

STB

FD

33388

6-23-97

A

180274V8C

11/13

bill, computed in accordance with the provisions herein, to CSXT for payment.

(h) CSXT shall pay within thirty (30) days from receipt thereof, and any errors or omissions in such bills shall be adjusted in subsequent billing.

(i) The records of each party hereto, insofar as they pertain to matters covered by this Agreement, shall be open at all reasonable times to inspection by the other party.

6. LIABILITY

Except as provided in Subsection (n) below, the responsibility between the parties hereto for loss of, damage to, and destruction of any property whatsoever and injury to and death of any person or persons whomsoever, resulting from, arising out of, incidental to or occurring in connection with this Agreement, hereinafter referred to as a Loss, shall be apportioned as follows without regard to consideration of fault or negligence:

(a) Whenever a Loss occurs with only one train operated by NSR being involved and such train is handling cars,

empty or loaded, in only CSXT's account or cars in CSXT's account as well as cars in NSR's account; then each party hereto agrees to assume and bear all liability, cost and expense for all cars, both empty and loaded, including lading, in its own account being handled in such train, and the parties hereto further agree that injury to or death of any person or persons whomsoever and loss, damage or destruction of all other property, including without limitation, the train(s), locomotive(s), equipment or trackage, so occurring shall be either: (i) borne solely by CSXT if the train is handling only CSXT cars, or (ii) borne solely by each party hereto in proportion to the number of cars, both empty and loaded, which each party hereto has in its own account in such train, if the train is handling cars in the accounts of both parties hereto.

- (b) Whenever a Loss occurs with more than one train operated by NSR being involved and any or all of such trains are handling only CSXT cars or CSXT cars as well as cars in NSR's account; then each party hereto agrees to assume and bear all liability, cost and expense for all cars, empty and loaded, including lading, in its own account handled in such trains, and the parties

further agree that injury to or death of any person or persons whomsoever and loss, damage or destruction of all other property, including, without limitation, trains, locomotives, equipment or trackage, so occurring shall be borne as follows: total liability, cost and expense arising not otherwise borne separately by the parties as provided above shall be first equally divided by the number of trains involved and then (i) that portion of said liability, cost and expense apportioned to any train(s) which is (are) handling cars, both empty and loaded, only the account of CSXT shall be borne solely by CSXT, (ii) that portion of said liability, cost and expense apportioned to any train(s) which is (are) handling only NSR cars shall be borne solely by NSR, and (iii) that portion of said train(s) handling cars, both empty and loaded, in the accounts of both parties shall be shared and borne by each party hereto in proportion to the number of cars, both empty and loaded, which each party has in its own account in each such train.

- (c) Whenever a Loss occurs with the train(s) of NSR and another railroad or other company that is not a party to this Agreement being involved and any of such NSR

train(s) is (are) handling only CSXT cars, and/or CSXT cars as well as cars in NSR's account; then each party hereto agrees to assume and bear all liability, cost and expense for all cars, both empty and loaded, including lading, in its own account handled in the NSR train(s), and the parties hereto further agree as between themselves that all other liability, cost and expense incurred by NSR as a result thereof shall be shared by both parties hereto in proportion to the total number of cars, both empty and loaded, which each party has in its own account in the NSR trains so involved, excluding any cost and expense paid by said other railroad.

- (d) Notwithstanding any of the foregoing provisions of this Section, when any damage to or destruction of the environment whatsoever, including without limitation land, air, water, wildlife and vegetation, occurs with one or more trains of NSR being involved, and any or all of such trains are handling only CSXT cars or CSXT cars as well as cars in NSR's account, then, as between themselves: (i) CSXT shall be solely responsible for any such damage or destruction to the environment which results solely from a substance which was being

transported in the car or cars of, or in the account of CSXT, and from which there was a release; (ii) NSR shall be solely responsible for any such damage or destruction to the environment which results solely from a substance which was being transported in the car or cars of NSR, and from which there was a release; and (iii) responsibility for any such damage or destruction to the environment which results from a substance in the cars of, or in cars in the account of, both CSXT and NSR from which there was a release shall be shared by both parties hereto in proportion to the total number of cars which each party had in its accounts, containing the same substance and from which there was a release.

- (e) In every case of death or injury suffered by an employee of CSXT or NSR, when compensation to such employee or employee's dependents is required to be paid under any present or future state or federal workmen's compensation, occupational disease, employers' liability or other law, and CSXT under provisions of this Agreement, is required to pay same or a portion of same in installments over a period of time, CSXT shall not be released from paying any such

future installments by reason of the expiration or other termination of this Agreement prior to any of the respective dates upon which any such future installments are to be paid.

- (f) NSR agrees that it will, upon request from CSXT, institute or defend, in CSXT's name, any action relating to a claim for loss, damage, destruction, injury or death. CSXT agrees to indemnify NSR and save it harmless from any loss, costs, expenses and legal fees incurred by NSR instituting or defending any such action in its name, or on behalf of CSXT.
- (g) Each party hereto agrees to indemnify and save harmless the other party hereto from and against all liabilities, costs and expenses which it has agreed to assume under this Section. Furthermore, each party hereto agrees to indemnify and save harmless the other party for any legal fees, arbitration expenses and awards or expenses incurred by the indemnifying party in connection with any liability, cost and expense assumed by the other party hereto in this Section.
- (h) NSR shall notify CSXT of any accident, or incident which results in or could result in an action, claim,

suit or demand against CSXT by NSR or any third party or which results in or could result in any indemnification or claim for indemnification by NSR against CSXT. Such notice shall include all available details with respect to time, place and circumstances and details of all investigations made.

- (i) Locomotives shall be considered as performing switching service on behalf of CSXT when such locomotives are coupled to a train containing CSXT cars.
- (j) Whenever circumstances require wrecking service or wrecking train service in connection with the switching subject of this Agreement, NSR shall perform such service as promptly as possible, and the cost thereof shall be borne as provided in this Section.
- (k) Each party will investigate, adjust and defend all cargo related claim liability filed with it in accordance with 49 U.S.C. Section 11706 or 49 C.F.R. Section 1005, or in accordance with any applicable transportation contract filed pursuant to 49 U.S.C. Section 10709.

- (l) All costs and expenses in connection with the investigation, adjustment and defense of any claim or suit under this Agreement shall be included as costs and expenses in applying the liability provisions set forth in this Agreement except that salaries or wages of full-time agents, full-time attorney's and other full-time employees of either party engaged directly or indirectly in such work shall be borne by such party.
- (m) Excluding cargo related claim liability filed in accordance with 49 U.S.C. Section 11706 or 49 C.F.R. Section 1005, neither party shall settle or compromise any claim, demand, suit or cause of action for which the other party has any liability under this Agreement without the concurrence of such other party in the consideration for such settlement or compromise exceeds Thirty-Five Thousand Dollars (\$35,000).
- (n) Section 6, Subsections (a) through (m) shall apply only to the amount of Loss resulting from a single incident which is \$25 million or less. Responsibility for Losses resulting from a single incident which exceed \$25 million shall be allocated to the extent of such excess to CSXT and NSR in proportion to their

respective fault or negligence in causing such Loss, subject to the following rules: (1) the total amount of Loss for which each party would otherwise be responsible under Section 6, Subsections (a) through (m) shall be determined, on a comparative percentage basis; (2) for each party, multiply \$25 million by the comparative percentage determined for that party in Section 6(n)(1); (3) the Loss for which each party is responsible in excess of the amount determined in Section 6(n)(2) shall be allocated between or among CSXT and NSR in proportion to their respective fault or negligence in causing the Loss. As used in this Section 6(n), the term "Loss" shall exclude consequential, indirect, incidental or other similar damage, injury or loss to either CSXT or NSR and claims for exemplary and punitive damages by any party hereto on its own behalf against another party hereto. By way of example, if a Loss from a single incident were \$100 million, of which CSXT would be responsible for \$80 million under Section 6, Subsections (a) through (m), and NSR would be responsible for \$20 million under Section 6, Subsections (a) through (m), then CSXT would be responsible for \$20 million and NSR would be responsible for \$5 million of such Loss under Section

6(n)(1), and the remaining \$75 million of Loss would be apportioned between or among CSXT and NSR in proportion to their respective fault or negligence in causing the Loss. Any dispute between or among the parties hereto in computing the comparative percentage, in determining their respective fault or negligence in causing the Loss or otherwise relating to their respective responsibilities for Loss arising out of, incidental to or occurring in connection with any such incident, including any Loss exceeding \$25 million, shall be submitted for resolution by binding arbitration pursuant to Section 8. The \$25 million amount referred to in this Section 6(n) may be adjusted every five years following the date of this Agreement with the prior approval of all parties, which approval may be given or refused in sole discretion of each party.

- (o) Each party shall assume and bear all responsibility for Loss caused by acts or omissions of any of its employees while under the influence of drugs or alcohol or by the intentional and criminal misconduct of any such employee and Section 6, Subsections (a) through (n) shall not apply to any such Loss.

SECTION 7. EMPLOYEE CLAIMS

Each party agrees to indemnify and hold harmless the other party against any and all costs and payments, including benefits, allowances and arbitration, administrative and litigation expenses, arising out of claims or grievances made by or on behalf of its own employees, either pursuant to employee protective conditions imposed by a governmental agency as conditions for that agency's approval of this Agreement and operations hereunder, or pursuant to a collective bargaining agreement. It is the intention of the parties that each party shall bear the full costs of protection of its own employees under employee protective conditions which may be imposed, and of grievances filed by its own employees arising under its collective bargaining agreements with its employees.

SECTION 8. ARBITRATION

Any irreconcilable dispute arising between the parties with respect to this Agreement shall be jointly submitted for binding arbitration under the Commercial Arbitration Rules of the American Arbitration Association. The decision of the arbitrator shall be final and conclusive upon the parties hereto. Each party to the arbitration shall pay the compensations, costs, fees

and expenses of its own witnesses, experts and counsel. The compensation, costs and expense of the arbitrator, if any, shall be borne equally by the parties hereto. The arbitrator shall not have the power to award consequential or punitive damages or to determine violations of criminal or antitrust laws. Pending the award of the arbitrator, there shall be no interruption in the transaction of business under this Agreement, and all payments in respect thereto shall be made in the same manner as prior to the arising of the dispute until the matter in dispute shall have been fully determined by arbitration, and thereupon such payment or restitution shall be made as required by the decision of the arbitrator.

SECTION 9. TERM AND TERMINATION

- (a) This Agreement shall take effect on the day and year first above written and continue in full force and effect for one twenty-five (25) year period and continue thereafter year to year until terminated by mutual consent of the parties hereto.

- (b) The rights, benefits, duties and obligations running from or to NSR under this Agreement shall in all events expire (except liabilities incurred prior to

termination) upon the earlier of (i) termination of this Agreement or (ii) termination of the NSR Operating Agreement (including any renewals thereof) and the rights, benefits, duties and obligations running from or to CSXT under this Agreement shall in all events expire (except liabilities incurred prior to termination) upon the earlier of (i) termination of this Agreement or (ii) termination of the CSXT Operating Agreement (including any renewals thereof); provided, however, that upon termination of the NSR Operating Agreement, the rights, benefits, duties and obligations running from or to NSR under this Agreement shall run from or to PRR and upon termination of the CSXT Operating Agreement, the rights, benefits, duties and obligations running from or to CSXT under this Agreement shall run from or to NYC.

- (c) Termination of this Agreement shall not relieve or release either party hereto from any obligation assumed or from any liability which may have arisen or been incurred by either party under the terms of this Agreement prior to the termination hereof.

SECTION 10. SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto. Neither party hereto shall transfer or assign this Agreement, or any of its rights, interests, or obligations hereunder, to any person, firm or corporation without obtaining the prior written consent of the other party.

SECTION 11. NOTICE

Any notice required or permitted to be given by one party to the other under this Agreement shall be deemed given on the date sent by certified mail, or by such other means as the parties may mutually agree, and shall be addressed as follows:

(a) If to NSR:

Vice President Transportation & Mechanical
Norfolk Southern Railway Company
Three Commercial Place
Norfolk, Virginia 23510-2191

(b) If to CSXT:

Assistant Vice President - Joint Facilities
CSX Transportation, Inc. J200
500 Water Street
Jacksonville, Florida 32202

(c) If to PRR:

- (d) If to NYC:

Either party may provide changes in the above addresses to the other party by personal service or U.S. mail.

SECTION 12. GENERAL PROVISIONS

- (a) This Agreement and each and every provision hereof are for the exclusive benefit of the parties hereto and not for the benefit of any third party. Nothing herein contained shall be taken as creating or increasing any right in any third party to recover by way of damages or otherwise against either of the parties hereto.
- (b) All Section headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.
- (c) This Agreement and the attachments annexed hereto and integrated herewith contains the entire agreement of the parties hereto and supersedes any and all oral understandings between the parties with respect to the subject matter hereof.

(d) No term or provisions of this Agreement may be changed, waived, discharged, or terminated except by an instrument in writing signed by both parties to this Agreement.

(e) All words, terms and phrases used in this Agreement shall be construed in accordance with the generally applicable definition or meaning of such words, terms, and phrases in the railroad industry.

SECTION 13. CONFIDENTIALITY

Except as provided by law or by rule, order, or regulation of any court or regulatory agency with jurisdiction over the subject matter of this Agreement or as may be necessary or appropriate for a party hereto to enforce its rights under this Agreement, during the term of this Agreement and during three (3) years after termination of this Agreement, the terms and provisions of this Agreement and all information to which access is provided or obtained hereunder will be kept confidential and will not be disclosed by either CSXT or NSR to any party other than each party's respective parent corporation, subsidiaries and affiliates, and their respective directors, officers, agents,

employees and attorneys, without the prior written approval of the other party.

SECTION 14. INDEMNITY COVERAGE

As part of the consideration hereof, each party hereby agrees that all of its indemnity commitments in this Agreement in favor of the other party shall also extend to and indemnify the parent corporation, the subsidiaries and affiliates of such other party, and all of their respective directors, officers, agents and employees.

SECTION 15. FORCE MAJEURE

NSR shall not be responsible to CSXT for delays or failure to perform under this Agreement if such delays or failure to perform are covered by circumstances beyond its control, including, but not limited to, Acts of God, floods, storms, earthquakes, hurricanes, tornadoes, or other severe weather or climatic conditions, acts of public enemy, war, blockade, insurrection, vandalism or sabotage, fire, accident, wreck, derailment, washout or explosion, strike, lockout or labor disputes experienced by the parties hereto, embargoes or AAR

service orders; Federal Railroad Administration (FRA) orders, or governmental laws, orders or regulations.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

WITNESS

CSX TRANSPORTATION, INC.

AVP - Joint Facilities

WITNESS

NORFOLK SOUTHERN RAILWAY COMPANY

Title

WITNESS

PENNSYLVANIA LINES LLC

Title

WITNESS

NEW YORK CENTRAL LLC

Title

THIS AGREEMENT, entered into this _____ day of _____, 1997, by and between CSX Transportation, Inc. a Virginia corporation, hereinafter referred to as "CSXT," Norfolk Southern Railway Company, including its subsidiaries and affiliates, a Virginia corporation, hereinafter referred to as "NSR"; Pennsylvania Lines LLC, a Delaware limited liability company, hereinafter referred to as "PRR", and New York Central LLC, a Delaware limited liability company, hereinafter referred to as "NYC";

WITNESSETH:

WHEREAS, CSX Corporation ("CSX"), parent to CSXT, and Norfolk Southern Corporation ("NSC"), parent to NSR, have entered into a Transaction Agreement (the "Transaction Agreement") between themselves; CSXT, a wholly-owned subsidiary of CSX; NSR; Conrail, Inc. ("CRR"); Consolidated Railroad Corporation ("CRC"), a wholly-owned subsidiary of CRR; and CRR Holdings LLC; and

WHEREAS, CSX and NSC have indirectly acquired all the outstanding capital stock of CRR; and

WHEREAS, pursuant to the Transaction Agreement, certain assets of CRC have been allocated to NYC, which is a wholly-owned

subsidiary of CRC, to be operated by CSXT under the terms of an Allocated Assets Operating Agreement (the "CSXT Operating Agreement") between NYC and CSXT; and

WHEREAS, pursuant to the Transaction Agreement, certain assets of CRC have been allocated to PRR, which is a wholly-owned subsidiary of CRC, to be operated by NSR under the terms of an Allocated Assets Operating Agreement (the "NSR Operating Agreement") between PRR and NSR; and

WHEREAS, under provisions of the Transaction Agreement, NSR will have rail access to certain industries at Upper Sandusky, Ohio, using lines owned by NYC and operated by CSXT under the CSXT Operating Agreement; and

WHEREAS, for operating efficiencies, the parties desire that CSXT switch cars to and from the respective industries at Upper Sandusky, Ohio for the accounts of NSR and CSXT;

NOW, THEREFORE, the parties hereto do mutually agree as follows:

SECTION 1. INDUSTRY SWITCHING

- (a) CSXT, acting as agent for NSR, will perform switching of cars to and from the hereinafter identified industries (each hereinafter referred to as "Industry"), located at or near CSXT milepost , in Upper Sandusky, Ohio, for the account of NSR, and provide services as necessary to handle such traffic between said Industry and mutually agreed upon trackage at Upper Sandusky, Ohio. CSXT will use its own crews and locomotives to perform said services.

- (b) For revenue purposes, cars switched under this Agreement shall remain in the account of NSR, and CSXT shall not be entitled to any line haul revenue for the handling of such cars, nor appear in any rates, routes or divisions pertaining to any cars in the account of NSR, except as specified in Section 5 hereof.

- (c) NSR shall assume its own car hire expenses, and CSXT shall assess and collect all related demurrage charges.

SECTION 2. DELIVERY AND RECEIPT OF CARS

- (a) Cars handled under this Agreement shall be considered as having been delivered by one party to the other when placed on mutually agreed upon trackage designated for such deliveries, accompanied or preceded by the necessary data for forwarding and to insure delivery and acceptance by the designated representative of the receiving road.

- (b) CSXT and NSR shall provide each other with suitable information (which may be transferred by paper documents, facsimiles, or electronic means, or by other means, as mutually agreed) necessary for the handling of cars switched under this Agreement, which will identify for each car:
 - (1) Car initial and number.
 - (2) Loaded or empty.
 - (3) Destination station and consignee on inbound movements.
 - (4) Origin and shipper as supplied by the shipper on outbound movements.
 - (5) All required hazardous materials information.

(6) Any other information as agreed between the parties to be necessary or convenient for the safe, efficient movements of cars switched under terms of this Agreement.

(c) CSXT may make repairs to cars switched under terms of this Agreement as may be necessary for safe transit, and CSXT may make adjustments to or transfers of lading from crippled, defective or overloaded cars, as in its determination may be necessary to safely move said cars. NSR shall reimburse CSXT its full cost for repairs, adjustments and lading transfers promptly upon receipt of billing therefor.

SECTION 3. INSPECTION

CSXT shall not be responsible for making any mechanical inspection of cars in the account of NSR switched to and from the industry.

SECTION 4. INTERRUPTION, DELAY

In the event the use of trackage in performing the referenced switching services shall be interrupted or traffic

delayed at any time from any cause, neither party shall have any claim against the other party for liability of any kind from such interruption or delay.

SECTION 5. COMPENSATION

(a) NSR shall pay CSXT a mutually agreed upon rate for each loaded car handled by CSXT for the account of NSR to and from the Industry for the first six months from the effective date of this Agreement. After said six months, CSXT and NSR will jointly conduct a study to determine CSXT's actual cost of handling cars in the account of NSR to and from the Industry, and the agreed upon rate, hereinafter referred to as the "Current Charge", will be retroactive to the effective date of this Agreement.

(b) At the option of either party hereto the Current Charge shall be open to renegotiation every five (5) years from the effective date of this Agreement. In the event the parties fail to reach agreement upon such renegotiation, such failure shall not constitute a breach of this Agreement and the parties shall continue

to be bound by the terms of compensation provided in this Section 5 until the matter is settled or submitted to binding arbitration as provided in Section 8.

- (c) The Current Charge shall be revised upward or downward each year, beginning with the bill rendered during the first month of July following the effective date of this Agreement, to compensate for the increase or decrease in the cost of labor and material, including fuel, as reflected in the "Annual Indexes of Charge-Out Prices and Wage Rates (1977=100)", included in "AAR Railroad Cost Indexes" and supplements thereto, issued by the Association of American Railroads, hereinafter called "AAR". In making such determination, the final "Material prices, wage rates and supplements combined (including fuel)" indexes for the East District shall be used.
- (d) The Current Charge shall be revised by calculating the percentage of increase or decrease in the index of the latest calendar year as related to the index for the previous calendar year and applying that percentage to the Current Charge.

(e) By way of example, assuming "A" to be the "Material prices, wage rates and supplements combined (including fuel)" final index figure for 1996; "B" to be the "Material prices, wage rates and supplements combined (including fuel)" final index figures for 1997; "C" to be the Current Charge; and "D" to be the percentage of increase or decrease the revised Current Charge would be determined by the following calculations:

$$(1) \quad \frac{(B-A)}{A} = D$$

$$2) \quad (C \times D) + C = \text{revised Current Charge rounded to the nearest cent, effective July 1 of the year being revised.}$$

(f) In the event the base for the "Annual Indexes of Chargeout Prices and Wage Rates" issued by the AAR shall be changed from the year 1977, appropriate revision shall be made. If the AAR or any successor organization discontinues the "Annual Indexes of Chargeout Prices and Wage Rates", an appropriate substitute for determining the percentage of increase or decrease shall be negotiated by the parties hereto. In the absence of agreement, the parties shall submit the matter to arbitration.

- (g) CSXT shall keep and maintain an accurate account of all loaded cars handled by it for the account of NSR, and shall at the end of each month, render an itemized bill, computed in accordance with the provisions herein, to NSR for payment.
- (h) NSR shall pay within thirty (30) days from receipt thereof, and any errors or omissions in such bills shall be adjusted in subsequent billing.
- (i) The records of each party hereto, insofar as they pertain to matters covered by this Agreement, shall be open at all reasonable times to inspection by the other party.

6. LIABILITY

The responsibility between the parties hereto for loss of, damage to, and destruction of any property whatsoever and injury to and death of any person or persons whomsoever, resulting from, arising out of, incidental to or occurring in connection with this Agreement, hereinafter referred to as a Loss, shall be apportioned as follows without regard to consideration of fault or negligence:

(a) Whenever a Loss occurs with only one train operated by CSXT being involved and such train is hauling cars, empty or loaded, in only NSR's account or cars in NSR's account as well as cars in CSXT's account; then each party hereto agrees to assume and bear all liability, cost and expense for all cars, both empty and loaded, including lading, in its own account being handled in such train, and the parties hereto further agree that injury to or death of any person or persons whomsoever and loss, damage or destruction of all other property, including without limitation, the train(s), locomotive(s), equipment or trackage, so occurring shall be either: (i) borne solely by NSR if the train is handling only NSR cars, or (ii) borne solely by each party hereto in proportion to the number of cars, both empty and loaded, which each party hereto has in its own account in such train, if the train is handling cars in the accounts of both parties hereto.

(b) Whenever a Loss occurs with more than one train operated by CSXT being involved and any or all of such trains are handling only NSR cars or NSR cars as well as cars in CSXT's account; then each party hereto agrees to assume and bear all liability, cost and

expense for all cars, empty and loaded, including lading, in its own account handled in such trains, and the parties further agree that injury to or death of any person or persons whomsoever and loss, damage or destruction of all other property, including, without limitation, trains, locomotives, equipment or trackage, so occurring shall be borne as follows: total liability, cost and expense arising not otherwise borne separately by the parties as provided above shall be first equally divided by the number of trains involved and then (i) that portion of said liability, cost and expense apportioned to any train(s) which is (are) handling cars, both empty and loaded, only the account of CSXT shall be borne solely by CSXT, (ii) that portion of said liability, cost and expense apportioned to any train(s) which is (are) handling only NSR cars shall be borne solely by NSR, and (iii) that portion of said train(s) handling cars, both empty and loaded, in the accounts of both parties shall be shared and borne by each party hereto in proportion to the number of cars, both empty and loaded, which each party has in its own account in each such train.

- (c) Whenever a Loss occurs with the train(s) of CSXT and another railroad or other company that is not a party to this Agreement being involved and any of such CSXT train(s) is (are) handling only NSR cars, and/or NSR cars as well as cars in CSXT's account; then each party hereto agrees to assume and bear all liability, cost and expense for all cars, both empty and loaded, including lading, in its own account handled in the CSXT train(s), and the parties hereto further agree as between themselves that all other liability, cost and expense incurred by CSXT as a result thereof shall be shared by both parties hereto in proportion to the total number of cars, both empty and loaded, which each party has in its own account in the CSXT trains so involved, excluding any cost and expense paid by said other railroad.
- (d) Notwithstanding any of the foregoing provisions of this Section, when any damage to or destruction of the environment whatsoever, including without limitation land, air, water, wildlife and vegetation, occurs with one or more trains of CSXT being involved, and any or all of such trains are handling only NSR cars or NSR cars as well as cars in CSXT's account, then, as

between themselves: (i) CSXT shall be solely responsible for any such damage or destruction to the environment which results solely from a substance which was being transported in the car or cars of, or in the account of CSXT, and from which there was a release; (ii) NSR shall be solely responsible for any such damage or destruction to the environment which results solely from a substance which was being transported in NSR cars and from which there was a release; and (iii) responsibility for any such damage or destruction to the environment which results from a substance in the cars of, or in cars in the account of, both CSXT and NSR from which there was a release shall be shared by both parties hereto in proportion to the total number of cars which each party had in its accounts, containing the same substance and from which there was a release.

- (e) In every case of death or injury suffered by an employee of CSXT or NSR, when compensation to such employee or employee's dependents is required to be paid under any present or future state or federal workmen's compensation, occupational disease, employers' liability or other law, and NSR under

provisions of this Agreement, is required to pay same or a portion of same in installments over a period of time, NSR shall not be released from paying any such future installments by reason of the expiration or other termination of this Agreement prior to any of the respective dates upon which any such future installments are to be paid.

(f) CSXT agrees that it will, upon request from NSR, institute or defend, in NSR's name, any action relating to a claim for loss, damage, destruction, injury or death. NSR agrees to indemnify CSXT and save it harmless from any loss, costs, expenses and legal fees incurred by CSXT instituting or defending any such action in its name, or on behalf of NSR.

(g) Each party hereto agrees to indemnify and save harmless the other party hereto from and against all liabilities, costs and expenses which it has agreed to assume under this Section. Furthermore, each party hereto agrees to indemnify and save harmless the other party for any legal fees, arbitration expenses and awards or expenses incurred by the indemnifying party

in connection with any liability, cost and expense assumed by the other party hereto in this Section.

- (h) CSXT shall notify NSR of any accident, or incident which results in or could result in an action, claim, suit or demand against NSR by CSXT or any third party or which results in or could result in any indemnification or claim for indemnification by CSXT against NSR. Such notice shall include all available details with respect to time, place and circumstances and details of all investigations made.
- (i) Locomotives shall be considered as performing switching service on behalf of NSR when such locomotives are coupled to a train containing NSR cars.
- (j) Whenever circumstances require wrecking service or wrecking train service in connection with the switching subject of this Agreement, CSXT shall perform such service as promptly as possible, and the cost thereof shall be borne as provided in this Section.
- (k) Each party will investigate, adjust and defend all cargo related claim liability filed with it in

accordance with 49 U.S.C. Section 11706 or 49 C.F.R. Section 1005, or in accordance with any applicable transportation contract filed pursuant to 49 U.S.C. Section 10709.

- (l) All costs and expenses in connection with the investigation, adjustment and defense of any claim or suit under this Agreement shall be included as costs and expenses in applying the liability provisions set forth in this Agreement except that salaries or wages of full-time agents, full-time attorney's and other full-time employees of either party engaged directly or indirectly in such work shall be borne by such party.

- (m) Excluding cargo related claim liability filed in accordance with 49 U.S.C. Section 11706 or 49 C.F.R. Section 1005, neither party shall settle or compromise any claim, demand, suit or cause of action for which the other party has any liability under this Agreement without the concurrence of such other party in the consideration for such settlement or compromise exceeds Thirty-Five Thousand Dollars (\$35,000).

(n) Section 6, Subsections (a) through (m) shall apply only to the amount of Loss resulting from a single incident which is \$25 million or less. Responsibility for Losses resulting from a single incident which exceed \$25 million shall be allocated to the extent of such excess to CSXT and NSR in proportion to their respective fault or negligence in causing such Loss, subject to the following rules: (1) the total amount of Loss for which each party would otherwise be responsible under Section 6, Subsections (a) through (m) shall be determined, on a comparative percentage basis; (2) for each party, multiply \$25 million by the comparative percentage determined for that party in Section 6(n)(1); (3) the Loss for which each party is responsible in excess of the amount determined in Section 6(n)(2) shall be allocated between or among CSXT and NSR in proportion to their respective fault or negligence in causing the Loss. As used in this Section 6(n), the term "Loss" shall exclude consequential, indirect, incidental or other similar damage, injury or loss to either CSXT or NSR and claims for exemplary and punitive damages by any party hereto on its own behalf against another party hereto. By way of example, if a Loss from a single incident were \$100

million, of which CSXT would be responsible for \$80 million under Section 6, Subsections (a) through (m), and NSR would be responsible for \$20 million under Section 6, Subsections (a) through (m), then CSXT would be responsible for \$20 million and NSR would be responsible for \$5 million of such Loss under Section 6(n)(1), and the remaining \$75 million of Loss would be apportioned between or among CSXT and NSR in proportion to their respective fault or negligence in causing the Loss. Any dispute between or among the parties hereto in computing the comparative percentage, in determining their respective fault or negligence in causing the Loss or otherwise relating to their respective responsibilities for Loss arising out of, incidental to or occurring in connection with any such incident, including any Loss exceeding \$25 million, shall be submitted for resolution by binding arbitration pursuant to Section 8. The \$25 million amount referred to in this Section 6(n) may be adjusted every five years following the date of this Agreement with the prior approval of all parties, which approval may be given or refused in sole discretion of each party.

- (o) Each party shall assume and bear all responsibility for Loss caused by acts or omissions of any of its employees while under the influence of drugs or alcohol or by the intentional and criminal misconduct of any such employee and Section 6, Subsections (a) through (n) shall not apply to any such Loss.

SECTION 7. EMPLOYEE CLAIMS

Each party agrees to indemnify and hold harmless the other party against any and all costs and payments, including benefits, allowances and arbitration, administrative and litigation expenses, arising out of claims or grievances made by or on behalf of its own employees, either pursuant to employee protective conditions imposed by a governmental agency as conditions for that agency's approval of this Agreement and operations hereunder, or pursuant to a collective bargaining agreement. It is the intention of the parties that each party shall bear the full costs of protection of its own employees under employee protective conditions which may be imposed, and of grievances filed by its own employees arising under its collective bargaining agreements with its employees.

SECTION 8. ARBITRATION

Any irreconcilable dispute arising between the parties with respect to this Agreement shall be jointly submitted for binding arbitration under the Commercial Arbitration Rules of the American Arbitration Association. The decision of the arbitrator shall be final and conclusive upon the parties hereto. Each party to the arbitration shall pay the compensations, costs, fees and expenses of its own witnesses, experts and counsel. The compensation, costs and expense of the arbitrator, if any, shall be borne equally by the parties hereto. The arbitrator shall not have the power to award consequential or punitive damages or to determine violations of criminal or antitrust laws. Pending the award of the arbitrator, there shall be no interruption in the transaction of business under this Agreement, and all payments in respect thereto shall be made in the same manner as prior to the arising of the dispute until the matter in dispute shall have been fully determined by arbitration, and thereupon such payment or restitution shall be made as required by the decision of the arbitrator.

SECTION 9.

TERM AND TERMINATION

- (a) This Agreement shall take effect on the day and year first above written and continue in full force and effect for one twenty-five (25) year period and continue thereafter year to year until terminated by mutual consent of the parties hereto.

- (b) The rights, benefits, duties and obligations running from or to NSR under this Agreement shall in all events expire (except liabilities incurred prior to termination) upon the earlier of (i) termination of this Agreement or (ii) termination of the NSR Operating Agreement (including any renewals thereof) and the rights, benefits, duties and obligations running from or to CSXT under this Agreement shall in all events expire (except liabilities incurred prior to termination) upon the earlier of (i) termination of this Agreement or (ii) termination of the CSXT Operating Agreement (including any renewals thereof); provided, however, that upon termination of the NSR Operating Agreement, the rights, benefits, duties and obligations running from or to NSR under this Agreement shall run from or to PRR and upon termination of the

CSXT Operating Agreement, the rights, benefits, duties and obligations running from or to CSXT under this Agreement shall run from or to NYC.

- (c) Termination of this Agreement shall not relieve or release either party hereto from any obligation assumed or from any liability which may have arisen or been incurred by either party under the terms of this Agreement prior to the termination hereof.

SECTION 10. SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto. Neither party hereto shall transfer or assign this Agreement, or any of its rights, interests, or obligations hereunder, to any person, firm or corporation without obtaining the prior written consent of the other party.

SECTION 11. NOTICE

Any notice required or permitted to be given by one party to the other under this Agreement shall be deemed given on the date

sent by certified mail, or by such other means as the parties may mutually agree, and shall be addressed as follows:

(a) If to CSXT:

Assistant Vice President - Joint Facilities
CSX Transportation, Inc. J200
500 Water Street
Jacksonville, Florida 32202

(b) If to NSR:

Vice President Transportation & Mechanical
Norfolk Southern Railway Company
Three Commercial Place
Norfolk, Virginia 23510-2191

(c) If to PRR:

(d) If to NYC:

Either party may provide changes in the above addresses to the other party by personal service or U.S. mail.

SECTION 12. GENERAL PROVISIONS

(a) This Agreement and each and every provision hereof are for the exclusive benefit of the parties hereto and not for the benefit of any third party. Nothing herein contained shall be taken as creating or increasing any

right in any third party to recover by way of damages or otherwise against either of the parties hereto.

- (b) All Section headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.
- (c) This Agreement and the attachments annexed hereto and integrated herewith contains the entire agreement of the parties hereto and supersedes any and all oral understandings between the parties with respect to the subject matter hereof.
- (d) No term or provisions of this Agreement may be changed, waived, discharged, or terminated except by an instrument in writing signed by both parties to this Agreement.
- (e) All words, terms and phrases used in this Agreement shall be construed in accordance with the generally applicable definition or meaning of such words, terms, and phrases in the railroad industry.

SECTION 13. CONFIDENTIALITY

Except as provided by law or by rule, order, or regulation of any court or regulatory agency with jurisdiction over the subject matter of this Agreement or as may be necessary or appropriate for a party hereto to enforce its rights under this Agreement, during the term of this Agreement and during three (3) years after termination of this Agreement, the terms and provisions of this Agreement and all information to which access is provided or obtained hereunder will be kept confidential and will not be disclosed by either NSR or CSXT to any party other than each party's respective parent corporation, subsidiaries and affiliates, and their respective directors, officers, agents, employees and attorneys, without the prior written approval of the other party.

SECTION 14. INDEMNITY COVERAGE

As part of the consideration hereof, each party hereby agrees that all of its indemnity commitments in this Agreement in favor of the other party shall also extend to and indemnify the parent corporation, the subsidiaries and affiliates of such other party, and all of their respective directors, officers, agents and employees.

SECTION 15. FORCE MAJEURE

CSXT shall not be responsible to NSR for delays or failure to perform under this Agreement if such delays or failure to perform are covered by circumstances beyond its control, including, but not limited to, Acts of God, floods, storms, earthquakes, hurricanes, tornadoes, or other severe weather or climatic conditions, acts of public enemy, war, blockade, insurrection, vandalism or sabotage, fire, accident, wreck, derailment, washout or explosion, strike, lockout or labor disputes experienced by the parties hereto, embargoes or AAR service orders; Federal Railroad Administration (FRA) orders, or governmental laws, orders or regulations.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

WITNESS

CSX TRANSPORTATION, INC.

AVP - Joint Facilities

WITNESS

NORFOLK SOUTHERN RAILWAY COMPANY

Title

WITNESS

PENNSYLVANIA LINES LLC

Title

WITNESS

NEW YORK CENTRAL LLC

Title

**AGREEMENT RELATING TO THE CONTRACTUAL
RIGHTS AND OWNERSHIP INTEREST OF
CONSOLIDATED RAIL CORPORATION WITH RESPECT
TO THE INDIANA HARBOR BELT RAILROAD COMPANY**

THIS AGREEMENT (the "IHB Agreement") relating to the contractual rights and ownership interest of Consolidated Rail Corporation ("CRC") with respect to the Indiana Harbor Belt Railroad Company ("IHB") and related matters, dated and effective as of _____, 199__, is by and between CSX Corporation ("CSX") and Norfolk Southern Corporation ("NSC").

WITNESSETH:

WHEREAS, all capitalized terms in this IHB Agreement have the respective meanings set forth in *Section 1*;

WHEREAS, CSX (or its wholly-owned subsidiary) and NSC (or its wholly-owned subsidiary) own all of the equity interests in CRR Holdings LLC ("LLC") and each of CSX and NSC has a 50% voting interest in LLC;

WHEREAS, LLC owns, directly or indirectly, all of the equity interests in Conrail Inc. ("CRR") and has received the approval of the Surface Transportation Board with respect thereto;

WHEREAS, CRR owns all of the equity interests in CRC;

WHEREAS, CRC is the owner of 51% of the common stock of IHB;

WHEREAS, various members of the CRR Group are parties to a number of contracts with IHB (the "IHB Contracts") providing, among other things, for the grant of trackage rights over the IHB System in favor of such members of the CRR Group and for the coordination of operations between members of the CRR Group and IHB;

WHEREAS, in recognition of the importance of the IHB Contracts to CRR and, consequently, to CSX's and NSC's operations, the parties hereto have agreed upon (i) a program to govern various matters relating to the IHB which will be effectuated through the exercise by CRC of its Ownership Rights and (ii) related matters; and

WHEREAS, the parties hereto desire to specify the terms of their agreement;

NOW, THEREFORE, in consideration of the premises, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties hereto, the parties hereto agree as follows:

Section 1. *Definitions.*

For purposes of this IHB Agreement, the following terms have the meaning specified or referred to in this Section, unless the context clearly requires otherwise:

"Appointed Directors" means the members of the board of managers, board of directors or similar governing body of LLC, CRR, CRC or IHB, and the officers of LLC, CRR or CRC, appointed or elected, directly or indirectly, by CSX or NSC, as the case may be.

"B&OCT" means the Baltimore & Ohio Chicago Terminal Railroad Company.

"B&OCT Lines" means the rail lines between the vicinity of Pine, Indiana, on the one hand, and Franklin Park, Illinois, on the other, and related facilities (including, without limitation, Barr Yard) owned, leased or licensed by the B&OCT.

"Blue Island Yard" means the Blue Island classification yard of IHB located in Riverdale, Illinois.

"CIS Agreement" means the agreement relating to the IHB System, dated October 31, 1907, between the IHB and the Chicago, Indiana and Southern Railroad Company, as amended.

"CRC" has the meaning given that term in the first paragraph of this IHB Agreement.

"CRR" has the meaning given that term in the preamble of this IHB Agreement.

"CRR Group" means CRR, CRC, each other controlled subsidiary of CRR (other than IHB), NYC and PRR.

"CRR Owned IHB Assets" means the portions of the IHB System owned by members of the CRR Group and leased or licensed to the IHB, including, without limitation, Gibson Yard, the Indiana Harbor Line and the East-West Line.

"CSX" has the meaning given that term in the first paragraph of this IHB Agreement.

"CSX Group" means CSX, CSXT and each other controlled subsidiary of CSX (including NYC).

"CSXT" means CSX Transportation, Inc., a wholly-owned subsidiary of CSX.

"East-West Line" means the rail line owned by members of the CRR Group from Ivanhoe, Indiana to the western end of their ownership near the state line between Indiana and Illinois.

"General Manager" means the general manager of IHB.

"Gibson Crossing" means the crossing of rail lines owned and leased by IHB at the east end of Gibson Yard.

"Gibson Yard" means the Gibson switching yard and adjacent facilities and property owned by members of the CRR Group and located in Hammond, Indiana.

"IHB" has the meaning given that term in the first paragraph of this IHB Agreement.

"IHB Agreement" has the meaning given that term in the first paragraph of this IHB Agreement.

"IHB Contracts" has the meaning given that term in the preamble of this IHB Agreement.

"IHB Owned Assets" means the portions of the IHB System owned by IHB.

"IHB System" means the rail lines and related facilities owned, leased or licensed by IHB.

"Indiana Harbor Line" means the rail line owned by members of the CRR Group from control point 502/Indiana Harbor to Osborn, Indiana (Milepost 6.3).

"LLC" has the meaning given that term in the preamble of this IHB Agreement.

"NSC" has the meaning given that term in the first paragraph of this IHB Agreement.

"NSC Group" means NSC, NSR and each other controlled subsidiary of NSC (including PRR).

"NSR" means Norfolk Southern Railway Company, a wholly-owned subsidiary of NSC.

"NYC" has the meaning given that term in the Transaction Agreement.

"Ownership Rights" means any rights to vote stock, appoint directors, bring suit and any other right or privilege available, by law or contract, to CRC as a stockholder in IHB.

"PRR" has the meaning given that term in the Transaction Agreement.

"Streator Line" means the rail line owned by members of the CRR Group between Osborn, Indiana (Milepost 6.3) and Streator, Illinois.

"Transaction Agreement" means the Transaction Agreement among CSX, CSXT, NSC, NSR, CRC, CRR and LLC, dated as of June 10, 1997.

Section 2. *Exercise of Ownership Rights.*

Each of CSX and NSC agrees as follows, and will cause and direct each of its Appointed Directors to act accordingly, with respect to the exercise by CRC of its Ownership Rights:

(a) *In General.* The ownership interest of CRC in IHB will remain in CRC. Except as otherwise provided herein, CSX and NSC have an equal right to direct the exercise by CRC of its Ownership Rights, including, without limitation, the right to select an equal number of directors of IHB to be elected by CRC.

(b) *General Manager.* (1) CRC will cause the person selected by CSX and approved by NSC, which approval will not be unreasonably withheld or delayed, to be elected or appointed as General Manager.

(2) NSC may, from time to time in its reasonable discretion but no sooner than 12 months after the last change pursuant to this *Section 2(b)(2)*, require that a different person be selected, approved and elected or appointed as General Manager pursuant to *Section 2(b)(1)*.

(c) *IHB Contracts.* If any IHB Contract (other than an IHB Contract under which CRC as owner or lessor of designated rail lines or facilities has leased or granted operating or trackage rights with respect to such lines or facilities to IHB) expires or is otherwise not in full force and effect or if any other agreement affecting the operations of any member of the CRR Group, the CSX Group or the NSC Group in connection with IHB

expires or is otherwise not in full force and effect, CRC will take, and cause to be taken, appropriate steps to have new agreements executed or take, and cause to be taken, other actions necessary to preserve and maintain the interests of CSX and NSC as provided in this IHB Agreement.

(d) *Dispatching.* (1) Dispatching of trains over the IHB System ("IHB dispatching") will continue to be the responsibility of the IHB and will continue to be performed locally in the Chicago area.

(2) Except as otherwise provided herein, CSX will have the right to direct the exercise by CRC of its Ownership Rights with respect to IHB dispatching, including Gibson Crossing.

(3) If NSC becomes dissatisfied with the treatment of movements of members of the NSC Group in connection with IHB dispatching, NSC may give written notice of such dissatisfaction to CSX. Promptly after receipt of such written notice, the parties hereto will attempt to resolve such dispatching concerns. If the attempt does not reasonably resolve the concerns of NSC about IHB dispatching, NSC may request the right (described in *Section 2(d)(2)*) to direct the exercise by CRC of its Ownership Rights with respect to IHB dispatching. If CSX agrees with such request, NSC will have such right. If CSX disagrees with such request or fails to respond within 30 days, the matter will be submitted to binding arbitration pursuant to this IHB Agreement and the arbitrator will have the power to direct that NSC will have such right or such other remedy as the arbitrator may direct, subject to *Section 2(d)(1)*.

(4) From time to time, but no sooner than 12 months after the last change in authority to exercise the right described in *Section 2(d)(3)* or related arbitration pursuant to this IHB Agreement, the party hereto not then having such right may request a change pursuant to the provisions of this *Section 2(d)*.

(e) (1) *Blue Island Yard*. CSX will have the right to direct the exercise by CRC of its Ownership Rights with respect to the Blue Island Yard; *provided* that members of the NSC Group will be permitted to use the Blue Island Yard solely for purposes of moving, switching or handling traffic which is to and/or from IHB switched industries.

(2) *Gibson Yard*. CSX and NSC will direct the exercise by CRC of its Ownership Rights so that CSXT and NSR will each have full, joint and equal commercial access and usage rights with respect to Gibson Yard.

(f) (1) *Indiana Harbor Line*. NSC will have the right to direct the exercise by CRC of its Ownership Rights with respect to the Indiana Harbor Line (including dispatching, other than with respect to Gibson Crossing), which is allocated to PPR pursuant to the Transaction Agreement.

(2) *East-West Line*. CSX will have the right to direct the exercise by CRC of its Ownership Rights with respect to the East-West Line (including dispatching), which is allocated to NYC pursuant to the Transaction Agreement.

(g) *IHB Owned Assets and IHB Services*. (1) Except as otherwise provided herein, CSXT and NSR will direct the exercise by CRC of its Ownership Rights so that each will be granted the right to full, joint and equal use, including, without limitation, overhead

trackage rights and access to IHB industries, of each of the IHB Owned Assets on a basis that is comparable to that provided to members of the CRR Group (if such use was so provided) and that does not unreasonably interfere with the rights of others to use such Assets.

(2) Except as otherwise provided herein, CSXT and NSR will direct the exercise by CRC of its Ownership Rights so that each will be granted the right to full, joint and equal use of services provided by IHB, including, without limitation, switching services, on a basis that is comparable to that provided to members of the CRR Group (if such services were so provided) and that does not unreasonably interfere with the rights of others to use such services.

(3) If requested by either CSXT or NSR, CSXT and NSR will direct the exercise by CRC of its Ownership Rights so that the requesting party will similarly be provided third party rights on IHB, on a basis that does not unreasonably interfere with the rights of others to use such services.

(h) *Action with respect to CRC's exercise of contract rights.* To the extent that an action by IHB is necessary or advisable with respect to the effectuation of any of the actions by CRC provided for in *Section 4* of this IHB Agreement, CSX and NSC will direct the exercise by CRR of its Ownership Rights to cause the taking of such action by IHB.

(i) Nothing herein contained will be taken to authorize or direct the taking of any action which would be a violation of any fiduciary duty owed by a controlling stockholder to a corporation or to the other stockholders, or by the board of directors to the stockholders, or any of them, of a corporation. The parties hereto believe that the ordinary

operations of the provisions herein should not result in any such breach of duty, but all the provisions hereof will be deemed to be subject to the terms of the preceding sentence. Should there be disagreement between the parties hereto as to such a matter, it will be handled as if it were a disagreement among directors provided for by *Section 3(b)*, and the result of the process therein provided will govern the position to be taken by the parties hereto on such matter, subject to any determination by a regulatory authority or court to the contrary. Any member of the CRR Group, the CSX Group or the NSC Group which holds any valid contractual rights as to which IHB is a counterparty may exercise its rights to the same extent as if it were not a shareholder of IHB or a party controlling a shareholder of IHB.

Section 3. *Effectuation Provisions.*

(a) *Attendance at Meetings.* Appointed Directors of IHB will consult with one another prior to any meeting or other action of the IHB Board of Directors, and will attend such meetings and act in accordance with Section 2, or will, to the extent permitted under law, take such actions as are in accordance with Section 2 by written consent.

(b) *Disagreements among Appointed Directors.* In the event that CSX's and NSC's Appointed Directors disagree as to the appropriate actions required to implement and effectuate the provisions of this IHB Agreement, the parties hereto will negotiate in good faith for 30 days to resolve such disagreement. If no agreement is reached within such 30-day period, the matter will be submitted to binding arbitration pursuant to *Section 6* of this IHB Agreement.

(c) In furtherance of this IHB Agreement, the parties hereto will use their best efforts, and will take or cause to be taken such actions as are necessary or advisable, to effectuate this IHB Agreement.

(d) The CSX Group and the NSC Group, respectively, will cause the directors of IHB nominated by them faithfully to observe the terms of this IHB Agreement and will instruct CRC to exercise any powers of removal it has over any such director who persists in any violation of the terms of this IHB Agreement, the successor of such director to be nominated and elected as provided for in this IHB Agreement.

Section 4. *Related Matters.*

(a) *CRC Assignments.* Each of CSX and NSC agrees as follows in their individual capacities and in their capacities as indirect shareholders of CRC, but not in their capacities as parties having the power to direct the actions of CRC as a shareholder of IHB:

(1) CRC will assign, in accordance with the Transaction Agreement, (a) its mainline fee interests and/or any other interests and rights in the Indiana Harbor Line and (b) all its rights and obligations under each of the IHB Contracts primarily relating to the Indiana Harbor Line, to PRR as part of the PRR Allocated Assets (as such terms are defined in the Transaction Agreement) or, if such assignment cannot be accomplished, CRC and CSX will provide PRR the benefits thereof in accordance with the Transaction Agreement; *provided that*, notwithstanding the Transaction Agreement, such assignment of CRC's fee interests and/or any other interests and rights in the Indiana Harbor Line (i) will be limited to

interests in CRC's main line and will not include appurtenant branch lines or property and (ii) will not include any fee interests and/or any other interests and rights in Gibson Yard.

(2) CRC will assign, in accordance with the Transaction Agreement, (a) its mainline fee interests and/or any other interests and rights in the East-West Line and (b) all its rights and obligations under each of the IHB Contracts primarily relating to the East-West Line, to NYC as part of the NYC Allocated Assets (as such terms are defined in the Transaction Agreement) or, if such assignment cannot be accomplished, CRC and NSC will provide NYC the benefits thereof in accordance with the Transaction Agreement; *provided that*, notwithstanding the Transaction Agreement, such assignment of CRC's fee interests and/or any other interests and rights in the East-West Line (i) will be limited to interests in CRC's main line and will not include appurtenant branch lines or property and (ii) will not include any fee interests and/or any other interests and rights in Gibson Yard.

(3) CRC will assign, in accordance with the Transaction Agreement, its rights and obligations under the CIS Agreement, to NYC as part of the NYC Allocated Assets (as such terms are defined in the Transaction Agreement) or, if such assignment cannot be accomplished, CRC and NSC will provide NYC the benefits thereof in accordance with the Transaction Agreement.

(4) Upon the accomplishment of the assignment referred to in *Section 4(a)(3)*, NYC will grant to NSR the right to full, joint and equal use of the rights so assigned to the extent such grant is consistent with such assignment.

(5) CRC will assign such of its other rights and obligations under other IHB Contracts as may be necessary or convenient to effectuate the intent of this IHB Agreement and permit the implementation of the operating plan of each party hereto.

(b) *CRR Owned IHB Assets.* Each of CSX and NSC agrees as follows, and will cause each member of the CSX Group and the NSC Group, respectively, to act accordingly, with respect to the CRR Owned IHB Assets:

(1) Except as otherwise provided herein, CSXT and NSR will each be granted the right to full, joint and equal use, including, without limitation, overhead trackage rights, of each of the CRR Owned IHB Assets.

(2) NSR will have the right to control the Indiana Harbor Line (including dispatching, other than with respect to Gibson Crossing), which is allocated to CRR pursuant to the Transaction Agreement. Without regard to the ownership of the Indiana Harbor Line, CSXT will have unrestricted trackage rights on the Indiana Harbor Line in perpetuity on terms equivalent to the terms previously enjoyed by the parties and subject to the provisions of *Section 4(e)* hereof.

(3) CSXT will have the right to control the East-West Line (including dispatching), which is allocated to NYC pursuant to the Transaction Agreement. Without regard to the ownership of the East-West Line, NSR will have unrestricted trackage rights on the East-West Line in perpetuity on terms equivalent to the terms previously enjoyed by the parties and subject to the provisions of *Section 4(e)* hereof.

(c) *IHB Contracts.* If any IHB Contract under which CRC as owner or lessor of designated rail lines or facilities has leased or granted operating or trackage rights with respect to such lines or facilities to IHB expires or is otherwise not in full force and effect, otherwise than by reason of the succession of the CSX Group or the NSC Group to the status of CRC as such owner or lessor, CRC will take, and cause to be taken, such actions to have new agreements executed on the same basis as and for a term of years equal to the expiring agreement, or take, or cause to be taken, such other actions as may be agreed to by CSX and NSC; *provided*, however, that (i) with respect to any such IHB Contract relating to the Indiana Harbor Line, CRC shall take such actions, if any, as may be directed by PRR and/or NSC, and (ii) with respect to any such IHB Contract relating to the East-West Line, CRC shall take such actions, if any, as may be directed by NYC and/or CSX.

(d) *B&OCT Lines.* (1) CSX has agreed, and will cause each member of the CSX Group to act accordingly, to grant NSR (i) overhead trackage rights over the B&OCT Lines, (ii) the right to enter and exit at B&OCT's Barr Yard for set out or pick up of rail cars and interchange with B&OCT and its affiliates and (iii) the right to enter and exit at or near Blue Island for access to IHB.

(e) If CSXT and NSR pay a different rate for use of any given part of the IHB System or for the same provision of services by IHB, then the party paying the lower rate will reimburse the party paying the higher rate, monthly within 30 days of receipt of a statement therefor, an amount equal to the difference between the charges pursuant to the higher rate and what the charges would have been pursuant to the lower rate.

Section 5. *Term.*

This IHB Agreement will become effective upon its execution, which is to be on the "Control Date" referred to in the Transaction Agreement; *provided* that the operational matters provided for in Sections 2(b), 2(d) (2)-(4), 2(e), 2(f), 2(g), 4(a)(1)-(5), 4(b), 4(d) and 4(e) will not come into effect until the "Closing Date" referred to in the Transaction Agreement, but the parties shall take all actions provided for in this Agreement from and after the Control Date to cause those operational matters to be authorized (including any required authorization by IHB) to go into effect from and after the Closing Date. This IHB Agreement will remain in effect until the 25th anniversary of such Closing Date, subject to the right of CSX and NSC (i) to agree prior to the 23rd anniversary of such date to the extend this IHB Agreement until the 35th anniversary of such date and (ii) if so extended to such 35th anniversary, to agree prior to the 33rd anniversary of such date to further extend this IHB Agreement until the 45th anniversary of such date.

Section 6. *Arbitration.*

Any dispute, controversy or claim (or any failure by the parties to agree on a matter as to which this IHB Agreement expressly or implicitly contemplates subsequent agreement by the parties, except for matters left to the sole discretion of a party) arising out of or relating to this IHB Agreement, or the breach, termination or validity hereof, will be finally settled through binding arbitration by a sole, disinterested arbitrator in accordance with the

Commercial Arbitration Rules of the American Arbitration Association. The arbitrator will be jointly selected by the parties but, if the parties do not agree on an arbitrator within 30 days after demand for arbitration is made by a party, they will request that the arbitrator be designated by the American Arbitration Association. The award of the arbitrator will be final and conclusive upon the parties. Each party to the arbitration will pay the compensation, costs, fees and expenses of its own witnesses, experts and counsel. The compensation and any costs and expenses of the arbitrator will be borne equally by the parties. The arbitrator will have the power to require the performance of acts found to be required by this IHB Agreement, and to require the cessation or nonperformance of acts found to be prohibited by this IHB Agreement. The arbitrator will not have the power to award consequential or punitive damages. The arbitrator's award will be binding and conclusive upon the parties to the fullest extent permitted by law. Judgment upon the award rendered may be entered in any court having jurisdiction thereof, which court may award appropriate relief at law or in equity. All proceedings relating to any such arbitration, and all testimony, written submissions and award, of the arbitrator therein, will be private and confidential as among the parties, and will not be disclosed to any other person or entity, except as required by law and except as reasonably necessary to prosecute or defend any judicial action to enforce, vacate or modify such arbitration award.

Section 7. *Notices.*

Any notice given by a party hereto to the other under this IHB Agreement will be deemed delivered on the date sent by registered mail, or by such other means as the parties may agree, and will be addressed to the other party as follows:

(A) If to CSX:

CSX Corporation
One James Center
901 East Cary Street
Richmond, Virginia 23219
Telecopy number (904/783-1380)
Attention: Mark G. Aron, Esq.
 Peter J. Shudtz, Esq.

and

CSX Transportation, Inc.
500 Water Street
Jacksonville, Florida 32202
Telecopy number (904/366-5436)
Attention: P. Michael Giftos, Esq.

(B) If to NSC:

Vice President Transportation and Mechanical
Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-2191

Each party may from time to time change its above address by written notice delivered to the other party.

Section 8. *No Partnership.*

Nothing in this IHB Agreement will be construed to establish a partnership or joint venture between CSX and NSC or any of their affiliates or associates.

Section 9. *Entire Agreement.*

This IHB Agreement and the Transaction Agreement, including the other Ancillary Agreements (as defined in the Transaction Agreement) constitute the entire agreement and supersede all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof, except the letter agreement dated April 8, 1997 between CSX and NSC to the extent such April 8, 1997 letter agreement covers matters not addressed or amended hereby or in the Transaction Agreement or the Ancillary Agreements (as defined in the Transaction Agreement); *provided* that it is the intent of the parties that this IHB Agreement will be an effectuation of such April 8, 1997 letter agreement consistent with its terms, and that the provisions of this IHB Agreement will be interpreted to give effect to such April 8, 1997 letter agreement; and *provided further* that, in the event of any inconsistency between the terms of this IHB Agreement and such April 8, 1997 letter agreement, this IHB Agreement will prevail.

Section 10. *Amendment and Waiver.*

Any amendment to this IHB Agreement must be in writing and executed and delivered by CSX and NSC, subject to any jurisdiction of the Surface Transportation Board. Any waiver of any term or provision of this IHB Agreement must be in writing and executed and delivered by the party entitled to enforcement of such term or provision.

Section 11. *Severability.*

If any term, provision, covenant or restriction of this IHB Agreement is held by a court of competent jurisdiction or other authority to be invalid, void, unenforceable or against its regulatory policy, such provision is intended to be ineffective only to the most limited extent possible in such context and the remainder of the terms, provisions, covenants and restrictions of this IHB Agreement will remain in full force and effect and will in no way be affected, impaired or invalidated.

Section 12. *Interpretation.*

This IHB Agreement was drafted jointly by CSX and NSC, each of which was advised by its own counsel and other advisors concerning all of the terms and provisions hereof; accordingly, any ambiguity herein should not be construed in favor of or against either of them.

Section 13. *Headings.*

Headings of Sections and paragraphs in this IHB Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of any term or provision of this IHB Agreement.

Section 14. *Parties.*

This IHB Agreement will inure to the benefit of and be binding upon CSX and NSC and any successor of either of them by operation of law, and any assignee agreed to by them in accordance with *Section 15*, and nothing in this IHB Agreement is intended or will be construed to give any other person or entity any legal or equitable right, remedy or claim under or with respect to this IHB Agreement or any term or provision hereof.

Section 15. *Assignment.*

(a) *Limitation.* Except as provided in *Section 15(b)*, neither this IHB Agreement nor any of the rights, interests or obligations hereunder, will be assigned by either party, including by operation of law, without the prior written consent of the other party (except to a controlled subsidiary), which consent may be given or refused in the sole discretion of each party.

(b) *Successor.* Either party without the consent of the other party may assign all of its rights and obligations under this IHB Agreement only to any successor in the

STB

FD

33388

6-23-97

A

180274V8C

12/13

event of a merger, consolidation, a sale of all or substantially all its assets (but only if such sale includes all or substantially all routes and lines owned by such party), if such assignee executes and delivers to the other party hereto an agreement reasonably satisfactory in form and substance to such other party under which such assignee, which is reasonably satisfactory to the other party, assumes and agrees to perform and discharge all the obligations and liabilities of the assigning party; *provided*, that any such assignment will not relieve the assigning party from the performance and discharge of such obligations and liabilities.

Section 16. *Governing Law.*

This IHB Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to such Commonwealth's choice of law provisions except to the extent that the internal affairs of a corporation are governed by the law of its state of incorporation.

IN WITNESS WHEREOF, the parties hereto have caused this IHB Agreement
to be executed in duplicate original by their duly authorized officials.

WITNESS:

CSX CORPORATION

By: _____

Title: _____

WITNESS:

NORFOLK SOUTHERN CORPORATION

By: _____

Title: _____

MONONGAHELA USAGE AGREEMENT

This Monongahela Usage Agreement ("Agreement") made this ____ day of _____, 199____, by and between NORFOLK SOUTHERN RAILWAY COMPANY, hereinafter referred to as "NSR", Pennsylvania Lines LLC, hereinafter referred to as "PRR", and CSX TRANSPORTATION, INC., hereinafter referred to as "CSXT";

WITNESSETH:

WHEREAS, all capitalized terms in this Agreement have the respective meanings set forth in Section 1; and

WHEREAS, Consolidated Rail Corporation ("CRC") is a wholly owned subsidiary of Conrail, Inc. ("CRR"); and

WHEREAS, CSX Corporation ("CSX") owns all of the common stock of and controls CSXT, Norfolk Southern Corporation ("NSC") owns all of the common stock of and controls NSR, and CSX and NSC jointly control CRC subject to STB approval; and

WHEREAS, PRR is a wholly owned subsidiary of CRC; and

WHEREAS, NSR and CSXT have agreed, subject to STB approval, that certain tracks comprising all the rail facilities described in Section 2 of this Agreement (hereinafter "Monongahela"), shall be allocated to PRR pursuant to the Transaction Agreement, and pursuant to the NSR Operating Agreement, be operated by NSR, and NSR shall control, operate and maintain the Monongahela under this Agreement, provided, however, that CSXT shall have equal access,

pursuant to the terms of this Agreement, through full use of the Monongahela to all current and future customer facilities located on or accessed from the Monongahela; and

WHEREAS, in accordance with the terms of this Agreement, NSR and CSXT shall share all maintenance and other expenses as specifically described herein which relate directly to the Monongahela on a joint usage basis; and

WHEREAS, NSR and CSXT shall be able to provide separately transportation service to all customers on or accessed from the Monongahela and, except as provided herein, no access fees shall be charged CSXT for the joint usage; and

WHEREAS, as provided herein, NSR and CSXT will work together to develop the expansion of existing and future facilities serving customers located on or accessed from the Monongahela; and

WHEREAS, NSR and CSXT are agreeable to such an arrangement under the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the premises, covenants and agreements set forth herein, and for good and valuable consideration, the receipt and sufficiency of which is acknowledged, CSXT and NSR hereby agree as follows:

Section 1. Definitions.

For purposes of this Agreement, the following terms have the following meanings:

- (a) "AAA" means the American Arbitration Association.
- (b) "AAR" means the Association of American Railroads.
- (c) "Accounting Plan" means the plan of accounting adopted pursuant to Section 9(a).
- (d) "Action" means any action, claim, suit, arbitration, inquiry, subpoena, discovery request, proceeding or investigation by or before any Governmental Entity.
- (e) "Bill" means a bill delivered by NSR to CSXT pursuant to Section 9(e).
- (f) "Billing Month" means the calendar month for which information is shown on a Usage Statement.
- (g) "Budgeted Capital Expenditures" means capital expenditures included on a Capital Expenditure Budget which has been agreed upon by NSR and CSXT.
- (h) "Capital Expenditure Budget" means a written budget specifying proposed capital expenditures to be made on the Monongahela for the periods of time specified in such budget and the proposed sources of the capital required to make such expenditures.

(i) "Capital Expenditure Statement" means a statement delivered by NSR pursuant to Section 9(d).

(j) "Damage" means all assessments, losses, damages, liabilities, costs and expenses, including without limitation interest, penalties and attorneys' and consultants' fees.

(k) "Dispute Letter" means a letter delivered by CSXT pursuant to Section 9(g).

(l) "Expense Statement" means a statement delivered by NSR pursuant to Section 9(c).

(m) "GAAP" at any time means generally accepted accounting principles in effect at such time.

(n) "Governmental Entity" means any federal, state, local or foreign court, administrative agency or commission or other governmental or regulatory authority or commission or any arbitration tribunal.

(o) "Liabilities" means any and all debts, liabilities and obligations of any kind whatsoever, whether or not accrued, contingent or reflected on a balance sheet, known or unknown, absolute, determined, determinable or otherwise, including, without limitation, those arising under any law, rule, regulation, action, order or consent decree of any Governmental Entity or any judgment in any Action of any kind or award of any arbitrator of any kind and those arising under any contract

(p) "Nonseverable Improvement" means a capital improvement which is integral to the operation of the Monongahela and is not readily removable.

(q) "NSR Operating Agreement" has the meaning set forth in the Transaction Agreement.

(r) "Railcar" means, except as otherwise provided in the Accounting Plan, each railroad freight car, locomotive, caboose or other equipment (including RoadRailer® equipment) furnished in substitution of railroad equipment, loaded or empty, which an Operator originates, terminates, switches or moves on or overhead within the Monongahela, except that (i) a single standard flat car not exceeding 96 feet in length (excluding articulated flat cars) shall count as a single Railcar, (ii) freight railcars consisting of articulated units bearing AAR car type codes "Q" and "S" shall count as multiple Railcars based on the second (numeric) digit of the car type code for such articulated units (by way of example, a car consisting of AAR Car Type Code "S566" would be counted as five Railcars (or corresponding car type codes and digits if the AAR car type codes should be modified at any time during the term of this Agreement), and (iii) a single unit of RoadRailer® equipment (or comparable bimodal freight hauling equipment in either NSR's or CSXT's account) shall count as one-half (1/2) of a Railcar.

(s) "Railroad Consequential Damages" means consequential, indirect, incidental or other similar damage, injury or loss to either NSR or CSXT.

(t) "Reimbursable Expenses" means the expenses shown on an Expense Statement, minus the revenues, if any, shown on such Expense Statement.

(u) "RoadRailer®" means bimodal freight hauling equipment manufactured by or under license from "RoadRailer®, a division of Wabash National Corporation, and capable of movement over the highway when pulled by a tractor and on the rails using locomotive power.

(v) "Severable Improvement" means a capital improvement that is not a Nonseverable Improvement, and specifically includes but is not limited to, track extensions to customer facilities.

(w) "STB" means the Surface Transportation Board, or if there shall be no Surface Transportation Board, any federal agency which is charged with the function of approving combinations by rail carriers or persons controlling them, or of other arrangements between such rail carriers, and granting exemptions from other laws with respect thereto or regulating other specific functions with respect to the context in which such term is employed or any successor entity thereof.

(x) "Tax" or "Taxes" means taxes, levies or other similar assessments, customs, duties, imposts, charges or fees, including, without limitation, ad valorem, excise, real or personal property, sales, use, payroll, withholding, unemployment, transfer and gains taxes or other governmental taxes imposed by or payable to the United States, or any state, local or foreign government or subdivision thereof, except income taxes, and in each instance such

term shall include any interest, penalties or additions to tax attributable to such Tax or Taxes.

(y) "Total Train Usage Percentage" means for either NSR or CSXT for a particular time period, the percentage obtained by multiplying 100 by the quotient obtained by dividing (i) the total number of loaded and empty Railcars in the account of either NSR or CSXT, as the case may be, by (ii) the sum of the total number of loaded and empty Railcars in the accounts of both NSR and CSXT, during such period in the Monongahela.

(z) "Train Usage Percentage" means for either NSR or CSXT for a particular time period and Zone, the percentage obtained by multiplying 100 by the quotient obtained by dividing (i) the total number of loaded and empty Railcars in the account of either NSR or CSXT, as the case may be, by (ii) the sum of the total number of loaded and empty Railcars in the accounts of both NSR and CSXT, during such period in such Zone.

(aa) "Transaction Agreement" means the Transaction Agreement dated as of June [___], 1997, among CSX, CSXT, NSC, NSR, Conrail Inc., CRC and CRR Holdings LLC.

(bb) "Usage Statement" means a statement delivered by NSR pursuant to Section 9(b).

(cc) "USOA" means the uniform system of accounts prescribed for class I railroads by the STB or any successor federal agency that shall succeed to the functions of the STB in prescribing uniform systems of accounts for rail

carriers; provided, that if there shall be no STB and no such federal agency, USOA shall mean such system of accounts as is generally maintained by rail carriers consistent with GAAP as applied in the rail industry.

(dd) "Zone" refers to the division of the Monongahela for accounting purposes, into the following three segments:

Zone 1: MP 0.0 CP BROWN to CP 85 WAYNESBURG

(including Manor Branch)

Zone 2: CP 85 WAYNESBURG to MP W27.3 FEDERAL 2

MINE

Zone 3: MP 0.0 CP BROWN to MP 79.6 LOVERIDGE

Section 2. Description of Monongahela.

The Monongahela is defined as the trackage described in the definition of Zones set forth above, and as shown on Exhibit "A", which is attached and made a part hereof, and includes all existing and future spurs, sidings, leads, industry, switching, loading, side, team and other tracks extending therefrom, together with the right to use the Manor Branch shown on Exhibit "A", which is attached hereto and made a part hereof. Monongahela includes the track structure (rails, ties, ballast, etc., including structures supporting the track), right of way, communication facilities, signal facilities and all other appurtenances thereto. The Monongahela also includes all future Nonseverable Improvements. The Monongahela excludes any tracks or facilities constructed beyond the limits of the

Zones described above, or connecting to CP 58, MP 0.0 or MP 66.4 (Rivesville) from outside the Zones.

Section 3. Customer Service.

Both NSR and CSXT shall be able to provide separately and independently rail transportation service to all customers on or accessed from the Monongahela with their own equipment and crews.

Section 4. Use of Subject Trackage.

(a) CSXT shall have equal access to the Monongahela, as more specifically provided herein.

(b) Subject to the terms of this Agreement, NSR shall have control of the management and operation of the Monongahela. However, should CSXT be dissatisfied with the fairness and equality of treatment of CSXT's movements by NSR's Monongahela dispatchers, NSR and CSXT shall attempt to resolve these dispatching concerns. If the attempt does not resolve CSXT's concerns about Monongahela dispatching, CSXT shall have the right to request a change of control of Monongahela dispatching to CSXT. If NSR disagrees with such request for change in dispatching control, NSR and CSXT agree to submit that request to binding arbitration as provided in Section 16 to this Agreement. From time to time, but not more frequently than 12 months after the last change in dispatching control

or arbitration, the party not controlling dispatching may again seek a change and require arbitration.

Section 5. Miscellaneous Operations Provisions.

(a) When operating over the Monongahela, locomotives and crews shall be equipped to communicate with the controlling dispatcher on radio frequencies normally used in directing train movements on the Monongahela.

(b) Procedures for qualification and occupancy of the Monongahela shall be arranged by the local supervision of NSR and CSXT, and shall be fair and impartial as between NSR and CSXT.

(c) Before locomotives or equipment of NSR and CSXT enter onto Monongahela, the employees shall request permission from the dispatcher in charge of the Monongahela. Further, NSR and CSXT shall ascertain that the trackage is clear and shall await confirmation from the dispatcher that such permission has been issued to allow NSR and/or CSXT movements on or over the Monongahela. Upon completing its operations and clearing the Monongahela, NSR or CSXT, as the case may be, shall notify the dispatcher that it has completed its operations and that its equipment is in the clear for other operations or has moved off of Monongahela. Once NSR or CSXT has notified the dispatcher it is in the clear or has cleared the Monongahela, NSR or CSXT shall not reenter the Monongahela without again obtaining permission from the dispatcher.

(d) The operation and equal access to the mines on the Monongahela (the "Mines") will be governed by the loading demand of the Mines, while always taking into account the customer's choice of carrier for the particular movement. Trains will be scheduled onto the Monongahela based on the Mines request. The current practice of the Mines in providing a seven day loading schedule of required loading will continue. The scheduling and sequencing will be coordinated between the Mines and designated NSR and CSXT representatives. All parties will work towards a monthly loading projection to facilitate advanced planning and scheduling.

A rolling 36 hour loading schedule will be coordinated and maintained by the Mines, NSR and CSXT, and will be updated every four hours. The loading schedule will be the governing vehicle for sequencing trains on the Monongahela by the dispatcher. This will allow each carrier to have sufficient notification to ensure trains are positioned to protect loading on the Monongahela. NSR and CSXT will develop scheduled running times from their staging facilities to the entrance to the Monongahela. NSR and CSXT will jointly develop running times from the entrance points to each of the Mines.

Changes in the train loading schedule or train ordering will be coordinated jointly between NSR and CSXT to assure demand is met for all Mines. In the event either an NSR or CSXT train fails to make the loading schedule, every effort will be made to coordinate and resequence the loading schedule to facilitate both carriers. The governing factor is to provide the appropriate NSR or CSXT

trains required by the Mines. NSR and CSXT agree to coordinate and implement an operating plan for the Monongahela to ensure efficient movement of traffic on the Monongahela. In the event that coal producers on the Monongahela need to change the loading sequence once trains are positioned on the Monongahela, every attempt will be made to have the original carrier secure the loading, subject to customer approval.

A Service Standards Committee ("Committee") shall be established with equal local representation from NSR and CSXT including General Manager Coal Operations and General Manager CCBU or other representatives for CSXT and the Superintendent of the Pittsburgh Division and the AVP Transportation, or other representatives, for NSR. The Committee is charged with developing and agreeing upon the contents of a "Report Card" for the service on the Monongahela. The Report Card will attempt to provide a mechanism to determine whether impartial access (as measured by train performance, dispatching and maintenance) to all Mines is being provided. The Committee will meet on a quarterly basis, or more frequently if required, to review service, dispatching, maintenance and other issues as they arise. The Committee's goal is to resolve all issues encompassing the operation on the Monongahela.

(e) NSR and CSXT shall comply with the provisions of the Federal Locomotive Inspection Act and the Federal Safety Appliance Act, as amended, and any other federal and state and local laws, regulations and rules respecting the operation, condition, inspection and safety of its trains, locomotives, cars and

equipment while such trains, locomotives, cars, and equipment are being operated over the Monongahela.

(f) CSXT in its use of the Monongahela shall comply in all respects with the safety rules, operating rules and other regulations of NSR, and the movement of CSXT trains, locomotives, cars, and equipment over the Monongahela shall at all times be subject to the orders of the transportation officers of NSR; provided that all such rules, regulations, practices and orders must be impartially administered as between NSR and CSXT. NSR and CSXT trains shall not include locomotives, cars or equipment which exceed the width, height, weight or other restrictions or capacities of the Monongahela as published in Railway Line Clearances, and no train shall contain locomotives, cars or equipment which require speed restrictions or other movement restrictions that would violate operating rules and regulations applicable to the Monongahela, except with the concurrence of NSR which shall not be unreasonably withheld.

(g) CSXT shall make such arrangements with NSR as may be required to have all CSXT employees who shall operate its trains, locomotives, cars and equipment over the Monongahela qualified for operation there over, and CSXT shall pay to NSR, upon receipt of bills therefor, any cost incurred by NSR in connection with the cost of pilots furnished by NSR, until such time as such employees are deemed by the appropriate examining officer of NSR to be properly qualified for operation over Monongahela.

(h) In the event of any investigation or hearing concerning the violation of any operating rule or practice by CSXT's employees while on the Monongahela, CSXT shall be notified in advance of any such investigation or hearing and such investigation or hearing may be attended by any official designated by CSXT, and any such investigation or hearing shall be conducted in accordance with the collective bargaining agreements, if any, that pertain to CSXT's employee or employees required to attend such hearings.

(i) NSR shall have the right to exclude from the Monongahela any employee of CSXT determined by above, to be in violation of NSR's rules, regulations, orders, practices, or instructions issued by NSR's timetable or otherwise. CSXT shall release, indemnify, defend, and save harmless NSR and its parent corporation, subsidiaries and affiliates, and all of their respective directors, officers, agents and employees from and against any and all claims and expenses resulting from such reasonable and lawful exclusion.

(j) The Railcars, trains, locomotives, cars and equipment of NSR and CSXT shall be operated without prejudice or partiality to either party and in such manner as shall afford the most economical and efficient movement of all traffic.

(k) In the event that a train of CSXT shall be forced to stop on the Monongahela, due to mechanical failure of CSXT's equipment, or any other cause not resulting from an accident or derailment, and such train is unable to proceed, or if a train of CSXT fails to maintain the minimum speeds required on the

Monongahela, or if in emergencies, crippled or otherwise defective Railcars are set out of CSXT's trains on the Monongahela, NSR shall arrange for motive power or such other assistance as may be necessary to haul, help or push such trains or Railcars, or to properly move the disabled equipment in the clear or off the Monongahela, and CSXT shall reimburse NSR for the cost of rendering any such assistance. If such assistance cannot be commenced within a reasonable time, CSX shall have the option through coordination with NSR, to provide such assistance itself. If a train of NSR becomes unable to proceed or maintain the required minimum speed or NSR Railcars become crippled and are set out, NSR shall promptly clear off such trains or Railcars so as not to impede movements on the Monongahela.

(l) If it becomes necessary to move, make repairs to, adjust or, transfer the lading of crippled or defective Railcars, such work shall be done by NSR, and if the Railcar is in the account of CSXT, CSXT shall reimburse NSR for the cost thereof. If the Railcar is in the account of NSR, such cost shall be borne by NSR and not shared pursuant to Section 9.

(m) In the event NSR and CSXT agree that NSR should retain employees or provide additional employees for the sole benefit of CSXT, the parties hereto shall enter into a separate agreement under which CSXT shall bear all cost and expense for any such retained or additional employees provided, including without limitation all cost and expense associated with labor protective payments

which are made by NSR and which would not have been incurred had the retained or additional employees not been provided.

(n) Notwithstanding the provisions of Section 14, for the purposes of this Section 5, the word "equipment" shall mean and be confined to (i) cabooses, (ii) vehicles and machinery which are capable of being operated on railroad tracks that, at the time of an occurrence, are being operated on the Monongahela and (iii) vehicles and machinery that, at the time of an occurrence, are on the Monongahela or its right of way for the purpose of maintenance, repair or inspection thereof or the clearing of wrecks thereon.

(o) Whenever CSXT's or NSR's use of the Monongahela requires rerailling, wrecking service or wrecking train service, NSR shall perform or provide such service. The cost of rerailling and the repair and restoration of roadbed, track and structures shall be borne 100% by CSXT if the Railcars are in CSXT's account or 100% by NSR if they are in NSR's account. Any other cost, liability and expense related to the foregoing, including without limitation loss of, damage to, or destruction of any property whatsoever and injury to and death of any person or persons whomsoever or any damage to or destruction of the environment whatsoever, including without limitation land, air, water, wildlife, and vegetation, resulting therefrom, shall be apportioned in accordance with the provisions of Section 14 hereof. All locomotives, Railcars, and equipment and salvage from the same so picked up and removed which is owned by or under the management and control of or used by CSXT at the time of such wreck, shall be promptly delivered

to CSXT. If such assistance cannot be commenced within a reasonable time, CSXT shall have the option to provide such assistance itself.

Section 6. Car Hire.

All NSR and CSXT Railcars shall remain in the respective accounts of NSR and CSXT at all times. NSR and CSXT Railcars and lading being moved in their respective trains pursuant to this Agreement shall be the sole property of that party. NSR and CSXT shall each pay and collect or cause to be paid and collected all car hire and mileage charges pertaining to their respective Railcars, and neither NSR nor CSXT shall have any responsibility for any such car hire or mileage charges in the other party's account however incurred.

Section 7. Accounting Records.

The records of each party hereto, insofar as they pertain to matters covered by this Agreement, shall be retained for a period of three (3) years and shall be open at all reasonable times to inspection by the other party during such period. These records shall include train consist (list) indicating car initial and number with associated car type code.

Section 8. Repairs and Lading Adjustments.

If any CSXT Railcars are bad ordered en route and it is necessary that they be set out, such Railcars, after being promptly repaired, shall be returned or delivered to CSXT. NSR shall at the expense of CSXT, furnish required labor and material, and perform light repairs on such bad ordered equipment to make it safe for movement. For liability purposes only, the employees and equipment of NSR while in any manner so engaged or while en route to or returning from such repair assignment shall be considered sole CSXT employees and exclusive CSXT equipment. In the case of such repairs by NSR to CSXT Railcars, billing therefor shall be in accordance with the Field and Office Manuals of the AAR Interchange Rules, or similar rules providing "industry standard" procedures which are in effect at the time such work is performed, hereinafter called "Interchange Rules". NSR shall prepare and submit billing directly to and collect from the car owners for car owner responsibility items as determined under the Interchange Rules and NSR shall prepare and submit billing directly to and collect from CSXT for handling line responsibility items as determined under the Interchange Rules. NSR shall also submit billing to and collect from CSXT any charges for repair to freight cars that are car owner responsibility items as determined under the Interchange Rules, should said car owner refuse or otherwise fail to make payment therefor. In the event NSR Railcars are bad ordered en route and set out, repaired, or work is performed on such Railcars, as provided above, all such costs shall be borne by NSR and not shared pursuant to Section 9.

Section 9. Usage Charges.

NSR and CSXT will be performing service over the Monongahela by operating their own trains with their own crews. Except as otherwise provided herein, any and all costs directly associated with the operation of such trains and crews shall be borne by the party operating such trains and crews. However, given the rights of equal access to the Monongahela, the parties agree that certain costs directly related to the maintenance and operation of the Monongahela shall be shared based upon usage. Accordingly, the parties agree to the following:

(a) The parties shall develop and implement a written Accounting Plan containing a detailed description, by category of cost and location, of the costs directly associated with the management and operation of the Monongahela and the method by which such costs shall be fairly and properly apportioned between the parties. Such Accounting Plan will include separate accounting and sharing of costs as mutually agreed for particular Zones or for the overall Monongahela, as the case may be, and shall conform to the following general principles:

(i) General and administrative, supervisory and overhead expenses incurred within the Monongahela or for functions directly related to the Monongahela shall be apportioned on the basis of the Total Train Usage Percentages;

(ii) Dispatching (where dispatching is located on the Monongahela or where dispatching is devoted 100% to the Monongahela), maintenance of dispatching equipment and train control costs (including labor,

materials and maintenance expenses) incurred with respect to the Monongahela shall be apportioned on the basis of the Total Train Usage Percentages;

(iii) Police and other costs incurred with respect to security within the Monongahela shall be apportioned on the basis of the Total Train Usage Percentages;

(iv) Damage paid by NSR pursuant to Section 14 shall be apportioned in accordance with Section 14;

(v) Taxes (excluding income taxes) incurred with respect to the Monongahela or individual Zones thereof shall be apportioned between NSR and CSXT on the basis of the Total Train Usage Percentages or Train Usage Percentage for the individual Zone, if capable of determination, for the period for which such Taxes apply;

(vi) Insurance costs incurred with respect to the Monongahela or individual Zones thereof shall be apportioned between NSR and CSXT on the basis of the Total Train Usage Percentages or Train Usage Percentage for the individual Zone, if capable of determination for the period for which such Insurance costs apply;

(vii) The expense of installation and maintenance of AEI readers including, but not limited to, those in the vicinity of CP 58 (existing), CP 85 Waynesburg, MP 0.5 and MP 66.0 shall be borne 50% by NSR and 50% by CSXT;

(viii) Section 14 of this Agreement deals with the apportionment of Liability between the parties. Any payments made by NSR

pursuant to Section 14 (a) which arise from the death or injury to NSR employees, when such NSR employees are "joint employees," such as Maintenance of Way, Signal, Dispatch, Bridge and Building, Mechanical and other employees whose work on the Monongahela is other than revenue train operations, shall be paid by NSR in accordance with Section 14 (a), but apportioned based on Train Usage Percentages; provided, however, should such employee Liability expense arise from work performed as a result of capital improvements at the sole cost of NSR or CSXT, then that party shall be fully responsible for all such payments; and

(ix) Maintenance of track structure (rails, ties, ballast, etc., including structures supporting the track), right of way, communication facilities, signal facilities and all other appurtenances thereto shall be apportioned on the basis of the Train Usage Percentage.

(x) Any other costs shall be reimbursed as otherwise provided in this Agreement.

If the parties are unable to agree on the terms and provisions of the Accounting Plan, such disagreement may be submitted by either NSR or CSXT for resolution by binding arbitration pursuant to Section 16.

(b) NSR shall deliver to CSXT prior to the last day of each calendar month, a written statement showing for the prior calendar month:

(i) the total number of Railcars moved by NSR or CSXT on the Monongahela and in each Zone; and

(iii) the calculation of the Total Train Usage Percentage and the Train Usage Percentage for each party for each Zone, and (A) all Railcars in a train shall be deemed to be on the Monongahela, or a Zone, as the case may be, when the first or last Railcar of such train is on the Monongahela, or a Zone, as the case may be, and (B) each time that a Railcar is removed from or added to a train on the Monongahela, or a Zone, as the case may be, shall constitute a separate movement of such Railcar.

(c) Concurrently with the delivery of each Usage Statement, NSR shall deliver to CSXT a statement showing the expenses incurred by NSR and CSXT during the Billing Month, computed in accordance with GAAP and the USOA, as modified by the Accounting Plan.

(d) Concurrently with the delivery of each Usage Statement, NSR shall deliver to CSXT a statement showing the estimated Budgeted Capital Expenditures for the calendar month immediately succeeding the calendar month in which such statement is delivered.

(e) Concurrently with the delivery of a Usage Statement for a Billing Month, NSR shall deliver to CSXT a bill showing for such Billing Month:

(i) the amount of each Reimbursable Expense payable by CSXT for such Billing Month calculated in accordance with the Accounting Plan; and

(ii) CSXT's percentage of the amount of Budgeted Capital Expenditures and shown on the Capital Expenditure Statement delivered with such Usage Statement.

(f) CSXT shall pay to NSR the amount shown on each Bill on or before the 30th day after the date of such Bill regardless of whether or not CSXT disputes the accuracy of any amount or calculation shown on such Bill.

(g) Disputed Bills:

(i) Any dispute by CSXT of the accuracy of any amount or calculation shown on any Bill, shall be described and specified in reasonable detail in a Dispute Letter from CSXT to NSR within three (3) years after the date of such Bill.

(ii) Any amounts or calculations shown on any Bill which are not disputed in accordance with this section 9 shall conclusively be deemed to be accurate and shall be binding on both parties.

(iii) CSXT and NSR shall promptly endeavor to resolve the disputes described in each Dispute Letter, and if they fail to agree to a resolution of such disputes within 45 days of the delivery of such Dispute Letter, then a firm of independent public accountants shall be selected jointly by CSXT and NSR (or if they do not agree on such firm, then such firm shall be selected by arbitration pursuant to Section 16) to resolve such disputes, in each case in accordance with GAAP and the USOA, as modified by the Accounting Plan, and the written

resolution of such disputes signed by such accounting firm shall be binding on CSXT and NSR.

(iv) Any adjustments to Bills which result from the resolution of Dispute Letter disputes shall be reflected as charges or credits on the first Bills delivered by NSR to CSXT after such disputes have been resolved.

(v) The costs of NSR's and CSXT's auditors in connection with the resolution of any Dispute Letter disputes shall be paid by each respective party, and the fees of any independent public accounting firm engaged to resolve such disputes shall be paid 50 percent by NSR and 50 percent by CSXT.

(h) At the option of either party hereto, the Accounting Plan provided for in this Section 9 shall be opened for reevaluation every two (2) years from the effective date of this Agreement. Such reevaluation may include the definition of the Zones and any modifications needed thereto. In the event the parties fail to reach agreement upon reevaluation, such failure shall not constitute a breach of this Agreement, and the parties shall continue to be bound by the terms of compensation provided in this Section 9 until the matter is settled or submitted to binding arbitration as outlined in Section 16.

Section 10. Maintenance of the Monongahela.

(a) NSR shall be responsible to maintain, repair and renew the infrastructure of the Monongahela. NSR shall keep and maintain the Monongahela in good condition for the use herein contemplated. NSR shall take all

reasonable steps to ensure that any interruptions to train operations shall be kept to a minimum. Furthermore, except as may be otherwise provided in Section 14, CSXT shall not by reason of failure or neglect on the part of NSR to maintain, repair or renew the Monongahela, have or make any claim or demand against NSR or its parent corporation, subsidiaries or affiliates, or their respective directors, officers, agents or employees for any injury to or death of any person or persons whomsoever, or for any damage to or loss or destruction of any property whatsoever, or for any damages of any nature suffered by CSXT resulting from any such failure or neglect.

(b) The Monongahela will be jointly inspected by each party's Chief Engineer or their designees to determine if appropriate track standards are maintained, and to review the performance of any capital plan for the Monongahela as pertains to maintenance of track, signals, right of way and appurtenances thereto. On or before August 15 of each year, NSR will provide CSXT with a capital improvement plan covering the next three (3) years.

(c) Existing and future connections or facilities which are jointly used by the parties hereto shall continue to be maintained, repaired and renewed by and at the expense of both parties proportional in accordance with Section 9 and the Accounting Plan, which shall become a part hereof.

Section 11. Capital Improvements.

Capital Improvements on the Monongahela shall be governed by the following provisions:

(a) From time to time, NSR or CSXT may propose to each other construction of capital improvement projects ("Project"). Each Project shall be reviewed promptly by the other party. If approved by both parties, NSR and CSXT shall be responsible for an equal share of the initial funding for the approved Project. Upon completion of the Project, Train Usage Percentages for NSR and CSXT shall be calculated for the Zone(s) in which the Project work was performed during the 12 month period after the Project is placed in service. A final accounting shall be made to adjust the initial funding to the actual usage basis.

(b) If a proposed project is not approved, and the proposed Project would be a Nonseverable Improvement of the Monongahela which may be used in the normal course of business by NSR or CSXT, then the following procedure shall occur:

(i) At the written request of either NSR or CSXT delivered to the other, each party shall, within 45 days of the delivery of such request, submit to an arbitrator in accordance with Section 16 a written proposal with respect to a Nonseverable Improvement Project which was not agreed upon by the parties (1) describing any changes from the initial request which such party proposes be made to such Project and specifying a schedule, budget and allocations

between NSR and CSXT of the capital costs of such Nonseverable Improvement or (2) proposing that it not be made.

(ii) The arbitrator receiving the proposals referred to in Section 11(b)(i) (A) shall consider (1) the degree, if any, to which the construction, operation and use of such Nonseverable Improvement would impair or interfere with the use of the Monongahela, conflict with any pending capital improvements, or be necessary or unnecessary to the operations of a particular party, and (2) the budget and allocations between NSR and CSXT of the capital costs of such Nonseverable Improvement as proposed by NSR and CSXT and (B) shall determine within 45 days of such receipt which of such proposals shall be accepted, or that such Nonseverable Improvement shall not be made. The arbitrator's decision shall be binding and enforceable upon NSR to fund and cause the Nonseverable Improvement to be made in accordance with such decision and upon CSXT to fund such Nonseverable Improvement in accordance with such decision, unless the decision is that such Nonseverable Improvement shall not be made.

(c) Severable Improvements:

(i) (A) NSR shall have the right to cause the construction, at its sole expense, and (B) CSXT shall have the right to require NSR to cause the construction, but at CSXT's sole expense, of any Severable Improvement which has not been agreed upon by the parties to be funded on a shared basis.

(ii) Each Severable Improvement funded exclusively by NSR or CSXT shall be used exclusively by NSR or CSXT, as the case may be, and each party shall be solely responsible for the cost of maintaining such Severable Improvement, (recognizing that in either case the actual performance of such maintenance shall be the responsibility of NSR), until such time that the other party gives written notice that it desires also to use such Severable Improvement, stating the amount which such other party is prepared to pay to the party which initially funded such Severable Improvement for the right to use such Severable Improvement.

(iii) If the parties are unable to agree on the amount of such payment within 45 days after such notice was given, then at the written request of a party delivered to the other after 45 days but before 60 days after such notice was given, NSR and CSXT, within 15 days of the delivery of such request, shall submit to an arbitrator in accordance with Section 16 a written statement setting forth the proposed payment by the other party, and the arbitrator shall within 45 days of such receipt determine which of such proposed amounts shall apply, which shall be binding on both parties and paid promptly. Upon payment of the amount determined by the arbitrator, the improvement shall become a Nonseverable Improvement.

(d) Upon completion, all capital improvements shall become part of the Monongahela owned by PRR subject to all provisions of this Agreement.

(e) Subject to all of the provisions hereof, the parties will work together to develop the expansion of existing and future facilities serving customers located on or accessed from the Monongahela.

(f) The construction, operation and use of a Severable Improvement by a party shall not unduly impair or interfere with the use of a Severable Improvement by the other party, nor shall any Severable Improvement unduly impair or interfere with train operations on the Monongahela. No Severable Improvement shall unduly impair or interfere with any pending or proposed capital improvements included in an approved Capital Expenditure Budget.

Section 12. Labor Claims.

Each party shall indemnify and hold harmless the other party against any and all costs and payments, including benefits, allowances, and arbitration, administrative, and litigation expenses, arising out of claims or grievances made by or on behalf of or lawsuits brought by or on behalf of its own employees or their collective bargaining representatives, either pursuant to employee protective conditions imposed by a governmental agency upon the agency's approval or exemption of this Agreement and operations hereunder or pursuant to a collective bargaining agreement. It is the parties' intention that each party shall bear the full costs of protection of its own employees under employee protective conditions that may be imposed, and of grievances filed by its own employees arising under its collective bargaining agreements with its employees.

Section 13. Freight Claims.

The parties shall agree between themselves on the most fair, practical and efficient arrangements for handling and administering freight loss and damage claims with the intent that (a) each party shall be responsible for losses occurring to lading in its possession for the account of such party and (b) the parties shall follow relevant AAR rules and formulas in providing for the allocation of losses which are either of undetermined origin or in Railcars handled in interline service by or for the account of both parties.

Section 14. Liability.

Except as otherwise provided in Section 13 and this Section 14, the responsibility between CSXT and NSR for all Damage arising out of, incidental to or occurring in connection with this Agreement shall be apportioned without consideration of fault or negligence of any kind or degree as follows:

(a) **Sole Responsibility.** Subject to Section 14(e), each party shall assume and bear all responsibility for Damage to its own trains, locomotives and equipment, to Railcars and lading in its possession or being handled for its account, and for the death of or injury to its own employees.

(b) **NSR and CSXT Responsibility.** Subject to Section 14(e), the parties shall jointly assume and bear all responsibility for all Damage, other than Damage which is subject to Sections 14(a), in proportion to their respective Train Usage Percentages in the Zone in which the incident giving rise to such Damage

occurred for the 12 calendar month period immediately preceding the incident giving rise to such Damage. In the event an incident giving rise to Damage for which the parties are jointly responsible occurs during the twelve (12) month period immediately following the date of this Agreement, responsibility for such Damage shall be borne by the parties in proportion to their respective Train Usage Percentages in the Zone in which the incident giving rise to such Damages occurred for such 12-month period.

(c) Process. Each party shall be responsible for the payment, handling, administration and disposition of all Damage for which it bears exclusive responsibility under Section 14(a), and both parties shall have joint responsibility for the payment, handling, administration and disposition of all Damage for which they are jointly responsible under Section 14(b). In assigning joint responsibility to both parties, it is not the intent of this Agreement that the parties will actually act jointly, but rather that the parties will agree between themselves on the most practical and efficient arrangements for handling, administering, and disposing of Damage for which they bear joint responsibility, with the objective of eliminating unnecessary duplication of effort and minimizing overall costs.

(d) Indemnification. Each party to this Agreement covenants and agrees to (i) fully indemnify and save harmless the other party to this Agreement from and against any payments which are the responsibility of such party under this Agreement, and all expenses, including attorney's fees and expenses and other expenses of any court or regulatory proceeding, incurred by such other parties in

defending any claim that it is liable for such payments, and (ii) defend such other party against such claims with counsel selected by such party and reasonably acceptable to such other party.

(e) Limitation. Sections 14(a) and (b) shall apply only to the amount of Damage resulting from a single incident which is \$25 million or less. Responsibility for Damages resulting from a single incident which exceeds \$25 million shall be allocated to the extent of such excess to CSXT and NSR in proportion to their respective fault or negligence in causing such Damage, subject to the following rules: (1) the total amount of Damage for which each party would otherwise be responsible under Sections 14(a) and (b) shall be determined, on a comparative percentage basis; (2) for each party, multiply \$25 million by the comparative percentage determined for that party in Section 14(e)(1); (3) the Damage for which each party is responsible in excess of the amount determined in Section 14(e)(2) shall be allocated between CSXT and NSR in proportion to their respective fault or negligence in causing the Damage. As used in this Section 14(e) only, the term "Damage" shall exclude Railroad Consequential Damages (which are always borne by the railroad which sustained them) and claims for exemplary and punitive Damages by either party hereto on its own behalf against the other party hereto. By way of example, if Damage from a single incident were \$100 million, of which CSXT would be responsible for \$80 million under Sections 14(a) and (b) and NSR would be responsible for \$20 million under Sections 14(a) and (b), then CSXT would be responsible for \$20 million and NSR would be responsible for \$5 million

of such Damage under Section 14(e)(1), and the remaining \$75 million of Damage would be apportioned between CSXT and NSR in proportion to their respective fault or negligence in causing the Damage. Any dispute between the parties hereto in computing the comparative percentage, in determining their respective fault or negligence in causing the Damage or otherwise relating to their respective responsibilities for Damage arising out of, incidental to or occurring in connection with any such incident, including any Damage exceeding \$25 million, shall be submitted for resolution by binding arbitration pursuant to Section 16. The \$25 million amount referred to in this Section 14(e) may be adjusted every five years following the date of this Agreement with the prior approval of both parties, which approval may be given or refused in the sole discretion of each party.

(f) **Exceptions.** Each party shall assume and bear all responsibility for Damage caused by acts or omissions of any its employees while under the influence of drugs or alcohol and Sections (b) and (e) shall not apply to any such Damage.

Section 15. No Partnership.

Nothing in this Agreement shall be construed to establish a partnership or joint venture between or among CSXT or NSR or any of their affiliates or associates.

Section 16. Arbitration.

Any dispute, controversy or claim (or any failure by the parties to agree on a matter as to which this Agreement expressly or implicitly contemplates subsequent agreement by the parties, except for matters left to the sole discretion of a party) arising out of or relating to this Agreement, or the breach, termination or validity hereof, shall be finally settled through binding arbitration by a sole, disinterested arbitrator in accordance with the Commercial Arbitration Rules of the AAA. The arbitrator shall be jointly selected by the parties, but if the parties do not agree on an arbitrator within 30 days after demand for arbitration is made by a party, they shall request that the arbitrator be designated by the AAA. The award of the arbitrator shall be final and conclusive upon the parties. Each party to the arbitration shall pay the compensation, costs, fees and expenses of its own witnesses, experts and counsel. The compensation, and any costs and expenses of the arbitrator, shall be borne equally by the parties. The arbitrator shall have the power to require the performance of acts, found to be required by this Agreement, and to require the cessation or nonperformance of acts found to be prohibited by this Agreement. The arbitrator shall not have the power to award consequential or punitive damages. The arbitrator's award shall be binding and conclusive upon the parties to the fullest extent permitted by law. Judgment upon the award rendered may be entered in any court having jurisdiction thereof, which court may award appropriate relief at law or in equity. All proceedings relating to any such arbitration, and all testimony, written submissions

and award of the arbitrator therein, shall be private and confidential as between the parties, and shall not be disclosed to any third party, except as required by law and except as reasonably necessary to prosecute or defend any judicial action to enforce, vacate or modify such arbitration award.

Section 17. Force Majeure.

The obligations, other than payment obligations, of the parties to this Agreement shall be subject to force majeure (which shall include strikes, riots, floods, accidents, Acts of God, and other causes or circumstances beyond the control of the party claiming such force majeure as an excuse for non-performance), but only as long as, and to the extent that, such force majeure shall prevent performance of such obligations.

Section 18. Entire Agreement.

This Agreement and the Transaction Agreement (including the other Ancillary Agreements, as defined in the Transaction Agreement) constitute the entire agreement and supersedes all other prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof, except the letter agreement dated April 8, 1997 between CSX and NSC to the extent such April 8, 1997 letter agreement covers matters not addressed or amended hereby or in the Transaction Agreement or the Ancillary Agreements (as defined in the Transaction Agreement); provided that it is the intent of the parties

that this Agreement shall be an effectuation of such April 8, 1997 letter agreement consistent with its terms, and that the provisions of this Agreement should be interpreted to give effect to such April 8, 1997 letter agreement; and provided further that, in the event of any inconsistency between the terms of this Agreement and such April 8, 1997 letter agreement, this Agreement shall prevail.

Section 19. Amendment and Waiver.

Any amendment to this Agreement must be in writing and executed and delivered by CSXT, NSR and PRR, subject to any jurisdiction of the STB. Any waiver of any term or provision of this Agreement must be in writing and executed and delivered by the party entitled to enforcement of such term or provision.

Section 20. Severability.

If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void, unenforceable or against its regulatory policy, such provision is to be intended to be ineffective only to the most limited extent possible in such context and the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Section 21. Remedies.

(a) Each party acknowledges and agrees that the other parties would be irreparably damaged in the event any of the provisions of this Agreement were not performed by it in accordance with their specific terms or were otherwise breached. It is accordingly agreed that each party shall be entitled to an injunction or injunctions to prevent breaches of such provisions and to specifically enforce such provisions, in addition to any other remedy to which such party may be entitled, at law or in equity.

(b) In no event shall any party be liable to the other parties for any consequential, indirect, incidental, punitive or other similar damages including but not limited to lost profits for any breach or default, or any act or omission arising out of or in any way relating to this Agreement, under any form or theory of action whatsoever, whether in contract, tort or otherwise.

Section 22. Interpretation.

This Agreement was drafted jointly by CSXT and NSR, each of which was advised by its own counsel and other advisors concerning all of the terms and provisions hereof; accordingly, any ambiguity herein should not be construed in favor of or against any of them.

Section 23. Headings.

Headings of sections in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of any term or provision of this Agreement.

Section 24. Parties.

This Agreement shall inure to the benefit of and be binding upon NSR, CSXT and PRR and any successor of any of them by operation of law, and any assignee agreed to by them in accordance with Section 25, and nothing in this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under or with respect to this Agreement or any term or provision hereof.

Section 25. Assignment.

(a) Except as provided herein, neither this Agreement (including the documents and instruments referred to herein) nor any of the rights, interests or obligations hereunder, shall be assigned by any party, including by operation of law, without the prior written consent of the other parties, except to a controlled subsidiary, or in the case of PRR, to NS, NSR or a subsidiary or affiliate of NS.

(b) (i) Except as otherwise provided herein, in the event either of NSR or PRR proposes to sell or transfer its interest in all or any portion of

the Monongahela, CSXT shall have the right of first refusal to purchase such interest at the same price, and substantially the same terms and conditions offered to NSR or PRR; provided CSXT must make such offer within 30 days of receiving notification from NSR or PRR of the price, terms and conditions being offered by such other prospective purchaser.

(ii) In the event CSXT proposes to sell or transfer its operating rights on all or any portion of the Monongahela, NSR shall have the right of first refusal to purchase such rights (i) at the same price, and substantially the same terms and conditions offered to CSXT, provided NSR must make such offer within 30 days of receiving notification from CSXT of the price, terms and conditions being offered by such other prospective purchaser.

(c) Any party without the consent of the other party may assign all of its rights and obligations under this Agreement only to any successor in the event of a merger, consolidation, sale of all or substantially all its assets, including all routes and lines owned by such party to access the Monongahela, if such assignee executes and delivers to the other party hereto an agreement reasonably satisfactory in form and substance to such other party under which such assignee, which is reasonably satisfactory to the other party, assumes and agrees to perform and discharge all the obligations and Liabilities of the assigning party; provided that any such assignment shall not relieve the assigning party from the performance and discharge of such obligations and Liabilities.

Section 26. Term.

(a) This Agreement shall become effective as of the date first above written and shall remain in effect until the 25th anniversary of such date, and shall continue in effect thereafter unless and until terminated by CSXT in its sole discretion, upon (90) days written notice.

(b) The rights, benefits, duties and obligations running from or to NSR under this Agreement shall in all events expire (except liabilities incurred prior to termination) upon the earlier of: (i) termination of this Agreement or (ii) termination of the NSR Operating Agreement (including any renewals thereof); provided, however, that a termination of this Agreement with respect to NSR shall not effect or cause a termination of this Agreement with respect to CSXT and CSXT's rights hereunder shall continue unless and until terminated by CSXT pursuant to subparagraph (a) hereof, and PRR, or an operator designated by PRR which is reasonably satisfactory to CSXT, shall assume all duties and obligations of NSR from and after the date of such NSR termination. In the event PRR is unable or unwilling to carry out the duties and obligations of NSR or fails to designate an operator reasonably satisfactory to CSXT to do so, then CSXT shall have the option to carry out such duties and obligations related solely to the Monongahela.

Section 27. Termination of Other Agreement.

This Agreement, upon the effective date hereof, supersedes and terminates the agreement by and between The Monongahela Railway Company

(now CRC) and CSXT dated October 19, 1990, relating to CSXT trackage rights between Brown, Pennsylvania, and Catawba Junction (Rivesville), West Virginia.

Section 28. Notices.

Any notice given by CSXT or NSR to the others under this Agreement shall be deemed delivered on the date sent by registered mail, or by such other means as they may agree, and shall be addressed to them as follows:

(a) If to CSXT:

Executive Vice President and Chief Operating Officer
CSX Transportation, Inc.
500 Water Street, J120
Jacksonville, Florida 32202

(b) If to NSR:

Vice President Transportation & Mechanical
Norfolk Southern Railway Company
Three Commercial Place
Norfolk, Virginia 23510-2191

(c) If to PRR:

and each of them may from time to time change its address in this Section 28 by written notice delivered to the others.

Section 29. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in counterparts by their duly authorized officials as of the day first above written.

CSX TRANSPORTATION, INC.

By: _____
Title: _____

NORFOLK SOUTHERN RAILWAY COMPANY

By: _____
Title: _____

PENNSYLVANIA LINES LLC

By: _____
Title: _____



PARK MANOR LEASE

THIS LEASE is made and entered into this _____ day of _____, 1997, by and among PENNSYLVANIA LINES LLC, a Delaware limited liability company (hereinafter referred to as "PRR") and NORFOLK SOUTHERN RAILWAY COMPANY (hereinafter referred to as "NSR"), and CSX TRANSPORTATION, INC. (hereinafter referred to as "CSXT").

W I T N E S S E T H:

WHEREAS, CSX Corporation ("CSX"), parent to CSXT, and Norfolk Southern Corporation ("NSC"), parent to NSR, have entered into a Transaction Agreement (the "Transaction Agreement") between themselves; CSXT, a wholly-owned subsidiary of CSX; NSR; Conrail, Inc. ("CRR"); Consolidated Railroad Corporation ("CRC"), a wholly-owned subsidiary of CRR; and CRR Holdings LLC; and

WHEREAS, CSX and NSC have indirectly acquired all the outstanding capital stock of CRR; and

WHEREAS, pursuant to the Transaction Agreement, certain assets of CRC have been allocated to NYC, which is a wholly-owned subsidiary of CRC, to be operated by CSXT under the terms of an Allocated Assets Operating Agreement (the "CSXT Operating Agreement") between NYC and CSXT; and

WHEREAS, pursuant to the Transaction Agreement, certain assets of CRC have been allocated to PRR, which is a wholly-owned subsidiary of CRC, to be operated by NSR under the terms of an Allocated Assets Operating Agreement (the "NSR Operating Agreement") between PRR and NSR;

WHEREAS, under terms of the Transaction Agreement, NSR, as operator, and PRR, as owner, have agreed to overhead haulage of cars in the account of CSXT, between Berea, Ohio and Chicago, Illinois, for a maximum term of three (3) years that will operate in and out of said Park Manor; and

WHEREAS, under terms of the Transaction Agreement, PRR and NSR have agreed to grant to CSXT use of the former CRR Park Manor intermodal facility at 63rd Street in Chicago, Illinois, for a term concurrent with the hereinabove described haulage agreement, not to exceed three (3) years;

NOW, THEREFORE, the parties hereto agree as follows:

PRR and NSR, in consideration of the covenants of CSXT, hereby lease unto CSXT, upon and subject to the terms hereof and of the conditions set forth in Exhibits A and B, annexed hereto and made a part hereof as it fully set forth herein:

The intermodal facility of PRR acquired from CRR, known as "Park Manor" and located at 63rd Street in Chicago, Illinois, the location of which is substantially is marked on a print of Drawing No. _____, dated _____, 1997, labeled Exhibit

C, annexed hereto and made a part hereof as if fully set forth herein (hereinafter referred to as "Facility"; and

PRR's adjacent intermodal support tracks, being all tracks located at the Facility, as shown in Exhibit C (hereinafter referred to as "Tracks"); and

TOGETHER with the right to operate and maintain tracks, buildings, and other structures on the Facility.

This Lease Agreement and Exhibits A, B, and C to this Lease Agreement are referred to herein collectively as the "Lease". The Facility and the tracks are referred to herein collectively as the "Premises".

CSXT will use the Premises for the purpose of establishing and operating an intermodal terminal facility for handling of trailers and containers in CSXT's account before and after movement over lines of PRR under a haulage agreement dated _____, 1997, between NSR, CSXT, PRR and NYC (hereinafter referred to as "Haulage Agreement"), governing haulage by NSR of cars in the account of CSXT between Berea, Ohio and Chicago, Illinois. CSXT's activities on the Premises may consist of handling of trailers and containers between rail and highway modes, parking of trailers and containers and related intermodal terminal activities.

PRR and NSR reserves unto themselves and their permittees the permanent right to maintain, operate, renew, or reconstruct on, under, or over the Premises any pipe, electric transmission,

telephone, telegraph, and signal lines or any other similar facilities now or hereafter installed, and CSXT hereby acknowledges that this Lease is subject to any or all such rights and uses. PRR and NSR further reserve unto themselves and their permittee the right to enter and operate NSR trains on the Premises at any and all times for the purpose of receiving and delivering haulage trains. NSR will exercise its rights under this paragraph in a manner that will not interfere unreasonably with CSXT's use of the Premises pursuant to this Lease.

PRR and NSR grant use of the Premises unto CSXT for a term not to exceed three (3) years from the Effective Date of this Lease, as determined by an exchange of correspondence between the parties and the term of this Lease shall be concurrent with the term of the herein above referenced Haulage Agreement.

PRR and NSR shall Lease said Premises to CSXT for the consideration of One (1) Dollar.

If CSXT violates any other of CSXT's covenants in this Lease, or if the property of CSXT is taken from the control of CSXT by operation of law or otherwise, PRR and NSR may terminate this Lease, notwithstanding the term hereby created or any provision of this Lease, by serving upon CSXT ten (10) days' written notice of termination. If the Haulage Agreement expires or is terminated, this Lease shall be considered terminated as of the same date. PRR, NSR and CSXT intend that CSXT's use of the Premises be of a temporary nature.

IN WITNESS WHEREOF, the parties hereto have executed this Lease in duplicate, each part being an original, as of the date hereinabove first recited.

In presence of:

PENNSYLVANIA LINES LLC

As to PRR

By

(TITLE)

In presence of:

NORFOLK SOUTHERN RAILWAY COMPANY

As to NSR.

By:

(TITLE)

In presence of:

CSX TRANSPORTATION, INC.

As to CSXT.

By:

(TITLE)

EXHIBIT A

1. CSXT will use the Premises for the purposes stated in the Lease and for no other purpose. CSXT will obtain at CSXT's own cost and expense any and all permits or approvals required by any state, city, or other properly constituted authority to use the Premises for said purpose and will save and keep harmless PRR and NSR from all suits, costs, and expenses arising from any default in the requirements of this paragraph 1.

2. (a) CSXT will prevent the posting of advertising bills or signs upon the Premises, except the usual business sign of CSXT, will keep the Premises clean and free of waste paper, trash, or any unsightly or flammable matter, and will be responsible for all snow and ice removal;

(b) CSXT will pay, satisfy, and discharge all claims or liens for material and labor or either of them used or employed by CSXT in the repair and maintenance of any Tracks or other structures located upon the Premises, whether said Tracks or other structures are the property of PRR, NSR or CSXT, and CSXT will indemnify and save harmless PRR and NSR from all such claims, liens, or demands;

(c) PRR and NSR will have no obligation to perform any maintenance or make any repair or replacement with respect to the Premises; and

3. If the whole or a part of the Premises is inclusive of a building or other structures of PRR or NSR (hereinafter

referred to as "Structure"), CSXT accepts and leases the Premises and the Structure subject to the following:

(a) "Structure", as used in this paragraph, includes but is not limited to air conditioning, heating, sprinkler systems, plumbing, wiring facilities, roofing, foundation, outside walls and facilities attached to or adjacent to the outside walls such as loading docks, and other equipment or facilities furnished by NSR and employed in the use and occupancy of the Structure;

(b) CSXT accepts the Structure in its present condition and will perform at CSXT's sole cost and expense all maintenance and repairs needed to keep the Structure in as tenantable condition as at present. PRR and NSR will have no obligation to perform any maintenance or to make any repair or replacement with respect to the Structure or the Premises. CSXT will make provision for the immediate repair and maintenance of all doors, windows, or other causes. If CSXT fails to make such repairs, CSXT will bear the cost of all damages and losses resulting from delayed performance of such repair and maintenance work;

(c) PRR and NSR will have no obligation to furnish to CSXT any water, heat, light, or other public utilities for use by CSXT in CSXT's occupation and use of the Structure and the Premises. All facilities for supplying light, water, heat, and other public utilities required by CSXT in connection with CSXT's

use of the Structure and the Premises will be of character and design approved by PRR and NSR and will be installed and maintained at the expense of CSXT and in accordance with the requirements of PRR and NSR as to proper installation and construction. CSXT will pay all expenses and charges for such utilities and will install separate meters as necessary in connection therewith. All alternations of or additions to the electric light or power wires or fixtures upon the Structure and the Premises made by CSXT will be made in strict accord with the requirements of the National Electrical Code and at the expense of CSXT; and

(d) CSXT will comply and cause its agents and employees to comply with all reasonable rules and regulations prescribed by NSR and provided by NSR to CSXT that are designed to prevent fire and to comply with insurance contracts and policies. CSXT will not permit smoking within the Structure or any other structure or building on the Premises and will post and maintain in a conspicuous place or places within each Structure or any other structure or building on the Premises a sign or signs, reading "NO SMOKING ALLOWED" or words of similar import.

4. In its use and occupancy of the Premises, CSXT will comply with the requirements of all Federal, State, and local safety, health, environmental, and sanitation laws, rules, regulations, and ordinances and will at its own expense make all corrections, repairs, or additions to the Premises or the

facilities thereon which are necessary to comply with such laws, rules, regulations, and ordinances. If CSXT is required by any such law, rule, regulation, or ordinance to obtain insurance or furnish other documentation of financial responsibility, CSXT will provide evidence of such insurance or documentation to NSR prior to occupancy. Any insurance obtained by CSXT pursuant to the Lease will be maintained in force for the duration of the Lease and will provide for notice to PRR and NSR at least thirty (30) days before cancellation or termination.

5. (a) In its use of the Premises, CSXT will observe and be bound by the rules of NSR with respect to standard clearances for all Tracks on the Premises. CSXT will maintain and preserve an overhead space of twenty-three (23) feet measured perpendicularly from the top of the rail; except where wire lines extend over track, overhead clearances will be as prescribed by NSR. CSXT will maintain and preserve a space eighteen (18) feet in width, measured nine (9) feet on each side from the centerline of a track; provided, however, that the side clearance of nine (9) feet must be increased one and one-half (1 1/2) inches for every degree of curvature in a track. Clearance space above or parallel to a track will be kept clear of all obstructions.

(b) CSXT will not create or permit to be created any condition which will impair, impede, or interfere in any way with the operation of NSR's railroad. In the event of a breach of

this covenant which continues uncorrected for twenty-four (24) hours or more after notice thereof has been given by NSR, NSR may enter the Premises either to correct the breach or remove that which impairs, impedes, or interferes with the operation of NSR's railroad, all at the sole cost and expense of CSXT.

6. CSXT will pay all taxes, license, or other charges assessed or levied upon or because of (a) the Premises, or (b) the business conducted by CSXT on the Premises. CSXT will pay the cost of or charges for any connections made for any water, sewer, gas, electric, or other public utilities to be used by CSXT on the Premises. CSXT will pay all ad valorem real estate taxes on the Premises promptly upon receipt of a bill rendered annually therefor by NSR.

7. (a) Prior to the occupancy of the Premises by CSXT, NSR and CSXT shall conduct a joint inspection of the Premises and shall prepare a joint report regarding the physical condition of the Premises (the "Physical Report"). In addition, the parties shall retain an independent environmental inspection/consulting firm to prepare an environmental report (the "Environmental Report") of the Premises. The Physical Report and the Environmental Reports are referred to jointly herein as the "Premises Reports". The cost of the Environmental Report shall be shared equally between NSR and CSXT. The parties agree that the premises Reports will be their best understanding of the physical and environmental condition of the premises as of the

beginning date of this Lease but that unknown, pre-existing environmental conditions ("Pre-Existing Conditions") may also exist.

(b) NSR shall be responsible to CSXT and shall defend, indemnify and hold harmless CSXT, its parent corporations, subsidiaries and affiliates, and all their respective directors, officers, agents or employees, from and against any liability, including costs of defense and reasonable attorneys' fees and reasonable consultants' fees, under any environmental protection or pollution law, or any liability in tort (strict or otherwise), including costs of defense and reasonable attorneys' fees and reasonable consultants' fees arising solely out of any Pre-Existing Conditions on the Premises as of the effective date of this Lease, unless NSR proves that CSXT caused or created such conditions, or to the extent NSR proves that CSXT exacerbated such conditions. This indemnification shall survive the term of this Lease.

(c) CSXT shall be responsible to NSR and shall defend, indemnify and hold NSR harmless, its parent corporations, subsidiaries and affiliates, and all of their respective directors, officers, agents or employees, from and against any liability, including costs of defense and reasonable attorneys' fees and reasonable consultants' fees, under any environmental protection or pollution law, or any liability in tort (strict or otherwise), including costs of defense and reasonable attorneys'

fees and reasonable consultants' fees arising (i) out of contamination of the Premises occurring after the effective date of this Lease unless CSXT proves that NSR caused or created such condition after the effective date of this Lease, or (ii) out of and to the extent that CSXT has exacerbated after the effective date of this lease contamination existing prior to effective date of this Lease. This indemnification shall survive the term of this Lease.

(d) CSXT will not store or keep or allow any other persons to store or keep on the Premises, in any quantity or amount, any article of any kind of a hazardous, explosive, combustible, or inflammable nature, except such articles and in such quantities as are normal and usual for the purposes for which CSXT is permitted to use the Premises;

(e) CSXT will not install any underground tanks or associated underground piping for the storage of any product on the Premises without the express written consent of PRR and NSR given prior to installation. If consent is given, CSXT will comply with all regulations and requirements applicable to underground storage tanks promulgated under any Federal or State statute, including but not limited to Subtitle I of the Resource Conservation and Recovery Act and any amendments thereto. Such requirements include but are not limited to evidencing financial responsibility, corrosion protection, providing notifications, testing of tanks for leaks, periodic monitoring of the tanks and

adjacent soil to detect any leakage, and taking of necessary corrective action if a release from a tank occurs. CSXT will send a copy of any notification filed with any Federal or State agency regarding underground tanks to PRR and NSR and will notify PRR and NSR in writing of any detected leakage of a tank within three (3) working days after discovery of the leakage addressed to NSR's Director of Environmental Protection and Emergency Response, c/o Norfolk Southern Corporation, 110 Franklin Avenue, Roanoke, Virginia 24042-0013. If any leakage is detected from a tank, CSXT will replace said tank immediately and remove and restore any soil or groundwater contaminated by the leakage. CSXT will remove said tanks upon termination or expiration of the Lease or vacation of the Premises and remove and restore contaminated soil and groundwater at that time. This subparagraph does not apply to any tank or piping that was installed on the Premises by CSXT;

(f) CSXT will not dispose of any wastes of any kind, whether hazardous or not, on the Premises. Any hazardous waste treatment, storage, or disposal will be in compliance with any Federal or State agency;

(g) CSXT will furnish PRR and NSR with a written report detailing all releases, as defined in § 101(22) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Superfund Act), P. L. 96-510, on or from the Premises whenever such releases are required to be reported to

any Federal, State, or local authority in accordance with any Federal, State, or local law, rule, regulation, or ordinance, including but not limited to those laws listed in Exhibit B. A written report will identify the substance released, the amount released, and the measures undertaken to clean up and remove the released material and any contaminated soil or water and will certify that no contamination remains or will remain after the cleanup measures are completed. Reports will be supplemented by providing NSR with copies of any written reports required to be submitted by CSXT to any Governmental agency in accordance with any Federal, State, or local law, rule, regulation, or ordinance or by the council on Environmental Quality's National Oil and Hazardous Substances Pollution Contingency Plan as it now exists or as it may hereafter be amended. The foregoing reports to NSR and copies of reports to Governmental agencies will be sent to NSR's Director of Environmental Protection and Emergency Response, c/o Norfolk Southern Corporation, 110 Franklin Avenue, Roanoke, Virginia 24042-0013, within fifteen (15) days after notification, whether written or otherwise, is required to be given by CSXT to any Governmental agency;

(h) At any time during the term of the Lease, PRR and NSR or their representatives will have the right at all reasonable times to enter the Premises for purposes of inspecting the Premises to ensure compliance with this paragraph 7. If PRR or NSR detects any violation of this paragraph during an

inspection, including any contamination of the Premises, PRR or NSR immediately will notify CSXT of the violation, and CSXT will take immediate steps to eliminate the violation, except if the violation is due to a Pre-Existing Condition. If in PRR or NSR's judgment, the steps taken by CSXT are inadequate or not timely, PRR or NSR or their representatives may enter the Premises and take whatever corrective action PRR or NSR deem necessary to eliminate the violation, at the sole cost and expense of CSXT;

(i) CSXT will indemnify and hold PRR and NSR harmless from all liability resulting from violations of this paragraph 7 by CSXT and will reimburse PRR and NSR for all actual costs and expenses incurred by PRR and NSR in eliminating such violations, including but not limited to all costs and expenses to decontaminate the premises. CSXT will reimburse PRR and NSR for and hold PRR and NSR harmless from all fines or penalties made or levied against PRR or NSR by any Governmental agency or authority as a result of or in connection with any release of any nature onto the ground or into the water or air by CSXT from or upon the Premises. CSXT will reimburse PRR and NSR for and hold PRR and NSR harmless from any and all costs, expenses, and attorneys' fees and from all civil judgments or penalties incurred, entered, assessed, or levied against PRR or NSR as a result of any release of any nature onto the ground or into the water or air by CSXT from or upon but not be limited to any and all judgments or penalties to recover the cost of cleanup of any release by CSXT

from or on the Premises and all expense incurred by PRR or NSR as a result of a civil action including but not limited to attorneys' fees.

8. The liability of the parties to the Lease, as between themselves, for death, personal injury, and property loss and damage that occurs by reason of, arises out of, or is incidental to the use or occupancy by CSXT of the Premises will be determined in accordance with the following provisions:

(a) Notwithstanding any provision of this Lease, and irrespective of the sole, joint, or concurring negligence of PRR or NSR, CSXT will be solely responsible for and will bear all costs, expenses, fines, penalties, and liabilities resulting from death, personal injury, and loss or damage to property arising, in whole or in part, from the failure of CSXT to comply with the clearance requirements set forth in paragraph 5(a).

(b) CSXT will be solely responsible for and will bear all cost, expense, finds, penalties, and liability resulting from fire; negligence of CSXT or of CSXT's officers, employees, or agents; use or occupancy by CSXT of the Premises, presence on the Premises of CSXT's officers, employees, or agents; CSXT's performance or failure to perform under the Lease; violation by CSXT or CSXT's officers, employees, or agents of any term of the Lease; negligence of a third party; or negligence of CSXT or of CSXT's officers, employees, or agents concurring with negligence of a third party;

(c) Except as otherwise stated in this paragraph 8, NSR will be solely responsible for and will bear all cost, expense, and liability resulting from death, personal injury, and property loss and damage caused by the negligence of NSR;

(d) Each of the parties, for the liability imposed upon such party by the Lease, will indemnify and hold entirely harmless the other party hereto;

(e) Each party will pay all costs and expense, including but not limited to reasonable attorneys' and consultants' fees, incurred by the other party in connection with enforcing the performance of any of the provisions of the Lease by the enforcing party; and

(f) Knowledge, actual or implied, on the part of PRR or NSR of a continuing violation of any term of the Lease by CSXT will constitute neither negligence nor acquiescence on the part of PRR or NSR and will not relieve CSXT of any of its responsibilities hereunder or relieve CSXT of its obligations to indemnify PRR and NSR for losses and claims resulting from any such violation.

9. If during the term of this Lease, the Premises is appropriated or otherwise acquired by a governmental body or agency thereof or by a quasi-public body, the Lease will cease and come to an end. If only a part of the Premises is so acquired and the balance of the Premises in CSXT's opinion is not suitable for the purposes of the Lease, at the option of CSXT,

the Lease will cease and come to an end, upon written notice to NSR of CSXT's exercise of said option to terminate within thirty (30) days after appropriation or acquisition. All awards or compensation for the premises or part thereof resulting from appropriation or acquisition will be paid to NSR.

10. Except as otherwise specifically provided in the Lease, service of any notice given to CSXT under the Lease will be made either (a) by delivering a copy of the notice to CSXT, or (b) by mailing the notice by U.S. Mail or courier delivery service to:

Assistant Vice President Joint Facilities,
CSX Transportation, Inc.
500 Water Street, J200
Jacksonville, Florida 32202

Any notice under the Lease given to PRR or NSR by CSXT will be given by U.S. Mail or courier delivery service to the attention of:

To NSR:

Vice President Transportation & Mechanical,
Norfolk Southern Corporation,
Three Commercial Place,
Norfolk, Virginia 23510

To PRR: To be furnished

11. (a) Upon expiration or termination of the Lease, CSXT and NSR will have a new set of Premises Reports prepared. The parties agree that the Premises Reports will be their best understanding of the physical and environmental condition of the Premises on the ending date of this Lease. CSXT will vacate the

Premises within the time specified by the termination or upon expiration and leave the Premises, including the subsurface, in as good order and condition as the Premises was in before use and occupation thereof by CSXT, excepting reasonable wear and tear, and free from holes, obstructions, debris, wastes, or contamination of any kind, caused, permitted, or exacerbated by CSXT or occurring or arising during the term of the Lease, as noted by a change in the Premises pursuant to a comparison of the beginning and ending Premises Reports.

(b) If CSXT fails to restore the Premises as provided in this paragraph 11 before the date that CSXT is required to vacate the Premises, PRR and NSR may, at their option but at the sole cost and expense of CSXT, remove or arrange to remove all obstructions, debris, waste, and contamination and restore or arrange to restore both the surface and the subsurface of the Premises to as good order and condition as the Premises was in prior to the use and occupation thereof by CSXT. Promptly upon a bill rendered by PRR or NSR, CSXT will pay to NSR the total cost of such removal and restoration, including but not limited to the cost of cleaning up and removing any contaminated soil or water;

(c) If CSXT fails to vacate the Premises as provided in this paragraph 11 before the date that CSXT is required to vacate the Premises, PRR and NSR may, in addition to any other legal remedy it may have, reenter and take possession of the Premises, oust CSXT and all persons holding under CSXT, and

restore or arrange to restore the surface and subsurface of the Premises.

12. CSXT will not assign this Lease or sublet the Premises or any part thereof to any other person, firm, or corporation, except with the prior written consent of PRR and NSR, which shall not be unreasonably withheld, signed on its behalf by a duly authorized executive officer.

13. CSXT hereby disclaims all right to the possession of the Premises other than by virtue of the Lease. The Lease is subject to any limitation, restriction, or impediment in PRR's title.

14. The applicable statute of limitation will be tolled and will not begin to run against either party in connection with any controversy or dispute arising under the provisions of paragraph 4, 7, or 11 hereof until that party has received actual written notice of noncompliance with the aforementioned paragraphs.

15. No waiver by either party of any breach of covenant or default by the other party will be construed as a waiver of any other or subsequent breach of default on the part of either party. No termination of the Lease will be construed to release either party from any covenant or obligation as to which that party may be in default at the date of termination.

16. If any provision of the Lease or the application thereof to any person or circumstances for any reasons and to any extent is invalid or unenforceable, the remainder of the Lease

STB

FD

33388

6-2-97

A

180274V8C

13/13

and the application of such provision to other persons or circumstances will not be affected thereby but rather will be enforceable to the fullest extent permitted by law.

17. PRR and NSR, as used in the Lease, will include not only PRR and NSR specifically named in the Lease, their officers, agents, and employees but also NSR's parent corporation, all of NSR's corporate affiliates, and their officers, agents, and employees, and NSR's successors and assigns.

Exhibit B

1. Federal Water Pollution Control Act (Clean Water Act),
33 U.S.C. 125 et seq.
2. Air Pollution Prevention and Control Act (Clean Air Act),
42 U.S.C. 7401 et seq.
3. Resource Conservation and Recovery Act of 1976,
42 U.S.C. 6901 et seq.
4. Comprehensive Environmental Response, Compensation and
Liability Act of 1980 (Superfund Act) PL 96-510
5. The Rivers and Harbors Act of 1899 (The Refuse Act),
33 U.S.C. 401-413.
6. Federal Insecticide, Fungicide and Rodenticide Act,
7 U.S.C. 136 et seq.
7. Toxic Substance Control Act, 15 U.S.C. 2601 et seq.
8. Hazardous and Solid Waste Amendments of 1984, P.L. 98-616,
including but not limited to Title VI (relating to
underground storage tanks); codified as Subtitle I of the
Resource Conservation and Recovery Act.
9. Superfund Amendments and Reauthorization Act of 1986,
P.L. No. 99-499.
10. Emergency Planning and Community Right-to-Know Act of 1986,
P.L. No. 99-499.

This is not intended to be a comprehensive list of federal
tatues but is illustrative only.

April 29, 1997
File: TJ-8783

Mr. D. L. Houchin
Assistant Vice President
Joint Facilities
CSX Transportation, Inc.
500 Water Street J200
Jacksonville, FL 32202

Dear Dave:

Please refer to Mr. John W. Snow's April 8, 1997 letter to Mr. David R. Goode concerning the CSX/NSC acquisition of CRR.

This is to propose the possible construction of connections under the acquisition of CRR with separate formal agreements that will follow:

NSR will have rights to construct a connection in eastern Cleveland to make direct moves between NSR's Cleveland-Buffalo line and the CR Chicago line, using PRR rights over CR's Cleveland Short Line to be assigned to NYC.

A new connection will be constructed, at NSR expense, between the Clintonville Siding and the existing NSR Bellevue-Portsmouth main line in the vicinity of Milepost 133.5, where both the NSR and CR rights of way are parallel and level.

CSXT shall, at its option and expense, have the right to construct a connection from NYC track, the west located track of the right of way, to the PRR Clintonville Siding, so that both tracks can be utilized for operational flexibility between the vicinity of Milepost 133.5 to "CP 138," under the control of the respective operator of each track.

Should NSR and CSXT decide that capacity needs mandate an additional track, NSR and CSXT will equally share the cost of constructing a new track between Junction and Hadley on the north side of the existing track, and ownership of the south track will revert to NSR and ownership of the north track will revert to NYC.

Page 2 - Mr. D. L. Houchin
April 29, 1997
File: TJ-8783

If you are in agreement with the above possible connections,
please acknowledge by signing in the space provided below.

Sincerely,

R. C. Churchill, III.

ACKNOWLEDGED AND ACCEPTED:

CSX TRANSPORTATION, INC.

[BUCKEYE YARD LEAD TRACK]

Mr. D. L. Houchin
Assistant Vice President
Joint Facilities
CSX Transportation, Inc.
500 Water Street J200
Jacksonville, FL 32202

Dear Mr. Houchin:

Please refer to the Transaction Agreement dated _____, 1997, to which Consolidated Rail Corporation (CR), CSX Transportation Inc. (CSXT) and Norfolk Southern Railway Company (NSR) are parties, relating to the acquisition of CR stock and operation of certain properties of CR.

This letter agreement is to formalize the understandings contained in the Transaction Agreement concerning construction by NSR at Buckeye Yard, Columbus Ohio. I propose the following:

1. NSR will have the right to construct a parallel track to the Buckeye Yard lead in order to provide for the proper functioning of Buckeye Yard.

The above will be covered by a formal agreement between the parties and New York Central LLC prior to construction.

If you concur with the above, please acknowledge by signing in the space provided below.

Sincerely,

R. C. Churchill, III

ACKNOWLEDGED AND ACCEPTED
ON BEHALF OF CSX TRANSPORTATION, INC.

As its: Assistant Vice President Joint Facilities

[BELMONT-FIELD]

Mr. D. L. Houchin
Assistant Vice President
Joint Facilities
CSX Transportation, Inc.
500 Water Street J200
Jacksonville, FL 32202

Dear Mr. Houchin:

Please refer to the Transaction Agreement dated _____, 1997, to which Consolidated Rail Corporation (CR), CSX Transportation Inc. (CSXT) and Norfolk Southern Railway Company (NSR) are parties, relating to the acquisition of CR stock and operation of certain properties of CR.

This letter agreement is to formalize the understandings contained in the Transaction Agreement concerning NSR operations between Belmont and CP Field, Pennsylvania. I propose the following:

1. To maintain a contiguous route through Philadelphia on the Northeast Corridor, NSR will have the option to reconstruct, own and control an additional track where practical between Belmont and CP Field, Pennsylvania.

The above will be covered by a formal agreement between the parties and New York Central LLC prior to any construction.

If you concur with the above, please acknowledge by signing in the space provided below.

Sincerely,

R. C. Churchill, III

ACKNOWLEDGED AND ACCEPTED
ON BEHALF OF CSX TRANSPORTATION, INC.

As its: Assistant Vice President Joint Facilities

Attorney for Grantor
Business Address:
500 Water Street
Jacksonville, Florida 32202

DEED OF EASEMENT

THIS DEED OF EASEMENT, made this _____ day of _____ 19__, by and among New York Central Lines LLC, a Delaware limited liability company (hereinafter called "NYC"), CSX Transportation, Inc., a Virginia corporation, whose mailing address is 500 Water Street, Jacksonville, Florida 32202 (hereinafter called "CSXT") and Norfolk and Western Railway Company, a Virginia corporation, whose mailing address is Three Commercial Place, Norfolk, Virginia 23510 (hereinafter called "NW");

WITNESSETH:

THAT, for and in consideration of payment of the sum of ONE DOLLAR (\$1.00), which is the full monetary consideration for this conveyance, the receipt whereof is hereby acknowledged, NYC and CSXT do hereby GRANT and CONVEY, WITHOUT WARRANTY, unto NW, NW's successors and assigns, subject to the terms, conditions, exceptions and reservations herein made, a permanent EASEMENT, as hereinafter provided, on and over NYC's property in the County of Erie, State of Pennsylvania, hereinafter designated "the Easement", which Easement is more particularly described in Exhibit A attached hereto and incorporated herein.

TOGETHER WITH the right to construct, maintain, operate, replace and alter thereon, one line of railroad track together with all related signals and appurtenances deemed by NW to be necessary thereto.

TOGETHER WITH the right from time to time to redesign, rebuild or alter said line and to install such additional line(s), apparatus and equipment as NW may at any time deem necessary, and the right to remove any line(s) or any part thereof.

NW shall have the right from time to time to remove or clear and keep clear such trees, underbrush, and other obstructions from and upon the surface of said Easement area as in the judgment of NW may interfere with or endanger said line(s) or appurtenances; PROVIDED, however, any damage to the property of NYC (other than to property cleared or removed as hereinbefore provided) caused by NW in the course of constructing, rebuilding, repairing said line(s) or of such clearing shall be borne by NW.

INCLUDING the right-of-entry upon NYC's said lands for all of the purposes aforesaid.

EXCEPTING and RESERVING unto NYC, its successors and assigns, the paramount right to continue to occupy, possess and use the land upon which the Easement is imposed for any and all purposes, including but not limited to the location of fiber optic cable and the right to construct, reconstruct, relocate, operate, maintain, repair, renew, replace and remove NYC's tracks and other facilities as now exist or which may in the future be located in, upon, over, under or across the Easement provided such use does not interfere with or impair the rights herein granted to NW.

TO HAVE AND TO HOLD the Easement and rights herein granted, solely for the purpose herein contained; SUBJECT, however, to any other public utilities and other facilities located in, on, over, under or across the Easement, and all agreements, easements and rights granted or reserved therefor, whether the instruments granting or reserving the same be recorded or unrecorded, and ALSO SUBJECT TO the following conditions and covenants:

1. NW, its successors and assigns, shall provide and forever maintain, at NW's sole cost and expense, adequate drainage facilities to prevent runoff and other collected surface waters arising from NW's occupancy of the Easement rights herein granted from flowing upon or over NYC's adjacent property (including railroad tracks).

2. NW, its successors and assigns, shall not at any time impair or interfere with the lateral or subjacent support of NYC's properties, structures, tracks or improvements on or adjacent to the Easement or otherwise damage the same in any way.

3. If, at any time, the Easement herein granted, or any part thereof, shall no longer be used by NW, its successors or assigns, for the purposes for which granted, said Easement or unused portion shall terminate, and NW, its successors or assigns, shall execute such instrument as now provided or as hereafter may be provided by law to clear title to the aforesaid property.

4. NYC shall not be responsible in any manner for loss of or damage to NW's railroad track, signals or appurtenances from any cause whatsoever, and NW assumes all risk(s) therefor.

5. NW hereby assumes, and agrees to defend, indemnify and hold NYC and CSXT harmless from and against all loss, costs, expenses (including attorneys' fees), claims, suits and judgments whatsoever in connection with injury to or death

of any person(s) or loss of or damage to any property caused by or in any way connected with the installation, maintenance, use, presence, reconstruction, relocation, renewal or removal of said railroad track, signals, and appurtenances on the Easement, EXCEPT when caused in whole or in part by the fault, failure or negligence of NYC or CSXT.

IN WITNESS WHEREOF, NEW YORK CENTRAL LINES L!C and CSX TRANSPORTATION, INC., pursuant to due corporate authority, has caused its name to be signed hereto by its officers hereunto duly authorized and its corporate seal, duly attested, to be hereunto affixed.

Signed, sealed and delivered
in the presence of:

CSX TRANSPORTATION, INC.

By: _____
Vice President - Property Services

Attest _____ (SEAL)
Assistant Secretary

NEW YORK CENTRAL LINES LLC

By: _____
(Title)

Attest _____ (SEAL)
Assistant Secretary

STATE OF FLORIDA)
) SS.
COUNTY OF DUVAL)

I, _____, a Notary Public of the State of Florida and the County of Duval, do certify that, on the date below before me in said County personally came _____, to me know, and known to me to be the person whose name is subscribed to the above instrument, who, being by me first duly sworn, did depose, acknowledge and say that: he resides in Jacksonville, Duval County, Florida; he is Vice President-Property Services, of CSX Transportation, Inc., the corporation described in and which executed said instrument; he is fully informed of the contents of the instrument; he knows the seal of said corporation; the seal affixed to said instrument is such seal; it was so affixed by authority of the Board of Directors of said corporation; he signed his name thereto for said corporation pursuant to such authority; and instrument is the free act and deed of said corporation; and the conveyance herein is not part of a transaction, sale, lease, exchange or other transfer or conveyance of all or substantially all of the property and/or assets of the Grantor.

IN WITNESS WHEREOF, I hereunto set my hand and official seal, this _____ day of _____, 19 _____.

My commission expires on: _____ (SEAL)

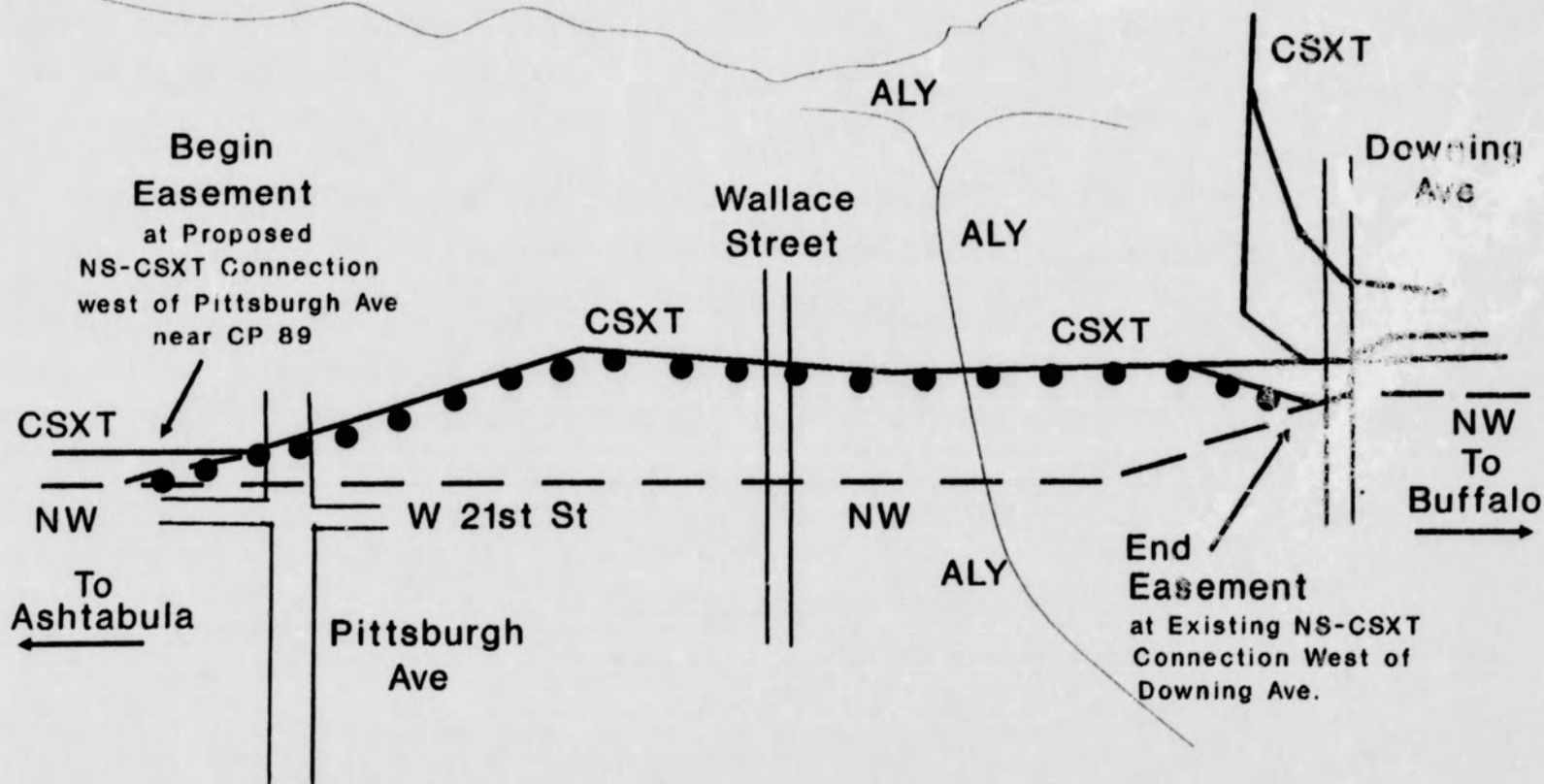


ERIE, PA ERIE COUNTY

CSX TRANSPORTATION
JOINT FACILITIES JACKSONVILLE, FL
NS Permanent Easement on CSXT
Right of Way at Erie PA
west of Pittsburgh Ave to Downing Ave
SCALE - None DRAWING NO - None
May 9, 1997 RLB

LAKE ERIE

EXHIBIT A



[LIKE-KIND EXCHANGE OF STREATOR LINE
FOR FORT WAYNE LINE]

Mr. D. L. Houchin
Assistant Vice President
CSX Transportation, Inc.
500 Water Street J200
Jacksonville, FL 32202

Mr. R. C. Churchill, III
Assistant Vice President
Norfolk Southern Railway Company
185 Spring Street, S.W.
Atlanta, GA 30303

Gentlemen:

Please refer to the Transaction Agreement dated _____, 1997, to which Consolidated Rail Corporation (CR), CSX Transportation Inc. (CSXT) and Norfolk Southern Railway Company (NSR) are parties, relating to the acquisition and operation of certain properties of CR.

This letter agreement is to formalize the understandings contained in the Transaction Agreement concerning the exchange of certain lines of railroad.

Upon approval of the Surface Transportation Board:

1. Consolidated Rail Corporation will transfer to Pennsylvania Lines LLC (PRR) its line of railroad from Osborn Crossing to Streator, Illinois between Osborn, IN (IHB Junction) MP 6.3 and Schneider, IN, MP 33.2 and Wheatfield, IN MP 56.4 and Moronts, IL, MP 186.0 including all industrial, running and connecting tracks as substantially shown on attached Exhibit B (the "Streator Line"). PRR will transfer the Streator Line to Norfolk and Western Railway Company.
2. In exchange for the Streator Line, Norfolk and Western Railway Company will transfer its ownership in its Fort Wayne line ("PC Line") of railroad between Tolleston, IN, MP 441.8 and Fort Wayne, IN, MP 319.2 as substantially shown on attached Exhibit A to New York Central Lines LLC (NYC). It is the intent of the parties that the exchange of the PC Line for the Streator Line qualifies as a like-kind exchange under section 1031 of the Internal Revenue Code of 1986, as amended.

Prior to the closing, the parties will enter into formal agreements providing for the like-kind exchange.

NSC agrees that in the event CSX merges with the Burlington Northern Santa Fe Railroad Company and if CSX requests, NSC will cause Norfolk and Western Railway Company to transfer the Streater Line, including dispatching control, to CSX at its fair market value, paid in the form of equivalent routes or money. In the event fair market value transfer cannot be agreed upon, NSC and CSX shall each prepare and submit to arbitration a proposed fair market value transfer and the arbitrator shall choose one proposal in a "baseball arbitration" manner.

If you concur with the preceding, please acknowledge by signing in the space provided below.

Sincerely,

CONSOLIDATED RAIL CORPORATION

ACKNOWLEDGED AND ACCEPTED
ON BEHALF OF CSX TRANSPORTATION, INC.

As its: Assistant Vice President Joint Facilities

ACKNOWLEDGED AND ACCEPTED
ON BEHALF OF NORFOLK SOUTHERN RAILWAY COMPANY

As its: Assistant Vice President Joint Facilities

Mr. D. L. Houchin
Assistant Vice President
Joint Facilities
CSX Transportation, Inc.
500 Water Street J200
Jacksonville, FL 32202

Dear Mr. Houchin:

Please refer to Mr. John W. Snow's April 8, 1997 letter to Mr. David R. Goode concerning the proposed joint acquisition of Consolidated Rail Corporation (CR) and the Transaction Agreement dated _____, 1997.

This letter agreement is to formalize the understandings between CSX Transportation Inc. (CSXT) and Norfolk Southern Railway Company (NSR) contained in the Transaction Agreement concerning CR's Piqua Yard at Fort Wayne, Indiana. I propose the following:

1. New York Central LLC (NYC) and Pennsylvania Lines LLC (PRR) will have inspected and will agree to divide CR's space in CR's Piqua Yard and determine most efficient means of utilizing the physical plant in Fort Wayne, Indiana.
2. Triple Crown will retain its current space in Piqua Yard and the right to have NSR operate its trains between Piqua Yard and Mike Interlocking.

Both items will be covered by a formal agreement between NYC and PRR.

If you concur with the above, please acknowledge by signing in the space provided below.

Sincerely,

R. C. Churchill, III

ACKNOWLEDGED AND ACCEPTED
ON BEHALF OF CSX TRANSPORTATION, INC.

As its: Assistant Vice President Joint Facilities

[E-RAIL SUPPORT TRACKS]

Mr. D. L. Houchin
Assistant Vice President
Joint Facilities
CSX Transportation, Inc.
500 Water Street J200
Jacksonville, FL 32202

Dear Mr. Houchin:

Please refer to the Transaction Agreement dated _____, 1997, to which Consolidated Rail Corporation (CR), CSX Transportation Inc. (CSXT) and Norfolk Southern Railway Company (NSR) are parties, relating to the acquisition of CR stock and operation of certain properties of CR, and to Mr. McClellan's and Mr. Hart's verbal agreement concerning the E-Rail support tracks at Elizabethport, New Jersey. This letter agreement is to formalize the understandings contained in the Transaction Agreement and their verbal agreement.

Upon approval of the Surface Transportation Board (STB), NSR, CSXT, New York Central Lines LLC and Pennsylvania Lines LLC will enter into a formal agreement providing for access by NSR to and use by NSR of up to two (2) tracks located on the Elizabeth Yard (Trumbull St. Yard) property owned by New York Central Lines LLC for support of the E-Rail intermodal facility acquired and owned by Pennsylvania Lines LLC and operated by NSR.

If you concur with the preceding, please acknowledge by signing in the space provided below.

Sincerely,

R. C. Churchill, III

ACKNOWLEDGED AND ACCEPTED
ON BEHALF OF CSX TRANSPORTATION, INC.

As its: Assistant Vice President Joint Facilities

AGREEMENT

THIS AGREEMENT, entered into as of this ____ day of _____, 19__, by and between CSX TRANSPORTATION, INC., a Virginia corporation, (hereinafter referred to as "CSXT"), and NORFOLK SOUTHERN RAILWAY COMPANY, a Virginia corporation, including its subsidiaries and affiliates (hereinafter referred to as "NSR") PENNSYLVANIA LINES LLC, a Delaware limited liability company (hereinafter referred to as "PRR"), NEW YORK CENTRAL LINES LLC, a Delaware limited liability company (hereinafter referred to as "NYC") and Consolidated Railroad Corporation, a Pennsylvania corporation ("CRC");

WITNESSETH:

WHEREAS, CSX Corporation ("CSX"), parent to CSXT, and Norfolk Southern Corporation ("NSC"), parent to NSR, have entered into a Transaction Agreement (the "Transaction Agreement") between themselves; CSXT, a wholly-owned subsidiary of CSX; NSR; Conrail, Inc. ("CRR"); CRC; and CRR Holdings LLC; and

WHEREAS, CSX and NSC have indirectly acquired all the outstanding capital stock of CRR; and

WHEREAS, pursuant to the Transaction Agreement, certain assets of CRC have been allocated to NYC, which is a wholly-owned subsidiary of CRC, to be operated by CSXT under the terms of an Allocated Assets Operating Agreement (the "CSXT Operating

Agreement") between NYC and CSXT; and

WHEREAS, pursuant to the Transaction Agreement, certain assets of CRC have been allocated to PRR, which is a wholly-owned subsidiary of CRC, to be operated by NSR under the terms of an Allocated Assets Operating Agreement (the "NSR Operating Agreement") between PRR and NSR;

WHEREAS, pursuant to the Transaction Agreement, CSXT has agreed to grant to NSR trackage rights over the lines of railroad operated by it under the CSXT Operating Agreement and NSR has agreed to grant to CSXT trackage rights over the lines of railroad operated by it under the NSR Operating Agreement;

WHEREAS, pursuant to the Transaction Agreement, CRC will assign existing Conrail trackage rights over CSXT to PRR and existing Conrail trackage rights over NSR to NYC; and

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

1. The Transaction Agreement provides that existing Conrail trackage rights over CSXT will be assigned to PRR and existing Conrail trackage rights over NSR will be assigned to NYC.

2. The parties have made a bona fide effort to identify all such existing Conrail trackage rights over CSXT and NS to be assigned to PRR and NYC, respectively, and have provided for such

assignments in separate agreements.

3. In the event that subsequent to the execution of this Agreement either CSXT or NSR identifies any existing Conrail trackage rights over either CSXT or NSR that were not assigned to PRR and NYC, the parties will immediately enter into appropriate agreements under the same general terms and conditions customary in the industry, whereby the Conrail trackage rights in issue will be promptly assigned to the proper party.

4. Specifically excluded from this Agreement are Conrail's current trackage rights on CSXT between Carleton, Michigan and Alexis, Ohio and Conrail's current trackage rights on NSR between Carol, Illinois and Keensburg, Illinois, and between Mill, Ohio and Crescentville, Ohio.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

CSX TRANSPORTATION, INC.

WITNESS:

By: _____
Title: _____

NORFOLK SOUTHERN RAILWAY COMPANY

WITNESS:

By: _____
Title: _____

PENNSYLVANIA LINES LLC

WITNESS:

By: _____
Title: _____

NEW YORK CENTRAL LINES LLC

WITNESS:

By: _____
Title: _____

CONSOLIDATED RAILROAD CORPORATION

WITNESS:

By: _____
Title: _____



500 Water Street J200
Jacksonville, FL 32202
Phone: (904) 359-3570
Fax: (904) 359-1900

June 11, 1997

EXHIBIT Q Q

D. L. (Dave) Houchin
Asst. Vice President
Joint Facilities

Mr. R. C. Churchill III
Director-Joint Facilities & Budget
Norfolk Southern Corporation
185 Spring Street, SW
Atlanta, GA 30303

Dear Mr. Churchill:

This refers to Mr. John W. Snow's April 8, 1997 letter to Mr. David R. Goode concerning CSXT/NSC acquisition of CRR.

Exhibit A of the April 8 letter provides that CSXT will be assigned a contiguous route through Philadelphia from CSXT's (future) Eastwick connection to be constructed by CSXT, via CP Field and portions of CRR's Harrisburg and Trenton Lines to CP River and points north.

This letter confirms NSC's acceptance of CSXT's right to construct a connection at Eastwick to provide for such a contiguous route through Philadelphia. Please acknowledge acceptance of the provisions of this Letter Agreement on behalf of NSC in the space provided below, returning one fully executed original counterpart for our records

Sincerely,

ACKNOWLEDGED AND ACCEPTED:

By _____

Title _____

Date _____

[ASSIGNMENT OF NEC RIGHTS]

Mr. D. L. Houchin
Assistant Vice President
New York Central Lines LLC
500 Water Street J200
Jacksonville, FL 32202

Mr. R. C. Churchill, III
Assistant Vice President
Pennsylvania Lines LLC
185 Spring Street, S.W.
Atlanta, GA 30303

Gentlemen:

Please refer to the Transaction Agreement dated _____, 1997, to which Consolidated Rail Corporation (CR), CSX Transportation Inc. (CSXT) and Norfolk Southern Railway Company (NSR) are parties, relating to the acquisition and operation of certain properties of CR.

This letter agreement is to formalize the understandings between CSXT, NSR and CR contained in the Transaction Agreement concerning the assignment by CR of CR's Northeast Corridor (NEC) rights to Pennsylvania Lines LLC ("PRR") and New York Central Lines LLC ("NYC").

Upon approval of the Surface Transportation Board (STB):

1. CR's NEC switching rights between Philadelphia (Zoo Tower) and New York (Penn Station) will be part of the Retained Assets and CR will assign those rights to PRR and NYC, with PRR and NYC having equal customer access.
2. CR's NEC switching rights between Philadelphia (Zoo Tower) and Washington, D.C. will be assigned to PRR.
3. CR's NEC switching rights and overhead trackage north of New York (Penn Station) will be assigned to NYC.
4. Each party will have overhead trackage rights to operate trains over the NEC between New York (Penn Station) and Washington, D.C., as follows:
 - Between Philadelphia (Zoo Tower) and New York (Penn Station) and between Landover, Maryland and Baltimore, Maryland, and between Washington, D.C. and Landover, rights shall be shared equally and scheduled alternately.
 - Between Baltimore, Maryland and Philadelphia (Zoo Tower), NYC shall be limited to four (4) trains per

day.

The formal agreement to assign the NEC rights will be prepared by CR upon STB approval.

If you concur with the preceding, please acknowledge by signing in the space provided below.

Sincerely,

CONSOLIDATED RAIL CORPORATION

ACKNOWLEDGED AND ACCEPTED
ON BEHALF OF NEW YORK CENTRAL LINES LLC

Title:

ACKNOWLEDGED AND ACCEPTED
ON BEHALF OF PENNSYLVANIA LINES LLC

Title:

June 17, 1997

Mr. R. C. Churchill III
Director-Joint Facilities & Budget
Norfolk Southern Corporation
185 Spring Street, SW
Atlanta, GA 30303

Dear Mr. Churchill:

This refers to Mr. John W. Snow's April 8, 1997 letter to Mr. David R. Goode concerning the CSXT/NS acquisition of CR.

Exhibit A of the April 8 letter provides that both NS and CSXT will have access to CR's route and right to BNSF's Willow Springs Yard.

This letter confirms that NS and CSXT agree that both parties are to have equal rights to CR's trackage rights over the BNSF line between the connection with CR's Panhandle Track and BNSF at Brighton Park and Willow Springs Yard, subject to the approval of BNSF, and that they will jointly (not separately) pursue and accept the assignment of such rights only to both of them, rather than to either of them individually.

If such trackage rights are assigned, CSXT will have the right to construct a connection in the vicinity of Ash Street to enable CSXT to use these rights, if necessary, all of which will be covered by a formal agreement between the parties..

Please acknowledge acceptance of the provisions of the Letter Agreement on behalf of NS in the space provided below, returning one fully executed original counterpart for our records.

Sincerely,

ACKNOWLEDGED AND ACCEPTED:

By _____

Title _____

Date _____



Alvin R. "Pete" Carpenter
President and Chief Executive Officer

June 17, 1997

Mr. Stephen C. Tobias
Executive Vice President-Operations
Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-2191

Dear Steve:

This letter agreement will supplement the Transaction Agreement entered into between us, dated as of June 10, 1997 ("Transaction Agreement"), to the extent set forth herein. Although in the form of a letter from me to you, since it has been reviewed by counsel for both of us, it will be construed without regard to any rule of construction having to do with construction against the sender or preparer of an agreement. Terms defined in the Transaction Agreement are used herein in those defined senses unless otherwise defined in this letter agreement.

We have agreed as follows:

1. Use of Hollidaysburg/Altoona Repair Facilities.

In the three-year period starting on the Closing Date, CSX will send a total of 1,000 rail cars for heavy repair and 195 locomotives for scheduled overhaul to the Hollidaysburg and Altoona repair facilities, respectively, in each case selected from the Conrail equipment allocated to CSX under the Transaction Agreement; provided that, at its discretion, CSX may on a piece-by-piece basis substitute cars or locomotives from its historic fleet, or otherwise acquired, for those selected from the Conrail pool. Selections from the Conrail pool will be made as per the equipment selection procedures in the Transaction Agreement, by Percentage. The scheduling of the repairs during the three-year period shall be provided for in a further agreement. The following additional terms and conditions shall apply:

a. The costs of the repairs shall include only direct labor costs, labor fringe benefits, material and handling costs (subject to the 48¢ credit applicable as defined in the Transaction Agreement), other direct out-of-pocket cost, and up to a \$4 additive to direct labor, excluding fringe benefits, to cover miscellaneous joint costs as agreed.

Mr. Stephen C. Tobias
June 17, 1997
Page Two

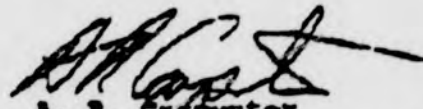
b. CSXT shall absorb the costs of transporting all such locomotives and rail cars to an agreed upon CSXT/NSR junction in close proximity to Altoona. NSR shall absorb the costs of returning such repaired locomotives and rail cars to such junction.

c. The above repair commitment is subject to the obtaining of appropriate changes in labor agreements and rules to permit the same, and to CSXT's achieving the same without burdensome conditions.

2. Further Documentation and Assurances. The parties shall enter into any and all appropriate agreements to carry out the foregoing provisions and this provision; such agreements shall be drafted by CSX for discussion by the parties. In the event of any failure to agree on such further agreements, or in the case of any other dispute touching or concerning the provisions of this letter agreement, or the actions to be taken under it, the arbitration provisions of the Transaction Agreement shall govern. The parties shall obtain any necessary or advisable agreement of Conrail to this letter agreement or such further agreements at such time as it is appropriate to do so, but this letter agreement shall be binding and obligatory upon the parties hereto from and after its execution and delivery. The parties shall reflect the terms of this letter agreement and any other such agreements in their filings with the STB and other Government agencies to the extent necessary or advisable.

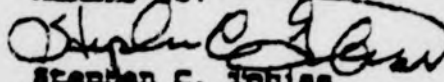
If the foregoing reflects the agreement of NS with CSX, please so signify by executing a copy of this letter in the space provided below, and return a copy to me, whereupon it will become binding on these two corporations and their pertinent subsidiaries.

Very truly yours,



A. R. Carpenter
for CSX Transportation

AGREED TO:

 6/17/97
Stephen C. Tobias
for Norfolk Southern Corporation