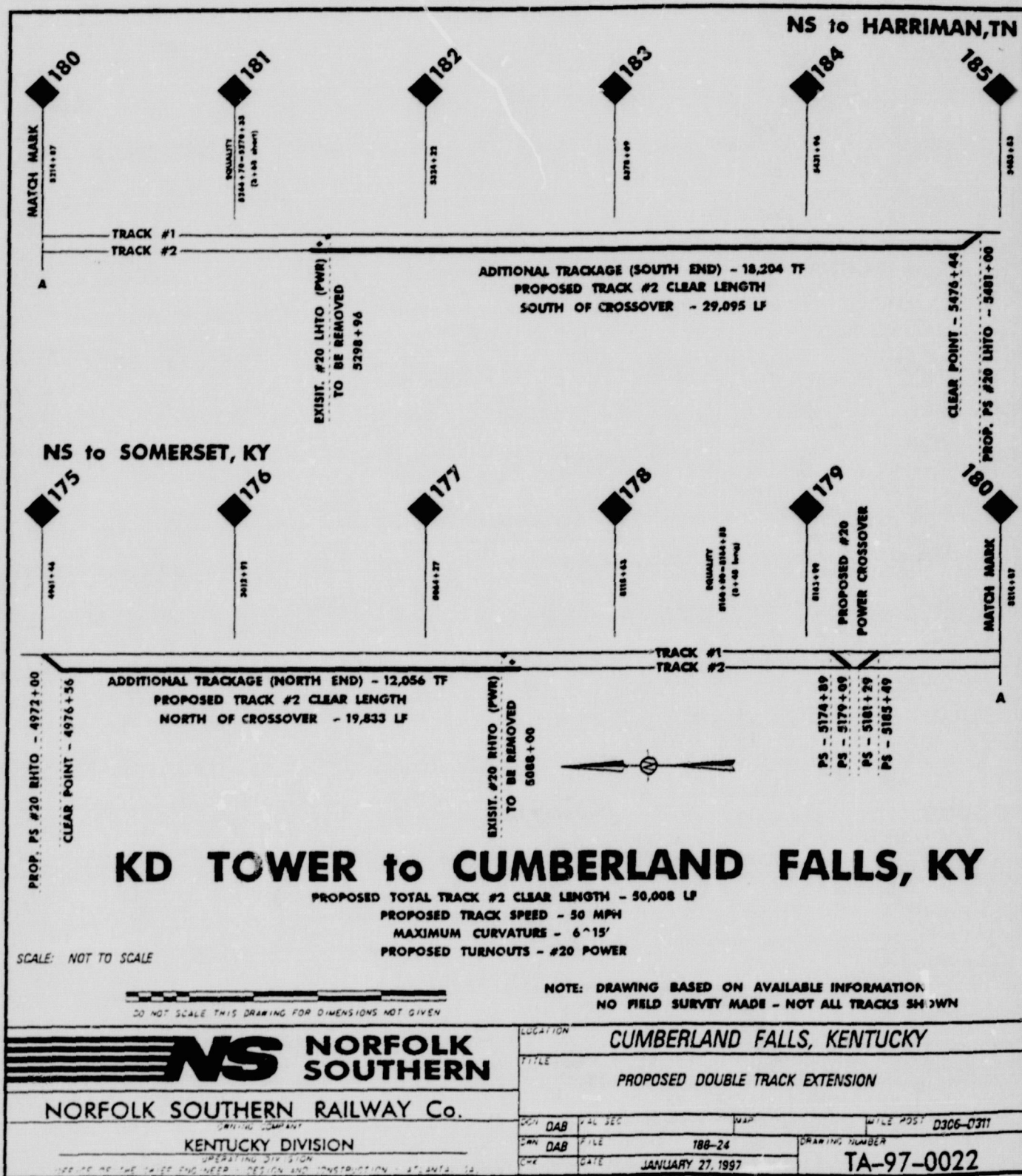
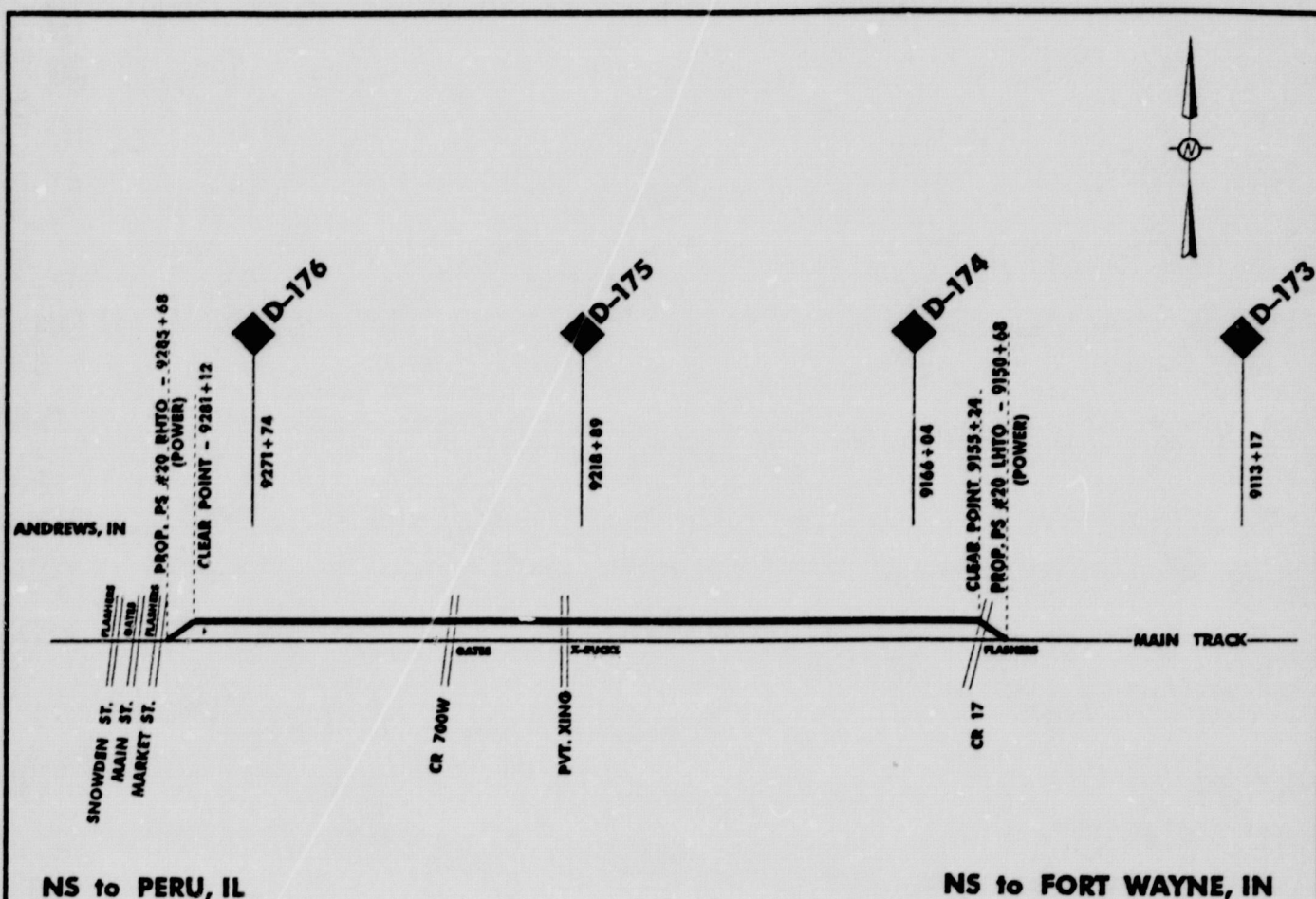


Figure B.7-12



ANDREWS SIDING, INDIANA

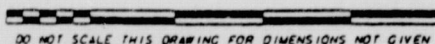
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PROPOSED TRACK SPEED - 40 MPH

MAXIMUM CURVATURE - 1° 30'

PROPOSED TURNOUTS - #20 POWER

SCALE: NOT TO SCALE



NS NORFOLK SOUTHERN

NORFOLK SOUTHERN RAILWAY Co.

OWNING COMPANY

LAKE DIVISION

OPERATING DIVISION

OFFICE OF THE CHIEF ENGINEER - DESIGN AND CONSTRUCTION - ATLANTA, GA.

LOCATION

ANDREWS, INDIANA

TITLE

PROPOSED SIDING

DGN

CDI

VAL SEC

MAP

MILE POST

0173-0176

OWN

CDI

FILE

188-24

DRAWING NUMBER

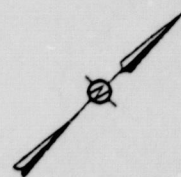
CHR

DATE

MAY 8, 1997

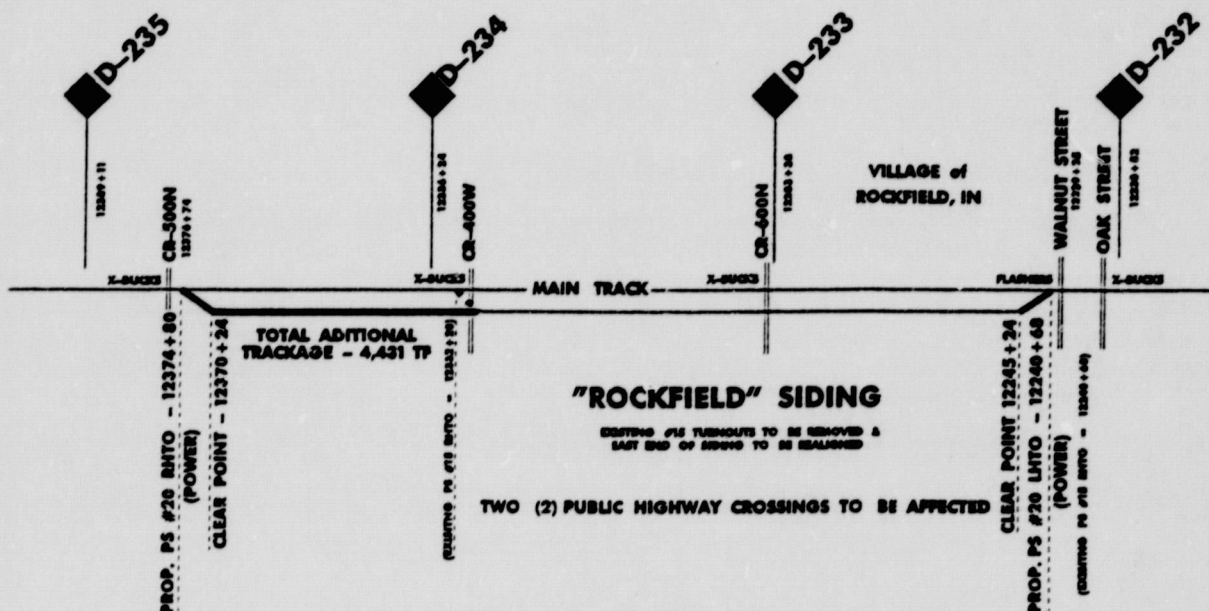
TA-97-0079

Figure B.7-13



NS to LAFAYETTE, IN

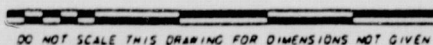
NS to PERU, IN



ROCKFIELD, INDIANA


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 MAXIMUM CURVATURE - 1°30'
 PROPOSED TURNOUTS - #20 POWER

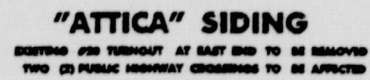
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DO NOT SCALE THIS DRAWING FOR DIMENSIONS NOT GIVEN

NOTE: DRAWING BASED ON AVAILABLE INFORMATION
 NO FIELD SURVEY MADE - NOT ALL TRACKS SHOWN

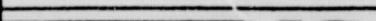
 NORFOLK SOUTHERN NORFOLK SOUTHERN RAILWAY Co. <small>TRAINING COMPANY</small> ILLINOIS DIVISION <small>OPERATING DIVISION</small> OFFICE OF THE CHIEF ENGINEER - DESIGN AND CONSTRUCTION - ATLANTA, GA	LOCATION ROCKFIELD, INDIANA	
	TITLE PROPOSED SIDING EXTENSION	
DGN DAB DWN DAB CNE	VAL SEC FILE DATE	MAP 188-24 MAY 8, 1997
MILE POST 0232-0235		DRAWING NUMBER TA-97-0080



PROPOSED TOTAL SIDING CLEAR LENGTH - 12,500 LF
PROPOSED MAXIMUM TRACK SPEED - 40 MPH
MAXIMUM CURVATURE - 2°30'
PROPOSED TURNOUTS - #20 POWER

DO NOT SCALE THIS DRAWING FOR DIMENSIONS NOT GIVEN

**NOTE: DRAWING BASED ON AVAILABLE INFORMATION
NO FIELD SURVEY MADE - NOT ALL TRACKS SHOWN**

 NORFOLK SOUTHERN NORFOLK SOUTHERN RAILWAY Co. <small>OWNING COMPANY</small> ILLINOIS DIVISION <small>OPERATING DIVISION</small> <small>OFFICE OF THE CHIEF ENGINEER - DESIGN AND CONSTRUCTION - ATLANTA, GA</small>	LOCATION	ATTICA, INDIANA	
	TITLE	PROPOSED SIDING EXTENSION	
	<small>CON</small> <small>DAB</small> <small>VAL SEC</small> <small>MAF</small> <small>MILE POST</small>	<small>0274-0277</small>	
	<small>CHE</small> <small>DATE</small>	<small>MAY 8, 1997</small>	
		<small>DRAWING NUMBER</small>	TA-97-0081