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Shares registered in their own names, we are enclosing the following documents:

1. The Supplement, dated November 6, 1996;
2. The (blue) Letter of Transmittal to be used by holders of Shares in accepting the Offer and tendering Shares;
3. The (gray) Notice of Guaranteed Delivery to be used to accept the Offer if the certificates evidencing such Shares (the "Share Certificates") are not immediately available or time will not permit all required documents to reach IBJ Schroder Bank & Trust Company (the "Depository") prior to the Expiration Date (as defined in the Supplement) or the procedure for book-entry transfer cannot be completed on a timely basis;
4. A letter to shareholders of the Company from David M. LeVan, Chairman, President and Chief Executive Officer, together with an amended Solicitation/Recommendation Statement on Schedule 14D-9 filed with the Securities and Exchange Commission by the Company;
5. A letter which may be sent to your clients for whose accounts you hold Shares registered in your name or in the name of your nominees, with space provided for obtaining such clients' instructions with regard to the Offer;
6. Guidelines of the Internal Revenue Service for Certification of Taxpayer Identification Number on Substitute Form W-9; and
7. Return envelope addressed to the Depository.

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment), Purchaser will purchase, by accepting for payment, and will pay for, an aggregate of 17,860,124 Shares validly tendered prior to the Expiration Date promptly after the later to occur of (i) the Expiration Date and (ii) the satisfaction or waiver of the conditions set forth in "Conditions of the Offer" of the Offer to Purchase. For purposes of the Offer, Purchaser will be deemed to have accepted for payment, and thereby purchased, tendered Shares if, as and when Purchaser gives oral or written notice to the Depository of Purchaser's acceptance of such Shares for payment. In all cases, payment for Shares purchased pursuant to the Offer will be made only after timely receipt by the Depository of (i) the Share Certificates or timely confirmation of a book-entry transfer of such Shares, if such procedure is available, into the Depository's account at The Depository Trust Company or the Philadelphia Depository Trust Company pursuant to the procedures set forth in "Procedures for Tendering Shares" of the Offer to Purchase, (ii) the Letter of Transmittal (or facsimile thereof), properly completed and duly executed, or an Agent's Message (as defined in "Acceptance for Payment and Payment for Shares" of the Offer to Purchase) and (iii) any other documents required by the Letter of Transmittal.

Purchaser will not pay any fees or commissions to any broker or dealer or any other person (other than the Dealer Manager and the Information Agent as described in "Fees and Expenses" of the Offer to Purchase) in connection with the solicitation of tenders of Shares pursuant to the Offer. Purchaser will, however, upon request, reimburse you for customary mailing and handling expenses incurred by you in forwarding the enclosed materials to your clients.

Purchaser will pay any stock transfer taxes incident to the transfer to it of validly tendered Shares, except as otherwise provided in Instruction 6 of the Letter of Transmittal.

YOUR PROMPT ACTION IS REQUESTED. WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE. THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON WEDNESDAY, NOVEMBER 20, 1996, UNLESS THE OFFER IS FURTHER EXTENDED.

In order to take advantage of the Offer, a duly executed and properly completed Letter of Transmittal (or facsimile thereof), with any required signature guarantees and any other required documents, should be sent to the Depositary, and certificates evidencing the tendered Shares should be delivered or such Shares should be tendered by book-entry transfer, all in accordance with the Instructions set forth in the Letter of Transmittal and the Offer to Purchase.

If holders of Shares wish to tender Shares, but it is impracticable for them to forward their certificates or other required documents prior to the Expiration Date, a tender may be effected by following the guaranteed delivery procedures specified under "Procedures for Tendering Shares" of the Offer to Purchase.

Any inquiries you may have with respect to the Offer should be addressed to the Dealer Manager or the Information Agent at their respective addresses and telephone numbers set forth on the back cover page of the Offer to Purchase.

Additional copies of the enclosed materials may be obtained from the undersigned, at Wasserstein Perella & Co., Inc., telephone (212) 969-2700 (Collect) or by calling the Information Agent, MacKenzie Partners, Inc., telephone 1-800-322-2885 (Toll Free), or from brokers, dealers, commercial banks or trust companies.

Very truly yours,

Wasserstein Perella & Co., Inc.

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NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY OTHER PERSON AS AN AGENT OF PARENT, PURCHASER, THE DEPOSITARY, THE INFORMATION AGENT OR THE DEALER MANAGER, OR ANY AFFILIATE OF ANY OF THE FOREGOING, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE OFFER OTHER THAN THE DOCUMENTS ENCLOSED AND THE STATEMENTS CONTAINED THEREIN.

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<TYPE>EX-99.A17

<SEQUENCE>7

<DESCRIPTION>REVISED LETTER TO CLIENTS

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<PAGE> 1

GREEN ACQUISITION CORP.  
a wholly owned subsidiary of  
CSX CORPORATION  
HAS INCREASED THE PRICE OF ITS  
OFFER TO PURCHASE FOR CASH

AN AGGREGATE OF 17,860,124 SHARES  
OF

COMMON STOCK AND SERIES A ESOP CONVERTIBLE JUNIOR PREFERRED STOCK  
(including, in each case, the associated Common Stock Purchase Rights)  
OF  
CONRAIL INC.  
TO

\$110 NET PER SHARE

THE OFFER HAS BEEN EXTENDED. THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS

WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON WEDNESDAY, NOVEMBER 20, 1996 UNLESS THE OFFER IS FURTHER EXTENDED.

November 6, 1996

To Our Clients:

Enclosed for your consideration is a Supplement, dated November 6, 1996 (the "Supplement"), to the Offer to Purchase, dated October 16, 1996 (the "Offer to Purchase"), and the related Letter of Transmittal (which, as amended from time to time, together constitute the "Offer") in connection with the Offer by Green Acquisition Corp., a Pennsylvania corporation ("Purchaser") and a wholly owned subsidiary of CSX Corporation, a Virginia corporation ("Parent"), to purchase an aggregate of 17,860,124 shares of (i) common stock, par value \$1.00 per share (the "Common Shares"), and (ii) Series A ESOP Convertible Junior Preferred Stock, without par value (the "ESOP Preferred Shares" and, together with the Common Shares, the "Shares"), of Conrail Inc., a Pennsylvania corporation (the "Company"), including, in each case, the associated Common Stock Purchase Rights (the "Rights") issued pursuant to the Rights Agreement, dated as of July 19, 1989, between the Company and First Chicago Trust Company of New York, as Rights Agent (as amended, the "Rights Agreement") at a price of \$110 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer. All references herein to the Common Shares, ESOP Preferred Shares, or Shares shall include the associated Rights.

Shareholders whose certificates evidencing Shares ("Share Certificates") are not immediately available or who cannot deliver their Share Certificates and all other documents required by the Letter of Transmittal to the Depository prior to the Expiration Date (as defined in "Terms of the Offer; Proration; Expiration Date" of the Offer to Purchase) or who cannot complete the procedure for delivery by book-entry transfer to the Depository's account at a Book-Entry Transfer Facility (as defined in "Acceptance for Payment and Payment for Common Shares" of the Offer to Purchase) on a timely basis and who wish to tender their Shares must do so pursuant to the guaranteed delivery procedure described in "Procedures for Tendering Shares" of the Offer to Purchase. See Instruction 2 of the Letter of Transmittal. Delivery of documents to a Book-Entry Transfer Facility in accordance with the Book-Entry Transfer Facility's procedures does not constitute delivery to the Depository.

THE MATERIAL IS BEING SENT TO YOU AS THE BENEFICIAL OWNER OF SHARES HELD BY US FOR YOUR ACCOUNT BUT NOT REGISTERED IN YOUR NAME. WE ARE THE HOLDER OF RECORD OF SHARES HELD BY US FOR YOUR ACCOUNT. A TENDER OF SUCH SHARES CAN BE MADE ONLY BY US AS THE HOLDER OF RECORD AND PURSUANT TO YOUR INSTRUCTIONS. THE LETTER OF TRANSMITTAL IS FURNISHED TO YOU FOR YOUR INFORMATION ONLY AND CANNOT BE USED BY YOU TO TENDER SHARES HELD BY US FOR YOUR ACCOUNT.

We request instructions as to whether you wish to have us tender on your behalf any or all of the Shares held by us for your account, upon the terms and subject to the conditions set forth in the Offer.

Your attention is invited to the following:

1. The tender price is \$110 per Share, net to the seller in cash.
2. The Offer, proration period and withdrawal rights will expire at 12:00 Midnight, New York City time, on Wednesday, November 20, 1996, unless the Offer is further extended.

3. The Offer is being made for an aggregate of 17,860,124 Shares.

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4. The Board of Directors of the Company has unanimously approved the Offer and the Merger (as defined in the Offer to Purchase), has determined



that the Merger Agreement and the transactions contemplated thereby (including the Offer and the Merger) are in the best interests of the Company and recommends that shareholders of the Company who desire to receive cash for their Shares accept the Offer and tender their Shares pursuant to the Offer.

5. The Offer is conditioned upon, among other things, (a) the receipt by Purchaser, prior to the expiration of the Offer, of an informal written opinion in form and substance reasonably satisfactory to Purchaser from the staff of the Surface Transportation Board (the "STB"), without the imposition of any conditions unacceptable to Purchaser, that the use of a voting trust in substantially the form contemplated by the Merger Agreement is consistent with the policies of the STB against unauthorized acquisitions of control of a regulated carrier, (b) the receipt by Purchaser, prior to the expiration of the Offer, of an informal statement from the Premerger Notification Office of the Federal Trade Commission that the transactions contemplated by the Offer, the Merger Agreement and the Company Stock Option Agreement (as such terms are defined in the Offer to Purchase) are not subject to, or are exempt from, the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), or, in the absence of the receipt of such informal statement, any applicable waiting period under the HSR Act shall have expired or been terminated, (c) Parent and Purchaser obtaining, prior to the expiration of the Offer, sufficient financing, on terms reasonably acceptable to Parent, to enable consummation of the Offer and the Merger and (d) there being at least 17,860,124 Shares validly tendered and not properly withdrawn prior to the expiration of the Offer.

6. Tendering shareholders will not be obligated to pay brokerage fees or commissions or, except as set forth in Instruction 6 of the Letter of Transmittal, stock transfer taxes on the purchase of Shares by Purchaser pursuant to the Offer.

The Offer is made solely by the Offer to Purchase, the Supplement and the related Letters of Transmittal and is being made to all holders of Shares. Purchaser is not aware of any state where the making of the Offer is prohibited by administrative or judicial action pursuant to any valid state statute. If Purchaser becomes aware of any valid state statute prohibiting the making of the Offer or the acceptance of Shares pursuant thereto, Purchaser will make a good faith effort to comply with such state statute. If, after such good faith effort, Purchaser cannot comply with such state statute, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of Shares in such state. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of Purchaser by the Dealer Manager or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

If you wish to have us tender any or all of your Shares, please so instruct us by completing, executing and returning to us the instruction form contained in this letter. An envelope in which to return your instructions to us is enclosed. If you authorize the tender of your Shares, all such Shares will be tendered unless otherwise specified on the instruction form set forth in this letter. YOUR INSTRUCTIONS SHOULD BE FORWARDED TO US IN AMPLE TIME TO PERMIT US TO SUBMIT A TENDER ON YOUR BEHALF PRIOR TO THE EXPIRATION OF THE OFFER.

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INSTRUCTIONS  
WITH RESPECT TO THE OFFER TO PURCHASE FOR CASH  
AN AGGREGATE OF 17,860,124 SHARES OF  
COMMON STOCK AND SERIES A ESOP CONVERTIBLE JUNIOR PREFERRED STOCK  
OF CONRAIL INC.

The undersigned acknowledge(s) receipt of your letter and the enclosed Supplement, dated November 6, 1996, to the Offer to Purchase, dated October 16, 1996, and the related (blue) Letter of Transmittal (which, as amended from time to time, together constitute the "Offer"), in connection with the offer by Green Acquisition Corp., a Pennsylvania corporation ("Purchaser") and a wholly owned subsidiary of CSX Corporation, a Virginia corporation ("Parent"), to purchase an aggregate of 17,860,124 shares of (i) common stock, par value \$1.00 per share (the "Common Shares"), and (ii) Series A ESOP Convertible Junior Preferred Stock, without par value (the "ESOP Preferred Shares" and, together with the Common Shares, the "Shares"), of Conrail Inc., a Pennsylvania corporation (the "Company") including, in each case, the associated Common Stock Purchase Rights (the "Rights") issued pursuant to the Rights Agreement, dated July 19, 1989, between the Company and First Chicago Trust Company of New York, as Rights Agent (as the "Rights Agreement"). All references herein to the Common Shares, ESOP Preferred Shares or Shares shall include the associated Rights.

This will instruct you to tender to Purchaser the number of Shares indicated below (or, if no number is indicated in either appropriate space below, all Shares) held by you for the account of the undersigned, upon the terms and subject to the conditions set forth in the Offer.

&lt;TABLE&gt;

&lt;S&gt;

&lt;C&gt;

Number of Shares to be Tendered\*:  
Shares

SIGN HERE

Account Number:

SIGNATURE(S)

Date: , 1996

PLEASE TYPE OR PRINT NAME  
PLEASE TYPE OR PRINT ADDRESS  
AREA CODE AND TELEPHONE  
TAXPAYER IDENTIFICATION OR  
NUMBER(S)

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\* Unless otherwise indicated, it will be assumed that all Shares held by us for your account are to be tendered.

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&lt;DOCUMENT&gt;

&lt;TYPE&gt;EX-99.A18

&lt;SEQUENCE&gt;8

&lt;DESCRIPTION&gt;TEXT OF PRESS RELEASE ISSUED BY PARENT &amp; CO. 11/6

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[LOGO OF CSX]

[LOGO OF CONRAIL]

## CONTACTS:

&lt;TABLE&gt;

&lt;S&gt;

&lt;C&gt;

CSX CORPORATION  
THOMAS E. HOPPIN  
(804) 782-1452  
KEKST AND COMPANY  
RICHARD WOLFF  
(212) 593-2655  
</TABLE>

CONRAIL INC.  
CRAIG R. MACQUEEN  
(215) 209-4594  
ABERNATHY MACGREGOR GROUP  
JOELE FRANK/DAN KATCHER  
(212) 371-5999

FOR IMMEDIATE RELEASE

CSX AND CONRAIL AMEND MERGER AGREEMENT

CSX RAISES CASH PORTION OF ITS AGREEMENT WITH CONRAIL TO \$110 PER CONRAIL SHARE

CONRAIL BOARD UNANIMOUSLY APPROVES CSX AMENDED OFFER

CONRAIL BOARD UNANIMOUSLY REJECTS NORFOLK SOUTHERN'S OFFER

Richmond, Va., and Philadelphia, Pa., Nov. 6, 1996--CSX Corporation [NYSE: CSX] and Conrail Inc. [NYSE: CRR] today announced that they have amended the terms of their merger agreement. Under the revised terms, CSX has raised the cash portion of its offer to \$110 per Conrail share.

Conrail also announced that its board of directors carefully considered the relative merits of a merger with Norfolk Southern rather than with CSX, and unanimously reaffirmed that a merger with CSX is in Conrail's best interest and is the superior strategic combination for Conrail. The Conrail board determined that a transaction with Norfolk Southern is not in the best interest of Conrail and its constituencies.

David M. LeVan, chairman, president and chief executive officer of Conrail, said, "Our two companies have now agreed to significantly increase the value to be received by the Conrail shareholders, and Conrail's other constituencies will continue to get tremendous benefits resulting from the CSX merger.

"On Oct. 14, 1996, the Conrail board unanimously approved a merger of equals with CSX to create one of the world's leading transportation and logistics companies," Mr. LeVan continued. "That transaction provided value to our shareholders at the high-end of what has been paid in other railroad mergers, and it clearly was and is in the best interests of Conrail and its constituencies. Before approving that merger, we carefully considered the relative merits of a merger with Norfolk Southern rather than with CSX, and we unanimously determined that a merger with CSX was in Conrail's best interest and was the superior  
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strategic combination for Conrail. In making that decision we were fully aware that Norfolk Southern had expressed an interest in acquiring Conrail. We have now reaffirmed that decision."

John W. Snow, CSX chairman, president and chief executive officer, said, "Our decision to increase the cash portion of the offer not only reflects CSX's commitment to completing the transaction, but also accounts for the increased value we have determined will be realized through the merger. Further analysis by our management team, working with its counterpart at Conrail, has identified at least \$730 million in synergies and cost savings, \$180 million more than originally anticipated.

"Following the combination of our two companies, we expect immediate net traffic benefits of about \$165 million and cost savings totaling approximately \$565 million," continued Mr. Snow. "Importantly, we will realize these benefits rapidly by working closely together. This is especially significant since Conrail shareholders who receive CSX shares as consideration for their shares, will benefit from what we expect will be a substantial increase in the value of those shares.

"Furthermore, it is apparent that the merger between CSX and Conrail will produce significant public policy benefits. The service and pricing advantages we will offer shippers will reduce truck traffic along the now congested interstate corridors throughout the region. We also will be able to provide a safer, more reliable operating environment for passenger services. Only the CSX/Conrail combination offers so many significant benefits to customers and the greater public," Mr. Snow added.



"The hostile Norfolk Southern bid is burdened with a series of significant conditions. Given all the obstacles in the path of Norfolk Southern's bid, Conrail shareholders would have to wait a prolonged amount of time to receive payment for their shares. Meanwhile, the CSX/Conrail combination offers an immediate opportunity to move forward together creating real, substantive value for both Conrail and CSX shareholders.

"The merger of CSX and Conrail is driven by a compelling logic. Together, CSX and Conrail will create the leading global freight transportation and logistics management company and provide dramatically improved rail service to our customers east of the Mississippi. Shippers and receivers throughout the region will benefit from significantly enhanced competition, much better service and more competitive pricing. Our combined railroad will grow significantly and operate with maximum efficiency," Mr. Snow said.

"Clearly, the combination of CSX and Conrail provides the best overall package of benefits to our constituencies, including customers, the communities we serve, and the public-at-large. We welcome the strong support of the Conrail board of directors and look forward to a bright future as our new company moves full speed into the 21st Century," concluded Mr. Snow.

The significant amendments to the CSX/Conrail merger agreement include:

- - The increase of the cash portion of the transaction to \$110 per Conrail share. The structure of the proposed merger will remain the same: 40 percent of the fully diluted shares of Conrail's common stock and ESOP preferred stock will be acquired at the new price and the remaining 60 percent will be exchanged for CSX stock at the originally agreed-upon exchange ratio of 1.85619 CSX shares for each Conrail share;
- - An extension by three months of the period of time during which the Conrail board of directors cannot withdraw its support of the merger agreement or agree to any competing transaction. As now extended, such provisions will run until July 12, 1997; and
- - Neither party will engage in discussions or enter into any agreement with other railroad companies (including Norfolk Southern) relating to trackage rights or other concessions without the participation and agreement of the other party.

Additionally, the Conrail Shareholders Meeting scheduled for Nov. 14 has been canceled. The record date for a new shareholders meeting has been set at Dec. 5, 1996, and the shareholder meeting is

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expected to be held in mid-December.

CSX's tender offer of \$110 per Conrail share is for an aggregate of about 17.9 million shares of Conrail common stock and ESOP preferred stock, or approximately 19.9 percent of the Conrail outstanding voting stock. The offer is subject to certain customary conditions.

Under the terms of the CSX offer, as amended, the tender offer's expiration date and withdrawal and proration rights are extended until Midnight EST, Nov. 20, 1996. As of the close of business on Nov. 5, 1996, 56,634 Conrail shares had been tendered pursuant to the CSX offer.

CSX Corporation, headquartered in Richmond, Va., is an international transportation company offering a variety of rail, container-shipping, intermodal, trucking, barge and contract logistics management services.

Conrail, with corporate headquarters in Philadelphia, Pa., operates an



11,000-mile rail freight network in 12 northeastern and midwestern states, the District of Columbia, and the Province of Quebec.

Attached is a fact sheet on the CSX/Conrail merger of equals, and additional information regarding this announcement can be found on the companies' Web sites on the Internet. CSX's home page can be reached at <http://www.CSX.com>. Conrail's home page can be reached at <http://www.CONRAIL.com>.

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#### FAST FACTS REGARDING THE CSX - CONRAIL MERGER

- The proposed CSX/CRR merger of equals will create a powerful strategic alliance, the leading transportation company in the world with more than \$14 billion in revenue and operations serving more than 80 countries around the globe.
- In addition to the railroad, the new company will include the nation's largest container-shipping (Sea-Land Services) and barging (American Commercial Barge Line) companies, its only full-service, coast-to-coast intermodal company (CSX Intermodal) and one of the foremost contract logistics management companies (Customized Transportation Services) in the world.
- For employees and the communities within which they work and live, the CSX/CRR merger of equals offers the combination of companies with complementary business mixes, common corporation strategies and compatible corporate cultures.
- CSX/CRR has agreed to locating the corporate headquarters of the new company in Philadelphia; to leaving the operating headquarters of the CSX and Conrail rail companies in Jacksonville and Philadelphia for the foreseeable future; to a board comprised of an equal number of directors from each company; and to a defined succession plan that insures the management and employees, shareholders, customers and communities served by both companies will have powerful roles and strong voices in the future of the company.
- For shareholders, the CSX/CRR merger of equals offers ownership of an international transportation company with the scale and efficiency at home and abroad to compete effectively and generate attractive returns well into the 21st Century.
- For customers, the CSX/CRR combination provides a 29,000 route mile rail system that would span 22 states and offer vastly improved service to virtually all major markets east of the Mississippi. Such a system will provide the highest quality service to customers as a result of faster, more reliable service, shorter routes, an improved cost structure, better equipment supply and utilization and more single-line service.
- The proposed CSX/CRR merger of equals allows realization of public policy benefits that cannot be accomplished through any other combination.

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- More passenger trains will use the combined CSX/CRR rail system than any other in the United States. These include not only Amtrak's, but also those operated by commuter services in Boston, New York, Philadelphia, Baltimore and Washington. Freight and passenger trains currently share the same tracks in these areas. Improved coordination, scheduling and operation of freight and passenger services will reduce delays and improve safety and service for passengers. Similar options may exist in other parts of the combined system in the future as

hard-pressed urban planners increasingly turn to rail transportation to relieve highway congestion, save scarce public resources and improve air quality.

- The proposed CSX/CRR merger of equals offers improved rail competition to Northeast and Midwest markets and an opportunity to improve the social and economic benefits of the entire transportation infrastructure of the region through increased, more effective competition with the trucking industry and through additional intermodal cooperation.

CSX's internet address is <http://www.csx.com>

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FIRST AMENDMENT

TO

AGREEMENT AND PLAN OF MERGER

BY AND AMONG

CONRAIL INC.,  
A PENNSYLVANIA CORPORATION,

GREEN ACQUISITION CORP.,  
A PENNSYLVANIA CORPORATION,

AND

CSX CORPORATION,  
A VIRGINIA CORPORATION,

DATED AS OF NOVEMBER 5, 1996.

EXHIBIT (c) (7)

First Amendment to Agreement and Plan of  
Merger dated as of November 5, 1996, by  
and among CSX, Tender Sub and  
Conrail

See Volume 8



SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

SCHEDULE 14D-1

TENDER OFFER STATEMENT

PURSUANT TO  
SECTION 14(D) (1) OF THE SECURITIES EXCHANGE ACT OF 1934  
AND  
SCHEDULE 13D

(AMENDMENT NO. 5)

CONRAIL INC.  
(Name of Subject Company)

CSX CORPORATION  
GREEN ACQUISITION CORP.  
(Bidders)

COMMON STOCK, PAR VALUE \$1.00 PER SHARE  
(Title of Class of Securities)

208368 10 0  
(CUSIP Number of Class of Securities)

SERIES A ESOP CONVERTIBLE JUNIOR  
PREFERRED STOCK, WITHOUT PAR VALUE  
(Title of Class of Securities)

NOT AVAILABLE  
(CUSIP Number of Class of Securities)

MARK G. ARON  
CSX CORPORATION  
ONE JAMES CENTER  
901 EAST CARY STREET  
RICHMOND, VIRGINIA 23219-4031  
TELEPHONE: (804) 782-1400  
(Names, Addresses and Telephone Numbers of Persons Authorized  
to Receive Notices and Communications on Behalf of Bidder)

With a copy to:

PAMELA S. SEYMON  
WACHTELL, LIPTON, ROSEN & KATZ  
51 WEST 52ND STREET  
NEW YORK, NEW YORK 10019  
TELEPHONE: (212) 403-1000



This Statement amends and supplements the Tender Offer Statement on Schedule 14D-1 filed with the Securities and Exchange Commission (the "Commission") on October 16, 1996, as previously amended and supplemented (the "Schedule 14D-1"), by Green Acquisition Corp. ("Purchaser"), a Pennsylvania corporation and a wholly owned subsidiary of CSX Corporation, a Virginia corporation ("Parent"), to purchase an aggregate of 17,860,124 shares of (i) Common Stock, par value \$1.00 per share (the "Common Shares"), and (ii) Series A ESOP Convertible Junior Preferred Stock, without par value (together with the Common Shares, the "Shares"), of Conrail Inc., a Pennsylvania corporation (the "Company"), including, in each case, the associated Common Stock Purchase Rights, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated October 16, 1996 (the "Offer to Purchase"), as supplemented by the Supplement thereto dated November 6, 1996 (the "Supplement") and in the related Letters of Transmittal (which, together with any amendments or supplements thereto, constitute the "Offer") at a purchase price of \$110.00 per Share, net to the tendering shareholder in cash. Capitalized terms used and not defined herein shall have the meanings assigned such terms in the Offer to Purchase, the Supplement and the Schedule 14D-1.

**ITEM 3. PAST CONTACTS, TRANSACTIONS OR NEGOTIATIONS WITH THE SUBJECT COMPANY.**

(b) On November 13, 1996 Parent and the Company issued a joint press release stating that Parent has had, and continues to have, discussions with the Company relating to an increase in the value of the consideration payable upon consummation of the Merger. A copy of the press release is attached hereto as Exhibit (a)(19), and the foregoing summary description is qualified in its entirety by reference to such exhibit.

ITEM 11. MATERIAL TO BE FILED AS EXHIBITS.

- (a) (1) -- Offer to Purchase, dated October 16, 1996.\*
- (a) (2) -- Letter of Transmittal.\*
- (a) (3) -- Notice of Guaranteed Delivery.\*
- (a) (4) -- Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.\*
- (a) (5) -- Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.\*
- (a) (6) -- Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.\*
- (a) (7) -- Text of Press Release issued by Parent on October 15, 1996.\*
- (a) (8) -- Form of Summary Advertisement, dated October 16, 1996.\*
- (a) (9) -- Text of Press Release issued by Parent on October 22, 1996.\*
- (a) (10) -- Text of Press Release issued by Parent on October 23, 1996.\*
- (a) (11) -- Text of Press Release issued by Parent on October 30, 1996.\*
- (a) (12) -- Text of Press Release issued by Parent on November 3, 1996.\*
- (a) (13) -- Supplement to Offer to Purchase, dated November 6, 1996.\*
- (a) (14) -- Revised Letter of Transmittal.\*
- (a) (15) -- Revised Notice of Guaranteed Delivery.\*
- (a) (16) -- Revised Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.\*

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\* Previously filed.

- (a) (17) -- Revised Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.\*
- (a) (18) -- Text of Press Release issued by Parent and the Company on November 6, 1996.\*
- (a) (19) -- Text of Press Release issued by Parent and the Company on November 13, 1996.
- (b) (1) -- Commitment Letter, dated October 21, 1996.\*
- (c) (1) -- Agreement and Plan of Merger, dated as of October 14, 1996, by and among Parent, Purchaser and the Company.\*
- (c) (2) -- Company Stock Option Agreement, dated as of October 14, 1996, between Parent and the Company.\*
- (c) (3) -- Parent Stock Option Agreement, dated as of October 14, 1996, between Parent and the Company.\*
- (c) (4) -- Form of Voting Trust Agreement.\*
- (c) (5) -- Complaint in Norfolk Southern Corporation, et al. v. Conrail Inc., et al., No. 96-CV-7167, filed on October 23, 1996.\*
- (c) (6) -- First Amended Complaint in Norfolk Southern Corporation, et al. v. Conrail Inc., et al., No. 96-CV-7167, filed on October 30, 1996.\*
- (c) (7) -- First Amendment to Agreement and Plan of Merger, dated as of November 5, 1996, by and among Parent, Purchaser and the Company.\*

SIGNATURE

After due inquiry and to the best of my knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

CSX CORPORATION

By: /s/ Mark G. Aron  
Name: Mark G. Aron  
Title: Executive Vice President -  
Law and Public Affairs

Dated: November 13, 1996



SIGNATURE

After due inquiry and to the best of my knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

GREEN ACQUISITION CORP.

By: /s/ Mark G. Aron  
Name: Mark G. Aron  
Title: General Counsel  
and Secretary

Dated: November 13, 1996

# EXHIBIT INDEX

Exhibit No.	Description
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\* Previously filed.

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- (c) (2) -- Company Stock Option Agreement, dated as of October 14, 1996, between Parent and the Company.\*
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- (c) (6) -- First Amended Complaint in Norfolk Southern Corporation, et al. v. Conrail Inc., et al., No. 96-CV-7167, filed on October 30, 1996.\*
- (c) (7) -- First Amendment to Agreement and Plan of Merger, dated as of November 5, 1996, by and among Parent, Purchaser and the Company.\*

## FOR IMMEDIATE RELEASE

## CONTACTS:

CSX Corporation  
Thomas E. Hoppin  
(804) 782-1450

Conrail Inc.  
Craig R. MacQueen  
(215) 209-4594

Kekst and Company  
Richard Wolff  
(212) 593-2655

Abernathy MacGregor Group  
Joele Frank/Dan Katcher  
(212) 371-5999

CONRAIL BOARD ADVISES SHAREHOLDERS NOT TO TENDER  
TO REVISED NORFOLK SOUTHERN TENDER OFFER;  
CSX AND CONRAIL REAFFIRM COMMITMENT TO THEIR MERGER

RICHMOND, VA AND PHILADELPHIA, PA (NOVEMBER 13, 1996)  
-- Conrail Inc. [NYSE: CRR] announced today that its Board of Directors recommends that shareholders not tender their shares pursuant to the revised Norfolk Southern tender offer. Shares tendered to the Norfolk Southern offer, which expires on November 22, cannot be accepted for payment under the terms of that offer. Conrail's Board said that shareholders who desire to receive cash now for a portion of their shares should tender to the offer of CSX Corporation [NYSE: CSX], which expires on November 20.

Conrail again reaffirmed that a merger with CSX is in Conrail's best interest and is the superior strategic combination for Conrail. Both CSX and Conrail stated that they continue to be fully committed to their merger.

CSX and Conrail also stated that they have been having, and continue to have, discussions relating to an increase in the value of the consideration payable upon consummation of the CSX-Conrail merger. There can be no assurance as to when or if any such modifications will be made.

CSX, headquartered in Richmond, VA, is an international transportation company offering a variety of rail, container-shipping, intermodal, trucking, barge and contract logistics management services.

Conrail, with corporate headquarters in Philadelphia, PA, operates an 11,000-mile rail freight network in 12 north-eastern and midwestern states, the District of Columbia, and the Province of Quebec.

CSX's home page can be reached at <http://www.CSX.com>.  
Conrail's home page can be reached at <http://www.CONRAIL.com>.

###



SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

---

SCHEDULE 14D-1

TENDER OFFER STATEMENT

PURSUANT TO  
SECTION 14(D) (1) OF THE SECURITIES EXCHANGE ACT OF 1934  
AND  
SCHEDULE 13D

(AMENDMENT NO. 6)

---

CONRAIL INC.  
(Name of Subject Company)

CSX CORPORATION  
GREEN ACQUISITION CORP.  
(Bidders)

COMMON STOCK, PAR VALUE \$1.00 PER SHARE  
(Title of Class of Securities)

208368 10 0  
(CUSIP Number of Class of Securities)

SERIES A ESOP CONVERTIBLE JUNIOR  
PREFERRED STOCK, WITHOUT PAR VALUE  
(Title of Class of Securities)

NOT AVAILABLE  
(CUSIP Number of Class of Securities)

MARK G. ARON  
CSX CORPORATION  
ONE JAMES CENTER  
901 EAST CARY STREET  
RICHMOND, VIRGINIA 23219-4031  
TELEPHONE: (804) 782-1400

(Names, Addresses and Telephone Numbers of Persons Authorized  
to Receive Notices and Communications on Behalf of Bidder)

With a copy to:

PAMELA S. SEYMON  
WACHTELL, LIPTON, ROSEN & KATZ  
51 WEST 52ND STREET  
NEW YORK, NEW YORK 10019  
TELEPHONE: (212) 403-1000

This Statement amends and supplements the Tender Offer Statement on Schedule 14D-1 filed with the Securities and Exchange Commission (the "Commission") on October 16, 1996, as previously amended and supplemented (the "Schedule 14D-1"), by Green Acquisition Corp. ("Purchaser"), a Pennsylvania corporation and a wholly owned subsidiary of CSX Corporation, a Virginia corporation ("Parent"), to purchase an aggregate of 17,860,124 shares of (i) Common Stock, par value \$1.00 per share (the "Common Shares"), and (ii) Series A ESOP Convertible Junior Preferred Stock, without par value (together with the Common Shares, the "Shares"), of Conrail Inc., a Pennsylvania corporation (the "Company"), including, in each case, the associated Common Stock Purchase Rights, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated October 16, 1996 (the "Offer to Purchase"), as supplemented by the Supplement thereto, dated November 6, 1996 (the "Supplement"), and in the related Letters of Transmittal (which, together with any amendments or supplements thereto, constitute the "Offer") at a purchase price of \$110.00 per Share, net to the tendering shareholder in cash. Capitalized terms used and not defined herein shall have the meanings assigned such terms in the Offer to Purchase, the Supplement and the Schedule 14D-1.

ITEM 4. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

Section 10 of the Offer to Purchase, as previously amended and supplemented, is hereby amended and supplemented by adding the following information:

Credit Agreement. In connection with the Offer and the Merger, Parent has entered into a Credit Agreement, dated as of November 15, 1996 (the "Credit Agreement"), with Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents, The Bank of Nova Scotia, as Documentation Agent, The Chase Manhattan Bank, as Administrative Agent, and other lenders. The Credit Agreement has become effective. The terms and conditions of the Credit Agreement are, except as summarized below, substantially similar to the terms and conditions of the Commitment Letter, previously described in Amendment No. 1 to the Schedule 14D-1 and filed as exhibit (b)(1) thereto.

Changes from the terms and conditions reflected in the Commitment Letter and the Term Sheet include:  
(i) \$800,000,000 of the Facility became available upon the effectiveness of the Credit Agreement, and before the consummation of the Offer, in order to replace at the time of effectiveness Parent's existing credit facilities, (ii) satisfac-

tion of the Initial Tender Offer Condition (as defined in the Credit Agreement) will be a condition to the availability of the remainder of the Facility, (iii) the Facility includes a \$50,000,000 letter of credit subfacility, (iv) in the event any governmental approvals necessary for the Acquisition (as defined in the Credit Agreement) are finally denied or in the event Parent abandons the Acquisition, the Commitments (as defined in the Credit Agreement) will be reduced to an amount (to the extent that the Commitments exceed such amount) equal to the Aggregate Outstanding Extensions of Credit (as defined in the Credit Agreement) plus the aggregate face amount of outstanding commercial paper of Parent supported by the Commitments (after giving ratable effect to any other facilities of Parent then providing support for such commercial paper) plus \$1,500,000,000, (v) upon the sale or other disposition of Shares by Parent or any Subsidiary (as defined in the Credit Agreement) (other than to Parent or any Subsidiary), the Commitments shall be automatically reduced in an amount equal to 100% of the cash proceeds net of certain expenses from such sale or disposition (other than a sale or disposition of Shares constituting Unrestricted Margin Stock (as defined in the Credit Agreement)), (vi) sales of Shares constituting Unrestricted Margin Stock shall be in exchange for cash or cash-equivalents only and the proceeds shall be maintained in cash, cash-equivalents or short-term investments except to the extent that the Commitments are reduced by an equivalent amount and (vii) the obligation of each Lender (as defined in the Credit Agreement) to make extensions of Credit under the Facility is conditioned upon, among other things, (a) from and after the date of satisfaction of the Initial Tender Offer Condition, there being no pending litigation or administrative proceedings or other legal or regulatory developments (except with respect to the pendency of STB approval or any administrative, judicial or other contest relating to STB approval) with respect to the Acquisition that, in the reasonable judgment of at least three of the Principal Agents, would be reasonably likely to prohibit the Acquisition or to result in a Material Adverse Effect (as defined in the Credit Agreement) and (b) the receipt by the Principal Agents of a certificate of a Parent officer stating that no such litigation, proceeding or developments exist in such officer's reasonable judgment.

The Credit Agreement is attached hereto as Exhibit (b) (2) and is incorporated by reference herein, and the foregoing summary description is qualified in its entirety by reference to such exhibit.

ITEM 10. ADDITIONAL INFORMATION.

(b) Section 16 of the Offer to Purchase, as previously amended and supplemented, is hereby amended and supplemented by adding the following information:

STB Matters: Acquisition of Control. On November 15, 1996, the STB issued a proposed schedule pursuant to which the STB would issue a final order 300 days from the filing of the application by Parent seeking approval of the Merger. The STB's proposed schedule is subject to a public comment process ending on December 16, 1996, after which the STB is expected to issue a final schedule which may or may not be identical to the proposed schedule.



ITEM 11. MATERIAL TO BE FILED AS EXHIBITS.

- (a) (1) -- Offer to Purchase, dated October 16, 1996.\*
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\* Previously filed.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

CSX CORPORATION

By: /s/ Mark G. Aron  
Name: Mark G. Aron  
Title: Executive Vice President-  
Law and Public Affairs

Dated: November 18, 1996

SIGNATURE

After due inquiry and to the best of my knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

GREEN ACQUISITION CORP.

By: /s/Mark G. Aron  
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EXECUTION COPY

CSX CORPORATION

\$4,800,000,000

REVOLVING CREDIT AND  
COMPETITIVE ADVANCE FACILITY

November 15, 1996

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

NATIONSBANK, N.A.

as Co-Syndication Agents

THE BANK OF NOVA SCOTIA

as Documentation Agent

THE CHASE MANHATTAN BANK

as Administrative Agent

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EXHIBITS:

Exhibit A	--	Form of Assignment and Acceptance
Exhibit B-1	--	Form of Revolving Loan Note
Exhibit B-2	--	Form of Competitive Loan Note
Exhibit C	--	Form of Opinion of Wachtell, Lipton, Rosen & Katz
Exhibit D	--	Form of Opinion of General Counsel or an Assistant General Counsel

CREDIT AGREEMENT, dated as of November 15, 1996, among CSX CORPORATION, a Virginia corporation, as Borrower, the LENDERS parties hereto, BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION and NATIONSBANK, N.A., as Co-Syndication Agents, THE BANK OF NOVA SCOTIA, as Documentation Agent, and THE CHASE MANHATTAN BANK, as Administrative Agent.

The parties hereto agree as follows:

## ARTICLE I

### Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"Acquisition" means the acquisition of all of the Shares by Green by initially purchasing up to 40% of the Shares (on a fully diluted basis (computed excluding any Shares that would be outstanding or issuable upon the exercise of the Conrail Stock Option)) by means of one or more tender offers (including, but not limited to, the Initial Tender Offer), exercise of the Conrail Stock Option or otherwise, followed by the Merger in which all the remaining Shares will be converted into the right to receive shares of common stock of the Borrower and (to the extent that 40% of the Shares have not theretofore been purchased by the Borrower for cash) cash.

"Acquisition Transactions" means the collective reference to any material acquisition of Shares by the Borrower or any Subsidiary, the Initial Tender Offer, the Second Offer (as defined in the Merger Agreement), the Merger, the creation of the Voting Trust (as defined in the Merger Agreement) and any exercise of the Conrail Stock Option.

"Adjusted LIBO Rate" means, with respect to any Euro-dollar Revolving Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"Administrative Agent" means The Chase Manhattan Bank, in its capacity as administrative agent for the Lenders hereunder.

"Administrative Questionnaire" means an administrative questionnaire in a form supplied by the Administrative Agent.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Agents" means the collective reference to the Administrative Agent, the Co-Syndication Agents and the Documentation Agent.

"Aggregate Outstanding Extensions of Credit" means, at any time, an amount equal to the sum of (a) the aggregate Revolving Credit Exposure of the Lenders at such time and (b) the aggregate principal amount of outstanding Competitive Loans of the Lenders at such time.

"Agreement" means this Credit Agreement, as amended, supplemented or otherwise modified from time to time.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"Applicable Percentage" means, with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments.

"Applicable Rate" means, for any day, with respect to any Eurodollar Revolving Loan, or with respect to the facility fees payable hereunder, as the case may be, the applicable rate per annum set forth below under the caption "LIBOR Margin" or "Facility Fee", as the case may be, based upon the ratings by Moody's and S&P, respectively, applicable on such date to the Index Debt:

	Index Debt Ratings (S&P/Moody's)	Facility Fee (basis points per annum)	LIBOR Margin (basis points per annum)
	-----	-----	-----
Category 1	A/A2 or higher	6.0	14.0
Category 2	A-/A3	7.0	13.0
Category 3	BBB+/Baa1	8.5	16.5
Category 4	BBB/Baa2	10.0	20.0
Category 5	BBB-/Baa3	12.5	22.5
Category 6	BB+/Ba1 or lower	15.0	35.0

For purposes of the foregoing, (i) if neither Moody's nor S&P shall have in effect a rating for the Index Debt (other than by reason of the circumstances referred to in the last two sentences of this definition), then both such rating agencies shall be deemed to have established a rating in Category 6; (ii) if only one of Moody's or S&P shall have in effect a rating for the Index Debt, then the Borrower and the Lenders will negotiate in good faith to agree upon another rating agency to be substituted by an amendment to this Agreement for the rating agency which shall not have a rating in effect, and in the absence of such amendment the Applicable Rate will be determined by reference to the available rating; (iii) if the ratings established or deemed to have

been established by Moody's and S&P for the Index Debt shall fall within different Categories, the Applicable Rate shall be based on the higher of the two ratings unless one of the two ratings is two or more Categories lower than the other, in which case the Applicable Rate shall be determined by reference to the Category next below that of the higher of the two ratings; and (iv) if the ratings established or deemed to have been established by Moody's and S&P for the Index Debt shall be changed (other than as a result of a change in the rating system of Moody's or S&P), such change shall be effective as of the date on which it is first announced by the applicable rating agency. Each change in the Applicable Rate shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody's or S&P shall change, the Borrower and the Lenders shall negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the Applicable Rate shall be determined by reference to the rating or ratings most recently in effect prior to such change or cessation. If both Moody's and S&P shall cease to be in the business of rating corporate debt obligations, the Borrower and the Lenders shall negotiate in good faith to agree upon a substitute rating agency and to amend the references to specific ratings in this definition to reflect the ratings used by such substitute rating agency, and in the absence of such amendment then both such rating agencies shall be deemed to have established a rating in Category 6.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent and the Borrower.

"Attributable Debt" means, at any date with respect to any Sale/Leaseback Transaction in respect of which the obligations of the Borrower or any Subsidiary do not constitute Capital Lease Obligations, the aggregate amount of rental payments due from the Borrower or such Subsidiary under the lease entered into in connection with such Sale/Leaseback Transaction during the remaining term of such lease, net of rental payments which have been defeased or secured by deposits, discounted from the respective due dates thereof to such date using a discount rate equal to the discount rate that would then be used to calculate the amount of Capital Lease Obligations with respect to a comparable capital lease.

"Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitments.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrower" means CSX Corporation, a Virginia corporation.

"Borrowing" means (a) Revolving Loans of the same Type made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect or (b) a Competitive Loan or group of Competitive Loans of the same Type made on the same date and as to which a single Interest Period is in effect.



"Borrowing Request" means a request by the Borrower for a Revolving Borrowing in accordance with Section 2.03.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London inter-bank market.

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Cash Collateral Account" has the meaning assigned to such term in Section 2.10(c).

"Change in Control" means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof), of shares representing more than 30% of the aggregate ordinary voting power represented by the issued and outstanding capital stock of the Borrower; (b) occupation of a majority of the seats (other than vacant seats) on the board of directors of the Borrower by Persons who were neither (i) nominated by the board of directors of the Borrower nor (ii) appointed by directors so nominated; or (c) the acquisition of direct or indirect Control of the Borrower by any Person or group.

"Change in Law" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender or any Issuing Bank (or, for purposes of Section 2.14(b), by any lending office of such Lender or by such Lender's or Issuing Bank's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"Class" refers, when used in reference to any Loan or Borrowing, to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans or Competitive Loans.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Commitment" means, with respect to each Lender, the commitment of such Lender to make Revolving Loans and to acquire participations in Letters of Credit hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Revolving Credit Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to

such Lender pursuant to Section 9.04. The initial amount of each Lender's Commitment is set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Commitment, as applicable.

"Competitive Bid" means an offer by a Lender to make a Competitive Loan in accordance with Section 2.04.

"Competitive Bid Rate" means, with respect to any Competitive Bid, the Margin or the Fixed Rate, as applicable, offered by the Lender making such Competitive Bid.

"Competitive Bid Request" means a request by the Borrower for Competitive Bids in accordance with Section 2.04.

"Competitive Loan" means a Loan made pursuant to Section 2.04.

"Competitive Loan Note" has the meaning assigned to such term in Section 2.09(e).

"Conrail" means Conrail Inc., a Pennsylvania corporation.

"Conrail Stock Option" means the option granted to the Borrower pursuant to the Conrail Stock Option Agreement.

"Conrail Stock Option Agreement" means the Stock Option Agreement, dated as of October 14, 1996, between the Borrower and Conrail.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Co-Syndication Agents" means the collective reference to Bank of America National Trust and Savings Association and NationsBank, N.A., in their respective capacities as co-syndication agents hereunder.

"Debt" means, as to the Borrower or any Subsidiary at any date of determination thereof, any obligation of the Borrower or such Subsidiary, as the case may be, to the extent that such obligation should be reflected in "Short Term Debt" or "Long Term Debt" on a consolidated balance sheet or statement of financial position of the Borrower at such date in accordance with GAAP.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Disclosed Matters" means the actions, suits and proceedings and the environmental matters disclosed in Schedule 3.06.

"Documentation Agent" means The Bank of Nova Scotia, in its capacity as documentation agent hereunder.

"dollars" or "\$" refers to lawful money of the United States of America.

"Effective Date" means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 9.02).

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources or the management, release or threatened release of any Hazardous Material.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Eurodollar", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate (or, in the case of a Competitive Loan, the LIBO Rate).

"Event of Default" has the meaning assigned to such term in Article VII.

"Excluded Taxes" means, with respect to the Administrative Agent, any Lender, any Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) income and any branch profits taxes imposed as a result of a present or former connection between the Administrative Agent, any Lender, any Issuing Bank or other recipient of such payment and the jurisdiction of the governmental authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent, such Lender or such Issuing Bank having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement) and (b) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under Section 2.18(b)), any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement or is attributable to such Foreign Lender's failure or inability to comply with Section 2.16(a), except to the extent that such Foreign Lender's assignor (if any) was entitled, at the time of assignment, to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.16(a).

"Existing Credit Facilities" has the meaning assigned to such term in Section 3.12.

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Financial Officer" means the chief financial officer, principal accounting officer, treasurer or controller of the Borrower.

"Fixed Rate" means, with respect to any Competitive Loan (other than a Eurodollar Competitive Loan), the fixed rate of interest per annum specified by the Lender making such Competitive Loan in its related Competitive Bid.

"Fixed Rate Loan" means a Competitive Loan bearing interest at a Fixed Rate.

"Foreign Lender" means any Lender that is organized under the laws of a jurisdiction other than the United States of America, any State thereof or the District of Columbia.

"Foreign Subsidiary" means any Subsidiary that is organized under the laws of a jurisdiction other than the United States of America, any State thereof or the District of Columbia.



"GAAP" means generally accepted accounting principles in the United States of America.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Green" means Green Acquisition Corp., a wholly-owned subsidiary of the Borrower.

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any collateral security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Hedging Agreement" means any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

"Indebtedness" of any Person means, without duplication, (a) all payment obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all payment obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all payment obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all payment obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or

not the Indebtedness secured thereby has been assumed, (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all payment obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty and (j) all payment obligations, contingent or otherwise, of such Person in respect of bankers' acceptances. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

"Indemnified Taxes" means Taxes arising directly from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement other than Excluded Taxes and Other Taxes.

"Index Debt" means senior, unsecured, long-term indebtedness for borrowed money of the Borrower that is not guaranteed by any other Person or subject to any other credit enhancement.

"Information" has the meaning assigned to such term in Section 9.12.

"Initial Tender Offer" means the Tender Offer commenced by means of the Offer to Purchase, dated October 16, 1996, as amended from time to time, by which Green has offered to purchase for cash 17,860,124 Shares of Conrail for \$110 net per share, which offer will expire at 12:00 midnight, New York City time, on Wednesday, November 20, 1996, unless extended by the Borrower and Green.

"Initial Tender Offer Condition" means the condition that the Initial Tender Offer shall have been or shall concurrently be consummated in accordance with applicable law and the Merger Agreement.

"Interest Election Request" means a request by the Borrower to convert or continue a Revolving Borrowing in accordance with Section 2.07.

"Interest Payment Date" means (a) with respect to any ABR Loan, the last day of each March, June, September and December, (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period and (c) with respect to any Fixed Rate Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Fixed Rate Borrowing with an Interest Period of more than 90 days' duration (unless otherwise specified in the applicable Competitive Bid Request), each day prior to the last day of such Interest Period that occurs at intervals of 90 days' duration after the first day of such Interest Period and any other dates that are specified in the applicable Competitive Bid Request as Interest Payment Dates with respect to such Borrowing.

"Interest Period" means (a) with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, as the Borrower may elect, and (b) with respect to any Fixed Rate Borrowing, the period (which shall not be less than 7 days or more than 360 days) commencing on the date of such Borrowing and ending on the date specified in the applicable Competitive Bid Request; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurodollar Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period pertaining to a Eurodollar Borrowing that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and, in the case of a Revolving Borrowing, thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Issuing Bank" means each of Bank of America National Trust and Savings Association, The Bank of Nova Scotia, The Chase Manhattan Bank, NationsBank, N.A. and their respective Affiliates, in their respective capacities as issuers of Letters of Credit hereunder, and their respective successors in such capacity as provided in Section 2.05(i).

"LC Disbursement" means a payment made by an Issuing Bank pursuant to a Letter of Credit.

"LC Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

"Lenders" means the Persons listed on Schedule 2.01 and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance or pursuant to Section 2.18.

"Letter of Credit" means any letter of credit issued pursuant to this Agreement.

"LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" with respect to such Eurodollar

Borrowing for such Interest Period shall be the rate at which dollar deposits of \$5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"Lien" means, (a) with respect to any asset, (i) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, or (ii) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (b) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities (other than with respect to the capital stock of any Foreign Subsidiary, any such option or right granted consistent with the past practice of the Borrower and the Subsidiaries).

"Loans" means the loans made by the Lenders to the Borrower pursuant to this Agreement.

"Majority Lenders" means, at any time, Lenders having Revolving Credit Exposures and unused Commitments representing at least 51% of the sum of the total Revolving Credit Exposures and unused Commitments at such time; provided that, for purposes of declaring the Loans to be due and payable pursuant to Article VII, and for all purposes after the Loans become due and payable pursuant to Article VII or the Commitments expire or terminate, the outstanding Competitive Loans of the Lenders shall be included in their respective Revolving Credit Exposures in determining the Majority Lenders.

"Margin" means, with respect to any Competitive Loan bearing interest at a rate based on the LIBO Rate, the marginal rate of interest, if any, to be added to or subtracted from the LIBO Rate to determine the rate of interest applicable to such Loan, as specified by the Lender making such Loan in its related Competitive Bid.

"Margin Stock" has the meaning assigned to such term in Regulation U (including, so long as the same constitute Margin Stock under Regulation U, the Shares).

"Material Adverse Effect" means an adverse effect on the business, assets, operations or condition, financial or otherwise, of the Borrower and the Subsidiaries, taken as a whole, in an aggregate amount in excess of an amount equal to 3% of Total Shareholders' Equity.

"Material Indebtedness" means Indebtedness (other than the Loans and Letters of Credit) of any one or more of the Borrower and the Subsidiaries in an aggregate principal amount exceeding \$75,000,000.

"Maturity Date" means November 15, 2001.

"Merger" means the merger of Green and Conrail.



"Merger Agreement" means the Agreement and Plan of Merger, dated as of October 14, 1996, by and among Conrail, Green and the Borrower, as amended by the First Amendment thereto, dated as of November 5, 1996.

"Moody's" means Moody's Investors Service, Inc. or any successor to its corporate debt ratings business.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Cash Proceeds" means, with respect to any sale or other disposition of Shares, the cash proceeds (including cash equivalents and any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, but only as and when received) of such sale or other disposition received by the Borrower or any Subsidiary, net of all attorneys' fees, accountants' fees, investment banking fees and other customary fees actually incurred by the Borrower or any Subsidiary and documented in connection therewith and net of taxes paid or reasonably expected to be payable by the Borrower or any Subsidiary as a result thereof.

"Notes" means the collective reference to any Competitive Loan Notes and Revolving Loan Notes.

"Other Taxes" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising directly from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

"Participant" has the meaning assigned to such term in Section 9.04(e).

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Permitted Encumbrances" means:

(a) Liens imposed by law for taxes that are not yet due or are being contested in compliance with Section 5.04;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business;

(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations (other than ERISA);

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business; and

(e) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower or any Subsidiary;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Debt.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3 (5) of ERISA.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by The Chase Manhattan Bank as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Railroad Revenues" means, with respect to the Borrower or any Subsidiary for any period, all revenues of the Borrower or such Subsidiary, as the case may be, from third parties which should, in accordance with GAAP, be included in operating revenues of the Borrower's railroad subsidiaries as reflected in the consolidated financial statements (or in the "Management's Discussion and Analysis" section of the report on Form 10-K or 10-Q related thereto) of the Borrower and the Subsidiaries for such period.

"Railroad Subsidiary" means any Subsidiary that is a Class I common carrier by rail under the rules of the Surface Transportation Board or any other Subsidiary the Railroad Revenues of which for the most recent period of four fiscal quarters of the Borrower exceed an amount equal to 5% of the aggregate Railroad Revenues of the Borrower and the Subsidiaries for such period.

"Register" has the meaning assigned to such term in Section 9.04(c).

"Regulation G" means Regulation G of the Board.

"Regulation U" means Regulation U of the Board.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Restricted Margin Stock" means Margin Stock owned by the Borrower or any Subsidiary which represents not more than 33-1/3% of the aggregate value (determined in

accordance with Regulation U), on a consolidated basis, of the property and assets of the Borrower and the Subsidiaries (other than any Margin Stock) that is subject to the provisions of Article 6 (including Section 6.03).

"Revolving Credit Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Revolving Loans and its LC Exposure at such time.

"Revolving Loan" means a Loan made pursuant to Section 2.03.

"Revolving Loan Note" has the meaning assigned to such term in Section 2.09(e).

"Sale/Leaseback Transaction" has the meaning assigned to such term in Section 6.04.

"S&P" means Standard & Poor's Ratings Group or any successor to its corporate debt ratings business.

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all of the functions of said Commission.

"Shares" means the issued and outstanding shares of common stock and Series A ESOP Convertible Junior Preferred Stock of Conrail.

"Significant Subsidiary" means any Subsidiary that would be a "significant subsidiary" within the meaning of the SEC's Regulation S-X and any other Subsidiaries that the Borrower may from time to time designate as a "Significant Subsidiary" by written notice to such effect to the Administrative Agent.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject for eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date.

"Subsidiary" means any subsidiary of the Borrower.

"Successor Corporation" has the meaning assigned to such term in Section 6.05.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"Total Capitalization" means, at any date of determination thereof, the sum of Total Debt at such date plus Total Shareholders' Equity at such date.

"Total Debt" means, at any date of determination thereof, all Debt of the Borrower and the Subsidiaries at such date; provided that "Total Debt" shall not include any Debt incurred to finance the purchase of Shares pursuant to the Conrail Stock Option up to the aggregate purchase price therefor as in effect on the date hereof.

"Total Shareholders' Equity" means, as to the Borrower at any date of determination thereof, the sum of all items which would be included under shareholders' equity on a consolidated balance sheet or statement of financial position of the Borrower at such date in accordance with GAAP.

"Transactions" means the execution, delivery and performance by the Borrower of this Agreement and any Notes, the borrowing of Loans, the use of the proceeds thereof and the request for the issuance of Letters of Credit hereunder.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate, the Alternate Base Rate or, in the case of a Competitive Loan or Borrowing, the LIBO Rate or a Fixed Rate.

"Unrestricted Margin Stock" means any Margin Stock owned by the Borrower or any Subsidiary which is not Restricted Margin Stock.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Revolving Loan") or by Type (e.g., a "Eurodollar Loan") or by Class and Type (e.g., a "Eurodollar Revolving Loan"). Borrowings also may be classified and referred to by Class (e.g., a "Revolving Borrowing") or by Type (e.g., a "Eurodollar Borrowing") or by Class and Type (e.g., a "Eurodollar Revolving Borrowing").

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "but not limited to". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement,



instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.04. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Majority Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

## ARTICLE II

### The Credits

SECTION 2.01. Commitments. Subject to the terms and conditions set forth herein, each Lender agrees to make Revolving Loans to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in (a) such Lender's Revolving Credit Exposure exceeding such Lender's Commitment, (b) the Aggregate Outstanding Extensions of Credit exceeding the total Commitments or (c) at any time prior to the satisfaction of the Initial Tender Offer Condition, the Aggregate Outstanding Extensions of Credit exceeding \$800,000,000. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans.

SECTION 2.02. Loans and Borrowings. (a) Each Revolving Loan shall be made as part of a Borrowing consisting of Revolving Loans made by the Lenders ratably in accordance with their respective Commitments. Each Competitive Loan shall be made in accordance with the procedures set forth in Section 2.04. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments and Competitive Bids of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.13, (i) each Revolving Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as the Borrower may request in accordance herewith, and (ii) each Competitive Borrowing shall be comprised entirely of Eurodollar Loans or Fixed Rate Loans as the Borrower may request in accordance herewith. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Revolving Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$10,000,000. At the time that each ABR Revolving Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000; provided that an ABR Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.05(e). Each Competitive Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of 20 Eurodollar Revolving Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

**SECTION 2.03. Requests for Revolving Borrowings.**  
To request a Revolving Borrowing, the Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of the proposed Borrowing; provided that any such notice of an ABR Revolving Borrowing to finance the reimbursement of an LC Disbursement as contemplated by Section 2.05(e) may be given not later than 10:00 a.m., New York City time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;

(iv) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(v) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.06.

If no election as to the Type of Revolving Borrowing is specified, then the requested Revolving Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Revolving Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04. Competitive Bid Procedure. (a) Subject to the terms and conditions set forth herein, from time to time during the Availability Period the Borrower may request Competitive Bids and may (but shall not have any obligation to) accept Competitive Bids and borrow Competitive Loans; provided that the Aggregate Outstanding Extensions of Credit at any time shall not exceed (i) the total Commitments at such time or (ii) at any time prior to the satisfaction of the Initial Tender Offer Condition, \$800,000,000. To request Competitive Bids, the Borrower shall notify the Administrative Agent of such request by telephone, in the case of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, four Business Days before the date of the proposed Borrowing and, in the case of a Fixed Rate Borrowing, not later than 10:00 a.m., New York City time, one Business Day before the date of the proposed Borrowing; provided that the Borrower may submit up to (but not more than) three Competitive Bid Requests at the same time on the same day, but a Competitive Bid Request shall not be made within three Business Days after the date of any previous Competitive Bid Request, unless any and all such previous Competitive Bid Requests shall have been withdrawn or all Competitive Bids received in response thereto rejected. Each such telephonic Competitive Bid Request shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Competitive Bid Request in a form approved by the Administrative Agent and signed by the Borrower. Each such telephonic and written Competitive Bid Request shall specify the following information in compliance with Section 2.02:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be a Eurodollar Borrowing or a Fixed Rate Borrowing;

(iv) the Interest Period to be applicable to such Borrowing, which shall be a period contemplated by the definition of the term "Interest Period"; and

(v) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.06.

Promptly following receipt of a Competitive Bid Request in accordance with this Section, the Administrative Agent shall notify the Lenders of the details thereof by telecopy, inviting the Lenders to submit Competitive Bids.

(b) Each Lender may (but shall not have any obligation to) make one or more Competitive Bids to the Borrower in response to a Competitive Bid Request. Each Competitive Bid by a Lender must be in a form approved by the Administrative Agent and must be received by the Administrative Agent by telecopy, in the case of a Eurodollar Competitive Borrowing, not later than 9:30 a.m., New York City time, three Business Days before the proposed date of such Competitive Borrowing and, in the case of a Fixed Rate Borrowing, not later than 9:30 a.m., New York City time, on the proposed date of such Competitive Borrowing. Competitive Bids that do not conform substantially to the form approved by the Administrative Agent may be rejected by the Administrative Agent, and the Administrative Agent shall notify the applicable Lender as promptly as practicable. Each Competitive Bid shall specify (i) the principal amount (which shall be a minimum of \$5,000,000 and an integral multiple of \$1,000,000 and which may equal the entire principal amount of the Competitive Borrowing requested by the Borrower) of the Competitive Loan or Loans that the Lender is willing to make, (ii) the Competitive Bid Rate or Rates at which the Lender is prepared to make such Loan or Loans (expressed as a percentage rate per annum in the form of a decimal to no more than four decimal places) and (iii) the Interest Period applicable to each such Loan and the last day thereof.

(c) The Administrative Agent shall promptly notify the Borrower by telecopy of the Competitive Bid Rate and the principal amount specified in each Competitive Bid and the identity of the Lender that shall have made such Competitive Bid.

(d) Subject only to the provisions of this paragraph, the Borrower may accept or reject any Competitive Bid. The Borrower shall notify the Administrative Agent by telephone, confirmed by telecopy in a form approved by the Administrative Agent, whether and to what extent it has decided to accept or reject each Competitive Bid, in the case of a Eurodollar Competitive Borrowing, not later than 10:30 a.m., New York City time, three Business Days before the date of the proposed Competitive Borrowing and, in the case of a Fixed Rate Borrowing, not later than 10:30 a.m., New York City time, on the proposed date of the Competitive Borrowing; provided that (i) the failure of the Borrower to give such notice shall be deemed to be a rejection of each Competitive Bid, (ii) the Borrower shall not accept a Competitive Bid made at a particular Competitive Bid Rate if the Borrower rejects a Competitive Bid made at a lower Competitive Bid Rate, (iii) the aggregate amount of the Competitive Bids accepted by the Borrower shall not exceed the aggregate amount of the requested Competitive Borrowing specified in the related Competitive Bid Request, (iv) to the extent necessary to comply with clause (iii) above, the Borrower may accept Competitive Bids at the same Competitive Bid Rate in part, which acceptance, in the case of multiple Competitive Bids at such Competitive Bid Rate, shall be made pro rata in accordance with the amount of each such Competitive Bid, and (v) except pursuant to clause (iv) above, no Competitive Bid shall be accepted for a Competitive Loan unless such Competitive Loan is in a minimum principal amount of \$5,000,000 and an integral multiple of \$1,000,000; provided further that, if a Competitive Loan must be in an amount less than \$5,000,000 because of the provisions of clause (iv) above, such Competitive Loan may be for a minimum of \$1,000,000 or any integral multiple thereof, and in calculating the pro rata allocation of acceptances of portions of multiple Competitive Bids at a particular Competitive Bid Rate



pursuant to clause (iv) the amounts shall be rounded to integral multiples of \$1,000,000 in a manner determined by the Borrower. A notice given by the Borrower pursuant to this paragraph shall be irrevocable.

(e) The Administrative Agent shall promptly notify each bidding Lender by telecopy whether or not its Competitive Bid has been accepted (and, if so, the amount and Competitive Bid Rate so accepted), and each successful bidder will thereupon become bound, subject to the terms and conditions hereof, to make the Competitive Loan in respect of which its Competitive Bid has been accepted.

(f) If the Administrative Agent shall elect to submit a Competitive Bid in its capacity as a Lender, it shall submit such Competitive Bid directly to the Borrower at least one quarter of an hour earlier than the time by which the other Lenders are required to submit their Competitive Bids to the Administrative Agent pursuant to paragraph (b) of this Section.

SECTION 2.05. Letters of Credit. (a) General. Subject to the terms and conditions set forth herein, the Borrower (and, if a Letter of Credit is issued for the benefit of any Subsidiary, such Subsidiary) may request the issuance of Letters of Credit for the account of the Borrower (and, if such Letter of Credit is issued for the benefit of any Subsidiary, for the account of the Borrower and such Subsidiary, jointly and severally), in a form reasonably acceptable to the Administrative Agent and the relevant Issuing Bank, at any time and from time to time during the Availability Period. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the Issuing Bank with respect to any Letter of Credit, the terms and conditions of this Agreement shall control.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the relevant Issuing Bank) to the relevant Issuing Bank and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, the date of issuance, amendment, renewal or extension, the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the relevant Issuing Bank, the Borrower also shall submit a letter of credit application on the relevant Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension, (i) the LC Exposure shall not exceed \$50,000,000 and (ii) the Aggregate Outstanding Extensions of Credit shall not exceed (x) the total Commitments or (y) at any time prior to the satisfaction of the Initial Tender Offer Condition, \$800,000,000.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date that is five Business Days prior to the Maturity Date and (ii) the date one year after the date of the issuance of such Letter of Credit, provided that, subject to clause (i) above, any Letter of Credit may, at the request of the Borrower as set forth in the applicable application for such Letter of Credit, be automatically renewed on each anniversary of the issuance thereof for an additional period of one year unless the Issuing Bank which issued such Letter of Credit shall have given prior written notice to the Borrower and the beneficiary of such Letter of Credit that such Letter of Credit will not be renewed.

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) by an Issuing Bank and without any further action on the part of such Issuing Bank or the Lenders, such Issuing Bank hereby grants to each Lender, and each Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of such Issuing Bank, such Lender's Applicable Percentage of each LC Disbursement made by such Issuing Bank and not reimbursed by the Borrower on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If an Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit issued by it, the Borrower shall reimburse such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement not later than 12:00 noon, New York City time, on the date that such LC Disbursement is made, if the Borrower shall have received notice of such LC Disbursement prior to 10:00 a.m., New York City time, on such date, or, if such notice has not been received by the Borrower prior to such time on such date, then not later than 12:00 noon, New York City time, on the Business Day immediately following the day that the Borrower receives such notice; provided that the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 that such payment be financed with an ABR Revolving Borrowing in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Revolving Borrowing. If the Borrower fails to make such payment when due, the Administrative Agent shall notify each Lender of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from the Borrower, in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.05 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the relevant Issuing Bank the amounts so received by it from the Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to this paragraph, the Administrative Agent shall distribute such

payment to the relevant Issuing Bank or, to the extent that Lenders have made payments pursuant to this paragraph to reimburse the relevant Issuing Bank, then to such Lenders and the relevant Issuing Bank as their interests may appear. Any payment made by a Lender pursuant to this paragraph to reimburse an Issuing Bank for any LC Disbursement (other than the funding of ABR Revolving Loans as contemplated above) shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement.

(f) Obligations Absolute. The Borrower's obligation to reimburse LC Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of:

(i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein;

(ii) any amendment or waiver of or any consent to departure from all or any of the provisions of any Letter of Credit or this Agreement;

(iii) the existence of any claim, setoff, defense or other right that the Borrower, any other party guaranteeing, or otherwise obligated with, the Borrower, any Subsidiary or other Affiliate thereof or any other Person may at any time have against the beneficiary under any Letter of Credit, any Issuing Bank, the Administrative Agent or any Lender or any other Person, whether in connection with this Agreement or any other related or unrelated agreement or transaction;

(iv) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment by any Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit; and

(vi) any other act or omission to act or delay of any kind of any Issuing Bank, the Lenders, the Administrative Agent or any other Person or any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of the Borrower's obligations hereunder.

Neither the Administrative Agent, the Lenders nor any Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder, including any of the circumstances specified in clauses (i) through (vi) above, as well as any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of such Issuing Bank; provided that the foregoing shall not

be construed to excuse any Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by such Issuing Bank's failure to exercise the agreed standard of care (as set forth below) in determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that each Issuing Bank shall have exercised the agreed standard of care in the absence of gross negligence or wilful misconduct on the part of such Issuing Bank, except to the extent that applicable law requires a different standard of care. Without limiting the generality of the foregoing, it is understood that an Issuing Bank may accept documents that appear on their face to be in substantial compliance with the terms of a Letter of Credit, without responsibility for further investigation, regardless of any notice or information to the contrary, and may make payment upon presentation of documents that appear on their face to be in substantial compliance with the terms of such Letter of Credit; provided that such Issuing Bank shall have the right, in its sole discretion, to decline to accept such documents and to make such payment if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. Each Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. Each Issuing Bank shall promptly notify the Administrative Agent and the Borrower by telephone (confirmed by telecopy) of such demand for payment and whether such Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse such Issuing Bank and the Lenders with respect to any such LC Disbursement.

(h) Interim Interest. If an Issuing Bank shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, payable on demand, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrower reimburses such LC Disbursement, at the rate per annum then applicable to ABR revolving Loans; provided that, if the Borrower fails to reimburse such LC Disbursement when due pursuant to paragraph (e) of this Section, then Section 2.12(d) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the relevant Issuing Bank, except that interest accrued on and after the date of payment by any Lender pursuant to paragraph (e) of this Section to reimburse an Issuing Bank shall be for the account of such Lender to the extent of such payment.

(i) Replacement of the Issuing Banks. Each Issuing Bank may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank, provided that the successor Issuing Bank must be a Lender or an Affiliate of a Lender. The Administrative Agent shall notify the Lenders of any such replacement of an Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.11(b). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit to be issued by it thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor Issuing Bank, any other Issuing Bank,



or any previous Issuing Bank, or to such successor Issuing Bank, all other Issuing Banks and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Administrative Agent or the Majority Lenders (or, if the maturity of the Loans has been accelerated, Lenders with LC Exposure representing at least 51% of the total LC Exposure) demanding the deposit of cash collateral pursuant to this paragraph, the Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Lenders, an amount in cash equal to the LC Exposure as of such date plus any accrued and unpaid interest thereon; provided that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in clause (f) or (g) of Article VII. Such deposit shall be held in New York by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Investment of such deposits shall, to the extent reasonably practicable, be made at the direction of the Administrative Agent and at the Borrower's risk and expense. Unless invested in accordance with the preceding sentence, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the relevant Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Lenders with LC Exposure representing at least 51% of the total LC Exposure), be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all Events of Default have been cured or waived.

SECTION 2.06. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, New York City time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower maintained with the Administrative Agent in New York City and designated by the Borrower in the applicable Borrowing Request or Competitive Bid Request; provided that ABR Revolving Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e) shall be remitted by the Administrative Agent to the relevant Issuing Bank.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the Federal Funds Effective Rate or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing and the Administrative Agent shall promptly return to the Borrower any amount (including interest) paid by the Borrower to the Administrative Agent pursuant to the immediately preceding sentence, together with any interest thereon paid by such Lender for any day not covered by the Borrower's payment.

SECTION 2.07. Interest Elections. (a) Each Revolving Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Revolving Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Revolving Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Competitive Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Revolving Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Revolving Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Majority Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Revolving Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Revolving Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.08. Expiration, Termination and Reduction of Commitments. (a) Unless previously terminated, the Commitments shall expire on the Maturity Date.

(b) In the event that any governmental approval required for the Acquisition shall be finally denied (after exhaustion of all available appeals), or in the event the Borrower shall elect to abandon the Acquisition, the Commitments shall be reduced to an amount (to the extent that the Commitments then exceed such amount) equal to the sum at such time of the Aggregate Outstanding Extensions of Credit plus the aggregate face amount of outstanding commercial paper of the Borrower supported by the Commitments (after giving effect on a ratable basis to any other facilities of the Borrower then providing support for such commercial paper) plus \$1,500,000,000.

(c) Upon any sale or other disposition of Shares (other than Shares constituting Unrestricted Margin Stock) by the Borrower or any Subsidiary (other than to the Borrower or any Subsidiary), the Commitments shall be automatically reduced in an amount equal to 100% of the Net Cash Proceeds of any such sale or other disposition of Shares (other than Shares constituting Unrestricted Margin Stock). Each such reduction shall become effective on the fifth Business Day following receipt by the Borrower or any Subsidiary, as the case may be, of any such Net Cash Proceeds.

(d) The Borrower may at any time terminate, or from time to time reduce, the Commitments; provided that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of \$1,000,000 and not less than \$10,000,000 and (ii) the Borrower shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.10, the Aggregate Outstanding Extensions of Credit would exceed the total Commitments.

(e) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (d) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

SECTION 2.09. Repayment of Loans; Evidence of Debt.

(a) The Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Revolving Loan on the Maturity Date and (ii) to the Administrative Agent for the account of each applicable Lender the then unpaid principal amount of each Competitive Loan on the last day of the Interest Period applicable to such Loan.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof. In case of any discrepancy between the entries made by the Administrative Agent pursuant to this paragraph and the entries made by any Lender pursuant to paragraph (b) of this Section, such Lender's entries shall be considered correct, in the absence of manifest error.

(d) In case of any dispute, action or proceeding relating to any Loan, the entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.



(e) Any Lender may request of the Borrower that (i) Revolving Loans made by it be evidenced by a promissory note, substantially in the form of Exhibit B-1 (a "Revolving Loan Note") and (ii) Competitive Loans made by it be evidenced by a promissory note, substantially in the form of Exhibit B-2 (a "Competitive Loan Note"). In such event, the Borrower shall prepare, execute and deliver to such Lender promissory notes in such forms payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns). Thereafter, the Loans evidenced by such promissory notes and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such forms payable to the order of the payee named therein (or, if any such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.10. Optional and Mandatory Prepayment of Loans. (a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with paragraph (b) of this Section; provided that the Borrower shall not have the right to prepay any Competitive Loan without the prior written consent of the Lender thereof.

(b) The Borrower shall notify the Administrative Agent by telephone (confirmed by telecopy) of any prepayment to be made pursuant to paragraph (a) of this Section (i) in the case of prepayment of a Eurodollar Revolving Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment or (ii) in the case of prepayment of an ABR Revolving Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.08, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.08. Promptly following receipt of any such notice relating to a Revolving Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Revolving Borrowing shall be in an amount that would be permitted in the case of an advance of a Revolving Borrowing of the same type as provided in Section 2.02. Each prepayment of a Revolving Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by payment of accrued interest to the extent required by Section 2.12.

(c) If, following any reduction of the total Commitments in connection with any sale or other disposition of Shares by the Borrower or any Subsidiary or otherwise, the Aggregate Outstanding Extensions of Credit exceed the total Commitments, the Borrower shall, without notice or demand, immediately repay Revolving Loans in an aggregate principal amount equal to the lesser of (i) the amount of such excess and (ii) the aggregate principal amount of Revolving Loans then outstanding, together with interest accrued to the date of such payment or prepayment on the principal so prepaid and any amounts payable under Section 2.15 in connection therewith. To the extent that after giving effect to any prepayment of Revolving Loans required by the preceding sentence, the Aggregate Outstanding Extensions of Credit still exceed the total Commitments, the Borrower shall, without notice or demand, immediately deposit in a Cash Collateral Account upon terms reasonably satisfactory to the Administrative Agent an amount equal to the amount of such remaining excess. The Administrative Agent shall apply any cash

deposited in the Cash Collateral Account (to the extent thereof) to repay the principal of each Competitive Loan on the date such principal becomes due and payable hereunder and/or to reimburse, pursuant to Section 2.05(e), any LC Disbursement made thereafter, provided that the Administrative Agent shall release to the Borrower from time to time such portion of the amount on deposit in the Cash Collateral Account which is equal to the amount by which the total Commitments at such time plus the amount on deposit in the Cash Collateral Account exceeds the Aggregate Outstanding Extensions of Credit at such time. "Cash Collateral Account" means an account, in the name of the Administrative Agent for the benefit of the Lenders, established by the Borrower with the Administrative Agent and over which the Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal for application in accordance with this Section.

SECTION 2.11. Fees. (a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a facility fee, which shall accrue at the Applicable Rate on the daily amount of the Commitment of such Lender (whether used or unused) during the period from and including the Effective Date to but excluding the date on which such Commitment expires or is terminated; provided that, if such Lender continues to have any Revolving Credit Exposure after its Commitment terminates, then such facility fee shall continue to accrue on the daily amount of such Lender's Revolving Credit Exposure from and including the date on which its Commitment terminates to but excluding the date on which such Lender ceases to have any Revolving Credit Exposure. Accrued facility fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the date hereof; provided that any facility fees accruing after the date on which the Commitments terminate shall be payable on demand. All facility fees shall be computed on the basis of a year of 365 (or 366 in the case of a leap year) days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The Borrower agrees to pay (i) to the Administrative Agent for the account of each Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at a rate per annum equal to the Applicable Rate applicable to interest on Eurodollar Revolving Loans on the average daily amount of such Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Commitment terminates and the date on which such Lender ceases to have any LC Exposure, and (ii) to each Issuing Bank a fronting fee, which shall accrue at the rate or rates per annum separately agreed upon between the Borrower and such Issuing Bank on the average daily amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) relating to the Letters of Credit issued by such Issuing Bank during the period from and including the Effective Date to but excluding the later of the date of termination of the Commitments and the date on which there ceases to be any such LC Exposure, as well as such Issuing Bank's standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third Business Day following such last day, commencing on the first such date to occur after the Effective Date; provided that all such fees shall be payable on the date on which the Commitments terminate and any such fees accruing after the date on which the Commitments

terminate shall be payable on demand. Any other fees payable to any Issuing Bank pursuant to this paragraph shall be payable within 10 days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 365 (or 366 in the case of a leap year) days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent (or to an Issuing Bank, in the case of fees payable to it) for distribution, in the case of facility fees and participation fees, to the Lenders. Fees paid shall not be refundable under any circumstances.

SECTION 2.12. Interest. (a) The Loans comprising each ABR Borrowing shall bear interest at a rate per annum equal to the Alternate Base Rate.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at a rate per annum equal to (i) in the case of a Eurodollar Revolving Loan, the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate or (ii) in the case of a Eurodollar Competitive Loan, the LIBO Rate for the Interest Period in effect for such Borrowing plus (or minus, as applicable) the Margin applicable to such Loan.

(c) Each Fixed Rate Loan shall bear interest at a rate per annum equal to the Fixed Rate applicable to such Loan.

(d) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, from and including the date such amount shall become due, but excluding the date such amount shall be paid in accordance with Section 2.17, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided above or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided above.

(e) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan; provided that (i) interest accrued pursuant to paragraph (d) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment, (iii) in the event of any conversion of any Eurodollar Revolving Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion and (iv) all accrued interest shall be payable upon termination of the Commitments.

(f) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be presumptively correct absent manifest error.

SECTION 2.13. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agent determines (which determination shall be presumptively correct, absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period; or

(b) the Administrative Agent is advised by the Majority Lenders (or, in the case of a Eurodollar Competitive Loan, the Lender that is required to make such Loan) that the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Revolving Borrowing to, or continuation of any Revolving Borrowing as, a Eurodollar Borrowing shall be ineffective, (ii) if any Borrowing Request requests a Eurodollar Revolving Borrowing, such Borrowing shall be made as an ABR Borrowing and (iii) any request by the Borrower for a Eurodollar Competitive Borrowing shall be ineffective; provided that (A) if the circumstances giving rise to such notice do not affect all the Lenders, then requests by the Borrower for Eurodollar Competitive Borrowings may be made to Lenders that are not affected thereby and (B) if the circumstances giving rise to such notice affect only one Type of Borrowings, then the other Type of Borrowings shall be permitted.

SECTION 2.14. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate) or any Issuing Bank; or

(ii) impose on any Lender or any Issuing Bank or the London interbank market any other condition affecting this Agreement or Eurodollar Loans or Fixed Rate Loans made by such Lender or any Letter of Credit or participation therein;



and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan or Fixed Rate Loan or to increase the cost to such Lender or any Issuing Bank of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender or such Issuing Bank hereunder in respect of such Loan or Letter of Credit by an amount deemed by such Lender to be material, then the Borrower will pay to such Lender or such Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or such Issuing Bank, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender or any Issuing Bank determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or such Issuing Bank's capital or on the capital of such Lender's or such Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by such Issuing Bank, to a level below that which such Lender or such Issuing Bank or such Lender's or such Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or such Issuing Bank's policies and the policies of such Lender's or such Issuing Bank's holding company with respect to capital adequacy) by an amount deemed by such Lender or such Issuing Bank to be material, then from time to time the Borrower will pay to such Lender or such Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or such Issuing Bank or such Lender's or such Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender or an Issuing Bank setting forth the amount or amounts (including the basis therefor and the calculation thereof) necessary to compensate such Lender or such Issuing Bank or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be presumptively correct absent manifest error. The Borrower shall pay such Lender or such Issuing Bank, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender or any Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or such Issuing Bank's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender or an Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than three months prior to the date that such Lender or such Issuing Bank, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or such Issuing Bank's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the three-month period referred to above shall be extended to include the period of retroactive effect thereof.

(e) Notwithstanding the foregoing provisions of this Section, a Lender shall not be entitled to compensation pursuant to this Section in respect of any Competitive Loan if the Change in Law that would otherwise entitle it to such compensation shall have been publicly announced prior to submission of the Competitive Bid pursuant to which such Loan was made.

SECTION 2.15. Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan or Fixed Rate Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Revolving Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice is permitted to be revocable under Section 2.10(b) and is revoked in accordance herewith), (d) the failure to borrow any Competitive Loan after accepting the Competitive Bid to make such Loan, or (e) the assignment of any Eurodollar Loan or Fixed Rate Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.18, then, in any such event, the Borrower shall compensate each Lender for the loss and the actual cost and expense attributable to such event. In the case of a Eurodollar Loan, the loss to any Lender attributable to any such event shall be deemed to include an amount reasonably determined by such Lender to be equal to the excess, if any, of (i) the amount of interest that such Lender would pay for a deposit equal to the principal amount of such Loan for the period from the date of such payment, conversion, failure or assignment to the last day of the then current Interest Period for such Loan (or, in the case of a failure to borrow, convert or continue, the duration of the Interest Period that would have resulted from such borrowing, conversion or continuation) if the interest rate payable on such deposit were equal to the Adjusted LIBO Rate (in the case of a Eurodollar Revolving Loan) or the LIBO Rate (in the case of a Eurodollar Competitive Loan) for such Interest Period, over (ii) the amount of interest that such Lender would earn on such principal amount for such period if such Lender were to invest such principal amount for such period at the interest rate that would be bid by such Lender (or an Affiliate of such Lender) for dollar deposits from other banks in the eurodollar market at the commencement of such period. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive (including the basis therefor and the calculation thereof) pursuant to this Section shall be delivered to the Borrower and shall be presumptively correct absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.16. Taxes. (a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent, each Lender or each Issuing Bank (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Administrative Agent, each Lender and each Issuing Bank, within 30 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Administrative

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Agent, such Lender or such Issuing Bank, as the case may be, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto to the extent such penalties, interest and expenses shall not result from any action or inaction on the part of the Administrative Agent, such Lender or such Issuing Bank, as the case may be, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability (including the basis therefor and the calculation thereof) delivered to the Borrower by a Lender or an Issuing Bank, or by the Administrative Agent on its own behalf or on behalf of a Lender or an Issuing Bank, shall be presumptively correct absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Unless after the date any Foreign Lender becomes a Lender hereunder there is a Change in Law which would prevent such Foreign Lender from duly completing and delivering such documentation and such Foreign Lender so advises the Administrative Agent and the Borrower, such Foreign Lender shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Borrower, such properly completed and executed documentation prescribed by applicable law as will permit payments made under this Agreement to be made without withholding.

(f) If the Borrower determines in good faith that a reasonable basis exists for contesting a Tax, the relevant Lender or the Administrative Agent, as applicable, shall cooperate with the Borrower in challenging such Tax at the Borrower's expense if requested by the Borrower. If any Lender or the Administrative Agent, as applicable, obtains a credit against or receives a refund or reduction (whether by way of direct payment or by offset) of any Tax for which payment has been made pursuant to this Section, which credit, refund or reduction in the good faith judgment of such Lender or the Administrative Agent, as the case may be, (and without any obligation to disclose its tax records) is allocable to such payment made under this Section, the amount of such credit, refund or reduction (together with any interest received thereon) promptly shall be paid to the Borrower to the extent payment has been made in full by the Borrower pursuant to this Section.

SECTION 2.17. Payments Generally; Pro Rata Treatment; Sharing of Set-offs. (a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of LC Disbursements, or under Section 2.14, 2.15 or 2.16, or otherwise) prior to 12:00 noon, New York City time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at 270 Park Avenue, New York, New York, except payments to be made directly to an Issuing Bank as expressly provided herein and except that payments pursuant to Sections 2.14, 2.15, 2.16 and 9.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by



it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension at the same applicable rate. All payments hereunder shall be made in dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, to pay interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, to pay principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal or interest on any of its Revolving Loans or participations in LC Disbursements resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Revolving Loans and participations in LC Disbursements and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Revolving Loans and participations in LC Disbursements of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Revolving Loans and participations in LC Disbursements; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loan or participations in LC Disbursements to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may, subject to Section 9.08, exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or an Issuing Bank hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or such Issuing Bank, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or such Issuing Bank, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or such Issuing Bank with interest thereon, for each day from and including the date

such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the Federal Funds Effective Rate.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.05(d) or (e), 2.06(b) or 2.17(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.18. Mitigation Obligations; Replacement of Lenders. (a) If any Lender or a Participant in such Lender's Loans requests compensation under Section 2.14, or if the Borrower is required to pay any additional amount to any Lender or a Participant in such Lender's Loans or any Governmental Authority for the account of any Lender or Participant pursuant to Section 2.16, then such Lender or Participant shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the reasonable judgment of such Lender or Participant, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.14 or 2.16, as the case may be, in the future and (ii) would not subject such Lender or Participant to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender or Participant. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender or Participant in connection with any such designation or assignment. Without limiting the generality of the foregoing, each Lender and Participant shall use all reasonable efforts to mitigate the effect upon the Borrower of any increased capital requirement and shall assess any cost related to such increased capital on a nondiscriminatory basis among the Borrower and other borrowers of such Lender or Participant to which such cost applies and such Lender or Participant shall not be entitled to be compensated for any increased capital requirement unless it is, as a result of such law, regulation, guideline or request, such Lender's or Participant's policy generally to seek to exercise such rights, where available, against other borrowers of such Lender or Participant.

(b) If any Lender or a Participant in such Lender's Loans requests compensation under Section 2.14, or if the Borrower is required to pay any additional amount to any Lender or Participant or any Governmental Authority for the account of any Lender or Participant pursuant to Section 2.16, or if any Lender defaults in its obligation to fund Loans hereunder, or if any Lender shall have a credit rating of C/D (or its equivalent) or lower by Thomson BankWatch, Inc. (or any successor thereto), then the Borrower shall have the right, at its sole expense, upon notice to such Lender and the Administrative Agent, to require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement (other than any outstanding Competitive Loans held by it) to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent (and, if a Commitment is being assigned, each Issuing Bank) which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans (other than Competitive Loans) and participations in LC Disbursements, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other

amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.14 or payments required to be made pursuant to Section 2.16, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

### ARTICLE III

#### Representations and Warranties

The Borrower represents and warrants to the Lenders that:

SECTION 3.01. Organization; Powers. Each of the Borrower and the Significant Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, would not result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

SECTION 3.02. Authorization; Enforceability. The Transactions and the Acquisition Transactions are within the Borrower's corporate powers and have been duly authorized by all necessary corporate action and, if required, action by shareholders of the Borrower, subject to, in the case of the Merger, the White Shareholder Approval (as defined in the Merger Agreement). This Agreement has been duly executed and delivered by the Borrower and constitutes, and each Note when executed and delivered by the Borrower will constitute, a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.03. Governmental Approvals; No Conflicts. The Transactions and, upon consummation of any of the Acquisition Transactions, such Acquisition Transactions, (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect and such filings which may be made following the consummation of the Acquisition Transactions to reflect or evidence the consummation thereof, (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of the Borrower or any Subsidiary or any order of any Governmental Authority, (c) will not violate or result in a default, or give rise to a right to require any material payment, under any indenture, agreement or other instrument binding upon the Borrower or any Subsidiary or its assets (or, in the case of Conrail or any of its subsidiaries, from and after the date that it becomes a Subsidiary, any such indenture, agreement or other instrument listed on Schedule 3.03 or under any other indenture, agreement or other instrument a violation, default or required payment under which would result in a Material Adverse Effect), and (d) will not result in the creation or imposition of any Lien on any material asset of the Borrower or any Subsidiary (or in the case of Conrail or any of its

subsidiaries, from and after the date it becomes a Subsidiary, any Lien on any of its assets if such Lien would be created under any indenture, agreement or other instrument listed on Schedule 3.03 or would result in a Material Adverse Effect.

SECTION 3.04. Financial Condition; No Material Adverse Change. (a) The Borrower has heretofore furnished to the Lenders its consolidated statement of financial position, and statements of earnings, changes in shareholders' equity and cash flows (i) as of and for the fiscal year ended December 29, 1995, reported on by Ernst & Young LLP, independent public accountants, and (ii) except for statements of changes in shareholders' equity, as of and for the fiscal quarter and the portion of the fiscal year ended September 27, 1996, certified by a Financial Officer. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Borrower and its consolidated Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) above.

(b) Since December 29, 1995 there has been no Material Adverse Effect.

SECTION 3.05. Properties. (a) Each of the Borrower and the Subsidiaries has good title to, or valid leasehold interests in or rights to use, all its real and personal property material to its business, except for such irregularities that, individually or in the aggregate, would not result in a Material Adverse Effect.

(b) Each of the Borrower and the Subsidiaries owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business, and the use thereof by the Borrower and the Subsidiaries does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, would not result in a Material Adverse Effect.

SECTION 3.06. Litigation and Environmental Matters. (a) There is no pending litigation or administrative proceeding or other legal or regulatory development (other than with respect to the Acquisition) that would be reasonably likely to result in a Material Adverse Effect or to materially adversely affect the rights and remedies of the Lenders hereunder.

(b) Except for the Disclosed Matters and except with respect to any other matters that, individually or in the aggregate, would not result in a Material Adverse Effect, neither the Borrower nor any Subsidiary (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

SECTION 3.07. Compliance with Laws and Agreements. Each of the Borrower and the Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property (including Regulation U) and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, would not result in a Material Adverse Effect. No Default has occurred and is continuing.



SECTION 3.08. Investment and Holding Company Status. Neither the Borrower nor any Subsidiary is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

SECTION 3.09. Taxes. Each of the Borrower and the Subsidiaries has timely filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the Borrower or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so would not result in a Material Adverse Effect.

SECTION 3.10. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, would result in a Material Adverse Effect.

SECTION 3.11. Disclosure. None of the reports, financial statements, certificates or other information furnished by or on behalf of the Borrower to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected or pro forma financial information (including the pro forma financial statements as at January 1, 1997 and January 1, 1998 and for the fiscal years ending in December 1996 and December 1997, respectively, included in the Confidential Information Memorandum, dated October 1996), the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time, it being understood that such pro forma statements or projections are inherently subjective and are subject to significant uncertainties and contingencies many of which are beyond the control of the Borrower and that no assurance can be given that such projections or pro forma financial statements will be realized.

SECTION 3.12. Existing Credit Facilities. Schedule 3.12 sets forth a true and complete list of all existing credit facilities of the Borrower that support commercial paper issued from time to time by the Borrower (the "Existing Credit Facilities").

#### ARTICLE IV

##### Conditions

SECTION 4.01. Effective Date. The obligations of the Lenders to make Loans and of the Issuing Banks to issue Letters of Credit hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02):

- (a) The Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or
- (ii)

written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) The Administrative Agent shall have received a favorable written opinion (addressed to the Administrative Agent and the Lenders and dated the Effective Date) of (i) Wachtell, Lipton, Rosen & Katz, special counsel for the Borrower, substantially in the form of Exhibit C, and (ii) the General Counsel or an Assistant General Counsel of the Borrower, substantially in the form of Exhibit D. The Borrower hereby requests such counsel to deliver such opinions.

(c) The Administrative Agent shall have received (i) a copy of the resolutions, in form and substance reasonably satisfactory to the Administrative Agent, of the Board of Directors of the Borrower authorizing (A) the execution, delivery and performance of the Borrower's obligations set forth in this Agreement and any Notes and (B) the borrowings contemplated hereunder, certified by the Secretary or an Assistant Secretary of the Borrower as of the Effective Date, which certificate shall be in form and substance reasonably satisfactory to the Administrative Agent and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded, (ii) a certificate of the Borrower, dated the Effective Date, as to the incumbency and signature of the officers of the Borrower executing this Agreement and authorized to execute Notes reasonably satisfactory in form and substance to the Administrative Agent and (iii) true and complete copies of the certificate of incorporation and by-laws of the Borrower, certified as of the Effective Date as complete and correct copies thereof by the Secretary or an Assistant Secretary of the Borrower.

(d) The Administrative Agent shall have received a certificate, dated the Effective Date and signed by the President, a Vice President or a Financial Officer of the Borrower, confirming compliance with the conditions set forth in paragraphs (a) and (b) of Section 4.02.

(e) The Agents shall have received all fees and other amounts due and payable on or prior to the Effective Date, including, to the extent invoiced in advance of the Effective Date, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder.

(f) All Existing Credit Facilities shall have been or shall concurrently be terminated and any amounts outstanding or owed thereunder in respect of principal or interest shall have been or shall concurrently be paid in full.

The Administrative Agent shall notify the Borrower and the Lenders of the Effective Date, and such notice shall be conclusive and binding.

SECTION 4.02. Each Credit Event. The obligation of each Lender to make a Loan on the occasion of any Borrowing, and of each Issuing Bank to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Borrower set forth in this Agreement shall be true and correct on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable.

(b) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default shall have occurred and be continuing.

(c) From and after the date of the satisfaction of the Initial Tender Offer Condition, there shall be no pending litigation or administrative proceedings or other legal or regulatory developments with respect to the Acquisition that, in the reasonable judgment of at least three of the Agents, would be reasonably likely to prohibit the Acquisition or to result in a Material Adverse Effect and the Agents shall have received a certificate of a Financial Officer to the effect that no such litigations, proceedings or developments exist in such Financial Officer's reasonable judgment; provided that the proposal for or the pendency of proceedings for approval of the Acquisition before the Surface Transportation Board, or any administrative, judicial or other contest with respect to such approval process at the Surface Transportation Board, shall not violate this Section.

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

#### ARTICLE V

##### Affirmative Covenants

Until the Commitments shall have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or been terminated and all LC Disbursements shall have been reimbursed, the Borrower covenants and agrees with the Lenders that:

SECTION 5.01. Financial Statements and Other Information. The Borrower will furnish to each Lender through the Administrative Agent:

(a) as soon as available but in any event within 120 days after the end of each fiscal year of the Borrower, its audited consolidated statement of financial position and related statements of earnings, changes in shareholders' equity and cash flows as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Ernst & Young LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial position, results of operations and cash flows of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with

GAAP; provided, however, that the Borrower may deliver, in lieu of the foregoing, the annual report of the Borrower for such fiscal year on Form 10-K filed with the SEC, but only so long as the financial statements contained in such annual report on Form 10-K are substantially the same in content as the financial statements referred to in the preceding provisions of this paragraph (a);

(b) as soon as available but in any event within 60 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, its consolidated statement of financial position and related statements of earnings and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by one of its Financial Officers as presenting fairly in all material respects the financial position, results of operations and cash flows of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP, subject to normal year-end audit adjustments and the absence of footnotes; provided, however, that the Borrower may deliver, in lieu of the foregoing, the quarterly report of the Borrower for such fiscal quarter on Form 10-Q filed with the SEC, but only so long as the financial statements contained in such quarterly report on Form 10-Q are substantially the same in content as the financial statements referred to in the preceding provisions of this paragraph (b);

(c) concurrently with each delivery of financial statements under clause (a) or (b) above, a certificate of a Financial Officer of the Borrower (i) certifying as to whether, to the best knowledge of such Financial Officer, a Default has occurred and is continuing and, if a Default has occurred and is continuing, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.06 and (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of the audited financial statements referred to in Section 3.04 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) concurrently with each delivery of financial statements under clause (a) above, a letter signed by the accounting firm that reported on such financial statements to the effect that, in the course of the examination upon which their report for such fiscal year was based (but without any special or additional audit procedures for that purpose other than review of the terms and provisions of this Agreement), nothing came to their attention that caused them to believe that there were any Defaults or Events of Default involving accounting matters or, if such accountants became aware of any such Defaults or Events of Default, specifying the nature thereof;

(e) promptly after the same become publicly available, copies of all periodic and other reports on Forms 8-K, 10-Q and 10-K and all proxy statements filed by the Borrower or any Subsidiary with the SEC or any other documents distributed by the Borrower to its shareholders generally which contain the equivalent information to that contained in such Forms or proxy statements;



(f) upon any sale or other disposition of Shares by the Borrower or any Subsidiary, a certificate of a Financial Officer setting forth in reasonable detail the calculations required to determine the portion of such Shares which constitute Restricted Margin Stock, the portion of such Shares which constitute Unrestricted Margin Stock and the Net Cash Proceeds attributable to each such portion; and

(g) promptly following any request therefor, such other information regarding the operations and financial condition of the Borrower or any Subsidiary, or compliance with the terms of this Agreement, as the Administrative Agent or any Lender may reasonably request.

SECTION 5.02. Notices of Material Events. The Borrower will furnish to each Lender through the Administrative Agent prompt written notice of the following:

(a) within three Business Days after any Financial Officer obtains knowledge of the occurrence of any Default which is continuing, the occurrence of such Default;

(b) (i) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Borrower or any Subsidiary that would, in the reasonable judgment of the Borrower, result in a Material Adverse Effect and (ii) without limiting the foregoing, the filing or commencement of, or any material development in, any litigation or administrative proceeding with respect to the Acquisition prior to the consummation thereof;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, would, in the reasonable judgment of the Borrower, result in a Material Adverse Effect;

(d) the final denial (after exhaustion of all available appeals) of any governmental approval required for the Acquisition or the election by the Borrower to abandon the Acquisition (which notice shall also specify the aggregate face amount of outstanding commercial paper of the Borrower supported by the Commitments, after giving effect on a ratable basis to any other facilities of the Borrower then providing support for such commercial paper); and

(e) any other development that results in, or would in the reasonable judgment of the Borrower result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03. Existence; Conduct of Business. The Borrower will, and will cause each Significant Subsidiary to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises it reasonably deems necessary to the conduct of its business; provided

that the foregoing shall not prohibit any merger, consolidation or disposition permitted under Section 6.05 or prohibit the Borrower or any Significant Subsidiary from discontinuing any business or forfeiting any right, license, permit, privilege or franchise to the extent it reasonably deems appropriate in the ordinary course of its business.

SECTION 5.04. Payment of Obligations. The Borrower will, and will cause each Subsidiary to, pay its obligations, including Tax liabilities, that, if not paid, would result in a Material Adverse Effect before the same shall become delinquent or in default, except where the validity or amount thereof is being contested in good faith by appropriate proceedings.

SECTION 5.05. Maintenance of Properties; Insurance. The Borrower will, and will cause each Significant Subsidiary to, (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, and (b) maintain insurance with financially sound insurance companies (including captive or affiliated insurance companies) or, to the extent consistent with prudent business practice, programs of self-insurance, in each case in such amounts, with such deductibles and against such risks as are reasonably appropriate.

SECTION 5.06. Books and Records; Inspection Rights. The Borrower will, and will cause each Significant Subsidiary to, keep and maintain proper books of record and account in accordance with GAAP. The Borrower will, and will cause each Subsidiary to, permit any representatives designated by the Administrative Agent or any Lender, upon reasonable prior notice and coordinated with the Administrative Agent, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all during normal business hours and at such reasonable times and as often as reasonably requested.

SECTION 5.07. Compliance with Laws. The Borrower will, and will cause each Subsidiary to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, would not result in a Material Adverse Effect.

SECTION 5.08. Use of Proceeds, Commitments and Letters of Credit. The proceeds of the Loans may be used to finance the Acquisition and, after the Acquisition or the occurrence of the events described in Section 2.08(b), for working capital and other general corporate purposes, and a portion of the Commitments may be used to support commercial paper issued by the Borrower. Letters of Credit will be issued only to support obligations of the Borrower and the Subsidiaries, contingent or otherwise, incurred or arising in the ordinary course of business.

SECTION 5.09. Federal Regulations. No part of the proceeds of any Loan will be used for "purchasing" or "carrying" (within the respective meanings of each of the quoted terms under Regulation G or Regulation U of the Board as now and from time to time hereafter in effect) any Margin Stock in violation of the applicable requirements of such Regulations. If requested by any Lender or the Administrative Agent, the Borrower will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the

requirements of FR Form G-3 or FR Form U-1 referred to in said Regulation G or Regulation U, as the case may be.

## ARTICLE VI

### Negative Covenants

Until the Commitments shall have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or been terminated and all LC Disbursements shall have been reimbursed, the Borrower covenants and agrees with the Lenders that:

SECTION 6.01. Limitation on Share Purchase Debt. The Borrower will not, and will not permit any Subsidiary to, create, incur or assume Debt in an aggregate principal amount for the Borrower and the Subsidiaries in excess of \$4,000,000,000 the proceeds of which are used to purchase Shares.

SECTION 6.02. Limitation on Subsidiary Debt. The Borrower will not permit any Subsidiary to create, incur or assume any Debt (other than Debt substantially secured by a Lien or Liens on assets of such Subsidiary permitted under Section 6.03) after the Effective Date, except:

(a) extensions, renewals and replacements of any Debt existing on the date hereof that do not increase the outstanding principal amount thereof (other than to finance payments made in connection therewith);

(b) Debt of any Subsidiary to the Borrower or any other Subsidiary;

(c) Debt of any Person that becomes a Subsidiary after the date hereof; provided that such Debt exists at the time such Person becomes a Subsidiary and is not created in contemplation of or in connection with such Person becoming a Subsidiary;

(d) Debt of any Subsidiary as an account party in respect of letters of credit; and

(e) other Debt; provided that, at the time of the creation, incurrence or assumption of such Debt and after giving effect thereto, the aggregate principal amount of all such Debt of the Subsidiaries does not exceed an amount equal to 10% of Total Capitalization at such time.

SECTION 6.03. Liens. The Borrower will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now

owned or hereafter acquired by it (other than Unrestricted Margin Stock) to secure Debt of the Borrower or any Subsidiary, except:

(a) Permitted Encumbrances;

(b) any Lien on any property or asset of the Borrower or any Subsidiary existing on the date hereof; provided that (i) such Lien shall not apply to any other property or asset of the Borrower or any Subsidiary and (ii) such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(c) any Lien existing on any property or asset prior to the acquisition thereof by the Borrower or any Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (ii) such Lien shall not apply to any other property or assets of the Borrower or any Subsidiary and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(d) Liens on railroad locomotives, auto racks, rolling stock, vessels, barges, containers, vehicles, terminals and other fixed or capital assets acquired, constructed, improved or refurbished by or for the Borrower or any Subsidiary; provided that (i) such Liens and the Debt secured thereby are incurred prior to or within two years (or, during the period from the Effective Date to the date six months thereafter, two and one-half years) after such acquisition or the completion of such construction, improvement or refurbishment, (ii) the Debt secured thereby does not exceed 100% of the cost of acquiring, constructing, improving or refurbishing such assets and (iii) such Liens shall not apply to any other property or assets of the Borrower or any Subsidiary;

(e) Liens securing Debt in respect of the transactions described in Schedule 6.03; and

(f) Liens not otherwise permitted hereunder; provided that, at the time of the creation, incurrence or assumption of any Debt secured by any such Lien and after giving effect thereto, the aggregate principal amount of Debt of the Borrower and the Subsidiaries secured by Liens permitted under this clause (f), together with the Attributable Debt then outstanding in respect of Sale/Leaseback Transactions permitted under Section 6.04(c) in respect of which the obligations of the Borrower or any Subsidiary do not constitute Capital Lease Obligations, does not exceed an amount equal to 10% of Total Capitalization at such time.

SECTION 6.04. Limitation on Sale/Leaseback Transactions. The Borrower will not, and will not permit any Subsidiary to, enter into any arrangement with any Person providing for the leasing by the Borrower or any Subsidiary of real or personal property (other than



Unrestricted Margin Stock) which has been or is to be sold or transferred by the Borrower or such Subsidiary to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of the Borrower or such Subsidiary (a "Sale/Leaseback Transaction"), except:

(a) any Sale/Leaseback Transaction described in Schedule 6.03;

(b) any arrangement with respect to any railroad locomotive, auto rack, rolling stock, vessel, barge, container, vehicle, terminal or other fixed or capital asset; provided that such arrangement is entered into prior to or within two years (or, during the period from the Effective Date to the date six months thereafter, two and one-half years) after the acquisition, construction, improvement or refurbishment of such railroad locomotive, auto rack, rolling stock, vessel, barge, container, vehicle, terminal or other fixed or capital asset; and

(c) Sale/Leaseback Transactions not otherwise permitted hereunder; provided that, (i) if the obligations of the Borrower or any Subsidiary in respect of any such Sale/Leaseback Transaction constitute Capital Lease Obligations, the Liens created in respect of such Sale/Leaseback Transactions are permitted under Section 6.03 and (ii) if the obligations of the Borrower or any Subsidiary in respect of any such Sale/Leaseback Transaction do not constitute Capital Lease Obligations, at the time of the creation, incurrence or assumption of any Attributable Debt in connection with such Sale/Leaseback Transaction and after giving effect thereto, the aggregate principal amount of Attributable Debt of the Borrower and the Subsidiaries then outstanding in respect of leases entered into in connection with Sale/Leaseback Transactions permitted under this clause (ii), together with the aggregate principal amount of Debt then secured by Liens permitted under Section 6.03(f), does not exceed an amount equal to 10% of Total Capitalization at such time.

SECTION 6.05. Fundamental Changes. The Borrower will not merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired), unless (a) the surviving corporation in any such merger or consolidation or the Person which acquires all or substantially all of the assets of the Borrower shall be a corporation organized and existing under the laws of the United States of America, any State thereof or the District of Columbia (the "Successor Corporation") and shall expressly assume, by amendment to this Agreement executed by the Borrower, the Successor Corporation and the Administrative Agent, the due and punctual payment of the principal of and interest on the Loans and all other amounts payable under this Agreement and any Notes and the payment and performance of every covenant hereof on the part of the Borrower to be performed or observed, (b) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing and (c) the Borrower shall have delivered a certificate of a Financial Officer and a written opinion of counsel reasonably satisfactory to the Administrative Agent (who may be counsel to the Borrower), each stating that such transaction and amendment comply with this Section and that all conditions precedent herein provided for relating to such transaction have been satisfied; provided that the

Borrower and the Subsidiaries will be permitted to sell, transfer and otherwise dispose of Unrestricted Margin Stock without regard to the foregoing restrictions.

SECTION 6.06. Financial Covenant. The Borrower shall not permit the ratio of Total Debt to Total Capitalization to exceed (a) at any time prior to the Merger, 0.65 to 1.00, and (b) at any time thereafter, 0.55 to 1.00.

SECTION 6.07. Ownership of Railroad Subsidiaries. The Borrower shall not permit any Railroad Subsidiary to cease to be a wholly-owned Subsidiary of the Borrower; provided that neither the Borrower nor any Subsidiary shall be in any way restricted under this Section from selling or otherwise disposing of Unrestricted Margin Stock.

SECTION 6.08. Sales of Unrestricted Margin Stock. The Borrower shall not, and shall not permit any Subsidiary to, (a) sell or otherwise dispose of any Shares constituting Unrestricted Margin Stock other than in exchange for cash or cash equivalents or (b) fail to maintain the proceeds of any such sale or other disposition as cash, cash equivalents or short-term investments; provided that, to the extent that the Borrower shall elect to reduce the Commitments pursuant to Section 2.08(d) at any time after any such sale or other disposition, the requirements of clause (b) above shall cease to apply to the portion of such proceeds as shall be equal to the aggregate amount of any such reductions.

#### ARTICLE VII

##### Events of Default

If any of the following events ("Events of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise; provided that, if any such failure shall result from the malfunctioning or shutdown of any wire transfer or other payment system reasonably employed by the Borrower to make such payment or from an inadvertent error of a technical or clerical nature by the Borrower or any bank or other entity reasonably employed by the Borrower to make such payment, no Event of Default shall result under this paragraph (a) during the period (not in excess of two Business Days) required by the Borrower to make alternate payment arrangements;

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of ten days;

(c) any representation or warranty made or deemed made by or on behalf of the Borrower or any Subsidiary in or in connection with this Agreement or any amendment or modification hereof, or in any report, certificate, financial statement or other document

furnished pursuant to or in connection with this Agreement or any amendment or modification hereof, shall prove to have been incorrect in any material respect when made or deemed made;

(d) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b) or (c) of this Article), and such failure shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent (given at the request of any Lender) to the Borrower;

(e) any event of default or similar event or condition occurs (and continues after any applicable grace period) under any mortgage, indenture or instrument under which there may be issued, or by which there may be secured or evidenced, any Material Indebtedness, whether such Material Indebtedness now exists or shall hereafter be created and shall result in any Material Indebtedness becoming due prior to its scheduled maturity (other than any such event or condition arising solely out of the violation by the Borrower or any Subsidiary of any covenant in any way restricting the Borrower's, or any such Subsidiary's, right or ability to sell, pledge or otherwise dispose of Unrestricted Margin Stock) and such acceleration shall not be rescinded or annulled in accordance with the terms of such mortgage, indenture or investment, as the same case may be; provided that this clause (e) shall not apply to secured Indebtedness that becomes due as a result of the voluntary permitted sale or transfer of the property or assets securing such Indebtedness;

(f) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any Significant Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Significant Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(g) the Borrower or any Significant Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (f) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Significant Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(h) the Borrower or any Significant Subsidiary shall become unable, admit in writing or fail generally to pay its debts as they become due;

(i) one or more judgments for the payment of money in an aggregate amount (to the extent not covered by insurance) in excess of \$75,000,000 shall be rendered against the Borrower, any Subsidiary or any combination thereof and the same shall remain unpaid or undischarged for a period of 60 consecutive days during which execution shall not be effectively stayed;

(j) an ERISA Event shall have occurred that, in the reasonable opinion of the Majority Lenders, when taken together with all other ERISA Events that have occurred, would result in a Material Adverse Effect; or

(k) a Change in Control shall occur and on the date which is four months after the occurrence of such Change in Control the Applicable Rate shall be determined by reference to Category 6;

then, and in every such event (other than an event with respect to the Borrower described in clause (f) or (g) of this Article as a result of which the Administrative Agent and the Lenders shall not be permitted, without special relief, to exercise their rights or remedies under clause (i) or (ii) below), and at any time thereafter during the continuance of such event, the Administrative Agent (with the consent of the Majority Lenders) may, and at the request of the Majority Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and in case of any event with respect to the Borrower described in clause (f) or (g) of this Article described above, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

#### ARTICLE VIII

##### The Agents

Each of the Lenders and Issuing Banks hereby irrevocably appoints The Chase Manhattan Bank as its agent and authorizes The Chase Manhattan Bank to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto. Each Lender acknowledges that Bank of America National Trust and Savings Association and NationsBank, N.A. shall be Co-Syndication Agents with respect to this Agreement and that The Bank of Nova Scotia shall be the Documentation Agent with respect to this Agreement.



Each bank serving as an Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not an Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if it were not an Agent hereunder.

No Agent shall have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (a) no Agent shall be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) no Agent shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise in writing by the Lenders entitled to so require, and (c) except as expressly set forth herein, no Agent shall have any duty to disclose, nor shall such Agent be liable for the failure to disclose, any information relating to the Borrower or any of the Subsidiaries that is communicated to or obtained by such Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Lenders entitled to so require or in the absence of its own gross negligence or wilful misconduct. No Agent shall be deemed to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrower or a Lender, and no Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made to any Lender in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (iii) the performance or observance by the Borrower of any of the covenants, agreements or other terms or, except as provided in clause (v) below, conditions set forth herein, (iv) with respect to parties other than such Agent, the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it in good faith to be genuine and to have been signed or sent by the proper Person. Each Agent also may rely upon any statement made to it orally or by telephone and believed by it in good faith to be made by the proper Person, and shall not incur any liability for relying thereon. Each Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in good faith in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent and for which it is responsible. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent reasonably selected by the Administrative Agent and to the Related Parties of the Agents and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Agent.

Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders, the Issuing Banks and the Borrower. Upon any such resignation, the Majority Lenders shall have the right, with the consent of the Borrower (which consent shall not be required if at the time of such appointment any Default or Event of Default shall have occurred and be continuing), to appoint a successor. If no successor shall have been so appointed by the Majority Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders and the Issuing Banks, appoint a successor Administrative Agent which shall be a commercial bank with an office in New York, New York and having a combined capital and surplus of at least \$1,000,000,000. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 9.03 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

Each Lender acknowledges that it has, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender represents that it has not relied upon the Unrestricted Margin Stock in its credit analysis or its decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

#### ARTICLE IX

##### Miscellaneous

SECTION 9.01. Notices. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to the Borrower, to it at CSX Corporation, One James Center, 901 East Cary Street, Richmond, VA 23219, Attention of Treasurer (Telecopy No. (804) 783-1346);

(b) if to the Administrative Agent, to The Chase Manhattan Bank, Agent Bank Services, One Chase Manhattan Plaza, 8th Floor, New York, New York 10081, Attention of Sandra Miklave (Telecopy No. (212) 552-5658), with a copy to The Chase Manhattan

Bank, 270 Park Avenue, New York, New York 10017, Attention of Julie Long (Telecopy No. (212) 972-9854); and

(c) if to any Issuing Bank or any other Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 9.02. Waivers; Amendments. (a) No failure or delay by the Administrative Agent, any Issuing Bank or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Banks and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Lender or any Issuing Bank may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Majority Lenders or by the Borrower and the Administrative Agent with the consent of the Majority Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan or LC Disbursement, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.10(c) or change 2.17(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, in either case without the written consent of each Lender, or (v) change any of the provisions of this Section or the definition of "Majority Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent or any Issuing Bank hereunder without the prior written consent of the Administrative Agent or such Issuing Bank, as the case may be.

SECTION 5.03. Expenses; Indemnity; Damage Waiver.

(a) The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of this Agreement or any amendments, modifications or waivers of the provisions hereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all out-of-pocket expenses incurred by each Issuing Bank in connection with the issuance, amendment, renewal or extension by it of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by the Administrative Agent, any Issuing Bank or any Lender, including the reasonable fees, charges and disbursements of any counsel for the Administrative Agent, any Issuing Bank or any Lender, in connection with the enforcement or protection of its rights in connection with this Agreement or any Note, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including in connection with any workout, restructuring or negotiations in respect thereof.

(b) The Borrower shall indemnify the Administrative Agent, each Issuing Bank and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by an Issuing Bank to honor a demand for payment under a Letter of Credit issued by it if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), or (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses resulted from the gross negligence or wilful misconduct of such Indemnitee. The foregoing indemnification shall not cover any such claims, damages, losses, liabilities or expenses relating to (i) any Taxes or (ii) any costs or capital requirements (whenever imposed) to any Lender or any corporation controlling such Lender as a result of such Lender's Commitment or its Loans or participations in Letters of Credit, but in each case without prejudice to Sections 2.14, 2.15, 2.16 and 9.03.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent or an Issuing Bank under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent or such Issuing Bank, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent or such Issuing Bank in its capacity as such.



(d) To the extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable promptly after written demand therefor, accompanied by such documentation as the Borrower may reasonably request to evidence the basis for, and calculation of, such amount.

SECTION 9.04. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuing Banks and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may, at no additional cost to the Borrower, assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that (i) except in the case of an assignment to a Lender or an Affiliate of a Lender, each of the Borrower, the Administrative Agent and the Issuing Banks must give its prior written consent to such assignment (which consent shall not be unreasonably withheld), (ii) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment, the amount of the Commitment of the assigning Lender subject to each such assignment and the amount of its Commitment remaining thereafter (determined in each case as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$25,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, (iii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement (including its Revolving Loans), except that this clause (iii) shall not apply to rights in respect of outstanding Competitive Loans, (iv) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of \$1,500, and (v) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire; provided further that any consent of the Borrower otherwise required under this paragraph shall not be required if an Event of Default under clause (f) or (g) of Article VII has occurred and is continuing. Upon acceptance and recording pursuant to paragraph (d) of this Section, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of (but not greater than) the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the

case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.14, 2.15, 2.16 and 9.03 and be subject to Section 9.12). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (e) of this Section.

(c) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices in The City of New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be prima facie evidence thereof absent manifest error, and the Borrower, the Administrative Agent, the Issuing Banks and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection during normal business hours by the Borrower at any reasonable time and from time to time upon reasonable advance notice.

(d) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Any Lender may, without the consent of, and at no additional cost to, the Borrower, the Administrative Agent or the Issuing Banks, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent, the Issuing Banks and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.02(b) that affects such Participant. Subject to paragraph (f) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.14, 2.15 and 2.16 to the same (but no greater) extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.14, 2.15 or 2.16 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant.

(g) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any such pledge or assignment to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such assignee for such Lender as a party hereto.

SECTION 9.05. Survival. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that any Agent, any Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.14, 2.15, 2.16, 9.03 and 9.12 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

SECTION 9.06. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and any separate letter agreements with respect to fees payable to the Administrative Agent or any Issuing Bank constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.07. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.08. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of the Borrower against any of and all the obligations of the Borrower now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.09. Governing Law; Jurisdiction; Consent to Service of Process. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment resulting therefrom, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final and non-appealable judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent, any Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement against the Borrower or its properties in the courts of any jurisdiction.

(c) The Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD



NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12. Confidentiality. Each of the Administrative Agent, the Issuing Banks and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees, representatives and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, or requested by any regulatory authority, but only, except with respect to bank examiners, after the Administrative Agent or the relevant Issuing Bank or Lender provides such written notice to the Borrower of such proposed disclosure as is reasonable under the circumstances and permitted by law, (c) to any other party to this Agreement, (d) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or any Note or the enforcement of rights hereunder or thereunder, (e) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (f) with the consent of the Borrower or (g) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section, (ii) becomes available to the Administrative Agent, any Issuing Bank or any Lender on a nonconfidential basis from a source other than the Borrower (other than a source known to be disclosing such Information in violation of a confidentiality agreement with the Borrower) or (iii) was available to the Administrative Agent or the relevant Issuing Bank or Lender prior to such Person becoming a Lender. For the purposes of this Section, "Information" means all information received from the Borrower relating to the Borrower or its business, other than any such information that is available to the Administrative Agent, any Issuing Bank or any Lender on a nonconfidential basis prior to disclosure by the Borrower; provided that, in the case of information received from the Borrower after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

CSX CORPORATION,  
as Borrower

by  
/s/ David D. Owen

Name: David D. Owen  
Title: Managing Director

BANK OF AMERICA NATIONAL TRUST  
AND SAVINGS ASSOCIATION,  
as Co-Syndication Agent and  
as a Lender,

by

/s/ Craig S. Munro

Name: Craig S. Munro

Title: Managing Director-Corporate  
Finance

THE BANK OF NOVA SCOTIA,  
as Documentation Agent and  
as a Lender,

by

/s/ James R. Trimble

Name: James R. Trimble

Title: Senior Relationship  
Manager

THE CHASE MANHATTAN BANK,  
as Administrative Agent and  
as a Lender,

by

/s/ Julie S. Long

Name: Julie S. Long

Title: Vice President

NATIONSBANK, N.A.,  
as Co-Syndication Agent and  
as a Lender,

by

/s/ E. Turner Coggin

Name: E. Turner Coggin

Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION

by

/s/ Daniel K. Fitzpatrick

Name: Daniel K. Fitzpatrick  
Title: Vice President



THE BANK OF TOKYO-MITSUBISHI, LTD.

by

/s/ Randy L. Glass

---

Name: Randy L. Glass

Title: Vice President

ABN AMRO BANK N.V., NEW YORK  
BRANCH

by

/s/ Nancy W. Lanzoni

Name: Nancy W. Lanzoni  
Title: Group Vice President

by

/s/ David W. Stack

Name: David W. Stack  
Title: Assistant Vice President

THE BANK OF NEW YORK

by

/s/ David C. Siegel

Name: David C. Siegel

Title: Assistant Vice President

CITIBANK, N.A.

by

/s/ Rosemary M. Bell

Name: Rosemary M. Bell

Title: Attorney-in-Fact

-66-



CREDIT SUISSE

by

/s/ Kristinn R. Kristinsson

Name: Kristinn R. Kristinsson  
Title: Associate

by

/s/ William P. Murray

Name: Member of Senior  
Management

FIRST NATIONAL BANK OF CHICAGO

by

/s/ Paul A. Gargula

Name: Paul A. Gargula

Title: Vice President

THE FUJI BANK, LIMITED,  
NEW YORK BRANCH

by

/s/ Teiji Teramoto

Name: Teiji Teramoto

Title: Vice President and Manager

THE INDUSTRIAL BANK OF JAPAN,  
LIMITED NEW YORK BRANCH

by  
/s/ John V. Veltri

---

Name: John V. Veltri  
Title: Senior Vice President



MELLON BANK, N.A.

by  
/s/ Martin J. Randal

Name: Martin J. Randal  
Title: Banking Officer

ROYAL BANK OF CANADA

by  
/s/ Lorna Mendelson

---

Name: Lorna Mendelson  
Title: Manager

BANK OF MONTREAL

by

/s/ Edward P. McGuire

Name: Edward P. McGuire

Title: Director

BARNETT BANK N.A. - JACKSONVILLE

by  
/s/ Cindy S. Stover

---

Name: Cindy S. Stover  
Title: Vice President



CORESTATES BANK, N.A.

by  
/s/ Beverly J. Collier

---

Name: Beverly J. Collier  
Title: Vice President

-75-

CAISSE NATIONALE DE CREDIT  
AGRICOLE

by  
/s/ Craig Welch

---

Name: Craig Welch  
Title: First Vice President

-16-

DEUTSCHE BANK A.G., NEW YORK  
AND/OR CAYMAN ISLANDS  
BRANCHES

by

/s/ Thomas A. Foley

Name: Thomas A. Foley

Title: Assistant Vice President

by

/s/ Stephan A. Wiedemann

Name: Stephan A. Wiedemann

Title: Vice President

THE DAI-ICHI KANGYO BANK, LTD.,  
NEW YORK BRANCH

by  
/s/ Timothy White

---

Name: Timothy White  
Title: Vice President and Team  
Leader



FLEET NATIONAL BANK

by  
/s/ Frank Benesh

---

Name: Frank Benesh  
Title: Vice President

THE MITSUBISHI TRUST AND  
BANKING CORPORATION

by  
/s/ Hachiro Hosoda

---

Name: Hachiro Hosoda  
Title: Senior Vice President

THE MITSUI TRUST AND BANKING  
COMPANY, LIMITED, NEW YORK  
BRANCH

by

/s/ Shigeru Tsujimoto

Name: Shigeru Tsujimoto

Title: Senior Vice President and  
Manager

NATIONAL AUSTRALIA BANK LIMITED

by

/s/ R. Adams Perry III

Name: R. Adams Perry III

Title: Senior Vice President and  
Head of Corporate Banking  
& Finance



THE NORINCHUKIN BANK NEW YORK  
BRANCH

by  
/s/ Takeshi Akimoto

---

Name: Takeshi Akimoto  
Title: General Manager

THE NORTHERN TRUST COMPANY

by

/s/ Eric O. Strickland

Name: Eric O. Strickland

Title: Vice President

THE SAKURA BANK, LIMITED

by

/s/ Yasumasa Kikuchi

Name: Yasumasa Kikuchi

Title: Senior Vice President

THE SANWA BANK, LIMITED

by  
/s/ Christian Kambour

Name: Christian Kambour  
Title: Assistant Vice President



STANDARD CHARTERED BANK

by

/s/ Christopher R. Knight

Name: Christopher R. Knight  
Title: Vice President

by

/s/ Jacob Yahiayan

Name: Jacob Yahiayan  
Title: Assistant Vice President

THE YASUDA TRUST & BANKING CO.,  
LTD.

by  
/s/ Makoto Tagawa

---

Name: Makoto Tagawa  
Title: Deputy General Manager

CRESTAR BANK

by

/s/ Keith A. Hubbard

Name: Keith A. Hubbard

Title: Senior Vice President

SCHEDULE 2.01

LENDER NAMES, ADDRESSES FOR NOTICES AND COMMITMENTS

NAMES/ADDRESS -----	COMMITMENT -----
Bank of America National Trust and Savings Association 231 South LaSalle Street Area 10J Chicago, IL 60697 Attention: Peter Dales Tel: 312-828-2809 Fax: 312-828-1997	\$250,000,000
The Bank of Nova Scotia One Liberty Plaza 26th Floor New York, NY 10006 Attention: James Trimble Tel: 212-225-5011 Fax: 212-225-5090	\$250,000,000
The Chase Manhattan Bank Agent Bank Services One Chase Manhattan Plaza 8th Floor New York, NY 10081 Attention: Sandra Miklave Tel: 212-552-7953 Fax: 212-552-5658	\$250,000,000
NationsBank, N.A. NationsBank Pavilion 4th Floor 1111 East Main Street Richmond, VA 23219-2321 Attention: Turner Coggin Tel: 804-788-3455 Fax: 804-788-2908/3669	\$250,000,000
PNC Bank, National Association 1600 Market Street Philadelphia, PA 19103 Attention: Dan Fitzpatrick Tel: 215-585-5622 Fax: 215-585-5972	\$230,000,000



NAMES/ADDRESS

COMMITMENT

<p>The Bank of Tokyo-Mitsubishi, Ltd.  Georgia Pacific Center  Suite 4970  133 Peachtree Street, N.E.  Atlanta, GA 30303-1808  Attention: Randy Glass  Tel: 404-222-4207  Fax: 404-577-1155</p>	<p>\$210,000,000</p>
<p>ABN AMRO Bank N.V., New York Branch  500 Park Avenue  2nd Floor  New York, NY 10022  Attention: Pam Delvecchio  Tel: 212-446-4289  Fax: 212-446-7468</p>	<p>\$190,000,000</p>
<p>The Bank of New York  One Wall Street  15th Floor  New York, NY 10286  Attention: Gregory Owens  Tel: 212-635-1130  Fax: 212-635-1698</p>	<p>\$190,000,000</p>
<p>Citibank, N.A.  400 Perimeter Center Terrace  Suite 600  Atlanta, GA 30346  Attention: Hilary Hyman  Tel: 770-668-8602  Fax: 770-668-8137</p>	<p>\$190,000,000</p>
<p>Credit Suisse  12 East 49th Street  41st Floor  New York, NY 10017  Attention: Kristinn R. Kristinsson  Tel: 212-238-5206  Fax: 212-238-5245</p>	<p>\$190,000,000</p>

NAMES/ADDRESS

COMMITMENT

First National Bank of Chicago  
One First National Plaza  
Mail Suite 0374  
Chicago, IL 60670-0374  
Attention: Tim King  
Tel: 312-732-6456  
Fax: 312-732-3885

\$190,000,000

The Fuji Bank, Limited New York  
Branch  
2 World Trade Center  
79th Floor  
New York, NY 10048  
Attention: Colby Yoon  
Tel: 212-898-2140  
Fax: 212-912-0516

\$190,000,000

The Industrial Bank of Japan,  
Limited  
New York Branch  
245 Park Avenue  
23rd Floor  
New York, NY 10167  
Attention: Adrienne Molloy  
Tel: 212-557-3500  
Fax: 212-856-9450

\$190,000,000

Mellon Bank, N.A.  
1735 Market Street  
Room 750  
Philadelphia, PA 19103  
Attention: Martin Randall  
Tel: 215-553-2915  
Fax: 215-553-4899

\$190,000,000

Royal Bank of Canada  
Grand Cayman (North America No. 1)  
Branch  
c/o New York Branch  
One Financial Square  
23rd Floor  
New York, NY 10005-3531  
Attention: Manager, Credit  
Administration; with a copy to  
Donald Cellancie  
Tel: 212-428-6311  
Fax: 212-428-2372

\$190,000,000

NAMES/ADDRESS

COMMITMENT

Bank of Montreal 115 South LaSalle Street Chicago, IL 60603 Attention: Randall Becker Tel: 312-750-3723 Fax: 312-750-4314	\$100,000,000
Barnett Bank N.A. - Jacksonville 50 North Laura Street 24th Floor / 001002436 Jacksonville, FL 32231 Attention: Cindy Stover Tel: 904-791-7419 Fax: 904-791-5645	\$100,000,000
Corestates Bank, N.A. 1339 Chestnut Street FC: 1-8-11-24 Philadelphia, PA 19107 Attention: Beverly J. Collier Tel: 215-973-3571 Fax: 215-786-7704	\$100,000,000
Caisse Nationale de Credit Agricole 520 Madison Avenue New York, NY 10022 Attention: Craig Welch Tel: 212-418-7087 Fax: 212-418-2228	\$100,000,000
Deutsche Bank A.G., New York and/or Cayman Islands Branches 31 West 52nd Street New York, NY 10019 Attention: Stephen Wiedemann Tel: 212-474-8663 Fax: 212-474-8212	\$100,000,000

NAMES/ADDRESS

COMMITMENT

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The Dai-Ichi Kangyo Bank, Ltd., \$100,000,000  
New York Branch  
One World Trade Center  
48th Floor  
New York, NY 10048  
Attention: David J. McCann  
Tel: 212-432-8882  
Fax: 212-912-1879

Fleet National Bank \$100,000,000  
MAOF0305  
1 Federal Street  
Boston, MA 02211  
Attention: Frank Benesh or  
Derek Upson  
Tel: 617-346-0617 or 617-346-0332  
Fax: 617-246-0568

The Mitsubishi Trust and Banking \$100,000,000  
Corporation  
520 Madison Avenue  
26th Floor  
New York, NY 10022  
Attention: Bea Kossodo  
Tel: 212-891-8363  
Fax: 212-644-6825

The Mitsui Trust and Banking Company, \$100,000,000  
Limited, New York Branch  
One World Financial Center  
200 Liberty Street  
21st Floor  
New York, NY 10281  
Attention: Shigeru Tsujimoto  
Tel: 212-341-0370  
Fax: 212-945-4170

National Australia Bank Limited \$100,000,000  
200 Park Avenue  
34th Floor  
New York, NY 10166  
Attention: Shaun Dooley  
Tel: 212-916-9621  
Fax: 212-983-1969



NAMES/ADDRESS

COMMITMENT

<p>The Norinchukin Bank New York Branch            245 Park Avenue            29th Floor            New York, NY 10167            Attention: Maizie Tang            Tel: 212-949-7188            Fax: 212-697-5754</p>	<p>\$100,000,000</p>
<p>The Northern Trust Company            50 South LaSalle Street            Floor B-9            Chicago, IL 60675            Attention: Eric Strickland            Tel: 312-444-5602            Fax: 312-444-3508</p>	<p>\$100,000,000</p>
<p>The Sakura Bank, Limited            277 Park Avenue            45th Floor            New York, NY 10172            Attention: Ken Oshima            Tel: 212-756-6767            Fax: 212-888-7651</p>	<p>\$100,000,000</p>
<p>The Sanwa Bank, Limited            55 East 52nd Street            26th Floor            New York, NY 10055            Attention: Christian Kambour            Tel: 212-339-6232            Fax: 212-754-1304</p>	<p>\$100,000,000</p>
<p>Standard Chartered Bank            707 Wilshire Boulevard            Los Angeles, CA 90017            Attention: Qustandi Shiber            Tel: 213-614-5037            Fax: 213-614-2159</p>	<p>\$100,000,000</p>

NAMES/ADDRESS

COMMITMENT

The Yasuda Trust & Banking Co., Ltd.  
 666 Fifth Avenue  
 Suite 801  
 New York, NY 10103  
 Attention: Rohn Laudenschlager  
 Tel: 212-373-5713  
 Fax: 212-373-5796

\$100,000,000

Crestar Bank  
 919 East Main Street  
 22nd Floor  
 Richmond, VA 23219  
 Attention: Keith Hubbard  
 Tel: 804-782-5356  
 Fax: 804-782-5413

\$ 50,000,000

Total:

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 \$4,800,000,000  
 =====

EXHIBIT A TO  
CREDIT AGREEMENT

[FORM OF ASSIGNMENT AND ACCEPTANCE]

ASSIGNMENT AND ACCEPTANCE

Reference is made to the Credit Agreement, dated as of November \_\_, 1996 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among CSX Corporation (the "Borrower"), the Lenders parties thereto, Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents, The Bank of Nova Scotia, as Documentation Agent, and The Chase Manhattan Bank, as Administrative Agent for the Lenders (in such capacity, the "Administrative Agent"). Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

The Assignor identified on Schedule 1 hereto (the "Assignor") and the Assignee identified on Schedule 1 hereto (the "Assignee") agree as follows:

1. The Assignor hereby irrevocably sells and assigns to the Assignee without recourse to the Assignor, and the Assignee hereby irrevocably purchases and assumes from the Assignor without recourse to the Assignor, as of the Effective Date (as defined below), the interest described on Schedule 1 hereto (the "Assigned Interest") in and to the Assignor's rights and obligations under the credit facility made available under the Credit Agreement (the "Assigned Facility") and in a principal amount for the Assigned Facility as set forth on Schedule 1 hereto.

2. The Assignor (a) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or with respect to the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other instrument or document furnished pursuant thereto or in connection therewith (the "Loan Documents"), other than that the Assignor has not created any adverse claim upon the interest being assigned by it hereunder and that such interest is free and clear of any such adverse claim; (b) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower, any of its Subsidiaries or any other obligor or the performance or observance by the Borrower, any of its Subsidiaries or any other obligor of any of their respective obligations under the Credit Agreement, the Loan Documents or any other instrument or document furnished pursuant hereto or thereto; and (c) attaches any Notes held by it evidencing the Assigned Facility and (i) requests that the Administrative Agent, upon request by the Assignee, exchange the attached Note for a new Note or Notes payable to the Assignee and (ii) if the Assignor has retained any interest in the Assigned Facility, requests that the Administrative Agent exchange the attached Notes for a new Note or Notes payable to the Assignor, in each case in amounts which reflect the assignment being made hereby (and after giving effect to any other assignments which have become effective on the Effective Date).

3. The Assignee (a) represents and warrants that it is legally authorized to enter into this Assignment and Acceptance; (b) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements delivered pursuant to Sections 3.04 and 5.01 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (c) agrees that it will, independently and without reliance upon the Assignor, the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement, the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto; (d) represents that it has not relied upon the Unrestricted Margin Stock in its credit analysis or its decision to enter into this Assignment and Acceptance; (e) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement, the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent by the terms thereof, together with such powers as are incidental thereto; and (f) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender including, if it is organized under the laws of a jurisdiction outside the United States, its obligation pursuant to Section 2.16(e) of the Credit Agreement.

4. The effective date of this Assignment and Acceptance shall be the Effective Date of Assignment described on Schedule 1 hereto (the "Effective Date"). Following the execution of this Assignment and Acceptance, it will be delivered to the Administrative Agent for acceptance and recording by it pursuant to the Credit Agreement, effective as of the Effective Date (which shall not, unless otherwise agreed to by the Administrative Agent, be earlier than five Business Days after the date of such acceptance and recording by the Administrative Agent).

5. Upon such acceptance and recording, from and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to and including the Effective Date and to the Assignee for amounts which have accrued subsequent to the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

6. From and after the Effective Date, (a) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and under the other Loan Documents and shall be bound by the provisions thereof and (b) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

7. This Assignment and Acceptance shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed as of the date first above written by their respective duly authorized officers on Schedule 1 hereto.



STB

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EXHIBIT B-1 TO  
CREDIT AGREEMENT

[FORM OF REVOLVING LOAN NOTE]

REVOLVING LOAN NOTE

\$ \_\_\_\_\_

New York, New York  
November \_\_, 1996

FOR VALUE RECEIVED, the undersigned, CSX CORPORATION, a Virginia corporation (the "Borrower"), hereby unconditionally promises to pay to the order of \_\_\_\_\_ (the "Lender") at the office of The Chase Manhattan Bank, located at 270 Park Avenue, New York, New York 10017, in lawful money of the United States of America and in immediately available funds, on the Maturity Date the principal amount of (a) \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), or, if less, (b) the aggregate unpaid principal amount of all Revolving Loans of the Lender made to the Borrower pursuant to Section 2.01 of the Credit Agreement (as defined below). The Borrower further agrees to pay interest in like money at such office on the unpaid principal amount hereof from time to time outstanding at the rates and on the dates specified in Sections 2.12 and 2.17 of the Credit Agreement.

The holder of this Revolving Loan Note is authorized to endorse on the schedules annexed hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof the date, amount and Type of each Revolving Loan made pursuant to the Credit Agreement and the date and amount of each payment or prepayment of principal thereof, each continuation thereof as the same Type, each conversion of all or a portion thereof to another Type and, in the case of Eurodollar Loans, the length of each Interest Period and the Adjusted LIBO Rate with respect thereto. Each such endorsement shall constitute prima facie evidence of the accuracy of the information endorsed. The failure to make any such endorsement (or any error therein) shall not affect the obligations of the Borrower in respect of any Revolving Loan.

This Revolving Loan Note (a) is one of the Revolving Loan Notes referred to in Section 2.09 of the Credit Agreement, dated as of November \_\_, 1996 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lender, the other Lenders from time to time parties thereto, Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents, The Bank of Nova Scotia, as Documentation Agent, and The Chase Manhattan Bank, as Administrative Agent, (b) is subject to the provisions of the Credit Agreement and (c) is subject to optional and mandatory prepayment in whole or in part as provided in the Credit Agreement.

Upon the occurrence of any one or more of the Events of Default, all amounts then remaining unpaid on this Revolving Loan Note shall become, or may be declared to be, immediately due and payable, all as provided in the Credit Agreement.

All parties now and hereafter liable with respect to this Revolving Loan Note, whether maker, principal, surety, guarantor, endorser or otherwise, hereby waive presentment, demand, protest and all other notices of any kind, except for notices required under the Credit Agreement.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

THIS REVOLVING LOAN NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

CSX CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

Schedule A to  
Revolving Loan Note

## LOANS, CONVERSIONS AND REPAYMENTS OF ABR LOANS

[illegible]



Schedule B to  
Revolving Loan Note

### LOANS, CONTINUATIONS, CONVERSIONS AND REPAYMENTS OF EURODOLLAR LOANS

[illegible]

EXHIBIT B-2 TO  
CREDIT AGREEMENT

[FORM OF COMPETITIVE LOAN NOTE]

COMPETITIVE LOAN NOTE

\$ \_\_\_\_\_

New York, New York  
November \_\_, 1996

FOR VALUE RECEIVED, the undersigned, CSX CORPORATION, a Virginia corporation (the "Borrower"), hereby unconditionally promises to pay to the order of \_\_\_\_\_ (the "Lender") at the office of The Chase Manhattan Bank, located at 270 Park Avenue, New York, New York 10017, in lawful money of the United States of America and in immediately available funds, the principal amount of (a) \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), or, if less, (b) the aggregate unpaid principal amount of each Competitive Loan of the Lender made to the Borrower pursuant to Section 2.04 of the Credit Agreement (as defined below). The principal amount of each Competitive Loan evidenced hereby shall be payable on the last day of the Interest Period with respect thereto. The Borrower further agrees to pay interest in like money at such office on the unpaid principal amount of each Competitive Loan evidenced hereby at the rates and on the dates specified in Sections 2.12 and 2.17 of the Credit Agreement. Competitive Loans evidenced by this Competitive Loan Note may not be prepaid without the prior written consent of the Lender thereof.

The holder of this Competitive Loan Note is authorized to endorse on the schedule annexed hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof the date, amount, interest rate, interest payment dates and Interest Period in respect of each Competitive Loan made pursuant to Section 2.04 of the Credit Agreement and each payment of principal with respect thereto. Each such endorsement shall constitute prima facie evidence of the accuracy of the information endorsed. The failure to make any such endorsement (or any error therein) shall not affect the obligations of the Borrower in respect of any Competitive Loan.

This Competitive Loan Note is one of the Competitive Loan Notes referred to in Section 2.09 of the Credit Agreement, dated as of November \_\_, 1996 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lender, the other Lenders from time to time parties thereto, Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents, The Bank of Nova Scotia, as Documentation Agent, and The Chase Manhattan Bank, as Administrative Agent, and is subject to the provisions of the Credit Agreement.

Upon the occurrence of any one or more of the Events of Default, all amounts then remaining unpaid on this Competitive Loan Note shall become, or may be declared to be, immediately due and payable, all as provided in the Credit Agreement.

All parties now and hereafter liable with respect to this Competitive Loan Note, whether maker, principal, surety, guarantor, endorser or otherwise, hereby waive presentment, demand, protest and all other notices of any kind, except for notices required under the Credit Agreement.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

THIS COMPETITIVE LOAN NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

CSX CORPORATION

By: \_\_\_\_\_  
Name:  
Title:



### SCHEDULE OF COMPETITIVE LOANS

[illegible]



SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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SCHEDULE 14D-1

Tender Offer Statement

Pursuant to  
Section 14(d) (1) of the Securities Exchange Act of 1934  
and  
Schedule 13D

(Amendment No. 7)

---

Conrail Inc.  
(Name of Subject Company)

CSX Corporation  
Green Acquisition Corp.  
(Bidders)

Common Stock, Par Value \$1.00 Per Share  
(Title of Class of Securities)

208368 10 0  
(CUSIP Number of Class of Securities)

Series A ESOP Convertible Junior  
Preferred Stock, Without Par Value  
(Title of Class of Securities)

Not Available  
(CUSIP Number of Class of Securities)

Mark G. Aron  
CSX Corporation  
One James Center  
901 East Cary Street  
Richmond, Virginia 23219-4031  
Telephone: (804) 782-1400  
(Names, Addresses and Telephone Numbers of Persons Authorized  
to Receive Notices and Communications on Behalf of Bidder)

With a copy to:

Pamela S. Seymon  
Wachtell, Lipton, Rosen & Katz  
51 West 52nd Street  
New York, New York 10019  
Telephone: (212) 403-1000

This Statement amends and supplements the Tender Offer Statement on Schedule 14D-1 filed with the Securities and Exchange Commission (the "Commission") on October 16, 1996, as previously amended and supplemented (the "Schedule 14D-1"), by Green Acquisition Corp. ("Purchaser"), a Pennsylvania corporation and a wholly owned subsidiary of CSX Corporation, a Virginia corporation ("Parent"), to purchase an aggregate of 17,860,124 shares of (i) Common Stock, par value \$1.00 per share (the "Common Shares"), and (ii) Series A ESOP Convertible Junior Preferred Stock, without par value (together with the Common Shares, the "Shares"), of Conrail Inc., a Pennsylvania corporation (the "Company"), including, in each case, the associated Common Stock Purchase Rights, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated October 16, 1996 (the "Offer to Purchase"), as supplemented by the Supplement thereto, dated November 6, 1996 (the "Supplement"), and in the related Letters of Transmittal (which, together with any amendments or supplements thereto, constitute the "Offer") at a purchase price of \$110.00 per Share, net to the tendering shareholder in cash. Capitalized terms used and not defined herein shall have the meanings assigned such terms in the Offer to Purchase, the Supplement and the Schedule 14D-1.

#### Item 10. Additional Information

On November 19, 1996, Parent and the Company issued a joint press release stating that the United States District Court for the Eastern District of Pennsylvania had denied NSC's motion for a preliminary injunction relating to the Offer. A copy of the press release is attached hereto as Exhibit (a)(20), and the foregoing summary description is qualified in its entirety by reference to such exhibit.

Item 11. Material to be Filed as Exhibits.

- (a) (1) -- Offer to Purchase, dated October 16, 1996.\*
- (a) (2) -- Letter of Transmittal.\*
- (a) (3) -- Notice of Guaranteed Delivery.\*
- (a) (4) -- Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.\*
- (a) (5) -- Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.\*
- (a) (6) -- Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.\*
- (a) (7) -- Text of Press Release issued by Parent on October 15, 1996.\*
- (a) (8) -- Form of Summary Advertisement, dated October 16, 1996.\*
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- (a) (10) -- Text of Press Release issued by Parent on October 23, 1996.\*
- (a) (11) -- Text of Press Release issued by Parent on October 30, 1996.\*
- (a) (12) -- Text of Press Release issued by Parent on November 3, 1996.\*
- (a) (13) -- Supplement to Offer to Purchase, dated November 6, 1996.\*
- (a) (14) -- Revised Letter of Transmittal.\*
- (a) (15) -- Revised Notice of Guaranteed Delivery.\*
- (a) (16) -- Revised Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.\*

\* Previously filed.



- (a) (17) -- Revised Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.\*
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- (b) (1) -- Commitment Letter, dated October 21, 1996.\*
- (b) (2) -- Credit Agreement, dated November 15, 1996.\*
- (c) (1) -- Agreement and Plan of Merger, dated as of October 14, 1996, by and among Parent, Purchaser and the Company.\*
- (c) (2) -- Company Stock Option Agreement, dated as of October 14, 1996, between Parent and the Company.\*
- (c) (3) -- Parent Stock Option Agreement, dated as of October 14, 1996, between Parent and the Company.\*
- (c) (4) -- Form of Voting Trust Agreement.\*
- (c) (5) -- Complaint in Norfolk Southern Corporation, et al. v. Conrail Inc., et al., No. 96-CV-7167, filed on October 23, 1996.\*
- (c) (6) -- First Amended Complaint in Norfolk Southern Corporation, et al. v. Conrail Inc., et al., No. 96-CV-7167, filed on October 30, 1996.\*
- (c) (7) -- First Amendment to Agreement and Plan of Merger, dated as of November 5, 1996, by and among Parent, Purchaser and the Company.\*



**SIGNATURE**

After due inquiry and to the best of my knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

**CSX CORPORATION**

By: /s/ Mark G. Aron  
Name: Mark G. Aron  
Title: Executive Vice President-  
Law and Public Affairs

Dated: November 20, 1996

**SIGNATURE**

After due inquiry and to the best of my knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

**GREEN ACQUISITION CORP.**

By: /s/ Mark G. Aron  
Name: Mark G. Aron  
Title: General Counsel  
and Secretary

Dated: November 20, 1996

# EXHIBIT INDEX

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- (c) (7) -- First Amendment to Agreement and Plan of Merger, dated as of November 5, 1996, by and among Parent, Purchaser and the Company.\*



FOR IMMEDIATE RELEASE

<b>CONTACT: CSX</b> Thomas E. Hoppin (804) 782-1450	<b>Conrail</b> Craig R. MacQueen (215) 203-4594
<b>Kekst and Company</b> Richard Wolff (212) 593-2655	<b>Abernathy MacGregor Group</b> Joele Frank/Dan Katcher (212) 371-5999

FEDERAL COURT DENIES NORFOLK SOUTHERN'S MOTION

PURCHASE OF SHARES IN TENDER OFFER EXPECTED TO OCCUR PROMPTLY  
AFTER EXPIRATION ON NOVEMBER 20

RICHMOND, VA AND PHILADELPHIA, PA, NOV. 19, 1996 -- CSX Corporation (CSX) (NYSE: CSX) and Conrail Inc. (Conrail) (NYSE: CRR) said today that they are pleased with the decision of the United States District Court for the Eastern District of Pennsylvania denying Norfolk Southern Corporation's motion for a preliminary injunction to block completion of CSX's \$110 cash tender offer for 19.9% of Conrail shares outstanding.

John W. Snow, CSX's chairman, president and chief executive officer, and David M. LeVan, Conrail's chairman, president and chief executive officer, issued the following statement:

"We are gratified with the Court's decision, which enables us to proceed as planned with CSX's tender offer -- the first step in the CSX - Conrail merger. The purchase of shares in the tender offer is expected to occur promptly after the scheduled expiration at midnight Eastern time on Wednesday, November 20th, and will provide nearly \$2 billion in cash to Conrail shareholders for approximately 19.9% of Conrail's outstanding voting stock. We are fully committed to completing our strategic merger, which we believe is clearly the superior business combination."

CSX Corporation, headquartered in Richmond, Va, is an international transportation company offering a variety of rail, container-shipping, intermodal, trucking, barge, and contract logistics management services.

Conrail, with corporate headquarters in Philadelphia, Pa, operates an 11,000-mile rail freight network in 12 northeastern and midwestern states, the District of Columbia, and the Province of Quebec.

Additional information regarding this announcement can be found on the companies' Web sites on the Internet. CSX's home page can be reached at <http://www.CSX.com>. Conrail's home page can be reached at <http://www.CONRAIL.com>.

###

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14D-1

Tender Offer Statement

Pursuant to  
Section 14(d)(1) of the Securities Exchange Act of 1934  
and  
Schedule 13D

(Amendment No. 8)

Conrail Inc.  
(Name of Subject Company)

CSX Corporation  
Green Acquisition Corp.  
(Bidders)

Common Stock, Par Value \$1.00 Per Share  
(Title of Class of Securities)

208368 10 0  
(CUSIP Number of Class of Securities)

Series A ESOP Convertible Junior  
Preferred Stock, Without Par Value  
(Title of Class of Securities)

Not Available  
(CUSIP Number of Class of Securities)

Mark G. Aron  
CSX Corporation  
One James Center  
901 East Cary Street  
Richmond, Virginia 23219-4031  
Telephone: (804) 782-1400  
(Names, Addresses and Telephone Numbers of Persons Authorized  
to Receive Notices and Communications on Behalf of Bidder)

With a copy to:

Pamela S. Seymon  
Wachtell, Lipton, Rosen & Katz  
51 West 52nd Street  
New York, New York 10019  
Telephone: (212) 403-1000

This Statement amends and supplements the Tender Offer Statement on Schedule 14D-1 filed with the Securities and Exchange Commission (the "Commission") on October 16, 1996, as previously amended and supplemented (the "Schedule 14D-1"), by Green Acquisition Corp. ("Purchaser"), a Pennsylvania corporation and a wholly owned subsidiary of CSX Corporation, a Virginia corporation ("Parent"), to purchase an aggregate of 17,860,124 shares of (i) Common Stock, par value \$1.00 per share (the "Common Shares"), and (ii) Series A ESOP Convertible Junior Preferred Stock, without par value (together with the Common Shares, the "Shares"), of Conrail Inc., a Pennsylvania corporation (the "Company"), including, in each case, the associated Common Stock Purchase Rights, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated October 16, 1996 (the "Offer to Purchase"), as supplemented by the Supplement thereto, dated November 6, 1996 (the "Supplement"), and in the related Letters of Transmittal (which, together with any amendments or supplements thereto, constitute the "Offer") at a purchase price of \$110.00 per Share, net to the tendering shareholder in cash. Capitalized terms used and not defined herein shall have the meanings assigned such terms in the Offer to Purchase, the Supplement and the Schedule 14D-1.

**Item 9. Interest in Securities of the Subject Company**

(a)-(b) The Offer expired in accordance with its terms at 12:00 midnight on November 20, 1996. In connection therewith, on November 21, 1996, Parent issued a press release announcing, among other things, that, as of the Expiration Date, (1) based upon a preliminary count from the Depositary, a total of 76,629,202 Shares had been tendered under the Offer, of which approximately 50,497,768 had been tendered by notice of guaranteed delivery, (2) Purchaser accepted for payment 17,860,124 Shares at a price of \$110 per share, representing approximately 19.9% of the outstanding voting Shares, (3) the preliminary proration factor is 23% for all Shares tendered and (4) payment for Shares accepted for payment is expected to commence promptly after the final proration factor is announced, which is expected to occur on or about November 27, 1996. A copy of the press release is attached as Exhibit (a)(23), and the foregoing summary description is qualified in its entirety by reference to such exhibit.

**Item 10. Additional Information**

(b) On November 20, 1996, the Voting Trust Agreement was executed and delivered, and Deposit Guaranty National Bank was



appointed as the Trustee thereunder. A copy of the Voting Trust Agreement is attached as Exhibit (c)(9), and the foregoing summary description is qualified in its entirety by reference to such exhibit.

(e) (i) On November 19, 1996, Judge Donald W. VanArtsdalen of the United States District Court for the Eastern District of Pennsylvania ruled from the bench that NSC's motion for a preliminary injunction relating to the Offer was denied. Such ruling is attached hereto as Exhibit (c)(8), and the foregoing summary description is qualified in its entirety by reference to such exhibit.

(ii) On November 20, 1996, Parent and the Company issued a joint press release stating that the United States Court of Appeals for the Third Circuit rejected NSC's application for an injunction relating to the Offer pending an appeal by NSC of the November 19, 1996 decision by the United States District Court for the Eastern District of Pennsylvania. A copy of the press release is attached as Exhibit (a)(21), and the foregoing summary description is qualified in its entirety by reference to such exhibit.

(f) On November 20, 1996, Parent and the Company issued a joint press release confirming that the two companies are meeting with the AFL-CIO to discuss the proposed Merger. A copy of the press release is attached as Exhibit (a)(22), and the foregoing summary description is qualified in its entirety by reference to such exhibit.



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- (c) (7) -- First Amendment to Agreement and Plan of Merger, dated as of November 5, 1996, by and among Parent, Purchaser and the Company.\*
- (c) (8) -- Text of ruling of Judge Donald W. VanArtsdalen of the United States District Court for the Eastern District of Pennsylvania on November 19, 1996.
- (c) (9) -- Voting Trust Agreement, dated as of October 15, 1996, by and among Parent, Purchaser and Deposit Guaranty National Trust.



**SIGNATURE**

After due inquiry and to the best of my knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

**CSX CORPORATION**

By: /s/ Mark G. Aron  
Name: Mark G. Aron  
Title: Executive Vice President-  
Law and Public Affairs

Dated: November 21, 1996



**SIGNATURE**

After due inquiry and to the best of my knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

**GREEN ACQUISITION CORP.**

By: /s/ Mark G. Aron  
Name: Mark G. Aron  
Title: General Counsel  
and Secretary

Dated: November 21, 1996

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Guaranty National Trust.



CONTACT: CSX  
Thomas E. Hoppin  
(804) 782-1450

Conrail  
Craig R. MacQueen  
(215) 209-4594

Kekst and Company  
Richard Wolff  
(212) 593-2655

Abernathy MacGregor Group  
Joele Frank/Dan Katcher  
(212) 371-5999

FOR IMMEDIATE RELEASE

#### APPEALS COURT REFUSES TO ENJOIN CSX TENDER OFFER

RICHMOND, VA and PHILADELPHIA, PA, Nov. 20, 1996 -- CSX Corporation (CSX) (NYSE: CSX) and Conrail Inc. (Conrail) (NYSE: CRR) said today that they are pleased with the decision by the United States Court of Appeals for the Third Circuit rejecting Norfolk Southern's application for an injunction pending an appeal by Norfolk Southern of yesterday's decision by the United States District Court for the Eastern District of Pennsylvania. The District Court decision, announced last night, denied Norfolk Southern's motion for a preliminary injunction to block the purchase of Conrail shares by CSX in its \$110 cash tender offer for 19.9% of Conrail shares outstanding.

CSX and Conrail issued the following statement:

"We are pleased that the U.S. Court of Appeals has let stand yesterday's District Court ruling. Despite Norfolk Southern's continuing attempts to derail the merger of Conrail and CSX, we are committed to each other and to the great future of our combined companies."

CSX Corporation, headquartered in Richmond, Va., is an international transportation company offering a variety of rail, container-shipping, intermodal, trucking, barge and contract logistics management services.

Conrail, with corporate headquarters in Philadelphia, Pa., operates an 11,000-mile rail freight network in 12 Northeastern and Midwestern states, the District of Columbia and the Province of Quebec.

CSX's home page can be reached at <http://www.CSX.com>.  
Conrail's home page can be reached at <http://www.CONRAIL.com>.

# # #

**CONTACTS:**

**CSX CORPORATION**  
Thomas E. Hoppin  
(804) 782-1450

**CONRAIL INC.**  
Kudy Husband  
(215) 209-4594

**FOR IMMEDIATE RELEASE**

**CONRAIL AND CSX BEGIN DISCUSSIONS WITH AFL-CIO ON PROPOSED MERGER**

RICHMOND, VA, AND PHILADELPHIA, PA, NOV. 20, 1996 -- Conrail and CSX confirmed that meetings have begun with the Transportation Trades Department of the AFL-CIO to discuss the proposed merger between Conrail and CSX. Yesterday's meeting was a get-acquainted session to establish channels of communication. Further discussions are expected to be held as the merger proceeds. The AFL-CIO previously announced that it had formed a coalition of rail unions to analyze the merger and to develop a formal position.

CSX, headquartered in Richmond, Va., is an international transportation company offering a variety of rail, container-shipping, intermodal, trucking, barge and contract logistics management services. Conrail, with corporate headquarters in Philadelphia, Pa., operates an 11,000 mile rail freight network in 12 Northeastern and Midwestern states, the District of Columbia, and the Province of Quebec.

CSX's home page can be reached at <http://www.csx.com>. Conrail's home page can be reached at <http://www.conrail.com>.

# # #

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FOR IMMEDIATE RELEASE

CSX CORPORATION SUCCESSFUL IN TENDER OFFER  
FOR CONRAIL SHARES

RICHMOND, VIRGINIA, NOVEMBER 21, 1996 -- CSX Corporation (CSX) (NYSE: CSX) today announced that its cash tender offer by its subsidiary for shares of Conrail Inc. (NYSE: CRI) at a price of \$110 per share was oversubscribed. The offer expired at midnight Eastern time on Wednesday, November 20, 1996.

Based on a preliminary count from the depository for the offer, approximately 76,629,202 shares have been tendered, of which approximately 50,497,768 have been tendered by notice of guaranteed delivery. CSX's subsidiary, Green Acquisition Corp., accepted for payment 17,860,124 Conrail shares sought in the offer, which represents approximately 19.9% of the outstanding voting shares of Conrail. The preliminary proration factor under the offer is 23% for all Conrail shares tendered. The final proration factor is expected to be announced on or about November 27, 1996, and it is expected that payment for the shares that have been accepted will commence promptly thereafter.

John W. Snow, CSX Corporation's chairman, president and chief executive officer, said, "With the successful completion of this tender offer, we move another step closer to completing the strategic merger of Conrail and CSX and realizing the substantial benefits that this combination will bring."

CSX Corporation, headquartered in Richmond, Va., is an international transportation company offering a variety of rail, container-shipping, intermodal, trucking, barge, and contract logistics management services.

Conrail, with corporate headquarters in Philadelphia, Pa., operates an 11,000-mile rail freight network in 12 northeastern and midwestern states, the District of Columbia, and the Province of Quebec.

Additional information regarding this announcement can be found on the companies' Web sites on the Internet. CSX's home page can be reached at <http://www.CSX.com>. Conrail's home page can be reached at <http://www.CONRAIL.com>.

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THE COURT: First I want to thank all counsel very much for the very excellent briefs that have been submitted, the pleadings that have been submitted in this matter, the very fine presentations that have been made on behalf of their respective clients. I'm sorry that we are pressed for time and have been throughout this whole proceeding. That's the way preliminary injunction applications always seem to have to operate.

This is an important matter. As I said, I think that even though I won't be citing a lot of cases or anything of that sort, I think that it's more important that I make the decision now so that the parties will have whatever appellate rights they may have and have them promptly.

I say it is an important matter. Wasn't it Everett Dirksen who used to say "a billion dollars here and a billion dollars there and pretty soon you're talking about real money"? Well, that's what this case seems to be.

First it's here in Federal Court because of claimed Williams Act violations. The purpose of the Williams Act as to tender offer, as I understand it at least, is to assure that there is adequate and fair and full information provided to shareholders so that they will be able to have an informed basis upon which to decide whether to tender their shares, hold their shares or perhaps sell them on the open market.



Plaintiffs have presented evidence and arguments that certain of the information constituted either misstatements of fact or omitted information that it was necessary to make in order that the information that was provided was not misleading.

Most of those contentions, quite frankly, appear to me to be what is generally called nitpicking or insignificant matters. Even if there were questions about the original tender offer, I am convinced that the amendments that were provided were clearly adequate to correct any deficiencies. Certainly all of the shareholders have been literally deluged in the last few weeks with information about the proposed CSX Conrail merger agreement and the CSX and competing Norfolk Southern tender offers.

In addition there has been significant coverage in the financial and news sections of many of the newspapers. Obviously I would concede of course that even though other information was provided in the papers and news media that the Williams Act does require that the tender offeror and the responding target corporation provide full and adequate information. And therefore if there were incorrect statements made in the tender offer or in the responding information by the target corporation, it would not necessarily be corrected because there was other public information to the contrary or that would have corrected those statements.

However it is hard for me to conceive of any interested shareholder being misled in any way by the information provided by either CSX or Conrail in their respective public disclosures or lack of information.

Although I agree that the persistent and repeated reference by both CSX and Conrail that the proposed merger will be a merger of equals is somewhat indefinite in its meaning, certainly any reasonable shareholder would recognize this terminology as being a statement of opinion and that the assertion could be made in good faith notwithstanding the rather obvious fact that if this merger proposal as contemplated in the merger agreement goes through, Conrail shareholders will have in aggregate less than a controlling interest and it apparently would be approximately one-third stake in the newly-merged corporation.

Some of the information that plaintiffs contend must be included would indeed make the information so voluminous that shareholders would be inundated, and that has also been held to be improper. The tender offers that have been provided to the shareholders with the accompanying documents already take several hours of careful study to read, and that's without any of the attached exhibits.

The only relief that ordinarily would be granted or could be granted would be to enjoin the tender offer going forward until and unless proper amendments were provided to the

shareholders, and to extend the period of time that the tender offer should remain open.

Of course that is one of the primary things and that is what the plaintiffs seek by way of this preliminary injunction. To do that, it seems to me, that such preliminary injunction would have to spell out in detail exactly what deficiencies would need to be corrected. And as I understand it, at least the primary contentions now are that it did not sufficiently spell out how Lazard & Freres and the other financial institution that provided an opinion as to a fair valuation or fair pricing reached their conclusions and that it did not contain sufficient information as to all of the factors that were taken into consideration and how they arrived at what the synergies, what savings will be brought about by the synergies.

I don't think that those details, since they do state in the information given what those total savings will be or what they are projected to be, it seems to me that going into further detail as to that would be certainly not required under the Williams Act.

I am not convinced that the plaintiffs have established that they are likely to succeed on any of their Williams Act claims, particularly in light of all of the disclosures that have been made to the shareholders.

Therefore, the motions for preliminary injunction for violations of the Williams Act against the CSX tender offer going forward will be denied.

I might add, of course, that most of the complaints about the information that has been given is the information that was provided by Conrail in its -- as a target in its responses, whereas the tender offer is actually being made by CSX. I'm not suggesting that that makes any particular difference, but I think that it may have some significance as to whether or not the information provided by CSX complies with the Williams Act.

There is also a question of irreparable harm. Now, it is my understanding that in Williams Act cases where there is a Williams Act violation that it is appropriate under certain conditions to enjoin the tender offer going forward. So I don't think there need be shown any further irreparable harm ordinarily in an injunction based on Williams Act violations other than the violation itself. As I say, however, it is my conclusion that on the basis of all of the evidence that's been presented that there is no Williams Act violation and certainly it's not so clear that a preliminary injunction should be entered.

Plaintiffs also seek to jettison the merger agreement proceeding because they claim that the board of directors of Conrail have violated their fiduciary duties to Conrail shareholders. Defendants counter by contending that all actions



they have taken and intend to take are strictly in accordance with the law. These claims of course are all based on state law and because Conrail's incorporated in and has its principal place of business in Pennsylvania, it seems clear and I believe everyone agrees that Pennsylvania corporate law applies as to the duties of corporate directors and the rights of the shareholders in this particular case.

In substance, as I understand it, plaintiff's primary arguments are founded on the contention that the so-called two-tiered back-ended merger is illegal under Pennsylvania law because it unfairly coerces the shareholders to tender their shares to CSX -- or rather I believe it's actually Green Acquisition Corporation, but I'm using those two corporations interchangeably. It coerces them to do so in fear that if they fail to tender their shares they will receive less consideration in the later exchange of CSX stock for Conrail stock. That is, that the back end portion or the 60 percent stock that would be exchanged -- of Conrail stock that would be exchanged in the back end of the deal would not be worth the amount that is presently offered for the front end which is \$110 a share.

Until the merger actually goes through, if it does, the actual amount or valuation of the back end cannot be accurately determined. CSX stock has apparently -- may advance or it may decline in the open market prior to the time that the exchange actually takes place. And we really have no way of knowing what that is. There are ways of valuing it as of

today's market value, and it would seem clear that if you apply today's market value and using the formulas that economists like to use of the value of money and so on, reducing it and so on, it would appear that the back end would not be worth the \$110.

That, however, as I see it does not make the matter inherently unfair, unlawful or coercive as that term is being used. By statute under the so-called Pennsylvania business corporation law that was enacted, most recently enacted or amended in 1990, the general duties of directors is set forth in Section 1712 which imposes a fiduciary obligation on directors to perform their duties in a good-faith manner as directors believed to be in the best interests of the corporation. I note that this duty is to the corporation; not necessarily to the shareholders. These duties must be performed with such care including reasonable inquiry, skill and diligence as a person of ordinary prudence under similar circumstances would exercise.

In doing this, directors by statute may rely on information from officers and employees of the corporation which the directors reasonably believe to be competent and reliable, including also attorneys, CPAs and corporate committees.

The express fiduciary duties are further spelled out in subchapter B. Section 1715 expressly and perhaps uniquely provides that directors may consider all groups that may be

affected by their actions, including shareholders, employees, customers, communities in which the corporate offices and facilities are located and may consider both the short-term and the long-term interests of the corporation. I note in this regard that under the merger agreement and/or probably the Norfolk Southern which I'll refer to as NS tender offer Conrail will probably no longer exist as an independent stand-alone corporate enterprise.

In addition, directors may consider the resources, intent and conduct, both past and potential, of any party seeking to acquire control. Section 1715(b) expressly provides that in considering the best interests of the corporation or the effects of any action, the directors are not required to consider the interests of any group, obviously including shareholders, as a dominant or controlling factor, nor does it specify how those interests shall be quantified or weighed by the corporate directors.

Section 1715(c) further qualifies directors' obligations by expressly providing that the director's fiduciary duties shall not be deemed to require directors to, one, redeem any rights under or to modify or render inapplicable any shareholders' rights plans. I understand that as meaning that the directors cannot be compelled under the rubric of performing their fiduciary duties to redeem the so-called poison pill plan that will become applicable in this case if NS acquires more than 10 percent of Conrail stock.

This section to me says that the Court may not through a mandatory injunction compel a redemption of the poison pill as to Norfolk Southern. Notwithstanding that under the merger agreement the poison pill will not become applicable to CSX acquisition when it acquires more than 10 percent of the Conrail stock.

Section 1715(c)2 provides that the directors' fiduciary duties shall not be deemed to require them to render inapplicable or make determinations under subchapter E relating to control transactions. In this case, the proposed opt-out of subchapter E insofar as applicable to the CSX-Conrail merger. In other words, the directors shall not be deemed to require them to render inapplicable the proposed opt-out of subchapter E insofar as applicable to this merger, and that would, I believe, include also the proposed tender offer by -- or the tender offer rather by NS.

Subchapter F relating to business combinations between an acquiring party and the corporation acquired; again, one of the things that the plaintiffs want to have the Court enjoin. And also it does not require that subchapter F not be applicable to NS because the merger agreement will make inapplicable subchapter F as to CSX. In other words, as I read the statute, they could make it applicable to their merger partner -- or they could make it inapplicable rather to their merger partner and not applicable to any other potential acquirer.



Section 1715(c)3 further provides that fiduciary duties do not require directors to act solely because of the effect such action might have on an acquisition or potential acquisition of control, or the consideration that might be offered or paid to shareholders in such an acquisition.

And finally, Section 1715(d) states that absent breach of fiduciary duty, lack of good faith or self-dealing, any act by the board of directors shall be presumed to be in the best interests of the corporation. In determining whether the general standard of care of Section 1712 has been satisfied, there shall be no greater obligation to justify or a higher burden of proof by a board of directors or individual directors relating to or affecting an acquisition or attempted acquisition of control than is applied to any other act by the board of directors.

The statute goes on to say notwithstanding anything above, any act relating to an acquisition to which a majority of the disinterested directors shall have assented shall be presumed to satisfy the general standards of fiduciary care set forth in Section 1712, unless it is proven by clear and convincing evidence that the disinterested directors did not assent to such act in good faith after reasonable investigation.

I note that in this case the board of directors consists of 12 persons and all except one, Mr. LeVan, are under

and by statutory definition disinterested directors, and obviously therefore that section of the statute is applicable in this case.

Section 1716 reiterates that in considering the effects of any action, directors may consider the effects on stockholders, employees, suppliers, customers and the communities in which the officers and/or facilities are located and all pertinent factors, and that no factor need be predominant.

In this case there has not been shown any type of lack of good faith after a reasonable investigation by any director so far as I have been able to determine from the evidence that has been presented, including any of the exhibits that have been presented, and clearly if there is any evidence at all of such of which I say I find absolutely none on the present record, it has not been proven by clear and convincing evidence. Although there may be some argument that the directors should have made some further inquiry, they have the right to rely on recommendations of corporate officers and those who negotiate on their behalf and by their committees by statute.

For this reason alone, the grant of preliminary injunction as I see it may not be granted. Basically it seems to me that the plaintiffs are contending that the sole or at least the primary consideration by a board of directors in considering a competing offer by potential acquirers of the control of a corporation should be which competitor offers the best short-range price or profit for shareholders. Clearly

Pennsylvania statutory law is expressly against such a contention.

There have been allegations suggesting that the whole CSX-Conrail merger is being motivated by Mr. LeVan or because it would assure him by contract of certain higher personal income. I see nothing wrong with the merger agreement providing who will be the main executive officers for the first few years after the completion of the merger, and I think the witnesses who testified explained very clearly why it was really important that they have this assurance in order that the merger should succeed.

I can see why the directors of Conrail might very well want to be sure that their existing top executive officer would continue in top management in the merged corporation, and that the first board of directors at least will consist equally of former CSX and former Conrail board members.

It seems clear that the Pennsylvania statutes to which I have referred were enacted with the decisions of the Delaware State Courts and particularly Unicol Corporation v. Mesa Petroleum Corporation, and Revlon, Incorporated v. MacAndrews and Forbes Holdings, Incorporated, that they had that clearly in mind and in order to exclude those in similar decisions that seem to mandate or suggest that the primary or perhaps only consideration in a situation where there is an attempted takeover or a rival competition for a takeover or a merger between corporations is what is the best financial deal

for the stockholders in the short term. And most of the evidence that has been presented in this case is based on the contention that somehow the offer that has been made by NS is a superior offer financially.

Although those decisions may be fine for the shareholders whose only interest is that of a short-term financial investment to maximize their profits, it completely ignores the economic utility and value of corporations as a form of business enterprise that produces goods and services for the public and the national economy, in this case railroad services.

Directors have the right to consider these matters, and by statute in Pennsylvania they have the right to consider all matters including not only the rights of shareholders and the financial interests of shareholders, but these other so-called constituencies.

It also has not been established certainly by clear and convincing evidence that the financial deal for the Conrail shareholders under the merger agreement will inevitably or in the long run prove less valuable than the offer by NS, assuming that the NS offer could go through.

There are practical problems with the Unicol and Revlon line of cases as I see it, aside from their myopic view that because stockholders are at least in theory the owners of the corporation that only their interests should be considered



or at a minimum must be given the highest priority and importance. The primary practical problem is that it replaces the discretion of a corporate board of directors who hopefully are sophisticated practical business managers, and eventually under Unicol and those decisions place it in the hands of judges whose business judgment, however altruistic, is certainly apt to be less reliable than that of business managers.

Other provisions of the Pennsylvania business corporate law further confirm that the board of directors have wide discretion in how to react to so-called takeover bids, such as that of NS. Section 1502(a)18 provides that directors may accept, reject, respond to or take no action in respect of an actual or proposed acquisition, tender offer, takeover or other fundamental change or otherwise.

The committee notes to this section say in part that this section is intended to make clear in conjunction with Section 1721(a) that in the first instance the decision to accept or reject the merger or other similar proposal rests with the directors. It is not intended that there be a mandatory obligation to respond to a takeover proposal. It is intended to include among other things whether to adopt a poison pill plan and if a plan is or has been adopted, whether to redeem rights subject only to the general applicable business judgment rule.

Section 2513 also provides that securities issued, such as stock, may limit the rights of shareholders who own or

offer to acquire a specified number or percentage of shares. The comment to Section 2513 states that the section intends to expressly validate the adoption of poison pills including flip-in and flip-over plans such as are apparent in the poison pill plan applicable to Conrail. I also note in this case that the so-called poison pill plan was adopted in 1989, long before the present situation came into being.

Also the CSX-Conrail merger agreement was entered into before there was any NS proposal outstanding except that there had been some informal discussions, and it was known that NS might be interested.

There is also a contention that somehow the CSX-Conrail merger unlawfully and unfairly coerces Conrail shareholders to tender their shares to Green Acquisition and to not offer the shares to Norfolk Southern's tender offer. So far as I can find, there is no case law, at least involving Pennsylvania state law, to support the so-called coercion theory of the type of merger proposed here.

Stockholders of Conrail do have multiple options, and that is clear from the evidence. They may of course tender their shares and support the CSX-Conrail merger. If all tender their shares and the deal goes through as contemplated, shareholders would receive \$110 in cash for 40 percent of their stock, and 1.85617 shares of CSX stock for each remaining share of Conrail stock. They could also tender their shares and sell 19.9 percent of their stock, if all tendered, at \$110 per share

and then all or a majority of the shareholders could vote against the proposed opt-out of subchapter E. In the event I don't know what NS would do with the shares of stock which everyone agrees would be at a premium price based on the premium of acquiring control.

The evidence is clear that no one can really predict what will be the outcome of the proposed vote on opting out of subchapter E. It has been suggested somehow that it is illegal or unlawful or unfair, I'm not sure what, that the new acquirer, CSX, be allowed to vote on that opting out of chapter E. It seems to me that all shareholders, if they are shareholders of record on the record date have the right under the law to vote on that matter and therefore I can see nothing wrong with them being allowed to do so if they at that time have acquired shares of stock in Conrail.

Shareholders have other options. They can do nothing, as the board of directors and some of the witnesses who testified do not intend to do, and could retain their shares. If all did so, then the initial acquisition would fail utterly. Of course it is generally believed, although there is no evidence to establish this, but I would assume that it is probably a correct prognostication that there will be enough shares tendered to make the 19.9 percent.

Conrail shareholders may also tender their shares to NS and hope that NS would be able to get their contingencies finally met by reason perhaps of insufficient tenders to the



CSX offer. And if so, they might eventually receive \$110 for all of their shares.

Shareholders can also, of course, sell their shares on the open market and let others decide what is to the best financial advantage. With all of these options, some of which may be more profitable to them than others in the short term while others may, as some of the board of directors of both CSX and Conrail apparently hope and predict and anticipate may be more profitable in the long run.

I do not see any coercion, but only several options, any of which will undoubtedly end up being a net return to most shareholders far in excess of whatever their original investment may have been.

Under our laws, ordinarily corporations are operated by a board of directors. And the board of directors have rights to enter into certain contracts subject to limitations in their charter and in the charter of the corporation, to the extent that they are within their corporate powers and pursuant to the corporate business. There is nothing that has been called to my attention that is alleged to be beyond the board of directors' rights in entering into the CSX-Conrail merger agreement, despite arguments to the contrary.

Under doctrines of ordinary contract law where a lawful contract is entered into there is a duty of fair dealing between the parties to carry out the terms of the agreement.



Although a breach of contract is not in itself unlawful in the sense of constituting a civil tort, a breach does make that breaching party subject to damages. In this case a break-up fee has been stipulated to, which may be analogous to an agreement for liquidated damages; that may or may not be too high, but that is certainly at this point purely a hypothetical situation as I see it until someone attempts to assert the right to claim a break-up fee, and then it conceivably could be litigated as to whether that was excessive or so unreasonable as to not be a proper term in the agreement.

Although a breach of contract is not a tort, there is a tort of interference with contract. I am troubled that everyone seems to assume that Conrail would have the right, in fact it is contended that it has a duty to breach the essential terms of the contract of merger, which as I see it was properly entered into and contains no terms that are prohibited by Pennsylvania law, and that somehow they have the further right to sabotage the contract, that is that somehow the board of directors have not only a right, but a duty to somehow sabotage the contract by supporting the NS proposal. As I see it, they would have this right and perhaps duty only if the terms of the agreement are illegal or contrary to public policy. And, as I pointed out, each of the alleged illegalities appear to be authorized or at least not prohibited under Pennsylvania statutory law.

I can find no principle difference between this and any other contract. I won't go into any examples that might be given, but it has been suggested that perhaps some different law should be applied to a merger situation because shareholders are affected. Obviously any contract that is entered into by a corporation that extends into the future may affect the corporation's net profits or losses and also, thereby, have effects; sometimes very disastrous effects, sometimes very fine effects for the shareholders' financial well being.

Basically the law of Pennsylvania leaves decisions such as what is best for the corporation to be that of the duly elected board of directors rather than by second guessing by the courts. In this case I am sure that the board of directors of Conrail are in fact in a far better position than the courts to decide what is the best interest of the corporation, which is the test in Pennsylvania. The shareholders themselves are in the best position to decide which of the several options are best for them.

Finally, it has been suggested that the Pennsylvania statutes that provide board of directors with broad discretion in deciding mergers and how to react to takeover bids were enacted to prevent two-tier, back-end mergers and takeovers of the type that are here contemplated. That argument of course is a possible argument, but I think that I am bound to follow what are the clear wording of the statutes. I think that it is clear from the Pennsylvania statutes, which are not ambiguous

and have not been argued to be ambiguous, that it is up to the board of directors and they alone, so long as they act in good faith after reasonable investigation, as to what is in the best interest of the corporation. And that the directors have every right to favor one competing bid over another and particularly have the right to resist hostile takeovers by such methods as poison pills, shareholders' rights, making recommendations to shareholders, favoring one proposed corporate party over the other, and using stock options in favor of one corporation over another, and include extensive so-called break-up fees. And certainly it seems to me that it can agree not to stop their proposal after signing a merger agreement, which is essentially what as I see it is the arguments made that somehow this merger should be enjoined at this stage of the proceeding.

Again, let me repeat I am unable to find that the plaintiffs are likely to succeed on any of the claims for which they seek preliminary injunctive relief. I do not find that the grant of a preliminary injunction would be in the best interest of the public. A preliminary injunction would not maintain the status quo, which is one of the things it is supposed to do, but would radically alter the position of the parties. I do not find that there has been irreparable harm; as I pointed out before, that probably would not be required if there was a Williams Act violation, but I do not find that they have shown the probability of success on any of the Williams Act claims.

One other feature, of course, of this action, so far as the state law claims are filed, it is said that they are filed as representative actions on behalf of the corporation. I think it's very questionable whether injunctive relief would be appropriate in any event, because it seems to me that in the normal situation where there is a claim that the directors have violated their fiduciary duties it's a claim for monetary damages and not for equitable relief. That has not been argued in this case and I don't want to go into that at this time, but it is certainly a matter that would make it seem to me that it would be questionable whether equitable relief should be given.

Therefore, for the reasons that I have stated, all requests and all present motions for preliminary injunctive relief will be and are denied.



## VOTING TRUST AGREEMENT

THIS VOTING TRUST AGREEMENT, dated as of October 15, 1996, by and among CSX Corporation, a Virginia corporation ("Parent"), Green Acquisition Corp., a Pennsylvania corporation and a wholly-owned subsidiary of Parent ("Acquiror"), and Deposit Guaranty National Bank, a national banking association (the "Trustee"),

### W I T N E S S E T H:

WHEREAS, Parent, Acquiror and Conrail Inc., a Pennsylvania corporation (the "Company"), have entered into an Agreement and Plan of Merger, dated as of October 14, 1996 (as it may be amended from time to time, the "Merger Agreement"; capitalized terms used but not defined herein shall have the meanings set forth therein), pursuant to which (i) Acquiror shall commence the Offer (and in certain circumstances a Second Offer) (collectively, the "Tender Offer") for shares of Common Stock of the Company (all such shares accepted for payment pursuant to the Tender Offer or otherwise received, acquired or purchased by or on behalf of Parent or Acquiror, including pursuant to the Option Agreement, the "Acquired Shares"), and (ii) the Company will merge with Acquiror pursuant to the Merger;

WHEREAS, Parent, Acquiror and the Company have entered into a Stock Option Agreement, dated as of October 14, 1996 (as it may be amended from time to time, the "Option

Agreement") providing Parent and Acquiror the option to purchase 15,955,477 shares of common stock of the Company;

WHEREAS, Parent and Acquiror wish (and are obligated pursuant to the Merger Agreement and the Option Agreement), simultaneously with the acceptance for payment of such Acquired Shares pursuant to the Tender Offer, the Option Agreement or otherwise to deposit such Shares of Common Stock in an independent, irrevocable voting trust, pursuant to the rules of the Surface Transportation Board (the "STB"), in order to avoid any allegation or assertion that the Parent or the Acquiror is controlling or has the power to control the Company prior to the receipt of any required STB approval or exemption;

WHEREAS, neither the Trustee nor any of its affiliates has any officers or board members in common or any direct or indirect business arrangements or dealings (as described in Paragraph 9 hereof) with the Parent or the Acquiror or any of their affiliates; and

WHEREAS, the Trustee is willing to act as voting trustee pursuant to the terms of this Trust Agreement and the rules of the STB,

NOW THEREFORE, the parties hereto agree as follows:

1. Creation of Trust -- The Parent and the Acquiror hereby appoint Deposit Guaranty National Bank as Trustee hereunder, and Deposit Guaranty National Bank hereby accepts said

appointment and agrees to act as Trustee under this Trust Agreement as provided herein.

2. Trust is Irrevocable -- This Trust Agreement and the nomination of the Trustee during the term of the trust shall be irrevocable by the Parent and the Acquiror and their affiliates and shall terminate only in accordance with, and to the extent of, the provisions of Paragraphs 8 and 14 hereof.

3. Deposit of Trust Stock -- The Parent and the Acquiror agree that, prior to acceptance of Acquired Shares purchased pursuant to the Tender Offer, the Acquiror will direct the depository for the Tender Offer to transfer to the Trustee any such Acquired Shares purchased pursuant to the Tender Offer. The Parent and the Acquiror also agree that simultaneously with receipt, acquisition or purchase of any additional shares of Common Stock by either of them, directly or indirectly, or by any of their affiliates, including, without limitation, upon any exercise of the option provided for in the Option Agreement, they will transfer to the Trustee the certificate or certificates for such shares. All such certificates shall be duly endorsed or accompanied by proper instruments duly executed for transfer thereof to the Trustee or otherwise validly and properly transferred, and shall be exchanged for one or more Voting Trust Certificates substantially in the form attached hereto as Exhibit A (the "Trust Certificates"), with the blanks therein appropriately filled in. All

shares of Common Stock at any time delivered to the Trustee hereunder are called the "Trust Stock." The Trustee shall present to the Company all certificates representing Trust Stock for surrender and cancellation and for the issuance and delivery to the Trustee of new certificates registered in the name of the Trustee or its nominee.

4. Powers of Trustee -- The Trustee shall be present, in person or represented by proxy, at all annual and special meetings of shareholders of the Company so that all Trust Stock may be counted for the purposes of determining the presence of a quorum at such meetings. Parent and Acquiror agree, and the Trustee acknowledges, that the Trustee shall not participate in or interfere with the management of the Company and shall take no other actions with respect to the Company except in accordance with the terms hereof. The Trustee shall exercise all voting rights in respect of the Trust Stock to approve and effect the Merger, and in favor of any proposal or action necessary or desirable to effect, or consistent with the effectuation of, the Parent and Acquiror's acquisition of the Company, pursuant to the Merger Agreement, and without limiting the generality of the foregoing, if there shall be with respect to the Board of Directors of the Company an "Election Contest" as defined in the Proxy Rules of the Securities and Exchange Commission, in which one slate of nominees shall support the effectuation of the Merger and another slate oppose it, then the Trustee shall vote in favor of the slate supporting the



effectuation of the Merger. In addition, for so long as the Merger Agreement is in effect, the Trustee shall exercise all voting rights in respect of the Trust Stock, to cause any other proposed merger, business combination or similar transaction (including, without limitation, any consolidation, sale or purchase of assets, reorganization, recapitalization, liquidation or winding up of or by the Company) involving the Company, but not involving the Parent or one of its subsidiaries or affiliates (otherwise than in connection with a disposition pursuant to Paragraph 8), not to be effected. In addition, the Trustee shall exercise all voting rights in respect of the Trust Stock in favor of any proposal or action necessary or desirable to dispose of Trust Stock in accordance with Paragraph 8 hereof. Except as provided in the three immediately preceding sentences, the Trustee shall vote all shares of Trust Stock with respect to all matters, including without limitation the election or removal of directors, voted on by the shareholders of the Company (whether at a regular or special meeting or pursuant to a unanimous written consent) in the same proportion as all shares of Common Stock (other than Trust Stock) are voted with respect to such matters. In exercising its voting rights in accordance with this Paragraph 4, the Trustee shall take such actions at all annual, special or other meetings of stockholders of the Company or in connection with any and all consents of shareholders in lieu of a meeting.

5. Further Provisions Concerning Voting of Trust Stock -- The Trustee shall be entitled and it shall be its duty to exercise any and all voting rights in respect of the Trust Stock either in person or by proxy, as herein provided (including without limitation Paragraphs 4 and 8(b) hereof), unless otherwise directed by the STB or a court of competent jurisdiction. Subject to Paragraph 4, the Trustee shall not exercise the voting powers of the Trust Stock in any way so as to create any dependence or intercorporate relationship between (i) any or all of the Parent, the Acquiror and their affiliates, on the one hand, and (ii) the Company or its affiliates, on the other hand. The term "affiliate" or "affiliates" wherever used in this Trust Agreement shall have the meaning specified in Section 11323(c) of Title 49 of the United States Code, as amended. The Trustee shall not, without the prior approval of the STB, vote the Trust Stock to elect any officer, director, nominee or representative of the Parent, the Acquiror or their affiliates as an officer or director of the Company or of any affiliate of the Company. The Trustee shall be kept informed respecting the business operations of the Company by means of the financial statements and other public disclosure documents periodically filed by the Company and affiliates of the Company with the Securities and Exchange Commission (the "SEC") and the STB, and by means of information respecting the Company contained in such statements and other documents filed by the Parent with the SEC and the STB, copies of which shall be

promptly furnished to the Trustee by the Company or the Parent, as the case may be, and the Trustee shall be fully protected in relying upon such information. Notwithstanding the foregoing provisions of this Paragraph 5 or any other provision of this Agreement, however, the registered holder of any Trust Certificate may at any time with the prior written approval of the Company -- but only with the prior written approval of the STB -- instruct the Trustee in writing to vote the Trust Stock represented by such Trust Certificate in any manner, in which case the Trustee shall vote such shares in accordance with such instructions.

6. Transfer of Trust Certificates -- The Trust Certificates shall be transferable only with the prior written consent of the Company. They may be transferred on the books of the Trustee by the registered holder upon the surrender thereof properly assigned, in accordance with rules from time to time established for that purpose by the Trustee. Until so transferred, the Trustee may treat the registered holder as owner for all purposes. Each transferee of a Trust Certificate issued hereunder shall, by his acceptance thereof, assent to and become a party to this Trust Agreement, and shall assume all attendant rights and obligations. Any such transfer in violation of this Paragraph 6 shall be null and void.

7. Dividends and Distributions -- Pending the termination of this Trust as hereinafter provided, the Trustee



shall, immediately following the receipt of each cash dividend or cash distribution as may be declared and paid upon the Trust Stock, pay the same over to or as directed by the Acquiror or to or as directed by the holder of Trust Certificates hereunder as then appearing on the books of the Trustee. The Trustee shall receive and hold dividends and distributions other than cash upon the same terms and conditions as the Trust Stock and shall issue Trust Certificates representing any new or additional securities that may be paid as dividends or otherwise distributed upon the Trust Stock to the registered holders of Trust Certificates in proportion to their respective interests.

8. Disposition of Trust Stock; Termination of Trust

-- (a) This Trust is accepted by the Trustee subject to the right hereby reserved in the Parent at any time to direct the sale or other disposition of the whole or any part of the Trust Stock, but only as permitted by subparagraph (e) below, whether or not an event described in subparagraph (b) below has occurred. The Trustee shall take all actions reasonably requested by the Parent (including, without limitation, exercising all voting rights in respect of Trust Stock) in favor of any proposal or action necessary or desirable to effect, or consistent with the effectuation of or with respect to any proposed sale or other disposition of the whole or any part of the



Trust Stock by the Acquiror or Parent that is otherwise permitted pursuant to this Paragraph 8, including, without limitation, in connection with the exercise by Parent of its registration rights under the Merger Agreement. The Trustee shall be entitled to rely on a certification from the Parent, signed by its President or one of its Vice Presidents and under its corporate seal that a disposition of the whole or any part of the Trust Stock is being made in accordance with the requirements of subparagraph (e) below. In the event of a permitted sale of Trust Stock by the Acquiror, the Trustee shall, to the extent the consideration therefor is payable to or controllable by the Trustee, promptly pay, or cause to be paid, upon the order of the Acquiror the net proceeds of such sale to the registered holders of the Trust Certificates in proportion to their respective interests. It is the intention of this Paragraph that no violation of 49 U.S.C. Section 11323 will result from a termination of this Trust.

(b) In each case under this subparagraph (b), with the prior written consent of the Company, in the event the STB by final order shall (i) approve or exempt the acquisition of control of the Company by the Acquiror, the Parent or any of their affiliates or (ii) approve or exempt a merger between the Company and the Acquiror, the Parent or any of their affiliates, then immediately upon the direction of the Parent and the delivery of a certified copy of such order of the STB or other governmental authority with respect thereof, or, in the event

that Subtitle IV of Title 49 of the United States Code, or other controlling law, is amended to allow the Acquiror, the Parent or their affiliates to acquire control of the Company without obtaining STB or other governmental approval, upon delivery of an opinion of independent counsel selected by the Trustee that no order of the STB or other governmental authority is required, the Trustee shall either (x) transfer to or upon the order of the Acquiror, the Parent or the holder or holders of Trust Certificates hereunder as then appearing on the records of the Trustee, its right, title and interest in and to all of the Trust Stock then held by it (or such portion as is represented by the Trust Certificates in the case of such an order by such holders) in accordance with the terms, conditions and agreements of this Trust Agreement and not theretofore transferred by it as provided in subparagraph (a) hereof, or (y) if shareholder approval has not previously been obtained, vote the Trust Stock with respect to any such merger between the Company and the Acquiror, the Parent or any affiliate of either as directed by the holder or holders of a majority in interest of the Trust Certificates, and upon any such merger this Trust shall cease and come to an end.

(c) (i) Upon consummation of the Merger, the Trust Stock shall be canceled and retired and shall cease to exist in accordance with Section 2.1(c) of the Merger Agreement, and thereafter this Trust shall cease and come to an end.

(ii) In the event that the Merger Agreement terminates in accordance with its terms, Parent shall use its best efforts to sell the Trust Stock during a period of two years after such termination or such extension of that period as the STB shall approve and the Company shall reasonably approve. Any such disposition shall be subject to the requirements of subparagraph (e) below, and to any jurisdiction of the STB to oversee Parent's divestiture of Trust Stock. At all times, the Trustee shall continue to perform its duties under this Trust Agreement and, should Parent be unsuccessful in its efforts to sell or distribute the Trust Stock during the period referred to, the Trustee shall then as soon as practicable, and subject to the requirements of subparagraph (e) below, sell the Trust Stock for cash to eligible purchasers in such manner and for such price as the Trustee in its discretion shall deem reasonable after consultation with Parent. (An "eligible purchaser" hereunder shall be a person or entity that is not affiliated with Parent and which has all necessary regulatory authority, if any, to purchase the Trust Stock.) Parent agrees to cooperate with the Trustee in effecting such disposition and the Trustee agrees to act in accordance with any direction made by Parent as to any specific terms or method of disposition, to the extent not inconsistent with any of the terms of this Trust Agreement, including subparagraph (e) below, and with the requirements of the terms of any STB or court order. The proceeds of the sale shall be distributed to or upon the order of



Parent or, on a pro rata basis, to the holder or holders of the Trust Certificates hereunder as then known to the Trustee. The Trustee may, in its reasonable discretion, require the surrender to it of the Trust Certificates hereunder before paying to the holder his share of the proceeds. Upon disposition of all the Trust Stock pursuant to this paragraph 8(c)(ii), this Trust shall cease and come to an end.

(d) Unless sooner terminated pursuant to any other provision herein contained, this Trust Agreement shall terminate on December 31, 2016, and may be extended by the parties hereto, so long as no violation of 49 U.S.C. Section 11323 will result from such termination or extension. All Trust Stock and any other property held by the Trustee hereunder upon such termination shall be distributed to or upon the order of the Acquiror. The Trustee may, in its reasonable discretion, require the surrender to it of the Trust Certificates hereunder before the release or transfer of the stock interests evidenced thereby.

(e) No disposition of Trust Stock under this paragraph 8 or otherwise hereunder shall be made except pursuant to one or more broadly distributed public offerings and subject to all necessary regulatory approvals, if any. Notwithstanding the foregoing, Trust Stock may be distributed as otherwise directed by Parent, with the prior written consent of the Company, in which case the Trustee shall be entitled to rely on a



certificate of Parent (acknowledged by the Company) that such person or entity to whom the Trust Stock is disposed is not an affiliate of the Parent and has all necessary regulatory authority, if any is necessary, to purchase such Trust Stock. The Trustee shall promptly inform the STB of any transfer or disposition of Trust Stock pursuant to this Paragraph 8.

(f) Except as expressly provided in this Paragraph 8, the Trustee shall not dispose of, or in any way encumber, the Trust Stock, and any transfer, sale or encumbrance in violation of the foregoing shall be null and void.

9. Independence of the Trustee -- Neither the Trustee nor any affiliate of the Trustee may have (i) any officers, or members of their respective boards of directors, in common with the Acquiror, the Parent, or any affiliate of either, or (ii) any direct or indirect business arrangements or dealings, financial or otherwise, with the Acquiror, the Parent or any affiliate of either, other than dealings pertaining to the establishment and carrying out of this voting trust. Mere investment in the stock or securities of the Acquiror or the Parent or any affiliate of either by the Trustee, short of obtaining a controlling interest, will not be considered a proscribed business arrangement or dealing, but in no event shall any such investment by the Trustee in voting securities of the Acquiror, the Parent or their affiliates exceed five percent of their outstanding voting securities and in no event shall the

Trustee hold a proportion of such voting securities so substantial as to permit the Trustee in any way to control or direct the affairs of the Acquiror, the Parent or their affiliates. Neither the Acquiror, the Parent nor their affiliates shall purchase the stock or securities of the Trustee or any affiliate of the Trustee.

10. Compensation of the Trustee -- The Trustee shall be entitled to receive reasonable and customary compensation for all services rendered by it as Trustee under the terms hereof and said compensation to the Trustee, together with all counsel fees, taxes, or other expenses reasonably incurred hereunder, shall be promptly paid by the Acquiror or the Parent.

11. Trustee May Act Through Agents -- The Trustee may at any time or from time to time appoint an agent or agents and may delegate to such agent or agents the performance of any administrative duty of the Trustee.

12. Concerning the Responsibilities and Indemnification of the Trustee -- The Trustee shall not be liable for any mistakes of fact or law or any error of judgment, or for any act or omission, except as a result of the Trustee's willful misconduct or gross negligence. The Trustee shall not be answerable for the default or misconduct of any agent or attorney appointed by it in pursuance hereof if such agent or attorney

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has been selected with reasonable care. The duties and responsibilities of the Trustee shall be limited to those expressly set forth in this Trust Agreement. The Trustee shall not be responsible for the sufficiency or the accuracy of the form, execution, validity or genuineness of the Trust Stock, or of any documents relating thereto, or for any lack of endorsement thereon, or for any description therein, nor shall the Trustee be responsible or liable in any respect on account of the identity, authority or rights of the persons executing or delivering or purporting to execute or deliver any such Trust Stock or document or endorsement or this Trust Agreement, except for the execution and delivery of this Trust Agreement by this Trustee. The Acquiror and the Parent agree that they will at all times protect, indemnify and save harmless the Trustee, its directors, officers, employees and agents from any loss, cost or expense of any kind or character whatsoever in connection with this Trust except those, if any, growing out of the gross negligence or willful misconduct of the Trustee, and will at all times themselves undertake, assume full responsibility for, and pay all costs and expense of any suit or litigation of any character, including any proceedings before the STB, with respect to the Trust Stock of this Trust Agreement, and if the Trustee shall be made a party thereto, the Acquiror or the Parent will pay all costs and expenses, including reasonable counsel fees, to which the Trustee may be subject by reason thereof; provided, however, that the Acquiror and the Parent



shall not be responsible for the cost and expense of any suit that the Trustee shall settle without first obtaining the Parent's written consent. The Trustee may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or omitted or suffered by the Trustee hereunder in good faith and in accordance with such opinion.

13. Trustee to Give Account to Holders -- To the extent requested to do so by the Acquiror or any registered holder of a Trust Certificate, the Trustee shall furnish to the party making such request full information with respect to (i) all property theretofore delivered to it as Trustee, (ii) all property then held by it as Trustee, and (iii) all actions theretofore taken by it as Trustee.

14. Resignation, Succession, Disqualifications of Trustee -- The Trustee, or any trustee hereafter appointed, may at any time resign by giving forty-five days' written notice of resignation to the Parent and the STB. The Parent shall at least fifteen days prior to the effective date of such notice appoint a successor trustee which shall (i) satisfy the requirements of Paragraph 9 hereof and (ii) be a corporation organized and doing business under the laws of the United States

or of any State thereof and authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000 and subject to supervision or examination by federal or state authority. If no successor trustee shall have been appointed and shall have accepted appointment at least fifteen days prior to the effective date of such notice of resignation, the resigning Trustee may petition any competent authority or court of competent jurisdiction for the appointment of a successor trustee. Upon written assumption by the successor trustee of the Trustee's powers and duties hereunder, a copy of the instrument of assumption shall be delivered by the Trustee to the Parent and the STB and all registered holders of Trust Certificates shall be notified of its assumption, whereupon the Trustee shall be discharged of the powers and duties of the Trustee hereunder and the successor trustee shall become vested with such powers and duties. In the event of any material violation by the Trustee of the terms and conditions of this Trust Agreement, the Trustee shall become disqualified from acting as trustee hereunder as soon as a successor trustee shall have been selected in the manner provided by this paragraph.

15. Amendment -- Subject to the requirements of Section 1.9 of the Merger Agreement, this Trust Agreement may from time to time be modified or amended by agreement executed by the Trustee, the Acquiror (if executed prior to the Merger), the Parent and all registered holders of the Trust Certificates

(i) pursuant to an order of the STB, (ii) with the prior approval of the STB, (iii) in order to comply with any order of the STB or (iv) upon receipt of an opinion of counsel satisfactory to the Trustee and the holders of Trust Certificates that an order of the STB approving such modification or amendment is not required and that the amendment is consistent with the STB's regulations regarding voting trusts.

16. Governing Law; Powers of the STB -- The provisions of this Trust Agreement and of the rights and obligations of the parties hereunder shall be governed by the laws of the State of Pennsylvania, except that to the extent any provision hereof may be found inconsistent with subtitle IV, title 49, United States Code or regulations promulgated thereunder, such statute and regulations shall control and such provision hereof shall be given effect only to the extent permitted by such statute and regulations. In the event that the STB shall, at any time hereafter by final order, find that compliance with law requires any other or different action by the Trustee than is provided herein, the Trustee shall act in accordance with such final order instead of the provisions of this Trust Agreement.

17. Counterparts -- This Trust Agreement is executed in four counterparts, each of which shall constitute an original, and one of which shall be held by each of the Parent and the Acquiror and the other two shall be held by the Trustee,



one of which shall be subject to inspection by holders of Trust Certificates on reasonable notice during business hours.

18. Filing With the STB -- A copy of this Agreement and any amendments or modifications thereto shall be filed with the STB by the Acquiror.

19. Successors and Assigns -- This Trust Agreement shall be binding upon the successors and assigns to the parties hereto, including without limitation successors to the Acquiror and the Parent by merger, consolidation or otherwise. The parties agree that the Company shall be an express third party beneficiary of this Trust Agreement. Except as otherwise expressly set forth herein, any consent required from the Company hereunder shall be granted or withheld in the Company's sole discretion.

20. Succession of Functions -- The term "STB" includes any successor agency or governmental department that is authorized to carry out the responsibilities now carried out by the STB with respect to the consideration of the consistency with the public interest of rail mergers and combinations, the regulation of voting trusts in respect of the acquisition of securities of rail carriers or companies controlling them, and the exemption of approved rail mergers and combinations from the antitrust laws.



21. Notices -- Any notice which any party hereto may give to the other hereunder shall be in writing and shall be given by hand delivery, or by first class registered mail, or by overnight courier service, or by facsimile transmission confined by one of the aforesaid methods, sent,

If to Purchaser or Acquiror, to:

CSX Corporation  
One James Center  
901 East Cary Street  
Richmond, Virginia 23219

Attention: General Counsel

If to the Trustee, to:

Deposit Guaranty National  
One Deposit Guaranty Plaza,  
8th Floor  
Jackson, Mississippi 39201

Attention: Corporate Trust Department

With a required copy to:

Deposit Guaranty National Bank  
c/o Commercial National Bank in Shreveport  
333 Texas Street  
Shreveport, LA 71101

Attention: Corporate Trust Department

And if to the holders of Trust Certificates, to them at their addresses as shown on the records maintained by the Trustee.

22. Remedies -- Each of the parties hereto acknowledges and agrees that in the event of any breach of this Agreement, each non-breaching party would be irreparably and immediately harmed and could not be made whole by monetary damages. It is accordingly agreed that the parties hereto (a) will

waive, in any action for specific performance, the defense of adequacy of a remedy at law and (b) shall be entitled, in addition to any other remedy to which they may be entitled at law or in equity, to an order compelling specific performance of this Agreement in any action instituted in any state or federal court sitting in Philadelphia, Pennsylvania. Each party hereto consents to personal jurisdiction in any such action brought in any state or federal court sitting in Philadelphia, Pennsylvania.

IN WITNESS WHEREOF, CSX Corporation and Green Acquisition Corp. have caused this Trust Agreement to be executed by their authorized officers and their corporate seals to be affixed, attested by their Secretaries or Assistant Secretaries, and Deposit Guaranty National Bank has caused this Trust Agreement to be executed by its authorized officer or agent and its corporate seal to be affixed, attested to by its Secretary or one of its Assistant Secretaries or other authorized agent, all as of the day and year first above written.

Attest:

CSX CORPORATION

/s/ Rachel E. Geiersbach  
Asst. Secretary

By/s/ William H. Sparrow  
Vice President - Financial  
Planning

Attest:

GREEN ACQUISITION CORP.

/s/ Alan A. Rudnick  
Asst. Secretary

By/s/ Paul R. Goodwin  
CFO and Treasurer

Attest:

COMMERCIAL NATIONAL BANK,  
AGENT FOR DEPOSIT GUARANTY  
NATIONAL BANK

/s/ Malcolm F. Stadtlander  
Trust Officer

By/s/ Linda H. Trichel  
Linda H. Trichel  
Trust Officer



No. \_\_\_\_\_

EXHIBIT A  
\_\_\_\_\_  
Shares

VOTING TRUST CERTIFICATE  
FOR  
COMMON STOCK  
OF  
CONRAIL NC.  
INCORPORATED UNDER THE LAWS OF  
THE STATE OF PENNSYLVANIA

THIS IS TO CERTIFY that \_\_\_\_\_ will be entitled, on the surrender of this Certificate, to receive on the termination of the Voting Trust Agreement hereinafter referred to, or otherwise as provided in Paragraph 8 of said Voting Trust Agreement, a certificate or certificates for \_\_\_\_\_ shares of the Common Stock, \$1.00 par value, of Conrail Inc., a Pennsylvania corporation (the "Company"). This Certificate is issued pursuant to, and the rights of the holder hereof are subject to and limited by, the terms of a Voting Trust Agreement, dated as of October 15, 1996, executed by CSX Corporation, a Virginia corporation, Green Acquisition Corp., a Pennsylvania corporation, and Deposit Guaranty National Bank, as Trustee (as it may be amended from time to time, the "Voting Trust Agreement"), a copy of which Voting Trust Agreement is on file in the office of said Trustee at One Deposit Guaranty Plaza, 8th Floor, Jackson, Mississippi 39201 and open to inspection of any stockholder of the Company and the holder hereof. The Voting Trust Agreement, unless earlier terminated (or extended) pursuant to the terms thereof, will terminate on December 31, 2016, so long as no violation of 49 U.S.C. Section 11323 will result from such termination.



The holder of this Certificate shall be entitled to the benefits of said Voting Trust Agreement, including the right to receive payment equal to the cash dividends, if any, paid by the Company with respect to the number of shares represented by this Certificate.

This Certificate shall be transferable only on the books of the undersigned Trustee or any successor, to be kept by it, on surrender hereof by the registered holder in person or by attorney duly authorized in accordance with the provisions of said Voting Trust Agreement, and until so transferred, the Trustee may treat the registered holder as the owner of this Voting Trust Certificate for all purposes whatsoever, unaffected by any notice to the contrary.

By accepting this Certificate, the holder hereof assents to all the provisions of, and becomes a party to, said Voting Trust Agreement.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be signed by its officer duly authorized.

Dated:

DEPOSIT GUARANTY  
NATIONAL BANK

By \_\_\_\_\_  
Authorized Officer

[FORM OF BACK OF VOTING TRUST CERTIFICATE]

FOR VALUE RECEIVED \_\_\_\_\_ hereby sells,  
assigns, and transfers unto \_\_\_\_\_ the within Voting Trust  
Certificate and all rights and interests represented thereby,  
and does hereby irrevocably constitute and appoint \_\_\_\_\_  
Attorney to transfer said Voting Trust Certificate on the books  
of the within mentioned Trustee, with full power of substitu-  
tion in the premises.

\_\_\_\_\_  
Dated:

In the Presence of:  
  
\_\_\_\_\_

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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SCHEDULE 14D-1

TENDER OFFER STATEMENT

PURSUANT TO  
SECTION 14(D) (1) OF THE SECURITIES EXCHANGE ACT OF 1934  
AND  
SCHEDULE 13D

(AMENDMENT NO. 9\*)

---

CONRAIL INC.  
(Name of Subject Company)

CSX CORPORATION  
GREEN ACQUISITION CORP.  
(Bidders)

COMMON STOCK, PAR VALUE \$1.00 PER SHARE  
(Title of Class of Securities)

208368 10 0  
(CUSIP Number of Class of Securities)

SERIES A ESOP CONVERTIBLE JUNIOR  
PREFERRED STOCK, WITHOUT PAR VALUE  
(Title of Class of Securities)

NOT AVAILABLE  
(CUSIP Number of Class of Securities)

MARK G. ARON  
CSX CORPORATION  
ONE JAMES CENTER  
901 EAST CARY STREET  
RICHMOND, VIRGINIA 23219-4031  
TELEPHONE: (804) 782-1400  
(Names, Addresses and Telephone Numbers of Persons Authorized  
to Receive Notices and Communications on Behalf of Bidder)

With a copy to:  
PAMELA S. SEYMON  
WACHTELL, LIPTON, ROSEN & KATZ  
51 WEST 52ND STREET  
NEW YORK, NEW YORK 10019  
TELEPHONE: (212) 403-1000

\* Constituting the final amendment to Schedule 14D-1.



This Statement amends and supplements the Tender Offer Statement on Schedule 14D-1 filed with the Securities and Exchange Commission (the "Commission") on October 16, 1996, as previously amended and supplemented (the "Schedule 14D-1"), by Green Acquisition Corp. ("Purchaser"), a Pennsylvania corporation and a wholly owned subsidiary of CSX Corporation, a Virginia corporation ("Parent"), to purchase an aggregate of 17,860,124 shares of (i) Common Stock, par value \$1.00 per share (the "Common Shares"), and (ii) Series A ESOP Convertible Junior Preferred Stock, without par value (together with the Common Shares, the "Shares"), of Conrail Inc., a Pennsylvania corporation (the "Company"), including, in each case, the associated Common Stock Purchase Rights, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated October 16, 1996 (the "Offer to Purchase"), as supplemented by the Supplement thereto, dated November 6, 1996 (the "Supplement"), and in the related Letters of Transmittal (which, together with any amendments or supplements thereto, constitute the "Offer") at a purchase price of \$110.00 per Share, net to the tendering shareholder in cash. Capitalized terms used and not defined herein shall have the meanings assigned such terms in the Offer to Purchase, the Supplement and the Schedule 14D-1.

**ITEM 6. INTEREST IN SECURITIES OF THE SUBJECT COMPANY**

(a)-(b) On November 26, 1996, Parent issued a press release announcing the final proration factor of 23.451836% and the commencement of payment in connection with the Offer. A copy of the press release is attached as Exhibit (a)(25), and the foregoing summary description is qualified in its entirety by reference to such exhibit.

**ITEM 10. ADDITIONAL INFORMATION**

(f) On November 25, 1996, Parent and the Company published an advertisement regarding the Merger. A copy of the advertisement is attached as Exhibit (a)(24), and the foregoing summary description is qualified in its entirety by reference to such exhibit.



ITEM 11. MATERIAL TO BE FILED AS EXHIBITS.

- (a) (1) -- Offer to Purchase, dated October 16, 1996.\*
- (a) (2) -- Letter of Transmittal.\*
- (a) (3) -- Notice of Guaranteed Delivery.\*
- (a) (4) -- Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.\*
- (a) (5) -- Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.\*
- (a) (6) -- Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.\*
- (a) (7) -- Text of Press Release issued by Parent on October 15, 1996.\*
- (a) (8) -- Form of Summary Advertisement, dated October 16, 1996.\*
- (a) (9) -- Text of Press Release issued by Parent on October 22, 1996.\*
- (a) (10) -- Text of Press Release issued by Parent on October 23, 1996.\*
- (a) (11) -- Text of Press Release issued by Parent on October 30, 1996.\*
- (a) (12) -- Text of Press Release issued by Parent on November 3, 1996.\*
- (a) (13) -- Supplement to Offer to Purchase, dated November 6, 1996.\*
- (a) (14) -- Revised Letter of Transmittal.\*
- (a) (15) -- Revised Notice of Guaranteed Delivery.\*
- (a) (16) -- Revised Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.\*

\* Previously filed.

- (a) (17) -- Revised Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.\*
- (a) (18) -- Text of Press Release issued by Parent and the Company on November 6, 1996.\*
- (a) (19) -- Text of Press Release issued by Parent and the Company on November 13, 1996.\*
- (a) (20) -- Text of Press Release issued by Parent and the Company on November 19, 1996.\*
- (a) (21) -- Text of Press Release issued by Parent and the Company on November 20, 1996.\*
- (a) (22) -- Text of Press Release issued by Parent and the Company on November 20, 1996.\*
- (a) (23) -- Text of Press Release issued by Parent on November 21, 1996.\*
- (a) (24) -- Text of Advertisement published by Parent and the Company on November 25, 1996.
- (a) (25) -- Text of Press Release issued by Parent on November 26, 1996.
- (b) (1) -- Commitment Letter, dated October 21, 1996.\*
- (b) (2) -- Credit Agreement, dated November 15, 1996.\*
- (c) (1) -- Agreement and Plan of Merger, dated as of October 14, 1996, by and among Parent, Purchaser and the Company.\*
- (c) (2) -- Company Stock Option Agreement, dated as of October 14, 1996, between Parent and the Company.\*
- (c) (3) -- Parent Stock Option Agreement, dated as of October 14, 1996, between Parent and the Company.\*
- (c) (4) -- Form of Voting Trust Agreement.\*
- (c) (5) -- Complaint in Norfolk Southern Corporation, et al. v. Conrail Inc., et al., No. 96-CV-7167, filed on October 23, 1996.\*

- (c) (6) -- First Amended Complaint in Norfolk Southern Corporation, et al. v. Conrail Inc., et al., No. 96-CV-7167, filed on October 30, 1996.\*
- (c) (7) -- First Amendment to Agreement and Plan of Merger, dated as of November 5, 1996, by and among Parent, Purchaser and the Company.\*
- (c) (8) -- Text of ruling of Judge Donald W. VanArtsdalen of the United States District Court for the Eastern District of Pennsylvania on November 20, 1996.\*
- (c) (9) -- Voting Trust Agreement, dated as of October 15, 1996, by and among Parent, Purchaser and Deposit Guaranty National Trust.\*



**SIGNATURE**

After due inquiry and to the best of my knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

**CSX CORPORATION**

**By: /s/ Mark G. Aron**

**Name: Mark G. Aron**

**Title: Executive Vice President-  
Law and Public Affairs**

**Dated: December 3, 1996**



**SIGNATURE**

After due inquiry and to the best of my knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

**GREEN ACQUISITION CORP.**

By: /s/ Mark G. Aron  
Name: Mark G. Aron  
Title: General Counsel  
and Secretary

Dated: December 3, 1996

# EXHIBIT INDEX

Exhibit No.	Description
(a) (1)	-- Offer to Purchase, dated October 16, 1996.*
(a) (2)	-- Letter of Transmittal.*
(a) (3)	-- Notice of Guaranteed Delivery.*
(a) (4)	-- Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.*
(a) (5)	-- Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.*
(a) (6)	-- Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.*
(a) (7)	-- Text of Press Release issued by Parent on October 15, 1996.*
(a) (8)	-- Form of Summary Advertisement, dated October 16, 1996.*
(a) (9)	-- Text of Press Release issued by Parent on October 22, 1996.*
(a) (10)	-- Text of Press Release issued by Parent on October 23, 1996.*
(a) (11)	-- Text of Press Release issued by Parent on October 30, 1996.*
(a) (12)	-- Text of Press Release issued by Parent on November 3, 1996.*
(a) (13)	-- Supplement to Offer to Purchase, dated November 6, 1996.*
(a) (14)	-- Revised Letter of Transmittal.*
(a) (15)	-- Revised Notice of Guaranteed Delivery.*
(a) (16)	-- Revised Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.*

\* Previously filed.

- (a) (17) -- Revised Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.\*
- (a) (18) -- Text of Press Release issued by Parent and the Company on November 6, 1996.\*
- (a) (19) -- Text of Press Release issued by Parent and the Company on November 13, 1996.\*
- (a) (20) -- Text of Press Release issued by Parent and the Company on November 19, 1996.\*
- (a) (21) -- Text of Press Release issued by Parent and the Company on November 20, 1996.\*
- (a) (22) -- Text of Press Release issued by Parent and the Company on November 20, 1996.\*
- (a) (23) -- Text of Press Release issued by Parent on November 21, 1996.\*
- (a) (24) -- Text of Advertisement published by Parent and the Company on November 25, 1996.
- (a) (25) -- Text of Press Release issued by Parent on November 26, 1996.
- (b) (1) -- Commitment Letter, dated October 21, 1996.\*
- (b) (2) -- Credit Agreement, dated November 15, 1996.\*
- (c) (1) -- Agreement and Plan of Merger, dated as of October 14, 1996, by and among Parent, Purchaser and the Company.\*
- (c) (2) -- Company Stock Option Agreement, dated as of October 14, 1996, between Parent and the Company.\*
- (c) (3) -- Parent Stock Option Agreement, dated as of October 14, 1996, between Parent and the Company.\*
- (c) (4) -- Form of Voting Trust Agreement.\*
- (c) (5) -- Complaint in Norfolk Southern Corporation, et al. v. Conrail Inc., et al., No. 96-CV-7167, filed on October 23, 1996.\*
- (c) (6) -- First Amended Complaint in Norfolk Southern Corporation, et al. v. Conrail Inc., et al., No. 96-CV-7167, filed on October 30, 1996.\*



- (c) (7) -- First Amendment to Agreement and Plan of Merger, dated as of November 5, 1996, by and among Parent, Purchaser and the Company.\*
- (c) (8) -- Text of ruling of Judge Donald W. VanArtsdalen of the United States District Court for the Eastern District of Pennsylvania on November 20, 1996.\*
- (c) (9) -- Voting Trust Agreement, dated as of October 15, 1996, by and among Parent, Purchaser and Deposit Guaranty National Trust.\*



CONRAIL & CSX

CARRYING AMERICA INTO THE FUTURE.

CONRAIL AND CSX ARE MERGING TO CREATE  
A WORLD LEADER IN FREIGHT TRANSPORTATION.

Conrail + CSX is a merger of equals, working together to become the premier global transportation company. This strategic marriage creates the leader in rail and container shipping and logistics management.

TOGETHER, WE CAN PUT ALL  
OUR BEST RESOURCES ON THE BEST TRACK.

For more than 150 years, we've carried the freight that fuels America's growth. Now, Conrail and CSX are joining forces for new opportunities and long-term growth. We will give customers more direct and more efficient routes, more extensive single-line rail service for shippers and receivers. This means faster, more reliable service, shorter routes and lower transportation costs.

WE WILL DELIVER FOR AMERICAN BUSINESS.

Working together, our merger will produce better service and more competitive pricing, and approximately \$730 million in savings from operating efficiencies and other benefits that will support capital investments in services and facilities. It will alleviate congestion on America's highways and help cut down on pollution in our cities. Enhanced commuter passenger service and safety will improve the overall reliability of the U.S. transportation system.

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IT MAKES SENSE TODAY  
AND BUILDS STRENGTH FOR TOMORROW.

CONTACT:

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Thomas E. Hoppin  
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Kekst and Company  
Richard Wolff  
(212) 593-2655

FOR IMMEDIATE RELEASE

CSX COMMENCES PURCHASE OF TENDERED SHARES

RICHMOND, VIRGINIA, NOVEMBER 26, 1996 -- CSX Corporation (CSX) (NYSE: CSX) today announced that it has commenced payment for the 19.9% of outstanding shares of Conrail Inc. (NYSE: CRR) it accepted for payment on November 21 under its \$110 per share tender offer. The final proration factor under the CSX tender offer is 23.451836%.

CSX Corporation, headquartered in Richmond, Va., is an international transportation company offering a variety of rail, container-shipping, intermodal, trucking, barge and contract logistics management services.

Conrail, with corporate headquarters in Philadelphia, Pa., operates an 11,000-mile rail freight network in 12 Northeastern and Midwestern states, the District of Columbia and the Province of Quebec.

CSX's home page can be reached at <http://www.CSX.com>.

Conrail's home page can be reached at <http://www.CONRAIL.com>.

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